

# **Laramide Resources Ltd.**

**ANNUAL INFORMATION FORM**

**FOR THE YEAR ENDED DECEMBER 31, 2011**

DATED: March 30, 2012

## TABLE OF CONTENTS

<b>PRELIMINARY INFORMATION .....</b>	<b>3</b>
REFERENCES.....	3
DATE OF INFORMATION.....	3
CURRENCY .....	3
<b>NOTE REGARDING FORWARD-LOOKING INFORMATION .....</b>	<b>3</b>
<b>TECHNICAL INFORMATION AND DISCLOSURE FOR MINERAL PROJECTS.....</b>	<b>4</b>
<b>DOCUMENTS INCORPORATED BY REFERENCE.....</b>	<b>4</b>
<b>CORPORATE STRUCTURE .....</b>	<b>5</b>
NAME, ADDRESS AND INCORPORATION.....	5
INTERCORPORATE RELATIONSHIPS.....	5
<b>GENERAL DEVELOPMENT OF THE BUSINESS .....</b>	<b>6</b>
THREE YEAR HISTORY .....	6
<b>DESCRIPTION OF THE BUSINESS .....</b>	<b>9</b>
GENERAL OVERVIEW .....	9
EMPLOYEES .....	10
MARKETABLE SECURITIES.....	10
COMPETITIVE CONDITIONS.....	10
ENVIRONMENTAL PROTECTION.....	11
FOREIGN OPERATIONS.....	11
<b>RISK FACTORS .....</b>	<b>11</b>
<b>MINERAL PROJECTS .....</b>	<b>16</b>
WESTMORELAND PROPERTY .....	16
SUMMARY OF THE WESTMORELAND TECHNICAL REPORT .....	16
LA JARA MESA PROPERTY .....	19
SUMMARY OF THE LA JARA TECHNICAL REPORT .....	19
EVENTS SUBSEQUENT TO THE THE LA JARA TECHNICAL REPORT.....	20
LA SAL PROPERTY.....	20
MCKINLEY COUNTY, NEW MEXICO, U.S.A. ....	21
<b>DIVIDENDS.....</b>	<b>22</b>
<b>DESCRIPTION OF SHARE STRUCTURE.....</b>	<b>22</b>
<b>MARKET FOR SECURITIES.....</b>	<b>23</b>
TRADING PRICE AND VOLUME .....	23
PRIOR SALES .....	23
<b>ESCROWED SECURITIES.....</b>	<b>23</b>
<b>DIRECTORS AND OFFICERS.....</b>	<b>24</b>
NAME, OCCUPATION AND SECURITY HOLDING .....	24
CORPORATE CEASE TRADE ORDERS, BANKRUPTCIES, PENALTIES OR SANCTIONS.....	26
CONFLICT OF INTEREST .....	27
<b>LEGAL PROCEEDINGS AND REGULATORY ACTION .....</b>	<b>27</b>
<b>AUDIT COMMITTEE INFORMATION .....</b>	<b>27</b>
AUDIT COMMITTEE .....	27
COMPOSITION OF THE AUDIT COMMITTEE.....	28
PRE-APPROVAL POLICIES AND PROCEDURES .....	28
AUDIT FEES .....	28
<b>INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS.....</b>	<b>29</b>
<b>TRANSFER AGENT AND REGISTRAR .....</b>	<b>29</b>
<b>MATERIAL CONTRACTS .....</b>	<b>29</b>
<b>INTEREST OF EXPERTS .....</b>	<b>30</b>
NAMES OF EXPERTS .....	30
INTERESTS OF EXPERTS .....	30
<b>ADDITIONAL INFORMATION.....</b>	<b>30</b>
<b>APPENDIX "A" .....</b>	<b>A-1</b>
<b>CHARTER OF THE AUDIT COMMITTEE OF THE BOARD OF DIRECTORS.....</b>	<b>A-1</b>
<b>APPENDIX "B" .....</b>	<b>B-1</b>
<b>PROCEDURES FOR THE RECEIPT OF COMPLAINTS AND SUBMISSIONS RELATING TO ACCOUNTING MATTERS.....</b>	<b>B-1</b>

## PRELIMINARY INFORMATION

### References

References in this Annual Information Form (“AIF”) to “Laramide” or the “Company” refer to Laramide Resources Ltd., and its subsidiaries (as the context requires).

### Date of Information

All information in this AIF is as at December 31, 2011, unless otherwise indicated.

### Currency

The Canadian dollar is the reporting currency and currency of measurement of the Company. **All dollar amounts are expressed in Canadian dollars unless otherwise indicated.**

### NOTE REGARDING FORWARD-LOOKING INFORMATION

Certain information contained in this AIF constitutes “forward-looking information”, which is information regarding possible events, conditions or results of operations that is based upon assumptions about future economic conditions and courses of action. All information other than matters of historical fact may be forward-looking information. In some cases, forward-looking information can be identified by the use of words such as “seek”, “expect”, “anticipate”, “budget”, “plan”, “estimate”, “continue”, “forecast”, “intend”, “believe”, “predict”, “potential”, “target”, “may”, “could”, “would”, “might”, “will” and similar words or phrases (including negative variations) suggesting future outcomes or statements regarding an outlook. Forward-looking information in this AIF includes, but is not limited to: information about exploration, development and production activities, including information regarding the potential mineralization and resources of the Company’s projects, statements about drill results and core intersection lengths, in that they constitute estimates, based on certain assumptions of mineralization that may be encountered if a deposit were to be mined, exploration and development plans, including anticipated costs and timing thereof, and anticipated time to production, and expectations regarding plans for growth through future acquisitions, exploration activities, farm-ins or otherwise.

By its nature, forward-looking information involves known and unknown risks, uncertainties and other factors which may cause actual results, performance or achievements, or industry results, to differ materially from those expressed or implied by such forward-looking information. Some of the risks and other factors that could cause actual results to differ materially from those expressed in the forward-looking information contained in this AIF include, but are not limited to: risks and uncertainties relating to the interpretation of drill results, the geology, grade and continuity of mineral deposits and conclusions of economic evaluations; results of initial feasibility, pre-feasibility and feasibility studies, and the possibility that future exploration, development or mining results will not be consistent with the Company’s expectations; risks relating to possible variations in reserves, grade, planned mining dilution and ore loss, or recovery rates and changes in project parameters as plans continue to be refined; mining and development risks, including risks related to accidents, equipment breakdowns, labour disputes (including work stoppages and strikes) or other unanticipated difficulties with or interruptions in exploration and development; the potential for delays in exploration or development activities or the completion of feasibility studies; risks related to the inherent uncertainty of production and cost estimates and the potential for unexpected costs and expenses; risks related to commodity price and foreign exchange rate fluctuations; the uncertainty of profitability based upon the cyclical nature of the industry in which the Company operates; risks related to failure to obtain adequate financing on a timely basis and on acceptable terms or delays in obtaining governmental approvals or in the completion of development or construction activities; risks related to environmental regulation and liability; political and regulatory

risks associated with mining and exploration; risks related to the uncertain global economic environment; and other risks and uncertainties related to the Company's prospects, properties and business strategy.

A discussion of these and other factors that may affect our actual results, performance, achievements or financial position is contained in "Risk Factors" and elsewhere in this AIF and other documents incorporated in this AIF. Although the Company has attempted to identify important factors that could cause actual results or events to differ materially from those described in the forward-looking information, readers are cautioned that this list is not exhaustive and there may be other factors that the Company has not identified. Readers are cautioned not to place undue reliance on forward-looking information contained in this AIF. Forward-looking information is based upon the Company's beliefs, estimates and opinions as at the date of this AIF, which the Company believes are reasonable, but no assurance can be given that these will prove to be correct. Furthermore, the Company undertakes no obligation to update or revise forward-looking information if these beliefs, estimates and opinions or other circumstances should change, except as otherwise required by applicable law.

All forward-looking information contained in this AIF is expressly qualified by this cautionary note.

## **TECHNICAL INFORMATION AND DISCLOSURE FOR MINERAL PROJECTS**

This AIF contains disclosure regarding the Company's mineral resources. Mineral resources are not mineral reserves and do not have demonstrated economic viability. Mineral resources may never be converted into reserves.

The disclosure in this AIF of scientific or technical information for the Westmoreland and La Jara Mesa properties is based on the technical reports described below under "Documents Incorporated By Reference", which were prepared in accordance with National Instrument 43-101 – Standards for Disclosure for Mineral Projects of the Canadian Securities Administrators ("NI 43-101"), by or under the supervision of "qualified persons" under NI 43-101, or is otherwise based on information prepared by or under the supervision of Peter Mullens, the Company's Vice-President Exploration, who is also a "Qualified Person" under NI 43-101.

### **DOCUMENTS INCORPORATED BY REFERENCE**

Information concerning certain of the Company's mineral projects, which is required to be included in this AIF in the section entitled "Description of the Business – Mineral Projects", has been included by incorporating by reference the following documents in this AIF:

- The technical report dated May 11, 2009 and entitled *Laramide Resources Limited Westmoreland Uranium Project – Redtree Resource Update* prepared by Andrew Vigar and David Jones of Mining Associates Pty Ltd. (the "Westmoreland Report").
- The revised technical report dated July 2, 2007 and entitled *Technical Report on La Jara Mesa Uranium Property, Cibola County, New Mexico* prepared by Douglas Peters (the "La Jara Technical Report").

In addition, incorporated by reference into this AIF are the audited consolidated financial statements and management discussion and analysis for the Company for the fiscal years ended December 31, 2011 and 2010 together with the auditor's report thereon.

The foregoing documents are available for viewing under the Company's profile on SEDAR at [www.sedar.com](http://www.sedar.com).

