

COMMERCE RESOURCES CORP.

ANNUAL INFORMATION FORM

FOR THE YEAR ENDED OCTOBER 31, 2013

FEBRUARY 18, 2015

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ANNUAL INFORMATION FORM

ITEM 1. EXPLANATORY NOTES AND CAUTIONARY STATEMENTS

1.1 Explanatory Notes

In this AIF, references to the "**Company**" or "**Commerce**" mean Commerce Resources Corp.

All information contained in this AIF is as of October 31, 2013, unless otherwise indicated. All currency amounts are in Canadian dollars, unless otherwise indicated.

1.2 About Forward-Looking Information

Certain statements in this AIF and the documents incorporated herein by reference are forward-looking statements. Forward-looking statements consist of statements that are not purely historical, including any statements regarding beliefs, plans, expectations or intentions regarding the future. Often, but not always, forward looking statements can be identified by the use of words such as "plans", "expects", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates", or "believes" or variations (including negative and grammatical variations) of such words and phrases or statements that certain actions, events or results "may", "could", "would", "should", "might" or "will" be taken, occur or be achieved. These forward-looking statements reflect management's current views and are based on certain assumptions and speak only as of February 18, 2015. These assumptions, which include management's current expectations, estimates and assumptions about current mineral property interests, the global economic environment, the market price and demand for tantalum and niobium and other rare earth elements ("**REEs**") and the Company's ability to manage its property interests and operating costs, may prove to be incorrect. A number of risks and uncertainties could cause the Company's actual results to differ materially from those expressed or implied by the forward-looking statements, including: (1) a downturn in general economic conditions; (2) a decreased demand for or price of tantalum and niobium and other REEs; (3) delays in the Company's exploration or development programs; (4) the inability to locate and acquire additional property interests; (5) the uncertainty of government regulation and politics in North America regarding mining and mineral exploration; (6) potential negative financial impact from regulatory investigations, claims, lawsuits and other legal proceedings and challenges; (7) other factors beyond the Company's control and (8) those factors described in the section entitled "Description of the Business – Risk Factors" in this AIF.

Undue reliance should not be placed on forward-looking statements because they involve known and unknown risks, uncertainties and other factors that are in many cases beyond the Company's control. Forward-looking statements are not guarantees of future performance and the Company's actual results of operations, financial condition and liquidity, and the development of the resource sector in which it operates, may differ materially from statements made, or incorporated by reference, in this AIF.

Although the Company has attempted to identify factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. Forward-looking statements are based upon the beliefs, estimates and opinions of the Company's management at the time they are made and the Company undertakes no obligation to update or revise any forward-looking statements if these beliefs, estimates, opinions or circumstances should change, except as may be required by law.

1.3 Mineral Reporting Standards

The disclosure in this AIF in respect of the Company's mineral resources is based on technical reports prepared on the Company's principal projects as set out under the heading "Description of the Business". Such information has been prepared in accordance with the Canadian requirements under National Instrument 43-101 *Standards of Disclosure for Mineral Projects* ("**NI 43-101**") and has been reviewed by a "qualified person", as such term is defined in NI 43-101. The mineral resources described in this AIF are current to the date on which they were estimated.

Unless otherwise noted, the estimated mineral resources for the Company's various mineral projects, as disclosed in this AIF, have been calculated in accordance with the definitions and guidelines for the reporting of exploration information, mineral resources and mineral reserves determined by the Canadian Institute of Mining, Metallurgy & Petroleum ("**CIM**") in the *CIM Definition Standards on Mineral Resources and Reserves* (the "**CIM Standards**"). The following definitions and guidance are reproduced from the CIM Standards:

The CIM Standards presented herein provide definitions and guidance on those definitions for Mineral Resource and Mineral Reserve (both as defined below) and their confidence categories. The category to which a mineral resource or mineral reserve estimate is assigned depends on the level of confidence in the geological information available on the mineral deposit; the quality and quantity of data available on the deposit; the level of detail of the technical and economic information which has been generated about the deposit, and the interpretation of the data and information.

Throughout the CIM Standards, where appropriate, "quality" may be substituted for "grade" and "volume" may be substituted for "tonnage".

Pre-Feasibility Study (Preliminary Feasibility Study)

The CIM Standards require the completion of a Pre-Feasibility Study as the minimum prerequisite for the conversion of Mineral Resources to Mineral Reserves. A "Pre-Feasibility Study" is a comprehensive study of a range of options for the technical and economic viability of a mineral project that has advanced to a stage where a preferred mining method, in the case of underground mining, or the pit configuration, in the case of an open pit, is established and an effective method of mineral processing is determined. It includes a financial analysis based on reasonable assumptions on the Modifying Factors (as defined below) and the evaluation of any other relevant factors which are sufficient for a qualified person, acting reasonably, to determine if all or part of the Mineral Resource may be converted to a Mineral Reserve at the time of reporting. A Pre-Feasibility Study is at a lower confidence level than a Feasibility Study (as defined below).

Feasibility Study

A "Feasibility Study" is a comprehensive technical and economic study of the selected development option for a mineral project that includes appropriately detailed assessments of applicable Modifying Factors together with any other relevant operational factors and detailed financial analysis that are necessary to demonstrate, at the time of reporting, that extraction is reasonably justified (economically mineable). The results of the study may reasonably serve as the basis for a final decision by a proponent or financial institution to proceed with, or finance, the development of the project. The confidence level of the study will be higher than that of a Pre-Feasibility Study.

Mineral Resource

Mineral Resources are sub-divided, in order of increasing geological confidence, into Inferred, Indicated and Measured categories (each as defined and described in more detail below). An Inferred Mineral Resource has a lower level of confidence than that applied to an Indicated Mineral Resource. An Indicated Mineral Resource has a higher level of confidence than an Inferred Mineral Resource but has a lower level of confidence than a Measured Mineral Resource.

A "Mineral Resource" is a concentration or occurrence of solid material of economic interest in or on the Earth's crust in such form, grade or quality and quantity that there are reasonable prospects for eventual economic extraction. The location, quantity, grade or quality, continuity and other geological characteristics of a Mineral Resource are known, estimated or interpreted from specific geological evidence and knowledge, including sampling.

Material of economic interest refers to diamonds, natural solid inorganic material, or natural solid fossilized organic material including base and precious metals, coal, and industrial minerals.

The term Mineral Resource covers mineralization and natural material of intrinsic economic interest which has been identified and estimated through exploration and sampling and within which Mineral Reserves may subsequently be defined by the consideration and application of Modifying Factors. The phrase 'reasonable prospects for eventual economic extraction' implies a judgment by the qualified person in respect of the technical and economic factors likely to influence the prospect of economic extraction.

Interpretation of the word 'eventual' in this context may vary depending on the commodity or mineral involved. For example, for some coal, iron, potash deposits and other bulk minerals or commodities, it may be reasonable to envisage 'eventual economic extraction' as covering time periods in excess of 50 years. However, for many gold deposits, application of the concept would normally be restricted to perhaps 10 to 15 years, and frequently to much shorter periods of time.

Inferred Mineral Resource

An "Inferred Mineral Resource" is that part of a Mineral Resource for which quantity and grade or quality are estimated on the basis of limited geological evidence and sampling. Geological evidence is sufficient to imply but not verify geological and grade or quality continuity. An Inferred Mineral Resource has a lower level of confidence than that applying to an Indicated Mineral Resource and must not be converted to a Mineral Reserve. It is reasonably expected that the majority of Inferred Mineral Resources could be upgraded to Indicated Mineral Resources with continued exploration.

An Inferred Mineral Resource is based on limited information and sampling gathered through appropriate sampling techniques from locations such as outcrops, trenches, pits, workings and drill holes. Inferred Mineral Resources must not be included in the economic analysis, production schedules, or estimated mine life in publicly disclosed Pre-Feasibility or Feasibility Studies, or in the life of mine plans and cash flow models of developed mines. Inferred Mineral Resources can only be used in economic studies as provided under NI 43-101.

There may be circumstances, where appropriate sampling, testing, and other measurements are sufficient to demonstrate data integrity, geological and grade/quality continuity of a Measured or Indicated Mineral Resource, however, quality assurance and quality control, or other information may not meet all industry norms for the disclosure of an Indicated or Measured Mineral Resource. Under these circumstances, it may be reasonable for the qualified person to report an Inferred Mineral Resource if the qualified person has taken steps to verify the information meets the requirements of an Inferred Mineral Resource.

Indicated Mineral Resource

An "Indicated Mineral Resource" is that part of a Mineral Resource for which quantity, grade or quality, densities, shape and physical characteristics are estimated with sufficient confidence to allow the application of Modifying Factors in sufficient detail to support mine planning and evaluation of the economic viability of the deposit. Geological evidence is derived from adequately detailed and reliable exploration, sampling and testing and is sufficient to assume geological and grade or quality continuity between points of observation. An Indicated Mineral Resource has a lower level of confidence than that applying to a Measured Mineral Resource and may only be converted to a Probable Mineral Reserve.

Mineralization may be classified as an Indicated Mineral Resource by a qualified person when the nature, quality, quantity and distribution of data are such as to allow confident interpretation of the geological framework and to reasonably assume the continuity of mineralization. The qualified person must recognize the importance of the Indicated Mineral Resource category to the advancement of the feasibility of the project. An Indicated Mineral Resource estimate is of sufficient quality to support a Pre-Feasibility Study which can serve as the basis for major development decisions.

Measured Mineral Resource

A "Measured Mineral Resource" is that part of a Mineral Resource for which quantity, grade or quality, densities, shape, and physical characteristics are estimated with confidence sufficient to allow the application of Modifying

Factors to support detailed mine planning and final evaluation of the economic viability of the deposit. Geological evidence is derived from detailed and reliable exploration, sampling and testing and is sufficient to confirm geological and grade or quality continuity between points of observation. A Measured Mineral Resource has a higher level of confidence than that applying to either an Indicated Mineral Resource or an Inferred Mineral Resource. It may be converted to a Proven Mineral Reserve or to a Probable Mineral Reserve.

Mineralization or other natural material of economic interest may be classified as a Measured Mineral Resource by a Qualified Person when the nature, quality, quantity and distribution of data are such that the tonnage and grade or quality of the mineralization can be estimated to within close limits and that variation from the estimate would not significantly affect potential economic viability of the deposit. This category requires a high level of confidence in, and understanding of, the geology and controls of the mineral deposit.

Modifying Factors

"Modifying Factors" are considerations used to convert Mineral Resources to Mineral Reserves. These include, but are not restricted to, mining, processing, metallurgical, infrastructure, economic, marketing, legal, environmental, social and governmental factors.

Mineral Reserve

Mineral Reserves are sub-divided in order of increasing confidence into Probable Mineral Reserves and Proven Mineral Reserves (each as defined and described in more detail below). A Probable Mineral Reserve has a lower level of confidence than a Proven Mineral Reserve.

A "Mineral Reserve" is the economically mineable part of a Measured and/or Indicated Mineral Resource. It includes diluting materials and allowances for losses, which may occur when the material is mined or extracted and is defined by studies at Pre-Feasibility or Feasibility level as appropriate that include application of Modifying Factors. Such studies demonstrate that, at the time of reporting, extraction could reasonably be justified. The reference point at which Mineral Reserves are defined, usually the point where the ore is delivered to the processing plant, must be stated. It is important that, in all situations where the reference point is different, such as for a saleable product, a clarifying statement is included to ensure that the reader is fully informed as to what is being reported. The public disclosure of a Mineral Reserve must be demonstrated by a Pre-Feasibility Study or Feasibility Study.

Mineral Reserves are those parts of Mineral Resources which, after the application of all mining factors, result in an estimated tonnage and grade which, in the opinion of the qualified person(s) making the estimates, is the basis of an economically viable project after taking account of all relevant Modifying Factors. Mineral Reserves are inclusive of diluting material that will be mined in conjunction with the Mineral Reserves and delivered to the treatment plant or equivalent facility. The term "Mineral Reserve" need not necessarily signify that extraction facilities are in place or operative or that all governmental approvals have been received. It does signify that there are reasonable expectations of such approvals.

"Reference point" refers to the mining or process point at which a qualified person prepares a Mineral Reserve. For example, most metal deposits disclose mineral reserves with a "mill feed" reference point. In these cases, reserves are reported as mined ore delivered to the plant and do not include reductions attributed to anticipated plant losses. In contrast, coal reserves have traditionally been reported as tonnes of "clean coal". In this coal example, reserves are reported as a "saleable product" reference point and include reductions for plant yield (recovery). A qualified person must clearly state the 'reference point' used in the Mineral Reserve estimate.

Probable Mineral Reserve

A "Probable Mineral Reserve" is the economically mineable part of an Indicated, and in some circumstances, a Measured Mineral Resource. The confidence in the Modifying Factors applying to a Probable Mineral Reserve is lower than that applying to a Proven Mineral Reserve.

A qualified person(s) may elect, to convert Measured Mineral Resources to Probable Mineral Reserves if the confidence in the Modifying Factors is lower than that applied to a Proven Mineral Reserve. Probable Mineral Reserve estimates must be demonstrated to be economic, at the time of reporting, by at least a Pre-Feasibility Study.

Proven Mineral Reserve (Proved Mineral Reserve)

A "Proven Mineral Reserve" is the economically mineable part of a Measured Mineral Resource. A Proven Mineral Reserve implies a high degree of confidence in the Modifying Factors.

Application of the Proven Mineral Reserve category implies that the qualified person has the highest degree of confidence in the estimate with the consequent expectation in the minds of the readers of the report. The term should be restricted to that part of the deposit where production planning is taking place and for which any variation in the estimate would not significantly affect the potential economic viability of the deposit. Proven Mineral Reserve estimates must be demonstrated to be economic, at the time of reporting, by at least a Pre-Feasibility Study. Within the CIM Standards the term Proved Mineral Reserve is an equivalent term to a Proven Mineral Reserve.

Qualified Persons

Ms. Jenna Hardy, P.Geo., a director of the Company, and Mr. Darren Smith, P.Geol., of Dahrouge Geological Consulting Ltd. are qualified persons for the purposes of NI 43-101. Ms. Hardy has reviewed and approved the technical information included in this AIF with respect to the Blue River Project and Mr. Smith has reviewed and approved the technical information included in this AIF with respect to the Ashram Project.

