Annual Information Form

For the year ended October 31, 2010

Issued January 24, 2011

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1.0 PRELIMINARY INFORMATION

In this Annual Information Form (the "AIF"), Linear Metals Corporation, together with its subsidiaries, as the context requires, is referred to as "Linear", the "Company" or the "Issuer". All information contained herein is as at January 24, 2011, unless otherwise stated.

1.1 Financial Statements and Other Documents Incorporated by Reference

This AIF should be read in conjunction with the Company's consolidated financial statements and management's discussion and analysis for the 12 months ended October 31, 2010. The financial statements and management's discussion and analysis are available at www.linearmetals.com and under the Company's profile on the SEDAR website at www.sedar.com. All financial statements are prepared in accordance with Canadian generally accepted accounting principles.

Incorporated by reference into this Annual Information Form are the following technical reports, which have been filed on the SEDAR website at www.sedar.com:

- KM61 Technical Report - Scott Wilson Roscoe Postle Associates Inc. Technical Report dated and filed on SEDAR on January 22, 2009.
- Seymour Lake Technical Report, prepared by Matt Rees, the Company's Vice President-Exploration, dated April 5, 2010 and filed on SEDAR on April 14, 2010 and an amended Technical Report dated September 1, 2010 and filed on SEDAR on September 17, 2010.

1.2 Currency

All sums of money which are referred to in this AIF are expressed in lawful money of Canada, unless otherwise specified.

1.3 Disclosure Regarding Forward-Looking Statements

Certain of the statements that are not historical facts contained in this AIF (and the other disclosure documentation of Linear such as its annual and quarterly reporting to shareholders) are forward-looking statements that involve risks and uncertainties that could cause actual events or results to differ materially from estimated or anticipated events or results reflected in the forward-looking statements. Such forward-looking statements include, among other things, statements regarding targets, estimates and/or assumptions in respect of reserves and/or resources, and are or may be based on assumptions and/or estimates related to future economic, market and other conditions. Factors that could cause actual results, developments or events to differ materially from those anticipated include, among others, the factors described or referred to under "Business of the Corporation – Risk Factors" herein and include unanticipated and/or unusual events. Most of such factors are beyond Linear's ability to control or predict.

Actual results may differ materially from those anticipated. Readers are cautioned not to put undue reliance on forward-looking statements due to the inherent uncertainty therein. Linear disclaims any intent or obligation to update publicly any forward-looking statements, whether as a result of new information, future events or results or otherwise.

1.4 National Instrument 43-101 – Standards of Disclosure for Mineral Projects

National Instrument 43-101 – *Standards of Disclosure for Mineral Projects* ("NI 43-101") issued by the Canadian Securities Administrators (the "CSA") requires, among other things, that issuers ensure that all written disclosure of a scientific or technical nature, other than a news release, concerning a mineral project on a property material to the issuer identifies and discloses the relationship to the issuer of the qualified person who prepared or supervised the preparation of the technical report or other information that forms the basis for the written

disclosure. A "qualified person" for purposes of NI 43-101 means an individual who is an engineer or geoscientist with at least five years of experience in mineral exploration, mine development or operation and/or mineral project assessment, has experience relevant to the subject matter of the disclosure and is a member in good standing of a specified professional association.

Unless otherwise noted, Matthew Ian Rees, P. Geo., who serves the Company as Vice President - Exploration, is the qualified person responsible for the preparation of technical information included in this report.

2.0 CORPORATE STRUCTURE

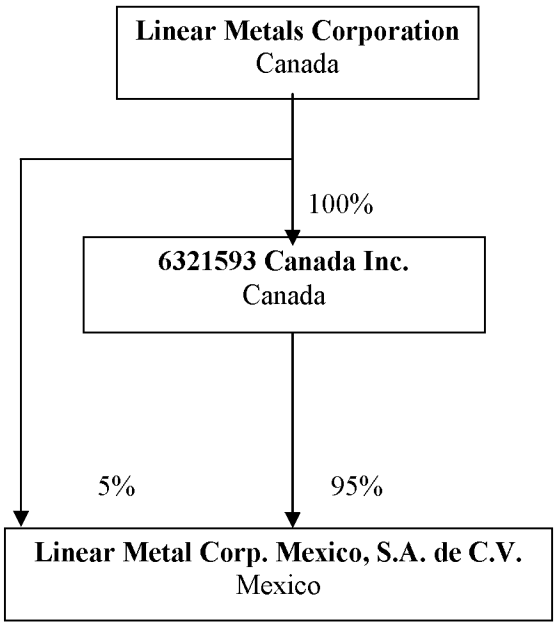
2.1 Name, Address and Incorporation

The Issuer was incorporated as Linear Metals Corporation under the *Canada Business Corporations Act* by Articles of Incorporation effective November 17, 2004.

Linear's head and registered office is located at Suite 2001, 1969 Upper Water Street, Halifax, Nova Scotia, B3J 3R7 (telephone: (902) 422-1421; fax: (902) 491-4281; Email: info@linearmetals.com; website: www.linearmetals.com)

2.2 Inter-corporate Relationships

The following chart describes the relationship amongst Linear and its material subsidiaries including the percentage of voting securities of the subsidiary owned by Linear and the jurisdiction of the subsidiary:



3.0 BUSINESS OF THE CORPORATION

Linear is a junior exploration company listed on the TSX Exchange. The Corporation is in the process of exploring its mineral properties and has not yet determined whether these properties contain ore reserves that are economically recoverable. The Company owns or controls an interest in three mineral properties, including the KM61 and Seymour Lake properties in Canada and the La Morena property in Mexico.

Linear's core asset is the KM61 project, which is host to a NI 43-101 compliant molybdenum-copper-silver resource. While the Company believes that the long-term prospects for molybdenum prices and the KM61 project remain positive, Linear is also seeking new project acquisitions and plans to increase its level of exploration activities beginning in fiscal 2011. The overall level of exploration expenditures and focus for fiscal 2011 and beyond is dependent on the Company's success in acquiring new projects and raising additional financing.

3.1 Three-Year History

In early 2009, as a result of challenging market conditions, the Company reduced its staff levels and suspended its exploration activities until August 2009. During the year ended October 31, 2008, Linear incurred Resource property expenditures of $10.5 million with approximately 64% of the expenditures incurred on the Company's KM61 project, leading to an initial NI 43-101 compliant resource estimate announced in December 2008. During the years ended October 31, 2009 and 2010, the Company incurred exploration expenditures of $1.0 million and $0.5 million respectively. Exploration was focused on the Company's KM61 and Seymour Lake Project during fiscal 2009 while the majority of expenditures were incurred on the Company's La Morena project during fiscal 2010.

During March 2009, the Company decided not to exercise its option to acquire an 80% interest in the Cobre Grande property as a result of an excessive US$12 million purchase option payment that would have been triggered. Throughout fiscal 2007 and 2008, the Cobre Grande project, located in Oaxaca, Mexico, had been one of the Company's major areas of focus.

On November 6, 2007, the Company completed a brokered private placement of 3,900,000 flow-through common shares of the Company at a price of $1.80 per flow-through share, for aggregate gross proceeds of $7,020,000.