## CORPORATE STRUCTURE

### Name, Address and Incorporation

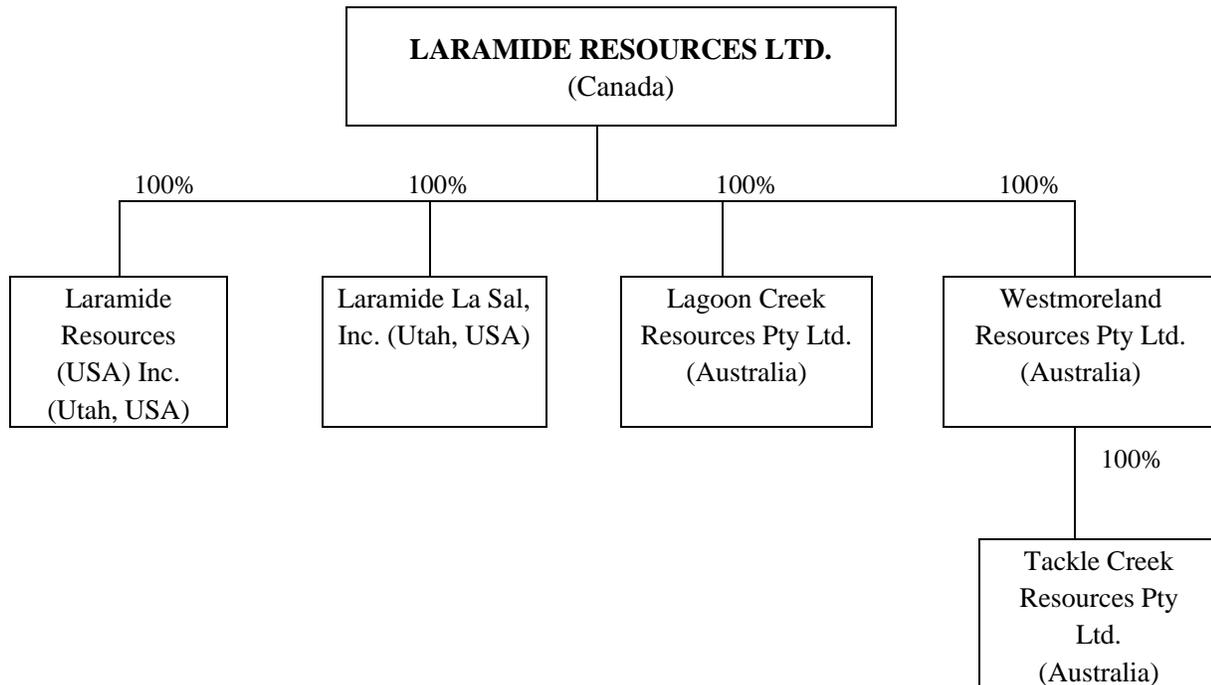
The registered and head office of Laramide is located at The Exchange Tower, 130 King Street West, Suite 3680, P.O. Box 99, Toronto, Ontario M5X 1B1. The Company also has project offices in Spring Hill, Brisbane, Queensland, Australia.

The Company was continued under the *Canada Business Corporations Act* from the Province of British Columbia by articles of continuance certified effective June 27, 1996. By articles of amendment dated June 5, 2002 the authorized capital of the Company was increased by creating an unlimited number of special shares issuance in series and by creating the first series of special shares.

The Company is a reporting issuer in all of the Canadian provinces except for Quebec. The common shares of Laramide (the “Common Shares”) are listed on the Toronto Stock Exchange (the “TSX”) under the symbol “LAM”.

### Intercorporate Relationships

The following chart sets out the Company’s corporate structure including all principal subsidiaries and their respective jurisdictions of incorporation:



## GENERAL DEVELOPMENT OF THE BUSINESS

### Three Year History

Details of the events that have influenced the general development of the Company for the past three years are set out below. Additional information concerning our business is provided elsewhere in this AIF in the section entitled “Description of the Business”.

#### Developments in Fiscal Year ended December 31, 2009

On March 5, 2009, the Company announced that it completed a bought-deal offering of 5,000,000 units at a price of \$1.75 per unit for gross proceeds of \$8,750,000. Each unit consisted of one Common Share and one-half of one common share purchase warrant. Each such warrant entitled the holder thereof to purchase one additional Common Share upon payment of the exercise price of \$2.50 on or before March 5, 2012. Subsequently, the underwriters exercised a portion of their over-allotment option and purchased 375,000 Common Share purchase warrants at a price of \$0.18 per warrant for additional gross proceeds of \$67,500.

On April 23, 2009, the Company announced the results of the Westmoreland Technical Report with respect to the Westmoreland Property, located in Queensland, Australia (the “Westmoreland Property”).

On November 17, 2009, the Company announced the commencement of further drilling at the Westmoreland Property. An initial program of 3,000 metres (30 holes) of diamond core drilling was planned to test exploration targets along strike from the Huarabagoo and Junnagunna deposits. In the 2009 fiscal year the Westmoreland Property is subject to a Queensland government policy that prohibits the mining of uranium, although exploration for uranium is not prohibited. Until this policy is changed, Laramide will not be permitted to bring this project into production.

#### Developments in Fiscal Year ended December 31, 2010

On January 28, 2010, the Company announced results from the first seven diamond drill holes completed in late 2009 at the Westmoreland Property. During November and December 2009, a total of 17 diamond drill holes were completed to launch the drilling program announced November 17, 2009.

On March 9, 2010 the Company reported the receipt of final laboratory results from drilling at the Westmoreland Property in the fourth quarter of 2009.

On June 17, 2010, the Company reported the favourable ruling announced by Uranium Resources (“URI”) concerning the decision of the U.S. Tenth Circuit Court of Appeals to uphold the permitting authority of the State of New Mexico. If no Supreme Court challenge ensues, then the underground injection control (UIC) permit granted by the State of New Mexico in 1989 can be renewed for URI to commence production at Section 8 of its Church Rock property in McKinley County, New Mexico.

On June 29, 2010, the Company announced that it has entered into a court approved settlement agreement providing for the transfer of the La Sal uranium property (the “La Sal Property”), located in San Juan County, Utah to Laramide’s wholly-owned subsidiary, Laramide La Sal Inc. The La Sal Property was previously encumbered, preventing Laramide from developing the asset despite its advanced status as a previously permitted project with a 1,200 metre access drive constructed and with access to a commercial mill.

On August 11, 2010, the Company announced the start of a 2,300 metre drill program to be split between its joint venture property in the Northern Territory and the Westmoreland Property. Metallurgical studies were also commenced at Westmoreland. The drill program (1,300 metres) at Westmoreland was to follow up from the last drilling in 2009 and to perform its first drilling in the Sue-Outcamp zone. A total of seven sites were planned. The balance of the drilling was targeted at the joint venture property in the Northern Territory. The metallurgical studies will provide data for all of the engineering design required for a pre-feasibility level of study.

On September 13, 2010, Laramide exercised its option to acquire the La Sal Property for purchase consideration of US\$500,000 and related transfer costs to Homestake Mining Company of California ("Homestake") and certain related entities. This payment will be followed by a further payment of US\$250,000 required upon successfully permitting the La Sal Property, and a final payment of US\$500,000 upon the La Sal Property commencing commercial production.

On November 24, 2010 the Company released assay results for drilling completed in September 2010 at the Westmoreland Property. A total of 19 diamond drill holes for 1,377.9 metres were drilled in August and September 2010. Of the 19 drill holes, 7 holes were drilled for 630.40 metres at Huarabagoo, and 12 holes were drilled for 747.50 metres at Long Pocket, within the Westmoreland Property.

#### Developments in Fiscal Year ended December 31, 2011

In January 2011, Laramide reported that it had submitted a Notice of Intent to the United States Bureau of Land Management ("BLM") to reopen its La Sal II mine located in San Juan County, Utah. This action followed the closing of the acquisition of the La Sal Project in September 2010 from Homestake Mining, a wholly owned subsidiary of Barrick Gold Corporation (see Laramide news release of September 13, 2010). Concurrent with the BLM application, Laramide also submitted a Notice of Intent to the State of Utah, Division of Oil and Gas and Mining, for a Small Mine Permit (applicable where the surface disturbance area is less than 5 acres). Subsequently the BLM asked for a more detailed Plan of Operations. The requested Plan of Operations was submitted to the BLM in December 2010 and the BLM is reviewing it for completeness. The State of Utah will withhold final permitting until the BLM completes its review and approves the Plan of Operation. On October 11, 2011, the Company provided a further update on its permitting efforts for the La Sal Project in San Juan County, Utah. A final Environmental Assessment ("EA") was prepared by the Moab Field Office of the US Bureau of Land Management ("BLM") and was made public on October 7, 2011. This initiated the final 30-day public comment period following which a decision with respect to the permit could be expected.

On May 16, 2011, the Company signed a Binding Farm-In and Joint Venture Term Sheet with Rio Tinto Exploration Pty Limited with respect to two strategically located uranium tenements in the Northern Territory of Australia. The project comprises tenement applications, EL 9319 (724 km<sup>2</sup>) and EL 9414 (387 km<sup>2</sup>) that are situated geologically within the highly prospective Murphy Uranium Province and are along strike from the Westmoreland project in northwest Queensland. Under the terms of the agreement, Laramide can earn 51 per cent in the project with the expenditure of AUD\$10 million over a 4-year period on exploration and development. The first AUD\$1 million of this earn-in is a firm commitment by Laramide, and would be dedicated to a large-scale helicopter supported airborne survey that will include magnetics and radiometrics.

On July 27, 2011, the Company reported that it had received the final report from the Australian Nuclear Science and Technology Organisation ("ANSTO") for comprehensive metallurgical test work carried out on the Company's 100% owned Westmoreland project located in Queensland, Australia. The ANSTO report, which was commissioned by Laramide in late 2010, was intended to identify definitive process route options for the Westmoreland project and to provide engineering design data sufficient to support a pre-feasibility level of study. The ANSTO report is available on SEDAR ([www.sedar.com](http://www.sedar.com)).

Report highlights include:

- The ANSTO study was completed on four composite lens samples (Junnagunna, Redtree Upper, Redtree Lower and Jacks) of the Westmoreland deposit.
- High recoveries were achieved from all areas using a conventional uranium processing route.
- The Redtree and Junnagunna samples were readily leached under conventional leaching conditions (55 wt% solids, 40 °C, pH 1.5, P80 of 250 µm and ORP of 500 mV). For these conditions uranium extraction was 97% for both ores, with acid additions of only 18 and 14 kg/t for Junnagunna and Redtree, respectively. Predicted pyrolusite requirements were also low at 3.0 kg/t for both ores.
- Variation in grind sizes in the range 350-75 µm had negligible impact on uranium extraction and acid addition.
- The uranium leaching rate increased with increasing temperatures from 30 °C to 50°C. For both ores, leaching at 30 °C significantly decreased the extraction rate, and to a lesser extent, the final extraction of uranium. The initial rate of leaching was reduced at 40 °C, but extractions were quite similar to those at 50 °C after 12 h. Although temperature has a significant effect on the initial extraction rate, there was also a significant relative increase in the acid addition. The optimum temperature appeared to be ~ 40 °C.
- Encouraging results were received from ion exchange test work. This was a preliminary step for determining the feasibility and benefits of a resin in pulp process route.

On October 11, 2011, the Company provided a further update on its permitting efforts for the La Sal Project in San Juan County, Utah. A final Environmental Assessment (“EA”) was prepared by the Moab Field Office of the US Bureau of Land Management (“BLM”) and was made public on Oct. 7, 2011. This initiated the final 30-day public comment period following which a decision with respect to the permit could be expected.

On December 30, 2011, the Company closed a non-brokered private placement (the “Offering”). The Offering consisted of 2,125,000 units (the “Units”) of the Company at a price of \$0.80 per Unit, for aggregate gross proceeds of \$1.7 million. A second tranche of an additional 750,000 Units for gross proceeds of \$600,000 closed in January 2012. The Company will use the proceeds of the Offering to fund its Westmoreland project in Australia, the La Sal project in the U.S and for general corporate purposes. Each Unit consisted of one Common Share and one-half of one common share purchase warrant with each full warrant entitling the holder to purchase an additional Common Share at an exercise price of \$1.00 per Common Share for a period of two years from the closing date of the Offering. The Company paid finder’s fees of 6% cash commission totaling \$59,040 to certain parties with respect to services provided in connection with the Offering.

