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February 9, 2012

Four Corners Mining Corporation
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Attention: Len Muise, CEO

Dear Len Muise

The preliminary metallurgical test work commissioned by Four Corners Mining Corporation ("Four Corners") on the Titanium Vanadium Magnetite deposit in western Newfoundland has been completed by ALS Ammtec in Western Australia. A copy of the report is attached to this covering letter.

SRK Consulting (Canada) Inc. ("SRK") was engaged to interpret and guide the metallurgical testing. The following provides some insight into the results at this point and the possible direction that future development of a project may take. This metallurgical test work will serve as a reference as the future drilling results are studied and exploration of the large deposit continues.

As part of Four Corners early stage exploration program of the deposit a composite sample of drill core was selected for preliminary testing to assess the metallurgical response of the mineralization. Seventy kilograms of sample material were composited from ¼ NQ drill core and shipped to ALS Ammtec in Western Australia with the lab selected primarily based on their ability to progress the test work on receipt of the samples.

The scope of the ALS Ammtec test work included sample preparation with a full head analysis and a check for asbestiform mineralization. This was followed by communition to multiple size fractions for concentration tests using magnetic separation with Davis Tube as well as both low intensity and high intensity magnetic separation testing. A bond work index determination was included in the scope.

This work was carried out by ALS Ammtec from June 2011 to December 2012 with release of their final report in January 2012 that documents the results of all the testing. The work was progressed with ongoing reporting and consultation with SRK on the test results and design of subsequent testing procedures to be carried out.

As part of the ongoing analysis of the results and in the interest of producing the most cost effective results to guide future exploration, the test work was stopped before completion of the full scope originally proposed. Various considerations were taken into account in assessing the test results as well as the early stage of exploration of the deposit. There is a high probability that future testing could be based on better

understanding of the deposit and a more focused sampling program that would better represent the deposit development potential. The geological understanding of the large size and variability of the deposit will inevitably identify areas where more representative sampling can be done and expenditures for metallurgical testing would be better directed.

As the characteristics of the mineralization were revealed by the preliminary metallurgical results it became clear that there was considerable intergrowth of the titanium and vanadium minerals with the magnetite and a very fine grind would be necessary for complete liberation and production of high grade concentrates of each metal. As further exploration results became available it was evident that future testing should focus on a better understanding of the metal distribution in what drilling was revealing to be an extensive deposit.

The following is some general information from the test work results, the indicated grades of the contained metals and early project development and market considerations:

Grade of Sample Tested:

Sample	Grade (%)
FE	29.1%
TiO2	9.89%
V	0.13%

No asbestiform minerals were found in the sample tested.

Although there are some variations in the deposit and grades of the metals recognized by the exploration geologists, the sample used in the test work can be regarded as generally indicative of the style of mineralization.

1. Metal Values

The order of value of the potentially economic metals as they are contained in the metallurgical sample tested is:

1. Titanium
2. Vanadium
3. Iron

2. Market Considerations

Both titanium and vanadium have markets as pure metals and as oxides (TiO2 and V2O5) and their production would require a strong integration of the mining and concentrating operation with the market place as the type of product and purity required. There are also markets for Ferro Titanium and Ferro Vanadium but the method of production of these products has not been researched nor the markets investigated. While both titanium and vanadium impart qualities in speciality steels, the content must be tightly controlled and would typically be achieved by the initial production of a pure iron concentrate and controlled addition of any other constituents in the steel making process. Only minor amounts of impurities are tolerated in the normal iron ore markets with specification on some deleterious elements controlled very closely.

The iron markets of the world are typically supplied by large scale operations that produce relatively pure Fe2O3 or Fe3O4 in lump ore or as a concentrate at high capacity where economies of scale are important and typically with the mine production capacity at least 5MTPY. The scale of such an iron ore operation may be out of sync with the scale of operation for the titanium and vanadium markets.

For reasons stated above, the world iron market typically requires a high quality iron ore that is close to pure iron oxide to give the steel producers the flexibility to produce various types of steel. Strong markets and prices for iron ore in recent years as a result of growing Asian markets have relaxed the quality requirements somewhat but tighter specifications would be expected to return when supply and demand becomes more balanced.

3. Metallurgical Tests

The scope of the ALS Ammtec metallurgical tests was designed to test a preliminary flow sheet to concentrate the ore as well as guide future exploration and process development work. The work was intended to give some preliminary insight to the economics of the deposit. The scope of work included crushing and grinding, analysis of the metal distribution by size and magnetic separation by Davis Tube and low and high intensity magnetic fields at various size ranges. The following are the general conclusions from the testing to date. These should only be regarded as preliminary as a detailed analysis of the metal distributions in the magnetite and non magnetite products at various sizes have not been studied in any detail. This analysis may become necessary when metallurgical test work is resumed on future samples of the deposit.

The following conclusions have been made from the results on the sample tested by ALS Ammtec:

- Communition to 80% passing 75 microns (200 Mesh) provided the best results in separating the iron and vanadium from the titanium and probably some regrind will be necessary for further concentration of all three metals;
- The bond work index results indicate 17.4 kwh/t which indicates a medium hard ore;
- Magnetic concentration with a low intensity field will reject in the order of 70% of the ore mass producing a concentrate with more than 65% Fe (about 70% Fe recovery) and more than 90% recovery of the Vanadium at more than 2.5 times the vanadium grade in the ore. This concentrate will require investigation into further processing for the production of saleable products;
- Intergrowth of the illminite and magnetite grains at 80% passing 200 Mesh is evident and there are indications that further communition will improve the results. The possibilities of making a saleable product with this material will need further investigation;
- Magnetic concentration with a low intensity magnetic field will reject more than 70% of the TiO2 into a non magnetic portion;
- Magnetic concentration with a high intensity field on the non magnetic rejects from the initial low intensity magnetic concentration stage will recover more than 80% of the contained TiO2 to a concentrate. Indications are that further communition will also improve on this result. This material will need further investigation into the processing steps as well as the market specifications to produce a saleable TiO2 product;
- It is probable that one or more of the concentrates will require a hydrometallurgical processing step where the concentrate is leached and the product is selectively precipitated to meet market specifications;
- The next phase of metallurgical investigation should include mineralogical studies of the concentrates to guide the separation processes; and
- Preliminary market studies of vanadium and titanium products should be carried out to guide the target products to be produced from the ore.

4. Future Considerations

Recognizing that the understanding of the ore body and possible variations in the metal occurrences is very preliminary, future sampling should target areas where the best combination of grade and metallurgical response are identified. Areas of higher grades with the coarsest grain size should be

targeted. The large size of the deposit will probably have areas where it will be easier to concentrate these metals and have the highest potential of supporting commercial production. Metallurgical mapping of the deposit with simple magnetic separation tests will help identify the better areas and allow future metallurgical investigations to focus on development of the optimal flow sheet.

Yours truly

SRK Consulting (Canada) Inc.

Ross MacFarlane, P.Eng
Senior Associate SRK