



**ANNUAL INFORMATION FORM
FOR THE FISCAL YEAR ENDED APRIL 30, 2011**

July 14, 2011

TABLE OF CONTENTS

GENERAL	2
STATEMENT REGARDING FORWARD LOOKING STATEMENTS	2
CURRENCY AND EXCHANGE RATES	3
CORPORATE STRUCTURE	3
GENERAL DEVELOPMENT OF THE BUSINESS.....	4
DESCRIPTION OF BUSINESS	5
MATERIAL PROPERTIES	7
RECENT DEVELOPMENTS	12
RISK FACTORS	14
DIVIDENDS	20
DESCRIPTION OF CAPITAL STRUCTURE	21
MARKET FOR SECURITIES	21
DIRECTORS AND OFFICERS.....	21
INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS.....	26
LEGAL PROCEEDINGS.....	27
TRANSFER AGENT AND REGISTRAR.....	27
MATERIAL CONTRACTS.....	27
AUDIT COMMITTEE DISCLOSURE.....	27
EXPERTS.....	28
ADDITIONAL INFORMATION	29
APPENDIX A - CHARTER OF THE AUDIT COMMITTEE OF THE BOARD OF DIRECTORS	A-1

GENERAL

Reference is made in this annual information form (the “Annual Information Form” or “AIF”) to the audited financial statements (the “Financial Statements”) and management’s discussion and analysis for Redzone Resources Ltd. (the “Company”) for the fiscal years ended April 30, 2011 and April 30, 2010 together with the auditor’s report thereon.

The Financial Statements are available for review on the SEDAR website located at www.sedar.com. All financial information in this Annual Information Form is prepared in accordance with Canadian generally accepted accounting principles (“Canadian GAAP”).

Unless otherwise noted herein, information in this Annual Information Form is presented as at April 30, 2011.

STATEMENT REGARDING FORWARD LOOKING STATEMENTS

Except for statements of historical fact relating to the Company, certain information contained in this Annual Information Form constitutes “forward-looking information” under Canadian securities legislation. Forward-looking information includes, but is not limited to, statements with respect to the potential of the Company’s properties; the future price of copper, gold and other minerals; success of exploration activities; cost and timing of future exploration and development; the estimation of mineral resources; conclusions of economic evaluations; requirements for additional capital and other statements relating to the financial and business prospects of the Company. Generally, forward-looking information can be identified by the use of forward-looking terminology such as “plans”, “expects” or “does not expect”, “is expected”, “budget”, “scheduled”, “estimates”, “forecasts”, “intends”, “anticipates” or “does not anticipate”, or “believes”, or variations of such words and phrases or statements that certain actions, events or results “may”, “could”, “would”, “might” or “will be taken”, “occur” or “be achieved”. Forward-looking information is inherently subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of the Company to be materially different from those expressed or implied by such forward-looking information, including but not limited to risks related to:

- the Company’s goal of creating shareholder value by concentrating on the acquisition and development of properties that have the potential to contain economic mineral deposits;
- future plans for the Lara Project (as defined hereon) and other property interests held by the Company or which may be acquired on a going forward basis, if at all;
- management’s outlook regarding future trends; and
- governmental regulation and environmental liability.

In addition, all disclosure contained herein concerning future plans for the Lara Project as set forth under the heading “Material Properties” is subject to the assumptions and qualifications set forth in the Lara Report (as defined herein), which is incorporated herein by reference.

Forward-looking information is based on the reasonable assumptions, estimates, analysis and opinions of management made in light of its experience and its perception of trends, current conditions and expected developments, as well as other factors that management believes to be relevant and reasonable in the circumstances at the date that such statements are made, and are inherently subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity,

performance or achievements of the Company to be materially different from those expressed or implied by such forward-looking information, including but not limited to risks related to: unexpected events and delays during permitting; the possibility that future exploration results will not be consistent with the Company's expectations; timing and availability of external financing on acceptable terms and in light of the current decline in global liquidity and credit availability; uncertainty of mineral resource estimates; future prices of copper, gold and other minerals; currency exchange rates; government regulation of mining operations; failure of equipment or processes to operate as anticipated; risks inherent in mineral exploration and development including environmental hazards, industrial accidents, unusual or unexpected geological formations; and uncertain political and economic environments. Although management of the Company has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking information, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that such statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking information. The Company does not undertake to update any forward-looking information, except in accordance with applicable securities laws.

CURRENCY AND EXCHANGE RATES

In this AIF, references to "US\$" are to United States dollars, and references to "\$" or "Cdn\$" are to Canadian dollars. The Bank of Canada noon buying rate on July 13, 2011, for the purchase of one United States dollar using Canadian dollars, was \$0.9582 (one Canadian dollar equalled US\$1.04).

CORPORATE STRUCTURE

Name, Address and Incorporation

The Company was incorporated under the name "Redzone Capital Corp." pursuant to the Business Corporations Act (Alberta) on December 23, 2005. On March 3, 2006, the Company filed articles of amendment to change its name to "Redzone Resources Ltd." On June 27, 2006, the Company filed further articles of amendment to remove the private company share transfer restrictions. On March 2, 2011, the Company filed articles of continuance to continue out of the province of Alberta and into the province of Ontario where it is currently governed by the Business Corporations Act (Ontario) (the "OBCA").

The head and registered office of the Company is located at 40 King Street West, Toronto ON M5H 3C2, and its head office is located at Suite 1028 - 550 Burrard Street, Vancouver, British Columbia V6C 2B5.

The Company is a reporting issuer under applicable securities legislation in the provinces of Alberta, British Columbia and Ontario. The common shares of the Company (the "Common Shares") were listed on the Canadian National Stock Exchange (the "CNSX") under the symbol "REZ" until June 22, 2010. As of June 22, 2010, the Company commenced trading of its Common Shares on the Toronto Stock Exchange ("TSX").

The Company has one wholly-owned subsidiary, Compañía Minera Oyamel, S.A. de C.V. ("RZ Mexico"), which exists under the laws of Mexico. References to "Redzone" in this AIF refer to the Company and RZ Mexico taken as a whole.

GENERAL DEVELOPMENT OF THE BUSINESS

General

The Company is a Canadian-based mineral exploration and development company primarily focused on the acquisition, exploration and development of copper deposits in Peru with one material project comprised of two copper properties located in south coastal Peru (collectively, the “Lara Project”). The two copper properties comprising the Lara Project are as follows: (i) the Lara deposit located in the Southern Peruvian Coastal Belt; and (ii) the Tingo Este property located in Coastal Peru, east of the city of Ica. The Company acquired the right to earn up to a 75% interest in the Lara Project from Lara Exploration Ltd. (“Lara”) pursuant to an option agreement dated January 28, 2010 (the “Lara Agreement”) by earning a 75% equity interest in Minas Dixon BVI, a wholly owned subsidiary of Lara. Under the terms of the Lara Agreement, the Company must spend US\$2.5 million in exploration on the Lara Project (of which US\$500,000 is required to be spent in the first year) and issue 850,000 Common Shares to Lara over a three year term to earn an initial 55% interest in the Lara Project. The Company can then elect to earn an additional 20% interest in the Lara Project by completing a bankable feasibility study and making a one-time cash payment of US\$1.5 million on or before January 28, 2015. Lara retains a 1% net smelter return royalty (“NSR”) on all production from the Lara Project. See “Material Properties”.

Redzone previously held an option to acquire an interest in the property known as the Las Palmas project located in Oaxaca and Veracruz states in Mexico (the “Las Palmas Project”). Pursuant to an option agreement (the “Option Agreement”) dated October 30, 2009 between RZ Mexico and Minera Teck, S.A. de C.V. (“Teck”), a wholly owned subsidiary of Teck Resources Limited, RZ Mexico was entitled to initially acquire a 50% interest in the Las Palmas Project, subject to certain options retained by Teck to subsequently increase its interest or that of RZ Mexico, by making \$1,000,000 in property expenditures by no later than August 31, 2010 and thereafter an additional \$2,000,000 in optional expenditures by no later than August 31, 2012 (collectively the “Expenditures”). Access to the Las Palmas Project in order to complete the Expenditures was restricted until satisfactory surface access agreements were entered into with the local ejidos. An amendment to the Option Agreement dated January 29, 2010, was subsequently executed by RZ Mexico and Teck (the “Amending Agreement”) pursuant to which Redzone agreed to endeavour, in consultation with Teck, to negotiate and enter into surface access agreements with local ejidos on industry standard terms in order to provide RZ Mexico with access to the surface lands covering areas of the Las Palmas Project.

As of July 7, 2011, a termination agreement was executed whereby the Company and Teck have terminated all obligations relating to the Las Palmas Project.

Three Year History

In November, 2010, the final permit document for the proposed exploration program at the Lara Project was issued by the Peruvian Ministry of Energy and Mines and MDH SAC of Lima, Peru was also awarded the drilling contract for the Lara Project.

A 1,997 metre diamond drill program commenced at the Lara Project on November 15, 2010 and concluded on January 18, 2011. A total of 11 diamond drill holes were completed over a 600-300 metre area. The Company closed a non-brokered private placement on March 24, 2010, pursuant to which it issued an aggregate of 9,627,887 units at a price of \$0.45 cents per unit to raise aggregate gross proceeds of approximately \$4,332,550. Each unit consisted of one Common Share and one-half of one share purchase warrant. Each whole share purchase warrant entitles the holder thereof to acquire one additional Common Share at an exercise price of \$0.65 per share at any time on or before March 24, 2012. In connection with the private placement, the Company issued an aggregate of 277,673 broker warrants to

Jones Gable & Company Ltd. Each broker warrant entitles the holder thereof to acquire one Common Share at an exercise price of \$0.65 per share at any time on or before March 24, 2012.

The Company closed a non-brokered private placement on July 14, 2009, pursuant to which it issued 5,000,250 units at a price of \$0.40 per unit for aggregate gross proceeds of \$2,000,100. Each unit consisted of one Common Share and one share purchase warrant. Each share purchase warrant, entitles the holder thereof to acquire one Common Share at an exercise price of \$0.60 per share at any time on or before July 14, 2010. The Company paid finder's fees of \$104,076 in connection with the private placement.

