

LIONS GATE METALS INC.
ANNUAL INFORMATION FORM

For the Year Ended December 31, 2010

Dated as of October 20, 2011

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PRELIMINARY NOTES

Date of Information

The date of the information in this Annual Information Form (“AIF”) is as of October 20, 2011 unless otherwise stated.

Cautionary Statement on Forward-Looking Information

This AIF contains forward-looking statements concerning Lions Gate Metals Inc.’s (“Lions Gate”, or the “Company”) plans for its mineral projects, its exploration activities, and other matters. These statements relate to analyses and other information that are based on forecasts of future results, estimates of amounts not yet determinable and assumptions of management. Actual results could differ materially from the conclusions, forecasts and projections contained in these forward-looking statements.

Statements concerning Mineral Resource Estimates (as defined below) may also be deemed to constitute “forward-looking statements” to the extent that they involve estimates of the mineralization that will be encountered if a given property is developed. Any statements that express or involve discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, assumptions or future events or performance (often, but not always, using words or phrases such as “expects”, “is expected”, “anticipates”, “plans”, “projects”, “estimates”, “assumes”, “intends”, “strategy”, “goals”, “objectives”, “potential” or variations thereof or stating that certain actions, events or results “may”, “could”, “would”, “might” or “will” be taken, occur or be achieved, or the negative of any of these terms and similar expressions) are not statements of historical fact and may be forward-looking statements. Forward-looking statements are statements about the future and are inherently uncertain, subject to a variety of known and unknown risks, uncertainties and other factors that could cause actual events or results to materially differ from those reflected in the forward-looking statements, including, without limitation:

- inherent uncertainties and risks associated with mineral exploration;
- uncertainties related to the availability of future financing necessary to undertake activities on Lions Gate’s properties;
- risks associated with Lions Gate having no history of earnings or production revenue;
- uncertainties related to the possible recalculation of, or reduction in, the Company’s mineral resources and any reserves;
- uncertainties related to the outcome of studies to be undertaken by Lions Gate;
- uncertainties relating to fluctuations in mineral prices;
- the risk that Lions Gate’s title to its properties could be challenged;
- risks related to Lions Gate’s ability to attract and retain qualified personnel;
- uncertainties related to general economic conditions;
- uncertainties related to global financial conditions;
- risks related to the integration of businesses and assets acquired by Lions Gate;
- uncertainties related to the competitiveness of the industry;
- risks associated with Lions Gate being subject to government regulation, including changes in regulation;
- risks associated with Lions Gate being subject to environmental laws and regulations, including a change in regulation;

- risks associated with Lions Gate's need for governmental licenses, permits and approvals;
- uninsured risks and hazards;
- risks associated with fluctuations in foreign exchange rates;
- risks related to default by joint venture parties, contractors and agents;
- inherent risks associated with litigation;
- risks associated with potential conflicts of interest;
- risks related to effecting service of process on directors resident in foreign countries;
- uncertainties related to Lions Gate's limited operating history;
- risks related to Lions Gate's lack of a dividend history;
- risks relating to short term investments; and
- uncertainties related to fluctuations in Lions Gate's share price.

This list is not exhaustive of the factors that may affect any of Lions Gate's forward-looking statements. Further discussions of such factors can also be found under the heading "Description of the Business - Risk Factors" and elsewhere.

Lions Gate's forward-looking statements are based on the beliefs, expectations and opinions of management as of the date hereof and which Lions Gate believes are reasonable in the circumstances, but no assurance can be given that these expectations will prove to be correct. Lions Gate disclaims any intention or obligation to update or revise forward-looking statements if circumstances or management's beliefs, expectations or opinions should change, except as required by law. For the reasons set forth above, undue reliance should not be placed on forward-looking statements.

CORPORATE STRUCTURE

Name and Incorporation

Lions Gate Metals Inc. was originally incorporated in the Province of British Columbia on March 28, 1980 under the name Nalos Mining Corporation.

The Company has undergone numerous name changes since incorporation; first changing its name to United Canadian Energy Corporation on May 30, 1980, and back to Nalos Mining Corporation on June 19, 1980. On July 6, 1981 the Company changed its name to Nalos Resources Corporation and to Salon Resources Corporation on January 13, 1986. On May 7, 1986 the Company changed its name to Salon Resources Corporation in its English form and Corporation Miniere Salon, in its French form. On September 23, 1987 the Company changed its name to Corptech Industries Inc. On May 29, 1992 the Company consolidated its capital on a four old for one new basis and on July 14, 1992 the Company changed its name to Forefront Ventures Ltd. On February 3, 1999 the Company consolidated its capital on a six and one-half old for one new basis and changed its name to First Echelon Ventures Ltd. on February 16, 1999. On November 19, 2003, the Company consolidated its capital on a four old for one new share basis and on December 11, 2003 the Company changed its name to Aumega Discoveries Ltd. On January 10, 2007, the Company consolidated its capital on a five old for one new share basis and changed its name to Fortress Base Metals Corp. On July 21, 2008 the Company changed its name to Lions Gate Metals Inc.

Lions Gate is a reporting issuer in the Provinces of British Columbia and Alberta, and its common shares (the “**Lions Gate Shares**”) are listed for trading on the TSX Venture Exchange (the “**Exchange**”) under the symbol “LGM”. The Company is classified as a Tier 1 Issuer by the Exchange.

Lions Gate’s registered and head office is located at Suite 880, 609 West Georgia Street, Vancouver, British Columbia V7Y 1G5, telephone: (604) 683-7588; facsimile: (604) 683-7589; email: info@lionsgatemetals.com; website: www.lionsgatemetals.com.

Intercorporate Relationships

Lions Gate has one wholly owned subsidiary, Northern Canadian Metals Inc. (“**NCMI**”). NCMI was incorporated in the Province of British Columbia on December 13, 2010.

GENERAL DEVELOPMENT OF THE BUSINESS

Lions Gate is a junior mineral exploration company principally engaged in acquiring, exploring and evaluating natural resource properties in North America. As discussed in further detail, under the heading “Description of the Business” below, the Company’s principal property is the Poplar Property located in central British Columbia near the town of Houston. The Company also has two secondary properties (the ROK-Coyote Property and the Hudson Bay Mountain Property) and two grassroots prospects (the Kelly Creek Property and the Copperline Property) (collectively, all five properties referred to herein as the “**Properties**”).

The following is a summary of key developments in Lions Gate’s business, including significant acquisitions, that have occurred over the past few years.

Poplar Property

Lions Gate has a 100% interest in the 26 mineral claims, known as the Poplar Property, situated in the Omineca Mining Division of British Columbia. Lions Gate first acquired a partial interest in the property pursuant to an option agreement dated April 20, 2004. Pursuant to an amended and rested property option agreement dated July 30, 2007, Hathor Exploration Limited (“**Hathor**”) granted Lions Gate an option to acquire further interest in the Poplar Property. Lions Gate acquired the property for certain cash and share consideration including 240,000 Lions Gate Shares and the annual payment to Hathor of \$75,000. In addition, Hathor retains a 2% net smelter royalty (“**NSR**”) over the claims so acquired.

Lions Gate has continued to explore other opportunities in the region, and has continued to expand its interest by acquiring properties adjacent to the properties acquired from Hathor. During the year ended December 31, 2008, Lions Gate staked 40,427 additional hectares contiguous to the Poplar deposit. These mineral claim holdings are 100% owned by Lions Gate and all mineral claims are current and in good standing.

On April 15, 2009 Lions Gate entered into an option agreement with an arm’s length third party to earn the exclusive right and option to acquire 100% legal and beneficial interest to sixteen additional mineral claims south of Poplar Lake. Lions Gate will earn its 100% interest in the property by issuing 10,000 Lions Gate Shares upon transfer of the claims to Lions Gate, 20,000 Lions Gate Shares on the first anniversary of the transfer of claims to Lions Gate, 30,000 Lions Gate on the second anniversary of the transfer of claims to Lions Gate and 40,000 Lions Gate Shares on the third anniversary of the transfer of claims to Lions Gate. Additionally, should the claims be found to contain economically recoverable metal values, Lions Gate may offer a total maximum payable of \$1,000,000 in the form of a NSR or a one-time only buy-out by Lions Gate of \$1,000,000 less any NSR amounts previously paid. To date, 60,000 Lions Gate shares have been issued with respect to this option. An additional 40,000 Lions Gate Shares must be issued on or before April 29, 2012 in order for Lions Gate to earn its interest.

On May 25, 2009 Lions Gate entered into another option agreement with an arm's length third party to earn the exclusive right and option to acquire 100% legal and beneficial interest to three mineral claims south of Poplar Lake. Lions Gate will earn its 100% interest in the property by issuing 2,500 Lions Gate Shares upon transfer of the claims to Lions Gate, 5,000 Lions Gate Shares on the first anniversary of the transfer of claims to Lions Gate, 7,500 Lions Gate Shares on the second anniversary of the transfer of claims to Lions Gate and 15,000 Lions Gate Shares on the third anniversary of the transfer of claims to Lions Gate. Additionally, should the claims be found to contain economically recoverable metal values, Lions Gate may offer a total maximum payable of \$100,000 in the form of a 1% NSR or a one-time only buy-out by Lions Gate of \$100,000 less any NSR amounts previously paid. To date, 15,000 Lions Gate Shares have been issued with respect to this option. An additional 15,000 Lions Gate Shares must be issued on or before May 25, 2012 in order for Lions Gate to earn its interest in these claims.

On August 20, 2009 the Company announced that The Office of the Wet'suwet'en (the "OW"), representing the interests of five Clans and thirteen Houses of the Wet'suwet'en first nations, and the Company had concluded a Memorandum of Understanding ("MOU"). The MOU recognizes that both parties were committed to a respectful, consultative relationship with regards to the Company's mineral exploration activities on 22,000 square kilometers of Wet'suwet'en traditional territories in the Poplar Lake area, which include the Poplar Property. The MOU also recognized that the Poplar Property is situated within the traditional territory of the Unis'tot'en people who are a member of one of the five Clans that make up Wet'suwet'en Nation and that the Company intends to engage and consult with the Unis'tot'en in connection with the exploration and development of the Poplar Property.

The commitments in the MOU were renewed pursuant to a Communications and Engagement Agreement (the "CEA") on December 15, 2010. This CEA is expected to continue for the foreseeable future as the Company and the OW work towards maintaining a transparent and mutually respectful ongoing relationship. Lions Gate has agreed to make annual payments of \$10,000 to the OW as capacity funding in accordance with the CEA.

In July 2010, Lions Gate held meetings with the Unis'tot'en first nation to engage them in meaningful consultation and to further accommodate their unique interests in respect to exploration work on the Poplar Project. Ongoing discussions for a formal Communications Protocol Agreement are continuing. In the interim, Lions Gate provided \$10,000 in capacity funding to assist the Unis'tot'en with travel and administration costs to plan meetings. Lions Gate has also commissioned and funded the Unis'tot'en for a \$40,000 Traditional Use Study to help better understand the cultural significance of the Poplar area. The Company continues, in good faith, to consult with the Unis'tot'en and the Government of British Columbia has granted permission for exploration work for a Phase I, 2011 winter drilling program, which was undertaken in January to March 2011, as well as a Phase II summer/fall program which commenced in August, 2011. Lions Gate has employed up to five Unis'tot'en members to fill various positions for the Company during these exploration phases, including a geotechnical engineer, core splitter, environmental monitor and cook's helper.

In 2009, an airborne geophysical (EM and Mag) survey and a deep IP survey were each conducted over the entire Poplar Property. In summer 2011, a program of soil sampling and prospecting was conducted on anomalies identified by the previous geophysical surveys. This sampling was concentrated on anomalies located peripheral to the Poplar deposit. These studies are ongoing and the Company expects that data compilation and reporting will be conducted throughout the fourth quarter of 2011 and the first quarter of 2012 to determine next steps with respect to the Poplar Property.

In early January 2011, the Company commenced the first phase of a drill program on the Poplar Property that comprised of 5,569 meters of drilling in thirteen diamond drill holes. This diamond drill program was designed to test mineralization at depths of up to 600m, based on results of the Company's 2009 deep

induced polarization (“**IP**”) survey, as well as expanding the size of the Poplar Property main zone. The results of this drill program is included in the Technical Report (as defined and discussed further below).

In August, 2011, the Company continued the exploration work with the second phase of its planned drilling program. The Company has obtained permits to drill up to 75 drilling targets through to March 2015 and the Company continues to negotiate the final terms of the Protocol Agreement with the Unis’tot’en leadership.