On July 31, 2009, the Company completed a non-brokered private placement consisting of 15,000,000 common shares at a price of $0.06 per share, for total gross proceeds of $900,000. Directors and Officers of the Company subscribed for 3,250,000 common shares as part of this financing.

Exploration History

In August 2010, the Company re-activated its La Morena (Cu-Zn-Ag-Au) project, which had been substantially on care and maintenance since the completion of a ten-hole drill program in August 2006. The new exploration program included the re-establishment of the historical grid in the La Diana area and a new grid in the unexplored El Refugio area to the north. During the fourth quarter of fiscal 2010, approximately 20 kms of Induced Polarization ("IP") surveying were completed on the La Diana grid and 12 kms were completed on the El Refugio grid. A drilling program of approximately 1,500 metres was commenced in November 2010 to test anomalies identified through the IP survey and mineralized horizons and structures identified in some of the old artisanal mine workings.

During 2008, Linear completed an airborne survey over the Seymour Lake and adjoining KM61 properties, collecting magnetic and radiometric data. The Seymour Lake (Li-Ta-Be) property is contiguous with Linear's KM61 claims. In addition, the grid was re-established on the Seymour Lake property and soil sampled for Enzyme Leach geochemical analysis. Combining historical drill data with the evaluation and interpretation of the new geophysical and geochemical datasets at Seymour Lake resulted in the identification of several new drill targets on the property permissive for hosting pegmatites similar to the one previously drilled by Linear Gold in 2002. In August 2009, the Company reactivated exploration activities on the Seymour Lake property and commenced a 19-hole, 2,400 metre diamond drill program that was concluded in November 2009. The drill program was focused on the North Aubry Zone, where 12 of the 19 holes were drilled, and the South Aubry Zone, where six of the 19 holes were drilled. One drill hole tested the Pye Showing of the Seymour Lake property.

In October 2007, the Company completed a 4,000 metre drill program on the KM61 molybdenum property, located near Armstrong, Ontario. Following completion of the $7.0 million flow-through financing in November 2007, a total of 107 drill holes and approximately 30,000 metres of drilling were completed on the property, culminating in KM61's initial National Instrument 43-101 compliant resource estimate which was reported in December 2008 based on drilling completed on the property up to July 2008. The reported resource included an Indicated resource of 66.6 million tonnes at 0.053% Mo, 0.09% Cu, and 2.6 g/t Ag (0.063% molybdenum equivalent) and an Inferred resource of 38.9 million tonnes at 0.054% Mo, 0.09% Cu, and 2.7 g/t Ag (0.065% molybdenum equivalent).

During March 2009, the Company allowed its option to acquire an 80% interest in the Cobre Grande property to expire. Throughout fiscal 2007 and 2008, one of the Company's major areas of focus was the 6,238 hectare Cobre Grande property, located in Oaxaca, Mexico. The Company commenced drilling the Cobre Grande property in November 2006 and continued drilling, substantially uninterrupted, until February 2008. During May 2008, the Company reported an initial National Instrument 43-101 compliant Inferred Mineral Resource Estimate of 49.8 million tonnes of 0.92% copper equivalent for the Main Zone at its Cobre Grande Project. Prior to March 2009, the Company had held the right to acquire up to an 80% interest in the Cobre Grande property, by completing the remaining terms of a Purchase Option Agreement (the "Purchase Option") initially entered by Linear Gold Corp. ("Linear Gold") with the Community of San Baltazar Guelavila (the "Community"). The remaining terms of the Purchase Option required that a payment of US$90,000 be made on or before March 13, 2009 (the "Expiry Date"). Pursuant to the Purchase Option, had the Company exercised its option on or before the Expiry Date, the Community would have been entitled to choose between a US$12 million buyout, a 2% net smelter return royalty or a 15% joint venture interest. The payment was not made and the Purchase Option was not exercised; accordingly, the Company no longer has a legal interest in the primary Cobre Grande concessions and has written off its investment.

Based on the results of exploration programs carried out on the early-stage La Lupita, Ecatepec and La Trinidad projects in Mexico and the Bateman and Stenlund projects in Ontario, Canada during 2007, 2008 and 2009, the Company's interest in all such properties has been terminated.

3.2 Risk Factors

Linear's financial success will be dependent upon the extent to which it can discover mineralization on its existing properties and/or future property acquisitions and the economic viability of developing such properties. Such development may take years to complete and the amount of resulting income, if any, is difficult to determine with any certainty. The primary focus of Linear's resources is currently on the exploration of the La Morena property located in Mexico, more particularly described under "*Description of Mineral Properties*".

The Company will require additional funding to continue its exploration programs and in light of the market conditions that have prevailed over the last two years, management has implemented significant cost reduction strategies to reduce the Company's day to day cash operating costs. The Company's objective is to maintain legal title to its material mineral properties. Management is evaluating alternatives to secure additional financing so that the Company can continue to operate as a going concern. Nevertheless, there is no assurance that these initiatives will be successful or sufficient, and there remains uncertainty as to the ability of the Company to continue operating as a going concern. Failure to continue to operate as a going concern could result in the loss of its interest in its resource properties and/or the indefinite suspension of its exploration activities.

Linear's properties are in the early stages of exploration. Any development of these properties will only follow upon obtaining satisfactory exploration results and the scrutiny of technical and feasibility reports. The exploration for and development of mineral properties includes significant financial risks, which even a combination of careful evaluation, experience and knowledge cannot eliminate. While the discovery of an orebody may result in substantial rewards, few properties, which are explored, are ultimately developed into producing mines. Major expenses may be required to establish ore reserves by drilling, to construct mining and processing facilities at the site, to develop metallurgical processes and facilities, to extract metals from the ore, and to obtain all requisite governmental permits and approvals.

Whether a mineral deposit will be commercially viable depends on a number of factors, some of which are the particular attributes of the deposit, such as size, grade and proximity to infrastructure, including regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals, and environmental protection. The exact effect of these factors cannot be accurately predicted, but a combination of these factors may result in Linear not receiving an adequate return on invested capital. In addition, assuming the discovery of an economic orebody, depending on the type of mining operation involved, several years usually elapse from the initial phase of drilling until commercial operations are commenced.

Linear's revenues, if any, are expected to be in large part derived from the mining and sale of various metals or interests related thereto. The market price of metals and other commodities are affected by a number of factors beyond the control of Linear, including market fluctuations, technology, infrastructure, government regulations, and environmental protection. The price of commodities have fluctuated widely, particularly in recent years, and are affected by numerous factors beyond Linear's control, including international economic and political trends, global or regional consumptive patterns, speculative activities and increased production due to new mine developments and improved mining, production and extraction methods. The effect of these factors on commodity prices, and therefore the economic viability of Linear's properties, cannot be predicted.

Linear's properties are currently under exploration and, as a result, Linear has no material source of funding other than its existing working capital or through the sale of additional shares in the Company. Linear has limited financial resources beyond its existing working capital, and there is no assurance that additional funding will be available to allow Linear to explore its existing exploration properties and/or acquire new properties. Failure to obtain additional funding could result in delay or indefinite postponement of further exploration and the possible partial or total loss of Linear's interest in certain properties.

