

**EARLY WARNING REPORT
FILED UNDER NATIONAL INSTRUMENT 62-103**

1. **Name and address of the offeror.**

Pacific Road Resources Fund II
Level 23, Gold Fields House
1 Alfred Street
Sydney, NSW 2000
Australia

Pacific Road Resources Fund II L.P.
89 Nexus Road,
Camana Bay,
Grand Cayman, KY1-9007,
Cayman Islands

Pacific Road Resources Fund II and Pacific Road Resources Fund II LP are hereinafter referred to collectively as the “**Offeror**”.

2. **The designation and number or principal amount of securities and the offeror’s securityholding percentage in the class of securities of which the offeror acquired ownership or control in the transaction or occurrence giving rise to the obligation to file the news release, and whether it was ownership or control that was acquired in those circumstances.**

On May 28, 2012, the Offeror and CuOro Resources Corp. entered into a transaction agreement (the “**Agreement**”). Under the terms of the Agreement, the Corporation has agreed to grant to the Offeror two separate options to purchase units of the Corporation by way of non-brokered private placements, subject to certain terms and conditions as set out in the Agreement. No common shares of the Corporation (“**Common Shares**”) were acquired at the time of the Agreement and the Offeror does not currently own any Common Shares or other securities of the Corporation. Subject to certain terms and conditions as set out in the Agreement, including that shareholder approval has been obtained, the Purchasers have agreed to acquire between two million and three million Common Shares in the secondary market. If, prior to the Purchasers completing secondary market purchases, either (i) the closing market price of the Common Shares on the TSXV reaches or exceeds \$2.00 per Common Share or (ii) there is a takeover bid for the Corporation or agreement for the change of control of the Corporation or similar event, the Purchasers will continue to have the right, but will no longer have the obligation, to acquire Common Shares in the secondary market. Market purchases must be completed within the earlier of 120 days from obtaining shareholder approval and two years from the date of the Agreement, or the Agreement shall terminate.

Phase 1 Option

The first option, called the “**Phase 1 Option**” will entitle the Offeror to acquire between \$5.0 and \$7.5 million of units (the “**P1 Units**”) at a subscription price of \$2.00 per P1 Unit, subject to the pricing rules of the TSX Venture Exchange (the “**TSXV**”). Each P1 Unit will consist of one common share and one half of a common share purchase warrant. Each whole common share purchase warrant (the “**P1 Warrants**”) will be exercisable at a price of \$2.50 per common share for a period of two years from and after the issue date thereof. P1 Warrants will not be exercisable until 65 days after the P1 Warrant issue date.

The Phase 1 Option may be exercised within 15 days (the “**Phase 1 Option Exercise Period Expiry Date**”) of the Phase 1 Option period commencement date (the “**Phase 1 Option Period Commencement Date**”). The Phase 1 Option Period Commencement Date will occur on the earlier of (1) the Offeror having notified the Corporation of the completion of the in-the-market purchases of at least 2 million and not more than 3 million Common Shares and (2) the closing market price of the Common Shares equalling or exceeding \$2.00 per Common Share. In-the-

market purchases must be completed within the earlier of 120 days from the date that shareholder approval for the issuance of the P1 Units and P2 Units (as defined below) is obtained and two years from the date of the Agreement.

If the Offeror exercises the minimum amount of the P1 Units, it will acquire 2.5 million Common Shares and warrants to purchase an additional 1.25 million Common Shares. If the Offeror exercises the maximum amount of the P1 Units, it will acquire 3.75 million Common Shares and warrants to purchase an additional 1.875 million Common Shares. Thus the Offeror will acquire, assuming in-the-market purchases of 2 million Common Shares, 4.5 million Common Shares and warrants to purchase 1.25 million Common Shares, representing 15.9% of the issued and outstanding shares on an “as-issued, as-exercised” basis. The maximum amount of securities the Offeror will acquire, assuming in-the-market purchases of 3 million Common Shares, is 6.75 million Common Shares and warrants to purchase 1.875 million Common Shares, representing 22.0% of the issued and outstanding shares on an “as-issued, as-exercised” basis.

The Phase 1 Option Period Commencement Date must occur within two years of the execution and delivery of the Agreement. If the Phase 1 Option is not exercised on or before the Phase 1 Option Exercise Period Expiry Date or if closing does not occur on the P1 Units Closing Date, then the Agreement shall terminate.

Phase 2 Option

The second option, called the “**Phase 2 Option**” will entitle the Offeror to acquire phase two units (the “**P2 Units**”) at a subscription price per P2 Unit equal to the 20 day volume-weighted average price of the Common Shares ending on the trading day immediately prior to the date the Phase 2 Option is exercised, subject to the pricing rules of the TSXV (the “**Phase 2 Purchase Price**”). There is no minimum subscription amount for the Phase 2 Option but there is a maximum aggregate subscription price of \$40 million.

Each P2 Unit will consist of one Common Share and one half of a Common Share purchase warrant. Each whole Common Share purchase warrant (the “**P2 Warrants**”) will be exercisable at a price equal to 125% of the Phase 2 Purchase Price for a period of two years from and after the issue date thereof.