1.4 Documents Incorporated by Reference

Information about the Company's mineral projects contained herein summarizes the information in the following technical reports with respect to the Company's Blue River and Ashram projects, respectively, entitled:

(i) "Preliminary Economic Assessment, Ashram Rare Earth Deposit for Commerce Resources Corp.", dated July 5, 2012, as amended on January 7, 2015 (the "**Ashram PEA**"); and

(ii) "Blue River Tantalum-Niobium Project, British Columbia, Canada, NI 43-101 Technical Report on Mineral Resource Update", dated June 21, 2013 (the "**Blue River Report**").

The Ashram PEA was prepared by Gaston Gagnon, Eng., Gilbert Rousseau, Eng., Yann Camus, Eng. and Jonathan Gagné, Eng. of SGS Canada Inc. (Geostat) ("**SGS**"), each of whom, is an independent "qualified person" as such term is defined in NI 43-101, as primary authors. As at July 5, 2012 (the date of the Ashram PEA) Jonathan Gagné was not considered a "qualified person" but is now considered a "qualified person" as defined in NI 43-101. The Blue River Report was prepared by Greg Kulla, P.Geo., and other qualified persons of Amec Foster Wheeler Americas Limited (formerly known as AMEC Americas Limited ("**AMEC**")). Greg Kulla is a "qualified person" as such term is defined in NI 43-101. The Ashram PEA and Blue River Report are incorporated by reference into this AIF. Complete versions of the Ashram PEA and Blue River Report are available on SEDAR at www.sedar.com.

This AIF should be read in conjunction with the audited financial statements of the Company for the year ended October 31, 2013, which include its statements of financial position as at October 31, 2013 and October 31, 2012, and the statements of operations and comprehensive loss, statements of cash flows and statements of changes in equity of the Company for the years ended October 31, 2013 and 2012, together with the notes thereon. They have been filed with Canadian securities regulatory authorities on SEDAR (available at www.sedar.com).

This AIF also incorporates by reference the Company's Management's Discussion and Analysis ("**MD&A**") dated February 14, 2014, which has also been filed with Canadian securities regulatory authorities on SEDAR (available at www.sedar.com). All financial information in this AIF is prepared in accordance with International Financial Reporting Standards.

ITEM 2. CORPORATE STRUCTURE

2.1 Name, Address and Incorporation

Commerce Resources Corp. was incorporated by registration of its Memorandum and Articles pursuant to the provisions of the *Company Act* (British Columbia) on May 19, 1999 as "Commerce Resources Corp.", with an authorized capital of 100,000,000 shares without par value.

On April 18, 2005, the Company transitioned from the *Company Act* (British Columbia) to the *Business Corporations Act* (British Columbia). At that time the Company filed its Notice of Articles, which effectively replaced its Memorandum, and adopted new Articles. On June 7, 2007, the Company increased the authorized capital of the Company to an unlimited number of common shares without par value (each, a "**Share**").

On May 25, 2009, the Company became extra-provincially registered in Quebec.

The Shares are publicly traded on the TSX Venture Exchange (the "**TSX-V**") under the symbol "CCE". The Company's registered office is located at Suite 800 – 885 West Georgia Street, Vancouver, British Columbia V6C 3H1. The Company's corporate head office is located at Suite 1450 - 789 West Pender Street, Vancouver, BC V6C 1H2.

2.2 Intercorporate Relationships

The Company has no subsidiaries.

ITEM 3. GENERAL DEVELOPMENT OF THE BUSINESS

The Company is in the business of exploration for, and development of, mineral projects of the rare metals tantalum and niobium, and other rare earth elements ("**REEs**"). The Company's primary projects are its Blue River Project, located in British Columbia, and Ashram Project, located in Quebec.

3.1 Three Year History

October 31, 2011 Financial Year

On February 2, 2011, the Company announced completion of an updated NI 43-101 compliant technical report for the Blue River Project, which was effective January 31, 2011 and filed on SEDAR (available at www.sedar.com) on February 4, 2011.

On April 18, 2011, the Company announced the completion and filing on SEDAR (available at www.sedar.com) of a NI 43-101 compliant technical report for the Ashram Project, which was effective April 15, 2011.

On June 3, 2011, the Company announced completion of a non-brokered private placement of 10,388,834 Shares at a price of $0.73 per Share for gross proceeds of $7,580,000. A finder's fee consisting of a cash payment of $585,375 and the issuance of 2,004,709 warrants, exercisable at $0.90 per Share for a period of two years from the closing was paid in connection with this private placement.

On September 23, 2011, the Company announced that it and Canadian International Minerals Inc. ("**CIN**") entered into an amending agreement with respect to the parties' Carbo Property Option Agreement. Under the Carbo Property Option Agreement, entered into in February 2009, CIN acquired a 75% interest in and to the Company's Carbo Claims (described in more detail below). Under the amending agreement, CIN immediately acquired a 100% interest in the Carbo Claims by issuing an additional 8,000,000 of its common shares to the Company. The Company retained its 2% net smelter return royalty on the property with no buyback right. Under the amending agreement, CIN also voided any amounts due from the Company for prior exploration under the original Carbo Property Option Agreement. Concurrently, the Company agreed to subscribe for $300,000 worth of units of CIN in

a private placement. Each unit consisted of one common share and one-half of one transferable share purchase warrant of CIN. Each whole warrant entitled the Company to purchase one additional share of CIN for a period of 24 months from the closing date at a price of $0.25 per share in the first year and $0.30 per share in the second year. At the time of entry into the amending agreement, the Carbo Claims comprised of seven claims totalling 2,778 hectares accessible by all-weather gravel roads. The project is located 80 kilometres northeast of Prince George, B.C. within the Wicheeda-Carbo carbonatite camp and is directly contiguous with Spectrum Mining Corporation's Wicheeda Rare Earth Discovery.

October 31, 2012 Financial Year

On November 3, 2011, the Company announced completion of "Blue River Tantalum-Niobium Project, British Columbia, Canada, NI 43-101 Technical Report on Preliminary Economic Assessment" dated September 29, 2011 (the "**Blue River PEA**"), which was filed on SEDAR (available at www.sedar.com) on November 3, 2011.

On March 6, 2012, the Company announced completion of "Technical Report, Mineral Resource Estimation Update, Eldor Property – Ashram Deposit, Nunavik, Quebec" dated April 20, 2012, which was filed on SEDAR (available at www.sedar.com) on April 20, 2012.

On May 24, 2012, the Company announced the results of the Ashram PEA (See "Documents Incorporated By Reference"), which indicates that the Ashram Project can be developed economically as an open-pit mine and recommends future work applicable to the pre-feasibility and feasibility phases of economic evaluation. The Ashram PEA was filed on SEDAR on July 4, 2012 and amended and re-filed on SEDAR (available at www.sedar.com) on January 7, 2015.

Only July 6, 2012, the Company announced completion of a NI 43-101 compliant technical report mineral resource update incorporating drilling results to the end of 2010 for the Blue River Project. The foregoing technical report prepared by AMEC also includes summaries from the Blue River PEA. The results from the Blue River PEA mining studies had not changed in terms of their outcomes as their underlying assumptions remain reasonable. This technical report update was effective June 22, 2012 and filed on SEDAR (available at www.sedar.com) on July 9, 2012.

On August 7, 2012, the Company closed a brokered private placement of 5,436,666 units at a price of $0.30 per unit for gross proceeds of $1,680,499.80. Each unit consisted of one flow-through Share and one half of one non flow-through warrant, with each whole warrant exercisable into one Share for a period of two years at an exercise price of $0.40 per Share for the first year and $0.48 per Share in the second year. The Company engaged NCP Northland Capital Partners Inc. to act as lead agent and paid the agent commission of $114,169.99 being 7% of the gross sales of units and issued to the agent 380,567 compensation options being 7% of the number of units sold in the private placement. Each compensation option was exercisable into a Share for two years at a price of $0.30. The Company also closed a non-brokered private placement with units having the same terms and conditions as the brokered portion described above in the amount of $49,500.

October 31, 2013 Financial Year

On December 11, 2012, the Company closed a brokered private placement with Marquest Capital Markets and Casimir Capital Ltd. as agents in the amount of 6,438,890 flow-through eligible units at a price of $0.18 per flow-through unit for gross proceeds of $1,159,000.20. The flow-through units consisted of one flow-through Share and one half of one non-transferable Share purchase warrant. Each whole warrant entitled holders to purchase one additional Share at a price of $0.25 per Share until June 11, 2014. The Company paid the agents a cash commission of 8% of the gross sales and issued 8% of the number of units sold in agent's options to purchase additional Shares, with each agents' option being exercisable at a price of $0.25 per Share until June 11, 2014. On December 11, 2012, the Company also closed a non-brokered private placement of 7,336,664 flow-through units for gross proceeds of $1,320,599.70. The flow-through units were issued at the same price and on the same terms as the brokered private Placement and no finder's fee or commissions were paid on the non-brokered portion of the private placement.

On July 12, 2013, the Company announced completion of the Blue River Report (See "Documents Incorporated By Reference"). The Blue River Report also includes summaries from the Blue River PEA. The results from the Blue River PEA mining studies have not changed in terms of their outcomes as their underlying assumptions remain reasonable. The Blue River Report was filed on SEDAR (available at www.sedar.com) on July 17, 2013.

On July 31, 2013, the Company entered into a Mineral Property Purchase Agreement with CIN and Canadian Strategic Metals Corp. ("**CSM**") (together as vendors) to purchase a 100% interest in and to the 24 mineral claims in the Similkameen and New Westminster Mining Districts of British Columbia, known as the Treasure Mountain Property. In consideration, on October 9, 2013, the Company transferred a total of 10,000,000 Shares of CIN held by the Company to CIN, CSM shareholders and certain finders at a value of $0.02 per share.

October 31, 2014 Financial Year (Not yet audited)

On March 14, 2014, the Company closed a brokered private placement with Secutor Capital Management Corporation acting as agent in the amount of 8,425,652 flow-through units at a price of $0.23 per flow-through unit and 3,012,500 units at a price of $0.20 per unit for gross proceeds of $2,540,400. The flow-through units consisted of one flow-through Share and one half of one non-transferable Share purchase warrant. The non-flow-through units consisted of one Share and one half of one non-transferable Share purchase warrant. Each whole warrant of both the flow-through and non-flow-through units entitled holders to purchase one additional Share at a price of $0.35 per Share for an 18 month period from closing. The Company paid the agent a cash commission of $174,228 and granted 571,908 compensation options to acquire Shares exercisable at $0.35 per Share for 18 months from closing.

On March 15, 2014, the Company entered into an agreement with Ximen Mining Corp. ("**Ximen**") whereby Ximen can earn a 100%-interest in and to the Treasure Mountain Property located in British Columbia, Canada. Pursuant to this agreement, the Company was to receive cash of $125,000 on or before September 15, 2014 (paid).

On October 6, 2014, the Company closed a non-brokered private placement for gross proceeds of $5,038,427. In connection with this private placement, the Company issued 16,041,500 flow-through Shares at a price of $0.25 per and 4,283,550 units at a price of $0.24 per unit. Each unit consisted of one non flow-through Share and one non-flow-through common share purchase warrant in the capital of the Company. One whole warrant is exercisable into one additional Share at a price of $0.30 per Share until April 3, 2016. Secutor Capital Management Corporation acted as exclusive finder in connection with this non-brokered private placement and was paid a cash commission of $352,689.89 plus expenses, and issued 1,016,252 finders' warrants to acquire additional Share exercisable at $0.24 per Share until April 3, 2016.

As a result of a review by the British Columbia Securities Commission, on January 12, 2015 and January 13, 2015, respectively, the Company filed an amended Ashram PEA and clarified the Company's property disclosure. The Company specifically clarified that references to its various technical reports in Company news releases and presentations should have prominently disclosed that its preliminary economic assessments are preliminary in nature and include inferred mineral resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as mineral reserves, and there is no certainty that a preliminary economic assessment will be realized. The Company also corrected disclosure with respect to an increase in the net present value of the Blue River Project.

ITEM 4. DESCRIPTION OF THE BUSINESS

4.1 General

The Company is in the business of exploration for, and development of, mineral projects of the rare metals tantalum and niobium, and other rare REEs. The Company's primary projects are its Blue River Project, located in British Columbia, and Ashram Project, located in Quebec.

REE's and the Market for REE's

Refined REEs are high-value products that are used as catalysts and in high technology applications that utilize the REEs unique magnetic, optical and electronic properties. In particular, REEs are important to many alternative energy applications including fuel cells, rechargeable batteries, hydrogen storage materials and permanent magnets. The automotive industry, and in particular the hybrid vehicle sector, are major consumers of REEs.

REE raw materials and REE value-added products are essential to many "green" technologies such as hybrid vehicles and wind power. There has also been an increase in awareness that certain REE-bearing materials are important to military applications, domestic security and certain segments of the U.S. economy. Global demand is expected to grow from an estimated 115,000 tonnes rare earth oxide ("**REO**") in 2012 to 152,500 tonnes REO in 2018[1]. The supply of REOs has largely been dominated by China, which provided 85% of the world's production in 2012 but only has 50% of the world's known reserves of rare earth[2]. In the rare earth magnet application sector, Deutsche Bank AG forecasts cumulative demand growth of 60-70% by 2018 based on an analysis of growth in end-user markets[3].

Specialized Skill and Knowledge

The exploration for, and development of, mineral projects of the rare metals tantalum and niobium, and other rare REEs requires specialized skill and knowledge. The Company's consultants and project managers have each been working in the exploration for, and development of, mineral projects business for many years.

Competitive Conditions

The Company competes with other exploration and development companies, some of which have greater financial resources, for, among other things, financing and the recruitment and retention of engineers and other employees and consultants.

Environmental Protection

The financial and operational effects of environmental protection requirements on capital expenditures, earnings and the competitive position of the Company are not expected to be material during the current financial year. However, environmental protection requirements may cause additional capital expenditures and reductions in earnings, and affect the competitive position of the Company in the future. See "Risk Factors – Environmental Risks".

Employees

The Company has no employees as its chief executive officer ("**CEO**") and chief financial officer ("**CFO**") are compensated by Zimtu Capital Corp. ("**Zimtu**"). Zimtu provides the Company with administrative and managerial services (performed indirectly by directors and senior officers of the Company), which includes corporate maintenance, continuous disclosure and corporate compliance services and office space.