ROK-Coyote Property

On January 21, 2010, the Company entered into a letter of intent with Firesteel Resources Inc. (TSX-V: FTR) (“**Firesteel**”) pursuant to which Lions Gate was granted an option to acquire 75% interest in a mineral property located in the Stikine Arch region of northwestern British Columbia (the “**ROK-Coyote Property**”). The Company has subsequently renegotiated the terms of that agreement, which now provides for the following payment schedule:

Date	Cash to Firesteel (Cdn\$)	Lions Gate Shares	Work Commitment (Cdn\$)
On Execution of the LOI dated January 21, 2010	\$50,000 PAID	0	0
On later of execution of Formal Agreement or receipt of Exchange approval (Effective Date) January 5, 2011	\$121,000 PAID	50,000 Issued	
January 5, 2012	\$50,000	50,000	\$350,000
January 5, 2013	\$75,000	100,000	\$450,000
January 5, 2014	\$100,000	200,000	\$700,000
January 5, 2015	\$100,000	250,000	\$1,000,000
Total	\$496,000	650,000	\$2,500,000

The cash payments of \$171,000 paid to date will be credited towards Lions Gate work commitments on the Property. The Company paid a cash finder’s fee of \$22,000 to Mr. David Dupre with respect to the transaction.

Firesteel may re-acquire a 5% interest in the ROK-Coyote Property by paying Lions Gate \$200,000, which, if exercised, would result in a 70% ownership interest of the ROK-Coyote Property held by Lions Gate and the remaining 30% interest held by Firesteel.

The Company has recently concluded an expansion of the existing grid and a ground geophysical survey, with data compilation and reporting tentatively scheduled for completion in the fourth quarter of 2012.

As the Property is situated within the traditional territory of the Tahltan First Nations, the Company has been diligent in its consultation efforts to engage, early on, with the leadership of the Tahltan Nation and develop a sound working relationship. These efforts have included working with the Tahltan Nation Economical Development Corporation and retaining their services for the exploration work program undertaken in August 2011. The Company will continue to work with the Tahltan towards the execution of a formal Exploration Agreement as it assesses its plans for further exploration on ROK- Property.

Hudson Bay Mountain Property

Lions Gate acquired a 100% interest in certain mineral claims known as the Hudson Bay Mountain mineral property interest located near Smithers, B.C. (the “**Hudson Bay Mountain Property**”), by issuing 460,000 Lions Gate Shares and an initial payment of \$25,000 to the vendor thereof in May, 2005 and by making annual payments of \$25,000 each May thereafter. The vendor retains a 2% NSR in respect of these mineral claims. Lions Gate has renewed 76 claims on the Hudson Bay Mountain Property totaling 22,807 hectares and all such mineral claims are current and in good standing. The Company’s intention to spinout the Hudson Bay Mountain Property into another public company has currently been placed on hold, until market conditions improve.

Copperline Property

The Company currently holds a 60% interest in the Copperline property (the “**Copperline Property**”), acquired pursuant to a sale and purchase agreement, dated July 17, 2010, between the Company and the two vendors thereof. The Company has exercised the option and acquired the 60% undivided beneficial and recorded interest in the Copperline Property in consideration of the issuance to the vendors of a total of 2,700,000 common shares in the capital of the Company. The remaining 40% interest in the property is held by Max Minerals Ltd. (TSXV: MJM) and, following its acquisition of the 60% interest, Lions Gate assumed the vendors’ rights and obligations under an existing joint venture with Max Minerals Ltd.

A portion of the claims comprising the Copperline Property is subject to a 1.5% NSR held by Cominco Ltd. Kleinebar Resources Ltd. also holds a 0.5% NSR on the part of the property subject to the Cominco Ltd. NSR, and a 1.25% NSR on the balance of the Copperline Property. The Kleinebar Resources Ltd. NSR can be purchased at any time for \$500,000. No current work is planned for the Copperline Property.

Kelly Creek Property

By an agreement dated July 26, 2004, the Company was granted an option to acquire an undivided 100% interest in what are now six mineral claims, known as the Kelly Creek mineral property interest, situated in the Omineca Mining Division of B.C. (the “**Kelly Creek Property**”). Lions Gate exercised the option and acquired the 100% interest in the Kelly Creek property effective July, 2007. Consideration for the acquisition was the payment of \$20,000 and the issuance of 80,000 Lions Gate Shares of the Company to be issued in various stages, with the final 40,000 Lions Gate Shares issued in July, 2007. The optionor retains a 2% NSR, in respect of these mineral claims, with the Company being granted the right to purchase 1% of this NSR for consideration of \$1,000,000.

The Kelly Creek mineral property interest is 100% owned by the Company and all related mineral claims are current and in good standing. Management has elected at this time to carry this interest at a nominal value. No current work is planned for the Kelly Creek Property.

Loans and Loan Receivables

In November 2008, the Company loaned \$400,000 U.S. (the “**Principal Sum**”) to Advanced Wealth Solutions Inc. (the “**Borrower**”). The Borrower promised to pay to the Company the Principal Sum on or before May 15, 2009, together with interest thereon at the rate of 15% per annum, payable at maturity. On May 20, 2009 the Company received \$100,000 U.S. and agreed to extend the payment terms to July 15, 2009. The Borrower did not make any further payments on or before July 15, 2009. Pursuant to an amended promissory note dated January 21, 2010, the Company amended the repayment terms and balance owing, at which time the total amount of the note receivable outstanding was US \$360,000, which includes US \$60,000 accrued interest at an effective interest rate of 20% per annum. This balance was agreed to as the final amount owing and the repayment terms were to commence on March 5, 2010 and end on August 27, 2010.

The amended repayment terms and the related allowance were as follows:

	US
March 5, 2010	\$ 60,000
April 9, 2010	60,000
May 14, 2010	60,000
June 18, 2010	60,000
July 23, 2010	60,000
August 27, 2010	60,000
	<hr/> 360,000
Less: Allowance	(359,999)
	<hr/> <u>\$ 1</u>

On March 5, 2010, the Borrower failed to make the required payment. Therefore, under the circumstances, the Company made the decision to write-down the loan to \$1, and wrote down the note as at December 31, 2009. Subsequent to December 31, 2010, US\$100,000 was received in respect of this receivable. However, the balance of US \$260,000 has not been received and the balance owing remains the object of a reserve for doubtful accounts as the ultimate collectability remains in doubt. The Company has initiated discussions with legal counsel regarding the steps necessary to collect on this outstanding note receivable.

The Company does not have any loans or bank debt and there are no restrictions on the use of its cash resources other than the requirement to spend specified amounts on Canadian Exploration Expenses (“CEE”), as defined in the *Income Tax Act (Canada)*. As at the date of the AIF, there were no outstanding CEE expenditure obligations.

Tier 1 Status

On February 18, 2009, Lions Gate received confirmation from the Exchange that Lions Gate had met the requirements to be classified as a Tier 1 Mining Issuer, as defined in the policies of the Exchange, and its classification on the Exchange was subsequently changed from Tier 2 to Tier 1. Tier 1 is the Exchange’s primary tier and is reserved for the Exchange’s most advanced issuers with the most significant financial resources.

Normal Course Issuer Bid

Effective September 18, 2008, the Exchange approved Lions Gate’s application for a normal course issuer bid under the policies of the Exchange. Lions Gate was entitled to purchase up to 5% of its outstanding Lions Gate Shares, the actual number of shares and the timing of purchase to be determined by Lions Gate. During the year ended December 31, 2008, 55,500 Lions Gate Shares were purchased in the market at an average price of \$1.15 per Lions Gate Share. During the six month period ended June 30, 2009, 14,000 additional Lions Gate Shares were purchased in the market at an average price of \$0.64 per Lions Gate Share. 54,000 of the purchased Lions Gate Shares were cancelled by the Company as of February 26, 2009 and the remaining 15,500 were cancelled by the Company as of May 11, 2009. The normal course issuer bid expired effective September 22, 2009 and no further Lions Gate Shares were purchased by the Company thereunder.

Recent Financings

In May 2008, Lions Gate completed a non-brokered private placement consisting of 1,200,000 units at a price of \$0.58 per unit for aggregate proceeds of \$696,000. Each unit was comprised of one Lions Gate Share and one common share purchase warrant which entitles the holder to acquire one additional Lions

Gate Share for \$0.72 at any time within 24 months from the date of issuance of the warrants. Subsequently, the 1,200,000 share purchase warrants, which were to expire on May 23, 2010, had their expiry date extended to May 23, 2013.

In March 2011, Lions Gate completed a two-tranche non-brokered private placement consisting of, in the aggregate, 6,289,000 units at a price of \$0.80 for gross proceeds of \$5,031,200 and 1,052,632 flow-through shares at a price of \$0.95 per share for gross proceeds of \$1,000,000. Each unit comprised of one common share and one-half of one non-transferable common share purchase warrant, each whole warrant entitling the holder to purchase an additional common share for a period of two years, at a price of \$1.20 per share during the first year and a price of \$1.50 per share during the second year. Finder's fees of \$229,728 in cash were paid and 275,318 in finders' warrants were issued in connection with this private placement financing. Each finders' warrant entitles the holder to acquire a common share for \$0.82 at any time within 18 months after the date the warrants were issued.

Previous Agreements

On September 3, 2009 the Company announced a proposed merger with AusNiCo Limited (ASX: DGR) ("Ausnico"), which at the time was a private Australian company. Ausnico owns nickel exploration tenements in South East Queensland, Australia and the merger of the Company and Ausnico would have created a listed base metals-focused company with nickel, copper and molybdenum assets in British Columbia, Canada, and Queensland, Australia. Negotiation of a definitive agreement continued through 2010 until the Company announced negotiations had been mutually terminated on April 22, 2010.

DESCRIPTION OF THE BUSINESS

Company Overview

The Company is a public company incorporated under the laws of the Province of British Columbia. The Lions Gate Shares are listed for trading on the Exchange under the symbol LGM. Effective July 21, 2008, the Company changed its name from Fortress Base Metals Corp. to Lions Gate Metals Inc. As a result of the name change, the Company's stock symbol changed from "FBM" to "LGM". On February 19, 2009 the Company announced that, in accordance with Exchange Policy 2.5, the Company had met the requirements necessary to change from a Tier 2 issuer to a Tier 1 issuer.

The Company is a junior mineral exploration company engaged in the business of acquiring and exploring and evaluating natural resource property interests. As of the date hereof, the Company has not earned any production revenue, nor found any proven reserves on any of its mineral property interests.

The Company's principal property is the Poplar Property located in central British Columbia near the town of Houston. The entire Poplar Property consists of an area of over 60,000 hectares. The property is accessible via existing infrastructure for an adjacent mine and local logging activities.

In summer 2011, a program of soil sampling and prospecting was conducted on anomalies identified by the previous geophysical surveys. This sampling was concentrated on anomalies located peripheral to the Poplar deposit. These studies are ongoing and the Company expects that data compilation and reporting will be conducted throughout the fourth quarter of 2011 and the first quarter of 2012 to determine next steps with respect to the Poplar Property.

The Company is also currently pursuing a drilling program on the Poplar Property which is focused on a relatively concentrated area around the Poplar deposit. In 2011, two programs have been undertaken by the Company: (1) 5,569 meters of diamond drilling in 13 holes, which was completed from January to March, 2011; and (2) a follow-up program commenced in April, 2011 and which is ongoing. Drilling is scheduled to continue throughout August, September, October and possibly into November of 2011.

The Technical Report, which is a NI 43-101 compliant resource estimate, has been prepared on the property and is described further below under the heading “Mineral Properties”. The Technical Report incorporates the results of the January, February and March 2011 drilling program undertaken by the Company.

The goals of the current program are to:

- Increase the size of the deposit;
- Increase the grade following up on higher grade areas identified in previous drilling; and
- Obtain sufficient sample coverage to allow inclusion of Gold and Silver values in the grade (current estimates do not include these elements because there were insufficient sample numbers obtained to ensure statistical validity).

The Company also has two secondary properties (the ROK-Coyote Property and the Hudson Bay Mountain Property) and two grassroots prospects (the Kelly Creek Property and the Copperline Property).

The ROK-Coyote Property is located in northeastern British Columbia, adjacent to Imperial Metals Corporation’s Red Chris deposit. The ROK-Coyote Property is prospective for copper and gold and has been the subject of a ground exploration program conducted in August and September of 2011, the results of which will not be available until the later part of the fourth quarter of 2011.

The Hudson Bay Mountain Property is located within 20 km of Smithers, British Columbia and surrounds Thompson Creek Metals Company Inc.’s Davidson Deposit. This property is prospective for molybdenum and exploration on the property in the third quarter of 2011 has consisted of a soil sampling program. The Hudson Bay Property is directly owned by the Company’s wholly owned subsidiary, NCMI. The Company has contemplated pursuing a transaction by which the subsidiary and its assets would be spun-out and NCMI would undertake an initial public offering of its common shares. However, due to current uncertainties and fluctuations in the capital markets and commodity markets related to molybdenum, the Company has decided not to pursue such a transaction at this time.

No significant work is being contemplated in the short term for the Kelly Creek Property and Copperline Property. Management may consider optioning these properties in the future so that it can focus on the exploration and development of its principal properties.

During the past several years the Company has focused on expanding its current interest in the Poplar Property and acquiring additional properties. The Company acquired a 100% interest in the Poplar Property by entering into several option agreements and through staking of claims.

