


# ANNUAL INFORMATION FORM

## FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2014

**April 30, 2015**

**CASTLE MOUNTAIN MINING COMPANY LIMITED**

**ANNUAL INFORMATION FORM**

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## INTRODUCTORY NOTES

### Date of Information

All information in this annual information form ("**AIF**") is as of December 31, 2014 unless otherwise indicated.

### Currency

All sums of money that are referred to herein are expressed in Canadian dollars, unless otherwise specified.

### Cautionary Note Regarding Forward-Looking Information

This AIF contains "forward-looking information" within the meaning of applicable Canadian securities legislation. Forward-looking information includes, but is not limited to, information with respect to Castle Mountain Mining Company Limited's ("**Castle Mountain**" or the "**Company**") future exploration and drilling plans, timing of a prefeasibility and feasibility studies; approval of the Company's new stock option plan; project development; the permitting process; environmental assessments and protection requirements; business plans and strategy. Generally, forward-looking information can be identified by the use of forward-looking terminology such as "plans", "expects", or "does not expect", is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates", or "does not anticipate", or "believes" or variations of such words and phrases or state that certain actions, events or results "may", "could", "would", "might", or "will be taken", "occur", or "be achieved".

Forward-looking information is subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of the Company to be materially different from those expressed or implied by such forward-looking information, including risks associated with: mining exploration and development operations such as environmental hazards and economic factors as they affect the cost and success of the Company's capital expenditures, the ability of the Company to obtain financing and required permits and approvals, the price of gold, and the market price of the Company's securities; the economic feasibility of the Company's mineral resources and the Company's commercial viability; uncertain global economic conditions; dependence on management and other highly skilled personnel; a negative operating cash flow; the lack of earnings history and return on investment; the lack of operating history and revenues; land titles to the Company's mineral properties; extensive government and environmental regulation; volatility in the financial markets; uninsured risks; foreign exchange rate fluctuations; threat of legal proceedings; unforeseen liabilities from past acquisitions, as well as those risk factors discussed or referred to in this AIF under the heading "Risk Factors".

Forward-looking information is based on the reasonable assumptions, estimates, analysis and opinions of management made in light of its experience and perception of trends, current conditions and expected developments, as well as other factors that management believes to be relevant and reasonable in the circumstances at the date that such statements are made, but which may prove to be incorrect. Although the Company believes that the assumptions and expectations reflected in such forward-looking information are reasonable, undue reliance should not be placed on forward-looking information because the Company can give no assurance that such expectations will prove to be correct. In addition to other factors and assumptions identified in this AIF, assumptions have been made regarding, among other things: the Company's ability to carry on its exploration and development activities without undue delays or unbudgeted costs, the ability of the Company to obtain sufficient qualified personnel, equipment and services in a timely and cost-effective manner, the ability of the Company to operate in a safe, efficient and effective manner, the ability of the Company to obtain all necessary financing on acceptable terms and when needed, the accuracy of the Company's resource estimates and geological, operational and

price assumptions on which these are based and the continuance of the regulatory framework regarding environmental manners. Readers are cautioned that the foregoing list is not exhaustive of all factors and assumptions that may have been used.

Although the Company has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking information, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that such information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information. Accordingly, readers should not place undue reliance on forward-looking information. The Company does not undertake to update any forward-looking information, except in accordance with applicable securities laws.

## CORPORATE STRUCTURE

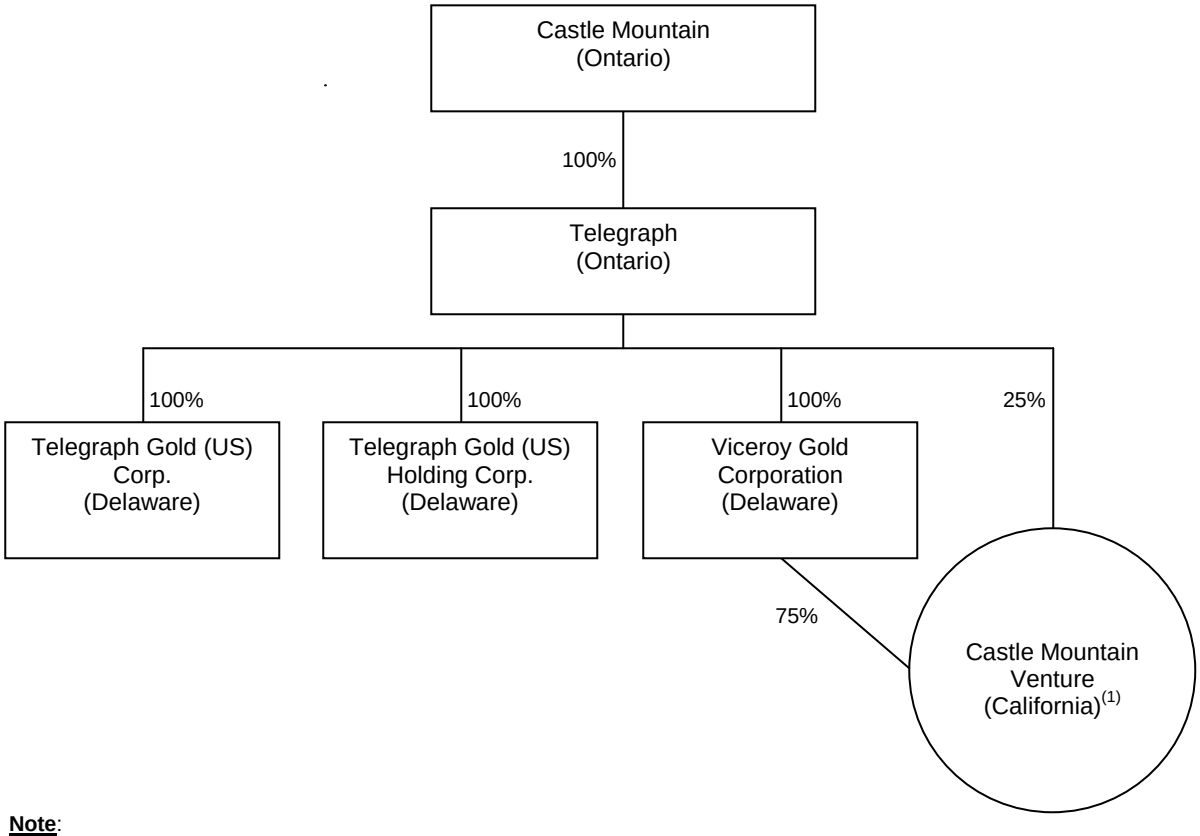
### Name, Address and Incorporation

Castle Mountain Mining Company Limited was incorporated under the provisions of the *Business Corporations Act* (Ontario) ("**OBCA**") on December 16, 2009 as "Foxpoint Capital Corp." ("**Foxpoint**") and commenced activities on January 29, 2010. The Company's articles of incorporation were amended on March 9, 2010 to remove the restrictions on transfers of its common shares ("**Common Shares**"). On April 25, 2013, the Company announced that it completed its acquisition of Telegraph Gold Inc. ("**Telegraph**") by means of an amalgamation (the "**Amalgamation**") involving Telegraph and 2308800 Ontario Inc. ("**Subco**"), a wholly-owned subsidiary of the Company. Shareholder approval in respect of the Amalgamation and matters relating to the Amalgamation, as applicable, was obtained on April 24, 2013 at a special meeting of shareholders of Castle Mountain and on April 23, 2013 at a special meeting of shareholders of Telegraph. The Company changed its name to "Castle Mountain Mining Company Limited" from "Foxpoint Capital Corp." which was also approved by Castle Mountain shareholders on April 24, 2013.

As of December 31, 2014, the Company's registered and head office was located at 83 Yonge Street, Suite 200, Toronto, Ontario M5C 1S8. However, on April 16, 2015, the Company relocated its registered office to Scotia Plaza, 40 King Street West, 44$^{th}$ Floor, Toronto, Ontario, Canada, M5H 3Y4 and its head office to 120 Adelaide Street West, Suite 2400, Toronto, Ontario, Canada, M5H 1T1. It is currently a reporting issuer in all of the provinces of Canada other than Québec. The Common Shares trade on the TSX Venture Exchange ("**TSXV**") under the symbol "CMM". In addition, the Common Shares trade in the United States on the OTCQX marketplace under the symbol "CTMQF".

### Inter-corporate Relationships

The chart on the following page illustrates the Company's corporate structure and subsidiaries, including the governing law of each company and the percentage of shares held by the Company in its subsidiaries:




**Note**:

1. The Company is the indirect owner of 100% of the right, title and beneficial interest in and to the Castle Mountain Venture (defined below), the direct owner of the Castle Mountain Property (defined below). Prior to the Amalgamation, Telegraph acquired all of the issued and outstanding shares of a wholly-owned subsidiary of Sprott Resource Lending Corp. ("**Sprott**"), Viceroy Gold Corporation ("**Viceroy**"), the owner of 75% of the right, title and interest in and to the Castle Mountain Venture.Telegraph acquired the remaining 25% of the right, title and interest in and to the Castle Mountain Venture by way of a one-time cash payment to MK Resources LLC, a wholly-owned subsidiary of Leucadia National Corporation.

## GENERAL DEVELOPMENT OF THE BUSINESS

### Three Year History

***2012***

On September 10, 2012, the listing of the Company's shares was transferred to the NEX and 2,050,000 Common Shares held by certain non-arms' length parties to the Company were cancelled.

***2013***

On April 25, 2013, Subco merged with Telegraph to form Telegraph Gold Inc. through a triangular amalgamation whereby, among other things, investors exchanged their common shares of Telegraph ("**Telegraph Shares**") for Common Shares.

Following the Amalgamation, the Company changed its name to "Castle Mountain Mining Company Limited". On May 13, 2013, the Company received final acceptance by the TSXV of the Amalgamation and, as a result, the Company's listing was transferred from NEX to the TSXV and its trading symbol was changed to "CMM" effective May 14, 2013.

On September 6, 2013, the Company announced that it completed a non-brokered private placement with Robert Buchan, the former Chairman of the Company, through the sale of 1,000,000 units at a purchase price of $0.35 per unit to raise gross proceeds of $350,000. Each unit consisted of one Common Share and one half of one Common Share purchase warrant. Each warrant entitled Mr. Buchan to acquire one Common Share at a price of $0.50 per Common Share until March 6, 2015. The private placement was approved by the independent directors of the Company.

On November 21, 2013, Castle Mountain announced the completion of a mineral resource estimate by RPA Inc. ("**RPA**") prepared in accordance with National Instrument 43-101 – Standards of Disclosure for Mineral Projects ("**NI 43-101**") on the Castle Mountain Project. On December 11, 2013, the Company filed the related technical report entitled "Technical Report on the Mineral Resource Estimate for Castle Mountain Project, San Bernardino County, California, U.S.A." dated December 6, 2013.

On December 3, 2013, Castle Mountain announced that its board of directors (the "**Board**") approved the adoption of a shareholder rights plan agreement, entered into with Equity Financial Trust Company, as rights agent, effective December 3, 2013. In addition, the Board approved amendments to the Company's by-laws to include an advance notice provision which requires advance notice to the Company in circumstances where nominations of persons for election to the Board are made by shareholders of the Company other than pursuant to: (i) the requisition of a meeting, or (ii) a shareholder proposal, both made pursuant to the provisions of the OBCA. Both the rights plan and amendment to the by-laws were subsequently approved by shareholders on June 2, 2014.

On December 31, 2013, the Company completed a public offering of 9,091,000 Common Shares at a price of $0.55 per Common Share for gross proceeds of $5,000,050.

***2014***

On January 15, 2014, the Company acquired, through a wholly-owned subsidiary, 19 unpatented mining claims encompassing 2951, acres, in San Bernardino County California for US$50,000. The claims are located directly north-east to the Company's existing land holdings, and were previously leased by a wholly-owned subsidiary of the Company.

On April 21, 2014, the Company announced that it applied to extend the term of 1,420,000 Common Share purchase warrants which were issued as part of the Amalgamation for warrants originally issued by Telegraph on October 31, 2012. The warrants expiry date was accepted by the TSXV and extended from May 1, 2014 to May 28, 2014.

On April 24, 2014, Castle Mountain announced a positive preliminary economic assessment ("**PEA**") on the Castle Mountain Project (as defined below) and on June 5, 2014 filed a technical report entitled "Technical Report on the Preliminary Economic Assessment for the Castle Mountain Project, San Bernardo County, California, U.S.A." dated May 30, 2014 (the "**Technical Report**"). See "Material Mineral Project – Castle Mountain Project" below for further details.

On June 27, 2014, the Company, completed a public offering of 8,855,000 units, which included the exercise in full of an over-allotment option, at a price of $0.65 per unit for gross proceeds to the Company of $5,755,750. Each unit consisted of one Common Share and one half of one Common Share purchase warrant. Each warrant is exercisable for one Common Share at a price of $1.00 per Common Share and expires on June 27, 2016.

On August 20, 2014, the Company announced results from the initial three large diameter (PQ) holes of the phase 2 drill campaign at the Castle Mountain Project. The drill holes targeted areas of known mineralization to supply material for the Company's ongoing metallurgical test program and associated feasibility study.

On September 8, 2014, the Company announced the resignation of Robert Buchan as Chairman and as a member of the Board. Mark Wayne assumed the role of Chairman of the Company.

On November 4, 2014, the Company's Common Shares began trading in the United States on the OTCQX under the symbol "CTMQF".

***Recent Developments***

On January 19, 2015, the Company announced results from the fall 2014 phase 2 drill campaign at the Castle Mountain Project. Results from the campaign were promising and have the potential to expand the unmined, very high-grade Lucky John Zone along strike. The results also discovered a possible high-grade extension at depth. Additionally, drilling around the margins of the proposed JSLA pit continued to intersect broad intervals of gold mineralization increasing the likelihood that the strip ratio around the pit can be substantially reduced from that initially outlined in the PEA. Further work is needed with respect to these results.

On February 20, 2015, the Company announced that Gordon McCreary was no longer the President and Chief Executive Officer at the Company and that the Company was searching for a new Chief Executive Officer. Fraser Buchan was appointed interim President and Chief Executive Officer.

On March 11, 2015, the Company reported initial results from the Company's ongoing metallurgical test program. This included column leach test results from four, large diameter metallurgical holes drilled in the third and fourth quarters of 2014, and preliminary results from the run of mine test program initiated at the beginning of 2015. All testing was performed by McClelland Laboratories in Reno, Nevada. The initial results from the metallurgical test program averaged recoveries of 86% on crushed material which exceeded the recoveries modelled in the PEA, but further work is underway. As of March 6, 2015, the run mine tests have been under leach for 28 days. Currently, column recoveries were calculated using assayed heads. At the completion of the column tests, residue assays will be taken and final gold recoveries for each of the columns will be calculated.

On April 2, 2015, the Company announced that Gordon McCreary resigned from the Board.

On April 7, 2015, the Company announced changes to management. David Adamson joined the Company as Chief Executive Officer and as a member of the Board. Ian Cunningham-Dunlop joined the Company as Vice-President, Exploration. In addition, William Cavalluzzo and David Reid were appointed to the Board. The Company also adopted a new fixed stock option plan, which is subject to ratification at the next annual shareholders meeting.

On April 17, 2015, the Company announced that it completed a non-brokered private placement offering of 5,714,402 units at $0.35 per unit for aggregate gross proceeds of $2,000,040.70. Each unit consisted of one Common Share and one half of one Common Share purchase warrant. Each warrant entitles the holder to acquire one additional Common Share at an exercise price of $0.60 per Common Share until April 17, 2017.