4.2 Risk Factors

An investment in securities of the Company is highly speculative and involves significant risks. Exploration activities are based on professional judgments and statistically-based tests and calculations, and often yield few rewarding results. Mineral properties are often non-productive for reasons that cannot be anticipated in advance and operations may be subject to risks including labour disputes, environmental hazards, safety issues, geological issues, weather conditions and changing regulatory requirements as examples. The Company is subject to competitive risk as its ability to finance its activities and generate profitable operations or proceeds from disposal of assets are subject to world prices for rare metals, REE and other rare minerals and the economic forces that influence capital

1. Deutsche Bank Markets Research, *LYC FITT 15072013*, Investment Thesis (Sydney, Australia: Deutsche Bank AG 2013).
2. J. Gambogi, *Rare Earth, Mineral commodity Summaries 2013* (Reston, VA: U.S. Geological Survey, 2013).
3. Deutsche *supra* note 1.

markets. Any one of the following risk factors could materially affect the Company's business, financial condition and/or future operating results and prospects and could cause actual events to differ materially from those described in forward looking statements relating to the Company. Additional risks and uncertainties not currently identified or that the Company currently believes not to be material also may materially and adversely affect the Company's business, financial condition, operations or prospects.

No Operating Revenues and History of Losses

The Company has had no operating revenues and a history of losses, and no operating revenues are anticipated until one of the Company's projects comes into production, which may or may not occur. The Company will continue to experience losses unless and until it can successfully develop and begin profitable commercial production at one of its mining properties. There can be no assurance that the Company will be able to do so.

No History of Operations

The Company is an exploration and development company and has no history of mining or refining mineral products from its properties. As such, any future revenues and profits are uncertain. There can be no assurance that its projects will be successfully placed into production, produce minerals in commercial quantities or otherwise generate operating earnings. Advancing projects from the exploration stage into development and commercial production requires significant capital and time and will be subject to further technical studies, permitting requirements and construction of mines, processing plants, roads and related works and infrastructure. The Company will continue to incur losses until mining-related operations successfully reach commercial production levels and generate sufficient revenue to fund continuing operations. There is no certainty that the Company will generate revenue from any source, operate profitably or provide a return on investment in the future.

Mineral Exploration and Development Activities Inherently Risky

The business of exploration for minerals and mining involves a high degree of risk. Few properties that are explored are ultimately developed into mineral deposits with significant value. Unusual or unexpected ground conditions, geological formation pressures, fires, power outages, labour disruptions, flooding, earthquakes, explorations, cave-ins, landslides and the inability to obtain suitable adequate machinery, equipment or labour are other risks involved in the operation of mines and the conduct of exploration programs. There are also physical risks to the exploration personnel working on the site of a mineral project. The Company's exploration properties and any future mining operations will be subject to all the hazards and risks normally incidental to exploration, development and production of tantalum and niobium and REEs, any of which could result in damage to or destruction of exploration facilities or mines, damage to life and property, environmental damage and possible legal liability for any or all damage.

Uncertainty of Mineral Resources

The figures for mineral resources for the Ashram Project and Blue River Project disclosed under the heading "Companies with Mineral Projects" in this AIF are only estimates. Mineral Reserves at the Ashram Project and Blue River Project have not been defined; therefore the Mineral Resources currently cannot be considered ore. There is no certainty that expenditures made in the exploration of the Company's mineral properties will result in identification of commercially recoverable quantities of ore or that ore reserves will be mined or processed profitably.

Liquidity and Capital Requirements

Management anticipates that, subject to financing, it will make substantial capital expenditures towards developing the Ashram Project and Blue River Project. However, there is no assurance that the Company will operate profitably or will generate positive cash flow in the future. The Company has no history of profitable operation and no assurance that additional funding will be available to it for further exploration and development of the Ashram Project and Blue River Project if required. The Company may also need further financing if it decides to obtain additional mineral properties. As such, the Company is subject to many risks common to exploration enterprises,

including undercapitalization, cash shortages and limitations with respect to personnel, financial and other resources and lack of revenues. Although the Company has been successful in the past in obtaining financing through credit facilities or the sale of equity securities, there can be no assurance that the Company will be able to obtain adequate financing in the future or that the terms of such financing will be favorable. Such means of financing typically result in dilution of the positions of existing shareholders, either directly or indirectly. Failure to obtain additional financing could result in the delay or indefinite postponement of further exploration and development of the Ashram Project and Blue River Project.

Title to Assets, Aboriginal Title Claims and Aboriginal Rights

The Company's title to its properties may be subject to disputes or other claims including aboriginal land title claims. Although the Company has exercised the usual due diligence with respect to determining title to properties in which it has a material interest, there is no guarantee that title to such properties will not be challenged or impugned. There may be valid challenges to the title of the Company's properties, which, if successful, could impair the Company's ability to explore, develop and/or operate its properties or to enforce its rights with respect to its properties. Aboriginal rights and title may be claimed with respect to Crown properties or other types of tenure with respect to which mining rights have been conferred. In addition, other parties may dispute the Company's title to the properties in which it has an interest and such properties may be subject to prior unregistered agreements or transfers or land claims by aboriginal peoples, and title may be affected by undetected encumbrances or defects or government actions.

An impairment to or defect in the Company's title to its properties could have a material adverse effect on the Company's business, financial condition or results of operations. In addition, such claims, whether or not valid, will involve additional costs and expenses to defend or settle which could adversely affect the Company's profitability.

Insurance

The mineral exploration and development industry is subject to significant risks that could result in damage to or destruction of property and facilities, personal injury or death, environmental damage and pollution, delays in production, expropriation of assets and loss of title to mining claims. No assurance can be given that insurance to cover the risks to which the Company's activities are subject will be available at all or at commercially reasonable premiums. The Company currently maintains insurance within ranges of coverage that it believes to be consistent with industry practice for companies of a similar stage of development, however the insurance the Company has may not be sufficient to cover the full extent of any liabilities that may arise.

Demand and Prices for Rare Earth Products

The Company's revenues, if any, from its projects are expected to be derived in large part from the mining and sale of rare metals and minerals. Demand for and the prices of those commodities has fluctuated widely, particularly in recent years, and is affected by numerous factors beyond the Company's control, including international economic and political conditions (such as the outcome of the complaints filed with the World Trade Organization in 2012 by the United States, the European Union and Japan against China's REE export restrictions), expectations of inflation, international currency exchange rates, interest rates, global or regional consumption patterns, speculative activities, levels of supply and demand, increased production of rare metals and minerals due to new mine developments and improved mining and production methods, availability and costs of rare metal, REE and other rare mineral substitutes; rare metal, REE and other rare mineral and other stock levels maintained by producers and others and inventory carrying costs. The effect of these factors on the price of REE and therefore the Company's ability to finance the construction of its projects and economic viability of the Company's operations cannot be accurately predicted.

REE prices declined significantly between 2008 and late 2009 during the global economic crisis. Prices increased significantly during 2010 and most of 2011, and experienced a significant drop in 2012, due in part to a reported reduction in speculative buying of REE products as concerns about continuing price escalation abated. Demand for REE products may be impacted by demand for products incorporating rare earths, including hybrid and electric vehicles, wind power equipment and other clean technology products, as well as demand in the general automotive

and electronic industries. Lack of growth in these markets and rare metals market may adversely affect the demand for REE and rare metal products, which would have a material adverse effect on the Ashram Project and Blue River Project and the Company's business. In contrast, extended periods of high commodity prices may create economic dislocations that may be destabilizing to rare earth minerals supply and demand. Strong REE prices, as well as real or perceived disruptions in the supply of REE, also create economic incentives to identify or create alternate technologies that ultimately could depress future long-term demand for REE products, and at the same time may incentivize development of additional mining properties to produce REE. For example, automobile manufacturers have previously announced plans to develop motors for electric and hybrid cars that do not require REE products due to concerns about the available supply of rare earths. If the automobile industry or other industries reduce their reliance on rare earth products, the resulting change in demand could have a material adverse effect on the Company's business. In particular, if prices or demand for rare earths were to decline, this could impair the Company's ability to obtain financing and its ability to find purchasers for its products at prices acceptable to the Company.

Competitors' Actions

An increase in the global supply of rare metal and REE products, dumping and predatory pricing by competitors may materially adversely affect our ability to raise capital and construct and profitably operate the Ashram Project and Blue River Project. The pricing and demand for rare metal and REE products is affected by a number of factors beyond the Company's control, including growth of economic development and the global supply and demand for rare metal and REE products. Currently China provides approximately 80-85% of the world's supply of REE. It has in recent years reduced its export quotas and imposed heavier taxes on the production/or export of REE. These steps resulted in significant increases in the prices of rare earth elements and minerals during 2011, with a peak reached in August 2011 for most elements. These high rare earth prices caused demand to contract and prices to fall during 2012 and early 2013. Higher rare earth prices have caused a number of companies to engage in exploration and development of REE projects which, if brought to production, would, in the long term, increase the supply of REE and lead to downward pressure on prices. Further, the prospect of the Ashram Project and Blue River Project and other development projects achieving production may lead our competitors to engage in predatory pricing behavior or manipulation of the available supply of REE. Any increase in the amount of rare earth products exported from China or from mines outside China and increased competition may result in price reductions, reduced margins and loss of potential sales, any of which could materially adversely affect the profitability of the Ashram Project and Blue River Project. As a result of these factors, the Company may not be able to compete effectively against future competitors.

Permits and Licenses

The construction and operation of the Ashram Project and Blue River Project and the other exploration and development operations of the Company require licenses and permits from various governmental authorities. Obtaining the necessary governmental permits is a complex and time-consuming process involving numerous jurisdictions. There can be no assurance that the Company will be able to obtain all necessary licenses and permits that may be required to carry out exploration, development, mining and processing operations at its projects. If the Company proceeds to production on the Ashram Project and Blue River Project or any other project, licenses and permits may contain specific operating conditions and there can be no assurance that these conditions will not result in material increases in capital or operating costs or reductions in anticipated production, or that the Company will be able to comply with any such conditions. Costs related to applying for and obtaining permits and licenses or complying with the requirements they impose may be prohibitive and could delay planned exploration, development, construction or operation activities. Failure to comply with applicable laws, regulations and permitting requirements or with the conditions contained in licenses or permits may result in enforcement actions, including orders issued by regulatory or judicial authorities, causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions.

Parties engaged in exploration, development, mining or processing operations may be required to compensate those suffering loss or damage by reason of the those activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations. Amendments to current laws, regulations and permits governing operations and activities of mining companies, or more stringent implementation thereof, could have a material

adverse impact on our operations and cause increases in capital expenditures or production costs, reductions in levels of production at producing properties or require abandonment or delays in the development of new mining properties.

Going Concern

As at October 31, 2013, the Company had cash and short term investment of $735,060 (2012 - $344,161) and working capital of $2,401,987 at October 31, 2013 (2012 - $5,110,931). The Company's audited October 31, 2013 financial statements have been prepared on a going concern basis which assumes that the Company will continue operating for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations as they come due. Continued support of shareholders and the ability to raise funds through the issuance of equity or debt will be required. Realization values may be substantially different from carrying values as shown and these consolidated financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern

Dependence on Management

The Company is very dependent upon the personal efforts and commitment of its existing management. To the extent that management's services would be unavailable for any reason, a disruption to the operations of the Company could result, and other persons could be required to manage and operate the Company.

Environmental Risks

All phases of the mineral exploration and development business present environmental risks and hazards and are subject to environmental regulations. Compliance with such legislation and regulations can require significant expenditures and a breach could result in the imposition of fines and penalties, some of which may be material. Environmental legislation is evolving in a manner which may lead to stricter standards and enforcement, larger fines and liability and potentially increased capital expenditures and operating costs. No assurance can be given that the application of environmental laws to the business and operations of the Company will not result in a curtailment of exploration or production, a material increase in the costs of production, development or exploration activities, or otherwise adversely affect the Company's financial condition, results of operations or prospects.

Competition

The mineral exploration and development industry is intensely competitive. Significant competition exists for the marketing of the minerals that the Company intends to produce as well as the acquisition of mineral concessions, claims, leases and other mineral interests. The Company may be at a competitive disadvantage in arranging for the sale of products intended to be produced at the Ashram Project and Blue River Project or other properties, or in acquiring additional mining properties because it must compete with other individuals and companies, many of which have greater financial resources, operational experience and technical capabilities than the Company. The Company may also encounter increasing competition from other mining companies in its efforts to hire experienced mining professionals. Increased competition could adversely affect the Company's ability to attract necessary capital funding or acquire suitable producing properties or prospects for mineral exploration in the future.

Infrastructure

Mining, processing, development and exploration activities depend on adequate infrastructure. Reliable roads, bridges, power sources and water supply are important determinants, which affect capital and operating costs. Unusual or infrequent weather phenomena, sabotage, government or other interference in the maintenance or provision of such infrastructure could adversely affect the Company's operations, financial condition and results of operations.

Conflicts of Interest

The Company's directors and officers may serve as directors or officers, or may be associated with other reporting companies or have significant shareholdings in other public companies. To the extent that such other companies may participate in business or asset acquisitions, dispositions, or ventures in which the Company may participate, the directors and officers of the Company may have a conflict of interest in negotiating and concluding terms respecting the transaction. If a conflict of interest arises, the Company will follow the provisions of the *Business Corporations Act* (British Columbia) dealing with conflicts of interest. These provisions state that where a director has such a conflict, that director must, at a meeting of the Company's directors, disclose his interest and refrain from voting on the matter unless otherwise permitted by the *Business Corporations Act* (British Columbia). In accordance with the laws of the Province of British Columbia, the directors and officers of the Company are required to act honestly, in good faith and in the best interests of the Company.

Foreign Currency Risk

It is expected that a significant portion of the Company's revenue, if any, from the sale of its products from the Ashram Project and Blue River Project will likely be priced in U.S. dollars, whereas most of its operating costs will likely be incurred in Canadian dollars and other international currencies. The fluctuation in the exchange rate between the U.S. dollar and the Canadian dollar and other international currencies may have a significant impact on the future profitability of the Company and it may also significantly increase or decrease the capital costs for the Ashram Project and Blue River Project.

Forward-Looking Statements may Prove Inaccurate

Investors are cautioned not to place undue reliance on forward-looking statements. By their nature, forward-looking statements involve numerous assumptions, known and unknown risks and uncertainties, of both a general and specific nature, that could cause actual results to differ materially from those suggested by the forward-looking statements or contribute to the possibility that predictions, forecasts or projections will prove to be materially inaccurate. Additional information on the risks, assumptions and uncertainties are found in this AIF under the heading "About Forward-Looking Information".