The mining industry is intensely competitive in all of its phases, and Linear competes with many companies possessing greater financial resources and technical facilities than the Company. Competition in the mining business could adversely affect Linear's ability to acquire suitable properties or prospects for mineral exploration in the future on terms it considers acceptable.

The mineral industry is subject to, among other things: 1) government regulations with respect to such matters as environmental protection, health, safety and labour; 2) mining law reform; 3) aboriginal land claims; and 4) expropriation of property in various jurisdictions. Environmental legislation in particular is evolving in a manner which will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments for proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. There can be no assurance that future changes in these matters, if any, will not adversely affect Linear's operations.

The Company may undertake exploration programs in countries other than Canada and would be subject to currency fluctuations in those countries which may materially affect the financial position and results of the Company. The Company maintains certain US and Mexican currency balances in connection with its current structure and operation. The Company is subject to risks associated with the fluctuation of the rate of exchange of the Canadian dollar and the foreign currencies in which it operates and, accordingly, the Company may suffer losses due to adverse foreign currency fluctuations.

3.3 Exploration and Mining Standards

The Company conducts exploration activities with high standards under "Exploration Best Practices Guidelines" established by the Canadian Institute of Mining, Metallurgy and Petroleum (CIM) standards and conforms to National Instrument 43-101 Standards of Disclosure for Mineral Projects and Companion Policy 43-101CP.

The Company's exploration programs are planned and managed by "Qualified Persons" who ensure that QA/QC practices are consistent with National Instrument 43-101 and industry standards.

On all projects, diamond drill core, that is chosen to be sampled by a Qualified Person, is sawn, and half the core is analyzed by assay with atomic absorption, Inductively Coupled Plasma ("ICP"), or gravimetric finish at an independent, registered commercial assay laboratory. All sample submittals include certified reference standards, blanks and duplicates and a representative sample of the drill core is retained for future reference.

4.0 DESCRIPTION OF MINERAL PROPERTIES

The following is a description of the Company's KM61, Seymour Lake and La Morena Properties. The following technical reports, as defined in National Instrument 43-101, have been filed on SEDAR at www.SEDAR.com and incorporated herein by reference:

Project	Prepared by	Report Date	SEDAR Filing Date
KM61	Scott Wilson Roscoe Postle Associates Inc.	January 22, 2009	January 22, 2009
Seymour Lake	Linear Metals Corporation	April 5, 2010 (amended September 1, 2010)	April 14, 2010 (amended September 17, 2010)

The Company's La Morena property is at a less advanced stage and the Company has no immediate plans to complete a technical report on the property until such time as the property is materially advanced.

4.1 KM61 Property – Canada

Property Description and Location

The KM61 property is located 230 kilometres north-northeast of Thunder Bay, Ontario. Thunder Bay is a city with a population of approximately 125,000 located 925 kilometres northwest of Toronto. The claim group is located between kilometre 59 to kilometre 65 of the Jackfish haulage road, 47 kilometres east of Armstrong, Ontario.

The Main Zone deposit is centred at 399,800E, 5,587,400N, (NAD 27, Zone 16). The geographic coordinates are approximately 88° 24' 39" E and 50° 25' 55" N and lie within the Crescent Lake Map Sheet area (G-0027), NTS 52I/08. The property covers an area of approximately eight by ten kilometres.

Land Tenure

The KM61 property encompasses 29 contiguous unpatented claims totalling 323 claim units and approximately 5,180 hectares. As of the effective date of this report, all subject lands are in good standing until at least July 2011 and are currently held 100% by Linear Metals. The area of the current Mineral Resource is subject to a 0.5% NSR. None of the project claims has been surveyed.

Site Infrastructure

There is currently no permanent infrastructure at site, but the project does have excellent access via the Jackfish haulage road, and proximity to Ferland Station on the main CN rail line, just 12 km south of the project.

Currently the closest electric power would be available from either Armstrong or from the Beardmore-Geraldton area on the east side of Lake Nipigon. Ontario Power Generation has released updated plans for development of an 85 MW hydroelectric project on the Jackfish River, some six kilometres from the Main Zone at KM61. The development is scheduled for completion in 2013 or 2014.

History

In 2001, Linear Resources Inc. (Linear Resources) optioned the Aubrey pegmatite occurrence from Stares Contracting Corporation. During the course of exploration for additional rare metal pegmatites, Cu-Mo-Au-Ag mineralized intrusive float was discovered. Follow-up work led to an area of sparse outcrop in a clear-cut approximately 1.5 km in the up-ice direction.

In October 2003, Noranda Inc. (Noranda) optioned the property from Linear Resources, and an initial field program was completed. Several drill hole targets were identified by IP chargeability and Cu-Au in soil anomalies.

Drill programs were completed in 2004 and 2005 to test targets over an area of approximately 600 metres by 1,200 metres. Five holes were drilled in 2004. Results from hole K-04-03 (9.0 m averaging 0.22% Cu, 0.082% Mo and 4 g/t Ag) and hole K-04-04 (131 m averaging 0.047% Mo and 0.08% Cu) provided incentive for follow-up drilling.

During the summer of 2005, Noranda's successor company, Falconbridge Limited (Falconbridge), drilled eight holes and deepened one hole. This drilling was designed to test two parallel porphyry bodies recognized by trenching that stretched for at least one kilometre to the east of the area drilled in 2004. The second hole of this program, K-05-06, returned 61.2 m grading 0.076% Mo and 0.19% Cu, and is informally regarded as the discovery hole.

As Falconbridge's focus was not on molybdenum, the property was returned to Linear Metals in late 2006. Linear Metals decided to pursue an aggressive exploration program and additional drilling commenced in the summer of 2007, leading to the Mineral Resource estimate contained in this report.

Geology

The property is located within the Caribou Lake Greenstone Belt, which trends east-northeast along the north shore of Lake Nipigon, extending eastward to the Onamon-Tashota Greenstone Belt. Government mapping shows the KM61 claim area as underlain by mostly Willet Assemblage, mafic volcanic-dominated rocks, with lesser units of Marshall Assemblage dacite tuffs and related sediments. The south edge of the property is underlain by a tonalite to granodiorite-dominated intrusion.

The Willet and Marshall Assemblage rocks are crosscut by numerous felsic to mafic dykes of various ages. A series of four to five phases or generations of felsic porphyry dykes cut the stratigraphy in the grid area, and appear to occur pre-, syn- and post-mineralization. The most volumetrically significant post-mineralization intrusive rocks are Late Archean gabbros. Within the Main Zone, the mineralization is cut by several gabbro dykes, some as much as 25 metres wide, which subparallel the axis of mineralization.

Government mapping also shows a regional-scale synform that roughly trends through the Main Zone grid. The synform is based on very few facing directions, and although a synformal fold axis is possible somewhere in the general area, locally on the Main Zone grid there appears to be a potential antiform. The rocks of the Main Zone grid area are also cut by a prominent east-northeast trending sinistral shear zone, up to 200 metres wide, that appears to form a dilational zone in the area of the mineralization.