DESCRIPTION OF BUSINESS

General

The Company is a Canadian-based mineral exploration and development company primarily focused on the acquisition, exploration and development of copper deposits in Peru.. As of July 13, 2011, the Company holds the option to earn up to 75% interest in the Lara Project. See "Material Properties" and "General Development of the Business".

The Company continues to search for economic copper and gold properties.

Employees

As at April 30, 2011, Redzone had two full-time employees.

Redzone is dependent on the services of key executives, including the President and Chief Executive Officer of the Company and a small number of highly skilled and experienced executives and personnel. See "Risk Factors – Key Executives".

Environmental Protection

All phases of Redzone's operations are subject to environmental regulation in the various jurisdictions in which it operates. These regulations mandate, among other things, the maintenance of air and water quality standards and land reclamation. They also set forth limitations on the generation, transportation, storage and disposal of solid and hazardous waste.

Currently, there are no known environmental liabilities to which the Lara Project is subject. Numerous environmental studies and permits will be required prior to any project development.

To date, applicable environmental legislation has not had any material financial or operational impact upon Redzone. See also "Risk Factors – Environmental Risks and Hazards".

Foreign Operations

A significant proportion of the current operations of Redzone are presently conducted in Peru.. See "Risk Factors – Political Risks".

The Lara Project is 100% owned by Minas Dixon S.A., a wholly owned Peruvian subsidiary of Minas Dixon BVI, which in turn is a subsidiary of Lara. Redzone is earning into the Lara Project through investments in Minas Dixon BVI. Upon making the required investment, Redzone will hold the pro-rata share ownership of Minas Dixon BVI. See "General Development of the Business – General".

While a mineral Peruvian concession gives its holder the right to carry out exploration work in the area covered by the concession and take ownership of any minerals found, it does not automatically grant any surface access rights. Such rights must be negotiated separately with the owner of the surface land. Surface rights are sometimes owned by farmers or other individuals if the concessions lie within a rural community. Surface ownership is in two forms: formal title by local communities and formal title by individuals. Minas Dixon S.A. currently holds no surface rights to the Project area. Access agreements with the local landowners are currently being negotiated.

The General Mining Law of Peru defines and regulates different categories of mining activities, from sampling and prospecting to commercialization, exploitation and processing. Under Peruvian law, the right to explore for and exploit minerals is granted by way of concessions. A Peruvian mineral concession is a property right, independent from the ownership of land on which it is located, even when both belong to the same person. The rights granted by a mineral concession can be defended against possible claims by third parties, transferred, or sold. In general, a mineral concession may be the subject of any transaction or contract. The basic unit for newly claimed mineral concessions is 100 hectares. Buildings and other permanent structures used in a mining operation are considered real property additions to the concession.

The application for a mineral concession involves the filing of documents with the Ministry of Energy and Mines of Peru. The mineral concession boundaries are specified in the application documents, with no requirement to mark the concession boundaries in the field since the vertices of the concession are fixed by Universal Transverse Mercator ("UTM") coordinates. As a result of the location of the concession not being dependent on the location of markers placed on the ground, a land survey is not required to legally describe the locations of concessions. The concession holder must pay an annual rent of US\$3.00 per hectare by June 30th of each year. The concession holder must sustain a minimum level of annual commercial production of US\$100 per hectare in gross sales within six years following the grant of the concession. If the concession has not been put into production within that period, then the concession holder must make an additional payment called Penalty ("Penalidad") of US\$6.00 per hectare for the 7th through 11th year following the granting of the concession, and must pay US\$20.00 per hectare for every year thereafter (source: Articles 40 of the Mineral Law as amended by Laws No. 27341 and 27651 published in the Official Gazette on August 18, 2000 and January 24, 2002). The concession holder shall be exempted from the Penalty if the investment made during the previous year was 10 times the Penalty (i.e., US\$60 per hectare per year 7th through to 11th) (source: Article 41 of the Mineral Law). The Lara Project consists of three concessions, which were granted on the following dates: Lara 2a – March 18, 1994; Lara 4 – June 2, 1994; and Lara 5 – February 20, 1995.

If a property is 2,000 hectares or smaller, the owner can apply for a "small miner" status in which the annual fee is only \$1.00 per hectare. A "small miner" must reapply every two years to maintain this status; the annual fees do not double after 6 years if this status is maintained. The Lara Project is currently designated with small miner status.

Mineral exploration companies need to obtain a permit prior to commencing any drilling or major earth moving programs, such as road and drill pad construction. Currently in Peru, each stage of mining activities requires some type of authorization or permit, beginning with the obligation to submit an application for an environmental permit for initial exploration consisting of an Affidavit (source: "Reglamento Ambiental para las Actividades de Exploración Minera" or "Environmental Regulation of Exploration Activities" issued by the Ministry of Energy and Mines on November 25, 1998) and continuing with evaluations as mechanisms of public hearings and the EIA Environmental Impact Assessment for exploitation. The Peruvian state is now involved with all title holders and projects, from the granting of a mineral right and starting exploration to sustaining the environment and maintaining an open dialogue with the respective communities.

In Peru, for the purpose of permitting, exploration activities are classified in three categories, according to the intensity and area of disturbance that will be caused. Approval for work is granted by the Directorate General of Environmental Matters for Mining of the Ministry of Energy and Mines (the "DGAA"). Minas Dixon S.A. currently has not been granted any mineral exploration permits; however Minas Dixon S.A. is currently working through the process to obtain a Category C Permit.

Activities that involve the disturbance of more than ten hectares, or more than twenty drill sites, and involve creating waste material such as drill cuttings or drilling fluids, fall into this Category C. Underground exploration workings such as tunnelling in excess of fifty meters long would also be included. The following steps are required in order to obtain approval from the DGAA for such work:

- The project operator must submit three copies of an environmental evaluation to the DGAA. The format of the environmental evaluation is stipulated in the regulations and must conform to the Environmental Guide.
- The project operator is required to deliver notices through publication in the official newspaper "El Peruano" and in a newspaper in the region where the project is situated.
- Interested parties have twenty-five days from the date of publication of the notices to comment on the environmental evaluation.
- The DGAA has fifteen days after the expiration of the comment period to complete its review of the Environmental Evaluation. If no notice or comments are given to the project operator by the expiration of the 15 day period, the project is deemed to be approved.
- The DGAA has twenty days from the date of submission of the application during which they may respond. If no response is received within twenty days, the exploration project is deemed to be approved.
- The Lara Project is located within the buffer zone of the Nazca Archeological Reserve. While the Lara Project is granted grandfather status and is expected by management to have all of the rights and entitlements to proceed with all currently proposed exploration/development, its location may impact the granting of permits in the future.

See "Risk Factors - Licensing Matters".

Competition

The mineral industry is intensely competitive in all its phases and Redzone competes with many other mineral exploration companies who have greater financial resources and experience. The market price of precious metals and other minerals is volatile and cannot be controlled. See "Risk Factors – Competition May Hinder Corporate Growth".

MATERIAL PROPERTIES

Simon Meldrum, a consulting exploration geologist and member of the Australian Institute of Geoscientists, prepared a technical report with respect to the Lara Project entitled "Technical Report on the Lara Porphyry Copper-Molybdenum Deposit, Peru" dated March 1, 2010 (the "Lara Report"). Simon Meldrum is a qualified person under National Instrument 43-101, and is independent of Redzone.

The following description of the Lara Project is an extract of the “Summary” section of the Lara Report, and is included herein with the consent of Simon Meldrum. Readers should consult the Lara Report to obtain further particulars regarding the Lara Project. The Lara Report is incorporated herein by reference, and available for review on the SEDAR website located at www.sedar.com under the Company’s profile. Readers are cautioned that the summary of technical information in this AIF should be read in the context of the qualifying statements, procedures and accompanying discussion within the complete Lara Report and the summary provided herein is qualified in its entirety by the Lara Report. Capitalized and abbreviated terms appearing in the following summary and not otherwise defined herein shall have the meaning ascribed to such terms in the Lara Report. See also “Risk Factors”.

Summary

Simon Meldrum, consulting exploration geologist and member of the Australian Institute of Geoscientists was commissioned by the Company to provide the Lara Report for the Lara Project located in Peru.

Through an agreement dated January 28, 2010, the Company acquired the right to earn up to a 75% interest in the Lara Project from Lara via earning into Minas Dixon BVI. Minas Dixon S.A. (“Minas”), a wholly owned Peruvian subsidiary of Minas Dixon BVI, is the holding entity for the Lara Project. Under the agreement, the Company must spend US\$2.5 million in exploration on the Lara Property and issue 850,000 Common Shares to Lara over a three year term to earn an initial 55% interest in the Lara Project. The Company can then elect to earn an additional 20% interest in the Lara Project by completing a bankable feasibility study and making onetime cash payment of US\$1.5 million on or before January 28, 2015. Lara retains a 1% NRS on all production from the Lara Project. The Company is project operator.

The Lara Project comprises the Lara copper deposit and additional prospects.

Principal Outcomes

The Lara Hill Porphyry is assigned to a specific group of ‘detached porphyry systems’ that began their development in a deep setting where the earliest phases of alteration and mineralization developed in wall rock lithologies above the causative intrusion. The Rio Blanco porphyry deposit in Northern Peru and the Yanadera copper-molybdenum porphyry cluster in Papua New Guinea are similarly developed in pre mineral batholithic rocks.

The Lara deposit occurs within a porphyry copper-molybdenum system that hosts primary, secondarily enriched, and transported mineralization. The estimated inferred mineral resource of 18.6 million tonnes grading 0.53% copper using a 0.2% copper cut-off and a simple polygonal resource model for the Lara deposit documented in the independent National Instrument 43-101 technical report on the property entitled ‘Summary of Exploration, Metallurgy and Scoping Studies on the Lara Porphyry Copper Property and Proposed 2005 Exploration Program, Rio Viscus, Palpa, Peru’ authored by John Nebocat, P. Eng. dated February 9, 2004 and revised March 31, 2005 (“Nebocat, 2005”), is relevant and accurate for the secondarily enriched material given the data provided and methodology used.