No Current Plans to Pay Cash Dividends

The Company has no current plans to pay any cash dividends for the foreseeable future. Any decision to declare and pay dividends in the future will be made at the discretion of the Company's Board of Directors (the "**Board**") and will depend on, among other things, the Company's financial results, cash requirements, contractual restrictions and other factors that the Board may deem relevant. In addition, the Company's ability to pay dividends may be limited by covenants of any existing and future outstanding indebtedness that the Company or its subsidiaries incur. As a result, investors may not receive any return on an investment in the Company's securities unless they sell the securities for a price greater than that which they paid for them.

Economic Conditions

Unfavorable economic conditions may negatively impact the Company's financial viability. Unfavorable economic conditions could also increase the Company's financing costs, decrease estimated income from prospective mining operations, limit access to capital markets and negatively impact the availability of credit facilities to the Company.

Price Volatility of Public Stock

The market price of the Company's securities has experienced wide fluctuations which may not necessarily be related to the operating performance, underlying asset values or prospects of the Company. It may be anticipated that any market for the Company's securities will be subject to market trends generally and the value of the Company's securities on the TSX-V may be affected by such volatility in response to numerous factors, many of which are beyond the Company's control, including the following:

- actual or anticipated fluctuations in the Company's quarterly results of operations;
- changes in the economic performance or market valuations of other companies that investors deem comparable to the Company;
- the addition or departure of the Company's executive officers or other key personnel;
- release or other transfer restrictions on outstanding Company securities;
- sales or perceived sales of additional Company securities;
- significant acquisitions or business combinations, strategic partnerships, joint ventures or capital commitments by or involving the Company or its competitors;
- news reports relating to trends, concerns, competitive developments or regulatory changes; and
- other related issues in the Company's industry or target markets.

Financial markets have recently experienced significant price and volume fluctuations that have particularly affected the market prices of equity securities of companies and that have, in many cases, been unrelated to the operating performance, underlying asset values or prospects of such companies. Accordingly, the market price of the Company's securities may decline even if the Company's operating results, underlying asset values or prospects have not changed.

Additionally, these factors, as well as other related factors, may cause decreases in asset values that are deemed to be other than temporary, which may result in impairment losses. As well, certain institutional investors may base their investment decisions on consideration of the Company's environmental, governance and social practices and performance against such institutions' respective investment guidelines and criteria, and failure to meet such criteria may result in a limited or no investment in the Company's securities by those institutions, which could adversely affect the trading price of the Company's securities. There can be no assurance that fluctuations in price and volume will not occur in the future. If increased levels of volatility and market turmoil occur, the Company's operations may be adversely impacted and the trading price of the Company's securities may be adversely affected.

Increased Costs and Compliance Risks as a Result of Being a Public Company

Legal, accounting and other expenses associated with public company reporting requirements have increased significantly in the past few years. The Company anticipates that costs may continue to increase with corporate governance related requirements, including, without limitation, requirements under National Instrument 52-109 – *Certification of Disclosure in Issuers' Annual and Interim Filings*, National Instrument 52-110 – *Audit Committees* and National Instrument 58-101 – *Disclosure of Corporate Governance Practices*, and the conversion to International Financial Reporting Standards.

4.3 Companies with Mineral Projects

The information in this section for the Ashram Project is from the summary of the Ashram PEA. The information in this section for the Blue River Project is from the summary of the Blue River Report. The Ashram PEA and Blue River Report have been specifically incorporated by reference into this AIF. For a complete description of assumptions, qualifications and procedures associated with the information in the Ashram PEA and Blue River Report, reference should be made to the full text of the Ashram PEA and Blue River Report, which are available for review on SEDAR at www.sedar.com. In addition, the full reports should be referenced for references to publications contained therein. There have been no material changes with respect to either of the Company's Ashram Project or Blue River Project since the filing of the Ashram PEA and Blue River Report.

4.3.1 Ashram Project - Nunavik Region of the Province of Québec

Summary of Ashram PEA

Introduction

SGS was commissioned by Dahrouge Geological Consulting Ltd. on behalf of the Company to complete the Ashram PEA of the Ashram Project. SGS prepared the Ashram PEA in general accordance with the guidelines provided in NI 43-101.

Property Location and Tenure

The Eldor Property where the Ashram Project is located is in the Nunavik Region of the Province of Québec, approximately 130 km south of the community of Kuujjuaq (the "**Eldor Property**"). The Eldor Property is situated about longitude 68°24'0" west and latitude 56°56'0" north at its center and covers portions of National Topographic System map sheets 24C15, 24C16, and 24F01. The Eldor Property is only accessible by float or ski-equipped airplane, helicopter or by snowmobile during winter months.

As of June 2012, the Eldor Property consisted of one block totalling 404 claims covering 19,006.52 ha. The Eldor Property area extends approximately 17.5 km in an east-west direction and 24 km in a north-south direction.

Of the 404 claims comprising the Eldor Property, eight claims were acquired in May 2007 by a purchase agreement with Virginia Mines Inc. ("**Virginia**"). The other 396 claims were acquired by map staking between May 2007 and October 2010.

Royalties Obligations

The original eight claims acquired from Virginia are subject to a 1% net smelter return royalty in favour of Virginia and a 5% net profit interest royalty in favour of two individuals. The Company has the right to buy back the 5% net profit interest royalty in consideration of $500,000. The Ashram Rare Earth Deposit is not situated within the Virginia claims, and is not subject to any royalties.

Mineralization

Several different types of mineralization, related to the carbonatite intrusive complex, occur at the Eldor Property. The main commodities of interest include REEs and fluorine as discovered at the Ashram Zone; however they also occur in other areas on the Eldor Property. Niobium, tantalum, and phosphate mineralization also occur on the Eldor Property; mainly at the Star Trench, Southeast, and Northwest areas.

Property Geology

The Eldor Property is situated within the central portion of the New Quebec Orogen, also known as the Labrador Trough, straddling two lithotectonic zones that are separated by a major thrust fault. To the east is the SC Zone, comprising Proterozoic paraschist, paragneiss, and amphibolites; to the west is the Gerido Zone, comprising the Le Moyne Group, Doublet Group, and the Le Moyne Intrusion, also known as the Eldor Carbonatite

Historic exploration of the Eldor Carbonatite has shown that it has an elliptical shape with approximate dimensions of 7.3 km long by 3 km wide (Sherer, 1984). More recently, Clark and Wares (2006) suggested a carbonatite extent of almost double, at 15 km long by 4 km wide. Emplacement occurred near the end of the second cycle of the belt's formation, approximately 1.88 – 1.87 Ga (U - Pb dating). Multiple carbonatite intrusive events are believed to have occurred during emplacement of the Eldor Complex with calcio-carbonatite, magnesio-carbonatite, and ferro-carbonatite present.

The geology of the Eldor Carbonatite is very complex, with several lithological subdivisions proposed/identified (Wright et al., 1998) and separate eruptive centres postulated (Demers and Blanchet, 2002). Simplistically, the Eldor Complex can be separated into three major divisions: early, mid, and late-stage carbonatite. The mid-stage carbonatite is most closely related to tantalum-niobium mineralization (pyrochlore, columbite) with late-stage carbonatite crosscutting all earlier phases and is the primary host to the REE mineralization observed at the Ashram Deposit.

The carbonatite is thought to have undergone minimal weathering, mainly due to the sub-arctic climate, with glaciation believed to be the major eroding force. Only a thin veil of overburden covers the complex, with fresh rock being encountered essentially at the soil-rock interface. This geological history prevented the formation of the deep lateritic weathering profile that sometimes proves problematic in rare earth deposits due to rare earth mineral re-crystallization etc.

Resource Estimate

The base case cut-off grade ("**CoG**") for the reporting of the 2012 mineral resource estimate of the Ashram Project was retained from 2011 and a base case CoG of 1.25% total rare earth oxide ("**TREO**") was selected. Using the Ashram basket price of $35.02 per kg, the marginal (mill) CoG was calculated at 0.51% TREO. Although all the material above 0.51% TREO is economical, a mining CoG of 1.25% TREO was selected in order to maximize the mill feed grade when evaluating the economic potential of the Ashram Project.

The mineral resource estimate utilized in the Ashram PEA for the Eldor Property was released on March 6, 2012 and includes all drilling completed at the Ashram Deposit, totalling 15,691.74 m over 45 holes. At a base case CoG of 1.25% TREO the resource totals 29.3 million tonnes averaging 1.90% TREO in the measured and indicated categories and 219.8 million tonnes averaging 1.88% TREO in the Inferred category. Measured resource alone totals 1.6 million tonnes averaging 1.77% TREO and indicated resource totals 27.7 million tonnes averaging 1.90% TREO.

Mining Method

Taking into account the proximity of the mineralized zone with the surface topography and the presence of high grades of REEs at shallow depth, the mining method selected to mine the Ashram Deposit is open-pit mining. Conventional mining machinery, such as trucks, loaders, and hydraulic shovels will be used on 5 metre benches.

At a rate of 4,000 tonnes of ore per day processed at a CoG of 1.25%, the Ashram Deposit contains enough resource to support an operation for more than 177 years (open pit and underground mining). Therefore, the main purpose of the optimization process was to highlight a section of the deposit providing a sufficient TREO grade (over 1.25% TREO) with a reasonable stripping ratio, rather than determining the optimum pit limit.

Gems WhittleTM was used to create a series of nested pit shells based on varying revenue factors (RF). In order to maximize the mined TREO grade, the smallest shell containing sufficient resources for 25 years of production at a mining CoG of 1.25% TREO was selected as the base case.

The mining operation will be carried out with a mining fleet of two 100 mm blast hole drills, one CAT 988H loader, one CAT 385 shovel and four CAT 773 off the road trucks, supplemented by support equipment such as tracked dozers, graders, water trucks, and emulsion tankers backed by other minor equipment.

Mineral Processing, Metallurgical Testing

The rare earth mineralization at Ashram Deposit consists primarily of monazite and lesser bastnäsite and xenotime in a matrix of ferro-dolomite, fluorite, and lesser apatite. Particle size of the rare earth minerals is very fine, typically less than 30 μm down to <5μm with an average of 15-20 μm.

Metallurgical testwork on a representative sample of the Ashram Deposit is currently being completed at Hazen Research Inc. in Colorado and UVR-FIA GmbH in Germany. Of the material received, the rare earth head assay for the main light rare earths are as follows:

Ce: 0.75%
La: 0.41%
Nd: 0.27%

After initial experimentation with several separation techniques, flotation was identified as the most promising and has thus been the chief upgrading process utilized so far. Numerous potential collectors for direct rare earth mineral flotation have been tested under a variety of operational parameters with significant upgrading achieved at reasonable recoveries. No optimization of the process has been attempted as the primary focus is currently on determining the best rare earth collector and carbonate depressant. A listing of the most promising test results is presented in Table 1-1.

Table 1-1: Metallurgical Testwork Results

TEST #	% of Original Weight	CONCENTRATE GRADE %			DISTRIBUTION %		
		Ce	La	TREO (EST)	Ce	La	TREO (EST)
3475-102	14.0	4.07	1.98	9.95	68.5	67.3	67.9
3475-125	15.0	4.04	1.96	9.87	63.7	62.5	63.1
3503-28	10.0	4.44	2.36	11.18	68.1	68.9	68.5
3503-29	7.9	4.81	2.54	12.09	55.9	55.9	55.9
3503-34	15.1	4.05	2.25	10.37	74.0	72.7	73.4

A mineral concentrate with a grade of 10% TREO and 70% recovery (12.7% of the original feed weight) is used as a base case result of physical upgrading at the mine site via conventional grinding and flotation techniques. The base case selection is considered conservative and constrained by the best Hazen testwork result thus far as this is standard policy for SGS.

The waste rock and the mine tailings are not considered acid generating due to the high amount of carbonates and corresponding low sulphide content. This conclusion is currently being confirmed by Hazen, however, initial testwork is supportive. Moreover, the tailings are not deemed to be radioactive since the amount of the only radioactive element (thorium) in the tailings will be, for all practical purposes, in the same order of magnitude as in the mill feed.

Recovery Methods

A 4,000 tpd mill is proposed in this study. The mill process will be conventional with operation relying on operators' experience and skill supported by electronic monitoring and instrumentation. It is anticipated that the head grade will be 1.81% TREO, the mineral concentrate grade will be a minimum of 10% TREO, while recovery will be in the 70% range. Rare earth mineral concentrating and cracking is proposed in the Ashram PEA to be completed on site with a 99.9% pure mixed rare earth carbonate ("**REC**") concentrate to be produced for the market.

The process plant is designed to produce a rare earth mineral concentrate by froth flotation. It will incorporate the following sections: run-of-mine ore storage, a one-stage crushing plant, crushed ore storage, SAG milling with screen classification followed by a single-stage ball milling with cyclone classification, flotation of the rare earth minerals, concentrate thickening and filtering, tailings handling, water and reagents distribution.

Cracking

Cracking of the mineral concentrates generated by Hazen is currently underway. Although only preliminary results are available, a TREO recovery of 95% is foreseen at the cracking plant based on applicable and well-known cracking techniques. Because the radioactivity of the mill concentrate is not fully quantified at this time (testwork results pending), for the purpose of this report, it is assumed thermal cracking will be done directly at the mine site with any radioactive material remaining on site. A trade-off study will be completed in pre-feasibility level evaluation to determine if it is more practical to complete cracking on site or at a location further south (e.g. near Montreal).

The major components of the Acid Cracking Section include the following units: roasting, leaching, calcium and fluorine removal, thorium and iron precipitation and removal, REE carbonate precipitation, centrifuging and drying of the REE carbonate, free of radioactivity. The potential by-product of phosphate, primarily from the cracking of monazite, is not considered in this economic evaluation. Further, the recovery of fluorite as a potential by-product is also not considered as part of this study.

A trade-off study will be completed during pre-feasibility work to evaluate conventional sulphuric acid cracking versus caustic cracking techniques. Both techniques are expected to be applicable based on the simple and well-known Ashram mineralogy. Such evaluation will assist in determining if a mixed REO product is more economic/practical than and mixed REC product.

Infrastructure

The on-site and off-site infrastructure will comprise: primary crushing and associated stockpiling area, camp and mill complex, waste rock stockpile, tailings storage facility, power plant, mine garage facility, acid and fuel farms, access roads, airstrip, concentrate storage shed and port facility.

Site roads will be located to provide access to all operational areas of the mine. A road will be built from the mine site to Kuujjuaq, mainly for the transportation of fuel, acid, chemicals plus other spare parts to the mine and for the shipping out of the REE carbonate to the port facility.