Business

Lions Gate is a junior mineral exploration company principally engaged in acquiring, exploring and evaluating natural resource properties in North America. Lions Gate is currently focusing its resources on its most advanced property, the Poplar Property, and seeking potential acquisitions of complementary businesses or assets. Lions Gate has a portfolio of copper and molybdenum exploration properties in British Columbia. In order to fund its ongoing exploration efforts, operations and expansions, as applicable, Lions Gate has historically raised capital through the issuance of equity from its treasury.

Stage of Development

Lions Gate is in the exploration stage and does not produce, develop or sell any products at this time, nor do any of its current properties (other than the Poplar Property) have any known or identified mineral resources or mineral reserves.

Specialized Skills and Knowledge

Various aspects of Lions Gate's business require specialized skills and knowledge. Such skills and knowledge include the areas of permitting, engineering, geology, drilling, metallurgy, logistical planning First Nations Consultation and Accommodation and implementation of exploration programs as well as legal compliance, finance and accounting. The recent decline in the global economy and resultant decline in activity in the resource mining industry has made it less difficult to locate competent employees and consultants in such fields.

Competitive Conditions

As a mineral exploration company, Lions Gate may compete with other entities in the mineral exploration business in various aspects of the business including: (a) seeking out and acquiring mineral exploration properties; (b) obtaining the physical and human capital resources necessary to identify and evaluate mineral properties and to conduct exploration and development activities on such properties; and (c) raising sufficient capital to fund its operations. Additionally, competition for exploration resources at all levels is currently very significant, particularly affecting the availability of manpower, drill rigs and helicopters.

The mining industry is very competitive in all its phases, and Lions Gate may compete with other companies that have greater financial resources and technical facilities. Competition could adversely affect Lions Gate's ability to acquire suitable properties or prospects in the future or to raise the capital necessary to continue with operations. For further discussion, see "Description of Business – Risk Factors".

Cycles or Seasonality

Lions Gate's mineral exploration activities may be subject to seasonality due to adverse weather conditions including, without limitation, inclement weather, snow covering the ground, frozen ground and restricted access due to snow, ice or other weather related factors.

In addition, the mining business is subject to global economic cycles which affect the marketability of products derived from mining.

Economic Dependence

Lions Gate's business is not substantially dependent on any contract, such as a contract to sell a significant portion of production to one or more specific purchasers. It is not expected that Lions Gate's business will be affected in the current financial year by the renegotiation or termination of contracts or sub-contracts.

Employees

As of the date hereof, Lions Gate has two (2) employees and five (5) contractors or consultants. As operations require, Lions Gate retains geologists, engineers and other consultants on a fee for service basis.

Environmental Protection and Policies

Lions Gate is subject to the laws and regulations relating to environmental matters in all jurisdictions in which it operates, including provisions relating to property reclamation, discharge of hazardous materials and other matters. Lions Gate may also be held liable should environmental problems be discovered that were caused by former owners and operators of its properties and properties in which it has previously

had an interest. Lions Gate conducts its mineral exploration activities in compliance with applicable environmental protection legislation. Lions Gate is not aware of any existing environmental problems related to any of its current or former properties that may result in material liability to Lions Gate. Before production can commence on any properties, Lions Gate must obtain regulatory and environmental approvals. There is no assurance that all required approvals can be obtained on a timely basis or at all.

Environmental legislation is becoming increasingly stringent and costs and expenses of regulatory compliance are increasing. The impact of new and future environmental legislation on Lions Gate's operations may cause additional expenses and restrictions. If the restrictions adversely affect the scope of exploration and development on Lions Gate's mineral property interests, the potential for production on the property may be diminished or negated.

Risk Factors

The following risk factors, as well as risks not currently known to Lions Gate, could materially adversely affect Lions Gate's future business, activities and financial condition and could cause them to differ materially from the estimates described in forward-looking statements relating to Lions Gate. Before making an investment decision consideration should be made of the principal risks and uncertainties described below:

Mineral exploration is speculative and uncertain and involves a high degree of risk

The exploration for, and development of, mineral deposits involves a high degree of risk. Few properties which are explored are ultimately developed into producing mines. Resource exploration and development is a speculative business, characterized by a number of significant risks, including, among other things, unprofitable efforts resulting not only from the failure to discover mineral deposits, but also from finding mineral deposits that, although present, are insufficient in quantity and quality to return a profit from production. The marketability of minerals acquired or discovered by the Company may be affected by numerous factors that are beyond the control of the Company and that cannot be accurately predicted, such as market fluctuations, the proximity and capacity of milling facilities, mineral markets and processing equipment, and such other factors as government regulations, including regulations relating to royalties, allowable production, importing and exporting of minerals, and environmental protection, the combination of which factors may result in the Company not receiving an adequate return on investment capital.

All of the properties in which the Company has an interest are without any mineral reserves. Whether a mineral deposit will be commercially viable depends on a number of factors, which include, without limitation, the particular attributes of the deposit, such as size, grade and proximity to infrastructure, metal prices, which fluctuate widely, and government regulations, including, without limitation, regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals and environmental protection. The combination of these factors may result in Lions Gate expending significant resources (financial and otherwise) on a property without receiving a return. There is no certainty that expenditures made by Lions Gate towards the search and evaluation of mineral deposits will result in discoveries of an economically viable mineral deposit.

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

Mineral exploration is subject to consultation with certain First Nations

Some of the Company operations are conducted within traditional territories of certain First Nations, including the Poplar Project and the Hudson Bay Project, which are situated in the Wet'suwet'en Traditional territory, and the ROK-Coyote Property, which is situated in the Tahltan First Nations traditional territory.

The Company has signed the CEA with the OW (each as defined above), which recognizes that both parties to the CEA are committed to a respectful, consultative relationship with regards to the Company's mineral exploration activities on Wet'suwet'en territories. The CEA contemplates that if exploration proves feasible to build a mine then the parties will negotiate a definitive Impact and Benefit Agreement to address OW members' needs for training, employment and related benefit sharing. There can be no guarantee however that such an agreement will be reached with the OW.

The Company's 2010 spring exploration program on its Poplar Property was abandoned due to unresolved internal issues of political representation and jurisdiction between the Wet'suwet'en Hereditary Chiefs and a particular House group with the Wet'suwet'en Nation. Issues were raised by a number of individuals from one of the clans (the Unis'tot'en) who attended the site of the Company's planned exploration activities and threatened civil disobedience in the form of a road block. As a result exploration was voluntarily suspended. Although the Company feels positive steps have been taken towards addressing the concerns of these First Nations, such risks are inherent with regards to the Company's operations within these territories.

During 2011, further discussions with the Unis'tot'en have occurred, and the Company subsequently paid \$10,000 to the Unis'tot'en and has funded a \$40,000 Traditional Use Study to help understand the cultural significance of the Poplar Project area. In addition the Company continues its negotiations, in good faith, with the Unis'tot'en towards a Communication Protocol Agreement that is meant to provide a framework for a supported exploration work program.

Although the final form of Communication Protocol Agreement has not been finalized as of the date of this document, the Company continues to pursue meaningful engagement with the Unis'tot'en leadership, as well as the Office of the Wet'suwet'en, and other First Nations interests identified by the Province of BC and seeks a respectful relationship to ensure that the mutual interests of the Unis'tot'en, the OW, other First Nations and the Company are respected.

There can be no assurance that the Company's mineral exploration agreements with all the relevant First Nations will be successfully executed or if they are successful there can be no assurance that the Properties will move from an exploration phase to a development stage with formal Impact and Benefit Agreements being executed by the first nations.

Lions Gate's activities will require further capital

The exploration and any development of Lions Gate's properties will require substantial additional financing. Failure to obtain sufficient financing may result in delaying or indefinite postponement of exploration and development of Lions Gate's properties or even a loss of property interest. 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 Lions Gate. If Lions Gate obtains debt financing, it will be exposed to the risk of leverage and its activities could become subject to restrictive loan and lease covenants and undertakings. If Lions Gate obtains equity financing, existing shareholders may suffer dilution. There can be no assurance that Lions Gate would be successful in overcoming these risks or any other problems encountered in connection with such financings.

Lions Gate has no history of earnings and no production revenues

Lions Gate has no history of earnings and has not commenced commercial production on any of its properties. The Company has experienced losses from operations and expects to continue to incur losses for the foreseeable future. There can be no assurance that the Company will be profitable in the future. The Company's operating expenses and capital expenditures are likely to increase in future years as needed consultants, personnel and equipment associated with advancing exploration, and, if permitted, development and, potentially, commercial production of its properties, are added. The amounts and timing of expenditures will depend on the progress of ongoing exploration and development, the results of consultants' analyses and recommendations, the rate at which operating losses are incurred, the execution of any joint venture agreements with strategic partners, the Company's acquisition of additional properties, government regulatory processes and other factors, many of which are beyond the Company's control. The Company expects to continue to incur losses unless and until such time as its properties enter into commercial production and generate sufficient revenues to fund its continuing operations. The development of the Company's properties will require the commitment of substantial resources. There can be no assurance that the Company will generate any revenues or achieve profitability.

Lions Gate's mineral resources and any future mineral reserves are estimates and may be recalculated and reduced

Lions Gate's mineral resources (and any future mineral reserves), to the extent they have been prepared, are estimates, and no assurance can be given that the estimated resources and/or reserves are accurate or that the indicated level of mineral will be produced. Such estimates are expressions of judgment based on drilling results, past experience with mining properties, knowledge, experience, industry practice and many other factors. Estimates which are valid when made may change substantially when new information becomes available. Mineral resource and reserve estimation is an interpretive process based on available data and interpretations and thus estimations may prove to be inaccurate.

The actual quality and characteristics of mineral deposits cannot be known until mining takes place, and will almost always differ from the assumptions used to develop resources. Further, mineral reserves are valued based on future costs and future prices and consequently, the actual mineral reserves and mineral resources may differ from those estimated, which may result in either a positive or negative effect on operations.

Results of studies are uncertain

Subject to the results of the exploration and testing programs to be undertaken, the Company intends to progressively undertake a number of studies with respect to the Properties. These studies will be completed within certain parameters designed to determine the technical and economic feasibility of the projects to be undertaken on the Properties within certain limits. There can be no guarantee that any of the studies will confirm the technical and economic viability of such projects or the results of other studies undertaken by the Company (e.g. the results of a feasibility study may materially differ to the results of a scoping study). Further, even if a study determines the economics of the projects, there can be no guarantee that the projects will be successfully brought into production. In addition, the ability of the Company to complete a study may be dependent on the Company's ability to raise further funds to complete the study if required.

Lions Gate may be adversely affected by fluctuations in mineral prices

The market price of any mineral fluctuates widely and is affected by numerous factors beyond the control of Lions Gate, such as industrial and retail supply and demand, exchange rates, inflation rates, changes in global economies, confidence in the global monetary system, forward sales by producers and speculators

as well as other global or regional political, social or economic events. The supply of any mineral consists of a combination of new mine production and existing stocks held by governments, producers, speculators and consumers. Future production, if any, from Lions Gate's mineral properties will be dependent upon the prices of copper and other metals being adequate to make these properties economic. Future serious price declines in the market value of copper and other metals could cause development of, and any commercial production from, the Properties to be rendered uneconomic. Depending on the mineral market price, Lions Gate could be forced to discontinue any production or development and may lose its interest in, or may be forced to sell, some of its properties. There is no assurance that, even if commercial quantities of copper and other metals are produced, a profitable market will exist for them.

In addition to adversely affecting future reserve estimates, if any, of Lions Gate and its financial condition, declining commodity prices can impact operations by requiring a reassessment of the feasibility of a particular project. Such a reassessment may be the result of a management decision or may be required under financing arrangements related to a particular project. Even if a project is ultimately determined to be economically viable, the need to conduct such a reassessment may cause substantial delays or may interrupt operations until the reassessment can be completed.

The Company currently does not engage in any hedging or derivative transactions to manage commodity price risk. As the Company's operations change, the directors of the Company will review this policy periodically going forward. There can be no assurance that fluctuations in commodity prices will not have a material adverse effect upon the Company's financial performance and results of operations.

Lions Gate's title to its properties could be challenged

There can be no assurances that Lions Gate's interest in its properties is free from defects. The Company has investigated its rights as set forth in this AIF and believes that these rights are in good standing. There is no assurance, however, that such rights and title interests will not be revoked or significantly altered to the detriment of the Company. There can be no assurances that the Company's rights and title interests will not be challenged or impugned by third parties.

All of the leases in which the Company has or may earn an interest will be subject to applications for renewal or grant (as the case may be). The renewal or grant of the term of each lease is usually at the discretion of the relevant government authority. If a lease is not renewed or granted, the Company may suffer significant damage through loss of the opportunity to develop and discover any mineral resources on that area.

Lions Gate depends on key management personnel and may not be able to attract and retain qualified personnel

Lions Gate is dependent on a number of key management personnel, including the services of certain key employees. Lions Gate's ability to manage its exploration, appraisal and potential development and mining activities will depend in large part on the ability to retain current personnel and attract and retain new personnel, including management, technical and a skilled workforce. The loss of the services of one or more key management personnel could have a material adverse effect on Lions Gate's ability to manage and expand the business.