#### Developments in the first quarter of Fiscal Year ended December 31, 2012

In recent history, acquiring mine development permits in Australia for uranium was complicated by a policy platform of one of the two main political parties in Australia – the Australian Labor Party (“ALP”). The policy platform, most commonly known as the Three Mines Policy, restricted uranium mining to existing permitted operations. At the April 2007 National ALP Conference, the ALP voted in favour of overturning the policy. This was a major milestone in the federal political climate, as the Liberal National Party (“LNP”) is already pro-uranium mining. The change in the ALP stance means that both parties at the federal level support uranium mining.

Although the sentiment at the federal level has evolved progressively, permitting is dealt with at the individual state government level. Until March 24, 2012, the Queensland government was an ALP government that had traditionally been opposed to new uranium mine development and remained opposed to change despite the change in the federal ALP stance.

On Saturday, March 24, 2012, the Queensland State election was held and following five consecutive terms in office, the ALP was defeated as the LNP and their leader, Campbell Newman, won a landslide victory, securing 77 of 89 seats in the state parliament.

While the new Queensland state government has not stated what its policy will be with respect to uranium development, should the state party adopt the Federal LNP position, which is supportive of uranium mining, this would have materially positive implications for Laramide. Western Australia followed similar circumstances when the LNP state government defeated the ALP in 2008.

## **DESCRIPTION OF THE BUSINESS**

### **General Overview**

The Company is engaged in the business of acquiring, exploring and developing mineral properties, either independently, or through joint ventures, as appropriate. The Company has interests in uranium projects in Australia and the United States. The main focus of the Company is on uranium. Uranium has risen in price from around US\$7 per pound in 2003 to approximately US\$51 per pound today, having traded in a range between US\$50 – US\$70 for most of 2011. Despite the flat spot price in 2011, international nuclear reactor construction announcements in 2010 and 2011 appear to reflect market recognition of a fundamental, and potentially long lasting, shift in supply-demand dynamics for uranium.

The Company's flagship project, the Westmoreland Property, in Queensland, Australia, is one of the largest uranium deposits not controlled by a senior producer or utility, and is one of a small percentage of known deposits expected to have compelling economics at uranium prices of below \$60/lb based on Scoping Study economics. In addition, to the Westmoreland deposit in Queensland, the Westmoreland Property includes three contiguous joint ventures on projects located within the Northern Territory.

Laramide's U.S. properties provide diversification by jurisdiction (Grants, New Mexico and Lisbon Valley, Utah) and by stage of project, as both U.S. properties were previously permitted. The La Jara Mesa project comprising the La Jara property (the "La Jara Property") is located in the prolific Grants Mineral Belt, New Mexico. The La Sal Property, located in Lisbon Valley, Utah, is potentially eligible for fast-track permitting due to the nature of its proposed operations and has significant mine infrastructure in place.

The Company also owns a portfolio of uranium royalties in the Grants Mineral District of New Mexico, USA which were acquired in 2006 from United Nuclear Corporation, a wholly owned indirect subsidiary of General Electric Company since 1997. The royalty portfolio covers five separate parcels of mineral leases in the Church Rock area of McKinley County which is located 20 miles northeast of Gallup, New Mexico. The properties are presently owned by a subsidiary of URI, a U.S. publicly traded uranium company, and URI has publicly committed to initial production from the properties in 2013 (see "Mineral Projects" herein for further information).

The Company has been in the exploration stage on its mineral properties and prospects and therefore has no regular cash flow from operations. The level of operations is determined by the availability of capital resources, the sources of which are unpredictable. To date, funding has been provided almost exclusively by equity investors. Given the nature of the Company's operations, which consist of exploration and evaluation of mining properties for eventual development, the Company believes that the most meaningful financial information relates primarily to current liquidity and solvency. The Company's financial success will be dependent on the extent to which it can discover mineralization in economic quantities and the economic viability of developing its properties. Such development may take years to complete and the amount of resulting income, if any, will be difficult to determine with any certainty. The

value of any mineral products discovered by the Company will be largely dependent on factors beyond the Company's control.

The Company's historical capital needs have been met with equity subscriptions from private investors, including members of the Company's management, and to a lesser degree, by gains generated by the sale of marketable securities. In aggregate, three of the investments held by Laramide (Khan Resources Inc., Pan American Silver Corp., and Treasury Metals Inc.) are valued at \$8 million, and can be liquidated as a source of funding, as the Company does not expect to receive income from any of its projects within the foreseeable future. The Company's investments are described in the Company's Management Discussion and Analysis for the year ended December 31, 2011.

The Company intends to continue to evaluate its existing mineral properties and, if deemed warranted, acquire new mineral properties and, contingent upon obtaining satisfactory exploration results, to develop such properties either through additional equity financings or by way of joint venture or option agreements, or through a combination of both.

### Employees

The Company had 11 employees as at December 31, 2011.

### Marketable Securities

Laramide owns securities in uranium exploration and development companies with complementary assets, as well as certain non-uranium investments which can be liquidated as a source of funding for continuation of 2012 exploration programs. The details as of December 31, 2011 are as follows:

Name of Company	Number of Shares	Market Value <sup>(1)</sup>	If publicly traded, list the market(s) where traded
<i>Uranium Investments</i>			
Uranium Equities Limited	8,894,807	\$407,966	ASX
Khan Resources Inc.	7,100,000	\$1,420,000	TSX
Virginia Energy Resources Inc.	1,350,000	\$229,500	TSX
Alligator Energy Ltd.	7,000,000	\$766,163	ASX
<i>Non-Uranium, Investments</i>			
Treasury Metals Inc.	5,187,500	\$5,810,000	TSX
Corona Gold Corporation	150,000	\$85,500	TSX
Nation River Resources Ltd.	149,885	\$6,681	N/A
Pan American Silver Corp.	25,000	\$554,500	TSX
Pan American Silver Corp (wts)	110,000	\$123,699	Not listed

Note:

(1) As of December 31, 2011.

### Competitive Conditions

The mineral exploration and mining business is competitive in all phases of exploration, development and production. The Company competes with a number of other entities in the search for and acquisition of productive mineral properties. As a result of this competition, the majority of which may often be with companies with greater financial resources than the Company, the Company may be unable to acquire

attractive properties in the future on terms we consider acceptable. The Company also competes for financing with other resource companies, many of whom have greater financial resources and/or more advanced properties. There can be no assurance that additional capital or other types of financing will be available if needed or that, if available, the terms of such financing will be favourable to the Company.

The Company's ability to acquire properties depends on its success in exploring and developing the Company's present properties and its ability to select, acquire and bring to production suitable properties or prospects for mineral exploration and development. Factors beyond the Company's control may affect the marketability of minerals mined or discovered by the Company. See "Risk Factors" in this AIF for information regarding the impact that competitive conditions may have on the Company's business.

### **Environmental Protection**

The Company's current and future operations, including development activities on its properties or areas in which it has an interest, are subject to laws and regulations governing exploration, development, tenure, productions, taxes, labour standards, occupational health, waste disposal, protection and remediation of the environment, mine safety, toxic substances and other matters.

Environmental protection requirements did not have a material effect on the capital expenditures, earnings or competitive position of the Company during our 2011 financial year and are not expected to have a material effect during the Company's 2012 financial year.

### **Foreign Operations**

The majority of the Company's exploration and development activities are currently conducted outside of Canada – in Australia and the United States of America. As such, the Company is exposed to various levels of political, economic and other risks and uncertainties, which vary from country to country. Changes in regulations or shifts in political attitudes or policies in these jurisdictions are beyond the Company's control and may adversely affect its business. For example, changes in government policies regarding export controls, income taxes, expropriation of property, and repatriation of profits, land use or environmental protection matters could negatively affect the Company's future operations. See "Risk Factors" in this AIF for additional information regarding the risks associated with the Company's foreign operations.

## **RISK FACTORS**

The following risk factors should be given special consideration when evaluating trends, risks and uncertainties relating to the Company's business. Any of the following risks could have a material adverse effect upon the Company, its business and future prospects. In addition, other risks and uncertainties not presently known by management of the Company could impair the Company and its business in the future. In the following analysis, Laramide attempts to present the risk factors in order of their relevance to the Company and their degree of seriousness:

### **Uranium Prices**

Regardless of the success of the Company's exploration and development program, fluctuations in the price of uranium will have a direct impact on the perceived value of the Company and its projects. Uranium prices have historically been subject to long periods of flat prices with price spikes and declines that can increase or decrease the spot price by a multiple. This volatility was evident in the last five years, when uranium spot prices ranged from US\$40/lb U<sub>3</sub>O<sub>8</sub> to US\$138/lb. The factors influencing the spot or

term price of uranium are beyond the Company's control, and include international, economic and political trends, expectations for inflation, currency exchange fluctuations, interest rates, global or regional consumption patterns, speculative activities and worldwide production levels. The effect of these factors cannot accurately be predicted.

Once the Company evolves from exploration to production, the Company's profitability will also be affected by the market prices of commodities, which are consumed or otherwise used in connection with the operations, such as diesel fuel, natural gas, electricity and cement. Prices of such commodities are also subject to volatile price movements over short periods of time and are affected by factors that are beyond the Company's control.

### **Australian Governmental Risks**

Laramide's flagship asset is the Westmoreland Property in Australia. The Commonwealth Government policy regarding mining and processing of uranium is to allow uranium to be mined in Australia. However, there are restrictions on the export of uranium from Australia. The Commonwealth Government's nuclear safeguards policy has been developed to implement Australia's obligations under the Nuclear Non-Proliferation Treaty of 1970 (the "NNPT") which was ratified by Australia in 1973. Parties to the NNPT agree to accept technical safeguards applied by the International Atomic Energy Agency. This safeguard system tracks uranium within the nuclear fuel cycle from production, through to use and storage and ultimately disposal, to ensure that Australian uranium is sold strictly for electrical power generation and cannot benefit the development of nuclear weapons or other military programs. The Commonwealth Government only allows the sale of Australian uranium to countries which are signatories to the NNPT and have a bilateral nuclear safeguards agreement with Australia.

In recent history, acquiring mine development permits in Australia for uranium was complicated by a policy platform of one of the two main political parties in Australia – the Australian Labor Party ("ALP"). The policy platform, most commonly known as the Three Mines Policy, restricted uranium mining to existing permitted operations. At the April 2007 National ALP Conference, the ALP voted in favour of overturning the policy. This was a major milestone in the federal political climate, as the Liberal National Party ("LNP") is already pro-uranium mining. The change in the ALP stance means that both parties at the federal level support uranium mining.

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While the new Queensland state government has not stated what its policy will be with respect to uranium development, should the state party adopt the Federal LNP position, which is supportive of uranium mining, this would have materially positive implications for Laramide. Western Australia followed similar circumstances when the LNP state government defeated the ALP in 2008.