Preliminary metallurgical testwork was conducted in September 1998 by Plenge Laboratories, Lima (Plenge, 1999) on twenty-four contiguous samples from each of two drill holes on the enriched zone of the Lara deposit. The results, while preliminary in nature, indicate that the enriched mineralization is amenable to acid heap leaching.

In 1999, a scoping study completed by Rescan Engineering (“Rescan”), a unit of Hatch Associates Ltd. (Rescan Engineering, 1999) calculated a mineral inventory of 19.7 million tonnes grading 0.47% Cu also

at a 0.2% cut-off using the IDW statistical method for 20m x 20m x 10m blocks. The scoping study concluded that if greater than 64 million tonnes grading greater than 0.51% copper could be established, a 20,000 tonne per day operation would be economically feasible for a copper price in the range of US\$0.90 – US\$1.00 per pound. This study was not intended, nor does Simon Meldrum consider the study to be an economic evaluation for the Lara deposit but merely a guide to determine the direction of further exploration. The mineral inventory predates CIM standards and is not to be relied upon, but has been included for information purposes as it is indicative of the exploration potential of the Lara Project.

A comparison of the copper grades between the reverse circulation drill holes LRC-9A and LRC-11 with twinned diamond drill holes LDD-13 and LDD-14 (Nebocat, 2005), showed a 9% and 72% increase in copper values for the diamond drill holes, suggesting that the reverse circulation drilling may have under reporting the copper grades in the enriched zones.

In 2009, all diamond cores were re-logged and much of it photographed. The notes provided in the RC drill logs were also re-compiled into list files, summarised and re-coded. The geology data base was collated including 251 drill hole log records and 61 field samples. The findings indicate that the overall mineralizing system is much larger than the current mineral resource estimate indicates with the secondarily enriched portion of the deposit open to the east and west and the primary mineralization remains open in all directions. Most notably;

A large portion of the core of the deposit remains untested by drilling and the Socos copper target remains untested by drilling.

There is good potential to expand both the tonnage and grade of the current resource estimate and the Lara Project deserves a comprehensive evaluation of the low grade (0.15% copper cut-off) potential and what would be economically feasible at US\$2.00 & US\$3.00 per pound copper prices in line with current and foreseeable metal prices.

Simon Meldrum tenders the following recommendations:

The Company's investment in the Lara Project should be staged in such a manner as to allow periodic reviews to determine whether on-going investment is warranted, and/or to determine whether the investment schedule and plans need to be modified on the basis of new information or changes in metal markets.

The Company must institute an industry acceptable quality assurance/quality control (QA/QC) program for a sampling program and should ensure that all procedures are fully established and adhered to.

The Company should retain the services of a licensed qualified person, as defined under National Instrument 43-101, to supervise all aspects of exploration and development activities on the Lara Project.

Simon Meldrum recommends the following exploration activities be completed:

The Company should embark on a rigorous exploration campaign that would involve detailed geological and structural mapping and sampling to define the overall limits of the Lara Porphyry system.

The Company should conduct core drilling aimed at infilling and expanding the Lara porphyry through to the 1475m level to allow for a mineral resource estimate to be prepared in accordance

with National Instrument 43-101. The results from the two staged program will allow the Company to evaluate the merits of moving the deposit to the scoping level stage of development.

A two staged program is warranted with the first stage comprising project permitting and 4,250 metres of core drilling. The initial program of step out drilling has an approximate cost of US\$882,125. The phase two program is contingent on the results of the first phase program and includes an additional 4,400 metres of drilling, additional metallurgical test work and completion of an updated mineral resource estimate. The estimated cost of the second phase program is US\$887,000.

Project Setting, Location and Access

The Lara Project is located in southern coastal Peru approximately 400 km southeast from Lima. Access to the Lara Project is via the Pan American highway to the town of Palpa and then 40 km of gravel road heads northeast to the property along the valley of Rio Viscus. An 8 km all-terrain road has been constructed between Rio Viscus and the Lara Project. The town of Nazca, 45 km southeast from Palpa, has sufficient infrastructure and supplies to be used as a base of operations, and Palpa has labour and minor amenities.

Power for any mining operation would be sourced from the main power grid at Palpa but a power line would have to be constructed. The nearest port lies 78 kilometres south of Palpa.

Mineral Tenure

The Lara Project consists of three mineral concessions, covering a total area of 1,800 hectares. The concessions are 100% owned by Minas Dixon S.A., a wholly owned Peruvian subsidiary of Minas Dixon BVI, which in turn is a subsidiary of Lara. As of January 15, 2010, documents provided to Simon Meldrum show all mineral concessions to be in good standing.

Surface Rights and Land Use

At the effective date of the Lara Report, the Company held no surface rights to the Lara Project area. It is required to get permission from community leaders prior to commencing any work.

Permits

As of the effective date of the Lara Report, the Company has not been granted any permits. Mineral exploration companies need to obtain a permit prior to commencing any drilling or major earth moving programs, such as road and drill pad construction.

Environmental

There are no known environmental liabilities that the Lara Project is subject to. Numerous environmental studies and permits will be required prior to any project development.

Geology and Mineralization

The Lara Project is situated within the central portion of the Coastal Batholith that extends at least 800 km in the NW-SE direction and is about 80 km wide. The late Cretaceous to early Tertiary Coastal Batholith occupies the central part of the district, consisting primarily of granodiorite and tonalite but containing phases ranging from diorite to granite. The Batholith intruded metasedimentary rocks of the Jurassic-

Cretaceous Yura Group. A series of small Tertiary plutons intrude the Coastal Batholith. Copper deposits contained within this belt include the Toquepala, Cujajone, Quellaveco and Cerro Verde porphyry deposit.

A twin headed copper-molybdenum porphyry system with weak silver credits is exposed on the Lara Project. The two porphyry heads or cupolas, known as Lara and Socos, have been identified by mapping, induced polarization geophysics and geochemical data. The Lara deposit has been tested by 27 drill holes comprising 2,742 metres of reverse circulation drilling and 548 metres of core drilling. The Socos area, located 800 metres east of the Lara resource estimate, has never been drill tested. The porphyry mineralization is developed principally within Coastal Batholith wall rocks, but is cross cut by narrow porphyry dykes that probably relate to late phases of the causative porphyry. Prograde alteration facies include potassic and propylitic facies with lesser phyllic. Retrograde alteration both is extensive and intense and includes widespread intermediate argillic and advanced argillic alteration facies that extends to depth along major structures.

Gold values greater the 0.1 gram gold per tonne tend to correlate with adularia flooding at higher elevations, while greater than 1% copper values tend to be shed from the eastern and northern flanks of Lara Hill. Anomalous lead-zinc-arsenic values probably relate to late structures. A paucity of surface rock or drill hole molybdenum data both within the core of the system or around the periphery of the complex hinders the definition of critical grade boundaries that are normally used to discriminate between pre-mineral, mineralizing event and post mineral lithologies.

The Socos Zone remains to be drilled and evaluated but the indications, including very intense adularia flooding and the extension of potassic and intermediate argillic alteration into the Socos area, suggest that there is scope for more mineralization in this zone.

History and Exploration

In 1989, Jaime Valdivia, a geologist with Centromin, a State Peruvian mining company, while exploring for gold deposits, examined the Mina de Socos mineral occurrence and noted the regional geological setting. In early 1994, Sr. Valdivia met with the president of Minas and discussed the possibility of the Mina de Socos area being prospective for a porphyry copper deposit. Minas immediately staked claims in the area and instigated its first geological reconnaissance mapping and sampling programs.

A detailed mapping and sampling was completed in 1995, followed by an induced polarization sounding survey, employing the Schlumberger method, in early 1997. Subsequently, about 8 km of access roads and drill platforms were built in April and May 1997.

A five-hole, reverse circulation drilling program was conducted in May 1997. Following the discovery of a chalcocite-rich, supergene horizon in the last two holes, additional drilling was done in two subsequent programs in October 1997 and August 1998.

In 1999, Rescan Engineering calculated a mineral inventory for the central zone of 19.7 million tonnes grading 0.47% copper, using a 0.20% copper cut-off and in 2005 a national instrument 43-101 compliant inferred mineral resource of 18.6 million tonnes grading 0.53% copper using a 0.2% copper cut-off and a simple polygonal resource model for the Lara deposit was estimated.

In 2004-2005, an estimated inferred mineral resource of 18.6 million tonnes grading 0.53% copper using a 0.2% copper cut-off and a simple polygonal resource model for the Lara deposit documented in the independent National Instrument 43-101 technical report on the property entitled 'Summary of Exploration, Metallurgy and Scoping Studies on the Lara Porphyry Copper Property and Proposed 2005

Exploration Program, Rio Viscus, Palpa, Peru' authored by John Nebocat, P. Eng. dated February 9, 2004 and revised March 31, 2005 ("Nebocat, 2005").

In 2007, two diamond drill holes totalling 413.8 metres were completed.

In 2008, four samples of the 2007 drill core was sent for petrographic analysis and the 2007 drill holes were reviewed and evaluated by Craig Bow, Consulting Economic Geologist.

In 2009, diamond drill holes LDD-13, LDD-14, LDD-17, LA07-01 and LA07-02 were relogged and the entire geological database for the Lara Project was reviewed and evaluated.

Drilling

Drilling completed between 1997 and 2007 comprised 27 drill holes (3,289.8 metres) including 2,742 metres of reverse circulation drilling and 547.8 metres of diamond core drilling. A 5 ¼ inch diameter drill head was used in all the reverse circulation drill programs. Three of the diamond drill holes were performed with the same reverse circulation drill rig by switching the drill from a pneumatic to a hydraulic head. The entire core section in all three holes used NQ sized (63.5 mm) bits and rods. The drill core was logged on site and shipped to Lima to be sawn in half for sample preparation and analysis (Nebocat, 2005). Two diamond drill holes completed in 2007 were drilled using HQ sized core, were logged on site and then shipped to Lima to be sawn in half for sample and analysis (Bow 2008).