General economic conditions may adversely affect Lions Gate's growth and profitability

The events in global financial markets recently have had a profound impact on the global economy. Many industries, including the mineral resource industry, are impacted by these market conditions. Some of the key impacts of the current financial market turmoil include contraction in credit markets resulting in a widening of credit risk, devaluations and high volatility in global equity, commodity, foreign

exchange and precious metal markets, and a lack of market liquidity. A continued or worsened slowdown in the financial markets or other economic conditions, including but not limited to, consumer spending, employment rates, business conditions, inflation, fuel and energy costs, consumer debt levels, lack of available credit, the state of the financial markets, interest rates, and tax rates may adversely affect Lions Gate's growth.

Global financial conditions have been subject to increased volatility and may impact Lions Gate's ability to finance its activities

Current global financial conditions have been subject to increased volatility and numerous financial institutions have either gone into bankruptcy or have had to be rescued by governmental authorities. Access to public financing has been negatively impacted by the broad lack of investor confidence and by both sub-prime mortgages and the liquidity crisis affecting the asset-backed commercial paper market. These factors may impact the ability of Lions Gate to obtain equity or debt financing in the future and, if obtained, on terms favourable to Lions Gate. If these increased levels of volatility and market turmoil continue, Lions Gate's activities could be adversely impacted and the trading price of Lions Gate's Shares could be adversely affected.

Lions Gate may enter into various contracts

In order to secure debt funding, if deemed appropriate by the Company, the Company may be required to enter into various forward contracts for the physical delivery of some or all of its expected copper and other metals from the Properties. These contracts are designed to provide protection against the fluctuations in the mineral price. If Lions Gate fails to meet its obligations in terms of product quantity, quality or timing of supply, the Company faces a risk that it will have to purchase the physical copper and other metals shortfall on-market to meet its obligations under the forward contracts. This could have a material adverse effect upon the Company's financial performance and results of operations, especially if the mineral price has increased since the date of entering into such forward contracts.

If Lions Gate is able to determine through future exploration and studies that the Properties are capable of economic development and Lions Gate decides to proceed with the development of the Properties, Lions Gate will need to enter into off-take agreements for the product of mining operations. Lions Gate may have difficulty in finding off-take partners who are prepared to enter into long term off-take agreements with a party that does not have a proven production profile. Long term off-take agreements may be required in order for Lions Gate to obtain financing for the development of the Properties. If Lions Gate is not able to negotiate such long term agreements then the development of the Properties may be delayed or prevented.

If Lions Gate enters into any take-or-pay contracts for the off-take of its expected copper and other metals from the Properties, these contracts may provide Lions Gate with market prices subject to escalating floor and ceiling prices while allowing Lions Gate to benefit from some upside should the spot price for copper and other metals out-perform the ceiling prices. However, Lions Gate faces a risk of non-performance on these contracts as well as potential penalties if it fails to meet its obligations in terms of product quantity, quality or timing of supply. In addition, if Lions Gate fails to meet its obligations in terms of product quantity, quality or timing of supply, the Company faces a risk that it will have to purchase the physical copper and other metals shortfall on-market to meet its obligations under the take-or-pay contracts. This could have a material adverse effect upon the Company's financial performance and results of operations, especially if the mineral price has increased.

Lions Gate may acquire businesses and assets which are not successfully integrated

Lions Gate undertakes evaluations of opportunities to acquire additional properties and businesses. Any acquisitions may change the scale of Lions Gate's business and may expose Lions Gate to new geographic, political, operating, financial and geological risks. Lions Gate's success in its acquisition activities depends on its ability to identify suitable acquisition candidates, acquire them on acceptable terms, and integrate their operations successfully. Any acquisitions would be accompanied by risks, such as a significant decline in the relevant mineral price after Lions Gate commits to complete an acquisition on certain terms; the quality of the mineral deposit acquired proving to be lower than expected; the difficulty of assimilating the operations and personnel of any acquired companies; the potential disruption of Lions Gate's ongoing business; the inability of management to realize anticipated synergies and maximize the financial and strategic position of Lions Gate; the failure to maintain uniform standards, controls, procedures and policies; the impairment of relationships with employees and contractors as a result of any integration of new management personnel, and the potential unknown liabilities associated with acquired assets and businesses. There can be no assurance that any assets or business acquired will prove to be beneficial or that Lions Gate will be able to integrate the required businesses successfully, which could slow Lions Gate's rate of expansion and Lions Gate's business and financial condition could suffer.

Lions Gate may need additional capital to finance acquisitions (whether completed or not) which may require the payment of monies (as a deposit and/or exclusivity fee) after only limited due diligence and prior to the completion of comprehensive due diligence. There can be no guarantee that any proposed acquisition will be completed or be successful. If the proposed acquisition is not completed, monies already advanced may not be recoverable, which may have a material adverse effect on the Company. If Lions Gate obtains debt financing, it will be exposed to the risk of leverage and its operations could become subject to restrictive loan and lease covenants and undertakings. If Lions Gate obtains equity financing, existing shareholders may suffer dilution. There can be no assurance that Lions Gate would be successful in overcoming these risks or any other problems encountered in connection with such financings.

The mineral resource industry is competitive

The mineral resource industry is competitive in all of its phases. The Company competes with other companies, some of which have greater financial and other resources than the Company and, as a result, may be in a better position to compete for future business opportunities. The Company competes with other exploration and mining companies for the acquisition of leases and other mineral interests as well as for the recruitment and retention of qualified employees and other personnel. There can be no assurance that the Company can compete effectively with these companies.

Lions Gate's activities are subject to government regulation

Lions Gate's activities are subject to various laws governing exploration, taxes, labour standards and occupational health, safety, toxic substances, land use, water use, land claims of local people and other matters. No assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner, which could limit or curtail Lions Gate's activities.

Amendments to current laws, regulations and permits governing activities of exploration and mining companies, or more stringent implementation thereof, could have a material adverse impact on Lions Gate and cause increases in expenses or require abandonment or delays in activities.

Failure to comply with any applicable laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing

activities to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Parties engaged in the exploration or development of mineral properties may be required to compensate those suffering loss or damage by reason of the activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations.

Lions Gate's minimum Canadian Exploration Expenses

The Company has, and may continue to, pursue equity financings with tax flow-through shares. Such issuances impose a requirement on the Company to spend specified amounts on Canadian Exploration Expenses (as defined in the Income Tax Act (Canada)) within a specified period of time, thereby creating contractual restrictions on the Company's use of cash until such expenditure requirements are met.

Lions Gate's activities are subject to environmental laws and regulations

The industry has become subject to increasing environmental responsibility and liability. The potential for liability is an ever present risk. Currently, the Company is required to make reclamation deposits in respect of its expected rehabilitation obligations. The reclamation bonds represent collateral for possible reclamation activities necessary on mineral properties in connection with the permits required for exploration activities by the Company. Such reclamation requirements will continue to be levied upon the Company throughout the performance of exploration activities on the properties in the future, which present a financial challenge to Lions Gate as it pursues further expansion and exploration.

Lions Gate relies on licenses, permits and approvals from various governmental authorities

Lions Gate's activities require licenses, permits and approvals from various governmental authorities. Lions Gate believes that it holds all necessary licenses and permits under applicable laws and regulations to conduct its current activities and believes that it is presently complying in all material respects with the terms of such licenses and permits. However, such licenses and permits are subject to change in various circumstances and certain permits and approvals are required to be renewed from time to time. Additional permits and permit renewals will need to be obtained in the future and the granting, renewal and continued effectiveness of these permits and approvals are, in most cases, subject to some level of discretion by applicable regulatory authorities. Certain governmental approval and permitting processes are subject to aboriginal and public consultation requirements and can be appealed by project opponents, which may result in significant delays or in approvals being withheld or withdrawn. There can be no guarantee Lions Gate will be able to obtain or maintain all necessary licenses and permits as are required to explore or develop its properties.

Lions Gate has uninsured risks

The business of Lions Gate is subject to a number of risks and hazards generally, including adverse environmental conditions, industrial accidents, labour disputes, unusual or unexpected geological conditions, ground or slope failures, cave-ins, changes in the regulatory environment and natural phenomena such as inclement weather conditions and floods. Such occurrences could result in damage to mineral properties or production facilities, personal injury or death, environmental damage to properties of Lions Gate or others, delays in mining, monetary losses and possible legal liability.

Although Lions Gate maintains insurance to protect against certain risks in such amounts as it considers to be reasonable, its insurance will not cover all the potential risks associated with its operations and insurance coverage may not continue to be available or may not be adequate to cover any resulting liability. It is not always possible to obtain insurance against all such risks and Lions Gate may decide not to insure against certain risks because of high premiums or other reasons. Moreover, insurance

against risks such as environmental pollution or other hazards as a result of exploration and production is not generally available to Lions Gate or to other companies in the mining industry on acceptable terms. Losses from these events may cause Lions Gate to incur significant costs that could have a material adverse effect upon its financial performance and results of operations.

Lions Gate may be adversely affected by fluctuations in foreign exchange rates

International prices of various commodities are denominated in United States Dollars and a portion of the Company's future capital expenditure and ongoing expenditure may be denominated in United States Dollars, whereas the income and expenditure of the Company are and will be taken into account in Canadian currency, exposing the Company to the fluctuations and volatility of the rate of exchange between the United States Dollar and the Canadian Dollar as determined in international markets. The Company currently does not engage in any hedging or derivative transactions to manage foreign exchange risk. As the Company's operations change, its directors will review this policy periodically going forward. There can be no assurance that fluctuations in foreign exchange rates will not have a material adverse effect upon the Company's financial performance and results of operations.

Lions Gate's joint venture parties, contractors and agents

The Directors are unable to predict the risk of financial failure or default by a participant in any joint venture to which the Company is, or may become a party; or insolvency or other managerial failure by any of the contractors used by the Company in any of its activities; or insolvency or managerial failure by any of the other service providers used by the Company for any activity.

Lions Gate may be subject to litigation

Lions Gate may be involved in disputes with other parties in the future, which may result in litigation. If Lions Gate is unable to resolve these disputes favourably, it may have a material adverse impact on Lions Gate's financial condition.

Lions Gate's directors and officers may have conflicts of interest

Certain of the directors and officers of Lions Gate also serve as directors and/or officers of other companies involved in natural resource exploration and development and consequently there exists the possibility for such directors and officers to be in a position of conflict.

Lions Gate has a limited operating history

The Company has limited operating history on which it can base an evaluation of its prospects.

The prospects of the Company must be considered in the light of the risks, expenses and difficulties frequently encountered by companies in their early stage of development, particularly in the mineral exploration sector, which has a high level of inherent uncertainty.

Lions Gate does not have a dividend history

No dividends on the Shares have been paid by Lions Gate to date. Lions Gate anticipates that for the foreseeable future it will retain future earnings and other cash resources for the operation and development of its business. Payment of any future dividends will be at the discretion of Lions Gate's board of directors' after taking into account many factors, including Lions Gate's financial condition and current and anticipated cash needs.

Short term investment risks

The Company may from time to time invest excess cash balances in short term commercial paper or similar securities. Recent market conditions affecting certain types of short term investments of some North American and European issuers have resulted in restricted liquidity for these investments. Although the Company has not invested and does not intend to invest excess cash balances in securities issued by these affected issuers, there can be no guarantee that further market disruptions affecting various short term investments will not have a negative effect on the liquidity of similar investments made by the Company.

Securities investment risks

Potential investors and shareholders should be aware that there are risks associated with any securities investment. The prices at which the Lions Gate Shares trade may be above or below the issue price, and may fluctuate in response to a number of factors.

Furthermore, the stock market, and in particular the market for mining and exploration companies, has experienced extreme price and volume fluctuations that have often been unrelated or disproportionate to the operating performance of such companies. There can be no guarantee that these trading prices and volumes will be sustained. These factors may materially affect the market price of the Shares, regardless of the Company's operational performance.

Mineral Properties

The Poplar Property

On September 26, 2011 the Company filed a NI 43-101 compliant resource technical report for the Poplar Property titled "July 2011 Mineral Resource Estimate on the Poplar Deposit, Omineca Mining Division, British Columbia" (the "**Technical Report**"). The Technical Report is dated September 12, 2011 and was prepared by Gary H. Giroux, M.A.Sc., P. Eng., an independent "qualified person" as defined in NI 43-101. For a complete description of assumptions, qualifications and procedures associated with the information in the Technical Report, reference should be made to the full text of the Technical Report, which is available for review on SEDAR at www.sedar.com.

The technical information regarding the Poplar Property in this section of the AIF has been extracted from the Technical Report.