## DESCRIPTION OF THE BUSINESS

### General

Subject to certain obligations, Castle Mountain has 100% of the right, title and beneficial interest in and to the Castle Mountain venture ("**Castle Mountain Venture**"), a California general partnership, which owns the Castle Mountain property ("**Castle Mountain Property**") in San Bernardino County, California. The Castle Mountain heap leach gold mine (the "**Castle Mountain Project**") produced over one million ounces of gold from 1992 to 2001, when mining was suspended due to low gold prices. The Castle

Mountain Venture land holdings (7,458 acres total) include patented claims (1,298 acres), and unpatented claims (6,160 acres).

Castle Mountain, through its wholly owned subsidiaries including Castle Mountain Venture, is focused on the exploration and, if warranted, development of deposits in San Bernardino County, California. The principal gold mineralization identified to date within the Castle Mountain Project are below and surrounding the historically mined pits on the Castle Mountain Property including the Oro Belle-Hart Tunnel, Jumbo, and Lesley Anne-Jumbo South Pits, as well as in the South Domes area.

**Principal Product**

Although no production decision has been made to date, the Company expects its principal product to be the gold produced from the Castle Mountain Project. There are worldwide gold markets into which the Company will be able to sell its principal product and, as a result, at this early stage the Company does not expect to be dependent on a particular purchaser with regard to the sale of any gold it may produce. The Company currently has a mineral resource estimate and has completed the PEA. See "Material Mineral Project – Castle Mountain Project" below for further details.

**Permits and Authorizations**

The Company has been granted an extension to its Mining Conditional Use Permit and Reclamation Plan N0. 90M-013 (the "**Mining Permit**") for the Castle Mountain Project to December 31, 2025. The Mining Permit is the primary license required to conduct mining activities in San Bernardino County, California. With respect to the Castle Mountain Project, the Mining Permit incorporates the following key provisions and qualifications:

1. the open-pit mining of up to 9 million tons of ore per year;

2. on site heap leaching;

3. no pit back-fill requirements; and

4. approved environmental impact assessments and reviews.

However, in order to restart mining operations at the Castle Mountain Project, additional permits will be required which include, among other things, permits for construction and to operate equipment, waste water and discharge permits and certain explosive and dust permits. Failure to acquire these permits in a timely manner could prevent the development activities of the Company or result in delays in the Company's development of the Castle Mountain Project. See " Risk Factors" below for more details.

**Specialized Skill and Knowledge**

Various aspects of the Company's business require specialized skills and knowledge. Such skills and knowledge include the areas of permitting, geology, drilling, engineering, construction, metallurgy, logistical planning and implementation of exploration programs as well as finance and accounting. It is possible that delays or increased costs may be experienced by the Company in locating and/or retaining skilled and knowledgeable employees and consultants in order to proceed with its planned exploration and development of the Castle Mountain Project and other mineral properties. The Company's directors and management are composed of a team of individuals who have extensive expertise in the mineral exploration, development, production, and finance industries. See "Directors and Officers" below for more details.

**Competitive Conditions**

The mineral exploration and mining business is competitive in all phases of exploration, development and production. The Company competes with a number of other entities in the search for and the acquisition of productive mineral properties. As a result of this competition, and the fact that a majority of companies possess greater financial resources than the Company, the Company may be unable to acquire desired properties, recruit or retain qualified employees or acquire the capital necessary to fund the Company's operations and develop its properties. Factors beyond the control of the Company may affect the marketability of minerals mined or discovered by the Company. Mineral prices have historically been subject to fluctuations and are affected by numerous factors beyond the control of the Company. See "Risk Factors" below for more details.

**Business Cycle**

The mining business is subject to mineral price cycles. The marketability of minerals and mineral concentrates is also affected by worldwide economic cycles. The price of the Common Shares, financial results, exploration, development and mining activities of the Company may in the future be significantly and adversely affected by declines in the price of gold and other minerals. Mineral prices fluctuate widely and are affected by numerous factors such as global supply, demand, inflation, exchange rates, interest rates, forward selling by producers, central bank sales and purchases, production, global or regional political, economic or financial situations and other factors beyond the control of the Company.

**Environmental Protection**

The Company currently conducts exploration and development activities in California, United States. All phases of the Company's operations are subject to environmental regulation in the jurisdiction in which it operates. Environmental regulation is evolving in a manner which requires stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. There is no assurance that any future changes in environmental regulation will not adversely affect the Company's operations. There is no assurance that regulatory and environmental approvals will be obtained on a timely basis or at all. The cost of compliance with changes in governmental regulations has the potential to reduce the profitability of operations or to preclude entirely the economic development of a property. Environmental hazards may exist on the properties, which are unknown to the Company at present, which have been caused by previous or existing owners or operators of the properties. The Company is currently engaged in exploration with minimal environmental impact. The financial and operational effects of environmental protection requirements on the capital expenditures earnings/(losses) and competitive position of the Company at this time are expected to be more material and relevant given the development nature of the Company's operations.

**Employees**

As of the date of this AIF, there are currently 5 full-time equivalent employees (excluding consultants) of the Company and its affiliates, involved in the operations, commercial, accounting and administrative functions of the business of the Company. The Company has also retained contractors and other consultants involved in the operations of the business.

**Foreign Operations**

The Company's mineral exploration projects are located in California, United States. Any changes in regulations or shifts in political attitudes in such foreign countries are beyond the control of the Company and may adversely affect its business. Future exploration, development and operations may be affected in varying degrees by such factors as government regulations (or changes thereto) with respect to the restrictions on production, export controls, income taxes, expropriation of property, repatriation of profits,

environmental legislation, land use, water use and mine safety. The effect of these factors cannot be accurately predicted. See “Risk Factors”.

**Reorganizations**

See “Corporate Structure – Name, Address and Incorporation” and “General Development of the Business – Three Year History” above for details.

## RISK FACTORS

In addition to the other information contained in this AIF, the following factors should be considered carefully when considering the risks related to the Company’s current and proposed business.

**Mining Exploration, Operations and Development**

The Castle Mountain Project is in an exploration stage only and has no mineral reserves. Substantial expenditures are required to establish reserves through drilling, to develop processes to extract the resources and, in the case of new properties, to develop the extraction and processing facilities and infrastructure at any site chosen for extraction. Development of the Castle Mountain Project will only follow upon obtaining satisfactory results. Exploration and development of natural resources involves a high degree of risk and few properties which are explored are ultimately developed into producing properties. There is no assurance that the Company’s exploration and development activities will result in any discoveries of commercial bodies of ore. There is also no assurance that, even if commercial quantities of ore are discovered, the Castle Mountain Project will be brought into commercial production. Whether a mineral deposit will be commercially viable depends on a number of factors, some of which are: the particular attributes of the deposit, such as size, grade and proximity to infrastructure, commodity prices which are highly cyclical; and government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals and environmental protection. The exact effect of these factors cannot be accurately predicted. The long-term profitability of the Company will be in part directly related to the cost and success of its exploration programs and any subsequent development programs.

The process of mining, exploration and development also involves risks and hazards, including environmental hazards, industrial accidents, labour disputes, unusual or unexpected geological conditions or acts of nature. These risks and hazards could lead to events or circumstances, which could result in the complete loss of a project or could otherwise result in damage or impairment to, or destruction of, mineral properties and future production facilities, environmental damage, delays in exploration and development interruption, and could result in personal injury or death.

Although the Company evaluates the risks and carries insurance policies to mitigate the risk of loss where economically feasible, not all of these risks are reasonably insurable and insurance coverages may contain limits, deductibles, exclusions and endorsements. The Company cannot assure that its coverage will be sufficient to meet its needs. Such a loss may have a material adverse effect on the Company. See “Uninsured Risks” below for more details.

**Required Permits and Approvals**

Mining, exploration and development does and will require numerous governmental, environmental, mining and other permits, leases and approvals authorizing operations. As described above, the Company has been granted the Mining Permit for the Castle Mountain Project. However, in order to restart mining operations at the Castle Mountain Project, additional permits will be required which include, among other things, permits in respect of construction, operation of equipment, waste water discharges and certain explosive and dust permits. A decision by a governmental agency to deny or delay issuing a new or renewed permit or approval, or to revoke or substantially modify an existing permit or approval,

could prevent or limit the ability to continue exploration and development at the affected project and have a material adverse effect on the proposed business, and the Company's financial condition and exploration results. In addition, the United States federal government requires an environmental impact statement (EIS) as a condition of approving a project or permit. A decision by a government agency to deny or delay issuing a new or renewed permit, lease, or approval, or to revise or substantially modify an existing permit or approval, could prevent or limit the ability to continue exploration and development activities at the Castle Mountain Project and have a material adverse effect on the Company's business.

**Price of Gold**

The Company's business and future is dependent on the price of gold, which is subject to and affected by numerous factors beyond its control. Factors tending to put downward pressure on the price of gold include: sales or leasing of gold by governments and central banks; a low rate of inflation and a strong U.S. dollar; global and regional recession or reduced economic activity; speculative trading; the demand for gold for industrial uses, use in jewellery, and investment; high supply of gold from production, disinvestment, scrap and hedging; interest rates; sales by gold producers in forward transactions and other hedging; the production and cost levels for gold in major gold-producing nations; and the cost level (in local currencies) for gold in major consuming nations.

A drop in the price of gold would adversely impact the Company's future prospects. In addition, sustained low gold prices could result in the Castle Mountain Project being viewed as uneconomic at the then-prevailing gold price; halt or delay the exploration and development of the Castle Mountain Project; and reduce the potential for financings required for further exploration and development activities.

**Mineral Resources**

Mineral resources that are not mineral reserves do not have demonstrated economic viability. Due to the uncertainty of measured, indicated or inferred mineral resources, it is possible that the mineral resources in respect of the Company's project may never be upgraded to proven and probable mineral reserves. Investors are cautioned not to assume that any part of mineral deposits in these categories will ever be converted into reserves or recovered as part of the Company's mining operations.

The Company has defined mineral resources in accordance with NI 43-101 in respect of the Castle Mountain Project but it has not yet defined current mineral reserves on the project. No assurance can be given that the Company will ever be in a position to declare a proven or probable mineral reserve on the Castle Mountain Project. Whether the Company completes a feasibility study on the Castle Mountain Project and thereby delineating proven or probable mineral reserves depends on a number of factors, including: (i) the particular attributes of the deposit (including its size, grade, geological formation and proximity to infrastructure); (ii) commodity prices, which are highly cyclical; (iii) government regulations (including regulations relating to taxes, royalties, land tenure, land use and permitting); and (iv) environmental protection considerations. The Company cannot determine at this time whether any of these estimates will ultimately be correct or that the Castle Mountain Project will prove to be economically viable. Therefore, it is possible that mineral reserves will never be identified at the Castle Mountain Project.

**Uncertainty Regarding Commercial Viability**

Whether the Castle Mountain Project will be commercially viable depends on a number of factors, including cash costs associated with extraction and processing, the particular attributes of the deposit, such as size, grade and proximity to infrastructure, as well as metal prices which are highly cyclical and government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals and environmental protection. The exact effect of these factors cannot be accurately predicted, but the combination of these factors may result in the Castle Mountain Project becoming uneconomic resulting in the Company not continuing with its development.

**Price Volatility**

Securities markets have recently had a high level of price and volume volatility, and the market price of securities of many companies has experienced wide fluctuations in price that have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. Factors unrelated to the financial performance or prospects of the Company include macroeconomic developments in North America and globally, and market perceptions of the attractiveness of particular industries. There can be no assurance that continued fluctuations in precious metal prices will not occur. As a result of any of these factors, the market price of the securities of the Company at any given point in time may not accurately reflect the value of Castle Mountain or its securities.

In the past, following periods of volatility in the market price of a company's securities, shareholders have on occasion instituted class action securities litigation against those companies. Such litigation, if instituted, could result in substantial cost and diversion of management attention and resources, which could significantly harm the viability and the reputation of Castle Mountain.

**Global Economic Conditions**

The unprecedented events in global financial markets in the past several years have had a profound impact on the global economy. Many industries, including the gold mining industry, are impacted by these market conditions. Market events and conditions, including disruptions in the international credit markets and other financial systems and the deterioration of global economic conditions, could impede the Company's access to capital or increase the cost of capital and may adversely affect the Company's operations.

The Company is also exposed to liquidity risks in meeting its operating and capital expenditure requirements in instances where the Company's cash position is unable to be maintained or appropriate financing is unavailable. These factors may impact the Company's ability to obtain capital on terms favourable to it or at all. Increased market volatility may impact the Company's operations which could adversely affect the trading price of the Common Shares.

**Capital Requirements**

The Company competes for financing and personnel with other resource companies. There can be no assurance that additional capital or other types of financing will be available, when needed, or that, if available, the terms of such financing will be favourable to the Company. As the mining business is capital intensive, the Company will need to make significant capital expenditures in connection with the development of the Castle Mountain Project. If the Company's feasibility study is successful and proves economically viable, additional funds will be required for the development of an economic mineral body and to place it in commercial production. There is no assurance that any such funds will be available for operations and the ability of the Company to raise such capital will depend, in part, upon conditions in the capital markets at the time and its historical business performance. If additional capital is raised by the issuance of shares from the treasury of the Company, shareholders may suffer dilution. Future borrowings by the Company or its subsidiaries may increase the level of financial and interest rate risk to the Company as the Company will be required to service future indebtedness. Further, failure to obtain additional financing on a timely basis could cause the Company to reduce or terminate its proposed operations.

**Dependence on Highly Skilled Personnel**

The Company's prospects depend in part on the services of key executives and other highly skilled and experienced personnel focused on managing the Company's interests and the advancement of the Castle Mountain Project, as well as its other interests, in addition to the identification of new opportunities for growth and funding. The loss of these persons or the Company's inability to attract and retain additional

highly skilled employees required for the Company's activities may have a material adverse effect on its business or future operations. The Company does not currently maintain "key person" life insurance on any of its key employees.

**Negative Operating Cash Flow**

The Company has negative operating cash flow and may continue to have negative operating cash flow in future periods. To the extent that the Company has negative operating cash flow, the Company will need to continue to deploy a portion of its cash reserves to fund such negative operating cash flow. The Company expects to continue to sustain losses in the future until it begins to generate revenue from the commercial production of its properties. There is no guarantee that the Company will ever have commercial production or be profitable.

**No History of Earnings or of a Return on Investment**

The Company has no history of earnings or of a return on investment, and there is no assurance that the Castle Mountain Project or any other property or business that the Company may acquire or undertake will generate earnings, operate profitably or provide a return on investment in the future. The Company has no plans to pay dividends for some time in the future.

**No Operating History and no Operating Revenues**

The Company has no operating history and no operating revenues. Exploration projects have no operating history upon which to base estimates of future cash flows. Substantial expenditures are required to develop mineral projects. It is possible that actual costs and future economic returns may differ materially from the Company's estimates. There can be no assurance that the underlying assumed levels of expenses for any project will prove to be accurate. Further, it is not unusual in the mining industry for new mining operations to experience unexpected problems during start-up, resulting in delays and requiring more capital than anticipated. There can be no assurance that the Castle Mountain Project will move beyond the exploration and development stage and be put into production, achieve commercial production or that the Company will produce revenue, operate profitably or provide a return on investment in the future. Mineral exploration involves considerable financial and technical risk. There can be no assurance that the funds required for exploration and future development can be obtained on a timely basis. There can be no assurance that the Company will not suffer significant losses in the near future or that the Company will ever be profitable.

**Land Title Risk**

Although the Company may receive title opinions for any mineral properties in which the Company has or will acquire a material interest, there is no guarantee that title to such properties will not be challenged or impugned. In some countries, the system for recording title to the rights to explore, develop and mine natural resources is such that a title opinion provides only minimal comfort that the holder has title. Also, in the United States, claims have been made and new claims are being made by aboriginal peoples that call into question the rights granted by the government. A determination of defective title or restrictions in connection with a challenge to title rights could impact the Company's ability to develop and operate at the Castle Mountain Project.