The camp and mill complex will be designed for a harsh environment and will include the following buildings: processing mill and laboratories, cracking plant, office complex, mine dry including shift change rooms, general maintenance work shop, mine garage, fuelling station, warehouse facility, staff and employees dormitories, kitchen/cafeteria, sulphuric acid depository, power house, emulsion plant, powder houses, garbage incineration plant and airstrip.

In addition, the recent announcement of the Quebec Government northern infrastructure and sustainable development plan (Plan Nord) and its potential impact on the Ashram Project is discussed in more detail in the Ashram PEA.

Power

The electrical power will be supplied by 5 x 3640 kW diesel generators with an output voltage of 4160 V at 60 Hz. Four of the units will operate permanently while the fifth one will be available as a stand-by unit. The generators will be located near the mill building as it has the largest loads. Excess heat from the power generators will be used to heat part of the camp buildings.

Tailings and Water Management

The mill and cracking plant tailings will be stored and confined into a dry natural valley or depression nearby the mining area. This valley or depression will be dammed and strategically located to take into account the environmental constraints. Decant water from the polishing pond will be reused at the process plant.

The mill and cracking plant tailings are not considered acid generating and will contain no deleterious elements or heavy metals that will necessitate the installation of a lime plant. Moreover, the tailings are not deemed to be radioactive since the amount of the only radioactive element (thorium) in the tailings will be, for all practical purposes, in the same order of magnitude as in the mill feed.

Environmental

(i) Provincial Jurisdiction - *Environment Quality Act*

Quebec's *Environment Quality Act* ("**EQA**") comprises two chapters. Chapter I set out general provisions including protection of living species, protection of the environment, environmental impact assessments, depollution attestation, land and water resource protection, residual material management, etc. The EQA states that no one shall alter the quality of the environment (Section 20) and provides a framework for activities likely to alter it, when unavoidable. Chapter II sets out provisions applicable to the James Bay and Northern Quebec Region.

The environmental assessment procedures established for northern projects vary according to whether the project is located south or north of the 55th parallel. Section 168 of the EQA defines the territory north of the 55th parallel as: "the whole territory located to the north of the 55th parallel, except in Category I and II lands for the Crees of Great Whale River". The Eldor Property is located within the territory described above (north of the 55th parallel and on Category III lands).

(ii) Federal Jurisdiction - *Canadian Environment Assessment Act*

Even though the Ashram Project is subject to a joint federal-provincial review panel, some distinct permits may be required to satisfy federal bodies such as Fisheries and Oceans Canada. However, it should be noted that the Federal Government has recently announced plans to amend certain aspects of the *Canadian Environment Assessment Act*.

(iii) Physical Environment

In terms of environment, the Ashram Project involves three main elements: the mine site, the road linking the mine site to Kuujjuaq, and the shipment port.

The Ashram Project will be subjected to an environment impact assessment potentially from both the federal and provincial governments. The environment impact assessments will measure the potential effects of the Ashram Project on the natural environment. Also, the Ashram Project will be subject to a socio-economic impact assessment, which will assess the potential effects of the Ashram Project on the human milieu. The water management plan for the mining-milling site will be developed during subsequent Ashram Project planning stages. No wastewater investigation has been completed to date but will be scheduled for the pre-feasibility study as part of the environment permitting review in order to specifically identify any issues or parameters of concern and treatment requirements.

Given the general nature of the resource being mined, acid rock drainage/metal leaching from the waste rock or the mill tailings are not a likely concern for the Ashram Project as the waste rock consists mainly of carbonates and sulphur is, for all practical purposes, absent. However, confirmatory testing is still required. At this time, even if metal leaching does not seem to be an issue, it will be tested along with the turbidity of the water discharging from the tailings pond.

Capital Cost Estimate

The total capital expenditure cost ("**CAPEX**") is estimated at an overall accuracy of ±30%. The CAPEX were defined by SGS using in-house database and the Mine & Mill Equipment Costs Estimator's Guide: Capital & Operating Costs (2010). The costs from the guide were updated to 2012 using an inflation rate of 4% per year. The total required investment is estimated at $763,000,000 and includes a contingency of 25%. The CAPEX assumes that all costs for the transport road and the port facility are covered entirely by the Company, with no potential outside assistance from third parties evaluated (e.g. Plan Nord).

Operating Cost Estimate

The operating costs ("**OPEX**") are estimated at an overall accuracy of ±30%. The OPEX were defined by SGS using in-house database and the Mine & Mill Equipment Costs Estimator's Guide: Capital & Operating Costs (2010). The costs from the guide were updated to 2012 using an inflation rate of 4% per year. The OPEX assumes that all costs for maintenance of the transport road and port facility are covered entirely by the Company, with no potential outside assistance from third parties evaluated (e.g. Plan Nord). The total OPEX for the mine and processing over the life of the mine is estimated at $3,331,850,000 which represents $95.20 per tonne of ore treated or $7.91 per kg of rare earth oxide ("**REO**") produced. Table 1-2 summarizes the main costs used to evaluate the Ashram Project economics.

Table 1-2: Operating Cost

Item	Cost	Unit
Mining	5.32**	$/t mined (RoM*)
G&A	47.70	$/t treated (RoM*)
Processing (flotation)	23.87	$/t treated (RoM*)
Processing (cracking)	17.40	$/t treated (RoM*)

**RoM = Run of mine, ** Equivalent to $6.23 per tonne treated*

Economic Analysis

The Ashram Project base case consolidated cash flow model is presented in Table 1-3. The economic analysis illustrates a base case for a 4,000 tpd operation (350 days per year) producing a 10% TREO mineral concentrate and further processing to a mixed REC product via a cracking stage on-site with an overall final recovery of 66.5% (70% to concentrate + 95% at cracking). Based on an open-pit head grade of 1.81% TREO, a total of approximately 36,000 tonnes of 99.9% pure mixed REC is anticipated to be produced annually, representing approximately 16,850 tonnes of REO. The economics of producing a mixed REO product directly on-site instead of a mixed REC product will be evaluated in subsequent studies.

Table 1-3: Ashram Base Case Consolidated Cash Flow Model

Item	Unit	Value
Pre-tax and Pre-finance NPV	$	2,317,600,000
Pre-tax and Pre-finance IRR	%	44
Pre-tax and Pre-finance Payback period*	year	2.25

Disclaimer: The Ashram PEA is preliminary in nature, it includes Inferred Mineral Resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as Mineral Reserves, and there is no certainty that the preliminary economic assessment will be realized.

Conclusion

Since the Ashram Project is certainly one of merit, it is recommended that the Company continue the metallurgical testing in order to establish the optimal flotation reagents and increase the concentrate grade. These metallurgical tests should be followed by a Pre-Feasibility Study supported by a pilot plant operation on a minimum 300-tonne sample. Pilot testing should include cracking of the flotation concentrate and further, evaluation of the optimal cracking technique and subsequent marketable product.

4.3.2 Blue River Project – Blue River, British Columbia

Summary of Blue River Report (Report dated June 21, 2013)

Key Outcomes

(i) Blue River Report (A Mineral Resource Update)

The key findings of the Blue River Report are summarized as follows:

- Indicated Category: 48.4 million tonnes @ 197 ppm Ta2O5 and 1,610 ppm Nb2O5
- Inferred Category: 5.4 million tonnes @ 191 ppm Ta2O5 and 1,760 ppm Nb2O5

The Mineral Resource is constrained within an underground mining shape prepared using the following economic assumptions:

- Mining cost – bulk mining method $US27/tonne
- Mining cost – selective mining method.....$US48/tonne
- Processing and refining cost $US15/tonne
- General and Administration.....$US3/tonne
- Base case scenario price of $US381/kg tantalum (Ta) metal in an oxide
- Base case scenario price of $US46/kg niobium (Nb) metal in an oxide
- Block Unit Value cut-off values of US$45/t for the bulk mining method and US$66/t for the selective mining method were used.

The operating cost assumptions reflect an average escalation of 12% over costs assumptions established for the Blue River Project in 2010. The Ta metal price assumptions reflect an approximate 20% increase over the price assumption used previously. Nb metal prices remain unchanged from 2010.

(ii) Blue River PEA

The Company completed the Blue River PEA in 2011. The findings of the Blue River PEA were summarized in the Blue River PEA. The 2013 Mineral Resource estimate has greater tonnes but similar grades compared with the Mineral Resource estimate used to support the Blue River PEA. However the Blue River PEA conceptual mine plan is based on a subset of the 2013 Mineral Resource estimate that is essentially unchanged since 2011. Capital and operating costs likely have increased since 2011 but the authors of the Blue River Report are assuming that any increase in costs have been offset by the increase in long term Ta price over the same period. AMEC concluded the Blue River PEA outcomes remain reasonable and valid in 2013.

The Blue River PEA resulted in the following outcomes:

- Estimated before tax 9.1% Internal Rate of Return
- Estimated before tax Net Present Value (8% discount rate) of CAD$18.5 million
- Estimated 6.3 years payback period
- Conceptual Capital cost of CAD$379 million
- Conceptual Operating cost of CAD$38.44/t milled
- Estimated average conceptual mine plan diluted grade of 185 ppm Ta2O5 and 1,591 ppm Nb2O5
- Conceptual Mine Life of 10 years

The analysis assumes the Upper Fir deposit will be mined by bulk underground mining methods, and that a Ta and Nb bearing concentrate will be prepared and refined on site to high-purity Ta and Nb chloride product that is suitable for several markets.

The economic analysis in the Blue River Report is presented on a pre-tax basis. If the Blue River Project is developed it will be subject to taxes which will result in cash flows and Net Present Value ("**NPV**") less than reported.

The Blue River Project economics are most sensitive to changes in exchange rate, commodity prices, and mining costs.

The Blue River PEA is preliminary in nature, and includes Inferred Mineral Resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as Mineral Reserves. There is no certainty that the Blue River PEA will be realized. The key outcomes of the Blue River PEA contain forward looking information. The assumptions and risks regarding those assumptions are summarized and explained in more detail in sections 14 and 22 of the Blue River Report.

Project Tenure

The Company holds a 100% interest in the Blue River Property mineral rights underlying approximately 1000 km2 of contiguous mineral claims situated 250 km north of the city of Kamloops, British Columbia (the "**Blue River Property**"). Legal access to the Blue River Property is provided through provisions in the British Columbia *Mineral Tenure Act*. The Blue River Property is accessed via a 4 km gravel road from BC Highway 5. Within the Blue River Property area, access is by forestry service and logging roads or by helicopter. A BC Hydro 136,000 volt power transmission line and a Canadian National railway are situated on the western margin of the Blue River Property. A Transalta Corp. 20 megawatt run-of-river hydroelectricity project is located on Bone Creek which runs through the Blue River Property.

The Company has completed all exploration work under a government multi-year Mineral Exploration Activities and Reclamation Permit. For exploration subsequent to 2012, an application to amend the permit will be submitted, if required.

The Company has initiated an assessment of nearby communities, as well as relevant regional government and planning organizations. First Nations engagement with respect to exploration activities began in May 2007 and will be continuing for the duration of the Blue River Project. Public engagement to date has included meetings with local councils (e.g., Valemount, Barrière) and informal discussions with local land-owners and in the town of Blue River.

AMEC is unaware of any royalties, back-in rights, agreements, or encumbrances attributed to the mineral rights. AMEC is not aware of any foreseeable reasons that additional exploration permit amendments would not be approved. AMEC is unaware of any known environmental liabilities on the Blue River Property other than drill site and drill road reclamation requirements covered by a reclamation security bond posted by the Company.

Project Geology

The Blue River Property is located within the north-eastern margin of the Shuswap Metamorphic Complex in the Omineca Belt. The area comprises polyfolded, metamorphosed Late Proterozoic supracrustal rocks of the Horsethief Creek Group and the overlying Kaza Group. The belt is continuous from the northern Selkirk Mountains in the southeast, through the Monashee Mountains, and into the Caribou Mountains in the northwest.

Eighteen dike- or sill-like carbonatite occurrences are hosted in the Mica Creek assemblage of the Horsethief Creek Group within the Blue River Property. The carbonatites were emplaced during the Devonian–Mississippian and were affected by regional deformation and metamorphism that occurred c.a. 170 Ma. Regional deformation has resulted in complex folded carbonatite and host rocks.

The Upper Fir carbonatite has average thicknesses of 30 m, ranging between 5 m to about 90 m thick, and with strike lengths ranging between 50 m to 1,100 m. Both dolomite carbonatite and calcite carbonatite occur within the Upper Fir carbonatite.

Mineralization comprises disseminated Ta- and Nb-bearing ferrocolumbite ((Fe,Mn,Mg)(Nb,Ta)2O6,) and pyrochlore ((Ca,Na,U)2(Nb,Ti,Ta)2O6(OH,F)).

Project Exploration

The Company acquired the property in 2000 and discovered the Upper Fir carbonatite in 2002. Since the Blue River Property acquisition, the Company has completed surface mapping, trenching, soil, rock chip, grab and channel sampling, core drilling, metallurgical testing, bulk sampling, environmental baseline studies, mineral resource estimation, and the Blue River PEA.

Project Drilling

The current database comprises a total of 303 diamond drill holes consisting of 62,780 m of HQ and NQ-diameter drilling. Core recovery is very good within the host and carbonatite rocks (typically >95%). Oriented-core geotechnical drilling was completed on six holes comprising 1,271 m. Down-hole geophysical surveys using optical and acoustic televiewers were completed on 24 drill holes.

Core sampling methods are consistent with industry standards. Drill-hole samples for assaying are collected on approximately 1 m interval lengths and cover an area approximately 1,600 m north–south by 1,000 m east-west. The entire carbonatite intersection and shoulder samples on each side of the intersection are sampled; geological contacts are generally respected. Average spacing between adjacent drill-holes is 40 m to 50 m; spacing between holes increases with depth. Specific gravity ("**SG**") of core is measured using a water immersion method. SG samples are generally taken at three-metre intervals. Independent wax-coated check sample SG measurements correlate well with field measurements.

PRA/Inspectorate of Richmond, B.C., has been the primary laboratory for sample preparation since 2009. Acme has been the primary laboratory for analysis since 2005. For core collected between 2005 and 2008, Ta and Nb were analyzed by inductively coupled plasma mass spectrometry ("**ICP-MS**") following a lithium metaborate / tetraborate fusion and nitric acid digestion. For core collected between 2009 and 2011, Ta and Nb were analyzed by ICP-MS and X-Ray fluorescence methods following a lithium metaborate fusion XRF(F). The sample quality control program has improved since the start of exploration by the Company. Quality control sample insertion rates are sufficient to assess adequacy of the assay results for Mineral Resource Estimation. The XRF(F) sample analysis results are considered sufficiently accurate to support mineral resource estimation without restrictions. No grade biases were observed but the provisional nature of Blue River Standards limits the ability to confirm that a grade bias does not exist. The ICP-MS sample analysis results used for the 2005 to 2008 drill core analysis provide adequate confidence to support mineral resource estimation but should only be used to support Indicated classification confidence. Problems with the ICP-MS procedures are apparent which suggest poor precision, and periodic significant underestimation of Ta and Nb grades occurs.