RECENT DEVELOPMENTS

A 1,997 metre diamond drill program commenced on November 15, 2010 and concluded on January 18, 2011. A total of 11 diamond drill holes were completed over a 600-300 metre area.

Drill Hole #	From (m)	To (m)	Length (m)	Copper (%)	Molybdenum (%)	CuEq	Comments
LA10-28	33.40	90.20*	56.80	0.27	NSV	0.27	0.14% Cu cut-off End in Mineralization 0.26% Cu
including	38.85	43.85	5.00	0.56	NSV	0.56	
LA10-29	4.00	47.4	43.40	0.22	NSV	0.22	Mineralization (last sample 0.44% Cu over 1.6 metres) terminated by aplite dyke
including	35.50	39.25	3.75	0.41	NSV	0.41	
LA10-30	46.00	223.00*	177.00	0.28	0.013	0.36	No Cu cut-off
Including	46.00	172.00	126.00	0.32	0.015	0.41	
including	46.00	76.00	30.00	0.69	0.015	0.78	0.14% Cu cut-off
LA10-31	44.00	170	126.00	0.43	0.009	0.48	0.15% Cu cut-off
Including	44.00	74.00	30.00	0.77	0.011	0.86	
LA10-32	54.00	162.00	108.00	0.81	0.015	0.90	0.2% Cu Cut-off
Including	58.00	98.00	40.00	1.39	0.012	1.46	

Drill Hole #	From (m)	To (m)	Length (m)	Copper (%)	Molybdenum (%)	CuEq	Comments
LA10-33	0.00	90.60*	90.60	0.33	NSV	0.33	0.14% Cu cut-off, End in Mineralization 0.26% Cu
Including	2.00	50.00	48.00	0.39	NSV	0.39	
LA10-34	52.00	90.00	38.00	0.61	NSV	0.61	0.2% Cu cut-off
Including	56.00	86.00	30.00	0.71	NSV	0.71	0.3% Cu cut-off
LA10-35	30.00	248.00	218.00	0.57	0.042	0.81	No Cu cut-off
Including	30.00	60.00	30.00	0.88	0.051	1.19	0.4% Cu cut-off
Including	206.00	234.00	28.00	0.74	0.017	0.84	0.2% Cu cut-off
LA10-36	24.00	30.00	6.00	2.14	NSV	2.14	0.2% Cu cut-off
Including	26.00	28.00	2.00	5.88	NSV	5.88	
And	36.00	130.00*	94.00	0.38	0.016	0.48	0.2% Cu cut-off
LA10-37	48.00	362.00	314.00	0.21	0.012	0.28	No Cu cut-off
Including	222.00	344.00	122.00	0.23	0.017	0.33	
Including	280.00	344.00	64.00	0.25	0.021	0.38	
LA10-38	30.00	220.00	190.00	0.28	0.011	0.35	0.14% Cu cut-off
Including	118.00	178.00	60.00	0.33	0.016	0.43	
Including	150.00	178.00	28.00	0.39	0.018	0.50	

A second phase of exploration comprising a geophysical survey followed by additional drilling is planned. The permitting process for an expanded drill program and the geophysical survey is underway. Redzone is diligently dealing with the local community and government authorities in addressing any potential environmental or archaeological impact. Because the Lara Project is located within an archaeological reserve as declared by the Peruvian government, Redzone retains a government archaeologist to ensure the safety of any discovered artifact. To date, there are no signs of archaeological sites on the property. However, if archaeological ruins of historical value are uncovered, this could lead to delays in the exploration and development of the Lara Project.

On April 26, 2011 Redzone released the results from a reconnaissance mapping and rock sampling program completed over the Tingo Este property, which comprises four concessions totalling 3,700 hectares, located 295 kilometres south of Lima. The Tingo East project is located within a belt of occurrences called "porphyry-copper Cretaceous strip of southern Peru" -- Puquio sector. This belt also hosts the Lara copper-molybdenum property, the Anita de Tibillos property of Tinka Resources Ltd., the north Pucacorrall, south Pucacorrall and Puquio projects of Teck Resources Ltd., as well as the Los Pinos porphyry-copper deposit.

A total of 18 rock samples collected over the Suitojasa alteration system within the Tingo Este 2 block returned from 0.15 to 0.94 per cent copper, four to 120 parts per million molybdenum and 0.6 to 2.3 grams silver per tonne. The mineralization consists of veinlets, disseminations of pyrite and chalcopyrite over a 200-by-600-metre area.

In addition to the Suitojasa area, the reconnaissance program identified two other targets on the Tingo East 2 block that yielded values worthy of additional follow-up.

Azuljaja area

The Azuljaja area is located on the east side of the Quebrada Azuljaja and contains some underground informal workings. A 1.2-metre wide structure returned 2.55 per cent copper and 119 parts per million molybdenum. Tailings samples from the informal workings returned up to 3.68 per cent copper and 153 parts per million molybdenum.

Agua Salada (west side)

The Agua Salada area is located to the west of the main alteration and is characterized by a granodiorite cut by hyaline to milky quartz veins up to 0.4 metre thick with hyaline quartz vugs, fractures with jarosite and some boxworks. A sample from this material returned values of 1.5 parts per million silver, 133 parts per million lead, 804 parts per million copper and 295 parts per million molybdenum. Samples collected from two informal excavations returned 0.45 per cent copper and 64 parts per million molybdenum over 1.5 metres and 2.86 per cent copper and 19 parts per million molybdenum over three metres.

RISK FACTORS

The following discussion summarizes the principal risk factors that apply to Redzone's business and that may have a material adverse effect on Redzone's business, financial condition and results of operations, or the trading price of the Common Shares.

Exploration, Development and Operating Risks

Mining operations generally involve a high degree of risk. Redzone's operations are subject to all the hazards and risks normally encountered in the exploration, development and production of gold, including unusual and unexpected geologic formations, seismic activity, rock bursts, cave-ins, flooding and other conditions involved in the drilling and removal of material, any of which could result in damage to, or destruction of, mines and other producing facilities, damage to life or property, environmental damage and possible legal liability. Although adequate precautions to minimize risk will be taken, milling operations are subject to hazards such as equipment failure or failure of retaining dams around tailings disposal areas which may result in environmental pollution and consequent liability.

The exploration for and development of mineral deposits involves significant risks which even a combination of careful evaluation, experience and knowledge may not eliminate. While the discovery of an ore body may result in substantial rewards, few properties which are explored are ultimately developed into producing mines. Major expenses may be required to locate and establish mineral reserves, to develop metallurgical processes and to construct mining and processing facilities at a particular site. It is impossible to ensure that the exploration or development programs planned by Redzone will result in a profitable commercial mining operation. 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; metal prices which are highly cyclical; and government regulations, 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 the combination of these factors may result in Redzone not receiving an adequate return on invested capital.

There is no certainty that the expenditures made by Redzone towards the search and evaluation of mineral deposits will result in discoveries of commercial quantities of ore.

Permit, Licensing and Access Matters

Redzone's operations are subject to receiving and maintaining permits and licenses from appropriate governmental authorities. There is no assurance that delays will not occur in connection with obtaining all necessary permits, licenses and access rights for all future planned operations (or renewals thereof). Prior to any development on any of its properties, Redzone must receive permits and licenses from appropriate governmental authorities and access rights from local surface rights holders. There can be no assurance that Redzone will obtain and continue to hold all permits, licenses and access necessary to develop or continue operating at any particular property, or that any such licenses or permits awarded will not be cancelled pursuant to applicable legislation. The Lara property is located within the buffer zone of the Nazca Archeological Reserve. While the Lara property is granted grandfather status and should have all of the rights and entitlements to proceed with exploration/development, its location may impact the granting of permits in the future.

See also “- Exploration, Development and Operating Risks” above.

Currently, Redzone holds no surface rights in the Lara Project area nor does Redzone have access rights with respect to the Las Palmas Project. See “General Development of the Business”. Redzone currently holds a drill permit for a portion of the Lara Project and is currently applying for an expanded drill permit.

Insurance and Uninsured Risks

Redzone's business 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, floods and earthquakes. Such occurrences could result in damage to mineral properties or production facilities, personal injury or death, environmental damage to Redzone's properties or the properties of others, delays in mining, monetary losses and possible legal liability.

The Company only currently maintains general liability insurance in such amounts as it considers to be reasonable. Accordingly, the insurance of the Company does not cover all potential risks associated with a mining company's operations. The Company may also be unable to maintain insurance to cover these risks at economically feasible premiums. Insurance coverage may not continue to be available or may not be adequate to cover any resulting liability. Moreover, insurance against risks such as environmental pollution or other hazards as a result of exploration and production is not generally available to Redzone or to other companies in the mining industry on acceptable terms. Redzone might also become subject to liability for pollution or other hazards which may not be insured against or which Redzone may elect not to insure against because of premium costs or other reasons. Losses from these events may cause Redzone to incur significant costs that could have a material adverse effect upon its financial performance and results of operations.

Environmental Risks and Hazards

All phases of Redzone's operations are subject to environmental regulation in the various jurisdictions in which it operates. These regulations mandate, among other things, the maintenance of air and water quality standards and land reclamation. They also set forth limitations on the generation, transportation, storage and disposal of solid and hazardous waste. Environmental legislation is evolving in a manner which will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility

for companies and their officers, directors and employees. There is no assurance that future changes in environmental regulation, if any, will not adversely affect Redzone's operations. Environmental hazards may exist on the properties on which Redzone holds interests which are unknown to Redzone at present and which have been caused by previous or existing owners or operators of the properties. Government approvals and permits are currently, and may in the future be required in connection with Redzone's operations. To the extent such approvals are required and not obtained, Redzone may be curtailed or prohibited from proceeding with planned exploration or development of mineral properties.

Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Parties engaged in mining operations or in the exploration or development of mineral properties may be required to compensate those suffering loss or damage by reason of the mining activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations.