The Mojave Desert Preserve established in 1994 surrounds the Company's patented and unpatented land. In addition, there is an approximately 22,000 acre "buffer zone" surrounding the Company's lands. During 2015, a United States Senator introduced a new bill which would include the "buffer zone" as part of the Mojave Desert Preserve. The bill is expected to be introduced to the Senate Committee on Energy and Natural resources in the second quarter of 2015. The Company has been in discussions with Senate and Congress staff to ensure any provisions will not impede the Company's ability to operate.

**Environmental Laws**

The Company's exploration and development activities and, in the future, its production and processing operations are and will be extensively regulated under various U.S. federal, state and local laws relating to the protection of air and water quality, hazardous waste management, endangered species, and mine reclamation. The Company may be subject to future liability for environmental costs, including capital costs to comply with environmental laws, costs associated with the remediation of soil or groundwater contamination and reclamation and closure costs upon cessation of operations. In addition, the Company may be subject to reclamation costs for its claims, even if the Company has not conducted the activity on those properties. Further, the regulatory environment for the Company's operations could change in ways that would substantially increase its liability or the costs of compliance and that could have a material adverse effect on its operations or financial position.

Various laws and permits require that financial assurances be in place for certain environmental and reclamation obligations and other potential liabilities. There is no assurance that the Company will always be able to secure and maintain insurance coverage and other general assistance measures to adequately protect against such potential obligations and liabilities.

**Market Price of Common Shares**

The Common Shares are currently listed on the TSXV and not on any other stock exchange, other than OTCQX marketplace in the United States. The holding of these shares will involve a high degree of risk and should be undertaken only by investors whose financial resources are sufficient to enable them to assume such risks and who have no need for immediate liquidity in their investment. Persons who cannot afford the possibility of the loss of their entire investment should not hold Common Shares. Furthermore, an investment in securities of the Company should not constitute a major portion of an investor's portfolio.

**Uninsured Risks**

As mentioned above, the Company's business is subject to a number of risks and hazards including adverse environmental effects and technical difficulties due to unusual or unexpected geologic formations.

Such risks could result in personal injury, environmental damage, damage to and destruction of the facilities, delays in exploration and development and liability. For some of these risks, Castle Mountain maintains insurance to protect against these losses at levels consistent with industry practice. However, the Company may not be able to maintain current levels of insurance, particularly if there is a significant increase in the cost of premiums. Insurance against environmental risks is generally expensive and may not continue to be available for the Company and other companies in the industry. The Company's current policies may not cover all losses. The Company's existing policies may not be sufficient to cover all liabilities arising under environmental law or relating to hazardous substances. Moreover, in the event that the Company is unable to fully pay for the cost of remedying an environmental problem, the Company might be required to suspend or significantly curtail its activities or enter into other interim compliance measures.

**Foreign Exchange Rate Fluctuation**

The Company is subject to foreign exchange rate fluctuations with respect to United States and Canadian currencies. The Company has traditionally raised its funds through equity issuances, which are priced in Canadian dollars. The Company may suffer losses due to adverse foreign currency fluctuations.

**Threat of Legal Proceedings**

Due to the nature of its business, the Company may be subject to numerous regulatory investigations, civil claims, lawsuits and other proceedings in the ordinary course of its business. The results of these legal proceedings cannot be predicted with certainty due to the uncertainty inherent in litigation, the difficulty of predicting decisions of regulators, judges and juries and the possibility that decisions may be reversed on appeal. There can be no assurances that these matters will not have a material adverse effect on the Company's business.

**Unforeseen Liabilities from Past Acquisitions**

There may be liabilities that the Company has failed to discover or has underestimated in connection with previous acquisitions. In addition, there may be capital expenditure requirements that the Company has failed to discover or underestimated in connection with these acquisitions, which amounts may be material. Any such liabilities or capital expenditure requirements could have a material adverse effect on the Company's business, financial condition or future prospects.

**Conflicts of Interest**

Certain of the directors and officers of the Corporation also serve as directors and/or officers of other companies involved in natural resource exploration, development and mining operations and consequently there exists the possibility for such directors and officers to be in a position of conflict. Any decision made by any of such directors and officers will be made in accordance with their duties and obligations to deal fairly and in good faith with a view to the best interests of the Company and its shareholders. In addition, each director is required to declare and refrain from voting on any matter in which such director may have a conflict of interest in accordance with the procedures set forth in the OBCA and other applicable laws.

**Metallurgical Performance**

The base case mine plan includes processing of 3,599 koz contained gold. Of this total, 1,791 koz (50%) is located within the Jumbo, Oro-Belle and JSLA pits previously mined and above the deepest horizon of historic activity, 158 koz (4%) is located within the same pits but below the deepest horizon of historic activity, 482 koz (13%) is located within the Hart Tunnel pits that are immediately adjacent to the three previously mined pits and the remaining 1,188 koz (33%) is located within the South Domes pit that is offset from the other five by approximately 500 m. There is some confidence that the 50% of material located in the pits and horizons mined previously will perform similar to material processed previously. There is less confidence regarding the metallurgical performance of the remaining material. The next round of work will include metallurgical testing that aims to improve the confidence in recovery estimates for all material planned to be processed.

**Water**

Historically the operation successfully processed approximately 3.6 million tons per year over a ten year period with continued leaching for several years after mining ceased. The PEA projects a higher processing rate which will require more water and the work has not yet been done to show there is enough water for the projected rate. The Company has started hydrogeological work on the project.

## MATERIAL MINERAL PROJECT – CASTLE MOUNTAIN PROJECT

The Company's material mineral property is the Castle Mountain Project located in San Bernardino County, California.

The below summary is a direct extract and reproduction of the summary contained in the Technical Report dated May 30, 2014, without material modification or revision and all defined terms used in the summary shall have the meanings ascribed to them in the Technical Report. The below summary is subject to all the assumptions, qualifications and procedures set out in the Technical Report. Readers should also refer to the Company's latest management's discussion and analysis for updated information with respect to the Castle Mountain Project. The Technical Report was prepared in accordance with NI 43-101. For full technical details of the report, reference should be made to the complete text of the Technical Report, which has been filed with the applicable regulatory authorities and has been posted on SEDAR at www.sedar.com. The Technical Report was prepared by Jason Cox, P.Eng, Dr. Kathleen Altman, Ph.D., P.E., David Penswick, P.Eng., and Reno Pressacco, M.Sc.(A), P.Geo., (the "**Lead Authors**") who are independent "Qualified Persons" under NI 43-101. The Technical Report is incorporated by reference in this AIF and the summary set forth below is qualified in its entirety with reference to the full text of the Technical Report. The Lead Authors have reviewed and approved the scientific and technical disclosure contained in this AIF.

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**SUMMARY**

**EXECUTIVE SUMMARY**

**INTRODUCTION**

Roscoe Postle Associates Inc. (RPA) was retained by Castle Mountain Mining Company Limited (Castle Mountain) to prepare an independent Technical Report (the Report) on the Castle Mountain Venture (CMV) land holdings (the Property or the Project) located in San Bernardino County, California. The purpose of this Technical Report is to support the disclosure of the results of a Preliminary Economic Assessment (PEA). This Technical Report conforms to NI 43-101 Standards of Disclosure for Mineral Projects. RPA visited the Property on March 14, 2013, and October 1, 2013.

Subject to certain obligations, Castle Mountain has 100% of the right, title and beneficial interest in and to CMV, a California general partnership, which owns the Project. Castle Mountain is an exploration and development stage gold company in the initial stages of working towards reopening the past producing Castle Mountain Mine (the Mine). The previous operation on the site of the Mine began in 1991 and produced in excess of 1.2 million ounces of gold from a number of open pits over ten years. Mining ceased in 2001 and heap leaching was discontinued in 2004.

The PEA Base Case entails a low capital cost start-up heap leach operation, with an initial annual leaching rate of 6.35 million tonnes. An expansion that would be commissioned at the start of Year 3 would increase the leaching rate to the currently permitted limit of 8.16 million tonnes annually. At the same time, a modified milling circuit would be added for treating higher grade mineralization. The expansion also includes a number of efficiency projects to reduce the longer term operating cost structure so that it is economic to mine six separate open pits to the limits of the currently defined resource, over a total mine life of 17 years. The Base Case is contained within the boundaries covered by the current Environmental Impact Statement (EIS) area, but would require permitting of additional area for disturbance.

The PEA also considered two alternate development and production scenarios:

- The Static Case assumes the same low capital cost start-up as the Base Case, but does not include the expansion or implementation of efficiency projects in Year 3. The Static Case plan is confined within the area that is already permitted for disturbance.

- The Unconstrained Case remains contained within the EIS boundary. This case assumes the permitted annual processing rate would be increased to 18.14 million tonnes, including a modified mill circuit of 1.8 million tonnes, before the commencement of production. This case also includes increased capital spending from the outset, in order to minimise the operating cost structure.

**CONCLUSIONS**

In RPA's opinion, the PEA demonstrates that the Project has merit, with Mineral Resources of sufficient quantity and quality that warrant additional investigation at more advanced levels of engineering study (prefeasibility or feasibility study). Economic results are positive for all development and production scenarios considered in the PEA, based upon the stated assumptions. Summary metrics for the three cases considered are presented in Table 1-1 below:

**TABLE 1-1 EVALUATION SUMMARY**
**Castle Mountain Mining Company Limited - Castle Mountain Project**

| | Units | Static | Base | Unconstrained |
|---|---|---|---|---|
| Process Feed | 000 tonnes | 40,240 | **132,137** | 209,271 |
| Waste Mined | 000 tonnes | 173,530 | **912,135** | 835,001 |
| Contained Au | 000 oz | 1,082 | **3,599** | 4,166 |
| Recovered Au | 000 oz | 832 | **2,994** | 3,490 |
| Mine Life | Years | 7 | **17** | 12 |
| Net Smelter Return[1] | $/t process feed | $26.92 | **$29.51** | $21.72 |
| Site Opex[2] | $/t process feed | $15.84 | **$17.55** | $10.96 |
| Royalty[3] and Interest[4] | $/t process feed | $ 0.32 | **$ 0.64** | $ 0.46 |
| Initial Capex | $ M | $98 | **$98** | $421 |
| Total Investment[5] | $ M | $194 | **$543** | $790 |
| Post-Tax NPV 0% | $ M | $177 | **$728** | $1,012 |
| **Post-Tax NPV 5%** | **$ M** | **$122** | **$352** | **$576** |
| **Post-Tax NPV 10%** | **$ M** | **$82** | **$161** | **$310** |
| **Post-Tax IRR** | **%** | **29.7%** | **20.1%** | **21.7%** |
| **Post-Tax CFI[6]** | **factor** | **1.01x** | **2.00x** | **1.31x** |
| Simple Payback - Initial Capital | months | 31 | **31** | 59 |
| Simple Payback - Expansion Capital | months | n/a | **46** | n/a |

Notes:
1. Assumes flat long term price of $1,300/oz Au.
2. Includes mining, processing and G&A operating costs.
3. Royalties currently interpreted as varying from 0% - 5% of NSR.
4. Interest on Surety raised for Closure Bond.
5. Includes initial capital, expansion capital, sustaining capital and closure costs.
6. Ratio of initial capex to peak cumulative negative cash flow.

The economic analysis contained in this report is based, in part, on Inferred Resources, and is preliminary in nature. Inferred Resources are considered too geologically speculative to have mining and economic considerations applied to them to be categorized as Mineral Reserves. There is no certainty that

economic forecasts on which this PEA is based will be realized. Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability.

RPA's conclusions by area are as follows:

***MINERAL RESOURCES***

- Pulp duplicates showed good reproducibility as did, generally, the rig (field) duplicates. No grade bias was observed in either case. The insertion of barren CRMs indicated no significant contamination during the preparation phase of assaying. The insertion of Certified Reference Materials (CRMs) indicated that the primary laboratory, ALS in Sparks, Nevada, performed adequately with respect to accuracy and precision. In RPA's opinion, the Quality Assurance and Quality Control (QA/QC) program for the 2013 Phase 1 drill program was adequate and assay results within the database are suitable for use in a Mineral Resource estimate.

- In RPA's opinion, the higher grades of gold mineralization appear to be controlled by intersecting fault zones or structural corridors. These zones are dominated in many locales by north-northeast-trending fractures. Available information suggests that the distribution of higher grades within the deposit is controlled by multiple narrow fault/fracture orientations which cannot be constrained in detail with three-dimensional (3D) wireframes due to the spacing and orientation of the drill holes.

- The number of density measurements compiled to date is still relatively low and does not fully embrace all rock types likely to be encountered by mining. Additional test work should be undertaken.

- The grade interpolations were run using ordinary kriging (OK) as well as a range of inverse distance methods. There are only modest differences in the block model results created using different estimation methods.

- In RPA's opinion, the block model reconciles well with production records.

- Mineral Resources estimated for the Castle Mountain Project total 182 M st (165 Mt) in the Indicated category, grading 0.017 oz/st Au (0.60 g/t Au), with an additional 63.7 M st (57.8 Mt) of Inferred resources grading 0.017 oz/st Au (0.57 g/t Au). Total contained gold is 3.15 Moz Au in the Indicated category and 1.06 Moz Au in the Inferred category. Mineral Resources are reported at a base case cut-off grade of 0.004 oz/st Au (0.14 g/t Au).

- There is potential for gains in Mineral Resources via infill drilling, both within current pit outlines, and at depth.

***PRELIMINARY ECONOMIC ASSESSMENT***

- The PEA evaluated a large number of strategic alternatives. In the event the Project is limited to the 1,375 acres that has already been permitted for disturbance, the following scope of project was found to optimize economic returns while minimizing risk (the 'Static Case'):

    - A mine plan limited to the Jumbo, Jumbo South / Leslie Anne (JSLA) and Oro Belle (OB) pits. This plan comprises 40 Mt process feed that grades 0.84 g/t Au and contains 1.1 Moz Au, along with 174 Mt waste.

- Pits would be mined in a sequential manner, with Jumbo being mined to its ultimate limit followed by the initial phases of JSLA then OB. While the sequential approach results in some deferral of higher value mineralization, this is more than compensated by shorter haulage distances and reduced surface disturbance.

- Production would average 119,000 oz Au annually during the seven years that the pit is operational, with a further 20,000 oz Au recovered during the subsequent rinsing of pads.

- The initial capital cost can be minimized to approximately $100 million through the purchase of some used equipment, sizing of the leach circuit at 6.4 million tonnes per year, delivery of crushed material to the pads by truck and use of diesel generators to supply electricity. There is a further $90 million sustaining capital and net closure expenses of $6 million.

- Site operating costs average $15.84/t process feed.

- In the event that permits for disturbance are extended, the optimal scope for the Base Case evolves as follows:

  - The leaching rate would be increased to the permitted limit of 8.2 Mtpa and a modified milling circuit of 1.1 Mtpa capacity would be added.

  - Concurrent with expansion of the processing circuit would be investment in a number of efficiency projects to lower operating costs. These would include a connection to the electrical grid, use of conveyors for delivering crushed material to the leach pads and purchase of larger fleet for mining waste.

  - With the lower operating costs resulting from the projects listed above, it would be economic to mine the entire currently defined resource, with the second phases of OB and JSLA along with Hart-S, Hart-N, and South Domes being added to the mine plan. Pits would continue to be mined sequentially.

  - The extended mine plan comprises 132 Mt process feed that grades 0.85 g/t Au and contains 3.6 Moz Au, along with 912 Mt waste. Production would average 176,000 oz Au annually for the 17 years that the pit is operational, with a further 25,000 oz Au recovered during the subsequent rinsing of pads.