Based on independent verification through site visit inspections, procedure reviews and data transcription error checks, the collar coordinates, down-hole surveys, lithologies, and assay data are considered sufficiently free of errors and the data quality is suitable to support mineral resource estimation.

Metallurgical Testwork

The metallurgical testwork has shown that ferrocolumbite and pyrochlore are amenable to conventional flotation and proven refining processes with estimated recoveries of 65% to 70%. The first step of the process uses typical grinding followed by flotation to produce a concentrate. The secondary treatment or metal extraction of the material is possible by an existing method such as aluminothermic reduction followed by chlorine refining.

Variability work has confirmed the amenability of the material to the various components of the flowsheet. Although not optimized in the cleaning stages, the work indicates a range of 67.8% to 75% and 63.8% to 71.4% for the Ta and Nb recovery respectively to a final concentrate prior to the aluminothermic step. This open circuit variability work confirms the potential to achieve the recoveries used in the mine modelling.

Mineral Resource Estimation

The Mineral Resource was estimated inside a 3D wireframe carbonatite shape using 15,512 samples from 271 diamond drill holes totalling 59,110 m of HQ diameter core. The grade estimate is based on XRF(F) Ta and Nb results from 2009 to 2011 drilling and ICP-MS Ta and Nb results from drilling completed before 2009.

Capped drill core assays were composited down the hole to a fixed length of 2.5 m respecting lithological boundaries. The capped composite coefficients of variation are low and support the use of linear grade interpolation methods such as inverse distance methods. Ta2O5 and Nb2O5 grades were estimated in the carbonatite using an inverse distance to the power of 3 ("**ID3**") interpolation method. A four-pass grade interpolation approach was used with each successive pass having greater search distances. Specific gravity values were assigned by lithological unit.

The block model grades were validated by visual inspection comparing composites to block grades on-screen, declustered global statistics checks, local biases checks using swath plots, and model selectivity checks. No issues were identified that would materially affect the mineral resource estimate.

The current mineral resource classification at Blue River Project is restricted to Indicated or Inferred based on the following:

- Drill hole spacing is currently insufficient to support Measured Mineral Resources: the complex nature of the carbonatite limits confidence in the estimated tonnes
- Metallurgical testwork to support proof-of–concept of the refining process has not been completed
- ICP-MS precision and accuracy is insufficient to support measured mineral resources; blocks estimated primarily with ICP-MS results are limited to Indicated confidence

To assess reasonable prospects for economic extraction, the updated Mineral Resources have been constrained using a "Stope Analyzer" and assuming that the Blue River deposit would be mined utilizing self-supported, underground bulk mining methods processing at a rate of 7,500 tonnes per day.

Mining Methods

The Blue River Project conceptual mine plan assumes an owner-operated 7,500 t/d production plan using sub-level open stoping underground mining method with no backfill.

Vertical stopes oriented east–west with nominal dimensions of 30 m high, 15 m wide and 60 m long were selected. A 5 m-wide entry for the back was included in the design to reduce ground support requirements. The stope design assumes 2% internal dilution, 2% external dilution and 2% mining loss. Diluted grades of 185 ppm of Ta2O5 and 1,591 ppm of Nb2O5 were assumed. A 67.5% extraction rate for sub-level stoping was assumed for the Blue River PEA resulting in 25.0 Mt for the life-of-mine mineral resource. The 25 Mt life-of-mine mineral resource is a subset of the 2013 mineral resource estimate which remains essentially unchanged from the mineral resource used to support the Blue River PEA.

The stope faces will advance from the east to the west in a retreat manner. Once the maximum unsupported stable length of the stope has been reached, a pillar will be established, and mining will resume from a new stope.

The deposit will be accessed through two main portals. The Upper Portal will be used as the main entry, and will host most of the mine services. The Lower Portal will be used for haulage trucks access and will host the primary crusher and materials handling infrastructure. All entries, ramps, drifts and crosscuts will be 5 m wide by 5 m high. Ramps will be driven at grades to a maximum of 15%. Two ramps or adits will be driven to each area to provide

single-way traffic of haulage trucks and to facilitate ventilation. Top access crosscuts will be driven from the main ramps to each level on vertical intervals between 20 m to 30 m. Stope access crosscuts will be driven along the levels from west to east. Bottom-access crosscuts are driven to function as mucking drifts.

The mine plan assumes conventional drilling using electro-hydraulic jumbos for face drift rounds and electro-hydraulic long-hole drills for stope drilling. Blasting will use emulsion type explosives.

Mined material will be extracted using remote-controlled load-haul-dump loaders ("**LHD**"), loaded into haulage trucks at the end of each stope crosscut, and taken to the primary crusher surface stockpile located at the Lower Portal. Crushed material will be transferred to the process plant by a belt conveyor.

Waste rock will be transferred by the belt conveyor to a stockpile by the plant site and then hauled to the co-disposal site. Waste rock from development will initially be utilized for construction of a structural shell for the tailings co-disposal site.

The mine infrastructure requirements includes mine portals, access roads to portals, underground maintenance bays, ventilation and heating systems, air compressors, fuel tanks, explosives magazines, water management infrastructure, electrical transformers and ancillary equipment. Underground mine services will be distributed to the mine via adits from the portals. The main power substation and the air compressors will be installed in facilities located adjacent to the Upper Portal. Portable self-contained refuge stations will be located at convenient underground locations.

The mine plan assumes 12,000 m of preproduction development and annual development decreasing from 15,000 m in the first full production year to about 2,150 m in the final year. Production is forecast at 2.7 Mt/a of mineralized material for 10 years. The total development is estimated at 92,500 m through the life-of-mine.

Proposed major mining and support equipment required for mining, and tailings and waste disposal includes allowances for equipment utilization and availability on a yearly basis.

The mine plan assumes three 8-hour shifts per day, 360 days per year with an equivalent of 4.5 mine crews working a rotating schedule of seven days a week and three crews working a scheduled five days a week.

Recovery Methods

The design for the process facilities considered a nominal processing capacity of 7,500 t/d. Where data were not available, AMEC developed sizing and selection criteria for equipment based on comparable industry applications, benchmarking, and the use of modern modelling and simulation techniques.

A mineral processing method using a standard grind-flotation procedure to make a concentrate of ferrocolumbite-pyrochlore is assumed. Run of mine mineralized material will be crushed to minus 5/8" and fed into a comminution circuit comprised of a rod and ball mill using cycloning for classification. After grinding, the flotation feed will be de-slimed using high frequency fine screens and cyclones. The coarse product resulting from de-sliming will be sent to four concentration steps that will include pyrrhotite flotation, carbonate flotation, and magnetite separation with all three concentrates from these processes reporting to tailings. The fourth step, pyrochlore flotation, will recover a concentrate which is reground and cleaned in five stages of cleaning. The mass of material will be reduced substantially, to less than 1% of the feed into the plant. Metallurgical testing indicates a mineral concentrate assaying about 30% combined Nb–Ta pentoxide within the recovery range of 65% to 70% is possible.

This concentrate would be further processed to produce separate Ta and Nb products. The proposed processes consist of reducing the concentrate to metals as ferroalloys in a standard aluminothermic furnace followed by chlorinating the alloys and distilling the product to separate high purity metal chlorides, TaCl5 and NbCl5. Recoveries from concentrate to pure chlorides are expected to be 97%. Both Ta and Nb chloride products are then readily converted and marketed as high purity oxides Ta2O5 and Nb2O5 respectively. The proposed processes are mature and are already used industrially.

Project Infrastructure

The plant site will be located about 4 km south of the Upper and Lower portals and will include:

- A secondary crusher area
- A conveyor from the secondary crusher to process building
- A 22 m by 52 m steel structure process building
- A 15 m diameter tailing thickener
- A two-story, multi-purpose plant service building
- A 24 m by 36m truck shop
- A 24 m by 50 m Coverall-type fabric warehouse

The plant site will include a potable water system designed to service buildings and a process/administration workforce of 120 persons. No on-site permanent accommodation will be provided for personnel. A modular sewage treatment system will be installed as part of the initial construction infrastructure. Waste-water treatment sludge will be trucked away to a nearby municipal facility or approved landfill. Waste lubrication and hydraulic oils from vehicle maintenance will be stored in dedicated tanks and sent to a recycling facility offsite.

Two main haul roads are required, one from the mine portals to the plant site, and the other from the site to the co-disposal facility, approximately 8 km in length. An 80m plant site access road and a 1.5 km service road from the mine haul road to the Upper Portal are also required. An 80 m-long bridge crossing over the Thompson River will replace an existing bridge.

A filtered tailing drystack and waste rock co-disposal facility is planned for the project. The facility will require 15.9 Mm3 of storage space for tailings drystacks and 1.7 Mm3 for waste rock. A site approximately 500 m above and 8 km by road east of the plant site was chosen as most suitable for this facility. The co-disposal area has a total capacity of 20 Mm3. The conceptual drystack design assumes 2H:1V slopes to accommodate steep topography. Contact run-off water will be collected and potentially treated prior to release, whereas the clean water will be diverted around the facility and into the creeks downstream of the facility. At mine closure, the surface of the drystack will be sloped and contoured for drainage, covered with an appropriate material and vegetated to enhance erosion protection.

Market Studies and Contracts

The Blue River Project is at an early evaluation stage. The Company has not initiated requests for expression of interests from potential buyers of the proposed Ta and Nb products and has not negotiated any purchases or off-take agreements.

An assessment of the Ta market was prepared for the Company by a non-independent expert. The assessment reflects the general consensus of other analysts regarding the supply and demand of Ta which is changing in response to market conditions including reduced production, increased concerns about conflict-Ta production in Africa, depletion of known strategic stockpiles, and curtailed exports from China. Ta prices have increases coincident with this volatility.

An assessment of the Nb market was prepared for the Company by an independent Nb expert. This assessment also reflected the general consensus of other analysts regarding the supply and demand for Nb which is relatively stable compared to the Ta market.

Environmental Studies, Permitting and Social or Community Impact

The Company initiated baseline environmental studies for the Blue River Project in 2006. In July 2006 Gartner Lee Ltd ("**GLL**") completed a Regulatory Overview of the Blue River Project and Local Study Areas and Regional

Study Areas were selected for the various biophysical disciplines based on the Blue River Project footprint as it was understood at that time.

Field studies were conducted in 2006 and 2007 by GLL and continued in 2008 by AECOM Technology Corp. By the end of the 2008 field investigations, the larger part of the necessary baseline studies which could be carried out without a more certain understanding of final project footprint had been completed. Water quality and water flow from monitoring by Summit Environmental Consultants Inc. began in 2008 and continued to the end of 2012. In 2011 a vegetation and soils survey was initiated to assess metals uptake over the deposit and kinetic test work on select samples based on the prior static test results was initiated to assess Acid Rock Drainage/Metal Leaching.

Initial assessments have been completed of the individual communities nearby as well as relevant regional government and planning organizations. First Nations engagement with respect to exploration activities began in May 2007 and will be continuing for the duration of the project. Public engagement to date has included meetings with local councils (e.g., Valemount, Barriere) and informal discussions with local land-owners and the town of Blue River.

Capital and Operating Costs

The total estimated capital cost to design and build the Blue River Project is estimated at CAD$379 million. All capital costs are expressed in 2011 Canadian (CAD) dollars. At the time of the preparation of the Blue River PEA no allowance was included for escalation, interest or financing fees, taxes or duties, or working capital during construction. The level of accuracy for the estimate is +40/-20% of estimated final costs. The estimated costs include the direct field costs required to execute the project, plus the Owner's indirect costs associated with design, construction, and commissioning. The preproduction costs are capitalized and include all the expenditures before Year 1 of production. The capital cost estimate is summarized in Table 1-1.

Table 1-1: Summary of Estimated Capital Costs

Item	Total (CAD$000's)	2011 (CAD$000's)	2012 (CAD$000's)
Project year		1	2
Production year		-2	-1
Capital expenditure			
Initial Capital Infrastructure	29,491	10,322	19,169
Process Initial Capital	116,240	40,684	75,556
Mining Initial Capital	89,420		89,420
Material Handling	8,000		8,000
Contingency	43,613	12,751	30,862
Indirect/Owner Costs	92,268	29,627	62,641
Total	**379,032**	**93,385**	**285,647**

Operating costs over the life-of-mine are estimated at CAD$38.44/t milled. All operating costs are expressed in 2011 Canadian (CAD) dollars. At the time of the preparation of the Blue River PEA no allowance was included for escalation. The operating costs are based on an owner-operated mining fleet and process facility and include mining, process, and overall general and administrative costs ("**G&A**"). The estimates are based on the staffing level, consumables, and expenditures detailed as part of the underground mine plan and process design. Average operating costs are listed in Table 1-2.

Table 1-2: Average Life-of-Mine Operating Cost Summary

Summary of Average Production Costs	LOM Total (CAD$000's)	Cost per Tonne Milled (CAD$/t)
Mining	528,937	21.16
Process	338,500	13.54
Material Handling	18,516	0.74
G&A	74,998	3.00
Sub-total	**960,951**	**38.44**

Economic Analysis

The financial analysis is partly based on inferred mineral resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as mineral reserves, and there is no certainty that the Blue River PEA based on these mineral resources will be realized. Approximately 15% of the mineral resources that were included in the financial model are classified as inferred mineral resources.

The results of the economic analyses discussed in this section represent forward-looking information as defined under Canadian securities law. The results depend on inputs that are subject to a number of known and unknown risks, uncertainties and other factors that may cause actual results to differ materially from those presented in the Blue River Report.

Information that is forward-looking includes:

- Mineral resource estimates
- Assumed commodity prices and exchange rates
- Estimated capital and operating costs
- The proposed mine production plan
- Projected recovery rates
- Infrastructure construction costs and schedules
- Assumptions that an EA will be approved by Provincial and Federal authorities.

The financial model is based on a discounted cash flow ("**DCF**") analysis. Cash inflows consist of annual revenue projections for the mine and two years of preproduction. Cash outflows such as capital and operating costs are subtracted from the inflows to arrive at the annual cash flow projections.