### **Future Exploration and Development Activities**

Exploration and development of mineral properties involve significant financial risks which even a combination of careful evaluation, experience and knowledge may not eliminate. While the discovery of an ore body may result in substantial rewards, few properties that are explored are ultimately developed

into producing mines. Major expenses may be required to establish reserves by drilling, constructing mining and processing facilities at a site, developing metallurgical processes and extracting precious metals from ore. The Company cannot ensure that its current exploration and development programs will result in profitable commercial mining operations. Also, substantial expenses may be incurred on exploration project which are subsequently abandoned due to poor exploration results or the inability to define reserves which can be mined economically.

The economic feasibility of development projects is based upon many factors, including the accuracy of reserve estimates, metal recoveries capital and operating costs; government regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting and environmental protection; and precious metal prices, which are highly volatile. Development projects are also subject to the successful completion of feasibility studies, issuance of necessary governmental permits and availability of adequate financing.

Development projects have no operating history upon which to base estimates of future cash flow. Estimates of measured, indicated and inferred resources are, to a large extent, based upon detailed geological and engineering analysis.

### **Difficulty in Obtaining Future Financing**

The further development and exploration of mineral properties in which the Company holds interest or which the Company acquires may depend upon its ability to obtain financing through joint ventures, debt financing, equity financing or other means. There is no assurance that the Company will be successful in obtaining required financing as and when needed. Volatile precious metals markets may make it difficult or impossible for the Company to obtain debt financing or equity financing on favorable terms or at all. Failure to obtain additional financings on a timely basis may cause the Company to postpone development plans, forfeit rights in its properties or reduce or terminate its operations. Reduced liquidity or difficulty in obtaining future financing could have an adverse impact on the Company's future cash flows, earnings, results of operations and financial condition.

### **Foreign Operations**

The Company's exploration and development projects are located in Australia and the United States. The Company's strategic investments are assets located in Australia and Mongolia. Such projects could be adversely affected by exchange controls, currency fluctuations, taxation and laws or policies of Australia, Mongolia or the United States affecting foreign trade, investment or taxation.

Changes in mining or investment policies or shift in political attitude in Australia, Mongolia or the United States may adversely affect the Company's business. For example, in 2009 and 2010, Mongolia introduced new policy regarding state ownership of strategic minerals including uranium, which deems certain deposits or mines to be up to 51% owned by the Mongolian government or its appropriate agent. The Dornod property held by Khan Resources Inc., of which Laramide is the largest public shareholder, falls under this restriction. Restrictions similar to this may be imposed by governments and can impact production, price controls, export controls, income taxes, expropriation of property, maintenance of claims, environmental legislation, land use, land claims of local people, water use and mine safety. These factors cannot be accurately predicted in advance.

The operations of the Company may require licenses and permits from various governmental authorities. 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 and mining operations at its projects.

## **Title to Properties and Property Interests**

Although the Company has obtained title opinions with respect to certain of its properties and has taken reasonable measures to ensure proper title to its respective properties, there is no guarantee that title to any of its properties will not be challenged or impugned. Third parties may have valid claims underlying portions of the Company's interest.

Once the Company has secured title, the agreements pursuant to which the Company holds its rights in certain of the properties provide that the Company must make a series of cash and/or Common Share payments over certain periods. If the Company fails to make such payments in a timely manner, the Company may lose some, or all of its interest in those properties.

## **Key Personnel**

Recruiting and retaining qualified personnel is critical to the Company's success. The number of persons skilled in acquisition, exploration and development of mining properties is limited and competition for such persons is intense. As the Company's business activity grows, the Company will require additional key financial, administrative and mining personnel as well as additional operations staff. Although the Company believes that it will be successful in attracting, training and retaining qualified personnel, there can be no assurance of such success. If the Company is not successful in attracting and training qualified personnel, the efficiency of the Company's operations could be affected, which could have an adverse impact on the Company's future cash flows, earnings, results of operations and financial condition.

## **Factors Beyond the Company's Control**

There are also a number of factors beyond the Company's control. These factors include governmental regulation, high levels of volatility in market prices, availability of markets, availability of adequate transportation and refining facilities and the imposition of new or amendments to existing taxes and royalties. In addition, natural disasters can occur which may affect directly the Company's operations or the environment in which it operates. The effects of these factors cannot be accurately predicted.

## **Uninsured Risks**

The Company's exploration activities are subject to the risks normally inherent in mineral exploration, including but not limited to environmental hazards, industrial accidents, flooding, periodic or seasonal interruptions due to climate and hazardous weather conditions and unusual or unexpected geological formations. Such risks could result in damages, delays and possible legal liability. The Company carries insurance to protect against certain risks in such amounts as it considers adequate. Risks not insured against include environmental pollution or other hazards against which such corporations cannot insure or against which they may not elect to insure.

## **Foreign Currency**

The Company carries on the majority of its exploration activity outside of Canada. Accordingly, it is subject to the risks associated with the fluctuation of the rate of exchange of the Canadian dollar and foreign currencies, in particular, the Australian and the United States dollar. Such fluctuations may materially affect the Company's financial position and results of operations.

## **Competition**

The mining industry is highly competitive in all its phases. The Company competes with many companies possessing greater financial resources and technical facilities than itself for the acquisition of mineral

interests, as well as the recruitment and retention of qualified employees.

### **Environmental Regulations**

The Company's operations are subject to environmental regulations promulgated by government agencies from time to time. Environmental legislation provides for restrictions and prohibition of spills, release or emission of various substances related to mining industry operations, which could result in environmental pollution. A breach of such legislation may result in imposition of fines and penalties. In addition, certain types of operations require submissions to and approval of environmental impact assessments. Environmental legislation is evolving in a manner which means stricter standards and enforcement, while fines and penalties for non-compliance are more stringent. Environmental assessment of proposed projects carry a heightened degree of responsibility for companies and directors, officers and employees. The cost of compliance with changes in governmental regulations has a potential to reduce the profitability of operations. The Company intends to fully comply with all environmental regulations.

### **Conflicts of Interest**

Certain directors of the Company are also directors or officers or shareholders of other companies that are similarly engaged in the business of acquiring, developing and exploiting natural resource properties. Such associations may give rise to conflicts of interest from time to time. The directors of the Company are required by law to act honestly and in good faith with a view to the best interests of the Company and to disclose any interest, which they may have in any project or opportunity of the Company. If a conflict of interest arises at a meeting of the board of directors, any director in a conflict will disclose his interest and abstain from voting on such matter. In determining whether or not the Company will participate in any project or opportunity, the directors will primarily consider the degree of risk to which the Company may be exposed and its financial position at that time.

### **Shares Reserved For Future Issuance**

As at the close of business on December 31, 2011, the Company had the following options and warrants outstanding:

<b>Security</b>	<b>Number</b>	<b>Exercise Price</b>	<b>Expiry Date</b>
Options	2,010,000	\$1.80	March 19, 2012
Options	2,020,000	\$1.10	May 19, 2013
Options	125,000	\$1.90	January 6, 2013
Warrants	2,625,000	\$2.50	March 5, 2012
Warrants	1,062,500	\$1.00	December 13, 2013

Options and warrants are likely to be exercised when the market price of the Common Shares exceeds the exercise price of such options or warrants. The exercise price of such options or warrants and the subsequent resale of such Common Shares in the public market could adversely affect the prevailing market price and the Company's ability to raise equity capital in the future at a time and price when it deems appropriate. The Company may also enter into commitments in the future which would require the issuance of additional Common Shares and the Company may grant additional share purchase warrants and stock options. Any share issuances from the Company's treasury will result in immediate dilution to existing shareholders.

### **Volatility of Share Price**

The price of the shares of resource companies tends to be volatile. Fluctuations in the world price of

precious metals and many other elements beyond the control of the Company could materially affect the price of the Common Shares.

### **Native Title Risks**

With respect to the Company's wholly owned Australian subsidiary, Tackle Resources Pty Ltd, there is the possibility of native title claim applications at some future time, under the provisions of the Australian Native Title Act (1993), which may impact on exploration tenements under application. Any substantiated claim may have an effect on the value of the tenement application affected by the claim. The amount and likelihood of any such claim(s) in the future cannot be reasonably estimated at this time.

## **MINERAL PROJECTS**

The Company's material mineral projects are the Westmoreland Property and the La Jara Mesa and LaSal properties, which are located in Australia and the United States of America, respectively. Information concerning these projects is discussed below. In addition, the Company has one royalty exploration project.

### ***Uranium Properties***

#### **Westmoreland Property**

The Company's principal property is the Westmoreland Property which comprises the eastern end series of prospects and deposits spread over about 50 kilometres straddling the Queensland-Northern Territory border in Australia. The Westmoreland tenements are contiguous and are located as a group approximately 400 kilometres N-NW of Mt. Isa, an industrial city in northwest Queensland. The Westmoreland Property is 100% owned by Laramide's wholly owned subsidiary, subject to a 1% net smelter royalty payable initially to Rio Tinto Exploration Pty Ltd., a wholly owned subsidiary of Rio Tinto Ltd., on any production at Westmoreland Property, with cumulative payments capped at AUD\$10 million indexed to inflation. This royalty was sold by Rio Tinto Exploration Pty Ltd. to International Royalty Corporation in December 2008 on the same terms. Exploration on the Westmoreland Property is performed under a Queensland Exploration Permit for Minerals ("EPM") and maintenance of the EPMs requires payment of annual fees and conduct of activity in accordance with the Queensland Environmental Protection Act.

The summary of the Westmoreland Property below is taken from the Westmoreland Report. The full text of the Westmoreland Report is available on SEDAR at [www.sedar.com](http://www.sedar.com) under the Company's profile and is incorporated by reference in this AIF.

#### **Summary of the Westmoreland Technical Report**

This report is both a review of previous mineral resource estimates and a summary of new geology models and resource estimates developed by Mining Associates for the Redtree group of uranium deposits at Westmoreland in northwest Queensland, Australia. The Westmoreland deposits are held by Laramide Resources Ltd ("Laramide") in conjunction with its 100% owned Australian subsidiary Westmoreland Resources Pty Ltd. ("WRPL"). Laramide controls four Exploration Permits for Minerals ("EPMs") located in the State of Queensland, Australia, contiguous with seven Exploration Licences ("ELs") located in the Northern Territory ("NT"), Australia. At the request of Mr. Peter Mullens, VP Exploration and Director of Laramide, Mining Associates Pty Ltd was commissioned to update the Redtree resources and prepare this Technical Report. Mining Associates completed a technical report (NI43-101) on the

exploration tenement in 2006, relying on historical drill data only. Since then Laramide has completed an additional 12,230.4 metres of diamond drilling.

The Westmoreland deposits are located within a group of mineral tenements controlled by Laramide that extend for 200 km east-west and 150 km north-south, straddling the Queensland-NT border (see Frontispiece).