Property Description and Location

The Poplar copper - molybdenum deposit is situated in the Central Interior of the Province of British Columbia, approximately 60 kilometres south of the town of Houston. The mineral tenures are located in the Omineca Mining Division on NTS map sheets 093E14, 093E15, 093L/02 and 093L/03. The Poplar Property is held with 167 mineral tenures covering a surface area of 63,386 hectares. The tenures are owned by the Company, Free Miner's Certificate Number 110036770. Further details of tenure status are provided in the Technical Report. The claims have been acquired both by staking and through option agreements.

The Poplar deposit is a copper – molybdenum porphyry associated with the Late Cretaceous Poplar intrusive stock. The deposit is located 750 metres north of Tagetochlain (Poplar) Lake at an elevation of approximately 900 metres. The Huckleberry Mine, located approximately 35 kilometres southwest of the Poplar Deposit, produces copper and molybdenum from a deposit of similar age and setting.

Accessibility, Climate, Local Resources, Infrastructure and Physiography

The property is located approximately 60 kilometres south of the town of Houston in the Central Interior of British Columbia. From Houston, road access to the property is approximately 90 km using a two-wheel drive vehicle in fair weather, and a four-wheel drive vehicle in poor weather.

Climate on the Poplar property is typical of the Central Interior, with short cool summers, and long relatively mild winters. Annual temperature variation in the region is approximately -25 to $+25$ degrees Celsius. Snowpack in the winter ranges from approximately 1 to 2 metres. Exploration activities may be undertaken year round, with provision for freeze-up in the fall and break-up in the spring, when activities may be curtailed.

Adequate supplies of surface and ground water for exploration and mining are available. Water use is subject to provincial and federal regulation. Land use for exploration and mining purposes is governed by the Mineral Tenure Act, the Mines Right of Way Act, the Mines Act and other applicable laws of the Province of British Columbia.

The claims are located on Crown Land. Other resource related tenures in the area consist of grazing leases on the open pastures around Poplar Lake. The author of the Technical Report is not aware of any private land holdings in the vicinity. A Forest Service public campsite is located on the northeast shore of Poplar Lake, and has repeated use by local First Nations. A set of spawning channels is located on the Nadina River near the outlet of Nadina Lake, approximately 12.5 kilometres south of the Poplar Deposit. The spawning channels service one of the Fraser River sockeye salmon runs.

The author of the Technical Report is not aware of any impediments to the acquisition of surface rights for exploration and mining purposes. The 138 KVA power line and the access road servicing the Huckleberry Mine are located approximately eleven kilometres east of the Poplar mineral claims.

Houston, British Columbia is a major supply and industrial service centre for the mining and logging operations located in the area. Houston is serviced by the CNR transcontinental railway as well as by Highway 16, a major thoroughfare. Daily air service to Vancouver is available from Smithers, BC airport approximately 70 kilometres by road to the west of Houston. There is a municipal airstrip west of Houston for non-scheduled services, and helicopters may be hired locally. The town of Smithers, located approximately 65 km to the west is also a service centre for the mineral exploration industry, with diamond drilling contractors, air services, and professional exploration personnel.

The property is located in the Tagetochlain (Poplar) Lake – Poplar Mountain district south of Houston, British Columbia. The district is located on the western margin of the Nechako Plateau physiographic region of central British Columbia. Relief is moderate on the property with a maximum difference in elevation of approximately 800 metres. The highest point on the property is the summit of Poplar Mountain, a local landmark, at approximately 1627 metres, with the lowest point at 825 metres, on the shore of Poplar Lake.

Poplar Mountain drains to the south into Poplar Lake, thence by Poplar Creek into the Nadina River, and thence into the Fraser River system.

Ground cover is varied on the property. Open meadows used for grazing livestock are partially succeeded by open aspen parkland or scrub pine and spruce, which yield to sub- mature and mature stands of balsam fir at higher elevations.

History

The following is a summarized account of the history of development at the Poplar Property:

1971 - The initial discovery of mineralization on the Poplar Property was made in 1971 by Frank Onucki, prospector, when a showing containing malachite was discovered on the north shore of Tagetochlain (Poplar) Lake. The Poplar Property was then staked on behalf of El Paso Mining and Milling Company by F. Onucki, M. Callaghan, and C. Critchlow. In 1971 and 1972, El Paso did soil geochemical sampling and some bulldozer trenching (Jones 1972), but results were disappointing and the property was subsequently re-acquired by the original stakers.

1972 - In 1972, Utah Mines (later BHP Utah and now BHP Billiton) optioned the Poplar Property and the following year carried out extensive programs of geological mapping, geochemical soil sampling, and magnetometer surveys over most of the Poplar Property and IP surveys over specific areas. They also did some limited diamond drilling.

1976 - In 1976, further programs of geological mapping, geochemical soil sampling and IP geophysics were carried out, together with some trenching and further diamond drilling. Utah did further drilling on the Poplar Property in 1977, and by the end of that year, they had drilled 40 holes totalling 8,281 meters.

1978 - P.M. Mesard did a Master's geological Thesis on the Poplar Property at the University of British Columbia under the direction of Colin I. Godwin, P.Eng. Dr. N.C. Carter, P.Eng examined the Poplar Property for the B.C. Department of Mines and took samples of the porphyry-copper host rocks for potassium-argon age dating.

1980-81 - Utah Mines resumed work on the property in 1980 and throughout 1980 and 1981 carried out further extensive programs of diamond drilling so that by the end of 1981, they had completed 73 drill holes totalling 17,900 meters on the property. In 1982, Utah produced a resource estimate and feasibility study using the data collected (Price, 2004).

1982 - Utah Mines, with Island Copper in full production, and facing a final option payment exceeding one million dollars, filed ten years of assessment work on the claims and returned the Poplar Property to the original vendors – Onucki and partners.

1991 - The Poplar Property was optioned from the owners by Metamin Enterprises Limited, who later assigned the option agreement to New Canamin Resources Limited. From May to June, 1991, Placer Dome Exploration reviewed the results of the Utah Mines exploration programs on the Poplar Property and produced an overall drill plan and a series of 1:1000 scale cross sections showing geology and assay results for copper, molybdenum, silver and gold. From June to August, 1991, Dr. Darryl Drummond reviewed the Utah data and the maps and sections produced by Placer Dome Inc. His findings were summarized in an August 1, 1991 report which made recommendations to explore the area of geochemical anomalies in the China Creek area on the east side of the Poplar Property, and to do further definition drilling in the core of the Poplar Property's porphyry deposit and explore the geochemical anomalies between the porphyry-copper deposit and Tagetochlain Lake. From September to October, 1991, New Canamin Resources under the supervision of Gordon House, P.Geo drilled 13 diamond drill holes, totalling 1,300 meters. Holes 91-1 to 91-3 explored an area of geochemical copper soil anomalies in the China Creek area on the eastern side of the Poplar Property. Holes 91-4 through 91-13 were drilled to further define the known body of copper, molybdenum, gold, silver mineralization and also investigate an area of copper geochemical soil anomalies, which occur south of the known porphyry-copper deposit, between it and Tagetochlain Lake.

1992 - New Canamin, in spite of favourable drill results, had also optioned the Huckleberry Cu-Mo deposit from Kennecott Canada Ltd. and, deciding to fund and develop the Huckleberry Property, returned the Poplar Property to the vendors.

1994 - The Poplar Property was briefly optioned by Copper Dome Mines Ltd.

1996 - The property was optioned by Skygold Ventures Inc., a newly formed Junior Capital Pool company listed on the Alberta Stock Exchange. The option was never completed and the Poplar Property reverted to the vendors.

2001 - The Poplar Property was optioned by Consolidated Kaitone Inc. (“**Kaitone**” now Largo Resources Ltd.) but Kaitone failed to complete the option in 2002. Mr. Onucki passed away in 2002, and the Poplar Property option was negotiated with Hathor in late 2003.

2003 - An agreement was reached between the vendors and Hathor optioned the property. Hathor then agreed with Aumega Discoveries Ltd. to joint venture the Poplar property.

2005 - A program of induced polarization geophysical prospecting and diamond drilling was undertaken on the Poplar Property. Approximately 3,000 metres of drilling was completed in sixteen holes, and approximately 35 line-kilometres of induced polarization surveying was similarly completed. No assessment reports were filed on this work, and the information remains in the files of Aumega Discoveries Ltd, and its successor companies.

Through corporate re-organization, the Poplar Property passed from Aumega Discoveries Ltd. through Fortress Base Metals to Lions Gate Metals Inc., the current registered owners of the property.

Lions Gate Metals Inc., since acquisition of the Poplar Property, has been assembling the historical data, and undertook a survey of the drill hole collars in the fall of 2008. In anticipation of initiating exploration activities to advance the Poplar Property to the feasibility stage, one hundred and seven mineral claims covering approximately 44,963 hectares were added to the Poplar Property in August and September 2008. In preparation for, and as a result of the geophysical surveys undertaken in the fall of 2009, a further 25 claims covering approximately 10,397 hectares were added to the Poplar Property.

Geological Setting

The property is underlain by andesitic volcanic rocks of the Cretaceous Kasalka Group. These rocks are in faulted contact to the northeast with calc-alkaline rocks of the Telkwa Formation of the Lower Jurassic Hazelton Group. The Kasalka Group rocks have been intruded by stock-like bodies attributed to the Lower Cretaceous Bulkley Plutonic suite. Outliers of the volcanic Eocene Ootsa Lake Group overlap the Kasalka and Bulkley Plutonic Rocks. Zones of alteration and sulphide mineralization associated with these intrusions have resulted in the formation of the Poplar porphyry copper – molybdenum deposit.

Mineralization

The mineralization encountered on the Poplar Property indicates the presence of porphyry copper – molybdenum deposit. Copper sulphide mineralization is distributed along the northern margin of an inlier of volcanoclastic rocks for a distance of 1300 metres east-west, 500 metres north south and to a depth of 600 metres. Chalcopyrite and molybdenite are the most abundant economic minerals (Price, 2004). Bornite, covellite and tetrahedrite occur microscopically in lesser amounts. Chalcocite, sphalerite and galena have been reported in trace amounts.

One of the characteristics of porphyry copper–molybdenum deposits are their concentric shells of mineralization and alteration. In particular, the iron and copper sulphide minerals which accompany these deposits respond to certain techniques of electromagnetic geophysical surveying. In general, by inducing electrical currents into the surrounding rocks, and accurately measuring the decay of these currents, an image may be generated of the sulphide distribution around the deposit. These surveys have been and will continue to be used to guide exploration.

Drilling, Sampling, Analysis and Security

During January to March 2011, Lions Gate drilled 13 diamond drill holes on the property totalling 5,569 m. While Au and Ag were assayed in the most recent 2005 and 2011 drill holes, the historic drilling only had partial coverage a lot of which was over wider composited assays. As a result gold and silver are not estimated in this resource. The values obtained in the more recent data, however, indicate gold and silver should be analyzed in all future drilling so they can be estimated in future resource updates.

To determine the resource present on Poplar a three dimensional solid was constructed to constrain the mineralized area, using a 0.1 % Cu grade shell as a guide. Of the total data base, 78 drill holes totalling 21,750 m were within the mineralized zone and were used to estimate the resource. Drill holes were compared to the mineralized solid and assays were tagged if inside. Copper and molybdenum assays were capped at 1.5 % Cu and 0.082 % Mo. Five metre composites were formed and used for variography. Blocks 20 x 20 x 10 m in dimension were estimated for Cu and Mo by ordinary kriging.

A second phase of diamond drilling is recommended consisting of 10,000 m in 20 to 25 diamond drill holes. The drill program is estimated to cost \$2,000,000.

Sample preparation, analysis and security for the 2005 diamond drill program at Poplar were under the supervision of R. Turna, P. Geo, and U. Mowat. After the diamond drill core was removed from the core barrel, it was boxed and logged at the drill site. After logging, the core was sampled under professional supervision. The split core was returned to the box, and is reported to be stored in Smithers, BC. There is no record of any quality control procedures, security measures nor of any reference materials being inserted into the sample stream prior to shipment to Acme Laboratories in Vancouver, BC for sample preparation and analysis.

Sample preparation, analysis and security for the 2009 re-sampling of the 2005 core from Poplar was under the supervision of L. Farrell. (Farrell 2009). The program was completed on the 2005 Poplar core between March 9 and April 15 2009. The program was completed by Lorie Farrell, Mike LeCouffe, Tom Bell and Ian Michell with the supervision of Peter Ogrzlo. In the opinion of the Technical Report's author, the samples taken during the 2005 drilling program at the Poplar Property adequately represent the metal content of the core. However, reference materials were not inserted into the sample stream as the core was split, and no verification of data by the submission of duplicate samples of split core has been undertaken. For the 2005 data to be used in evaluation of the Poplar property beyond the pre-feasibility stage, data verification would have to be completed using the remaining core, or the holes would have to be re-drilled. In personal communication, U. Mowat has indicated that some loss of sample may have occurred during splitting, and that sawing the core with a diamond saw may be advisable for future sampling programs.