  - Start-up for this scenario, including the initial capital cost, is identical to the Static Case. The capital cost of expansion would be $173 million, while ongoing sustaining capital would be a further $250 million. Net closure costs for the expanded scope would be $22 million.

  - Base Case economic performance is sensitive to the timing of the expansion project, however, it would be possible to transition from the Static Case to the Base Case at any time during the initial four years of operation without material impacts.

- In the event that the permitted limit for processing is expanded beyond the current 8.2 Mtpa, returns could be further improved for the Unconstrained Case by increasing throughput to 18.1 Mtpa and 1.8 Mtpa for the leaching and milling circuits, respectively.

  - Alternatively, it would be feasible to transition from the Base Case to Unconstrained Case at any point in the mine life, subject to the remaining resource being sufficient to justify investment in the expanded throughput.

- Further opportunities for optimization are likely as more detailed work is performed during the next phase of study. In particular, it may be possible to optimize the selection of cut-off grade for the Base Case given the following:

    - The operating cost structure for the Base Case results in a marginal cut-off grade for leaching of approximately 0.2 g/t Au. Material above this cut-off totals 208 Mt and contains 4.2 Moz Au, while the associated strip ratio is 4.0 : 1. Use of this cut-off grade maximizes the pre-tax undiscounted cash flow generated by the Project.

    - For the range of options evaluated in the PEA, it was found that post-tax discounted cash flow could be increased by using an elevated cut-off grade, ranging from 0.24 g/t Au to 0.31 g/t Au for the different pits. The elevated cutoff grade reduces process feed to 132 Mt containing 3.6 Moz Au, while the associated strip ratio increases to 6.9 : 1.

    - The range of options considered for the PEA was not exhaustive. Alternatives that have not been considered may result in some or all of the 75 Mt marginal material that contains 0.6 Moz Au improving the post-tax NPV and becoming included in the process feed.

- Historical production data provides the basis for this PEA. This data shows that the combination of the modified milling circuit and heap leaching has the potential to be economically successful. Gold recovery is based on the ultimate historical gold recovery and reagent consumptions are based on historical data. The assumption has been made that material to be mined according to the current mine plan has metallurgical behavior that is the same as previously mined material.

- The Base Case mine plan includes processing of 3,599 koz contained gold. Of this total, 1,791 koz (50%) is located within the previously mined Jumbo, Oro-Belle and JSLA pits above the deepest horizon of historic activity, 158 koz (4%) is located within the same pits but below the deepest horizon of historic activity, 482 koz (13%) is located within the Hart Tunnel pits that are immediately adjacent to the three previously mined pits and the remaining 1,188 koz (33%) is located within the South Domes pit that is offset from the other five by approximately 500 m. There is some confidence that past metallurgical performance will be representative for the 50% of material located in the pits and horizons mined previously, while past performance is likely indicative for the remaining 50% of material.

- Silver revenue is included in the PEA cash flows, based on historical production, however, it is not significant to the economic results, as it comprises less than 0.5% of total revenue.

- Historically the operation successfully processed approximately 3.6 million tonnes per year over a ten year period with continued leaching for several years after mining ceased. This PEA projects a higher processing rate which will require more water and the work has not yet been done to show there is enough water for the projected rate.

- The Project may also benefit by sampling of the 16 Mt backfill contained within the JSLA pit. As the historic cut-off was approximately 0.5 g/t Au, the backfill material contained in the JSLA pit was classified as waste rock by the historic operation. This cut-off grade is now well above the current cut-off grades and so this material has the potential of providing a positive economic return. Preliminary analysis suggests that at least portions of this material are mineralized and there may thus be an opportunity to increase the inventory of process feed with a concomitant decrease in waste tonnes and stripping ratio.

**RECOMMENDATIONS**

RPA recommends that the Project proceed with data collection and analysis in support of an advanced engineering study (pre-feasibility study or feasibility study).

RPA's specific recommendations are as follows:

- Duplicate samples should be submitted for re-assaying during the course of drilling programs.
- Results for duplicates, blanks, and CRMs should be inspected immediately upon receipt so that any issues may be identified early and corrected in a timely manner.
- Castle Mountain has recently located additional blast hole gold grade data in the historical data files. RPA recommends that the gold grade distribution for this additional data set be reviewed as part of any future updates to the Mineral Resource estimate.
- Density measurements should continue to be collected until all waste rock types and mineralization styles have been tested with a representative number of determinations.
- A Phase 2 drill program comprising approximately 20,000 ft (6,000 m) should be completed. The goal of the drilling program would be to improve the accuracy of the distribution of high grade gold assays in the block model, increase the confidence of the current gold resource by means of infill drilling in selected areas, expand the limits of the current Mineral Resources, and explore for additional potential resources within current permit boundaries.
- A geotechnical program should be undertaken to more accurately quantify design criteria for both pit and impoundment slopes. This program should particularly focus on the deeper portions of the Jumbo, OB and JSLA pits that would be mined initially under any of the cases.
- A geo-hydrological program should be undertaken to quantify the amount of water that would be available to the Project from the Lanfair Valley aquifer.
- Review selection of mining fleet. The PEA assumption for the Base and Unconstrained Cases was that all process feed would be mined using higher cost hydraulic excavators and 170 t trucks, while all waste would be mined using lower cost rope shovels and 290 t trucks. While there are zones of mineralization that will require the improved selectivity of the higher cost fleet, there are also large zones of continuous mineralization where it would be possible to use the larger equipment with no detriment to the quality of material delivered to the process.
- Assess stockpiling of marginal material. The PEA assumption was that all run-of-mine (ROM) process feed would be treated immediately, which results in deferral of higher value material at depth. With a stockpile, delivery of higher value material to the leach pad could be accelerated, with the marginal material treated only after mining operations had ceased.
- A rigorous program of metallurgical testing should be developed, using samples that are representative of the areas to be mined based on grades, mineralogy, and spatial distribution throughout the mineralized areas.
    - In RPA's opinion, large-scale column leach tests are required in order to generate accurate leach curves to estimate how the gold will be recovered over time and to provide reliable estimates of the reagent consumptions.

- The metallurgical program should confirm the optimum conditions for milling and agglomeration and heap leaching as well as to determine the optimum ratios of mill to heap leach material.

- Metallurgical testwork should focus on areas that have not been historically mined, notably South Domes and mineralization at depth.

- The metallurgical program should include variability testing in order to accurately predict how the metallurgy may change over time.

- Environmental data collection, characterization of waste streams, and other studies are required to support operating permit applications.

  - The potential for seepage from the existing heap leach pad should be assessed.

  - A plant inventory and desert tortoise survey is required for the water, power and road access corridors.

  - Baseline water quality and quantity in the production and monitoring wells.

RPA recommends the following program for the Castle Mountain Project:

1. Carry out an infill drilling program, and

2. Carry out an advanced engineering study (Pre-Feasibility or Feasibility Study).

A budget of $3,500,000 is estimated and is presented in Table 1-2.

**TABLE 1-2 PROPOSED BUDGET**
**Castle Mountain Mining Company Limited – Castle Mountain Project**

| Item | US$ millions |
|---|---|
| Drilling Program | 1.0 |
| Engineering Study, including | |
| Mineral Resource Update | 0.1 |
| Geotechnical Studies | 0.2 |
| Hydrogeological Studies | 0.2 |
| Metallurgical Testwork | 0.5 |
| Environmental Studies | 0.3 |
| Permitting Activities | 0.2 |
| Engineering and Reporting | 1.0 |
| **TOTAL** | **3.5** |

## ECONOMIC ANALYSIS

The economic analysis contained in this section is based, in part, on Inferred Resources, and is preliminary in nature. Inferred Resources are considered too geologically speculative to have mining and economic considerations applied to them to be categorized as Mineral Reserves. There is no certainty that economic forecasts on which this PEA is based will be realized. Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability.

## ASSUMPTIONS

All financial metrics are expressed in real, January 2014 terms. The start date for discounting is the commencement of expenditure on Project construction, which is currently forecast to be 2015.

Key pricing assumptions used in the evaluation include:

- Flat long term prices of $1,300/oz for gold.
- Refining charges of $3.25/oz for gold, with a further shipping charge for doré produced at site of $0.25/oz.
- A flat long term price of $90/bbl for oil, which translates to a site diesel price (inclusive of taxes, fees and transport charges) of $0.97/L ($3.69/gallon).
- A flat long term price for electricity supplied from the grid of $126/MWh. The cost of electricity generated at site is dependent upon the price of diesel, and has been estimated at $293/kWh for the diesel price given above.

Returns are expressed on a post-tax basis, with the following assumptions regarding the fiscal regime:

- The California State income tax rate of 8.84%
- The normal federal income tax rate of 35%
- The Alternative Minimum federal income tax rate of 20%

**BASE CASE RESULTS**

The total life of project for the Base Case scenario can be sub-divided as follows:

- Initial construction takes place over a period of 12 months.
- Following completion of construction, there is a 6-month ramp up to reach the full initial heap leach production target of 6.35 Mtpa (17,000 tpd).
- Construction of the expansion commences at the beginning of Year 2 and lasts for a period of 12 months. The expansion increases heap leach production to 8.16 Mtpa (22,000 tpd). The expansion also adds a modified milling circuit with a targeted throughput of 1.1 Mtpa (3,000 tpd). Note that milled material is included in the total heap leach production.
- Following completion of the expansion project, there is a 6-month ramp up to achieve increased leach throughput and a 9-month ramp up to achieve the targeted mill throughput.
- The expansion also includes efficiency projects such as replacement of diesel generators with grid power, conveying of crushed material to the leach pads and use of larger fleet for mining waste. These projects allow lower operating costs to be achieved.
- The current resources are depleted in Year 17. There is residual recovery of gold over the next three years as pads are rinsed.

Table 1-3 and Figure 1-1 provide a summary of annual production and cash flow.

**TABLE 1-3 EVALUATION OF BASE CASE SCENARIO**

**Castle Mountain Mining Company Limited - Castle Mountain Project**

| **Production** | **units** | **Total** | **Yr -1** | **Yr 1** | **Yr 2** | **Yr 3** | **Yr 4** | **Yr 5** | **Yr 6** | **Yr 7** | **Yr 8** | **Yr 9** | **Yr 10** | **Yr 11** | **Yr 12** | **Yr 13** | **Yr 14** | **Yr 15** | **Yr 16** | **Yr 17** | **Yr 18** | **Yr 19** | **Yr 20** |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Process Feed | 000 t | 132,137 | 0 | 5,874 | 6,350 | 8,029 | 8,165 | 8,165 | 8,165 | 8,165 | 8,165 | 8,165 | 8,165 | 8,165 | 8,165 | 8,165 | 8,165 | 8,165 | 8,165 | 5,744 | 0 | 0 | 0 |
| Total Mined | 000 t | 1,044,273 | 14,881 | 31,796 | 45,553 | 32,350 | 69,829 | 75,517 | 76,603 | 47,317 | 34,145 | 43,919 | 66,744 | 92,798 | 118,356 | 81,336 | 66,202 | 71,351 | 46,895 | 28,678 | 0 | 0 | 0 |
| Refined Au | 000 oz | 2,994 | 0 | 106 | 134 | 163 | 206 | 186 | 228 | 177 | 148 | 150 | 123 | 215 | 175 | 169 | 171 | 231 | 218 | 178 | 14 | 2 | 1 |
| Refined AuEq | 000 oz | 3,007 | 0 | 107 | 134 | 163 | 207 | 187 | 229 | 178 | 148 | 151 | 123 | 216 | 176 | 169 | 172 | 232 | 219 | 179 | 14 | 2 | 1 |
| **Cash Flow** | | | | | | | | | | | | | | | | | | | | | | | |
| **NSR** | **US$ M** | **$3,899** | **$0** | **$138** | **$174** | **$212** | **$268** | **$242** | **$297** | **$231** | **$192** | **$196** | **$160** | **$280** | **$228** | **$220** | **$223** | **$300** | **$284** | **$232** | **$18** | **$3** | **$1** |
| Mine Opex | US$ M | $1,578 | $0 | $55 | $74 | $54 | $101 | $112 | $121 | $72 | $59 | $74 | $102 | $122 | $155 | $119 | $103 | $114 | $81 | $60 | $0 | $0 | $0 |
| Process Opex | US$ M | $644 | $0 | $35 | $37 | $38 | $39 | $39 | $39 | $39 | $39 | $39 | $38 | $39 | $39 | $39 | $39 | $39 | $39 | $28 | $0 | $0 | $0 |
| G&A Opex | US$ M | $97 | $0 | $6 | $6 | $6 | $6 | $6 | $6 | $6 | $6 | $6 | $6 | $6 | $6 | $6 | $6 | $6 | $6 | $4 | $0 | $0 | $0 |
| **Site Opex** | **US$ M** | **$2,319** | **$0** | **$96** | **$118** | **$97** | **$146** | **$157** | **$166** | **$117** | **$104** | **$119** | **$145** | **$167** | **$200** | **$163** | **$148** | **$159** | **$126** | **$92** | **$0** | **$0** | **$0** |
| Royalty | US$ M | $74 | $0 | $1 | $2 | $2 | $3 | $2 | $3 | $2 | $2 | $2 | $2 | $4 | $3 | $9 | $8 | $11 | $10 | $8 | $1 | $0 | $0 |
| Interest | US$ M | $10 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $1 | $1 | $1 | $1 | $1 | $1 | $1 | $1 | $1 | $1 | $0 | $0 | $0 | $0 |
| **Total Operating Exp** | US$ M | **$2,403** | **$0** | **$98** | **$120** | **$99** | **$148** | **$159** | **$170** | **$120** | **$106** | **$121** | **$148** | **$172** | **$204** | **$173** | **$156** | **$170** | **$137** | **$100** | **$1** | **$0** | **$0** |
| Cash Taxes | US$ M | $225 | $0 | $8 | $9 | $25 | $22 | $12 | $22 | $19 | $13 | $10 | ($4) | $13 | ($3) | $0 | $7 | $20 | $22 | $26 | $1 | $0 | $0 |
| Initial Capex | US$ M | $98 | $98 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| Expansion Capex | US$ M | $173 | $0 | $16 | $150 | $7 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| Sustaining Capex | US$ M | $250 | $0 | $4 | $2 | $35 | $60 | $52 | $40 | $22 | $13 | $1 | $1 | $4 | $3 | $1 | $1 | $2 | $3 | $2 | $2 | $2 | $0 |
| Closure | US$ M | $22 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $13 | $0 | $0 | $0 | $9 |
| **Total Investment** | **US$ M** | **$543** | **$99** | **$20** | **$152** | **$42** | **$60** | **$52** | **$40** | **$22** | **$13** | **$1** | **$1** | **$4** | **$3** | **$1** | **$1** | **$2** | **$16** | **$2** | **$2** | **$2** | **$9** |
| **Free Cash Flow** | **US$ M** | **$728** | **($99)** | **$13** | **($107)** | **$46** | **$37** | **$19** | **$66** | **$70** | **$60** | **$63** | **$15** | **$92** | **$25** | **$45** | **$59** | **$108** | **$109** | **$103** | **$13** | **$1** | **$9** |