The principal uranium deposits are contained within the Westmoreland Conglomerate, the basal sequence of the Tawallah Group which is the oldest (~1800 Ma) segment of the Southern McArthur Basin. The deposits are associated with an altered basic dyke system intruded along faults (~5km strike length). Mineralisation is present in both the sandstones and dyke rocks.

Anomalous mineralisation occurs along the 7 km strike length of the dyke/fault system. There are three known deposits: Redtree, Huarabagoo and Junnagunna associated with the dyke. Vertical mineralisation extends to an identified depth of 80m and laterally mineralisation occurs under cover up to 800 metres in width. There remains considerable potential for further mineralisation between the deposits, particularly for both deeper flat lying and steep mineralisation adjacent to the dyke.

All facets of the geology and data collection at Westmoreland were reviewed by Mining Associates. The mineralised systems were visited in the field. The drill data entry systems and database were audited, U<sub>3</sub>O<sub>8</sub> assay and data entry were checked and use of old data validated. Laramide has completed 8,836.7 metres of diamond drilling at Redtree (165 diamond holes), providing 6,464½ core samples for geochemical analysis. The remaining 3,393.7 metres of diamond drilling occurred at Junnagunna (34 diamond holes) providing 1,595½ core samples. This drilling was designed to verify and improve the quality of previous drilling results. The historic data set and recent Laramide drilling has been used by Mining Associates to construct the current resource estimates.

A new set of three dimensional (3-D) geological interpretations were made by Mining Associates for Redtree and Huarabagoo, Junnagunna has been reviewed and remains unchanged. The 3 sub-areas represent similar mineralisation geometries and drilling directions for geological interpretation and resource estimation. Within these, domains of similar geological style are represented by one or more geological wireframes to constrain the grade estimations of the final resource block model.

Potential remains to both add to the total resource with additional inferred material and upgrade confidence moving resources from inferred to indicated and measured categories. Further data will be required for this, in particular drilling data. There are gaps in the data along strike within the system between the known deposits, as well as areas untested for laterally extensive mineralisation under cover, (e.g. Jack). The steeper portions of the deposit have better grades (for example, most of Huarabagoo) but the complexity of the ore in these areas requires extensive drill testing to achieve adequate confidence levels for mine planning.

The 2008 drilling and subsequent re-modelling of Redtree considerably improved the understanding of both geology and mineralisation since the previous NI 43-101 report of 2006. This increased understanding combined with validation of the historical drill data has allowed a re-interpretation of the Huarabagoo deposit.

New resource estimates have been completed for the Redtree and Huarabagoo deposits. The Junnagunna deposit was not updated in this review and is stated as the 2006 resource estimate. The 2008 Junnagunna drilling (34 holes 3,393.7 metres) highlighted extension potential to the south, beyond an unexpected fault offset, Laramide has indicated more drilling is required to fully understand the extension, and as such it would be pre-emptive to re-estimate a resource at Junnagunna. The resource estimates have been classified by Mining Associates above an economic cut-off grade of 0.02% U<sub>3</sub>O<sub>8</sub> which is considered

reasonable at the time of this report for such a shallow and flat lying deposit. Full details of the parameters used for these estimates are contained in the body of this report. The resource estimates are suitable for use in the mine design process for an open pit operation.

#### Summary of Westmoreland Redtree Group Resource Estimates above 0.02% U<sub>3</sub>O<sub>8</sub> Cut-off

Category	Deposit	Tonnes (t)	U <sub>3</sub> O <sub>8</sub> (%)	Uncut (%)	U <sub>3</sub> O <sub>8</sub> cut (%)	Metal (kt)	Metal (Mlb)
Inferred	Redtree	4,466,750	0.069		0.067	3.0	6.6
	Huarabagoo	2,406,000	0.116		0.109	2.6	5.8
	Junnagunna	2,149,500	0.077		0.075	1.6	3.6
<b>Sub Total</b>		<b>9,022,250</b>	<b>0.083</b>		<b>0.080</b>	<b>7.2</b>	<b>15.9</b>
Indicated	Redtree	12,858,750	0.092		0.090	11.6	25.5
	Huarabagoo	1,462,000	0.092		0.083	1.2	2.7
	Junnagunna	4,364,750	0.082		0.081	3.5	7.8
<b>Sub Total</b>		<b>18,685,500</b>	<b>0.089</b>		<b>0.088</b>	<b>16.4</b>	<b>36.0</b>

The current resource estimation has increased the total contained metal by 3.2 Mlb of U<sub>3</sub>O<sub>8</sub> above the 2006 estimation, the 2008 drilling resulted principally in re-classification of 17.1 Mlb of U<sub>3</sub>O<sub>8</sub> from an Inferred to Indicated Resource Category.

It is noted that it is the current policy of the Queensland State Government not to allow the mining of Uranium deposits. This policy is currently under review in light of the changing domestic and international political situation.

Mining Associates' Project Co-ordinator was Andrew Vigar, a Qualified Person to report on resource estimates, responsible for the detailed study of the previous resource estimates and construction of the new geology models and resource estimates. Mr. David Jones is a qualified person to report on uranium exploration results.

The resource estimate contains no Measured Mineral Resource. This is related to the extensive use of previous drill data and to the level of short-range variation inherent in the deposit, in particular with the steeper style of mineralisation around the dyke, and should in no way reflect on the viability of the project.

It should be noted that significant gold grades (up to 87 g/t Au over 1m) were recored in drill holes at Huarabagoo, averaging around 1 g/t Au over the entire volume of U<sub>3</sub>O<sub>8</sub> mineralisation investigated. This prompted a stream sediment survey to assess the gold potential of the Westmoreland Conglomerate. Five significantly anomalous drainages were detected. Visible gold was seen in outcrops within three of these areas. The gold appeared to be shedding from quartz veins. No assessment has been made of the gold potential since that time, and is not examined in this report.

Laramide has obtained a commanding strategic position in the uranium exploration industry in Australia, by securing a series of contiguous mineral tenements that cover almost all of the known uranium deposits in the Westmoreland region, a major Australian uranium province. Previous exploration has identified a series of significant potentially economic deposits that require relatively modest investment to advance their status to an indicated resource. Subject to a change in state government policy in Queensland, Laramide could move quickly to a bankable feasibility study and, potentially, into production should this be warranted.

## **La Jara Mesa Property**

The La Jara Mesa Property is described in the La Jara Technical Report. For more detail, see Note 12 Mineral Properties and Related Deferred Costs to the Consolidated Financial Statements for the year ended December 31, 2011. The summary of the La Jara Technical Report is provided below. The full text of the La Jara Technical Report is available on SEDAR at [www.sedar.com](http://www.sedar.com) under the Company's profile and is incorporated by reference in this AIF.

### **Summary of the La Jara Technical Report**

The La Jara Mesa Property consists of 156 unpatented mining claims sold to Laramide by Barrick Gold of North America, successor to Homestake Mining Company ("Homesake"). It encompasses an area of approximately 2,280 acres in Cibola County, New Mexico. The surface is managed by the U.S.D.A Forest Service ("Forest Service"), Cibola National Forest, and the minerals are managed by U.S. Department of the Interior, Bureau of Land Management ("BLM"). The La Jara Property is in the Grants Mineral Belt in northwest New Mexico in Sections 1, 2, 11, 12, 13, 14 and 15, Township 12 North, Range 9 West, New Mexico Principal Meridian, northeast of the city of Grants. Midas International, Power Resources, Gulf Mineral Resources and Homestake Mining Company all had drilled in the area at various times. At least 643 holes have been drilled on the property, including 18 core holes.

The uranium in the mineralized rocks occurs as uranium oxides (coffinite) with humates cementing sandstones in fluvial units of the Poison Canyon sandstone Member of the Morrison Formation of Jurassic age. The mineral deposits are elongate, generally tabular extending in a southeasterly direction. The mineralization may be from a few inches to tens of feet in thickness and extend from a few feet to hundred or more feet in length.

Historical resource estimates for La Jara Mesa were calculated by Midas International and, Homestake, by consulting geologists George G. Beaumont and Chapman, Wood and Griswald ("CW&G").

In reviewing the historical data, it is concluded that Homestake, the last owner of record, was careful and diligent in data acquisition and interpretation. The resource estimates by others noted above are also reliable. There is additional potential in the area to expand the uranium resource. Isolated mineralized drill holes may need to be off-set in order to further evaluate the resource expansion.

There was a slight probability of disequilibrium as to chemical values versus radiometric. CW&G's conclusion was that it was near one to one, and, probably, there was no need to make any corrections to the radiometric values calculated by Dalton. The author believes that additional coring may be needed to confirm the conclusion reached by CW&G. Also the author suggests that the Dalton Gamma-Ray logs of the ore-grade holes should be recalculated.

In the La Jara Mesa uranium occurrence, the Poison Canyon Member of Morrison Formation may have as many as four sandstone units separated by shale and mudstones. Mineralization may occur in all the sand units, but the most significant mineralization occurs in the lowest two sandstones, (H1) and (H2) and to a minor degree in H3.

For this report a mineral resource was estimated only for H1, H2 and H3 sands as the remaining sand has no significant mineralization. A polygon method was used with a radius of influence for each mineralized hole being 100 feet for the combined measured and indicated mineralization, or half the distance between two adjacent holes, whichever distance is less. The tonnage factor of 15 cubic feet per ton was used. The resources were estimated at three cut-off grades of 0.05%, 0.10% and 0.15% uranium and GT (grade x thicknesses) of 0.30, 0.60 and 0.90, respectively. An inferred resource was also estimated at 0.15% uranium cut-off, only. This was estimated at 3,172,653 pounds of uranium oxide.

In April 2008, Laramide submitted to the Forest Service a Plan of Operations for Underground Development and Mine Production (“Plan of Operations”), discussed in the 2008 MD & A. The Plan of Operations received comments and requests from Forest Services which are currently being incorporated into an updated Plan of Operations. Laramide is currently working on collection of the required Environmental Impact Assessment data which will be required as part of the Forest Service protocol. This data collection started in the first quarter of 2009, and will be ongoing throughout the year.

### **Events subsequent to the the La Jara Technical Report**

The permitting process has become more complex and protracted, partly as a result of efforts to designate Mount Taylor (which lies just east of La Jara Mesa) as a so-called Traditional Cultural Property (“TCP”). This designation allows for additional comment and potential appeal from stakeholders who are concerned about potential development impacts to Mount Taylor. Despite this potential additional risk factor, Laramide believes its proposed plan conveys relatively low environmental and technical risk because 1) no mill is proposed to be constructed at site, and 2) the underground workings will be conducted in a “dry” environment well above the water table and as such, should not penetrate any ground water. On February 4, 2011, Laramide and other opponents of the TCP designation were successful in New Mexico State District Court in defeating the imposition of a TCP designation under several points. This decision was then advanced to the New Mexico Court of Appeals. The Appellant Court certified the TCP Appeal to the New Mexico Supreme Court. Oral arguments are scheduled for May 14, 2012. The US Forest Service continues to manage the Mount Taylor area as a TCP.