Amendments to current laws, regulations and permits governing operations and activities of mining and exploration companies, or more stringent implementation thereof, could have a material adverse impact on Redzone and cause increases in exploration expenses or capital expenditures or require abandonment or delays in development of new mining properties.

Global Financial Conditions

Global financial conditions have been subject to increased volatility and numerous financial institutions have recently either gone into bankruptcy or have had to be rescued by governmental authorities. Such events may impact the ability of the Company to obtain equity or debt financing in the future or on terms favourable to the Company. If these increased levels of volatility and market turmoil continue, the Company's operations could be adversely impacted and the value and the price of the Common Shares and other securities could also be adversely affected.

Infrastructure

Mining, processing, development and exploration activities depend, to one degree or another, on adequate infrastructure. Reliable roads, bridges, power sources and water supply are important determinants, which affect capital and operating costs. The Lara Project is located in an economically depressed area. The surrounding land supports subsistence-level agriculture with the property area limited to only cattle grazing. Unusual or infrequent weather phenomena, sabotage, government or other interference in the maintenance or provision of such infrastructure could adversely affect Redzone's operations, financial condition and results of operations.

Uncertainty Relating to Mineral Resources

Mineral resources that are not mineral reserves do not have demonstrated economic viability. Due to the uncertainty which may attach to mineral resources, there is no assurance that mineral resources will be upgraded to mineral reserves as a result of continued exploration.

Reliability of Resource Estimates

There is no certainty that any of the mineral resources on any of Redzone's properties will be realized. Until a deposit is actually mined and processed the quantity of mineral resources and grades must be considered as estimates only. In addition, the quantity of mineral resources may vary depending on,

among other things, metal prices. Any material change in quantity of mineral resources, grade or stripping ratio may affect the economic viability of any project undertaken by Redzone. In addition, there can be no assurance that gold recoveries or other metal recoveries in small scale laboratory tests will be duplicated in a larger scale test under on-site conditions or during production.

Fluctuations in copper, gold and other base or precious metals prices, results of drilling, metallurgical testing and production and the evaluation of studies, reports and plans subsequent to the date of any estimate may require revision of such estimate. Any material reductions in estimates of mineral resources could have a material adverse effect on Redzone's results of operations and financial condition.

No History of Mineral Production

Redzone has never had any interest in mineral producing properties. There is no assurance that commercial quantities of minerals will be discovered at any of the properties of Redzone or any future properties, nor is there any assurance that the exploration programs of Redzone thereon will yield any positive results. Even if commercial quantities of minerals are discovered, there can be no assurance that any property of Redzone will ever be brought to a stage where mineral resources can profitably be produced thereon. Factors which may limit the ability of Redzone to produce mineral resources from its properties include, but are not limited to, the price of the mineral resources which are currently being explored for, availability of additional capital and financing and the nature of any mineral deposits.

Land Title

Although the title to the properties in which Redzone holds an interest were reviewed by or on behalf of Redzone, no assurances can be given that there are no title defects affecting such properties. Title insurance generally is not available, and Redzone's ability to ensure that it has obtained secure claim to individual mineral properties or mining concessions may be severely constrained. Redzone has not conducted surveys of the claims in which it holds direct or indirect interests and, therefore, the precise area and location of such claims may be in doubt. Accordingly, Redzone's mineral properties may be subject to prior unregistered liens, agreements, transfers or claims, and title may be affected by, among other things, undetected defects.

In addition, Redzone may be unable to operate its properties as permitted or to enforce its rights with respect to its properties.

Competition May Hinder Corporate Growth

The mining industry is competitive in all of its phases. Redzone faces strong competition from other mining companies in connection with the acquisition of properties producing, or capable of producing, precious and base metals. Many of these companies have greater financial resources, operational experience and technical capabilities than Redzone. As a result of this competition, Redzone may be unable to maintain or acquire attractive mining properties on terms it considers acceptable or at all. Consequently, Redzone's revenues, operations and financial condition could be materially adversely affected.

Additional Capital

The development and exploration of Redzone's properties will require substantial additional financing. Failure to obtain sufficient financing may result in delaying or indefinite postponement of exploration, development or production on any or all of Redzone'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 Redzone.

Commodity Prices

The price of the Common Shares, Redzone's financial results and exploration, development and mining activities may in the future be significantly adversely affected by declines in the price of gold and copper. Gold and copper prices fluctuate widely and are affected by numerous factors beyond Redzone's control such as the sale or purchase of gold by various central banks and financial institutions, interest rates, exchange rates, inflation or deflation, fluctuation in the value of the United States dollar and foreign currencies, global and regional supply and demand, and the political and economic conditions of major copper and gold producing countries throughout the world. The price of gold and copper has fluctuated widely in recent years, and future serious price declines could cause continued development of Redzone's properties to be impracticable. Future production, if any, from Redzone's properties is dependent on copper and gold prices that are adequate to make these properties economic.

In addition to adversely affecting Redzone's resource estimates 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 the 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.

Exchange Rate Fluctuations

Exchange rate fluctuations may affect the costs that Redzone incurs in its operations. The appreciation of non-US dollar currencies against the US dollar can increase the cost of mineral production in US dollar terms. Most of the Company's expenditures for the Lara Project will be paid in U.S. currency. Accordingly, a strengthened U.S. dollar relative to the Canadian dollar would negatively impact the Company.

Government Regulation

The mining, processing, development and mineral exploration activities of Redzone are subject to various laws governing prospecting, development, production, taxes, labour standards and occupational health, mine safety, toxic substances, land use, water use, land claims of local people and other matters.

Exploration may also be affected in varying degrees by government regulations with respect to, but not limited to, restrictions on future exploration and production, price controls, export controls, currency availability, foreign exchange controls, income taxes, delays in obtaining or the inability to obtain necessary permits, opposition to mining from environmental and other non-governmental organizations, limitations on foreign ownership, expropriation of property, ownership of assets, environmental legislation, labour relations, limitations on repatriation of income and return of capital, limitations on mineral exports, high rates of inflation, increased financing costs, and site safety. This may affect both Redzone's ability to undertake exploration and development activities in respect of present and future properties in the manner contemplated, as well as its ability to continue to explore, develop and operate those properties in which it has an interest or in respect of which it has obtained exploration and development rights to date.

Although Redzone believes that its exploration and development activities are currently carried out in accordance with all applicable rules and regulations, 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 development or future potential production. Amendments to current laws and regulations governing operations and activities of mining and milling or more stringent implementation thereof could have a substantial adverse impact on Redzone.

Political Risks

A significant proportion of Redzone's current operations are presently conducted in Peru and as such, Redzone's operations are exposed to various levels of political, economic and other risks and uncertainties. These risks and uncertainties include, but are not limited to, currency exchange rates; high rates of inflation; labour unrest; renegotiation or nullification of existing concessions, licenses, permits and contracts; changes in taxation policies; restrictions on foreign exchange; and changing political conditions; currency controls and governmental regulations that favour or require the awarding of contracts to local contractors or require foreign contractors to employ citizens of, or purchase supplies from, a particular jurisdiction.

Future political actions cannot be predicted and may adversely affect Redzone. Changes, if any, in mining or investment policies or shifts in political attitude in the countries of Peru may adversely affect the Company's business, results of operations and financial condition. Future operations may be affected in varying degrees by government regulations with respect to, but not limited to, restrictions on production, price controls, export controls, currency remittance, income taxes, foreign investment, maintenance of claims, environmental legislation, land use, land claims of local people, water use and mine safety. The possibility that future governments may adopt substantially different policies, which may extend to the expropriation of assets, cannot be ruled out.

Failure to comply strictly with applicable laws, regulations and local practices relating to mineral right applications and tenure, could result in loss, reduction or expropriation of entitlements. The occurrence of these various factors and uncertainties cannot be accurately predicted and could have an adverse effect on the Company's consolidated business, results of operations and financial condition.

Labour and Employment Matters

While Redzone has good relations with its employees and consultants, these relations may be impacted by changes in the scheme of labour relations which may be introduced by the relevant governmental authorities in whose jurisdictions Redzone carries on business. Adverse changes in such legislation may have a material adverse effect on Redzone's business, results of operations and financial condition.

Mexican sub doesn't hold any assets other than a minimum cash balance and is considered by management as non-operating.

Market Price of Common Shares

Securities of micro- and small-cap companies have experienced substantial volatility in the past, often based on factors unrelated to the financial performance or prospects of the companies involved. These factors include macroeconomic developments in North America and globally and market perceptions of the attractiveness of particular industries. The Company's share price is also likely to be significantly affected by short-term changes in gold prices or in its financial condition or results of operations as reflected in its quarterly earnings reports. Other factors unrelated to Redzone's performance that may have an effect on the price of the Common Shares include the following: the extent of analytical coverage available to investors concerning Redzone's business may be limited if investment banks with research capabilities do not continue to follow the Company; lessening in trading volume and general market

interest in the Company's securities may affect an investor's ability to trade significant numbers of Common Shares; the size of the Company's public float may limit the ability of some institutions to invest in the Company's securities; and a substantial decline in the price of the Common Shares that persists for a significant period of time could cause the Company's securities to be delisted from the exchange on which they trade, further reducing market liquidity.

As a result of any of these factors, the market price of the Common Shares at any given point in time may not accurately reflect Redzone's long-term value. Securities class action litigation often has been brought against companies following periods of volatility in the market price of their securities. The Company may in the future be the target of similar litigation. Securities litigation could result in substantial costs and damages and divert management's attention and resources.

Future Sales of Common Shares by Existing Shareholders

Sales of a large number of Common Shares in the public markets, or the potential for such sales, could decrease the trading price of the Common Shares and could impair the Company's ability to raise capital through future sales of Common Shares. Redzone has previously completed private placements at prices per share which are, from time to time, lower than the market price of the Common Shares. Accordingly, a significant number of shareholders of the Company may, from time to time, have an investment profit in the Common Shares that they may seek to liquidate.