# Base Case

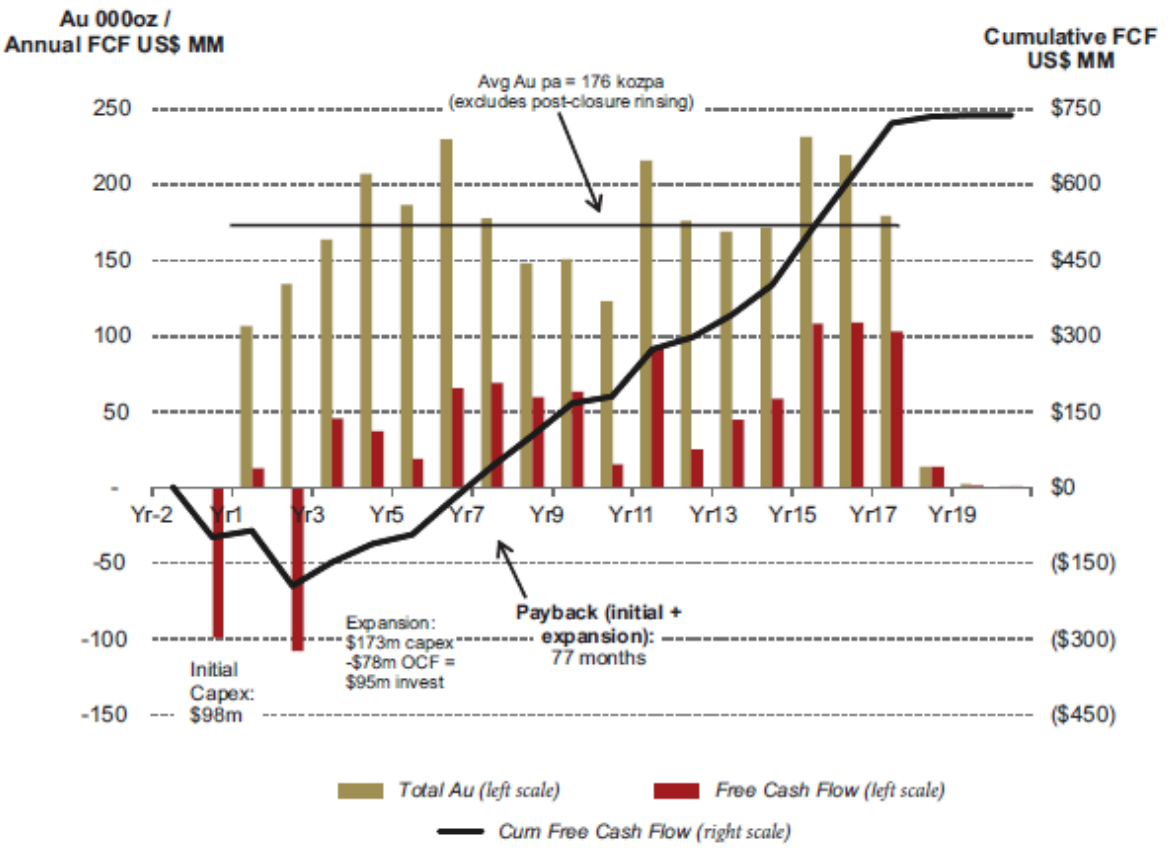



Figure 1-1

**Design Criteria:**

- 0.24 – 0.31 g/t cut-off = 132 Mt @ 0.85 g/t (3,599 koz rec'd )
- 912 Mt waste = 6.9 : 1 SR
- 1,044 Mt mine plan in 17yrs (+ 1 yr pre-strip) = 166 ktpd mining rate
- 8.2 Mtpa leach rate / 1.1 Mtpa mill
- 83.2% Recovery = 2,994 koz rec'd
- Cash Cost = $17.55/t treated or $771/oz

*May 2014*

**Castle Mountain Mining Company Limited**

***Castle Mountain Project***
*State of California, U.S.A.*
**Base Case Scenario Cash Flow**

## SENSITIVITY ANALYSIS

The sensitivity graph in Figure 1-2 illustrates that the Base Case scenario is most sensitive to the gold price, followed by operating costs. A variance in the total investment, (including initial capital, expansion capital, sustaining capital, and closure costs) has a lesser impact on returns.

Table 1-4 provides a more detailed analysis of the impact of variation in gold prices on various financial metrics for the Base Case.

**TABLE 1-4 IMPACT OF VARIATION IN GOLD PRICE FOR BASE CASE SCENARIO METRICS**

**Castle Mountain Mining Company Limited - Castle Mountain Project**

| | | Gold Price ($/oz Au) | | | | | | |
|---|---|---|---|---|---|---|---|---|
| **Pre-Tax** | **Units** | **$1,200** | **$1,250** | **$1,300** | **$1,350** | **$1,400** | **$1,450** | **$1,500** |
| NPV 10% | US$ M | $154 | $218 | $264 | $295 | $375 | $422 | $485 |
| NPV 5% | US$ M | $312 | $405 | $499 | $592 | $685 | $778 | $871 |
| NPV 0% | US$ M | $659 | $806 | $953 | $1,100 | $1,247 | $1,393 | $1,540 |
| IRR | US$ M | 19.0% | 23.2% | 27.5% | 31.9% | 36.4% | 40.9% | 45.6% |
| Simple Payback | months | 77 | 69 | 62 | 53 | 46 | 42 | 39 |
| **Post-Tax** | | | | | | | | |
| NPV 10% | US$ M | $78 | $125 | $161 | $183 | $241 | $274 | $318 |
| NPV 5% | US$ M | $212 | $281 | $352 | $420 | $485 | $550 | $615 |
| NPV 0% | US$ M | $508 | $616 | $728 | $834 | $938 | $1,040 | $1,142 |
| IRR | US$ M | 14.1% | 17.1% | 20.1% | 23.1% | 26.0% | 29.0% | 32.0% |
| Simple Payback | months | 95 | 84 | 77 | 70 | 65 | 61 | 55 |

Overall returns are sensitive to the timing of the expansion project, with each year delay having an impact of approximately 6% on post-tax net present value at a discount rate of 5% (NPV5%). The PEA evaluation assumes that following a successful start-up, finance would be available for construction of the Project to take place during Year 2 of operation with commissioning taking place at the start of Year 3. However, it would be possible to transition from the Static Case to the Base Case at any time during the initial four years of operation without material impacts. Starting in Year 5 of the Static Case, waste material is backfilled into the JSLA pit, which would sterilize phase 2 of that pit for the Base Case.

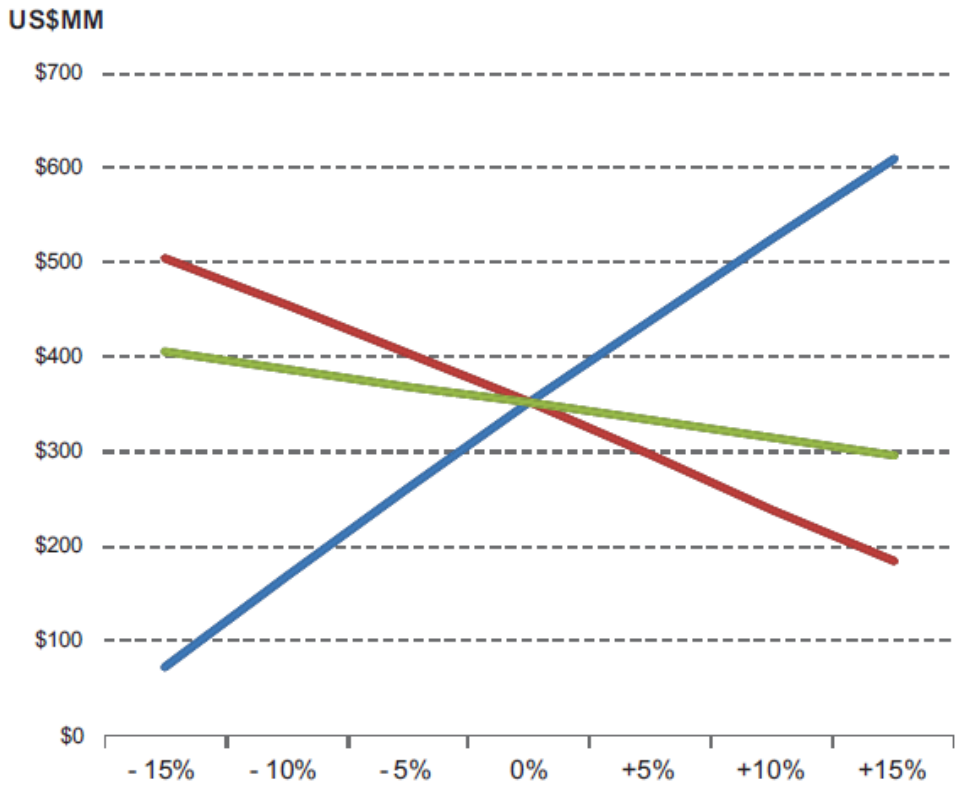



Figure 1-2

**Castle Mountain Mining Company Limited**

***Castle Mountain Project***

*State of California, U.S.A.*

**Base Case Scenario**
**Impact of Variance on**
**Post-Tax NPV 5%**

*May 2014*

**STATIC CASE RESULTS**

The total life of the Project for the Static Case summarized in Table 1-5 and presented in Figure 1-3 can be sub-divided as follows:

- Initial construction takes place over a period of 12 months.
- Following completion of construction, there is a 6-month ramp up to reach the full heap leach production target of 6.35 Mtpa (17,000 tpd).
- Loading of pads for the Static Case ends when the limits of the 1,375 acres currently permitted for disturbance are reached in Year 7. There is residual recovery of gold over the next three years as pads are rinsed.

## TABLE 1-5 EVALUATION OF STATIC CASE SCENARIO

### Castle Mountain Mining Company Limited - Castle Mountain Project

| Production | units | Total | Yr -1 | Yr 1 | Yr 2 | Yr 3 | Yr 4 | Yr 5 | Yr 6 | Yr 6 | Yr 7 | Yr 8 | Yr 9 | Yr 10 | Yr 11 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Process Feed | 000 t | 40,240 | 0 | 5,874 | 6,350 | 6,350 | 6,350 | 6,350 | 6,350 | 6,350 | 2,614 | 0 | 0 | 0 | 0 |
| Total Mined | 000 t | 213,770 | 14,881 | 37,978 | 37,581 | 32,060 | 29,157 | 25,070 | 25,070 | 25,070 | 11,974 | 0 | 0 | 0 | 0 |
| Refined Au | 000 oz | 832 | 0 | 106 | 160 | 149 | 92 | 107 | 145 | 145 | 65 | 6 | 1 | 0 | 0 |
| Refined AuEq | 000 oz | 835 | 0 | 107 | 160 | 150 | 93 | 107 | 146 | 146 | 65 | 7 | 1 | 0 | 0 |
| **Cash Flow** | | | | | | | | | | | | | | | |
| **NSR** | **US$ M** | **$1,083** | **$0** | **$138** | **$208** | **$194** | **$120** | **$139** | **$189** | **$189** | **$84** | **$8** | **$2** | **$0** | **$0** |
| Mine Opex | US$ M | $368 | $0 | $66 | $75 | $53 | $47 | $45 | $52 | $52 | $29 | $0 | $0 | $0 | $0 |
| Process Opex | US$ M | $230 | $0 | $34 | $36 | $36 | $36 | $36 | $37 | $37 | $16 | $0 | $0 | $0 | $0 |
| G&A Opex | US$ M | $39 | $0 | $6 | $6 | $6 | $6 | $6 | $6 | $6 | $3 | $0 | $0 | $0 | $0 |
| **Site Opex** | **US$ M** | **$637** | **$0** | **$105** | **$117** | **$95** | **$90** | **$88** | **$94** | **$94** | **$48** | **$0** | **$0** | **$0** | **$0** |
| Royalty | US$ M | $11 | $0 | $1 | $2 | $2 | $1 | $1 | $2 | $2 | $1 | $0 | $0 | $0 | $0 |
| Interest | US$ M | $1 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| **Total Operating Ex** | **US$ M** | **$650** | **$0** | **$107** | **$119** | **$97** | **$91** | **$89** | **$96** | **$96** | **$49** | **$0** | **$0** | **$0** | **$0** |
| Cash Taxes | US$ M | $62 | $0 | $3 | $16 | $18 | $2 | $5 | $15 | $15 | $4 | $0 | $0 | $0 | $0 |
| Initial Capex | US$ M | $98 | $98 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| Expansion Capex | US$ M | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| Sustaining Capex | US$ M | $90 | $0 | $24 | $13 | $22 | $14 | $12 | $1 | $1 | $1 | $1 | $1 | $0 | $0 |
| Closure | US$ M | $6 | $0 | $0 | $0 | $0 | $0 | $3 | $0 | $0 | $0 | $0 | $0 | $0 | $4 |
| **Total Investment** | **US$ M** | **$194** | **$98** | **$24** | **$13** | **$22** | **$14** | **$14** | **$1** | **$1** | **$1** | **$1** | **$1** | **$0** | **$4** |
| **Free Cash Flow** | **US$ M** | **$177** | **($98)** | **$4** | **$60** | **$57** | **$13** | **$31** | **$76** | **$76** | **$30** | **$7** | **$1** | **$0** | **($4)** |

## Static Case

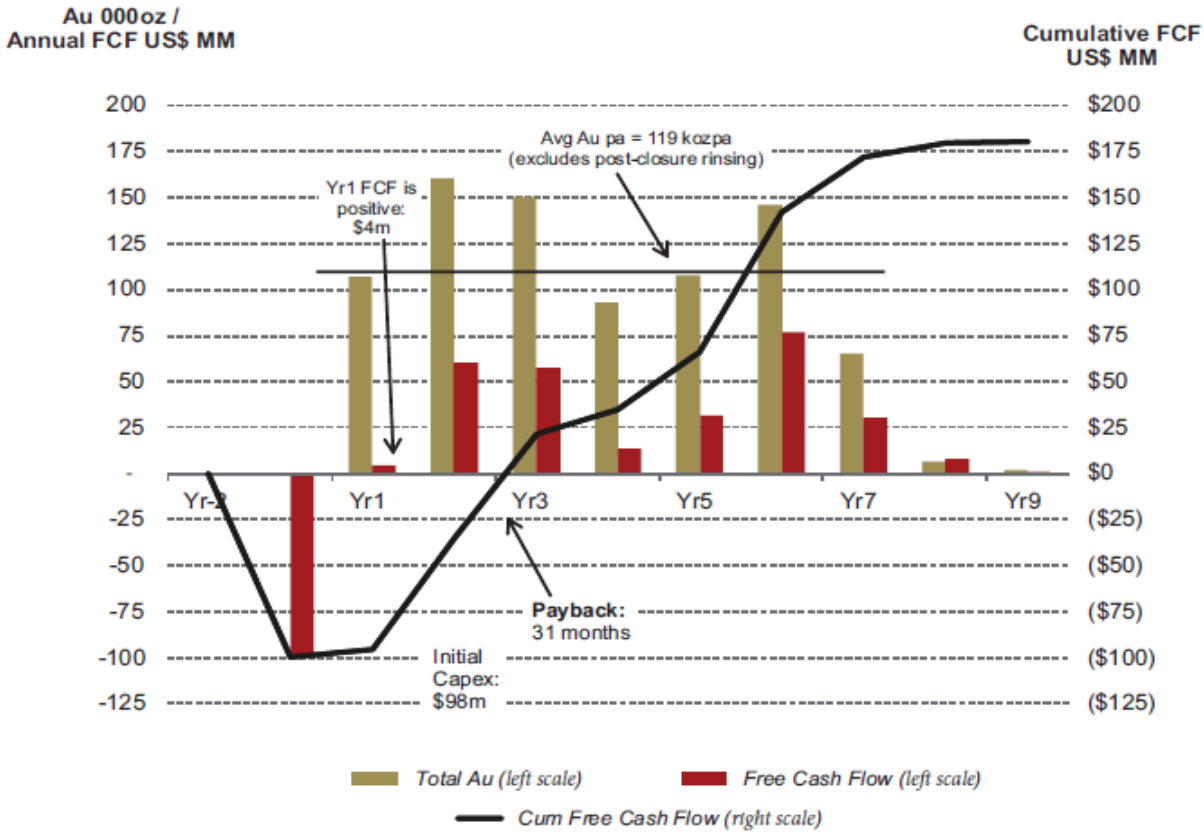



Figure 1-3

**Design Criteria:**

- 0.24 – 0.34 g/t cut-off = 40 Mt @ 0.84 g/t (1,082 koz rec'd )
- 174 Mt waste = 4.3 : 1 SR
- 214 Mt mine plan in 7yrs (+ 1 yr pre-strip) = 81 ktpd mining rate
- 6.4 Mtpa leach rate / 0 Mtpa mill
- 76.9% Recovery = 832 koz rec'd
- Cash Cost = $15.84/t treated or $763/oz

*May 2014*

**Castle Mountain Mining Company Limited**

***Castle Mountain Project***
*State of California, U.S.A.*
**Static Case Scenario Cash Flow**

**UNCONSTRAINED CASE RESULTS**

The total life of the Project for the Unconstrained Case summarized in Table 1-6 and presented in Figure 1-4 can be sub-divided as follows:

- Initial construction takes place over a period of two years, reflecting the increased amount of pre-stripping required.