The resulting net annual cash flows are discounted back to the date of valuation end-of-year 2011 dollars and totaled to determine NPV at the selected discount rate. The Internal Rate of Return ("**IRR**") is calculated as the discount rate that yields a zero NPV. The payback period is calculated as the time needed to recover the initial capital spent.

The economic assessment Base Case (8% discount rate) returns an NPV of CAD$18.5 million before tax.

Table 1-3 summarizes the NPV at a range of discount rates, with the Base Case highlighted.

Table 1-3: Summary Financial Analysis at Various Discount Rates (base case is highlighted)

Summary of Cash Flow		Pre-tax
Cumulative net cash flow		
Undiscounted	CAD$000	236,631
Net present value		
Discounted at 5%	CAD$000	80,349

Table 1-3: Summary Financial Analysis at Various Discount Rates (base case is highlighted)

Summary of Cash Flow		Pre-tax
Discounted at 6%	CAD$000	57,612
Discounted at 7%	CAD$000	37,064
Discounted at 8% (Project Base Case)	CAD$000	18,487
Discounted at 9%	CAD$000	1,685
Discounted at 10%	CAD$000	(13,514)
Internal rate of return	%	9.1
Payback period	Years	6.3

Note: An exchange rate of US$0.95 to CAD$1.00 is used for all years of the financial model.

Using the Brook Hunt convention for reporting C1 cash costs[4], the C1 cash cost of Ta is CAD$24.91/kg contained in oxide product (after credit for Nb contribution) as shown in Table 1-4. The cash cost value represents the cost incurred to produce 1 kg of primary product after deducting the revenue from sales of secondary products. Since the price analysis for the report was performed around Ta price variation, Ta is chosen as the main product and Nb is treated as the secondary product for the assessment of cash cost.

The cash cost for production during the earlier years of the proposed mining operation is CAD$57/kg Ta and decreases over the life of the mine. The major driver behind the changing costs is the decrease in the mining costs over the life-of-mine. In the last three years of operation, the revenue generated from Nb exceeds the total operating costs (mining, processing and G&A). The mining cost for the entire Blue River Project (i.e. mining cost of both Ta and Nb) drops from an average of CAD$24/t in the first few years to CAD$18/t in the last year of full production.

The Blue River Project is most sensitive to changes in exchange rate, mining costs, and commodity prices. Since the sales currency is US dollars and operational costs are in Canadian dollars, a rising US dollar value versus Canadian dollar value improves the mine profitability. The project is more sensitive to changes in operating expenditures than capital expenditures. Sensitivities are illustrated in Figure 1-1 for the 8% discount Base Case rate.

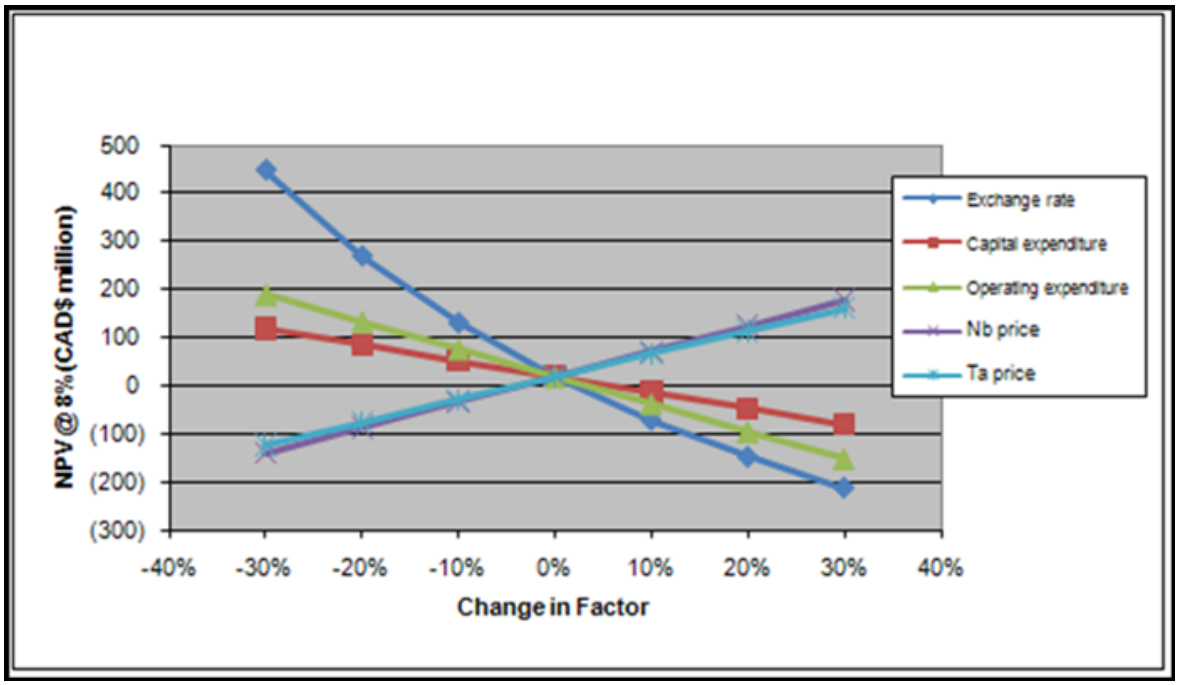
Table 1-4: Life of Mine Cash Cost Summary

Section	LOM Total (CAD$000's)	Cost per Tonne Milled (CAD$/t)	Cost per Kilogram Ta Payable (CAD$/kg)
Cash costs			
Mining	528,937	21.16	220.13
Process	338,500	13.54	140.87
G&A	74,998	3.00	31.21
Material Handling	18,516	0.74	7.71
Sub-total	960,951	38.44	399.22
Credits			
Nb	901,094	36.04	375.01
Sub-total	901,094	36.04	375.01
Adjusted cash costs			
Total	**59,857**	**2.40**	**24.91**

Note: The figures in this table do not include considerations of working capital

4. Brook Hunt, established in 1975, is a global group that specializes in in-depth market analysis across the mining and metals industries. Brook Hunt has established a method of comparison of costs between projects, countries and commodities that is considered an industry standard. C1 cash costs are defined by Brook Hunt as: the costs of mining, milling and concentrating, onsite administration and general expenses, property and production royalties not related to revenues or profits, metal concentrate treatment charges, and freight and marketing costs less the net value of by-product credits.

Figure 1-1: Sensitivity Summary, 8% Discount Rate



Interpretation and Conclusions

The Blue River Report mineral resource update is based on information of reasonable quantity and quality. The collar location, down-hole survey, lithological, geotechnical, and drill core sample data were collected using appropriate methods. The database is reasonable free of transcription errors.

Ta and Nb occur within the minerals pyrochlore and ferrocolumbite and are amenable to conventional flotation and proven refining processes with estimated recoveries of 65% to 70%. The industrial processes proposed for the production of high-quality Ta and Nb products from the concentrates have not been tested using material from the Blue River Project but are known processes that are not expected to be difficult to develop for the project.

The 2013 Mineral Resource is larger than the 2011 Mineral Resource used to prepare the 2011 25 Mt life-of-mine plan and represents an opportunity to extend the life-of-mine plan. The potential increase in the life-of-mine plan and the impact of it on the economics of the Blue River Project has not been examined.

The market for Ta remains volatile; the current Ta metal price has increased since 2011 in response to the volatility. The market for Nb remains relatively stable; the current Nb price is unchanged since 2011. Actual prices for these commodities will be negotiated through contracts. The Company has not initiated contract negotiations or requests for expressions of interests from potential buyers of the proposed Ta and Nb products but is not unusual considering the early stage of the Blue River Project.

The capital and operating costs reported herein remain unchanged from those used in preparation of the Blue River PEA in 2011. AMEC assumes cost escalations that likely have occurred since 2011 are off-set by Ta metal price increases over the same period and consequently that the outcome of the economic analysis reported in 2011 remains valid.

Opportunities remain to improve the economics of the project including:

- Optimization of the mine plan by mining higher-grade zones earlier in the mine life
- Optimization of the mine plan to minimize development costs
- Preparation of a geotechnical model to examine opportunities to increase the size of stopes

There are risks to the project including:

- The Mineral Resource estimate is supported by current Ta and Nb prices which are higher than historic average prices and may not reflect long term prices.
- The proposed refining methods have been used in commercial applications but have not been demonstrated in test work of Blue River material.
- A water treatment plant for the tailings facility may be required and may result in increased capital costs.

Recommendations

Should the Company decide to advance the project, then AMEC recommends a $13.9M work program to support a Prefeasibility Study that consists of infill, step-out and condemnation drilling, metallurgical test work, and mine, co-disposal facility, environmental, and marketing studies. The proposed work, estimated to take two years to complete, is summarized in Table 1-5. Details of the proposed work are provided in Section 26 of the Blue River Report.

Table 1-5: Summary of Proposed Work to Support a Prefeasibility Study

Task	Estimated Budget	Comment
Assay Quality Control	$50,000	Prepare Standards for Accuracy monitoring
Local Anisotropic Kriging mineral resource estimate	$40,000	Improve local grade estimate
Drilling	$5,460,000	125 Infill, step-out, hydrological, and condemnation holes totalling 27,300m
Mineral Resource Update	$400,000	Geologic interpretation and grade estimation incorporate all new drill hole results
Mining studies	$750,000	Geotechnical and hydrological models, mining method, access, and ventilation
Metallurgical testwork	$1,550,000	Flotation, filtration, and hardness testwork. Preparation of concentrate. Aluminothermic and Chlorination testwork
Co-Disposal studies	$400,000	Geotechnical/hydrological, design
Waste Rock Characterization	$350,000	Static and kinetic geochemical testing
Environmental	$400,000	Extend base line studies to local infrastructure
Marketing Studies	$100,000	Examine marketing requirements
Project Management	$2,400,000	
SubTotal	**11,900,000**	
Contingency	$2,000,000	
Total	**$13,900,000**	

ITEM 5. DIVIDENDS

5.1 Dividends

The Company has not paid any dividends since its incorporation. Any determination to pay any future dividends will remain at the discretion of the Company's Board and will be made based on the Company's financial condition and other factors deemed relevant by the Board.

ITEM 6. DESCRIPTION OF SHARE CAPITAL

6.1 Common Shares

The Company is authorized to issue an unlimited number of Shares without par value. As of February 17, 2015, 216,462,364 Shares were issued and outstanding. The holders of the Shares are entitled to one vote for each Share held on all matters to be voted on by such holders and are entitled to receive, pro rata, such dividends as may be declared by the Board out of funds legally available therefor, and to receive, pro rata, the remaining property of the Company on a liquidation, dissolution or winding-up of the Company.

ITEM 7. MARKET FOR SECURITIES

7.1 Trading Price and Volume

The Shares are listed and posted for trading on the TSX-V under the symbol "CCE". The table below sets forth the high and low closing prices and the volumes for the Shares traded through the TSX-V on a monthly basis for the year ended October 31, 2013, as stated in Canadian dollars.

	High	Low	Volume
November 2012	$0.19	$0.14	2,487,677
December 2012	$0.15	$0.13	1,639,145
January 2013	$0.19	$0.15	2,220,268
February 2013	$0.17	$0.13	2,122,434
March 2013	$0.13	$0.09	4,697,630
April 2013	$0.10	$0.08	2,046,857
May 2013	$0.09	$0.07	3,040,226
June 2013	$0.08	$0.06	2,968,153
July 2013	$0.08	$0.07	2,909,045
August 2013	$0.08	$0.06	1,638,178
September 2013	$0.08	$0.06	2,615,079
October 2013	$0.09	$0.06	1,498,358

7.2 Prior Sales

See "General Development of the Business – Three Year History" for securities issued during the most recently completed financial year (and other prior years).

ITEM 8. ESCROW SECURITIES AND SECURITIES SUBJECT TO CONTRACTUAL RESTRICTIONS ON TRANSFER

8.1 Escrowed Securities and Securities Subject to Contractual Restriction on Transfer

As of the date of this AIF, none of the Company's securities are held in escrow or subject to contractual restrictions on transfer.

ITEM 9. DIRECTORS AND OFFICERS

9.1 Name, Occupation and Security Holding

At present, the directors of the Company are elected at each annual general meeting and hold office until the next annual general meeting, or until their successors are duly elected or appointed in accordance with the Company's Articles or until such director's earlier death, resignation or removal. The Board currently consists of Axel Hoppe, David Hodge, Christopher Grove, Jody Dahrouge, Sven Olsson, Ian Graham and Jenna Hardy.

The following table sets forth, for each of the directors and executive officers of the Company, the individual's name, municipality of residence, position held with the Company, principal occupation and, in the case of the directors, the period during which the individual has served as a director of the Company**:**

Name Province and Country of Residence and Position(s) with the Company[(1)]	**Principal Occupation Business or Employment for Last Five Years**	**Periods during which Nominee has Served as a Director**	**Number and Percentage of Shares Owned[(1)]**
Axel Hoppe Niedersachsen, Germany *Chairman and Director*	Businessperson; General Manager of H.C. Starck from 1990 to 2008	April 22, 2008	200,000[(2)]
David Hodge British Columbia, Canada Chief Executive Officer and Director	Businessperson and President of the Company; President, CEO and Director of Zimtu Capital Corp.; President, CEO; Director of Western Potash Corp.; Director of Pasinex Resources Ltd.; Director of Equitas Resources Corp.; Directors of Lakeland Resources Inc.; President of Prima Diamond Corp.	May 19, 1999	219,097[(3)]
Christopher Grove British Columbia, Canada President and Director	Businessperson; Corporate Communications for the Company since 2004.	November 16, 2012 (President September 15, 2014)	41,600[(4)]
Jody Dahrouge[(5)] Alberta, Canada Director	Professional Geologist; Principal of Dahrouge Geological Ltd.	January 28, 2000	1,386,972[(6)]
Sven Olsson[(5)] Goppingen, Germany Director	Businessperson; former Analyst with AXINO AG; Director of Zimtu Capital Corp.; Director of Pasinex Resources Limited.	May 8, 2009	30,000[(7)]
Ian Graham[(5)] British Columbia, Canada Director	Businessperson and Professional Geologist.	October 19, 2009	Nil[(8)]
Jenna Hardy British Columbia, Canada Director	Businessperson, Principal of Nimbus Management Ltd. and Professional Geologist.	October 25, 2011	Nil[(9)]

Name Province and Country of Residence and Position(s) with the Company[(1)]	Principal Occupation Business or Employment for Last Five Years	Periods during which Nominee has Served as a Director	Number and Percentage of Shares Owned[(1)]
Jody Bellefleur British Columbia, Canada Chief Financial Officer	CFO of the Company; CFO of Zimtu Capital Corp.; CFO of Pasinex Resources Ltd.; CFO of Equitas Resources Corp.; CFO of Lakeland Resources Inc; CFO of Capstream Ventures Inc., CFO of Prima Diamond Corp. and CFO of Electra Stone Ltd.	October 19, 2010 (executive officer only)	15,000[(10)]

(1) The information as to country of residence and principal occupation, and Shares beneficially owned or over which a director exercises control or direction, as at February 18, 2015, not being within the knowledge of the Company, has been furnished by the respective nominees as at the date of this AIF.