Data collection for the Environmental Impact Statement is collected in compliance with Forest Service protocol. Pursuant to this exercise, Laramide contracted Golder Associates (“Golder”) to work directly with the Forest Service in March 2009, in order to collect the required Environmental Impact Statement (“EIS”) data. Golder will also provide support to the Forest Service in public meetings that will be required as part of the EIS process. Laramide has also entered into formal discussion with the New Mexico Mining and Minerals Division, which requires documentation similar to that required by the Forest Service. The Golder engagement will also include development of a sampling and analysis plan for the State’s review and concurrence. When the Forest Service completes their review process, the EIS will then be made available for public review. Based on the Company’s dialogue with the Forest Service, and on their publicly disclosed scheduling information, the Company expects the Forest Service to allow for public review of the draft EIS early in the second quarter of 2012.

### **La Sal Property**

As part of the 2005 acquisition of uranium properties from Homestake, Laramide purchased an option to acquire the La Sal Property, located within the Big Indian Mining District in Utah. This option is exercisable when Homestake completes final administrative items required to transfer title. This occurred in September 2010 and the exercise price of US\$500,000 was paid and title was transferred into Laramide’s wholly owned subsidiary, Laramide La Sal Inc. Milestone payments of US\$2.25 million remain payable to Homestake when certain milestones tied to permitting and commencement of commercial production are met. For more detail, see Note 12 Mineral Properties and Related Deferred Costs to the Consolidated Financial Statements for the year ended December 31, 2011.

The La Sal Property has a 1,200 metre long access drive into the deposit and as soon as permits are obtained, the project is essentially ready for production.

The La Sal Property is located 60 miles from Denison Mines’ Blanding Mill, also called the “White Mesa Mill” and one of only four permitted mills within the USA. According to Denison, the White Mesa Mill and tailings confinements have been refurbished and modernized. The mill has been operational since late

April, 2008. Denison has implemented an ore-buying program in order to purchase alternate feeds for White Mesa, and the La Sal Property is well positioned to potentially supply ore, once in production.

Homestake completed a positive feasibility study on the project in 1978 and was ready to place the project into production when the price of uranium collapsed. The plan of operation was deemed administratively complete by the BLM. Laramide has submitted permit applications with the federal BLM and the State of Utah for the project development, and will enter a milling agreement. Progress on both of these initiatives is being made.

In November 2010, Laramide filed a Plan of Operations for the underground exploration program with the BLM. The BLM determined the plan of operations to be administratively complete on April 5, 2011 and, because the exploration activity would be located on BLM-administered public lands, the agency decided to prepare an EA in compliance with the National Environmental Policy Act.

This EA documents the environmental analysis of the proposed underground exploration program and will provide the BLM with information to make an informed decision on whether to approve the project. The EA process also provides a forum for two public reviews and comments on the project and its associated relevant issues and environmental analysis. The first public comment period has been completed. A final Environmental Assessment (“EA”) has been prepared by the Moab Field Office of the US Bureau of Land Management (“BLM”) and was made public on October 7, 2011. This initiated the final 30 day public comment period following which a decision with respect to the permit can be expected. A copy of the EA can be found on Laramide’s website ([www.Laramide.com](http://www.Laramide.com)) or through the following link to the BLM’s Utah website: [http://www.blm.gov/ut/st/en/fo/moab/nepa\\_enbb.html](http://www.blm.gov/ut/st/en/fo/moab/nepa_enbb.html). The public comment period has closed as of the date of this report, and no formal notifications have been received from the BLM. Following successful completion of the second comment period, the BLM would issue a Decision Record (DR) and “Finding of No Significant Impact” (FONSI), approving the selected alternative, whether that is the proposed action or another action alternative.

In addition to the Westmoreland Property and La Jara Mesa and La Sal properties, Laramide has a royalty interest in the following property:

#### **McKinley County, New Mexico, U.S.A.**

On December 20, 2006, Laramide acquired a portfolio of uranium royalties in New Mexico, U.S.A. from United Nuclear Corporation (“UNC”), a wholly-owned indirect subsidiary of General Electric Company. The royalty portfolio covers five separate parcels of mineral leases (Churchrock: Sections 8 and 17, T16N, R16W; and, Mancos: Section 7, T16N, R16W, Sections 12 and 13, T16N, R17W) in the Church Rock area of McKinley County which is located 20 miles northeast of Gallup, New Mexico. The properties are presently owned by a subsidiary of Uranium Resources Inc., a US publicly traded uranium producer, who acquired them from UNC in a series of transactions between 1986 and 1991.

The royalty interests being acquired are sliding scale gross revenue royalties with minimum levels of 5% and maximum levels of 24% depending on the spot price of uranium. Stated reserves on the property are not compliant with Canadian National Instrument 43-101 reporting standards but historic resources being utilized as the basis for the feasibility study are 18.6 million pounds on all of the parcels with 6.5 million of that on Section 8 which is anticipated to be developed using the insitu-leach (ISL) production method.

Terms of the acquisition call for Laramide to pay United Nuclear US\$9.25 million (CDN\$11.3 million) in cash, structured as follows:

- US\$3.5 million (CDN\$4,071,900) at closing (paid);
- US\$3 million (CDN\$3,153,000) on issuance of the final regulatory permit required to allow production to commence on Section 8; (permits not yet issued)

- US\$1.25 million (CDN\$1,313,750) on issuance of the final regulatory permit required to allow production to commence on Section 17; and
- US\$1.5 million (CDN\$1,576,500) on issuance of the final regulatory permit required to allow production to commence on Mancos (also known as Sections 7, 12, and 13)

UNC has provided guidance to the market that it has now initiated a feasibility study and hopes to achieve commercial production by 2013.

## **DIVIDENDS**

Subject to statutory or legal requirements, there are no restrictions in the Company's articles or by-law that would restrict or prevent the Company from paying dividends. However, the Company has not paid any dividend or made any other distribution in respect of its outstanding shares and management does not anticipate that the Company will pay dividends or make any other distribution in respect on its shares in the foreseeable future. The Company's board of directors, from time to time, and on the basis of any earnings and the Company's financial requirements or any other relevant factor, will determine the future dividend policy of the Company with respect to its shares.

## **DESCRIPTION OF SHARE STRUCTURE**

Laramide's authorized share capital consists of an unlimited number of Common Shares and an unlimited number of special shares (the "Special Shares"), issuable in series, of which 70,732,592 Common Shares and no Special Shares were issued and outstanding as of the date of this AIF. The following is a summary of the material provisions attaching to the Common Shares and Special Shares.

### **Common Shares**

The holders of the Common Shares are entitled to receive notice of and to attend all meetings of the shareholders of the Company and shall have one vote for each Common Share held at all meetings of the shareholders of the Company, except for meetings at which only holders of another specified class or series of shares are entitled to vote separately as a class or series. Subject to the prior rights of the holders of the Special Shares or any other shares ranking senior to the Common Shares, the holders of the Common Shares are entitled to (a) receive any dividends as and when declared by the board of directors, out of the assets of the Company properly applicable to the payment of dividends, in such amount and in such form as the board of directors may from time to time determine, and (b) receive the remaining property of the Company in the event of any liquidation, dissolution or winding-up of the Company.

### **Special Shares**

The board of directors of the Company may issue the Special Shares at any time and from time to time in one or more series, each series of which shall have the designations, rights, privileges, restrictions and conditions fixed by the directors. The Special Shares of each series shall rank on a parity with the Special Shares of every other series, and shall be entitled to priority over the Common Shares and any other shares of the Company ranking junior to the Special Shares, with respect to priority in the payment of dividends and the return of capital and the distribution of assets of the Company in the event of the liquidation, dissolution or winding-up of the Company.

### **Shareholder Rights Plan**

In April 2007, the Company approved the adoption of a shareholder rights plan (the "Rights Plan") designed to encourage the fair and equal treatment of shareholders in connection with any takeover bid for the outstanding securities of the Company. In accordance with its terms, the Rights Plan was re-

approved and confirmed at the Company's annual and special meeting of shareholders held in 2010. Under the terms of the Rights Plan, one right is attached to each Common Share currently outstanding (and will attach to each Common Share issued subsequently). Each right will entitle the holder, upon the occurrence of certain specified events and subject to certain limitations, to purchase one Common Share at an exercise price equal to five times the market price (the "Exercise Price"), subject to adjustment under certain circumstances. If certain events occur (including when a person or group becomes the beneficial owner of 20% or more of any class of voting shares of the Company without complying with the "permitted bid" provisions of the Rights Plan or without the approval of the Company's board of directors), exercise of the rights would entitle the holders (other than the acquiring person or group) to acquire that number of Common Shares having an aggregate market price on the date of the event equal to twice the Exercise Price for an amount in cash equal to the Exercise Price. Accordingly, exercise of the rights may cause substantial dilution to a person who attempts to acquire control of the Company.

## MARKET FOR SECURITIES

### Trading Price and Volume

The Common Shares are currently listed and posted for trading on the TSX under the trading symbol "LAM". The table below sets forth the high and low trading prices and volume for the Common Shares traded through the TSX on a monthly basis for the period commencing on January 1, 2011 and ending on December 31, 2011.

<i>2011</i>	Price Range and Trading Volume		
	High	Low	Volume
January	2.54	1.84	6,345,816
February	2.87	2.38	6,465,686
March	2.75	1.26	12,653,244
April	1.55	1.15	3,268,500
May	1.46	1.10	2,640,137
June	1.35	0.93	2,223,363
July	1.22	0.96	2,970,196
August	1.19	0.88	2,083,857
September	1.13	0.71	1,833,871
October	0.98	0.61	2,224,140
November	0.97	0.72	1,291,900
December	0.80	0.67	3,076,395

### Prior Sales

The following table sets forth the securities not listed but issued by the Company during the year ended December 31, 2011.

Date	Class of Securities	Number of Securities	Exercise Price
January 6, 2011	Options	125,000	\$1.90

## ESCROWED SECURITIES

To the knowledge of the Company, no securities of the Company are held in escrow.