- Following completion of construction, there is a 6-month ramp up to reach the full heap leach production target of 18.14 Mtpa (50,000 tpd). A 9-month ramp up is required to reach the targeted mill throughput of 1.83 Mtpa (5,000 tpd).

- The current resources are depleted in Year 12. There is residual recovery of gold over the next three years as pads are rinsed.

**TABLE 1-6 EVALUATION OF UNCONSTRAINED CASE SCENARIO**

**Castle Mountain Mining Company Limited - Castle Mountain Project**

| Production | units | Total | Yr -2 | Yr -1 | Yr 1 | Yr 2 | Yr 3 | Yr 4 | Yr 5 | Yr 6 | Yr 7 | Yr 8 | Yr 9 | Yr 10 | Yr 11 | Yr 12 | Yr 13 | Yr 14 | Yr 15 | Yr 16 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Process Feed | 000 t | 209,271 | 0 | 0 | 16,783 | 18,144 | 18,144 | 18,144 | 18,144 | 18,144 | 18,144 | 18,144 | 18,144 | 18,144 | 18,144 | 11,052 | 0 | 0 | 0 | 0 |
| Total Mined | 000 t | 1,044,273 | 2,845 | 39,481 | 79,763 | 76,360 | 100,609 | 115,034 | 116,174 | 95,471 | 77,847 | 72,759 | 74,638 | 87,665 | 69,572 | 36,054 | 0 | 0 | 0 | 0 |
| Refined Au | 000 oz | 3,490 | 0 | 0 | 257 | 329 | 346 | 317 | 222 | 294 | 339 | 255 | 239 | 282 | 330 | 258 | 19 | 3 | 1 | 0 |
| Refined AuEq | 000 oz | 3,506 | 0 | 0 | 258 | 330 | 348 | 318 | 223 | 295 | 341 | 256 | 240 | 283 | 331 | 259 | 19 | 4 | 1 | 0 |
| **Cash Flow** | | | | | | | | | | | | | | | | | | | | |
| **NSR** | **US$ M** | **$4,546** | **$0** | **$0** | **$334** | **$428** | **$451** | **$413** | **$289** | **$383** | **$442** | **$332** | **$311** | **$368** | **$430** | **$336** | **$24** | **$5** | **$1** | **$0** |
| Mine Opex | US$ M | $1,484 | $0 | $0 | $105 | $104 | $137 | $163 | $150 | $144 | $132 | $111 | $126 | $126 | $116 | $71 | $0 | $0 | $0 | $0 |
| Process Opex | US$ M | $742 | $0 | $0 | $58 | $64 | $64 | $64 | $64 | $64 | $64 | $64 | $64 | $64 | $64 | $42 | $0 | $0 | $0 | $0 |
| G&A Opex | US$ M | $68 | $0 | $0 | $6 | $6 | $6 | $6 | $6 | $6 | $6 | $6 | $6 | $6 | $6 | $4 | $0 | $0 | $0 | $0 |
| Site Opex | US$ M | $2,294 | $0 | $0 | $170 | $174 | $206 | $233 | $220 | $214 | $202 | $181 | $196 | $196 | $186 | $117 | $0 | $0 | $0 | $0 |
| Royalty | US$ M | $87 | $0 | $0 | $3 | $4 | $5 | $5 | $6 | $9 | $7 | $3 | $4 | $13 | $14 | $13 | $1 | $0 | $0 | $0 |
| Interest | US$ M | $9 | $0 | $0 | $1 | $1 | $1 | $1 | $1 | $1 | $1 | $1 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| **Total Operating** | | | | | | | | | | | | | | | | | | | | |
| **Expenses** | **US$ M** | **$2,390** | **$0** | **$0** | **$173** | **$179** | **$212** | **$239** | **$227** | **$224** | **$209** | **$185** | **$200** | **$209** | **$200** | **$130** | **$1** | **$1** | **$0** | **$0** |
| Cash Taxes | US$ M | $354 | $0 | $0 | $29 | $54 | $45 | $27 | $2 | $21 | $41 | $18 | $13 | $23 | $40 | $41 | $1 | $0 | $0 | $0 |
| Initial Capex | US$ M | $421 | $30 | $391 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| Expansion Capex | US$ M | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| Sustaining Capex | US$ M | $339 | $0 | $0 | $93 | $72 | $69 | $46 | $25 | $2 | $5 | $3 | $4 | $7 | $5 | $5 | $3 | $2 | $0 | $0 |
| Closure | US$ M | $30 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $15 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $14 |
| **Total Investment** | **US$ M** | **$790** | **$30** | **$391** | **$93** | **$72** | **$69** | **$46** | **$25** | **$2** | **$5** | **$18** | **$4** | **$7** | **$5** | **$5** | **$3** | **$2** | **$0** | **$14** |
| **Free Cash Flow** | **US$ M** | **$1,012** | **($30)** | **($391)** | **$40** | **$124** | **$125** | **$101** | **$35** | **$136** | **$187** | **$111** | **$94** | **$129** | **$184** | **$160** | **$18** | **$2** | **$0** | **($15)** |

## Unconstrained Case

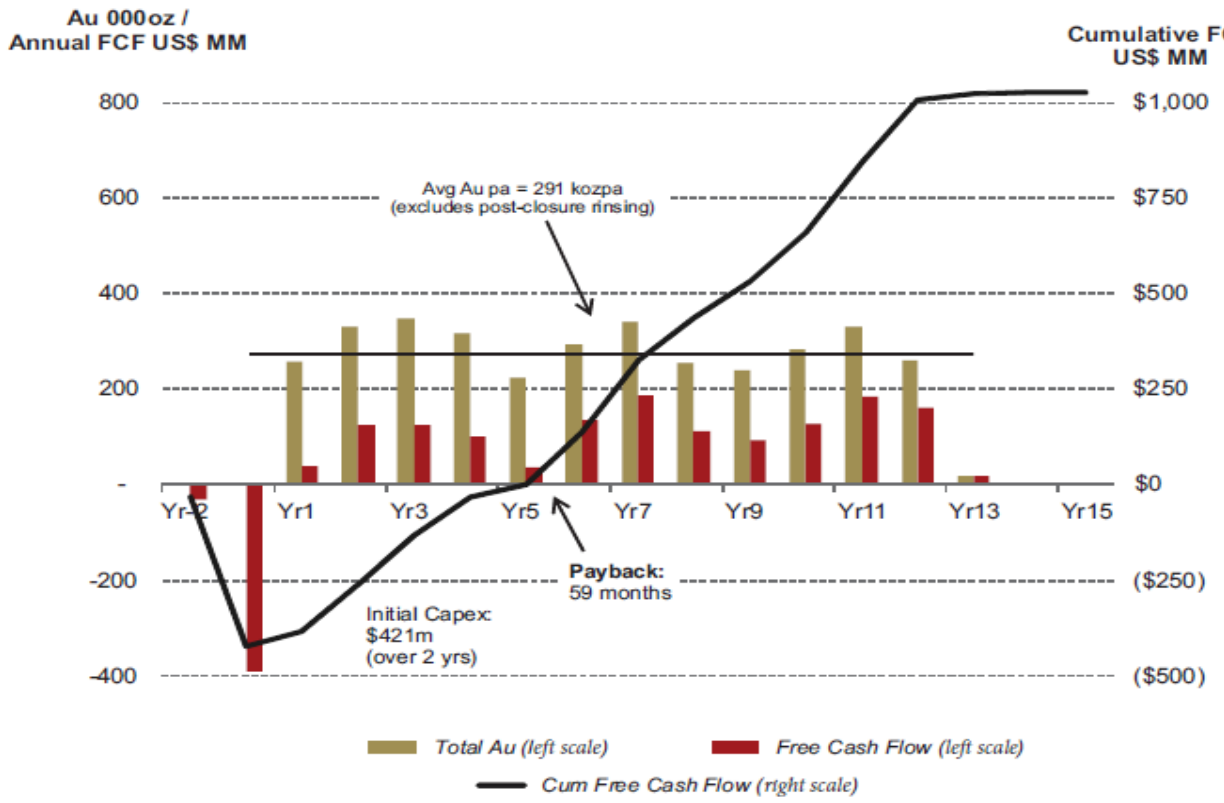



Figure 1-4

**Design Criteria:**

- 0.14 – 0.21 g/t cut-off = 209 Mt @ 0.62 g/t (4,166 koz rec'd )
- 835 Mt waste = 4.0 : 1 SR
- 1,044 Mt mine plan in 12yrs (+ 2 yr pre-strip) = 223 ktpd mining rate
- 18.1 Mtpa leach rate / 1.8 Mtpa mill
- 83.8% Recovery = 3,490 koz rec'd
- Cash Cost = $10.96/t treated or $654/oz

*May 2014*

**Castle Mountain Mining Company Limited**

***Castle Mountain Project***
*State of California, U.S.A.*
**Unconstrained Case**
**Scenario Cash Flow**

## TECHNICAL SUMMARY

## PROPERTY DESCRIPTION AND LOCATION

The Project is located in the historic Hart Mining District, at the southern end of the Castle Mountains, San Bernardino County, California, approximately 70 mi south of Las Vegas, Nevada. The Project comprises patented lode claims, unpatented lode and millsite claims, and leased claims for an aggregate total area of 7,458 acres. The Project is located in the high desert area near the Mojave National Preserve.

The Project is located near the southernmost extent of the Castle Mountain range at an elevation of approximately 4,500 ft above sea level (fasl), and elevations at the Project site range from approximately 4,100 fasl to 5,100 fasl.

## LAND TENURE

Subject to certain obligations, Castle Mountain has 100% of the right, title and beneficial interest in and to CMV, which owns the Project. At the time of the purchase, CMV was 75% owned by Viceroy Gold Corporation (Viceroy) and 25% owned by MK Resources Company (MKR) until September 2012. Viceroy was a subsidiary of Sprott Resource Lending Corporation (Sprott) and MKR was a subsidiary of Leucadia National Corporation (Leucadia). Castle Mountain is in the process of purchasing 100% ownership in the CMV from Sprott. To complete the earn-in and acquisition of 100% of the CMV, Castle Mountain must submit additional payments to Sprott totalling US$8 million (in cash or shares at Castle Mountain's election) at agreed-upon development milestones.

A number of Net Smelter Return (NSR) royalty agreements are in place on the Property.

Castle Mountain asserts that it has full legal access to the Property with respect to surface and mineral rights. Castle Mountain has all required permits to conduct the proposed work on the CMV. In July 2013, Castle Mountain was granted a five year extension to its mine permit which is now scheduled to expire in 2025. The mine permit allows for open-pit mining up to nine million short tons of ore per year with no pit backfill requirements.

RPA is not aware of any existing environmental liabilities on the Property or of any other significant factors and risks that may affect access, title, or the right or ability to perform the proposed work program on the Property.

## EXISTING INFRASTRUCTURE

There is no remaining infrastructure from the previous mining operations and no resources in the immediate vicinity except for road access, close proximity to grid power, several water wells, and a portion of a water system. The history of work in the area demonstrates that the Property can accommodate mining operations, waste disposal, heap leach pads, and processing plant sites. Power and water supplies have previously been established on the site and are expected to be re-established when needed. There are five patented water wells, two of which are operational.

Nearby southern Nevada has well-regarded human resources for mining and the Project enjoys all-season access through an established network of roads.

## HISTORY

Gold mineralization was first reported within the present Property area in December 1907 when a vein containing a reported 11 oz/st Au was discovered. Three historical underground mines, Oro Belle, Big

Chief, and Jumbo, are known to have been in operation during various periods of time in the first half of the 20th century, however, no production records are available.

Modern exploration in the Hart Mining District began in 1968 and carried on more or less continuously through to the early 2000s. A number of companies were involved in the exploration over the Project area, including Freeport Mineral Ventures, Vanderbilt Gold Corporation and B&B Mining, Viceroy Gold Corp. (Viceroy, formerly B&B Mining), and Noranda Exploration Company Ltd. A total of 1,762 holes for approximately 1,200,000 ft (361,487 m) were drilled during this time.

Mining re-commenced on the Property in 1991. Several mines were in operation, including the Jumbo South/Leslie Anne (JSLA), the Jumbo pit, and the Oro Belle and Hart Tunnel deposits. Mining ceased in 2001, however, heap leaching continued until 2004. Total gold production from the collective deposits from 1991 to 2004 was in excess of 1.24 Moz with an estimated silver production of 400,000 oz.

## GEOLOGY AND MINERALIZATION

Rocks underlying the Castle Mountain range consist of a basement sequence of Proterozoic-and Cambrian-age metamorphic units covered, and intruded, by Tertiary-age volcanic flows and domes. These intrusive rocks are predominantly Miocene-age and are composed of rhyolites. Mineralization has been age-dated and is believed to have occurred from 16 Ma to 14 Ma which coincides with the emplacement of the youngest rhyolite rocks.

The Castle Mountains are cut by a series of north-, northwest-, and northeast-trending faults of predominantly normal displacement but some exhibit a small strike-slip component. These faults are pre-, syn-, and post-mineralization. The faults that predate and those that were concomitant with mineralization show a great deal of displacement while post-mineral faults have little displacement.

In the vicinity of the Mine, basement Precambrian (Proterozoic) metamorphic rocks outcrop along the northern flank of the Castle Mountain range and approximately 1.5 mi northeast of the open pits. A massive sequence of granitoid gneiss with evidence of paleo-weathering, sparse hydrothermal alteration, and weak gold mineralization characterizes this unit.

Deposited locally and stratigraphically on top of the metamorphic basement rocks is a thin, 10 ft to 25 ft thick, layer of pre-volcanic conglomerate rocks which have been strongly weathered and displays propylitic alteration. Well-rounded and fairly well-sorted granitoid gneiss with minor amounts of biotite gneiss and pegmatite comprise the clasts of this conglomerate.

The unit overlying these metamorphic basement and conglomerate rocks is a Tertiary-age sequence of volcanic and hypabyssal igneous volcanic rocks that make up the majority of the Castle Mountains and are, in composite, greater than 3,200 ft thick. The rocks are primarily rhyolite in composition with minor latite and dacite. These units have been called the Castle Mountain Volcanic Sequence (CMVS). The Boulder Conglomerate and Piute Range Volcanic Rocks are two other local units which post-date the CMVS.

The deposits historically exploited at the Mine occur predominantly in the rhyolite units of the Linder Peak member of the CMVS.