Sample preparation, analysis and security for the January to March 2011 Phase I diamond drill program at the Poplar Property were under the supervision of A. Ross, L. Farrell and A. Gourlay, P. Geol. After the diamond drill core was removed from the core barrel, it was boxed at the drill site and transported by truck or by cat to the core shack where it was logged. The samples were sent to Acme Laboratories in Smithers, BC for sample preparation and then on to Vancouver, BC for assay. In the author's opinion the sample preparation, security and analytical procedures use for the 2011 drilling program are compatible to Industry Standards and suitable for a Resource Estimation.

Mineral Resource and Mineral Reserve Estimates

At this time the entire resource is classified as Inferred. At a 0.20 % Cu cut-off the Inferred resource is 180 million tonnes averaging 0.30 % Cu and 0.008 % Mo.

The geologic continuity for the Poplar Property is established from surface mapping and drill hole logging. At present no lithological or alteration features have been used to constrain the mineralization, with the mineralized solid being defined as material within a 0.1 % Cu grade shell. Grade continuity has been quantified by semivariogram analysis.

At this time due to the lack of geologic controls on the mineralization and the lack of a topographic surface the entire deposit is classed as Inferred. The results are presented as a grade-tonnage table sorted by a Cu cut-off. The grade-tonnage table shows the results for only the material within the mineralized shell. A 0.20 % Cu cut-off has been highlighted as a possible open pit cut-off, since at this time, no economic evaluation has been completed.

Cu Cut-off (%)	Tonnes > Cut-off (tonnes)	Grade > Cut-off		Contained Metal	
		Cu (%)	Mo (%)	Million lbs of Cu	Million lbs of Mo
0.05	372,299,000	0.21	0.005	1748.558	41.046
0.10	334,563,000	0.23	0.006	1689.359	44.263
0.15	245,855,000	0.27	0.007	1442.013	37.948
0.20	180,304,000	0.30	0.008	1192.711	31.806
0.25	122,988,000	0.34	0.009	908.482	24.407
0.30	78,076,000	0.37	0.010	636.983	17.216
0.35	41,029,000	0.41	0.010	372.732	9.047
0.40	17,835,000	0.47	0.009	182.867	3.539
0.45	8,137,000	0.52	0.008	92.761	1.435
0.50	3,861,000	0.57	0.008	48.272	0.681

Exploration and Development

The Technical Report recommends further exploration to be undertaken on the Poplar Property. The Poplar Property is considered to be at an advanced stage of exploration. In the opinion of the author of the Technical Report, Gary Giroux, the Poplar Property has sufficient merit to warrant completing a second phase of diamond drilling. A program of 10,000m in 20 to 25 diamond drill holes will further define the mineralized zone, and will extend the higher grade mineralization. The additional gold and silver analyses will provide enough data for gold and silver grades to be estimated. The results from the second phase diamond drill program will be incorporated into an updated resource estimate when all the data has been compiled.

Based on the Phase 1 diamond drill program completed in April 2011, an all-in cost of drilling 5,586m was \$180 per meter. Allowing a contingency of 10%, the estimated cost of drilling an additional 10,000 metres will be approximately \$2,000,000.

Investors are cautioned that the proposed program of work is speculative, and that the mineral resource and the economic analysis resulting from the proposed work may not lead to a producing mine. Investors are further cautioned that the potential to enhance the tonnage and grade of the Poplar Property deposit is conceptual. Investors are also cautioned that the proposed program of work may not identify new zones of mineralization. Although the Poplar Property deposit is similar in size and metal content to operating mines in the district, factors such as variations in metal prices and input costs are beyond the control of Lions Gate and may preclude economic extraction of the deposit.

Other Non-Material Property Interests

The Company's other property interests, namely the ROK-Coyote Property, the Hudson Bay Mountain Property, the Copperline Property and the Kelly Creek Property are not material projects of the Company and NI 43-101 compliant resources have not yet been prepared for the properties.

ROK-Coyote Property

Firesteel has reported that the ROK-Coyote Property covers a copper-gold porphyry target located within a large hydrothermal sulphide system measuring at least 9 sq. km. atop the Tanzilla Plateau. Access to the ROK-Coyote Property is easily gained from Hwy. 37 along the west side of the claim group or from the Ealue Lake secondary road which crosses the southern half of the ROK-Coyote Property in an east-west direction.

The summer exploration season at the ROK-Coyote Property included expansion of the existing grid, ground geophysical survey, and the identification of drill targets for a late season drill program.

The ROK-Coyote Property is adjacent to and immediately northwest of the Imperial Metals Corporation's (TSX: III) Red Chris copper-gold deposit (with Measured and Indicated Resources of 489.1 million tonnes at 0.43% Cu and 0.42 g/t Au, at 0.20% Cu % Cutoff, as reported on page 89 of Imperial Metals' Technical Report dated May 19, 2010 entitled "2010 Exploration, Drilling and Mineral Resource Update" and available under Imperial Metals Corporation's SEDAR profile on www.sedar.com). In a news release dated August 5, 2010 Imperial Metals also reported the Red Chris Drill hole RC09-393 returned 317.5 metres grading 1.08% copper and 1.46 g/t gold within a 1,112.5 meter mineralized section grading 0.54% copper, 0.61 g/t gold.

Investors are cautioned that while the ROK-Coyote Property is located adjacent to properties that are subject to more advanced stage of exploration, further exploration of the ROK-Coyote Property may not yield similar results. Investors are further cautioned that the proposed exploration program is speculative, and that the mineral resource and the economic analysis resulting from the proposed work may not lead to the identification of sufficient mineralization to support further exploration and/or development of the ROK-Coyote Property.

Hudson Bay Mountain Property

Lions Gate has renewed 76 claims on the Hudson Bay Mountain Property totaling 22,807 hectares and all such mineral claims are current and in good standing. There is not currently a NI 43-101 compliant resource estimate for the Hudson Bay Mountain Property.

In 2010 and into 2011, the Company completed a program of geological mapping and rock chip sampling on the Hudson Bay Mountain Property. The samples have been submitted for analyses, and when results are received the data will be compiled. Whether fieldwork will be undertaken in 2012 will depend on the results from 2011 program.

Copperline Property

The Copperline Property surrounds Skutsil Knob at the south end of the Driftwood Range, 25 km northwest of Takla Lake and approximately 120 km northeast of Smithers, B.C., situated approximately 10km south of the northern terminus of the BC Rail right-of-way and approximately 5 km from a nearby logging road network. Although access to the work area is currently by helicopter, road access into the Copperline Property would be reasonably easy to develop by extension of existing logging roads.

The claims comprising the Copperline Property cover a zone of volcanic redbed copper-silver mineralization which consists primarily of bornite with lesser chalcocite, chalcopyrite, and tetrahedrite. Copper oxides of malachite and azurite may visually mark mineralized zones. Some native copper has also been observed. Silver mineralization is intimately tied up in the copper sulphides. Some barite mineralization has also been found associated with the copper bearing zones. The mineralized zones have been located primarily in the alpine areas of the property, between 1500 to 1800 meter elevations, other mineralized showings have also been discovered at lower elevations. In 2003, an exploration program was conducted which significantly improved the understanding of the copper-silver mineralization at the main zone of the Copperline Property and provided the Company with sufficient confidence to recommend additional exploration work and preliminary development studies. The Company believes that significant potential exists for the discovery of new deposits of volcanic redbed copper-silver mineralization in and around these claims. No current work is planned on the Copperline Property.

Kelly Creek Property

The Kelly Creek Property is centered near 54° 26' North latitude 128° 08' West longitude and is within NTS map-sheet 103I 08E and British Columbia map-sheet 103I 050 in North Western British Columbia. It is accessible from Terrace, thirty kilometres westerly via British Columbia Highway 16 and Zymoetz River main logging road to the northern part of Kelly 1 and Kelly 2 mineral claims. Elevation at the property ranges between 220 metres and 1420 metres. Much of the property is covered in mature timber, although parts of it have been logged.

Previous exploration within the Kelly Creek Property includes: prospecting, trenching, soil geochemical surveying, induced polarization geophysical surveying core drilling in at least twenty-eight holes, driving of underground workings comprising three hundred and two metres, underground core drilling in at least twelve holes comprising 621.6 metres, rock and core sampling and geological evaluation. Not all results of past work are available. Drill holes in Upper Kelly Creek prospect area contained up to 5.35 per cent copper and 95.3 grams per tonne silver over 4.6 metres in underground drill hole UK5 and 1.30 per cent copper and 28.8 grams per tonne silver over 34.5 metres core length with an estimated true width of 22.5 metres in underground drill hole UK10.

In 1981, Cathedral Minerals Ltd. estimated a resource at Upper Kelly Creek prospect comprising an indicated resource of 2.27 million tonnes containing 1.03 per cent copper and 18.5 grams per tonne silver and an inferred resource of similar tonnage and grade as the indicated resource; this estimate was performed prior to the introduction of current resource reporting standards in NI 43-101.

No exploration has been performed by Lions Gate Metals, the present property owners. No current work is planned on the Kelly Creek Property.

DIVIDENDS

The Company has not declared or paid any dividends on the Lions Gate Shares since the date of incorporation. The Company intends to retain its earnings, if any, to finance the growth and development of its businesses and does not expect to pay dividends or to make any other distributions in the near future.

DESCRIPTION OF CAPITAL STRUCTURE

The authorized capital of Lions Gate consists of an unlimited number of Lions Gate Shares without par value. As at the date of this AIF, there are 23,660,826 Lions Gate Shares issued and outstanding. The holders of the Lions Gate Shares are entitled to vote at all meetings of shareholders of Lions Gate Shares, to receive dividends if, as and when declared by the directors and to participate ratably in any distribution of property or assets upon the liquidation, winding-up or other dissolution of Lions Gate. The Lions Gate

Shares carry no pre-emptive rights, conversion or exchange rights, redemption, retraction, repurchase, sinking fund or purchase fund provisions. There are no provisions requiring the holder of Lions Gate Shares to contribute additional capital and no restrictions on the issuance of additional securities by Lions Gate.

MARKET FOR SECURITIES

Trading Price and Volume

The Lions Gate Shares are listed and posted for trading on the Exchange under the symbol “LGM”.

The following sets out the monthly high and low closing prices and trading volumes of the Lions Gate Shares for the year ended December 31, 2010, as reported by the Exchange.

Month	High (C\$)	Low (C\$)	Volume Traded
January	1.43	0.95	394,422
February	1.25	0.95	65,301
March	1.10	0.94	162,936
April	0.99	0.73	52,361
May	0.82	0.72	56,291
June	0.92	0.76	43,431
July	0.91	0.56	41,781
August	0.60	0.50	79,780
September	0.60	0.50	691,532
October	0.69	0.53	328,969
November	0.78	0.67	293,924
December	0.80	0.59	973,258

Prior Sales

During the 12 month period ended December 31, 2010, the Company issued the following common shares, warrants and stock options:

Common Shares

<u>Month of Issuance</u>	<u>Number of Securities Issued</u>	<u>Security Issued</u>	<u>Price Per Security (C\$)</u>
January 2010	44,000	common shares ⁽¹⁾	1.10
January 2010	150,000	common shares ⁽¹⁾	0.60
June 2010	1,200,000	common shares ⁽²⁾	0.90
July 2010	312,500	common shares ⁽³⁾	0.80
July 2010	1,300,000	common shares ⁽⁴⁾	0.60

<u>Month of Issuance</u>	<u>Number of Securities Issued</u>	<u>Security Issued</u>	<u>Price Per Security (C\$)</u>
July 2010	2,700,000	common shares ⁽⁵⁾	0.60
July 2010	25,000	common shares ⁽⁶⁾	0.56
TOTAL	5,731,500		

1. Issued as a result of stock option exercises.
2. 1,200,000 flow-through common shares were issued in connection with the first tranche of a private placement completed on July 2, 2010.
3. 312,500 non flow-through common shares were issued in connection with the second tranche of a private placement completed on July 15, 2010.
4. Shares issued for purchase of the Mason Claims on the Hudson Bay Mountain Property.
5. Shares issued for purchase of interest in the Copperline Property interest.
6. Shares issued pursuant to Poplar Property interest agreements.

Warrants

<u>Month of Issuance</u>	<u>Number of Securities Issued</u>	<u>Security Issued</u>	<u>Price Per Security (C\$)</u>
June 2010	600,000	Warrants ⁽¹⁾	1.00
July 2010	156,250	Warrants ⁽²⁾	1.00
TOTAL	756,250		

1. In connection with the first tranche of a private placement completed on July 2, 2010.
2. In connection with the second tranche of a private placement completed on July 15, 2010.

Stock Options

<u>Month of Issuance</u>	<u>Number of Securities Issued</u>	<u>Security Issued</u>	<u>Price Per Security ⁽¹⁾ (C\$)</u>
January 2010	44,000	Stock Options	1.10
January 2010	150,000	Stock Options	1.10
July 2010	50,000	Stock Options	0.80
TOTAL	244,000		

1. Exercise price of the stock options.

ESCROWED SECURITIES

To the Company's knowledge, as at the date of this AIF there are no securities of the Company subject to escrow or other contractual restriction on transfer.