Mineral Resources and Mineral Reserves

Drill hole and metallurgical data available as of December 3, 2008, were used to estimate Mineral Resources potentially mineable by open pit methods. This includes all drilling up to and including hole K-08-113. The estimate was constrained by rock type wireframes and a preliminary open pit shell. At a cut-off grade of 0.02% Mo, Indicated Mineral Resources were estimated to be 66.6 million tonnes grading 0.053% Mo, 0.09% Cu, and 2.6 g/t Ag. Inferred Mineral Resources were estimated to be 38.9 million tonnes grading 0.054% Mo, 0.09% Cu, and 2.7 g/t Ag. The Indicated Mineral Resource equates to in situ metal quantities of 127.7 million pounds of copper, 78.2 million pounds of molybdenum, and 5.5 million ounces of silver. For comparative purposes, Scott Wilson RPA estimates the molybdenum equivalent value to be 0.063% for Indicated Mineral Resources and 0.065% for Inferred Mineral Resources. It should be noted that the Resource estimate was made using a conservative 45 degree pit wall angle, which is considered low compared to known large scale mining operations in Archean terrain (e.g. the pit slope angle at the Troilus Cu-Au Mine in northern Quebec is 56 degrees). This leaves a significant portion of the Main Zone below the bottom of the designed pit, further study will be required to ascertain an optimum pit wall angle.

4.2 Seymour Lake Property - Canada

The project had been idle for several years, until 2008, when the Company refreshed part of the grid on which an Enzyme Leach soil survey was undertaken to test for subsurface extensions of the North and South Aubry zones. In the fall of 2009, a 2,400 metre drill program was completed. The Seymour Lake property claim group is contiguous with the KM61 claim group, located to the southwest of KM61, and for this reason shares the same overall geologic and infrastructure settings.

Property Description and Location

The Seymour Lake property is located 230 kilometres north-northeast of Thunder Bay, Ontario. Thunder Bay is a city with a population of approximately 125,000 located 925 kilometres northwest of Toronto. The claim group is located between kilometre 57 to kilometre 60 of the Jackfish haulage road, 42 kilometres east of Armstrong, Ontario.

The North Aubry deposit is centred at 396960E, 5584950N, (NAD 27, Zone 16). The geographic coordinates are approximately 88° 27' 01" E and 50° 24' 33" N and lie within the Crescent Lake Map Sheet area (G-0027), NTS 52I/08. The property covers an area of approximately five by six kilometres.

Land Tenure

The property encompasses 13 contiguous unpatented claims totalling 161 claim units and approximately 2,576 hectares. As of the effective date of this report, all subject lands are in good standing until at least July 2011 and are currently held 100% by Linear Metals (Linear Metals acquired a 100% interest in the Seymour Lake Property from Linear Gold in April 2006). The area of the original optioned claim, and a one mile buffer around it, are subject to a 3.0% NSR, 50% of which is may be repurchased by the Company for $1,000,000. None of the project claims has been surveyed.

Site Infrastructure

There is currently no permanent infrastructure at site, but the project does have excellent access via the Jackfish haulage road, and proximity to Ferland Station on the main CN rail line, just nine kilometres south of the project.

Currently, the closest electric power would be available from either Armstrong or from the Beardmore-Geraldton area on the east side of Lake Nipigon. Ontario Power Generation has released updated plans for development of an 85 MW hydroelectric project on the Jackfish River, eight kilometres from the North Aubry Zone. The development is scheduled for completion in 2013 or 2014.

History

The Aubry showings were originally discovered by prospector Nelson Aubry in 1957, and subsequently optioned by Anaconda Canada, which undertook a small drill program of 15 Winkie or X-ray holes (totalling 500 metres) later that year. The showings were then investigated by ACA Howe (under contract to Tanco) in 1970, and by Cominco (in partnership with E&B Exploration) in 1979, both programs limited to surface mapping, trenching, chip sampling, and ground geophysics. In 1999, Clark Exploration collected several surface grab samples from the showings and surrounding area.

During 2001, Linear Resources optioned the Aubrey pegmatite occurrence from Stares Contracting Corporation, and completed trenching and sampling (work was performed by Emerald Geoloical Services). During 2002, a drill program of 1,866 metres in 32 shallow holes tested the near surface extent of the North and South Aubry zones over a limited area and depth. Due to rising demand at the time, this work was focused on the discovery of tantalum mineralization, and a significant tantalum zone was discovered in SL-02-15, SL-02-18 and SL-02-31, although significant lithium mineralization was intersected in most holes, as outlined in the following tables of composite drill hole results. Please see table notes and text in the following section for explanations regarding grades of potential by-products such as tantalum, beryllium and rubidium.

Significant Lithium & Beryllium Drill Hole Intercepts – North Aubry Zone – 2002 Drill Program

Hole	Horizon	From (metres)	To (metres)	Width (metres)	Li_2O(%)	BeO(%)
SL-02-2	Main	45.75	60.00	14.25	1.735	0.046
SL-02-3	Main	25.65	30.20	4.55	1.210	0.038
And	Lower	32.50	40.70	8.20	1.370	0.037
SL-02-4	Main	25.00	34.20	9.20	2.386	0.034
SL-02-5	Main	18.00	21.60	3.60	0.944	0.039
SL-02-8 *	Main	13.60	30.00	16.40	0.830	0.022
SL-02-9	Main	1.45	22.10	20.65	0.955	0.037
SL-02-10	Lower-1	51.85	57.05	5.20	1.578	0.062
SL-02-14	Main	2.65	8.35	5.70	2.212	0.065
SL-02-15*[2]	Main	6.35	11.80	5.45	1.302	0.034
SL-02-16	Main	1.70	9.55	7.85	1.148	0.055
SL-02-25	Main	1.40	1.65	0.25	0.829	0.013
SL-02-26	Main	1.65	5.05	3.40	2.484	0.024
SL-02-27	Main	3.00	26.85	23.85	1.325	0.031
SL-02-28	Main	2.30	14.10	11.80	1.837	0.127
SL-02-29	Main	1.80	13.75	11.95	1.696	0.096
SL-02-30	Main	2.00	18.90	16.90	2.081	0.025
And	Lower	23.30	27.00	3.70	1.837	0.037
SL-02-31	Main	1.60	19.32	17.72	1.475	0.028

* SL-02-08 was lost at 30 metre depth
*[2] this interval preceded by 0.95 m of lost core and then preceded by 0.7 m of 1.052% BeO

Significant Tantalum Drill Hole Intercepts – North Aubry Zone – 2002 Drill Program

Hole	Horizon	From (metres)	To (metres)	Width (metres)	Ta_2O_5 (%)
SL02-15	Main	6.35	9.75	3.40	0.104
SL02-28	Main	3.75	6.00	2.25	0.108
SL02-31	Main	6.35	7.50	1.15	0.092
and	Lower	14.50	19.32	4.82	0.118