Gold mineralization is hosted in strongly brecciated and silicified volcanic rocks and occurs as both electrum and native gold. Mineralization occurs in stockwork veins, tectonic and hydrothermal breccia, and microfracture-controlled disseminations. The hydrothermal brecciation, silicification, and stockwork development are spatially associated with faults and fracture zones of multiple ages that generally strike northeast. Centres of mineralization along these faults include, from north to south, Oro Belle, Hart Tunnel, Jumbo, Jumbo South, Leslie Ann, South Domes, and 621 zones.

## EXPLORATION STATUS

Castle Mountain's exploration activities began in 2013, shortly after acquisition of the Project. The exploration focus of the Phase I drilling program was to validate and verify the work done by previous operators. A total of 30 holes were completed for an aggregate length of approximately 24,880 ft, including approximately 18,092 ft of core drilling and 6,785 ft of reverse circulation (RC) drilling. The Phase 1 drill program was designed to twin and scissor historical drill holes in and around the previously mined pit areas as well as test mineralization in other exploration targets with the purpose of planning a Phase 2 drilling program.

The program focussed on northeast trending faults and rhyolite domes as principal controls of mineralization, however, the initial results indicated that intersections of northwest and northeast trending structures as well as structural intersections within lithologies other than the rhyolite domes contain a significant portion of gold mineralization. Later holes were reoriented to test the northwest-trending structures. Key zones with the potential to expand mineralization are the Oro Belle North, Big Chief, and 621 and South Domes targets.

## MINERAL RESOURCES

The Mineral Resource estimate, based on a US$1,300/oz gold price and effective as of November 21, 2013, is summarized in Table 1-7. At a cut-off grade of 0.14 g/t Au, the Indicated Mineral Resources total 165 million tonnes averaging 0.60 g/t Au and contain 3.15 million ounces of gold. In addition, the Inferred Mineral Resources total 58 million tonnes averaging 0.57 g/t Au and contain 1.06 million ounces of gold.

**TABLE 1-7 MINERAL RESOURCES AS OF NOVEMBER 21, 2013**
**Castle Mountain Mining Company Limited - Castle Mountain Project**

| Cut-Off (oz/st Au) | Imperial Tonnage (M st) | Grade (oz/st Au) | Gold (oz Au) | Cut-Off (g/t Au) | Metric Tonnage (M t) | Grade (g/t Au) |
|---|---|---|---|---|---|---|
| | | | **Indicated** | | | |
| 0.0120 | 76.4 | 0.031 | 2,370,000 | 0.41 | 69.3 | 1.06 |
| 0.0100 | 93.2 | 0.027 | 2,560,000 | 0.34 | 84.5 | 0.94 |
| 0.0075 | 124 | 0.023 | 2,820,000 | 0.26 | 112 | 0.78 |
| 0.0050 | 164 | 0.019 | 3,074,000 | 0.17 | 149 | 0.64 |
| **0.0040** | **182** | **0.017** | **3,150,000** | **0.14** | **165** | **0.60** |
| | | | **Inferred** | | | |
| 0.0120 | 24.4 | 0.031 | 763,000 | 0.41 | 22.1 | 1.07 |
| 0.0100 | 30.3 | 0.027 | 828,000 | 0.34 | 27.5 | 0.94 |
| 0.0075 | 42.5 | 0.022 | 934,000 | 0.26 | 38.6 | 0.75 |
| 0.0050 | 57.7 | 0.018 | 1,030,000 | 0.17 | 52.3 | 0.61 |
| **0.0040** | **63.7** | **0.017** | **1,060,000** | **0.14** | **57.8** | **0.57** |

Notes:

1. CIM definitions were followed for Mineral Resources.
2. Mineral Resources are estimated at a cut-off grade of 0.004 oz/st Au (0.14 g/t Au).
3. Mineral Resources are estimated using a long-term gold price of US$1,300 per ounce.
4. Average bulk density is 0.0699 st/ft3.
5. Numbers may not add due to rounding.

The current resource model is based on drilling data totalling 1,792 drill holes. The estimate was generated from a block model constrained by 3D wireframe models, with gold grades interpolated using inverse distance squared ($ID^2$) weighting. The wireframe models of the mineralization and key geological features were constructed by RPA. Additional wireframes of the major lithologies were provided by Castle Mountain.

In order to demonstrate “reasonable prospects for economic extraction”, RPA generated a Whittle pit shell using input parameters developed from historical production data and existing gold operations. Only blocks above the cut-off grade captured within the pit shell were included in the Mineral Resources estimate. The pit shell analysis yielded a pit discard grade of 0.0038 oz/st Au. RPA rounded this value up to 0.004 oz/st Au (0.14 g/t Au) for use as the Mineral Resource cut-off grade.

There is no current Mineral Reserve estimate at the Project.

**MINING**

Mine designs for Base Case, Static Case, and Unconstrained Case were generated using the Lerchs-Grossmann (LG) optimization to identify the optimal pit limits for each case. The LG optimization also generated a series of nested shells that were used for guiding the mining sequence.

An ultimate pit shell was generated using a gold price of US$1,300/oz and includes six discrete pits. Five of the pits will be located to the north and immediately adjacent to each other: Jumbo, Jumbo South Leslie Ann (JSLA), Oro Belle (OB), Hart-South, and Hart-North. The sixth pit, South Domes, is located to the south and is currently covered by a waste rock dump from the previous operation. The depth of dump material varies from 20 m to 60 m, averaging approximately 40 m across the deposit.

Output from the LG algorithm included all blocks in the resource model that were contained within the economic shells at a given gold price. In the next stage of design, this output was converted to a practical mine design through the inclusion of ramps and other engineering parameters. The criteria used in generating practical designs for the pits included:

- Bench height of 12.2 m.
- Ramp width of 30.5 m.
- A ramp gradient of 10%.

The six pits can be mined independently of each other. This provides an element of flexibility to the scheduling process, as pits can be mined concurrently or sequentially.

The concurrent approach has the benefit of mining the highest value (i.e., highest grade and/or lowest stripping ratio) material soonest, however, it does not allow for backfilling of pits as part of normal ROM operations. This results in larger surface waste dumps relative to the tonnage of process feed and longer surface hauls. The sequential approach was found to generate the optimal economic returns. In addition, the sequential approach mitigates risks associated with the potential future requirement to backfill pits, with the majority of the pits being backfilled as part of normal ROM operations.

The mine will be a 24 hour per day 360 days per year operation. A fleet of Owner operated equipment will be used.

## MINERAL PROCESSING

The bulk of process feed is planned to be treated using a conventional heap leach. Material will be crushed in three stages then agglomerated before being stacked on the pad. Gold will be recovered using an adsorption-desorption-recovery (ADR) circuit.

Recovery of gold for the heap leaching circuit has been forecast at 76.9%, based on historical production results, which aligns well with the available metallurgical data. The process will also recover silver. Forecasts of silver that will be recovered have been based on the historical ratio of 0.3 oz silver recovered for every ounce of recovered gold.

For the Base and Unconstrained cases, provision has been made for treating higher grade material using a modified milling circuit. The mill is estimated to recover 50% of the total gold in the initial milling circuit using a combination of gravity concentrators and grinding in cyanide solution followed by recovery of 90% of the remaining 50% of the gold or an additional 45% of the gold on the leach pad for a total recovery of 95% of the gold for milled material. Tailings from the mill circuit will be agglomerated with cement and stacked on the leach pad in the same manner as the lower grade material, eliminating the need for a tailings storage facility.

## PROJECT INFRASTRUCTURE

The permanent elements of the Project will be the open pit mine, waste dumps, and the leach pad. These have been designed to minimize environmental impacts by maximizing the tonnage of ROM waste rock that is impounded within mined out portions of the pit.

A number of buildings and facilities will be required to support the operation. These will be designed to facilitate removal following Project closure.

Water will be supplied from the aquifer used historically. Historical data suggests that the rate of recharge for this aquifer exceeds the projected requirements.

The Base and Static cases assume that the mine would start up using diesel powered generators to supply electricity, with the Base Case converting to grid power as part of the expansion in Year 3. The Unconstrained Case assumes the grid connection would be constructed from the outset.

## ENVIRONMENTAL, PERMITTING, AND SOCIAL CONSIDERATIONS

During the operational phase of the Project in the past, environmental monitoring data was collected and interpreted either as part of the licensing regime or as part of the company's internal management and monitoring commitments. As the Project prepares for reactivation, additional baseline studies and supplemental environmental information will be required.

All permits were in place when the Castle Mountain Mine was operating. Since 2001, the mine has been maintained on idle status. During this period, the environmental review permits issued after the Project was released from the County and State environmental assessment processes were maintained. All fees have been paid and all applicable permits and authorizations have been maintained by Castle Mountain.

On June 20, 2012, Castle Mountain informed the Land Use Services Department of the County of San Bernardino (the County) that Castle Mountain intended to continue mining operations at the Mine.

On May 30, 2013, Castle Mountain applied for an amendment to the Conditions of Approval for the Interim Management Plan (IMP) relating to the Property. A five year extension to the expiration date of The Mining Conditional Use Permit and Reclamation Plan No. 90M-013 (the Permit) was requested to

allow sufficient time for further exploration, engineering studies, obtaining of additional permits, facility construction, operation, and reclamation.

In July 2013, Castle Mountain was granted the five year extension to the Permit which is now scheduled to expire in 2025. The Permit allows for open-pit mining up to nine million short tons of ore per year with no pit backfill requirements.

Prior to re-starting operations, the County of San Bernardino Land Use Services Department will be notified and a revised Plan of Operations will be prepared. Most “operational” permits take three to six months to obtain after the application is submitted. Once the Project schedule is defined, permit applications for permits that require a long lead will be submitted as early as possible so as to not impede the construction schedule. Castle Mountain has been in contact with the key regulatory authorities on the content of the permit applications and process timing.

The Castle Mountain Project is essentially surrounded by Mojave Desert Preserve, restricting the amount of activities allowed within the region. Small communities are scattered throughout this region, tied to major transportation corridors. There is no housing or public services at the mine site. During the previous operations most of the employees lived in Nevada. Goods and services were obtained from both Clark County, Nevada, and San Bernardino County, California.

Once operational, the mine is expected to employ an average of 321 people per year (for the Base Case scenario). A site requirement was seventy-five percent of the work force shall travel to and from the mine site by bus or van pool.

Castle Mountain has initiated contact with government officials. Once further Project details are established, the company will begin consultation with adjacent communities, environmental associations, and other interested parties.

## CAPITAL AND OPERATING COSTS

Table 1-8 provides a summary of total capital costs for each of the three scenarios.

**TABLE 1-8 CAPITAL COST SUMMARY**
**Castle Mountain Mining Company Limited - Castle Mountain Project**

| | Units | Static | Base | Unconstrained |
|---|---|---|---|---|
| **Initial Capital** | | | | |
| Mining | US$ 000s | 40,689 | 40,689 | 107,063 |
| Process | US$ 000s | 23,550 | 23,550 | 173,724 |
| Infrastructure | US$ 000s | 9,613 | 9,613 | 19,184 |
| **Sub-Total Directs** | **US$ 000s** | **73,852** | **73,852** | **299,971** |
| Indirects | US$ 000s | 10,505 | 10,505 | 57,227 |
| Contingency | US$ 000s | 14,123 | 14,123 | 64,014 |
| **Total Initial Capital** | **US$ 000s** | **98,480** | **98,480** | **421,212** |
| **Expansion Capital** | | | | |
| Mining | US$ 000s | 0 | 57,241 | 0 |
| Process | US$ 000s | 0 | 57,018 | 0 |
| Infrastructure | US$ 000s | 0 | 8,998 | 0 |

| | | | | |
|---|---|---|---|---|
| **Sub-Total Directs** | **US$ 000s** | **0** | **123,257** | **0** |
| Indirects | US$ 000s | 0 | 25,257 | 0 |
| Contingency | US$ 000s | 0 | 24,024 | 0 |
| **Total Expansion Capital** | **US$ 000s** | **0** | **172,538** | **0** |
| **Sustaining Capital** | | | | |
| Mining | US$ 000s | 70,002 | 178,398 | 229,986 |
| Process | US$ 000s | 8,669 | 48,393 | 85,025 |
| Site General | US$ 000s | 10,830 | 23,267 | 24,331 |
| **Total Sustaining Capital** | **US$ 000s** | **89,501** | **250,058** | **339,343** |
| **TOTAL CAPITAL** | **US$ 000s** | **187,981** | **521,076** | **760,555** |

Table 1-9 provides a summary of average life-of-mine operating costs for each of the cases.

**TABLE 1-9 OPERATING COST SUMMARY**
**Castle Mountain Mining Company Limited - Castle Mountain Project**

| Item | Units | Static | Base | Unconstrained |
|---|---|---|---|---|
| Mining expensed | US$/tonne mined | 1.72 | 1.51 | 1.42 |
| Mining expensed | US$/tonne process feed | 9.14 | 11.94 | 7.09 |
| Processing | US$/tonne process feed | 5.73 | 4.87 | 3.54 |
| General & Administration | US$/tonne process feed | 0.98 | 0.73 | 0.32 |
| **Total Site Operating Costs** | **US$/tonne process feed** | **15.84** | **17.55** | **10.96** |

**********

## DIVIDENDS AND DISTRIBUTIONS

The Company's policy is to retain earnings, if any, for the financing of future growth and development of its business. As a result, the Company has not paid dividends in the past, and does not intend to pay dividends in the foreseeable future. Any future dividend payment will be made at the discretion of the Board, and will depend on the Company's financial needs to fund its planned programs and its future growth, and any other factor that the Board deems necessary to consider in the circumstances.

The holders of Common Shares are entitled to receive dividends as and when declared by the Board of the Company on the Common Shares as a class. The Company has not paid any dividends since its incorporation.

## DESCRIPTION OF CAPITAL STRUCTURE

The Company is authorized to issue an unlimited number of Common Shares. As at the date hereof, the Company has 77,605,820 Common Shares issued and outstanding. Additionally, the Company has 8,733,750 stock options and 7,284,701 Common Shares purchase warrants outstanding.

Holders of Common Shares are entitled to receive notice of and to attend any meetings of shareholders and one vote per share at all meetings, except meetings at which only holders of another class or series of shares are entitled to vote separately as such class or series. Holders of Common Share are entitled to

receive on a pro rata basis such dividends, if any, as and when declared by the Board, and, upon liquidation, dissolution or winding up of the Company, are entitled to receive on a pro rata basis the net assets of the Company after payment of debts and other liabilities, in each case subject to the rights, privileges, restrictions and conditions attaching to any other series or class of shares ranking senior in priority to or on a pro rata basis with the holders of Common Shares. The Common Shares do not carry any pre-emptive, subscription, redemption or conversion rights, nor do they contain any sinking or purchase fund provisions.

## MARKET FOR SECURITIES

### Trading Price and Volume

The Common Shares currently trade on the TSXV under the symbol "CMM". The Common Shares also trade in the United States on the OTCQX marketplace under the symbol "CTMQF". The TSXV is the principal market for the Common Shares. The following table sets forth the high and low sales prices of the Common Shares and the volume of trading on the TSXV for the months indicated.

| Month | High ($)[(1)] | Low ($)[(1)] | Volume[(1)] |
|---|---|---|---|
| January 2014 | 0.710 | 0.470 | 2,631,200 |
| February 2014 | 1.050 | 0.570 | 2,984,945 |
| March 2014 | 1.100 | 0.890 | 7,859,984 |
| April 2014 | 1.020 | 0.770 | 1,554,395 |
| May 2014 | 0.840 | 0.670 | 1,653,072 |
| June 2014 | 0.740 | 0.610 | 1,78,320 |
| July 2014 | 0.720 | 0.640 | 1,428,914 |
| August 2014 | 0.880 | 0.650 | 5,349,608 |
| September 2014 | 0.700 | 0.400 | 2,106,744 |
| October 2014 | 0.490 | 0.340 | 4,302,868 |
| November 2014 | 0.390 | 0.250 | 3,353,548 |
| December 2014 | 0.350 | 0.220 | 1,316,903 |

The price of the Common Shares as quoted by the TSXV at the close of business on December 31, 2014, which was the last trading day of the Company in the year 2014, was $0.33 and on April 29, 2015 was $0.46.