Key Executives

Redzone is dependent on the services of key executives, including the President and Chief Executive Officer of the Company and a small number of highly skilled and experienced executives and personnel, some of whom are employed as consultants. Due to the relatively small size of Redzone, the loss of these persons or Redzone's inability to attract and retain additional highly skilled employees may adversely affect its business and future operations.

Conflicts of Interest

Certain of the directors and officers of the Company 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. Any decision made by any of such directors and officers involving the Company will be made in accordance with their duties and obligations to deal fairly and in good faith with a view to the best interests of the Company and its shareholders. In addition, each of the directors is required to declare and refrain from voting on any matter in which such directors may have a conflict of interest in accordance with the procedures set forth in the OBCA and other applicable laws.

DIVIDENDS

The Company has never declared or paid cash dividends on the Common Shares. Any future dividend payment will be made at the discretion of the board of directors, and will depend on the Company's financial needs to fund its exploration programs and its future growth, and any other factor that the board deems necessary to consider in the circumstances.

DESCRIPTION OF CAPITAL STRUCTURE

The Company is authorized to issue an unlimited number of Common Shares, of which as at July 14, 2011 there were 42,843,137 issued and outstanding Common Shares. Holders of Common Shares are entitled to receive notice of any meetings of shareholders of the Company, and to attend and to cast one (1) vote per Common Share held at all such meetings. Holders of Common Shares do not have cumulative voting rights with respect to the election of directors and, accordingly, holders of a majority of the Common Shares entitled to vote in any election of directors may elect all directors standing for election. Holders of Common Shares are entitled to receive on a pro rata basis such dividends, if any, as and when declared by the Company's board of directors at its discretion from funds legally available therefor, and upon the liquidation, dissolution or winding up of the Company are entitled to receive on a pro rata basis the net assets of the Company after payment of debts and other liabilities, in each case subject to the rights, privileges, restrictions and conditions attaching to any other series or class of shares ranking senior in priority to or on a pro rata basis with the holders of Common Shares with respect to dividends or liquidation. The Common Shares do not carry any pre-emptive, subscription, redemption or conversion rights, nor do they contain any sinking or purchase fund provisions.

MARKET FOR SECURITIES

During the fiscal year ended April 30, 2011, the Common Shares were listed and traded on the CNSX until June 22, 2010, and on the TSX thereafter, under the symbol "REZ". The following table indicates the high and low values and volume with respect to trading activity for the Common Shares on a monthly basis during the fiscal year ended April 30, 2011 on the CNSX and TSX, as applicable. The Common Shares ceased trading on the CNSX and commenced trading on the TSX effective June 22, 2010.

MONTH	HIGH	LOW	VOLUME
April 2011	\$0.68	\$0.49	329,500
March 2011	\$0.75	\$0.59	1,664,800
February 2011	\$0.75	\$0.52	2,109,900
January 2011	\$0.77	\$0.53	541,400
December 2010	\$0.84	\$0.63	763,600
November 2010	\$0.64	\$0.57	302,000
October 2010	\$0.70	\$0.55	369,500
September 2010	\$0.70	\$0.50	666,000
August 2010	\$0.60	\$0.45	381,000
July 2010	\$0.61	\$0.46	570,500
June 2010	\$0.62	\$0.61	279,500
May 2010	\$0.74	\$0.52	1,454,000

DIRECTORS AND OFFICERS

The following table sets forth the name and province and country of residence of each director and executive officer of the Company, as well as such individual's position with the Company, principal occupation within the five preceding years and period of service as a director (if applicable). Each of the directors of the Company will hold office until the next annual meeting of shareholders and until such director's successor is elected and qualified, or until the director's earlier death, resignation or removal. As of July 14, 2011, an aggregate of 3,840,000 Common Shares (representing approximately 8.96% of all issued and outstanding Common Shares as of July 14, 2011) are beneficially owned or controlled or directed (directly or indirectly) by all of the directors and executive officers of the Company, as a group.

Name and Province and Country of Residence	Position	Principal Occupation Within Five Preceding Years	Director Since
Colin K. Benner British Columbia, Canada	Chairman of the Board	<p>President and director of CKB Mining Inc. and director of a number of publically traded companies.</p> <p>Interim CEO of HudBay Minerals Inc. (March 9, 2009 to March 23, 2009).</p> <p>Vice Chairman and Chief Executive Officer of Skye Resources Inc. from (March to August 2008).</p> <p>Executive Chairman and Director PBS Coals Inc. (September 2007 to November 2008).</p> <p>Vice Chairman, Chief Executive Officer and Director of Lundin Mining Corporation (October 31, 2006 to April 1, 2007) and Vice Chairman until 2009.</p> <p>Vice Chairman, Chief Executive Officer and a Director of EuroZinc Mining Corporation (December 21, 2004 to October 31, 2006).</p>	June 2011
Michael Murphy British Columbia, Canada	President, Chief Executive Officer and Director	<p>Corporate finance consultant.</p> <p>Director of Torex Gold Resources Inc. (formerly Gleichen Resources Ltd.), a mineral resource company (2008 to present).</p> <p>Previously President and Chief Executive Officer of Torex Gold Resources Inc. (formerly Gleichen Resources Ltd.), a mineral resource company (May 2008 to November 2009).</p>	2008
Neil Halldorson British Columbia, Canada	Chief Operating Officer and Director	<p>Independent consultant providing corporate finance services to public companies.</p> <p>Director (2007 to 2007), Chief Executive Officer (2006 to 2007) and Chief Financial Officer (2006 to 2006) of SKANA Capital Corp., a merchant bank.</p> <p>Vice President, Corporate Finance, Union Securities Ltd., a national brokerage firm (2003 to 2006).</p>	2008
Donn Burchill ⁽¹⁾ British Columbia, Canada	Director	<p>Certified Management Accountant.</p> <p>Self-employed Accountant.</p>	2006
Alan Matthews ⁽²⁾ Porto, Portugal	Director	<p>Director of International Minerals Corporation, a mineral resource company.</p> <p>Formerly President, Chief Executive Officer and Director, Kernow Resources & Development Ltd., a mining company (1994 to 2010).</p>	2006

Name and Province and Country of Residence	Position	Principal Occupation Within Five Preceding Years	Director Since
Richard A. Graham British Columbia, Canada	Director	<p>Manager of Corporate Development, Ionic Management Corp., a private management company (2004 to present)</p> <p>Chief Executive Officer of the Company (2006 to 2010) and President of the Company (2006 to 2008)</p> <p>Geological researcher/reporter, Hollinger Inc. (the Northern Miner), a weekly mineral resource newspaper (1999 to 2004).</p>	2006
Steven M. Cook ⁽¹⁾⁽²⁾ British Columbia, Canada	Director ⁽³⁾	<p>Principal of S.M. Cook Legal Services Law Corp. (2006 to present).</p> <p>Associate / Partner / Indirect Partner at Thorsteinssons LLP, law firm (1999 to present).</p> <p>Director of Cayden Resources Inc., a mineral exploration company (June 2011 to present).</p> <p>Director of Skeena Resources Limited, a mineral exploration company (2010 to present).</p> <p>Former director of Brett Resources Inc., a mineral exploration company (2007 to 2010).</p>	2010
Matthew Watson ⁽¹⁾⁽²⁾ British Columbia, Canada	Director	<p>President and General Counsel of Nathun Ventures, an advisory and investment firm (2006 to present).</p> <p>Director of Chudleigh Ventures Inc. (TSXV: CLV), a capital pool company (2008 to May 2010)</p> <p>Chief Operating Officer of Carmanah Technologies Corp. (TSX: CMH), a global renewable energy company (2003 to 2006)</p> <p>Director of Victoria International Airport Authority, aviation regulatory authority (2003 to present).</p> <p>Director of Citation Resources Inc., a mineral exploration company (July 2011 to present).</p>	2010
Pauline Pasetka, British Columbia, Canada	Chief Financial Officer ⁽³⁾	<p>Chief Financial Officer of the Company (2010 to present).</p> <p>Former Director of Brett Resources Inc. (2009 to 2010).</p> <p>Chief Financial Officer for Greystar Resources Ltd., a mineral exploration company (2008 to 2009).</p> <p>Controller for Quest Capital Corp, a merchant bank. (2006 to 2008).</p>	N/A

Name and Province and Country of Residence	Position	Principal Occupation Within Five Preceding Years	Director Since
Sandra Lee British Columbia, Canada	Corporate Secretary	<p>Corporate Secretary of Ionic Management Corp., a private management company, since December 1996.</p> <p>Previously Corporate Secretary of Sprott Resource Lending Corp. (formerly Quest Capital Corp.), a resource lending company which trades on the TSX and NYSE Amex (May 2009 to January 2011).</p> <p>Sandra Lee is a Corporate Secretary and/or director of several other public companies.</p>	N/A

- (1) Member of the Audit Committee of the Company.
- (2) Member of the Corporate Governance, Nominating and Compensation Committee
- (3) Pauline Pasetka was appointed Chief Financial Officer on July 15, 2010. Prior to that Peter Miller was the Chief Financial Officer from March 2006 to July 2010.

Colin K. Benner is the Chairman of the Board of the Company and dedicates approximately 25% of his time to such duties. Mr. Benner is also currently the director of Adriana Resources Inc. (TSX-V), Corsa Coal Corp. (TSX-V), Mercator Corp. (TSX-V), Dalradian Resources Inc. (TSX), AuRico Gold Inc. (TSX), Troon Ventures Ltd. (TSX-V). Mr. Benner is a professional engineer. He is a member of the Association of Professional Engineers of Ontario, the Canadian Society of Professional Engineers as well as a member of the Association of Professional Engineers and Geoscientists of British Columbia, the Association of Professional Engineers and Geoscientists of Nunavut, the Society of Mining Engineers of the AIME and the Canadian Institute of Mining.

Michael Murphy serves as President, Chief Executive Officer and as a director of the Company and dedicates approximately 90% of his time to such duties. Mr. Murphy also currently acts as a corporate finance consultant and as director of Torex Gold Resources Inc. (formerly Gleichen Resources Ltd.) (TSX-GRL). Mr. Murphy was President and Chief Executive Officer of Torex Gold Resources Inc. (formerly Gleichen Resources Ltd.), from May 2008 to November 2009. Mr. Murphy received a BA from University of British Columbia in 1988, a MBA from St. Mary's University in 1990, and a MSc from the London School of Economics in 1991. Mr. Murphy previously served as Vice President, Corporate Development of the Company from 2008 to 2010.