Significant Drill Hole Intercepts – South Aubry Zone – 2002 Drill Program

Hole	Horizon	From (metres)	To (metres)	Width (metres)	Li_2O (%)	BeO (%)
SL-02-17	Lower	30.70	35.05	4.35	1.460	0.056
SL-02-18	Main	25.00	31.25	6.25	0.339	0.013
And	Lower	52.10	61.18	9.08	1.262	0.067

SL-02-19	Main	2.65	17.15	14.50	0.304	0.040
SL-02-20	Main	3.00	16.30	13.30	0.757	0.048
And	Lower	58.20	60.00	1.80	0.454	0.088
SL-02-21	Main	2.35	18.64	16.29	0.648	0.052
And	Lower	50.82	52.02	1.20	0.288	0.027
SL-02-22	Main	8.13	15.20	7.07	0.390	0.036
And	Lower	39.18	42.10	2.92	1.401	0.046
SL-02-23	Main	1.95	5.20	3.25	0.625	0.074
SL-02-24	Main	13.90	17.95	4.05	0.307	0.049

Geology

The property is located within the Caribou Lake Greenstone Belt, which trends east-northeast along the north shore of Lake Nipigon, extending eastward to the Onamon-Tashota Greenstone Belt. Government mapping shows the Seymour claim area as underlain by mostly Willet Assemblage mafic volcanic-dominated rocks, with lesser units of Toronto Assemblage mafic volcanics, and minor Marshall Assemblage dacite tuffs and related sediments. The eastern part of the property is underlain by a tonalite to granodiorite-dominated intrusion, thought to be the parental intrusion to the rare metal pegmatite dykes and sills exposed at the North and South Aubry showings. All Assemblages are crosscut by felsic to mafic dykes of various ages. The most volumetrically significant post-mineralization intrusive rocks are Proterozoic Nipigon mafic sills.

Exploration Program 2008-2009

In 2008, concurrent with exploration of the KM61 property, 200 metre spaced grid lines at Seymour were refreshed and an Enzyme Leach soil survey undertaken at a 50 metre sample spacing along the lines. At total of approximately 640 samples were collected, which successfully indicated several potential areas of additional pegmatite-hosted lithium-tantalum-beryllium mineralization, both close to the known occurrences and at kilometric distances from them.

A drill program was undertaken in the fall of 2009 to follow-up the soil sampling results and to test for subsurface extensions of the know mineralization. Approximately 2,400 metres in 19 holes tested extensions of the North and South Aubry zones, as well as several Enzyme Leach anomalies, including one located down-dip of the Pye Showing. Concurrently, grid mapping, prospecting, lithogeochemical sampling, and extensions to the Enzyme Leach soil survey were completed.

The drilling significantly extended the area of the Main Horizon at the North Aubry, including the discovery of several new, stacked, high-grade lithium-bearing pegmatite sills (Lower-1 and Lower-2) at depth below the Main and Lower Horizons. The drilling also intersected a thick pegmatite sill down-dip of the Pye occurrence, indicating potential for mineralization over a kilometric area, supported by several untested lithium in soil anomalies and several areas of anomalous lithium in the host volcanics. A summary of significant drill hole intersections are shown in the attached table:

Significant Drill Hole Intercepts – North Aubry Zone – 2009 Drill Program

Hole	Horizon	From (metres)	To (metres)	Width (metres)	Li_2O %	BeO %[1]
SL-09-03A	Lower-1	74.17	85.30	11.13	1.203	0.033
SL-09-09A	Lower-1	53.12	58.70	5.58	0.108	nsa[2]
And	Lower-2	71.90	75.30	3.40	0.833	0.038
SL-09-27A	Lower-1	62.00	67.60	5.60	1.895	0.068

SL-09-33	Main/Lower	14.40	40.53	26.13	1.584	0.046
And	Lower-1	90.20	93.50	3.30	0.936	0.063
And	Dyke	105.30	106.40	1.10	1.176	0.070
SL-09-34	Main	86.32	97.54	11.22	0.550	0.023
SL-09-43	Main	51.55	58.00	6.45	1.030	0.017
And	Lower-1	97.28	102.08	4.80	0.735	0.010
SL-09-44	Main	32.80	39.55	6.75	2.100	0.082
And	Lower-1	72.70	75.84	3.14	2.457	0.031
SL-09-45	Main/Lower	48.00	60.90	12.90	1.676	0.045
SL-09-46	Main/Lower	60.82	78.45	17.63	0.710	0.047
SL-09-47	Main/Lower	51.52	55.40	3.88	1.507	0.081
And	Main/Lower	55.40	62.40	7.00	0.200	0.024

(1) BeO and Ta_2O5 values greater than approximately 0.04% may be recoverable based on comparison to metal oxide grades in known rare metal deposits such as Tanco's Bernic Lake mine or Talison Minerals' Greenbushes mine, but are not supported by specific metallurgical testing on samples from the Aubry Zones. These values are currently shown for reference only, to indicate potentially recoverable by-product credits in an eventual development scenario.
(2) nsa = no significant assays

During the 2009 drill program, only two narrow high grade tantalum intersections were made: SL-09-3A with 1.0 metre of 0.221% Ta_2O_5; and SL-09-33 with 0.84 metres at 0.098% Ta_2O_5. Most of the 2002 and 2009 holes hit locally anomalous zones of tantalum (0.01 to 0.05% Ta_2O_5), indicating a strong bulk enrichment in the pegmatite, although bulk sampling will likely be necessary to establish true tantalum grades due to its often "nuggety" occurrence as relatively coarse but irregularly distributed crystals.

Several holes completed on the South Aubry indicate the Main and Lower horizons appear to locally pinch out to the north and northeast (although SL-09-48 intersected several narrow horizons, including 1.23 metres at 0.422% Li_2O and 0.062% BeO, and 2.32 metres at 0.854% Li_2O and 0.032% BeO). Further testing of the showing should concentrate to the south and west, where the horizons are open, and also supported by anomalous soil and/or lithogeochemical anomalies.

Drilling of the Aubry occurrences during the 2002 and 2009 drill programs indicates that there is an extensive buy only locally tested system of rare-metal enriched pegmatite sills, both laterally and stacked at depth. Additionally, soil and lithogeochemical sampling indicate that there is very good potential for the discovery of significant extensions to the known occurrences, as well as the possibility of discovering new zones, especially to the east and south.

Mineral Resources and Mineral Reserves

No Resource or Reserve studies have been undertaken on the Seymour property.

4.3 La Morena Property - Mexico

In August 2010, the Company re-activated its La Morena (Cu-Zn-Ag-Au) project, which had been substantially on care and maintenance since the completion of a ten-hole drill program by the Company in August 2006.

Property Description and Location

The La Morena property is located in the State of Coahuila, 150 kilometres south of the Texas border and approximately 250 kilometres southeast of the major regional city of Chihuahua. The property is accessible by paved and gravel highway from the small agricultural city of Camargo, and then by local gravel roads from the Hercules iron mine.