DIRECTORS AND OFFICERS

The following table sets out information about the directors and executive officers of Lions Gate as of the date of this AIF.

Name and Residence	Current Office with Lions Gate	Principal Occupation for Five Preceding Years	Director/Officer of Lions Gate Since ⁽¹⁾
Arni Johannson British Columbia, Canada	Chairman, CEO and Director	President of Canadian Nexus Ventures Ltd.	November 11, 2006
Michael Sweatman British Columbia, Canada	CFO and Director	Chartered Accountant; Principal of MDS Management Ltd. (consulting company) since December 1992; CFO of Teslin River Resources Corp. since May 2010; CFO of Galena Capital Corp. since January 2011; CFO of NETCO Energy Inc. since November 2010.	July 30, 2010
John Icke British Columbia, Canada	Director	President and CEO of Resinco Capital Partners Inc.	November 27, 2009
John Tapics British Columbia, Canada	Director, Member of Audit Committee	President, CEO and a Director of Compliance Energy Corporation.	April 6, 2011
Gordon Keevil British Columbia, Canada	Director, Member of Audit Committee	CEO of Burnstone Ventures Inc. (formerly, Pure Diamonds Exploration Inc. and Pure Gold Minerals Inc) from May 17, 2006 to March 21, 2011; VP, Corporate Development at Imperial Metals Corp. since November 30, 2009 to present; Former President and Director of Selkirk Metals Corp.; Former President and a Director of Cross Lake Minerals.	April 28, 2011
Richard Schroeder British Columbia, Canada	Director, Chair of Audit Committee	Partner at Ernst & Young LLP, retired effective July 1, 2011.	July 6, 2011
Andrew Gourlay British Columbia, Canada	Vice President	Consulting Geologist.	May 10, 2010

1. The current term of all directors expires at the next annual general meeting of the Company's shareholders.

As of the date of this AIF, the number of Lions Gate Shares of beneficially owned, directly or indirectly, or over which control or direction is exercised by all directors and executive officers of Lions Gate as a group is approximately 5,240,833, representing approximately 22.1% of the issued and outstanding Lions Gate Shares.

Corporate Cease Trade Orders and Bankruptcies

Other than as disclosed below, none of the directors or executive officers of Lions Gate is, as at the date of this AIF, or has been, within 10 years before the date of this AIF, a director, chief executive officer or chief financial officer of any company (including Lions Gate) that was subject to a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation that was (i) in effect for a period of 30 consecutive days, (ii) issued while the director or executive officer was acting in that capacity, or (iii) issued after that person ceased to act in that capacity but which resulted from an event that occurred while that person was acting in that capacity.

Other than as disclosed below, no director or executive officer of Lions Gate or, to the knowledge of Lions Gate, any shareholder holding a sufficient number of securities of Lions Gate to affect materially the control of Lions Gate:

1. is, as of the date of this AIF, or has been within 10 years before the date of this AIF, a director or executive officer of any company (including Lions Gate) that, while that person was acting in that capacity, or within a year of 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
2. has, within 10 years before the date of this AIF, become bankrupt or 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.

Mr. Icke is and was a director of Woulfe Mining Corp. at the date of a cease trade order issued by the British Columbia Securities Commission on November 5, 2009 for failure to file on time audited financial statements and management's discussion and analysis for the year ended June 30, 2009. The order was revoked on December 8, 2009 following the filing of the required documents. The Company's shares were also suspended from trading on the Exchange on November 6, 2009 in relation thereto and resumed trading on December 9, 2009.

Mr. Icke was a director of Sheen Resources Ltd. at the date of a trading suspension issued by the Exchange on April 19, 2010 for failure by Sheen to maintain a transfer agent and at the date of a cease trade order issued by British Columbia Securities Commission on May 5, 2010 and re-issued June 10, 2010, by the Ontario Securities Commission on June 30, 2010 for failure to file on time audited financial statements and management's discussion and analysis for the Company for the year ended December 31, 2009 on time and interim financial statements and management's discussion and analysis for the Company for the three months ended March 31, 2010. The suspensions and cease trade orders remain in effect as of the date of this AIF. Mr. Icke resigned as a Director of Sheen Resources in October 2010.

Mr. Sweatman was a director of Glenthorne Enterprises Inc., a corporation listed on the Exchange. On April 15, 2009, trading was halted by the Exchange pending clarification of the financial affairs of the corporation. Trading resumed on May 28, 2009.

In May, 2001, Mr. Sweatman resigned as a director of Octagon Industries Inc. ("**Octagon**"). On May 4, 2001, Octagon filed a notice of intention to make a proposal to its unsecured creditors pursuant to the *Bankruptcy and Insolvency Act* (Canada) in order to stay action taken by a secured creditor to enforce its security against Octagon. A. Farber & Partners Inc. was appointed to act as Trustee under the proposal. On June 12, 2001, the trustee sent notice of the proposal to Octagon's unsecured creditors, and the proposal was accepted at a general meeting of the unsecured creditors held on June 25, 2001.

Mr. Sweatman has been, and continues to be, a director of Treat Systems Inc. (“**Treat**”) since July of 1998. In October of 2002, trading in the shares of Treat was halted by the Exchange for failure to meet the Exchange’s tier maintenance requirements under Exchange Policy 2.5 Tier Maintenance Requirements and Inter-Tier Movement and for having been designated as an inactive issuer for a period in excess of 18 months. In August of 2003, Treat’s shares were listed for trading on the NEX board of the Exchange. In January of 2008, Treat completed a “change of business” pursuant to the policies of the Exchange. Treat’s name was changed to Mega Silver Inc., which later was changed to Mega Precious Metals Inc., and its shares commenced trading on the Exchange on January 31, 2008.

Mr. Gordon Keevil was the president and a director of Cross Lake Minerals Ltd. (“**Cross Lake**”) from December 8, 2003 to October 23, 2008 and chief executive officer from December 2006 to October 23, 2008. Cross Lake applied to the British Columbia Supreme Court and obtained a court order dated October 14, 2008 (the “**Order**”) granting Cross Lake creditor protection under the *Companies’ Creditors Arrangement Act* (Canada) (“**CCAA**”) to allow it to develop a reorganization plan with its creditors. On June 1, 2009, Cross Lake changed its name to 0373849 B.C. Ltd. and completed the restructuring transactions provided for in the amended and restated plan of compromise and arrangement filed by it on May 21, 2009 pursuant to the CCAA and the *Business Corporations Act* (British Columbia).

Conflicts of Interest

Certain of the Company’s directors and officers serve or may agree to serve as directors or officers of other reporting companies or have significant shareholdings in other reporting companies and, to the extent that such other companies may participate in ventures in which the Company may participate, the directors of the Company may have a material interest in negotiating and concluding terms respecting the extent of such participation. In the event that such a material interest arises at a meeting of the Company’s directors, a director who has such a conflict will abstain from voting for or against the approval of such participation or such terms.

Committees of the Board of Directors

The board of directors has established an Audit Committee (the “**Audit Committee**”). Pursuant to section 224(1) of the British Columbia Business Corporations Act, the policies of the Exchange and National Instrument 52-110 Audit Committees (“**NI 52-110**”), the Company is required to have an audit committee comprised of not less than three directors, a majority of whom are not officers, control persons or employees of the Company or an affiliate of the Company. NI 52-110 requires the Company, as a venture issuer, disclose annually in its information circular certain information concerning the constitution of its Audit Committee and its relationship with its independent auditor.

Audit Committee’s Charter

The Audit Committee has a charter. The complete text of the Audit Committee’s charter is attached as Schedule “A” to this AIF.

Composition of the Audit Committee

The following are the members of the Audit Committee:

Richard Schroeder (Chair)	Independent ⁽¹⁾	Financially literate ⁽¹⁾
John Tapics	Independent ⁽¹⁾	Financially literate ⁽¹⁾
Gordon Keevil	Independent ⁽¹⁾	Financially literate ⁽¹⁾

1. As defined in NI 52-110.

Relevant Education and Experience

Richard Schroeder – Director, Audit Committee Chair

Richard Schroeder has over 35 years of experience advising multinational public companies in the mining and financial services sectors. Mr. Schroeder graduated in 1976 with a B.Sc. from the University of British Columbia. He then obtained his Chartered Accountants designation in 1981 from the Institute of Chartered Accountants of British Columbia. Mr. Schroeder was a partner at Ellis Foster, Chartered Accountants for over 15 years and has continued as partner at Ernst & Young LLP following their merger in 2005 until his retirement effective July 1, 2011.

John Tapics – Director, Member of Audit Committee

John Tapics is currently CEO of Compliance Energy Corp. (TSXV:CEC) a company focused on the development of Coal assets on Vancouver Island, B.C. He also serves on The Board of Directors for Copper Mountain Mining Corporation. Copper Mountain is a large 5 billion lbs Copper project in B.C. Canada that is in full production with their financial partner Mitsubishi Materials Corp. Mr. Tapics has served on the board of Copper Mountain since their Initial Public Offering in 2007.

Mr. Tapics graduated in 1975 with a B.Sc. Honours in Mining Engineering from Queen's University in Ontario, Canada. Mr. Tapics has over 30 years of mining and electricity industry experience including four years as President and CEO of the Alberta Electric System Operator responsible for operating Alberta's electricity market, transmission planning and system operations; eleven as an Officer of TransAlta Corporation, in charge of the Generation, and the Transmission and Distribution Business units. While at TransAlta Mr. Tapics directed the planning and economic delivery of 16 million tonnes of coal annually from two mine sites to three power plants totaling 3300 megawatts.

Mr. Tapics has served as a Director of the Coal Association of Canada, the Alberta Chamber of Resources, and the Western Electric Power Institute. He has been active with the Canadian Electricity Association, serving on the Generation and the Transmission Strategic Issues working groups; and the Canadian Institute of Mining and Metallurgy serving as the Calgary Branch Chairman.

Gordon Keevil – Director, Member of Audit Committee

Gordon Keevil is a senior executive serving as VP Corporate Development of Imperial Metals Corp. (TSX-III). Mr. Keevil joined Imperial Metals in 2009 following the Imperial - Selkirk Metals Corp. merger. Mr. Keevil brings a wealth of technical and corporate experience in the management financing and operation of resource companies. His experience in the development of junior companies will be invaluable as Lions Gate moves its projects forward.

Reliance on Certain Exemptions

At no time since the commencement of the Company's most recently completed financial year has the Company relied on the exemption in Section 2.4 of NI 52-110 (De Minimis Non-audit Services), or an exemption from NI 52-110, in whole or in part, granted under Part 8 of NI 52-110.

Audit Committee Oversight

At no time since the commencement of the Company's most recent completed financial year was a recommendation of the Audit Committee to nominate or compensate an external auditor not adopted by the Board of Directors.

Pre-Approval Policies and Procedures

All procedures other than the Company's annual audit of the annual financial statements are preapproved by the Board of Directors.

External Auditor Service Fees

Aggregate fees paid to the Company's Auditor during the fiscal years ended December 31, 2010 and 2009 were as follows:

Financial Year Ended	Audit Fees	Audit Related Fees¹	Tax Fees²	All Other Fees³
2010	\$20,000	Nil	\$4,499	\$3,337
2009	\$20,000	Nil	\$4,870	Nil

Notes:

1. Fees charged for assurance and related services reasonably related to the performance of an audit, and not included under "Audit Fees".
2. Fees charged for tax compliance, tax advice and tax planning services.
3. Fees for services other than disclosed in any other column.

LEGAL PROCEEDINGS, REGULATORY ACTIONS AND PENALTIES/SANCTIONS

The Company is not a party to any outstanding legal or regulatory proceedings, and the directors of the Company do not have any knowledge of any contemplated legal or regulatory proceedings that are material to the business and affairs of the Company.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Other than as disclosed above and elsewhere in this AIF, no director, officer or shareholder holding on record or beneficially, directly or indirectly, more than 10% of the issued Shares, or any of their respective associates or affiliates has any material interest, direct or indirect, in any transaction in which Lions Gate has participated in the three most recently completed financial years or during the current financial year, or in any proposed transaction, which has materially affected or will materially affect Lions Gate.

TRANSFER AGENTS AND REGISTRARS

The Registrar and Transfer Agent for the Company is Valiant Trust Company, located at 600 - 750 Cambie Street, Vancouver, BC V6B 0A2.

MATERIAL CONTRACTS

The following is a list of material contracts of the Company that the Company has entered into within the last financial year:

- The amended and restated property option agreement, dated July 30, 2007, pursuant to which the Company secured an option to acquire a 100% interest in the Poplar Property interest from Hathor for share and cash consideration. There is an ongoing commitment to make annual payments of \$75,000 to Hathor for the duration of the agreement and an underlying 2% NSR on the Poplar Property.