### Prior Sales

During the most recently completed financial year, the Company issued the following securities not listed or quoted on a marketplace:

| Date | Type of Security | Number of Securities | Price per Security/ Exercise Price | Nature of Transaction |
|---|---|---|---|---|
| January 20, 2014 | Options | 800,000 | $0.60 | Grant of options |
| February 24, 2014 | Options | 200,000 | $0.89 | Grant of options |
| August 6, 2014 | Options | 870,000 | $0.68 | Grant of options |
| June 27, 2014 | Warrants | 4,427,500 | $1.00 | Issued pursuant to a public offering |

## DIRECTORS AND OFFICERS

### Name, Occupation and Security Holding

The names, province/state and country of residence, position(s) held with the Company, principal occupation during the last five years, and the periods during which each director has served as a director are set forth below. The term of office of each director will expire at the next annual meeting of the Company, unless his office is earlier vacated.

| Name, Province or State, and Country of Residence | Position(s) with the Company | Principal Occupation for the Past Five Years |
|---|---|---|
| **Mark Wayne**[(1)(3)]<br>Calgary, Alberta | Director since April 25, 2013<br>Chairman since September 8, 2014 | Chief Financial Officer of Regulus Resources Inc. since December 2010 and Vice-President of IA Securities Inc. (formerly MGI Securities Inc.), an investment dealer, since January 2005.. Chief Financial Officer of Antares Minerals Inc. from June 2004 to December 2010. |
| **David Adamson**<br>White Rock, B.C. | Chief Executive Officer since April 7, 2015 | Dr. Adamson is the Chief Executive Officer of Castle Mountain Mining Company Limited, along with serving on its board of directors. He was the founding officer and director of Rubicon Minerals Corporation since 1996 and served as Chief Executive from 2001 to January 2013 and President of the Company from 2001 to June 2013. He is also a Director of Constantine Metal Resources Ltd. (TSX-V) since May 2006 and served as a Director of Paragon Minerals Corporation (TSX-V) between July 2006 and September 2012. An exploration geologist by training, Dr. Adamson holds a B.Sc. (Hons.) from the University of Southampton, U.K. (1980), a M.Sc. (1984) from the University of Regina, Saskatchewan and a Ph.D. (1988) from the University of Aston in Birmingham, U.K. Dr. Adamson was co-winner of the 2010 AME-BC Colin Spence Award for Excellence in Global Mineral Exploration for his role in the discovery of the Company's F2 Gold deposit in Red Lake, Ontario. |
| **Fraser Buchan**<br>Toronto, Ontario | Director since December 16, 2009 | Mr. Buchan previously served as interim President and Chief Executive Officer of the Company until Mr. Adamson was appointed Chief Executive Officer on April 7, 2015. Mr. Buchan was also previously the Vice President of Corporate Development and is currently a director of the Company. Mr. Buchan served as President and Chief Executive Officer of Angus Mining Inc., an exploration stage company, since September 2010, and is a director of Touchstone Gold Limited. Mr. Buchan has also served as a director of Ram Power Corp. since November 2013. From February 2009 to April 2011, Mr. Buchan previously served as Vice President Corporate Development at Elgin Mining Inc. (formerly Phoenix Coal Inc.), a mining company. Mr. Buchan also previously worked in institutional sales with GMP Europe LLP, an investment dealer, from October 2007 to February 2009. |
| **Greg Lipton**[(2)(3)]<br>Collingwood, Ontario | Director since April 25, 2013 | Mr. Lipton is a registered Professional Geoscientists with the Association of Professional Geoscientists of Ontario. He has more than 33 years of field experience in international exploration, most of which was with BHP Billiton Plc and Utah International, Inc. as a Senior Geologist. Mr. Lipton served as President, Chief Executive Officer and a director of Metallum Resources Inc. (formerly Young-Shannon Gold Mines Limited), a mining company, from 2004 to 2013. |

| Name, Province or State, and Country of Residence | Position(s) with the Company | Principal Occupation for the Past Five Years |
|---|---|---|
| **Colin Sutherland**[(1)]<br>Hammond Plains, Nova Scotia | Director since April 25, 2013 | Mr. Sutherland is a chartered accountant. Mr. Sutherland currently serves as Chief Executive Officer and Managing Director of Archipelago Resources plc, a mining company. Mr. Sutherland previously served as Chief Financial Officer for Timmins Gold Corporation, a mining company, from May 2011 to April 2012, and as President of Capital Gold Corp., a mining company, from August 2010 to April 2011. Mr. Sutherland was also previously President and Chief Executive Officer of Nayarit Gold Inc., a mining company, from May 2007 to August 2010 and Chief Financial Officer of Aurico Gold Inc. from August 2004 to May 2007. |
| **Darin Wagner**[(1)(2)]<br>Maple Ridge, B.C. | Director since April 25, 2013 | Mr. Wagner is a professional geologist. Since April 2010, Mr. Wagner has served as President, Chief Executive Officer and a director of Balmoral Resources Ltd., a mineral exploration and development company focussed in Quebec, Canada.Prior to 2010 Mr. Wagner was President, Chief Executive Officer, director and qualified person for West Timmins Mining Inc., a mining company, until its acquisition by Lake Shore Gold Corp. in 2009. |
| **David Reid**[(2)(3)]<br>West Vancouver, B.C. | Director since April 7, 2015 | Mr. Reid is a senior partner with DLA Piper (Canada) LLP and has been with the firm (formerly known by its predecessor name, Davis LLP) from March 2002 to present. He has served on the board of several resource companies, including Far West Mining Ltd. and Rubicon. |
| **William Cavalluzzo**<br>Toronto, Ontario | Director since April 7, 2015 | Mr. Cavalluzzo was Vice President, Investor Relations at Rubicon from January 2001 to December 2012. He has over 40 years experience in the mining industry, 25 years of which have been in media relations and investor relations with both major mining companies and junior exploration companies. |
| **Brian Morales**<br>Toronto, Ontario | VP Finance, Chief Financial Officer and Corporate Secretary | Mr. Morales is Vice President of Finance, Chief Financial Officer and Corporate Secretary of the Company. Mr. Morales also currently serves as the Chief Financial Officer of Angus Mining Inc. and Touchstone Gold Limited, both of which are mining companies. Mr. Morales previously served as Chief Financial Officer of Elgin Mining Inc. and also previously held a finance position with Kinross Gold Corporation and was employed in equity research with Credit Suisse Securities (Canada) Inc., covering the precious metals sector. |
| **Warren Woods**<br>Reno, Nevada | VP Operations and Chief Operating Officer | Mr. Woods is Vice President of Operations and Chief Operating Officer of the Company. Mr. Woods previously held executive positions at Allied Nevada Gold Corp. ("**Allied**"), a mining company. Mr. Woods served as Vice President and General Manager of Allied from January 2008 to November 2013, and Vice President of Asset Management of Allied from November 2013 to March 2014. |
| **Marty Tunney**<br>Toronto, Ontario | VP Technical Services | Mr. Tunney is Vice President of Technical Services of the Company. Mr. Tunney has a well rounded experience in the mining industry. His engineering experience covers both gold as well as base metals having first worked as a mining engineer for Inco Limited in Ontario and Northern Manitoba and later for Newmont Mining Corporation from April 2009 to July 2010, in their operations in Nevada and later joining their projects team in the same region. He started his investment banking career with Raymond James from March 2007 to April 2009, and prior to joining Castle Mountain was working as a Director in CIBC's Global Mining Group from July 2010 to May 2012. Mr. Tunney completed his Mining Engineering degree at the University of Toronto after completing a BA in Political Science from Bishop's University. |

| Name, Province or State, and Country of Residence | Position(s) with the Company | Principal Occupation for the Past Five Years |
|---|---|---|
| **Ian Cunningham-Dunlop**<br>Vancouver, B.C. | VP of Exploration | Mr. Cunningham-Dunlop has extensive experience in successful gold exploration and development, having played a key role in 12 major gold discoveries. Ian assumed the role of Vice President of Explorations when he worked for Fronteer Gold Inc. during the period of October 2004, through to March 2011. He then obtained a position as Chief Operating Officer, Vice President of Exploration with Pilot Gold Inc. in April of 2011 and remained with the company until December of 2012. In January of 2013, Ian worked for True Gold Mining Ltd. as Senior Vice President of Exploration until accepting a position with his current employer, Contantine Metal Resources Ltd. as Technical Advisor. |

**Notes:**
1. Member of the Audit Committee. Colin Sutherland is Chairman of the Audit Committee.
2. Member of the Health, Safety and Environmental Committee. Greg Lipton is the Chairman of the Health, Safety and Environmental Committee.
3. Member of the Corporate Governance, Compensation and Nominating Committee. Mark Wayne is Chairman of the Corporate Governance, Compensation and Nominating Committee.

Directors and executive officers of the Company, as a group, beneficially own, or control or direct, directly or indirectly, an aggregate of 7,786,597 Common Shares, representing approximately 10.03% of the issued and outstanding Common Shares. The information with respect to share ownership is not within the knowledge of the Company and has been furnished by the respective executive officers and directors and is as of the date of this AIF.

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

No director or executive officer of the Company is, or within 10 years prior to the date of this AIF has been, a director, chief executive officer or chief financial officer of any company (including the Company), except as disclosed below, that:

(i) was subject to a cease trade order, an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days, that was issued while the director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer; or

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

No director or executive officer of the Company, or a shareholder holding a sufficient number of securities of the Company to affect materially control of the Company, except as disclosed below:

(i) is, or within 10 years prior to the date of this AIF has been, 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

(ii) has, within 10 years prior to the date hereof, 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.

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, except as disclosed below, (i) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or (ii) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

Mark Wayne was a director of Railpower Technologies Corp. until June 2008. The corporation filed for protection under the *Companies' Creditors Arrangement Act* (Canada) in February 2009 and sold all of its assets later that year.

William Cavalluzzo was a director of Goldgroup Mining Inc. (formerly known as Sierra Minerals Inc. ("**Sierra**") from 2003 to June 2010. On April 4, 2007, the Ontario Securities Commission ("**OSC**") issued a cease trade order against the directors, officers and insiders of Sierra including William Cavalluzzo for Sierra's failure to file its financial statements, management discussion and analysis and annual information form by the required filing date under applicable Canadian securities laws for the fiscal year ended December 31, 2006. The cease trade order was lifted on June 28, 2007.

On May 4, 2009, the British Columbia Commission issued a cease trade order against Ross River Minerals Inc. ("**Ross River**"), a public company of which David R. Reid was a director from May 2002 to September 2010, for failure to file financial statements and the associated management's discussion & Analysis and certifications for the year ended December 31, 2008. On August 11, 2009, the Alberta Securities Commission also issued a cease trade order against Ross River for failure to file financial statements and the associated management's discussion and analysis for the year ended December 31, 2008, and the period ended March 31, 2009. Each of the cease trade orders issued against Ross River was revoked on October 30, 2009.

**Conflicts of Interest**

To the best of the Company's knowledge, and other than as disclosed herein, there are no known or potential conflicts of interest between the Company and any directors or officers of the Company except that certain directors and officers may service from time to time as directors, officers, promoters and members of management of other public companies and/or mining companies and therefore it is possible that a conflict may arise between their duties as a director or officer of the Company and their duties as a director, officer, promoter or member of management of such other companies.

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 disclosures by directors of conflicts of interest and the Company will rely upon such laws in respect of any directors' and officers' conflicts of interest or in respect of any breaches of duty by any of its directors or officers. All such conflicts will be disclosed by such directors or officers in accordance with the *Business Corporations Act* (Ontario) and they will govern themselves in respect thereof to the best of their ability in accordance with the obligations imposed upon them by law.

## PROMOTERS

There are no promoters of the Company nor has any person or company been, within the two most recently completed financial years or during the current financial year, a promoter of the Company or of a subsidiary of the Company.

## LEGAL PROCEEDINGS AND REGULATORY ACTIONS

Other than as disclosed herein, there are no legal proceedings or regulatory actions that the Company is or was a party to, or that any of its property is or was the subject of, since the beginning of its most recently completed financial year. In addition, the Company is not aware of any such proceedings known to be contemplated.

## INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

No director, executive officer or greater than 10% shareholder of the Company and no associate or affiliate of the foregoing persons has or had any material interest, direct or indirect, in any transaction in which the Company has participated since January 1, 2012, which has materially affected or is reasonably expected to materially affect the Company other than as disclosed herein.

Prior to the Amalgamation, Fraser Buchan, the former President, Chief Executive Officer and a director of the Company at the time, and Robert Buchan, a greater than 10% shareholder of the Company at the time, owned 2,333,333 and 833,400 Telegraph Shares, which represented, 4.8% and 1.7% of the issued and outstanding Telegraph shares on an undiluted basis, respectively.

## TRANSFER AGENTS AND REGISTRARS

The registrar and transfer agent for the Company is Equity Financial Trust Company at its principal office at 200 University Avenue, Suite 300, Toronto ON M5H 4H1.

## MATERIAL CONTRACTS

The material contracts entered into by the Company within the financial year ended December 31, 2014 or since such time or before such time that are still in effect, other than in the ordinary course of business, are as follows:

(i) the purchase agreement between Telegraph, the Castle Mountain Venture and Sprott dated September 6, 2012, pursuant to which Telegraph acquired all of the issued and outstanding shares of Viceroy, the owner of 75% of the right, title and interest in and to the Castle Mountain Venture; and

(ii) the common share purchase warrant indenture agreement between the Company and Equity Financial Trust Company dated June 27, 2014, provided for the issue of up to 4,427,500 Common Share purchase warrants.

## INTERESTS OF EXPERTS

The following are the names of each person or company who is named as having prepared or certified a report, valuation, statement or opinion described, included or referred to in a filing made under National Instrument 51-102 by the Company during or relating to the financial year ended December 31, 2014, whose profession or business gives authority to such report, valuation, statement or opinion:

(i) Mr. Jason J. Cox, P.Eng., of RPA, Ms. Kathleen Ann Altman, Ph.D., P.E., Mr. David Penswick, P.Eng. and Mr. Reno Pressacco, M.Sc.(a), P.Geo. prepared the Technical Report, which is available on SEDAR at www.sedar.com. The authors are “Qualified Persons” as defined by NI 43-101 and independent of the Company. To the knowledge of the Company, the authors held less than 1% of the outstanding Common Shares at the time of the preparation of the report; and

(ii) Collins Barrow Toronto LLP, the auditors of the Company, who has advised the Company that they are independent of the Company within the meaning of the Rules of Professional Conduct of the Institute of Chartered Accountants of Ontario.

None of the aforementioned persons, nor any directors, officers or employees of the aforementioned firms, is expected to be elected, appointed or employed as a director, officer or employee of the Company or of any associate or affiliate of the Company.

## ADDITIONAL INFORMATION

Additional information about the Company may be found on SEDAR at www.sedar.com.

Additional information, including directors' and officers' remuneration and indebtedness, principal holders of our Common Shares and Common Shares authorized for issuance under equity compensation plans, where applicable, will be contained in our information circular for our annual meeting of shareholders involved in the election of directors.

Additional financial information is provided in our financial statements and management discussion & analysis for our most recently completed financial year.