## DIRECTORS AND OFFICERS

### Name, Occupation and Security Holding

The following table and the notes thereto set out the name, municipality and country of residence of each director and executive officer of the Company, their current position and office with the Company, their respective principal occupation during the five preceding years, the date on which they were first elected or appointed as a director or officer of the Corporation, the number of Common Shares of the Company beneficially owned, directly or indirectly, or over which they exercise control or direction as at the date of this AIF, and the percentage of the total issued and outstanding Common Shares of the Company represented by such shares:

Name and Municipality of Residence	Offices Held and Date Appointed	Principal Occupation During Past 5 Years	Director or Officer of Corporation Since	Number of Common Shares Beneficially Owned Directly or Indirectly or Controlled <sup>(1)</sup>	Director Classification
Marc C. Henderson Toronto, Ontario	Director, President, Chief Executive Officer	Chartered Financial Analyst, President and CEO of Laramide Resources Ltd., former President and CEO of Aquiline Resources Inc. (1998-2009)	May 16, 1995	5,751,712	Insider
Scott Patterson <sup>(2)(3)(4)</sup> Toronto, Ontario	Director	Chartered Accountant, President and Chief Operating Officer, FirstService Corporation	June 21, 1995	460,400	Independent
Peter Mullens Brisbane, Australia	Director, VP, Exploration	Mining and Exploration Geologist	December 3, 2003	506,100	Insider
John G. Booth <sup>(2)(3)(4)</sup> London, UK	Director	Barrister and Solicitor, Chairman BuyFX Ltd and Partner Conservation Financial International	December 3, 2003	597,100	Independent
Paul Wilkens <sup>(2)(3)(4)</sup> Ontario, USA	Director	Retired businessman. Prior thereto, President and senior officer of Rochester Gas and Electric Corporation	March 7, 2007	61,000	Independent
Dennis Gibson, Oakville, Ontario	Chief Financial Officer	CFO of Laramide Resources Ltd. since 2006, prior thereto Vice-President, Chief Financial Officer and Corporate Secretary of Vector Intermediaries Inc.; former Chief Financial Officer of Aquiline Resources Inc. (2006-2009); current CFO of Javelina Resources Ltd. and of Treasury Metals Inc. since July 2010.	April 6, 2006	72,500	N/A

<b>Name and Municipality of Residence</b>	<b>Offices Held and Date Appointed</b>	<b>Principal Occupation During Past 5 Years</b>	<b>Director or Officer of Corporation Since</b>	<b>Number of Common Shares Beneficially Owned Directly or Indirectly or Controlled<sup>(1)</sup></b>	<b>Director Classification</b>
Greg Ferron	Vice President, Corporate Development and Investor Relations	Vice President of Treasury Metals Inc. and Laramide Resources Ltd. since 2011, prior thereto Head of Global Mining, Business Development and Senior Listings Manager of Toronto Stock Exchange and TSXV	January 17, 2011	72,400	N/A

*Notes:*

(1) *Information regarding Common Shares held does not include Common Shares issuable upon the exercise of options of the Company.*

(2) *Member of Audit Committee.*

(3) *Member of Compensation Committee.*

(4) *Member of Nominating and Governance Committee.*

Each director and officer listed above had held the principal occupation listed for the past five years, other than as noted below.

#### Paul Wilkens

Mr. Wilkens has been a director of the Company since March 7, 2007. Mr. Wilkens holds a Bachelor of Science in Engineering Physics and Secondary Education from South Dakota State University, a Master of Science in Nuclear Engineering from the University of Illinois and a Master of Business Administration from the University of Rochester. Prior to his retirement in 2003, Mr. Wilkens had a 30 year career with Rochester Gas and Electric Corporation and held numerous positions in the corporation including Senior Vice President and President prior to his retirement in 2003.

#### Dennis Gibson

Mr. Gibson serves as Chief Financial Officer of the Company. Mr. Gibson holds a Bachelor of Commerce from Concordia University (Loyola College), and is a member in good standing with the Certified General Accountants of Ontario (CGA). He has held various senior financial positions over the past twenty-five years. From July 2004 until joining the Company in March 2006, he was a self-employed financial consultant. From 1996 to 2004, Mr. Gibson served as the Vice-President, Chief Financial Officer and Corporate Secretary of Vector Intermediaries Inc., a public company listed on the TSX Venture Exchange. In 2006, he became Chief Financial Officer of Laramide and of Aquiline Resources Inc., and currently he is the Chief Financial Officer of Treasury Metals Inc., Laramide Resources Ltd., and Javelina Resources Ltd.

#### Greg Ferron

Mr. Ferron serves as Vice President of Corporate Development and Investor Relations of the Company. Prior to joining the Company, Mr. Ferron held various positions at the Toronto Stock Exchange and the TSX Venture Exchange for the past nine years, including being a member of the stock list committee. His last position at the Exchange was heading the global business development for the mining sector. Prior to that, Mr. Ferron was a Senior Account Manager and Financial Analyst at Scotiabank. Mr. Ferron also serves as Vice President Corporate Development and Investor Relations for Treasury Metals Inc.

The directors and executive officers as a group beneficially owned, directly or indirectly, 5,733,977 Common Shares representing approximately 8.48% of the issued and outstanding Common Shares as at the date of this AIF.

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

No director or executive officer of the Company is, or within the 10 years prior to the date of this AIF, either:

- (I) has been a director, chief executive officer or chief financial officer of any company that:
  - (a) while the director or executive officer was acting in that capacity as director, chief executive officer or chief financial officer, 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 (any of such orders, an “Order”); or
  - (b) was subject to an Order that was issued after the director or executive officer ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while the director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer; or
- (II) has been a director or executive officer of any company that while acting in that capacity as director or executive officer, 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
- (III) has individually become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold his assets, with the exception of the following:

Mr. Gibson, CFO of Laramide, was the CFO of Vector Intermediaries, Inc. (“Vector”), a TSX Venture Exchange (“TSXV”) traded company. Vector was subject to a cease trade order by the Alberta Securities Commission dated June 20, 2003. The cease trade order was imposed for failure to file audited financial statements for the year ended December 31, 2002 and unaudited financial statements for the period ended March 31, 2003. Following the imposition of the cease trade order, Vector was sold in receivership, and its securities were de-listed from the TSXV.

No director or executive officer of the Company, or a shareholder holding a sufficient number of securities of the Company to affect materially the control of the Company, has been subject to:

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

## **Conflict of Interest**

The directors of the Company are required by law to act honestly and in good faith with a view to the best interest of the Company and to disclose any interests which they may have in any project or opportunity of the Company. If a conflict of interest arises at a meeting of the board of directors (the “Board”), any director in a conflict will disclose his interest and abstain from voting on such matter. In determining whether or not the Company will participate in any project or opportunity, that director will primarily consider the degree of risk to which the Company may be exposed and its financial position at that time.

To the best of the Company directors’ knowledge, save as described herein, there are no known existing or potential conflicts of interest among the Company, its directors, officers or other members of management of the Company as a result of their outside business interests except that certain of the directors, officers, and other members of management serve as directors, officers, promoters and members of management of other public companies, and therefore it is possible that a conflict may arise between their duties as a director, officer, promoter or member of management of such other companies.

The directors and officers of the Company are aware of the existence of laws governing accountability of directors and officers for corporate opportunity and requiring disclosures by directors of conflicts of interest and the Company will rely upon such laws in respect of any directors’ and officers’ conflicts of interest or in respect of any breaches of duty by any of its directors or officers. Such directors or officers in accordance with the *Canada Business Corporations Act* will disclose all such conflicts and they will govern themselves in respect thereof to the best of their ability in accordance with the obligations imposed upon them by law.

## **LEGAL PROCEEDINGS AND REGULATORY ACTION**

The Company was not party to any legal proceedings or regulatory action during the year ended December 31, 2011.

## **AUDIT COMMITTEE INFORMATION**

Multilateral Instrument 52-110 (“MI52-110”) 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. This information is provided below.

### **Audit Committee**

The Audit Committee is responsible for the Company’s financial reporting process and the quality of its financial reporting. The Audit Committee is charged with the mandate of providing independent review and oversight of the Company’s financial reporting process, the system of internal control and management of financial risks, and the audit process, including the selection, oversight and compensation of the Company’s external auditors. The Audit Committee also assists the board of directors in fulfilling its responsibilities in reviewing the Company’s process for monitoring compliance with laws and regulations and its own code of business conduct. In performing its duties, the Audit Committee maintains effective working relationships with the board of directors, management, and the external auditors and monitors the independence of those auditors. The Audit Committee is also responsible for reviewing the Company’s financial strategies, its financing plans and its use of the equity and debt markets.

The full text of the charter of the Company’s Audit Committee is attached hereto as Appendix “A”.

## Composition of the Audit Committee

The Audit Committee of Laramide is comprised of the following members of the board of directors of the Company:

<u>Name</u>	<u>Corporate Position</u>	<u>Independent</u>	<u>Financial Literacy</u>
Paul Wilkens	Director	Yes	Yes
Scott Patterson	Director (Chair)	Yes	Yes
John Booth	Director	Yes	Yes

The following table describes the education and experience of each Audit Committee member that is relevant to the performance of his responsibilities as an Audit Committee member:

<b>Name of Member</b>	<b>Relevant Experience and Qualifications</b>
Paul Wilkens	Mr. Wilkens holds a Bachelor of Science in Engineering Physics and Secondary Education from South Dakota State University, a Master of Science in Nuclear Engineering from the University of Illinois and a Master of Business Administration from the University of Rochester. Prior to his retirement in 2003, Mr. Wilkens had a 30 year career with Rochester Gas and Electric Corporation and held numerous positions in the corporation including Senior Vice President and President prior to his retirement in 2003.
Scott Patterson	Mr. Patterson is the President and Chief Operating Officer of FirstService Corporation. He joined FirstService Corporation in 1994 as Vice President Corporate Development, and was the Chief Financial Officer from February 1995 until September 2003. Prior to FirstService Corporation, Mr. Patterson was an investment banker at Bankers Trust. Mr. Patterson is a Chartered Accountant and began his career at Price Waterhouse.
John Booth	Mr. Booth is a partner with Conservation Finance International, the trading name of JAS Financial Products LLP, a hedge fund in London, UK (since 2004). He is also Chairman of BuyFX Ltd., an online Foreign Exchange matching service based in Bermuda (since 1998). Mr. Booth is a qualified lawyer (Ontario, NY & DC) and has worked as a banker and broker in the international capital markets for over 20 years at firms including Merrill Lynch International, ICAP, CEDEF, ABN AMRO Bank, the World Bank and Climate Change Capital.

## Pre-Approval Policies and Procedures

In the event that the Corporation wishes to retain the services of the Corporation's external auditors for any non-audit services, prior approval of the Audit Committee must be obtained.

### Audit Fees

The following table provides detail in respect of audit, audit related, tax and other fees incurred by the Company to the external auditors for professional services:

	<b>Audit Fees</b>	<b>Audit-Related Fees</b>	<b>Tax Fees</b>	<b>All Other Fees</b>
<b>Year ended December 31, 2010</b>	\$70,200	\$0	\$11,253	\$1,545
<b>Year ended December 31, 2011</b>	\$80,040	\$14,450	\$18,210	\$1,500

Audit Fees – Audit fees were paid for professional services rendered by the auditors for the audit of the Company’s annual financial statements as well as services provided in connection with statutory and regulatory filings.

Audit-Related Fees – Audit-related fees are paid for professional services rendered by the auditors and would comprise primarily of the review of quarterly financial statements, opening IFRS statements, and related documents.

Tax Fees – payable in respect of tax compliance, tax advice and tax planning professional services. These services include reviewing tax returns and assisting in responses to government tax authorities.