- The option agreement, dated April 29, 2009, between the Company and an unrelated third party to earn the exclusive right and option to acquire 100% legal and beneficial interest in mineral claims south of Poplar Lake, by issuing a total of 100,000 shares over a period of four years. Should the claims be found to contain economically recoverable metal values, the Company may offer an aggregate amount of \$1,000,000 in the form of a 1% NSR or a one-time only buy-out by the Company of \$1,000,000 less any NSR amounts previously paid.
- The option agreement, dated May 25, 2009, between the Company and an unrelated third party to earn the exclusive right and option to acquire 100% legal and beneficial interest in additional mineral claims south of Poplar Lake, by issuing a total of 30,000 shares over a period of three years. Should the claims be found to contain economically recoverable metal values, the Company may offer an aggregate amount of \$100,000 in the form of a 1% NSR or a one-time only buy-out by the Company of \$100,000 less any NSR amounts previously paid.
- The property option agreement, dated January 5, 2011, between the Company and Firesteel with respect to the ROK-Coyote Property. Pursuant to the terms of the agreement, the Company has been granted an option to acquire a 75% interest in the ROK-Coyote Property in consideration for the issuance of an aggregate of \$496,000 in cash, an aggregate exploration expenditures commitment of \$2,329,000 and the issuance of 650,000 common shares over a period of four years (the “**Option Period**”). During the Option Period, the Company will be the operator on the Property.
- The purchase agreement, dated July 29, 2010, between the Company and 455702 B.C. Ltd. pursuant to which the Company acquired an interest in properties, known as the Mason claims, surrounding its existing mineral property interest on Hudson Bay Mountain. The Company acquired a 100% interest in the property for cash and share consideration and a 2% NSR on the Mason claims.
- The sale and purchase agreement, dated July 17, 2010, between the Company and unrelated third parties to acquire a 60% undivided beneficial and recorded interest in the Copperline mineral property interest in consideration for the issuance to the vendors of certain share consideration. A portion of the claims comprising the Copperline property interest is subject to a 1.5% net smelter returns royalty held by Cominco Ltd. (“**Cominco**”). Kleinebar Resources Ltd. (“**Kleinebar**”) also holds a 0.5% net smelter returns royalty on the part of the property interest subject to the Cominco royalty and a 1.25% net smelter returns royalty on the balance of the property interest. The Kleinebar royalty can be purchased at any time for \$500,000.
- The communications and engagement agreement, dated December 15, 2010, between the Company and The Office of the Wet’suwet’en (the “**OW**”), representing the interests of five Clans and thirteen Houses of the Wet’suwet’en First Nations. The agreement recognizes that both parties are committed to a mutually respectful, transparent, and consultative ongoing relationship between the parties with regards to the Company’s mineral exploration activities on Wet’suwet’en territories.
- The amended promissory note, dated January 21, 2010, pursuant to which Advanced Wealth Solutions Inc. borrowed an aggregate of US\$360,000. The balance of the principal sum and accrued interest was agreed to be repaid to the Company in six equal installments of \$60,000 U.S. commencing March 5, 2010, and concluding with a final payment on August 27, 2010. The Company received no repayments during the year ended December 31, 2010 and a payment of US\$100,000 as at the date hereof. The balance of US\$260,000 remains outstanding.
- The investor relations service agreement, dated June 8, 2011, between the Company and Advanture Capital Partners Inc. (“**Advanture**”) pursuant to which Advanture was engaged, as an independent contractor, to provide marketing and investor relations services to the Company. As

of the date hereof, Advanture has received \$31,000 in cash, and 100,000 options at an exercise price of \$0.80 for services provided. 25,000 of the options received by Advanture have vested, with the remaining three tranches of 25,000 options each vesting on December 8, 2011, March 8, 2012, and June 8, 2012, respectively.

- The service agreement between the Company and Canadian Nexus Ventures Ltd. (“CNV”), a corporation controlled by the chief executive officer of the Company, pursuant to which CNV provides accounting and financial services, cash management and investment services, coordination of audit, legal, and insurance services, human resources and staffing, and such other executive functions in connection with the management of the business and affairs of the Company.
- The service agreement between the Company and MDS Management Ltd. (“MDS”), a corporation over which the chief financial officer of the Company exercises significant influence, pursuant to which MDS provides bookkeeping services.

INTEREST OF EXPERTS

Information of a scientific or technical nature on the Poplar Deposit, presented in this AIF is based upon the Technical Report prepared by Gary H. Giroux, a Member of the Association of Professional Engineers and Geoscientists of the Province of British Columbia. Mr. Giroux has sufficient experience to qualify as a “Qualified Person” under NI 43-101. Mr. Giroux has verified the scientific and technical information disclosed in this AIF, including sampling, analytical and test data underlying the information and opinions contained in this AIF.

Gary Giroux consents to the inclusion of information from the Technical Report in this AIF. Mr. Giroux has no direct or indirect interest in Lions Gate’s property or of any associate or affiliate of Lions Gate. As at the date hereof, Mr. Giroux does not own, or has the right to acquire, more than one percent of the outstanding securities of Lions Gate.

ADDITIONAL INFORMATION

Additional information regarding Lions Gate may be found under the Company’s profile on the SEDAR website at www.sedar.com. Additional information, including directors’ and officers’ remuneration and indebtedness, principal holders of the Company’s securities and securities authorized for issuance under equity compensation plans, as applicable, is contained in Lions Gate’s management information circular dated May 25, 2011 with respect to the Company’s annual general and special meeting of its shareholders for the year ended December 31, 2010. Additional financial information is provided in Lions Gate’s audited consolidated financial statements and related Management’s Discussion and Analysis for its year ended December 31, 2010. Copies of the above and other disclosure documents may be examined and/or obtained through the Internet by accessing Lions Gate’s website at www.lionsgatemetals.com or by accessing the SEDAR website at www.sedar.com.

GLOSSARY OF TERMS

“**AIF**” means this Annual Information Form.

“**Audit Committee**” means the audit committee of the board of directors of the Company.

“**CEA**” means the Communications and Engagement Agreement between the Company and the OW dated December 15, 2010.

“**Company**” or “**Lions Gate**” means Lions Gate Metals Inc.

“**Copperline Property**” means the Copperline property located near Smithers, British Columbia, of which the Company currently holds a 60% interest.

“**Exchange**” means the TSX Venture Exchange.

“**Hudson Bay Mountain Property**” means the Hudson Bay Mountain mineral property interest located near Smithers, British Columbia, of which the Company currently holds a 100% interest.

“**IP**” means induced polarization.

“**Kelly Creek Property**” means the six mineral claims, known as the Kelly Creek mineral property interest, situated in the Omineca Mining Division of B.C., of which the Company currently holds a 100% interest.

“**Lions Gate Shares**” means the common shares in the capital of the Company.

“**MOU**” means the Memorandum of Understanding entered into between the Company and the OW dated August 29, 2009.

“**NCMI**” means Northern Canadian Metals Inc., a wholly-owned subsidiary of the Company.

“**NI 52-110**” means National Instrument 52-110 - *Audit Committees*.

“**NSR**” means net smelter royalty.

“**OW**” means the Office of the Wet’suwet’en, which represents the interests of five clans and thirteen houses of the Wet’suwet’en First Nations.

“**Properties**” means, collectively, the Poplar Property, the ROK-Coyote Property, the Hudson Bay Mountain Property, the Kelly Creek Property and the Copperline Property.

“**ROK-Coyote Property**” means the mineral property located in the Stikine Arch region of northwestern British Columbia, in which the Company currently holds a 100% interest.

“**Technical Report**” means a NI 43-101 compliant resource technical for the Poplar Property titled “July 2011 Mineral Resource Estimate on the Poplar Deposit, Omineca Mining Division, British Columbia” prepared by Gary H. Giroux, MASC., P. Eng., an independent “qualified person” as defined in NI 43-101, and dated September 12, 2011.

Schedule A

LIONS GATE METALS INC. AUDIT COMMITTEE CHARTER

Mandate

The primary function of the audit committee (“**Committee**”) is to assist the board of directors in fulfilling its financial oversight responsibilities by reviewing the following: (a) the financial reports and other financial information provided by the Company to regulatory authorities and shareholders; (b) the Company’s systems of internal controls regarding finance and accounting and the Company’s auditing, accounting; and (c) financial reporting processes. Consistent with this function, the Committee will encourage continuous improvement of, and should foster adherence to, the Company’s policies, procedures and practices at all levels. The Committee’s primary duties and responsibilities are to (i) serve as an independent and objective party to monitor the Company’s financial reporting and internal control system and review the Company’s financial statements; (ii) review and appraise the performance of the Company’s external auditors; (iii) provide an open avenue of communication among the Company’s auditors, financial and senior management and the board of directors; and (iv) to ensure the highest standards of business conduct and ethics.

Composition

The Committee shall be comprised of three directors as determined by the board of directors, the majority of who shall be free from any relationship that, in the opinion of the board of directors, would interfere with the exercise of his or her independent judgment as a member of the Committee.

At least one member of the Committee shall have accounting or related financial management expertise. All members of the Committee that are not financially literate will work towards becoming financially literate to obtain a working familiarity with basic finance and accounting practices. For the purposes of the Company’s Charter, the definition of “financially literate” is the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can presumably be expected to be raised by the Company’s financial statements.

The members of the Committee shall be elected by the board of directors at its first meeting following the annual shareholders’ meeting. Unless a chair is elected by the full board of directors, the members of the Committee may designate a chair by a majority vote of the full Committee membership.

Meetings

The Committee shall meet at least twice annually, or more frequently as circumstances dictate. As part of its job to foster open communication, the Committee will meet at least annually with the Chief Financial Officer and the external auditors in separate sessions.

Responsibilities and Duties

To fulfill its responsibilities and duties, the Committee shall:

Documents/Reports Review

- a. Review and update this Charter annually.
- b. Review the Company’s financial statements, MD&A, any annual and interim earning statements and press releases before the Company publicly discloses this information and any reports or other financial information (including quarterly financial statements), which are submitted to any governmental body, or to the public, including any certification, report, opinion or review rendered by the external auditors.

External Auditors

- a. Review annually the performance of the external auditors who shall be ultimately accountable to the board of directors and the Committee as representatives of the shareholders of the Company.
- b. Obtain annually a formal written statement of external auditors setting forth all relationships between the external auditors and the Company.
- c. Review and discuss with the external auditors any disclosed relationships or services that may impact the objectivity and independence of the external auditors.
- d. Take or recommend that the full board of directors take appropriate action to oversee the independence of the external auditors.
- e. Recommend to the board of directors the selection and, where applicable, the replacement of the external auditors nominated annually for shareholder approval.
- f. At each meeting, consult with the external auditors, without the presence of management, about the quality of the Company's accounting principles, internal controls and the completeness and accuracy of the Company's financial statements.
- g. Review and approve the Company's hiring policies regarding partners, employees and former partners and employees of the present and former external auditors of the Company.
- h. Review with management and the external auditors the audit plan for the year-end financial statements and intended template for such statements.
- i. Review and pre-approve all audit and audit-related services and the fees and other compensation related thereto, and any non-audit services, provided by the Company's external auditors. The preapproval requirement is waived with respect to the provision of non-audit services if:
 - i. the aggregate amount of all such non-audit services provided to the Company constitutes not more than 5% of the total amount of revenues paid by the Company to its external auditors during the fiscal year in which the non-audit services are provided;
 - ii. such services were not recognized by the Company at the time of the engagement to be non-audit services; and
 - iii. such services are promptly brought to the attention of the Committee by the Company and approved prior to the completion of the audit by the Committee or by one or more members of the Committee who are members of the board of directors to whom authority to grant such approvals has been delegated by the Committee.

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

Financial Reporting Processes

- a. In consultation with the external auditors, review with management the integrity of the Company's financial reporting process, both internal and external.
- b. Consider the external auditor's judgments about the quality and appropriateness of the Company's accounting principles as applied in its financial reporting.
- c. Consider and approve, if appropriate, changes to the Company's auditing and accounting principles and practices as suggested by the external auditors and management.
- d. Review significant judgments made by management in the preparation of the financial statements and the view of the external auditors as to appropriateness of such judgments.

- e. Following completion of the annual audit, review separately with management and the external auditors any significant difficulties encountered during the course of the audit, including any restrictions on the scope of work or access to required information.
- f. Review any significant disagreement among management and the external auditors in connection with the preparation of the financial statements.
- g. Review with the external auditors and management the extent to which changes and improvements in financial or accounting practices have been implemented.
- h. Review certification process for certificates required under Multilateral Instrument 52-109.
- i. Establish a procedure for the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.

Other

- a. Review any related party transactions.
- b. Review reports from persons regarding any questionable accounting, internal accounting controls or auditing matters (“Concerns”) relating to the Company such that:
 - i. an individual may confidentially and anonymously submit their Concerns to the Chairman of the Committee in writing, by telephone, or by e-mail;
 - ii. the Committee reviews as soon as possible all Concerns and addresses same as they deem necessary; and
 - iii. the Committee retains all records relating to any Concerns reported by an individual for a period the Committee judges to be appropriate.