Land Tenure

In May 2004, Linear Gold Mexico purchased the La Morena concession outright from the previous owner for a one-time cash payment of US$120,000 with no retained royalty. The El Refugio concession was staked during 2005 by Linear Gold Mexico, after work in the area suggested additional mineralization on adjacent open lands. In 2010, the La Morena Dos concession was staked by Linear Metals to augment the Company's land position over this prospective area (note: Linear Metal Corp Mexico, SA de CV acquired a 100% interest in the La Morena Property from Linear Gold Mexico in March 2006 for US$555,000). The property is not subject to any royalties.

The Property now consists of one exploitation concession and two exploration concessions, comprising a total of approximately 2,700 hectares:

Concession	Type	Date Granted	Area (Ha)
La Morena	Exploitation	March 2003	520
El Refugio	Exploration	February 2006	432
La Morena Dos	Exploration	September 2010	1749

Site Infrastructure

The property is dominated by scrub pasture lands, traversed by numerous local ranch roads. Several wells, springs and small reservoirs occur in the area, and the property is traversed by several high-tension electrical power lines extending from the Hercules mine to communities north of the property. A few small ranches occur on or near the property, although only one is currently inhabited.

History

In the late 1970's, a CRM/MMAJ co-operative completed 16 diamond drillholes (includes six shallow Winkie holes). In 2005 and 2006, Linear completed an additional ten diamond drill holes. All holes (1970's and 2000's) were generally targeting known surface mineralization and its presumed subsurface extension in the area of what is now the Diana Grid (circular topographic depression with strongly altered limestones). Most of this drilling is clustered in the central part of the grid around Mina Campo, or in the NE part of the grid around Mina La Diana.

Both drill programs were successful in identifying silver-bearing copper mineralization (see drill highlights table), with the most significant intersection observed in hole LM-04, wherein a three metre interval returned 1,245 g/tonne silver. Also, hole LM-10 provided a very significant result, intersecting 26.7 metres of 114.4 grams per tonne silver and 1.2% copper (unfortunately only 20% of the core was recovered).

La Morena Drill Hole Results 1978-2006

Hole	From (metres)	To (metres)	Width (metres)	Cu %	Ag g/t	Au g/t
M-1	12.0	16.7	4.7	2.5	161.3	2.2
M-2	120.5	128.5	8.0	3.9	151.4	5.5
M-5	146.9	151.2	4.3	1.0	16.4	unassayed
LM-2	115.9	145.7	29.8	0.6	38.8	tr
incl	122.8	136.2	13.4	0.9	57.9	tr
LM-4	285.0	308.2	23.2	0.1	218.2	tr
incl	285.0	288.0	3.0	0.2	351.0	tr
incl	300.0	303.0	3.0	0.5	1,245.0	tr

LM-7	233.5	235.3	1.8	0.8	147.0	tr
LM-9	81.7	84.7	3.0	0.1	42.6	tr
LM-9	160.3	163.5	3.2	0.1	34.0	tr
LM-10	308.1	334.8	26.7	1.2	114.4	tr
incl	308.1	329.3	21.2	1.4	140.4	tr

"M-" = CRM (Consejo de Recursos Minerales)
"LM-"= LRM (Linear Metals Corporation)
"tr" = trace

In late 2006, Linear geologists also confirmed the presence of significant zones of alteration and mineralization approximately two kilometres north of the centre of the topographic depression, associated with several artisanal workings in the El Refugio area. Nine out of 25 grab samples returned over 1,000 g/tonne silver with a high of 1,750 g/tonne (56 troy ounces). Four samples returned greater than 10% lead and greater than 3% zinc (high of 30%). The discovery of this area, well north of the drilled area, confirmed the significant exploration potential of this property.

At the time, Linear was focused on its Cobre Grande project, and additional work at La Morena was put on hold.

Geology

The property is located in the central portion of the Sierra La Morena mountain range and encloses the La Morena mineral prospects, located in and around a pronounced, near-circular topographic depression about 8.5 square kilometres in area. Rocks in the area are dominated by a Lower Cretaceous sequence of limestone and argillite, intruded by several phases of Tertiary dykes, and overlain by Tertiary mafic volcanics.

The topographic low is coincident with hydrothermally altered, recrystallized limestones and a 1 x 2 kilometre zone of northeast and east-trending veins, mantos and moderate to strong stockwork quartz-carbonate veining and brecciation. The principle alteration mineral assemblage is silica + carbonate + pyrite. Mineralization is dominated by oxides above 100 metres depth, below which primary sulfide mineralization occurs as pyrite, pyrrhotite, chalcopyrite, tetrahedrite, and polybasite.

The topographic low and coincident alteration zone is believed to be associated with a buried intrusion. The intrusion is estimated to be 600 to 700 metres below the surface and represents a potential Copper-Gold porphyry target. This porphyry system is believed to be the driving mechanism for the observed mineralization at surface and in drill intersections. Manto and chimney style mineralization are the targets for near surface exploration.

Exploration Program 2010

In 2010, Linear geologists discovered additional high-grade workings in the Refugio area, returning similar high-grade base metal and silver assays, with up to 1,095 g/t Ag. The large number of workings and showings (more than 20) in the Refugio grid area suggest a strong and possibly extensive near-surface manto system that is largely covered by colluvium and talus deposits. Mineralization is controlled by faults and antiform fold hinges.

To guide further subsurface exploration of the large alteration system (approximately 2 x 4 kilometres), Linear contracted SJ Geophysics (Vancouver) to complete a large, moderately deeply penetrating IP survey over most of the altered area, on both the Diana and Refugio grids, in the late summer of 2010. The grids are separated by a rugged, northwest-trending, relatively inaccessible fault scarp that appears to be one of the major controlling structures on the mineralizing system. The exploration program included the re-establishment of the historical grid in the La Diana area and a new grid in the unexplored El Refugio area to the north. During the fourth quarter of fiscal 2010, approximately 20 kilometres of Induced Polarization ("IP") surveying were completed on the La Diana grid and 12 kilometres were completed on the El Refugio grid. Several anomalous zones of chargeability and resistivity were delineated on both grids at various depths, which were tested during a drill program that

began in November 2010, as well as several near surface geologic/geochemical targets associated with the historic workings on the Refugio grid..

A drill program of approximately 1,500 metres was completed in December 2010. The results of the drill program are pending as of the date of this report.

Mineral Resources and Reserves

No Resource or Reserve studies have been undertaken on the La Morena property.

5.0 DIVIDENDS

The Company has not paid cash dividends on its common shares and the Company does not anticipate paying any cash dividends until its financial position and earnings so permit. For the foreseeable future, Linear's cash resources will be used to evaluate existing properties, acquire new properties and fund ongoing activities.

6.0 CAPITAL STRUCTURE

The authorized share capital of the Company consists of an unlimited number of common shares. At the date hereof, a total of 53,000,193 common shares are issued and outstanding.

6.1 Common Shares

Each common share carries one vote at all meetings of shareholders, participates ratably in any dividend declared by the directors and carries the right to receive a proportionate share of the assets of the Company available for distribution to holders of common shares in the event of the liquidation, dissolution or winding-up of the Company.

All of the common shares outstanding are fully paid and non-assessable.