The Phase 2 Option period commencement date (the “**P2 Option Period Commencement Date**”) is the earlier of (i) the date upon which the Corporation completes and delivers to the Offeror a Resource Statement, Preliminary Economic Assessment and Pre-Feasibility Study together with all supporting documentation or (ii) the Corporation completing and delivering to the Offeror a Resource Statement and either a Preliminary Economic Assessment or a Pre-Feasibility Study (but not both) and the Offeror having waived in writing the requirement to receive the undelivered Preliminary Economic Assessment or Pre-Feasibility Study. The Phase 2 Option must be exercised within 45 days (the “**Phase 2 Option Exercise Period**”) of the Phase 2 Option Period Commencement Date.

Because the Phase 2 Purchase Price is not determinable at this time, it is impossible to know how many Common Shares the Offeror would own upon exercise of the Phase 2 Option.

The Phase 2 Option cannot be exercised for at least 65 days after the closing of the purchase under the Phase 1 Option, and the outside date for exercise of the Phase 2 Option is five years from the execution and delivery of the Agreement.

The final number of units to be issued under each option, if exercised, and the price and expiry dates of the securities to be issued under each option will be announced at the time such option is exercised by the Offeror.

3. **The designation and number or principal amount of securities and the offeror's securityholding percentage in the class of securities immediately after the transaction or occurrence giving rise to the obligation to file a news release.**

See paragraph 2 above.

4. **The designation and number or principal amount of securities and the percentage of outstanding securities of the class of securities referred to in paragraph 3 over which:**

- (i) **the offeror, either alone or together with joint actors, has ownership and control,**

See paragraph 2 above.

- (ii) **the offeror, either alone or together with joint actors, has ownership but control is held by other persons or companies other than the offeror or any joint actor,**

Not applicable.

- (iii) **the offeror, either alone or together with joint actors, has exclusive or shared control but does not have ownership.**

Not applicable.

5. **The name of the market in which the transaction or occurrence that gave rise to the news release took place.**

Not applicable.

6. **The value, in Canadian dollars, of any consideration offered per security if the offeror acquired ownership of a security in the transaction or occurrence giving rise to the obligation to file a news release.**

Not applicable.

7. **The purpose of the offeror and any joint actors in effecting the transaction or occurrence that gave rise to the news release, including any future intention to acquire ownership of, or control over, additional securities of the reporting issuer.**

The Offeror entered into the transaction for investment purposes and may or may not exercise its options to acquire securities under the Agreement, may or may not exercise any warrants it acquires pursuant to the exercise of such options and may or may not purchase or sell any securities of the Corporation that it may acquire under the terms of the Agreement in the future on the open market or in private transactions, depending on market conditions and other factors.

8. **The general nature and the material terms of any agreement, other than lending arrangements, with respect to securities of the reporting issuer, entered into by the offeror, or any joint actor, and the issuer of the securities or any other entity in connection with the**

transaction or occurrence giving rise to the news release, including agreements with respect to the acquisition, holding, disposition or voting of any securities.

Pursuant to the Agreement, the Corporation will grant the Offeror two separate options which may each be exercised into units of the Corporation. A description of the options and the units that may be acquired are described in paragraph 2 above.

The Agreement contains representations and warranties of the Corporation and the Offeror as well as certain conditions precedent and covenants that must be satisfied in connection with the transaction. The Corporation has also agreed to grant to the Offeror certain shareholder rights including representation on the board of directors of the Corporation, registration rights and preemptive rights conditional upon the completion of the exercise of the first option. The Agreement contains a mutual termination right as well as certain termination rights in favour of the Corporation and the Offeror, respectively.

9. **The names of any joint actors in connection with the disclosure required by this form.**

Pacific Road Resources Fund II
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10. **In the case of a transaction or occurrence that did not take place on a stock exchange or other market that represents a published market for the securities, including an issuance from treasury, the nature and value in Canadian dollars of the consideration paid by the offeror.**

Not applicable.

11. **If applicable, a description of any change in any material fact set out in a previous report by the entity under the early warning requirements or Part 4 of National Instrument 62-103 in respect of the reporting issuer's securities.**

Not applicable.

12. **If applicable, a description of the exemption from securities legislation being relied on by the offeror and the facts supporting that reliance.**

The Offeror is relying on section 2.10 of National Instrument 45-106 – *Prospectus and Registration Exemptions*, being that each of the two purchasers comprising the Offeror will purchase, if the options are exercised, more than \$150,000 worth of the Common Shares.

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DATED May 28, 2012

PACIFIC ROAD CAPITAL II PTY LIMITED, as trustee for PACIFIC ROAD RESOURCES FUND II

By: *Gregory Dick*

Name: Gregory Dick

Title: Director

PACIFIC ROAD CAPITAL MANAGEMENT GP II LIMITED, as general partner of PACIFIC ROAD RESOURCES FUND II L.P.

By: *Evan Burtton*

Name: Evan Burtton

Title: Director

By: *Inderjit Singh*

Name: Inderjit Singh

Title: Director