(2) Dr. Hoppe holds 1,000,000 stock options exercisable into Shares that are not included in the total.

(3) Mr. Hodge holds 132,525 Shares directly, and 86,572 Shares indirectly through his spouse, Deborah Hodge. Mr. Hodge also directly holds 1,450,000 stock options not included in the total.

(4) Mr. Grove holds 700,000 stock options exercisable into Shares which are not included in the total.

(5) Member of the audit committee

(6) Mr. Dahrouge holds 894,427 Shares directly and 492,545 indirectly through Dahrouge Geological Consulting Ltd., a company owned and controlled by Mr. Dahrouge. Mr. Dahrouge holds 1,200,000 stock options which are exercisable into Shares that are not included in the total.

(7) Mr. Olsson holds 600,000 stock options exercisable into Shares which are not included in the total.

(8) Mr. Graham holds 450,000 stock options exercisable into Shares that are not included in the total.

(9) Ms. Hardy directly holds 300,000 stock options exercisable into Shares and indirectly holds 50,000 stock options through Nimbus Management Ltd., a company owned and controlled 100% by Ms. Hardy, which are not included in the total.

(10) Ms. Bellefleur holds 40,000 stock options exercisable into Shares which are not included in the total.

9.2 Corporate Cease Trade Orders

To the best of management's knowledge, no director or executive officer of the Company is or has been within 10 years before the date of this AIF, a director, CEO or chief financial officer CFO of any company that: (i) while that person was acting in that capacity, was the subject of a cease trade or similar order or an order that denied that person or company access to any exemption under securities legislation for a period of more than 30 consecutive days, or (ii) was subject to a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days, that was issued after the director or executive officer ceased to be a director, CEO or CFO and which resulted from an event that occurred while that person was acting in the capacity of director, CEO or CFO.

9.3 Bankruptcies

To the best of management's knowledge, no director, executive officer or shareholder holding a sufficient number of Shares to materially affect control of the Company: (i) is or has been within the 10 years before the date of this AIF, a director or executive officer of any 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 the 10 years before the date of this AIF, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or became subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold its assets.

9.4 Conflicts of Interest

In the event conflicts arise at a meeting of the Board, a director who has such a conflict will declare the conflict and abstain from voting. In appropriate cases, the Company will establish a special committee of independent non-executive directors (drawn from the majority of its members who must at all times be "independent" within the meaning of National Instrument 52-110 of the Canadian Securities Administrators ("**NI 52-110**")) to review a matter in which one or more directors or management may have a conflict.

To the best of the Company's knowledge, there are no known existing or potential conflicts of interest between the Company and any director or officer of the Company, except that certain of the directors of the Company serve as directors and officers of other public companies and it is therefore possible that a conflict may arise between their duties as a director or officer of the Company and their duties as a director or officer of such other companies. Where such conflicts arise, they will be addressed as indicated above.

Audit Committee Disclosure

NI 52-110 requires the Company to disclose annually in its AIF certain information concerning the constitution of its Audit Committee and its relationship with its independent auditor.

Audit Committee Charter

The full text of the Audit Committee Charter is as follows:

Mandate: The primary function of the audit committee (the "**Committee**") is to assist the Board in fulfilling its financial oversight responsibilities by reviewing the financial reports and other financial information provided by the Company to regulatory authorities and shareholders, the Company's systems of internal controls regarding finance and accounting and the Company's auditing, accounting and financial reporting processes. The Committee's primary duties and responsibilities are to serve as an independent and objective party to monitor the Company's financial reporting and internal control system and review the Company's financial statements, review and appraise the performance of the Company's external auditor; and provide an open avenue of communication among the Company's auditor, financial and senior management and the Board.

Composition: The Committee shall be comprised of a minimum three directors as determined by the Board. If the Company ceases to be a "venture issuer" (as that term is defined in NI 52-110), then all of the members of the Committee shall be free from any material relationship with the Company that, in the opinion of the Board, would interfere with the exercise of their independent judgment as a member of the Committee.

If the Company ceases to be a "venture issuer" then all members of the Committee shall also have accounting or related financial management expertise. For the purposes of the Company's Audit Committee Charter, the definition of "financially literate" is the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Company's financial statements. The members of the Committee shall be elected by the Board at its first meeting following the annual shareholders' meeting. Unless a Chair is elected by the full Board, the members of the Committee may designate a Chair by a majority vote of the full Committee membership.

Meetings: The Committee shall meet a least once annually, or more frequently as circumstances dictate or as may be prescribed by securities regulatory requirements. As part of its job to foster open communication, the Committee will meet at least annually with the Chief Financial Officer and the external auditor.

Responsibilities and Duties: To fulfill its responsibilities and duties, the Committee shall:

1. Documents/Reports Review: review and update the Audit Committee Charter annually and review the Company's financial statements, management discussion and analysis and any annual and interim earnings press releases before the Company publicly discloses this information and any reports or other financial

information (including quarterly financial statements), which are submitted to any governmental body, or to the public, including any certification, report, opinion, or review rendered by the external auditor.

2. External Auditor:

   (a) review annually, the performance of the external auditor who shall be ultimately accountable to the Board and the Committee as representatives of the shareholders of the Company;

   (b) obtain annually, a formal written statement of external auditor setting forth all relationships between the external auditor and the Company and review and discuss with the external auditor any disclosed relationships or services that may impact the objectivity and independence of the external auditor;

   (c) take, or recommend that the Board take, appropriate action to oversee the independence of the external auditor, including the resolution of disagreements between management and the external auditor regarding financial reporting;

   (d) recommend to the Board the selection and, where applicable, the replacement of the external auditor nominated annually for shareholder approval and to recommend to the Board the compensation to be paid to the external auditor;

   (e) at each meeting, where desired, consult with the external auditor, without the presence of management, about the quality of the Company's accounting principles, internal controls and the completeness and accuracy of the Company's financial statements;

   (f) review and approve the Company's hiring policies regarding partners, employees and former partners and employees of the present and former external auditor of the Company;

   (g) review with management and the external auditor the audit plan for the year-end financial statements and review and pre-approve all audit and audit-related services and the fees and other compensation related thereto, and any non-audit services, provided by the Company's external auditor. The pre-approval requirement is waived with respect to the provision of non-audit services if:

      (i) the aggregate amount of all such non-audit services provided to the Company constitutes not more than five percent of the total amount of revenues paid by the Company to its external auditor during the fiscal year in which the non-audit services are provided,

      (ii) such services were not recognized by the Company at the time of the engagement to be non-audit services, and

      (iii) such services are promptly brought to the attention of the Committee by the Company and approved prior to the completion of the audit by the Committee or by one or more members of the Committee who are members of the Board to whom authority to grant such approvals has been delegated by the Committee.

Provided the pre-approval of the non-audit services is presented to the Committee's first scheduled meeting following such approval, such authority may be delegated by the Committee to one or more independent members of the Committee.

3. Financial Reporting Processes:

   (a) in consultation with the external auditor, review with management the integrity of the Company's financial reporting process, both internal and external;

(b) consider the external auditor' judgments about the quality and appropriateness of the Company's accounting principles as applied in its financial reporting;

(c) consider and approve, if appropriate, changes to the Company's auditing and accounting principles and practices as suggested by the external auditor and management;

(d) review significant judgments made by management in the preparation of the financial statements and the view of the external auditor as to appropriateness of such judgments;

(e) following completion of the annual audit, review separately with management and the external auditor any significant difficulties encountered during the course of the audit, including any restrictions on the scope of work or access to required information;

(f) review any significant disagreement among management and the external auditor in connection with the preparation of the financial statements;

(g) review with the external auditor and management the extent to which changes and improvements in financial or accounting practices have been implemented;

(h) review any complaints or concerns about any questionable accounting, internal accounting controls or auditing matters;

(i) review certification process;

(j) establish a procedure for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters; and

(k) establish a procedure for the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.

4. *Other* - review any related-party transactions, engage independent counsel and other advisors as it determines necessary to carry out its duties and to set and pay compensation for any independent counsel and other advisors employed by the Committee.

Composition of the Audit Committee

The Company's Audit Committee is comprised of three directors consisting of Ian Graham, Jody Dahrouge and Sven Olsson. As defined in NI 52-110, Jody Dahrouge is not independent as a company wholly owned by Mr. Dahrouge provides geological consulting services to the Company. All of the Audit Committee members are "financially literate", as defined in NI 52-110, as all have the industry experience necessary to understand and analyze financial statements of the Company, as well as the understanding of internal controls and procedures necessary for financial reporting.

The Audit Committee is responsible for review of both interim and annual financial statements for the Company. For the purposes of performing their duties, the members of the Audit Committee have the right at all times, to inspect all the books and financial records of the Company and any subsidiaries and to discuss with management and the external auditors of the Company any accounts, records and matters relating to the financial statements of the Company. The audit committee members meet periodically with management and annually with the external auditors.

Relevant Education and Experience

All of the members of the Audit Committee are able to understand and interpret information related to financial statement analysis. Each of the members of the Audit Committee has a general understanding of the accounting

principles used by the Company to prepare its financial statements and will seek clarification from the Company's auditors, where required. Each of the members of the Audit Committee also has direct experience in understanding accounting principles for private and reporting companies.

Audit Committee Oversight

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

Reliance on Certain Exemptions

Since the commencement of the Company's most recently completed financial year, the Company has not relied on the exemptions contained in sections 2.4 or 8 of NI 52-110. Section 2.4 *(De Minimis Non-audit Services)* provides an exemption from the requirement that the Audit Committee must pre-approve all non-audit services to be provided by the auditor, where the total amount of fees related to the non-audit services are not expected to exceed 5% of the total fees payable to the auditor in the fiscal year in which the non-audit services were provided. Section 8 *(Exemptions)* permits a company to apply to a securities regulatory authority for an exemption from the requirements of NI 52-110 in whole or in part.

Pre-Approval Policies and Procedures

The Audit Committee has adopted specific policies and procedures for the engagement of non-audit services as set out in the Audit Committee Charter of the Company.

External Auditor Service Fees

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

The aggregate fees billed by the Company's external auditor in the last two fiscal years, by category, are as follows:

Financial Year Ended October 31	Audit Fees	Audit Related Fees	Tax Fees	All Other Fees
2013	$35,760	Nil	$3,000	$Nil
2012	$40,700	$Nil	$4,000	$1,500

Exemption

The Company is relying on the exemption provided by section 6.1 of NI 52-110 which provides that the Company, as a venture issuer, is not required to comply with Part 3 (*Composition of the Audit Committee*) and Part 5 (*Reporting Obligations*) of NI 52-110.

ITEM 10. LEGAL PROCEEDINGS AND REGULATORY ACTIONS

10.1 Legal Proceedings

The Company is not currently subject to any legal proceedings or claims nor was it a party to any such proceedings during the year ended October 31, 2013.

10.2 Regulatory Actions

The Company was not subject to any regulatory actions during the year ended October 31, 2013.

ITEM 11. INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

11.1 Interest of Management and Others in Material Transactions

Except as otherwise disclosed herein, no: (a) director, proposed director or executive officer of the Company; (b) person or company who beneficially owns, directly or indirectly, Shares or who exercises control or direction of Shares, or a combination of both carrying more than ten percent of the voting rights attached to the Shares outstanding (an "**Insider**"); (c) director or executive officer of an Insider; or (d) associate or affiliate of any of the directors, executive officers or Insiders, has had any material interest, direct or indirect, in any transaction since the commencement of the Company's most recently completed financial year or in any proposed transaction which has materially affected or would materially affect the Company, except with an interest arising from the ownership of Shares where such person or company will receive no extra or special benefit or advantage not shared on a pro rata basis by all holders of the same class of Shares.

ITEM 12. TRANSFER AGENTS AND REGISTRARS

12.1 Transfer Agents and Registrars

The transfer agent and registrar for the Shares is Computershare Trust Company of Canada in Vancouver, British Columbia. The register of transfers for the Shares is located at Computershare's office in Vancouver, British Columbia.

ITEM 13. MATERIAL CONTRACTS

13.1 Material Contracts

Except for contracts entered into in the ordinary course of business and those contracts described above under "General Development of the Business", the Company is not a party to any material contract.

ITEM 14. EXPERTS

14.1 Names of Experts

The Ashram PEA which is incorporated by reference into this AIF was prepared by SGS, and endorsed by qualified persons Gaston Gagnon, Eng., Gilbert Rousseau, Eng. and Yann Camus, Eng.

The Blue River Report which is incorporated by reference into this AIF was prepared by AMEC, and endorsed by Greg Kulla, P.Geo., and other qualified persons of AMEC.

MNP LLP, Chartered Accountants, the Company's independent auditors, have audited the Company's financial statements for the year ended October 31, 2013. As of the date hereof, MNP LLP, Chartered Accountants has confirmed they are independent with respect to the Company within the meaning of the Rules of Professional Conduct of the Institute of Chartered Accountants of British Columbia.

14.2 Interests of Experts

To the best of the Company's knowledge, none of the foregoing experts held any registered or beneficial interest, direct or indirect, in any securities or other property of the Company or any of its associates or affiliates and no securities or other property of the Company or any of its associates or affiliates were subsequently received or are to be received by such experts.

ITEM 15. ADDITIONAL INFORMATION

15.1 Additional Information

Additional information relating to the Company may be found on SEDAR at www.sedar.com. Additional information including directors' and officers' remuneration and indebtedness, principal holders of the Company's securities and securities authorized for issuance under equity compensation plans are contained in the management information circular dated May 9, 2014 for the Company's 2014 annual meeting of shareholders which was held on June 18, 2014. The management information circular is available on SEDAR at www.sedar.com. Additional financial information is provided in the Company's financial statements and MD&A for the financial period ended October 31, 2013, which are incorporated by reference herein.