7.0 MARKET FOR SECURITIES

The Company's common shares are listed and posted for trading on the TSX Exchange ("TSX") under the symbol "LRM".

The price ranges and trading volumes of the Company's common shares traded on the TSX during the year ended October 31, 2010 were as follows:

Month	High	Low	Volume
November 2009	$0.28	$0.20	818,700
December 2009	$0.26	$0.17	2,276,900
January 2010	$0.32	$0.20	6,480,600
February 2010	$0.24	$0.18	1,519,400
March 2010	$0.20	$0.14	1,436,900
April 2010	$0.21	$0.14	4,629,100
May 2010	$0.18	$0.13	2,175,700
June 2010	$0.17	$0.12	1,566,400
July 2010	$0.14	$0.12	394,900
August 2010	$0.19	$0.13	720,000
September 2010	$0.24	$0.13	1,588,300
October 2010	$0.27	$0.20	964,700

8.0 ESCROWED SECURITIES

Effective July 14, 2009, all shares of the Company previously held in escrow were released. Computershare Trust Company of Canada was the escrow agent.

9.0 DIRECTORS AND OFFICERS

The following table sets forth the names and residences of the directors and officers of the Company, their position with the Company and their principal occupation for the past five years:

Name, Residence and Position With the Company	Principal Occupation for the past five years	Director or Officer Since
Wade K. Dawe (1) Nova Scotia, Canada Chairman and Director	Mining Executive, Chairman, President and CEO, Brigus Gold Corp. (formerly Linear Gold Corp.)	November 2004
Carl Sheppard (1)(2) Newfoundland, Canada Director	President and Managing Partner, Strategic Concepts, Inc.	April 2006
Dr. Michael Gross (1) (2) Nova Scotia, Canada Director	Orthopaedic Surgeon - QEII Health Sciences Centre; Medical Director QEII Health Sciences, Tissue Bank	April 2006
Brian MacEachen Nova Scotia, Canada President & CEO	President & CEO of the Company and Executive Vice President of Brigus Gold Corp. (formerly Linear Gold Corp.), formerly Vice President and Chief Financial Officer of Linear Gold Corp. and the Company	November 2004
Matthew Ian Rees, P.Geo., Ontario, Canada Vice President, Exploration	Vice President, Exploration of the Company, formerly Chief Geologist of the Company and Senior Geologist International – Noranda Inc./Falconbridge Limited	October 2009
Keith Abriel Nova Scotia, Canada Vice President & CFO	Vice President & CFO of the Company, formerly Vice President & CFO of Linear Gold Corp., formerly Senior Manager – PricewaterhouseCoopers, LLP	January 2008

(1) Member of the Company's Audit Committee
(2) Member of the Company's Compensation Committee

Each director is elected to hold office until the next annual meeting of shareholders of the Company or until his successor is elected or appointed.

As of the date of this report, the Company's directors and officers, as a group, beneficially own, directly or indirectly, or exercise control or direction over an aggregate of 10,197,339 common shares, representing 19% of the issued and outstanding common shares of the Company. In addition, the directors and executive officers of the Company as a group hold incentive stock options for the purchase of an aggregate of 2,675,000 common shares of the Company, which options are exercisable between $0.15 and $1.00 per common share and expire between January 2013 and October 2014.

Corporate Cease Trade Orders of Bankruptcies

To the knowledge of the Company, no director or executive officer of the Corporation is or has been, in the last ten years, a director or executive officer of an issuer that, while that person was acting in that capacity,

a) was the subject of a cease trade order or similar order or an order that denied the issuer access to any exemption under Canadian securities legislation, for a period of more than 30 consecutive days, other than Carl Sheppard, who was a director and executive officer of GSO Solutions Inc. when a Cease Trade Order was issued by the Alberta Securities Commission on October 26, 2001 in respect of that company's failure to file certain financial information;

b) was subject to an event that resulted, after that person ceased to be a director or executive officer, in the issuer being the subject of a cease trade or similar order or an order that denied the issuer access to any exemption under Canadian securities legislation for a period of more than 30 consecutive days; or

c) within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

To the knowledge of the Company, in the last ten years, no director or executive officer has become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or was subject to or instituted any proceedings, arrangements or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director or executive officer.

Conflicts of Interest

In so far as certain directors of Linear also serve as directors of other resource companies, it is possible that certain opportunities may be offered to both Liner and to such other companies, and further that those companies may participate in the same opportunities in which Linear has an interest.

In exercising their powers and performing their functions, the directors are required to act honestly and in good faith and in the best interests of Linear and to exercise the care, due diligence and skill of a reasonably prudent person.

10.0 INTEREST OF MANAGEMENT & OTHERS IN MATERIAL TRANSACTIONS

As described in *Section 3.1 – Three-Year History,* Directors and Officers of the Company subscribed for 3,250,000 common shares issued as part of the 15,000,000 common shares issued pursuant to the non-brokered private placement financing completed on July 31, 2009.

11.0 TRANSFER AGENT AND REGISTRAR

Computershare Investor Services Inc., Purdy's Wharf Tower II, 1969 Upper Water Street, Suite 2008, Halifax, Nova Scotia, B3J 3R7 acts as Linear's transfer agent and registrar.

12.0 AUDIT COMMITTEE AND RELATED INFORMATION

The responsibilities and duties of the audit committee (the "Audit Committee") of the board of directors of Linear are set out in the Audit Committee's Charter (the "Charter"), the text of which is set forth in Appendix A to this AIF.

Composition

The Audit Committee is composed of Messrs. Michael Gross (Chair), Carl Sheppard, and Wade Dawe. The board of directors of Linear believes that the composition of the Audit Committee reflects a high level of financial literacy and expertise. The majority of the members of the Audit Committee have been determined by the board of directors of Linear to be "independent" and "financially literate" as such terms are defined under Multilateral Instrument 52-110 *Audit Committees* of the CSA. The board has made these determinations based on the education, professional qualifications and breadth and depth of experience of each member of the Committee.

The following is a description of the education and experience of each member of the Audit Committee that is, in addition to such member's general business experience, relevant to the performance of his responsibilities as a member of the Audit Committee.

Dr. Michael Gross is a full professor of surgery at Dalhousie University in Halifax, Nova Scotia, and for the past 15 years, Dr. Gross has also been the Medical Director for the QE II Health Sciences Centre Tissue Bank, the largest comprehensive tissue bank in Canada. In addition, he offers consultation to the orthopaedic appliance industry and holds patents on devices in reconstructive orthopaedic surgery.

Dr. Gross has served on the boards of directors of two publicly traded companies. He served as a director of Linear Gold from 2002 until 2010 and currently sits as a director of Brigus Gold Corp. (formerly Linear Gold Corp).

Mr. Sheppard is the president and managing partner of Strategic Concepts, Inc., a business planning and advisory company. At Strategic Concepts, Inc., he is responsible for overseeing the company's strategic planning, economic modeling and financial feasibility consulting services. He has provided consulting services to numerous new and expanding resource development companies throughout Canada. Mr. Sheppard has a Masters of Development Economics from Dalhousie University, a Bachelor of Arts Honours Degree from York University's Glendon College and a Bachelor of Arts Degree from Memorial University of Newfoundland and Labrador (MUN).