Neil Halldorson is Chief Operating Officer and a director of the Company and dedicates less than 5% of his time to such duties. Mr. Halldorson also currently serves as an independent consultant providing corporate finance services to public companies. Mr. Halldorson previously served as President of the Company (2008 to 2010) and as a director, Chief Executive Officer and Chief Financial Officer for SKANA Capital Corp. (TSXV-SKN), and as Vice President, Corporate Finance for Union Securities Ltd., a national brokerage firm. Mr. Halldorson graduated with honors from the University of Victoria with a Bachelor of Arts in 1976 and received his M.B.A. from the University of British Columbia in 1991. He has over twenty years of investment banking and corporate finance experience. Mr. Halldorson has not entered into any non-competition or non-disclosure agreement with the Company.

Donn Burchill is a director of the Company and dedicates less than 5% of his time to such duties. Mr. Burchill is a Certified Management Accountant and is a self-employed accountant. Mr. Burchill received his Bachelor of Arts from the University of Victoria in 1976 and his Certified Management Accountant designation from the Certified Management Accountants of British Columbia in 1983. Mr. Burchill has not entered into any non-competition or non-disclosure agreement with the Company.

Alan Matthews is a director of the Company and dedicates less than 5% of his time to such duties. He is currently a director of International Minerals Corporation (TSX-IMZ), a mineral resource company. He was previously President, Chief Executive Officer and Director of Kernow Resources & Development Ltd. (TSXV-KRD) prior to its amalgamation with Galena International Resources Ltd. (TSXV-GTO), Mr. Matthews is a Chartered Engineer of the Council of Engineering Institute UK and graduated with an A.S.C.M. from the Camborne School of Mining in Cornwall. Mr. Matthews has not entered into any non-competition or non-disclosure agreement with the Company.

Richard A. Graham is a director of the Company and dedicates approximately 5% of his time to such duties. Mr. Graham also currently serves as Manager of Corporate Development of Ionic Management Corp., a private management company (2004 to present), and previously served as Chief Executive Officer of the Company (2006 to 2010) and President of the Company (2006 to 2008) and as a geological researcher/reporter for Hollinger Inc. (the Northern Miner), a weekly mineral resource newspaper (1999 to 2004). Mr. Graham obtained a Bachelor of Science in Geology from the University of Alberta and is a Professional Geologist, registered with the Association of Professional Engineers, Geologists and Geophysicists of Alberta and has approximately 20 years of geological experience. Mr. Graham has not entered into any non-competition or non-disclosure agreement with the Company.

Steven M. Cook is a director of the Company and dedicates approximately 10% of his time to such duties. Mr. Cook is currently a partner at Thorsteinssons LLP where he focuses on corporate and international tax planning and civil and criminal tax litigation. Mr. Cook received his B.Comm and LL.B. degrees from the University of British Columbia. He was called to the British Columbia Bar in 1982 and the Ontario Bar in 1992. He is a director of Cayden Resources Inc. (TSXV-CYD), Skeena Resources Limited (TSXV-SKE) and was formerly a director of Brett Resources Inc. (TSXV-BBR) until its recent acquisition by Osisko Mining Corporation. Mr. Cook has not entered into any non-competition or non-disclosure agreement with the Company.

Matthew Watson is a director of the Company and dedicates approximately 10% of his time to such duties. Mr. Watson is currently President and General Counsel of Nathun Ventures, an advisory and investment firm, a director of Chudleigh Ventures Inc. (TSXV: CLV), a capital pool company (2008 to May 2010), Chief Operating Officer of Carmanah Technologies Corp. (TSX: CMH), a global renewable energy company (2003 to 2006), a director of Victoria International Airport Authority, aviation regulatory authority (2003 to present) and a director of Citation Resources Inc., a mineral exploration company (July 2011 to present)

Pauline Pasetka serves as Chief Financial Officer of the Company and dedicates approximately 70% of her time to such duties. Ms. Pasetka is a former Director of Brett Resources Inc. (TSXV-BBR) and was previously Chief Financial Officer of Greystar Resources Ltd. (TSX-GSL). Ms. Pasetka obtained a BA from the University of Western Ontario, and is a member of the British Columbia Society of Certified Management Accountants. She has approximately 10 years of finance experience.

Sandra Lee serves as Corporate Secretary of the Company and dedicates approximately 5% of her time to such duties. Ms. Lee is also the Corporate Secretary since December 1996 of Ionic Management Corp., a private management company. From May 2009 to January 2011, she was the Corporate Secretary of Sprott Resource Lending Corp. (formerly Quest Capital Corp.), a resource lending company which trades on the TSX and NYSE Amex. Ms. Lee also serves as Corporate Secretary of numerous other public companies. Ms Lee has not entered into any non-competition or non-disclosure agreement with the Company.

Committees of the Board of Directors

The Board of Directors discharges its responsibilities directly, as well as indirectly through the Audit Committee and the Corporate Governance, Nominating and Compensation Committee. The Board of Directors has no standing committees other than the Audit Committee and the Corporate Governance, Nominating and Compensation Committee.

Audit Committee

The mandate of the Audit Committee is formalized in a written charter. The members of the Audit Committee are Messrs. Steven Cook, Matthew Watson and Donn Burchill. The Audit Committee's primary duties and responsibilities are to serve as an independent and objective party to monitor the Company's financial reporting process and control systems, review and appraise the audit activities of the Company's independent auditors, financial and senior management, and to review the lines of communication among the independent auditors, financial and senior management, and the Board of Directors for financial reporting and control matters. See "Audit Committee Disclosure" below.

Corporate Governance, Nominating and Compensation Committee

The mandate of the Corporate Governance, Nominating and Compensation Committee is formalized in a written charter. The members of the Corporate Governance, Nominating and Compensation Committee are Messrs. Steven Cook, Alan Matthews and Matthew Watson. The Corporate Governance, Nominating and Compensation Committee's primary role is to: (i) develop and monitor the effectiveness of the Company's system of corporate governance; (ii) establish procedures for the identification of new nominees to the Board and lead the candidate selection process; (iii) develop and implement orientation procedures for new directors; (iv) assess the effectiveness of directors, the Board and the various committees of the Board; (v) ensure appropriate corporate governance and the proper delineation of the roles, duties and responsibilities of management, the Board, and its committees; and (vi) assist the Board in setting the objectives for the Chief Executive Officer of the Company (the "CEO") and evaluating CEO performance; (vii) establish a remuneration and benefits plan for directors, executives and other key employees; (viii) review the adequacy and form of compensation of directors and senior management; (iv) establish a plan of succession; (v) undertake the performance evaluation of the CEO in consultation with the Chair; and (vi) make recommendations to the Board.

Conflicts of Interest

In the future, circumstances may arise where officers or members of the Board of Directors of the Company are directors or officers of corporations which are in competition to the interests of the Company. No assurances can be given that opportunities identified by such board members will be provided to the Company. Pursuant to the OBCA, directors who have an interest in a proposed transaction upon which the Board of Directors is voting are required to disclose their interests and refrain from voting on the transaction. See also "Risk Factors – Conflicts of Interest".

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

No director, executive officer or principal shareholder of the Company, or any associate or affiliate of the foregoing, has had any material interest, direct or indirect, in any transaction within the three most recently completed financial years or during the current financial year prior to the date of this AIF that has materially affected or will materially affect the Company.

LEGAL PROCEEDINGS

There are no material pending legal proceedings or regulatory actions to which the Company is a party or of which any of the Company's properties are subject, nor are any such proceedings or actions currently known by the Company to be contemplated.

TRANSFER AGENT AND REGISTRAR

The Company's transfer agent and registrar is Computershare Trust Company of Company, 510 Burrard Street, 2nd Floor, Vancouver, British Columbia V6C 3B9.

MATERIAL CONTRACTS

There are no contracts of the Company, other than contracts entered into in the ordinary course of business, that are material to the Company and that were entered into by the Company within the most recently completed financial year or were entered into since January 1, 2002 and are still in effect, other than as set forth below:

- (i) the Lara Agreement – See “General Development of the Business”.

AUDIT COMMITTEE DISCLOSURE

National Instrument 52-110 - Audit Committees (“NI 52-110”) requires the Company to disclose annually in its AIF certain information concerning the constitution of its Audit Committee and its relationship with its independent auditor, as set forth below.

Audit Committee Mandate

The Company's Audit Committee is governed by an Audit Committee charter, the text of which is included in this AIF as Appendix A. The Audit Committee Mandate was approved by the Board on July 13, 2011.

Composition of the Audit Committee

The Company's Audit Committee is comprised of Messrs. Steven Cook, Matthew Watson, and Donn Burchill. As defined in NI 52-110, these individuals are considered to be “independent”, and each of the individuals are considered to be “financially literate”.

Mr. Cook is currently a partner at Thorsteinssons LLP, a director of Cayden Resources Inc. (TSXV-CYD), Skeena Resources Ltd. (TSXV-SKE), and formerly a director of Brett Resources Inc. (TSXV-BBR), thereby providing him with the relevant experience to serve as a member of the Audit Committee.

Mr. Watson is President and General Counsel of Nathun Ventures, an advisory and investment firm, a director of Chudleigh Ventures Inc. (TSXV: CLV), a capital pool company, Chief Operating Officer of Carmanah Technologies Corp. (TSX: CMH), a global renewable energy company, a director of Victoria International Airport Authority, aviation regulatory authority and a director of Citation Resources Inc., a mineral exploration company (July 2011 to present), thereby providing him with the relevant experience to serve as a member of the Audit Committee..

Mr. Burchill is a Certified Management Accountant and is currently a director of several publicly traded companies, including Carolina Capital Corp. (TSXV: CQC.P), Colombian Mines Corporation (TSXV: CMJ), Kaizen Capital Corp. (TSXV: KZN.P) and Nevgold Resource Corp. (TSXV:NDG), thereby providing him with the relevant experience to serve as a member of the Audit Committee.