All Other Fees – The “other fee” category in both 2011 and 2010 related mainly to work performed for financings in both years. It also reflects fees that were payable for professional services, which included accounting advice.

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

None of the following persons:

- (a) a director or executive officer of the Company;
- (b) a person or company that is the direct or indirect beneficial owner of, or who exercises control or direction over, more than 10 percent of any class or series of the Company’s voting securities; or
- (c) an associate or affiliate of any of the persons or companies referred to in paragraphs (a) or (b) above,

has or has had any material interest, direct or indirect, in any transaction within the three most recently completed financial years of the Company or during the current financial year of the Company that has materially affected or will materially affect the Company.

### **TRANSFER AGENT AND REGISTRAR**

The Company’s transfer agent and registrar is Equity Financial Trust Company (“Equity”), 200 University Avenue, Suite 400, Toronto, Ontario.

### **MATERIAL CONTRACTS**

Other than contracts entered into in the ordinary course, the following material contracts were entered into by the Company within its most recently completed financial year or prior thereto but which are still in effect:

1. Shareholder rights Plan Agreement dated April 25, 2007, between the Company and Equity, as rights agent, in respect of the Rights Plan, as described elsewhere in this AIF under “Description of Share Capital”.
2. Underwriting Agreement dated February 19, 2009, between the Company and GMP Securities L.P., Dundee Securities Corporation, Cormark Securities Inc. and Haywood Securities Inc., as underwriters, in respect of a public offering of 5,000,000 units of the Company completed in February 2009 discussed elsewhere in this AIF under “General Development of the Business-Three Year History”.

## **INTEREST OF EXPERTS**

### **Names of Experts**

Set forth below are the persons and companies who prepared or certified a statement, report, valuation or opinion described, included or referred to in a filing that we made under National Instrument 51-102 during or relating to our most recently completed financial year.

Peter Mullens, the Vice-President Exploration and a director of the Company and a “qualified person” under NI 43-101, prepared or supervised the preparation of certain scientific or technical information about the Company’s mineral projects during its most recently completed financial year.

Andrew J. Vigar and David G. Jones of Mining Associates Pty Ltd., Brisbane, Australia, each a “qualified person” under NI 43-101, prepared the Westmoreland Technical Report.

Douglas Peters, a “qualified person” under NI 43-101, prepared the La Jara Mesa Technical Report.

The qualified persons named above are collectively referred to herein as the “Qualified Persons”.

Collins Barrow Toronto LLP (“Collins Barrow”) was appointed as auditor of the Company on April 30, 2003. Collins Barrow prepared the auditor’s report on the annual consolidated financial statements of the Company for the financial year ended December 31, 2011 and 2010.

### **Interests of Experts**

None of the Qualified Persons named under “Names of Experts” has received or will receive any registered or beneficial interests, direct or indirect, in any securities or other property of the Company or of any of the Company’s associates or affiliates in connection with the preparation or certification of any statement, report or valuation prepared by such person. During the financial year ended December 31, 2010, Mr. Mullens received stock options of the Company for services rendered by him generally to the Company in his capacity as a director, officer and employee of the Company. To the knowledge of the Company, none of the Qualified Persons named under “Names of Experts” (or any of the designated professionals thereof) held securities of the Company representing more than 1% of all issued and outstanding securities of that class as at the date of the statement, report or valuation in question.

Collins Barrow is independent of the Company in accordance with the rules of professional conduct of the Institute of Chartered Accountants of Ontario.

## **ADDITIONAL INFORMATION**

Additional information relating to the Company filed under its continuous disclosure obligations is available on SEDAR at [www.sedar.com](http://www.sedar.com).

Additional information, including directors’ and officers’ remuneration and indebtedness, principal holders of the Company’s securities, options to purchase securities and interests of insiders in material transactions, where applicable, is contained in the joint management information circular of the Company for its most recent meetings of shareholders that involved the election of directors, and additional financial information is provided in the financial statements of the Company and management’s discussion and analysis for each of their most recently completed financial years, respectively.

## APPENDIX “A”

### CHARTER OF THE AUDIT COMMITTEE OF THE BOARD OF DIRECTORS

#### 1. Overall Purpose / Objectives

The committee will assist the board of directors (the “Board”) in fulfilling its responsibilities. The committee will review the financial reporting process, the system of internal control and management of financial risks, the audit process, and the Company’s process of monitoring compliance with laws and regulations and its own code of business conduct. In performing its duties, the committee will maintain effective working relationships with the Board, management, and the external auditors and monitor the independence of those auditors. The committee will also be responsible for reviewing the Company’s financial strategies, its financing plans and its use of the equity and debt markets.

To perform his or her role effectively, each committee member will obtain an understanding of the responsibilities of committee membership as well as the Company’s business, operations and risks.

#### 2. Authority

The Board authorizes the committee, within the scope of its responsibilities, to seek any information it requires from any employee and from external parties, to retain outside legal or professional counsel and other experts and to ensure the attendance of the Company officers at meetings as appropriate.

#### 3. Organization

##### 3.1 Membership

- i) The committee will be comprised of at least three members, each of which should be an independent director.
- ii) The chairman of the audit committee will be nominated by the committee from time to time.
- iii) A quorum for any meeting will be two members.
- iv) The secretary of the committee will be the Company’s secretary, or such person as nominated by the Chairman.

##### 3.2 Attendance at Meetings

- i) The committee may invite such other persons (e.g. the CEO) to its meetings, as it deems appropriate.
- ii) The external auditors should be present at the annual audit committee meeting and be expected to comment on the financial statements in accordance with best practices. The committee may as it deems appropriate, invite the external auditors to participate in other audit committee meetings.
- iii) Meetings shall be held not less than four times a year. Special meetings shall be convened as required. External auditors may convene a meeting if they consider that it is necessary.
- iv) The proceedings of all meetings will be minuted.

#### **4. Roles and Responsibilities**

The committee will:

- 4.1 Gain an understanding of whether internal control recommendations made by external auditors have been implemented by management.
- 4.2 Gain an understanding of the current areas of greatest financial risk and whether management is managing these effectively.
- 4.3 Review the Company's strategic and financing plans to assist the Board's understanding of the underlying financial risks and the financing alternatives.
- 4.4 Review management's plans to access the equity and debt markets and to provide the Board with advice and commentary.
- 4.5 Review significant accounting and reporting issues, including recent professional and regulatory pronouncements, and understand their impact on the financial statements.
- 4.6 Review any legal matters which could significantly impact the financial statements as reported on by the general counsel and meet with outside counsel whenever deemed appropriate.
- 4.7 Review the annual and quarterly financial statements including Management's Discussion and Analysis and determine whether they are complete and consistent with the information known to committee members; determine that the auditors are satisfied that the financial statements have been prepared in accordance with generally accepted accounting principles.
- 4.8 Pay particular attention to complex and/or unusual transactions such as those involving derivative instruments and consider the adequacy of disclosure thereof.
- 4.9 Focus on judgmental areas, for example those involving valuation of assets and liabilities and other commitments and contingencies.
- 4.10 Review audit issues related to the Company's material associated and affiliated companies that may have a significant impact on the Company's equity investment.
- 4.11 Meet with management and the external auditors to review the annual financial statements and the results of the audit.
- 4.12 Assess the fairness of the interim financial statements and disclosures, and obtain explanations from management on whether:
  - a. actual financial results for the interim period varied significantly from budgeted or projected results;
  - b. generally accepted accounting principles have been consistently applied;
  - c. there are any actual or proposed changes in accounting or financial reporting practices;
  - d. there are any significant or unusual events or transactions which require disclosure and, if so, consider the adequacy of that disclosure.

- 4.13 Review the external auditors' proposed audit scope and approach and ensure no unjustifiable restriction or limitations have been placed on the scope.
- 4.14 Review the performance of the external auditors and approve in advance provision of services other than auditing.
- 4.15 Consider the independence of the external auditors, including reviewing the range of services provided in the context of all consulting services bought by the Company.
- 4.16 Make recommendations to the Board regarding the reappointment of the external auditors.
- 4.17 Meet separately with the external auditors to discuss any matters that the committee or auditors believe should be discussed privately.
- 4.18 Endeavour to cause the receipt and discussion on a timely basis of any significant findings and recommendations made by the external auditors.
- 4.19 Obtain regular updates from management and the Company's legal counsel regarding compliance matters, as well as certificates from the Chief Financial Officer as to required statutory payments and bank covenant compliance and from senior operating personnel as to permit compliance.
- 4.20 Ensure that the Board is aware of matters which may significantly impact the financial condition or affairs of the business.
- 4.21 Perform other functions as requested by the full Board.
- 4.22 If necessary, institute special investigations and, if appropriate, hire special counsel or experts to assist.
- 4.23 Review and update the charter; receive approval of changes from the Board.

## APPENDIX “B”

### **Procedures for Receipt of Complaints and Submissions Relating to Accounting Matters**

1. The Company shall inform employees verbally or via written communication of the officer (the “Complaints Officer”) designated from time to time by the Committee to whom complaints and submissions can be made regarding accounting, internal accounting controls or auditing matters or issues of concern regarding questionable accounting or auditing matters.
2. The Complaints Officer shall be informed that any complaints or submissions so received must be kept confidential and that the identity of employees making complaints or submissions shall be kept confidential and shall only be communicated to the Committee or the Chair of the Committee.
3. The Complaints Officer shall be informed that he or she must report to the Committee as frequently as such Complaints Officer deems appropriate, but in any event no less frequently than on a quarterly basis prior to the quarterly meeting of the Committee called to approve interim and annual financial statements of the Company.
4. Upon receipt of a report from the Complaints Officer, the Committee shall discuss the report and take such steps as the Committee may deem appropriate.
5. The Complaints Officer shall retain a record of a complaint or submission received for a period of six years following resolution of the complaint or submission.

### **Procedures for Approval of Non-Audit Services**

1. The Company’s external auditors shall be prohibited from performing for the Company the following categories of non-audit services:
  - (a) bookkeeping or other services related to the Company’s accounting records or financial statements;
  - (b) financial information systems design and implementation;
  - (c) appraisal or valuation services, fairness opinion or contributions-in-kind reports;
  - (d) actuarial services;
  - (e) internal audit outsourcing services;
  - (f) management functions;
  - (g) human resources;
  - (h) broker or dealer, investment adviser or investment banking services;
  - (i) legal services;
  - (j) expert services unrelated to the audit; and
  - (k) any other service that the Canadian Public Accountability Board determines is impermissible.
2. In the event that the Company wishes to retain the services of the Company’s external auditors for tax compliance, tax advice or tax planning, the Chief Financial Officer of the Company shall consult with the Chair of the Committee, who shall have the authority to approve or disapprove on behalf of the Committee, such non-audit services. All other non-audit services shall be approved or disapproved by the Committee as a whole.

The Chief Financial Officer of the Company shall maintain a record of non-audit services approved by the Chair of the Committee or the Committee for each fiscal year and provide a report to the Committee no less frequently than on a quarterly basis.