Mr. Dawe is the Chairman, President and Chief Executive Officer of Brigus Gold Corp. (formerly Linear Gold Corp.). Mr. Dawe has been an entrepreneur in Canadian mining and venture capital industries since 1994. With extensive contacts in the business and investment banking communities he has worked and consulted for a number of successful publicly traded Canadian companies and has raised millions of dollars in equity financing. Mr. Dawe also serves on the Board of Directors of NWest Energy Inc. and Immunovaccine Inc.

Pre-Approved Policies and Procedures

The policies and procedures adopted by the Audit Committee in respect of the engagement of Linear's auditors in respect of non-audit services, being services other than audit services, are described in item 3 under the heading "Responsibilities" in the Charter.

Auditors' Fees

The aggregate fees billed or anticipated for professional services rendered by PricewaterhouseCoopers, LLP for the years ended October 31, 2010 and 2009 are as follows:

	2010	**2009**
Audit fees	$12,000	$16,150

13.0 ADDITIONAL INFORMATION

Linear will provide, upon request to its Secretary at Suite 2001, 1969 Upper Water Street, Halifax, Nova Scotia, B3J 3R7, the following documents:

(i) one copy of its Annual Information Form;
(ii) one copy of its financial statements for its year ended October 31, 2010 and auditor's report thereon;

Additional information is provided in Linear's consolidated financial statements and management's discussion and analysis for the fiscal year ended October 31, 2010.

Copies of Linear's above-noted and other disclosure documents may also be examined and/or obtained through the Internet by accessing Linear's website at www.linearmetals.com or by accessing the Canadian System for Electronic Document Analysis and Retrieval (SEDAR) website at www.sedar.com.

Linear Metals Corporation
Audit Committee Charter

Purpose

The Audit Committee is ultimately responsible for the policies and practices relating to integrity of financial and regulatory reporting as well as internal controls to achieve the objectives of safeguarding of corporate assets; reliability of information; and compliance with policies and laws. The committee will also be responsible for identifying principal risks of the business and ensuring appropriate risk management techniques are in place.

The Audit Committee charges management with developing and implementing procedures to:

- ensure internal controls are appropriately designed, implemented and monitored
- ensure reporting and disclosure of required information is complete, accurate, and timely.

The Audit Committee will make recommendations to the Board of Directors regarding items relating to financial and regulatory reporting and the system of internal controls following the execution of the committee's responsibilities as described in the mandate.

Composition of Committee

The committee will be composed of a minimum of 3 Directors from the Company's Board of Directors, with a majority of the members independent. Independence of the Board members will be as defined by applicable legislation and as a minimum each independent committee member will have no direct or indirect relationship with the Company which, in the view of the Board of Directors, could reasonably interfere with the exercise of a member's independent judgment.

All members of the committee will be financially literate as defined by applicable legislation. If, upon appointment, a member to the committee is not financially literate as required, the person will be provided a three month period in which to achieve the desired level of literacy.

If any member loses their independent status following their appointment to the committee, they will be required to resign from the committee within three months of becoming non-independent. The Board will be required to replace the member within that three month time frame. If it is the Chair of the Audit Committee that loses independent status, that person shall cease to be chair immediately and be replaced as chair by an existing member of the committee with the Board being asked to replace this member within the three month time frame.

Authority

The Committee has the authority to engage independent counsel and other advisors as it deems necessary to carry out its duties and the Committee will set the compensation for such advisors.

The Committee has the authority to communicate directly with and to meet with the external auditors and the internal auditor, without management involvement. This extends to requiring the external auditor to report directly to the Audit Committee.

Responsibilities

1. The Audit Committee will recommend to the Board of Directors:
   a. the external auditor to be nominated for purposes of preparing or issuing the auditor's report or performing other audit, review or attest services for the Company.
   b. the Compensation of the external auditor.

2. The Audit Committee is directly responsible for overseeing the work of the external auditor engaged for the purpose of preparing or issuing the Auditor's Report or performing other review or attest services for the Company, including the resolution of disagreements between management and the external auditor regarding financial reporting. The Audit Committee will also ensure that the external auditor is in good standing with the Canadian Public Accountability Board ("CPAB") and will enquire if there are any sanctions imposed by the CPAB on the external auditor. The Audit Committee will also ensure that the external auditor meets the rotation requirements for partners and staff on the Company's audit.

3. The Audit Committee must pre-approve all non-audit services to be provided to the Company or its subsidiary entities by the Company's external auditor. The Audit Committee has delegated to the Chair of the committee the authority to pre-approve non –audit services up to an amount of $5,000, with such pre-approved services presented to the Audit Committee at the next scheduled Audit Committee meeting following such pre-approval.

   De *minimis* non-audit services satisfy the pre-approval requirement provided:

   a. the aggregate amount of all these non-audit services that were not pre-approved is reasonably expected to constitute no more than five percent of the total amount of fees paid by the Company and its subsidiaries to the external auditors during the fiscal year in which the services are provided;

   b. the Company or subsidiaries, as the case may be, did not recognize the services as non-audit services at the time of the engagement; and

   c. the services are promptly brought to the attention of the Audit Committee and approved, prior to the completion of the audit, by the Audit Committee or by the Chair of the Audit Committee, who has been granted authority to pre-approve non-audit engagements.

4. The Audit Committee will review and discuss with management and the external auditors the annual audited financial statements, including discussion of material transactions with related parties, accounting policies, as well as the external auditors' written communications to the Committee and to management.

5. The Audit Committee reviews the Company's financial statements, MD&A as well as annual and interim earnings press releases and recommends such to the Board. This is prior to public disclosure of such information.

6. The Audit Committee ensures that adequate procedures are in place for the review of financial information extracted or derived from the Company's financial statements, contained in the Company's other public disclosures and must periodically assesses the adequacy of those procedures.

7. The Audit Committee establishes procedures for:
   a. the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls, or auditing matters; and
   b. the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.

8. The Audit Committee reviews and approves the Company's hiring policies regarding partners, employees and former partners and employees of the present and former external auditor of the Company. The Committee will ensure that the policies are in compliance with legal requirements, including Multi-National Instrument 52-110.

9. The Audit Committee will, with respect to ensuring the integrity of disclosure controls and internal controls over financial reporting, understand the process utilized by the Chief Executive Officer and the Chief Financial Officer to comply with Multilateral Instrument52-109.

10. The Audit Committee will undertake a process to identify the principal risks of the business and ensure appropriate risk management techniques are in place. This will involve enquiry of management regarding how risks are managed.

Reporting

The reporting obligations of the Committee will include:

- Report to the Board on the proceedings of each Audit Committee meeting and on the Audit Committee's recommendations at the next regularly scheduled Board meeting.
- Review the disclosure required in the Company's Annual Information Form as Form 52-110FI.

Meetings

The Committee will meet at least four times per year and at least once every fiscal quarter. Meetings may also be convened at the request of the external auditor.