Pre-Approval Policies and Procedures

The Audit Committee will review and pre-approve any engagements for non-audit services to be provided by the external auditor, together with estimated fees.

Audit Fees

The following chart summarizes the aggregate fees billed by the external auditors of the Company for professional services rendered to the Company during the fiscal years ended April 30, 2010 and 2011 for audit and non-audit related services:

TYPE OF WORK	FISCAL YEAR ENDED APRIL 30, 2010	FISCAL YEAR ENDED APRIL 30, 2011
Audit fees ⁽¹⁾	\$8,890	\$23,970
Audit-related fees ⁽²⁾	Nil	21,244
Tax advisory fees ⁽³⁾	Nil	Nil
All other fees ⁽⁴⁾	Nil	Nil
Total	\$8,890	\$45,214

Notes

- (1) Aggregate fees billed for the Company's annual financial statements and services normally provided by the auditor in connection with the Company's statutory and regulatory filings.
- (2) Aggregate fees billed for assurance and related services that are reasonably related to the performance of the audit or review of the Company's financial statements and are not reported as "Audit fees", including: assistance with aspects of tax accounting, attest services not required by state or regulation and consultation regarding financial accounting and reporting standards.
- (3) Aggregate fees billed for tax compliance, advice, planning and assistance with tax for specific transactions.
- (4) Comprised of Canadian Public Accountability Board fees.

EXPERTS

Names of Experts

Following are the names of each person or company who is named as having prepared or certified a report, valuation, statement or opinion described, included or referred to in a filing made under National Instrument 51-102 by the Company during or relating to the financial year ended April 30, 2011, whose profession or business gives authority to such report, valuation, statement or opinion:

1. Davidson & Company LLP (regarding the Financial Statements and auditor's report thereon); and
2. Simon Meldrum (regarding the Lara Report).

Interests of Experts

Davidson & Company LLP has advised the Company that it is independent within the meaning of the Rules of Professional Conduct of the Institute of Chartered Accountants.

Both (i) as of July 14, 2011; and (ii) at all times from the date of the Lara Report to July 14, 2011, Simon Meldrum has reported that he has not held any Common Shares.

ADDITIONAL INFORMATION

Additional information relating to the Company is available on SEDAR at www.sedar.com. Additional information, including information concerning directors' and officers' remuneration and indebtedness, principal holders of the Company's securities and securities authorized for issuance under equity compensation plans, where applicable, is contained in the management proxy circular of the Company dated September 24, 2010.

Additional financial information is provided in the Company's Financial Statements and Management's Discussion & Analysis for the financial year ended April 30, 2011, also available on SEDAR at www.sedar.com.

APPENDIX A
REDZONE RESOURCES LTD.
AUDIT COMMITTEE MANDATE

A. PURPOSE

The overall purpose of the Audit Committee (the “Committee”) is to ensure that management has designed and implemented an effective system of internal financial controls, to review and report on the integrity of the consolidated financial statements and to evaluate their compliance with regulatory and statutory requirements as they relate to financial statements, taxation matters and disclosure of material facts.

B. COMPOSITION, PROCEDURES AND ORGANIZATION

1. The Committee shall consist of at least three members of the Board of Directors (the “Board”), all of whom shall be “independent directors”, as that term is defined in Multilateral Instrument 52-110, “Audit Committees”.
2. All of the members of the Committee shall be “financially literate” (i.e. able to read and understand a set of financial statements that present a breadth and level of complexity of the issues that can reasonably be expected to be raised by the Corporation’s financial statements).
3. At least one member of the Committee shall have accounting or related financial expertise (i.e. able to analyze and interpret a full set of financial statements, including the notes thereto, in accordance with generally accepted accounting principles).
4. The Board, at its organizational meeting held in conjunction with each annual general meeting of the shareholders, shall appoint the members of the Committee for the ensuing year. The Board may at any time remove or replace any member of the Committee and may fill any vacancy in the Committee.
5. Unless the Board shall have appointed a chair of the Committee or in the event of the absence of the chair, the members of the Committee shall elect a chair from among their number.
6. The secretary of the Committee shall be designated from time to time from one of the members of the Committee or, failing that, shall be the Corporate Secretary, unless otherwise determined by the Committee.
7. The quorum for meetings shall be a majority of the members of the Committee, present in person or by telephone or other telecommunication device that permits all persons participating in the meeting to speak and to hear each other.
8. The Committee shall have access to such officers, employees and external auditors of Redzone, and to such information respecting Redzone, as it considers necessary or advisable in order to perform its duties and responsibilities.

9. Meetings of the Committee shall be conducted as follows:
 - (a) the Committee shall meet at least four times annually at such times and at such locations as may be requested by the Chair of the Committee. The external auditors or any member of the Committee may request a meeting of the Committee;
 - (b) the external auditors shall receive notice of and have the right to attend all meetings of the Committee;
 - (c) the Chair of the Committee shall be responsible for developing and setting the agenda for Committee meetings and determining the time and place of such meetings;
 - (d) the following management representatives shall be invited to attend all meetings, except executive sessions and private sessions with the external auditors:
 - (i) Chief Executive Officer;
 - (ii) Chief Operating Officer and
 - (iii) Chief Financial Officer;
 - (e) other management representatives shall be invited to attend as necessary; and
 - (f) notice of the time and place of every meeting of the Committee shall be given in writing to each member of the Committee a reasonable time before the meeting.
10. The external auditors shall have a direct line of communication to the Committee through its Chair and may bypass management if deemed necessary. The Committee, through its Chair, may contact directly any employee in the Corporation as it deems necessary, and any employee may bring before the Committee any matter involving questionable, illegal or improper financial practices or transactions.
11. The Committee shall have authority to engage independent counsel and other advisors as it determines necessary to carry out its duties, to set and pay the compensation for any advisors employed by the Audit Committee and to communicate directly with the internal and external auditors.

C. ROLES AND RESPONSIBILITIES

1. The overall duties and responsibilities of the Committee shall be as follows:
 - (a) to assist the Board in the discharge of its responsibilities relating to accounting principles, reporting practices and internal controls and its approval of Redzone's annual and quarterly consolidated financial statements;
 - (b) to establish and maintain a direct line of communication with the internal and external auditors and assess their performance;
 - (c) to ensure that management has designed, implemented and is maintaining an effective system of internal financial controls;

- (d) to ensure that the management has established effective risk management controls; and
 - (e) to report regularly to the Board on the fulfilment of its duties and responsibilities.
2. The duties and responsibilities of the Committee as they relate to the external auditors shall be as follows:
- (a) to recommend to the Board a firm of external auditors to be engaged by Redzone, and to verify the independence of such external auditors;
 - (b) to review and approve the fee, scope and timing of the audit and other related services rendered by the external auditors;
 - (c) review the audit plan of the external auditors prior to the commencement of the audit;
 - (d) to review with the external auditors, upon completion of their audit:
 - (i) contents of their report;
 - (ii) scope and quality of the audit work performed;
 - (iii) adequacy of Redzone' financial and auditing personnel;
 - (iv) co-operation received from Redzone' personnel during the audit;
 - (v) internal resources used;
 - (vi) significant transactions outside of the normal business of Redzone;
 - (vii) significant proposed adjustments and recommendations for improving internal accounting controls, accounting principles or management systems; and
 - (viii) the non-audit services provided by the external auditors;
 - (e) to discuss with the external auditors the quality and not just the acceptability of accounting principles; and
 - (f) to implement structures and procedures to ensure that the Committee meets the external auditors on a regular basis in the absence of management.
3. The duties and responsibilities of the Committee as they relate to the external auditors are to:
- (a) periodically review the external audit function with respect to the organization, staffing and effectiveness of the corporation;
 - (b) review and approve the internal audit plan; and

- (c) review any significant internal audit findings and recommendations, and management's response thereto.
4. The duties and responsibilities of the Committee as they relate to the internal control procedures are to:
- (a) review the appropriateness and effectiveness of the policies and business practices which impact on the financial integrity of Redzone, including those relating to internal auditing, insurance, accounting, information services and systems and financial controls, management reporting and risk management;
 - (b) review compliance under Redzone' Business Conduct Policy and to periodically review this policy and recommend to the Board changes which the Committee may deem appropriate;
 - (c) review any unresolved issues between management and the external auditors that could affect the financial reporting or internal controls; and
 - (d) periodically review the financial and auditing procedures and the extent to which recommendations made by the internal audit staff or by the external auditors have been implemented.
5. The Committee is also charged with the responsibility to:
- (a) review the quarterly statements of earnings, including the impact of unusual items and changes in accounting principles and estimates and report to the Board with respect thereto;
 - (b) review and approve the financial sections of:
 - (i) the annual report to shareholders;
 - (ii) the annual information form;
 - (iii) prospectuses; and
 - (iv) other public reports requiring approval by the Board,and report to the Board with respect thereto;
 - (c) review regulatory filings and decisions as they relate to the consolidated financial statements;
 - (d) review the appropriateness of the policies and procedures used in the preparation of the consolidated financial statements and other required disclosure documents, and consider recommendations for any material change to such policies;
 - (e) review and report on the integrity of the consolidated financial statements;
 - (f) review the minutes of any audit committee meeting of subsidiary companies;

- (g) review with management, the external auditors and, if necessary, with legal counsel, any litigation, claim or other contingency, including tax assessments that could have a material effect upon the financial position or operating results and the manner in which such matters have been disclosed in the consolidated financial statements;
- (h) review the compliance with regulatory and statutory requirements as they relate to financial statements, tax matters and disclosure of material facts;
- (i) develop a calendar of activities to be undertaken by the Committee for each ensuing year and to submit the calendar in the appropriate format to the Board of Directors following each annual general meeting of shareholders; and
- (j) establish procedures for:
 - (i) the receipt, retention and treatment of complaints received regarding accounting, internal accounting controls, or auditing matters; and

the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing