

STARREX MINING CORPORATION LTD.
MANAGEMENT INFORMATION CIRCULAR
FOR THE
ANNUAL AND SPECIAL MEETING
OF SHAREHOLDERS
to be held on April 17, 2014

PROXY SOLICITATION

This Management Information Circular (the “**Circular**”) is furnished in connection with the solicitation of proxies by and on behalf of the management of **STARREX MINING CORPORATION LTD.** (the “**Corporation**” or “**Starrex**”) for use at the annual and special meeting (sometimes referred to as the “**Meeting**”) of the holders of common shares of the Corporation to be held at 180 Dundas Street West, Suite 1801, Toronto, Ontario M5G 1Z8 on April 17, 2014, at 10.00 a.m. (Toronto time) and at any adjournments thereof, for the purposes set forth in the notice (the “**Notice**”) of the annual and special meeting accompanying this Circular.

All costs of this solicitation of proxies by management will be borne by the Corporation. In addition to the solicitation of proxies by mail, directors and officers of the Corporation may solicit proxies personally by telephone or other telecommunication but will not receive additional compensation for doing so.

The information contained herein is given as of March 17, 2013, unless otherwise noted.

This Circular describes the matters to be acted on at the Meeting and the procedures for attending or appointing proxies to vote at the Meeting.

PART ONE

VOTING INFORMATION AND PRINCIPAL SHAREHOLDERS

APPOINTMENT AND REVOCABILITY OF PROXIES

REGISTERED SHAREHOLDERS

If you are a registered shareholder, you can vote your shares at the Meeting in person or by proxy. If you wish to vote in person at the Meeting, do not complete or return the form of proxy included with this Circular. Your vote can be cast by you in person and counted at the Meeting. If you do not wish to attend the Meeting or do not wish to vote in person, complete and deliver a form of proxy in accordance with the instructions given below.

Appointment of Proxy

A form of proxy is enclosed and, if it is not your intention to be present in person at the Meeting, you are asked to sign, date and return the form of proxy in the envelope provided. The persons named in the enclosed form of proxy are directors or officers of the Corporation. **If you are a shareholder entitled to vote at the Meeting, you have the right to appoint a person (who need not be a shareholder of the Corporation), other than the persons designated in the enclosed form of proxy, to attend and vote for you at the Meeting.** Such right may be exercised by striking out the names of the persons designated in the enclosed form of proxy and by inserting in the blank space provided for that purpose the name of the person to be appointed or by completing another proper form of proxy. It is important to ensure that any other person you appoint is attending the Meeting and is aware that he or she has been appointed to vote your shares. Proxyholders should upon arrival at the Meeting present themselves to a representative of the scrutineers at the Meeting.

The form of proxy must be executed by the shareholder or his attorney duly authorized in writing or, if the shareholder is a corporation, by instrument in writing executed (under corporate seal if so required by the rules and laws governing the corporation) by a duly authorized signatory of such corporation. If the proxy is executed by a duly authorized attorney or authorized signatory of the shareholder, the proxy should reflect such person's capacity following his or her signature and should be accompanied by the appropriate instrument evidencing such person's qualifications and authority to act (unless such has been previously filed with the Corporation or the Corporation's registrar and transfer agent, Computershare Trust Company of Canada).

Depositing Proxy

Proxies to be exercised at the Meeting must be mailed to or deposited with the Corporation's registrar and transfer agent, **Computershare Trust Company of Canada**, 100 University Avenue, 9th Floor, Toronto, Ontario M5J 2Y1 Attention: Proxy Department, such that they are received at least 48 hours (excluding Saturdays, Sundays and statutory holidays in the Province of Ontario) prior to the commencement of the Meeting or any adjournment thereof, in default of which they may be treated as invalid, although the Chairman of the Meeting has the discretion to accept proxies filed less than 48 hours prior to the commencement of the Meeting, or any adjournment thereof.

A proxy is valid only at the meeting in respect of which it is given or any adjournment of that meeting.

NON-REGISTERED OR BENEFICIAL SHAREHOLDERS

Your shares may not be registered in your name but in the name of an intermediary (which is usually a bank, trust company, securities dealer or stock broker, or trustees or administrators of self administered registered savings plans, registered retirement savings funds, registered education savings plans and similar plans, or a clearing agency in which an intermediary participates). If your shares are listed in an account statement provided to you by a broker, then it is likely that those shares will not be registered in your name but under the broker's name or under the name of an agent of the broker. In Canada, the vast majority of such shares are registered under the name of CDS & Co. (the registration name for The Canadian Depository for Securities Limited which acts as the nominee for many Canadian brokerage firms) and, in the United States, under the name of Cede & Co. (the registration name for The Depository Trust Company, which acts as depository for many U.S. brokerage firms and custodian banks).

If your shares are registered in the name of an intermediary or a nominee, you are a non-registered or beneficial shareholder (a "**beneficial shareholder**"). Beneficial shareholders should be aware that only registered shareholders whose names appear on the share register of the Corporation, or the persons they appoint as their proxies, are entitled to vote at the Meeting. The purpose of the procedures described below is to permit non-registered shareholders to direct the voting of the shares they beneficially own. There are two categories of beneficial shareholders. Beneficial shareholders who have provided instructions to an intermediary that they do not object to the intermediary disclosing ownership information about them are considered to be Non-Objecting Beneficial Owners ("**NOBOs**"). Beneficial shareholders who have objected to an intermediary providing ownership information are Objecting Beneficial Owners ("**OBOs**").

The Corporation has distributed copies of this Circular, the accompanying form of proxy, the Notice, a letter to shareholders from the President (collectively, the "**Meeting Materials**"), either directly to registered shareholders and to the NOBOs or to intermediaries for distribution to NOBOs together with the intermediary's form of proxy or voting instruction form. The Corporation has also distributed copies of the Meeting Materials to intermediaries for distribution to the OBOs. Unless you have waived your rights to receive the Meeting Materials, the Corporation is required to deliver them to you as a beneficial shareholder of the Corporation and to seek your instructions as to how to vote your shares.

These Meeting Materials are being sent to both registered and beneficial shareholders of the securities. If you are a non-registered owner, and if the Corporation or its transfer agent has sent these materials

directly to you, your name and address and information about your holdings of securities, have been obtained in accordance with applicable securities regulatory requirements from the intermediary holding shares on your behalf.

If the Corporation or its transfer agent has sent these materials directly to you, as a beneficial shareholder, the Corporation (and not the intermediary holding shares on your behalf) has assumed responsibility for (i) delivering these materials to the beneficial shareholder, and (ii) executing the beneficial shareholder's proper voting instructions.

If you are a beneficial shareholder who has received these proxy-related materials directly from the Corporation or transfer agent, please return your voting instructions as specified in the request for voting instructions.

VOTING PROCEDURE FOR BENEFICIAL SHAREHOLDERS

Brokers or agents can only vote shares of the Corporation if instructed to do so by the beneficial shareholder.

Every broker or agent has its own mailing procedure and provides its own instructions. Typically, a beneficial shareholder will be given a voting instruction form which must be completed and signed by the beneficial shareholder in accordance with the instructions provided by the intermediary. The purpose of this form is to seek instructions from the beneficial shareholder on how to vote on behalf of or otherwise represent the beneficial shareholder. A beneficial shareholder cannot use this form to vote or otherwise represent shares in person at the Meeting. If you are a beneficial shareholder, you must follow the instructions provided by the intermediary in order to ensure that your shares are voted or otherwise represented at the Meeting.

The majority of brokers now delegate responsibility for obtaining instructions from clients to Broadridge Financial Solutions, Inc. ("**Broadridge**") in Canada and in the United States. Broadridge mails a voting instruction form in lieu of the proxy provided by the Corporation. The voting instruction form will name the same persons as the Corporation's proxy to represent you at the Meeting. You have the right to appoint a person (who need not be a beneficial shareholder of the Corporation) other than the persons designated in the voting instruction form to represent you at the Meeting. To exercise this right, you should insert the name of your desired representative in the blank space provided in the voting instruction form. The completed voting instruction form must then be returned to Broadridge by mail or facsimile or be given to Broadridge by phone or over the internet, in accordance with Broadridge's instructions. Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of shares to be represented at the Meeting. If you receive a voting instruction form from Broadridge, you cannot use it to vote shares directly at the Meeting – the instruction form must be returned to Broadridge, in accordance with its instructions, well in advance of the Meeting in order to have the shares voted or otherwise represented at the Meeting.

Occasionally, a beneficial shareholder may be given a proxy that has already been signed by the intermediary. This form of proxy is restricted to the number of shares owned by the beneficial shareholder but is otherwise not completed. This form of proxy does not need to be signed by you. In this case, you can complete and deliver the proxy as described above under the heading "*Registered Shareholders*".

Beneficial shareholders should carefully follow the instructions of their intermediary on the forms they receive, including those regarding when and where the form of proxy or voting instruction form is to be delivered, and contact their intermediaries promptly if they need assistance.

OBJECTING BENEFICIAL OWNERS – OBOS

If you are an OBO, you cannot use the mechanisms described above for registered shareholders and must follow the instructions provided by the intermediary in order to ensure that your shares are voted or

otherwise represented at the Meeting.

NON-OBJECTING BENEFICIAL OWNERS – NOBOS

If you, as a NOBO, receive the Corporation's form of proxy, you may complete and deliver the proxy as described above under the heading "*Registered Shareholders*". If you, as a NOBO, receive the intermediary's voting instruction form, follow the instructions provided by the intermediary with respect to completing the form in order to ensure that your shares are voted or otherwise represented at the Meeting.

Beneficial Shareholders – Attendance at Meeting

Although as a beneficial shareholder you may not be recognized directly at the Meeting for the purposes of voting shares registered in the name of your broker or other intermediary, you may attend at the Meeting as proxyholder for your broker or other intermediary and vote your shares in that capacity. If you wish to attend at the Meeting and indirectly vote your shares as proxyholder for your broker or other intermediary, you should enter your own name in the blank space on the voting instruction form provided to you and return it to your broker or other intermediary in accordance with the instructions provided by your broker or other intermediary, well in advance of the Meeting.

Alternatively, you can request in writing that your broker send you a legal proxy which would enable you, or a person designated by you, to attend at the Meeting and vote your shares.

Revocation of Proxies and Voting Instruction Forms

A registered shareholder who executes and returns a proxy may revoke it (to the extent it has not been exercised) by depositing a written statement to that effect executed by the shareholder or his, her or its attorney duly authorized in writing or by electronic signature or by transmitting by telephonic or electronic means, a revocation that is signed by electronic signature, or, if the shareholder is a corporation, by written instrument executed (under corporate seal if so required by the rules and laws governing the corporation) by a duly authorized signatory of such corporation:

- (a) with the Corporation's registrar and transfer agent, Computershare Trust Company of Canada, 100 University Avenue, 9th Floor, Toronto, Ontario M5J 2Y1, Attention: Proxy Department, at any time up to the close of business on the last business day prior to the Meeting, or any adjournment thereof;
- (b) with the Chairman of the Meeting on the day of the Meeting, or any adjournment thereof, at any time prior to a vote being taken in reliance on such proxy; or
- (c) in any other manner permitted by law.

A registered shareholder who has revoked a proxy may submit another proxy by delivering another properly executed form of proxy bearing a later date and depositing it as described above under the heading "*Depositing Proxy*".

A beneficial shareholder may revoke a voting instruction or may revoke a waiver of the right to receive the Meeting Materials or a waiver of the right to vote given to an intermediary at any time by written notice to the intermediary, except that an intermediary is not required to act on any such revocation that is not received by the intermediary well in advance of the Meeting.

VOTING OF SHARES BY PROXY

The proxyholders named in the accompanying form of proxy shall and will vote the shares represented thereby on any ballot in accordance with the shareholder's direction set forth in the proxy. **IN THE ABSENCE OF SUCH DIRECTION, THE SHARES REPRESENTED THEREBY WILL BE VOTED (i) FOR THE RE-APPOINTMENT OF MNP LLP, CHARTERED ACCOUNTANTS, AS**

THE AUDITORS OF THE CORPORATION AND THE AUTHORIZATION OF THE DIRECTORS TO FIX THE AUDITORS' REMUNERATION AND TERMS OF ENGAGEMENT, (ii) FOR THE APPROVAL OF THE INCREASE OF THE MINIMUM AND MAXIMUM NUMBER OF DIRECTORS PROVIDED IN THE ARTICLES OF THE CORPORATION AND TO AUTHORIZE AND EMPOWER THE DIRECTORS TO FIX THE NUMBER OF DIRECTORS FROM TIME TO TIME WITHIN THIS MINIMUM AND MAXIMUM, (iii) FOR THE APPROVAL TO FIX THE CURRENT NUMBER OF DIRECTORS AT FIVE (5), (iv) FOR THE ELECTION OF THE MANAGEMENT NOMINEE DIRECTORS NAMED IN THIS CIRCULAR, (v) FOR THE CONFIRMATION OF BY-LAW NO. 3, (vi) FOR THE APPROVAL OF THE CHANGE OF THE CORPORATION'S NAME, (vii) FOR THE APPROVAL OF THE INCREASE OF THE AUTHORIZED CAPITAL OF THE CORPORATION AND (viii) FOR THE APPROVAL OF THE REPLACEMENT OF THE CORPORATION'S STOCK OPTION PLAN, all as discussed below.

The persons named in the enclosed form of proxy will vote, or withhold from voting, the shares in respect of which they are appointed in accordance with the direction of the shareholders appointing them. **In the absence of such directions, such shares will be voted in favour of the matters specified in the Notice.**

An intermediary may not vote, or give a proxy authorizing another person to vote, except in accordance with voting instructions received from the non-registered shareholder who beneficially owns the shares.

EXERCISE OF DISCRETION BY PROXY

The enclosed form of proxy confers discretionary authority upon the persons named therein with respect to amendments or variations to the matters identified in the Notice and with respect to other matters which may properly come before the Meeting or any adjournments thereof. At the date of this Circular, management of the Corporation knows of no amendments, variations or other matters to come before the Meeting other than the matters referred to in the Notice. **If amendments or variations to matters identified in the Notice or if other matters properly come before the Meeting, it is the intention of the persons named in the enclosed form of proxy to vote in accordance with their judgment on such matters.**

RECORD DATE

The board of directors of the Corporation (the "**Board**") has determined that the holders of common shares at the close of business on March 17, 2014 (the "**Record Date**") shall be entitled to receive notice of the Meeting and to vote at the Meeting and any adjournment thereof. Accordingly, only shareholders of record on such Record Date will be entitled to vote at the Meeting.

OUTSTANDING VOTING SHARES, VOTING AT MEETINGS AND QUORUM

The authorized capital of the Corporation consists of an unlimited number of common shares. As of the date of this Circular, 8,116,870 common shares of the Corporation are outstanding. Holders of common shares as of the close of business on the Record Date will be entitled to one vote per common share at the Meeting. The Corporation will prepare, or cause to be prepared, a list of shareholders ("**Shareholders' List**") entitled to receive notice of the Meeting not later than 10 days after the Record Date. At the Meeting, the holders of common shares shown on the Shareholders' List will be entitled to one vote per common share shown opposite their names on the Shareholders' List.

Unless otherwise required by law, every question coming before the Meeting will be determined by a majority of votes duly cast on the matter.

Proxies returned by intermediaries as "non-votes" because the intermediary has not received instructions from the non-registered shareholder with respect to the voting of certain shares or, under applicable regulatory rules, the intermediary does not have the discretion to vote those shares on one or more of the matters that come before the Meeting, will be treated as not entitled to vote on any such matter and will

not be counted as having been voted in respect of any such matter. Shares represented by such intermediary “non-votes” will, however, be counted in determining whether there is a quorum.

A quorum for the Meeting and any adjournments thereof is two persons present in person or representing holders of shares entitled to vote thereat.

PRINCIPAL HOLDERS OF VOTING SHARES

The following table sets forth the names of each person who, or corporation which, to the knowledge of the directors and officers of the Corporation, beneficially owns or exercises control over, directly or indirectly, more than 10% of the outstanding voting securities of the Corporation, as well as the number of voting securities so owned, controlled or directed by each such person or corporation and the percentage of the outstanding voting securities of the Corporation so owned, controlled or directed, as of March 17, 2014.

Name	Number of Voting Securities	Type of Ownership	Percentage of Outstanding Common Shares
S. Donald Moore ⁽¹⁾	2,155,861 Common Shares	Direct and control or direction	26.56%
P. Garrett Clayton ⁽²⁾	2,133,336 Common Shares	Direct	26.28%
Tyrrell L. Garth	1,066,664 Common Shares	Direct	13.14%

Note:

- (1) S. Donald Moore, a director of Starrex, exercises control and direction over 2,051,951 shares held by Talent Oil and Gas Ltd.
- (2) President, Chief Executive Officer and director of Starrex

The directors and officers of the Corporation own or control, directly or indirectly, in the aggregate 4,860,697 common shares representing approximately 59.88% of the issued and outstanding common shares of the Corporation.

PART TWO

COMPENSATION OF NAMED EXECUTIVE OFFICERS

The Summary Compensation Table below details all of the compensation paid, payable, awarded, granted, given or otherwise provided, directly or indirectly, for the fiscal year ended December 31, 2013, to the Chief Executive Officer, the Chief Financial Officer and the other individuals to a maximum of three who were the most highly compensated executive officers of the Corporation and its subsidiaries and whose total compensation from the Corporation and its subsidiaries in each of the Corporation’s three most recently completed financial years (collectively, with the Chief Executive Officer and the Chief Financial Officer, the “**Named Executive Officers**” or the “**NEOs**” of the Corporation). Total compensation encompasses, as applicable, regular salary, dollar amount of option awards, non-equity incentive plan compensation which would include discretionary and non-discretionary bonuses, pension value with compensatory amounts for both defined and non-defined contribution retirement plans, and all other compensation which could include perquisites, tax gross-ups, premiums for certain insurance policies, payments resulting from termination, resignation, retirement or a change in control and all other amounts not reported in another column.

SUMMARY COMPENSATION TABLE

(Year Ended December 31, 2013)

Name and principal position	Year	Salary (\$)	Share-based awards (\$)	Option-based awards (\$)	Non-equity incentive plan compensation (\$)		Pension value (\$)	All other compensation (\$)	Total compensation (\$)
					Annual incentive plans	Long-term incentive plans			
P. Garrett Clayton, President and Chief Executive Officer ⁽¹⁾	2013	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
	2012	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
	2011	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Ronald Mann, Secretary, Acting Chief Financial Officer ⁽²⁾	2013	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
	2012	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
	2011	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
S. Donald Moore, former President and Chief Executive Officer ⁽³⁾	2013	15,000	NIL	NIL	NIL	NIL	NIL	500 ⁽³⁾	15,500
	2012	16,000	NIL	NIL	NIL	NIL	NIL	NIL	16,000
	2011	15,000	NIL	NIL	NIL	NIL	NIL	NIL	15,000
Mike Kindy, Acting Chief Financial Officer ⁽⁴⁾	2013	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
	2012	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL

Note:

- (1) P. Garrett Clayton was appointed President, director, and Chief Executive Officer on December 9, 2013.
- (2) Ronald Mann was appointed Secretary on December 9, 2013 and is the Acting Chief Financial Officer since December 9, 2013.
- (3) S. Donald Moore resigned as President and Chief Executive Officer on December 9, 2013. Mr. Moore received director's fees during 2013.
- (4) Mike Kindy was the Acting Chief Financial Officer from October 1, 2012 (when the then Chief Financial Officer passed away) to December 9, 2013.

LONG TERM INCENTIVE PLANS (LTIP) AWARDS

The Corporation does not have a long term incentive plan, other than stock options granted from time to time by the Board under the provisions of the Corporation's stock option plan.

Equity Compensation Plan Information

A previous version of the stock option plan (the "Old Stock Option Plan") was first implemented by the Corporation in 2005. As of March 11, 2014, the Board approved a new stock option plan (the "Stock Option Plan") which replaces the Old Stock Option Plan.

Summary of Terms and Conditions of the Stock Option Plan

The purpose of the Stock Option Plan is to attract, retain and motivate Eligible Persons (as defined below) by affording such persons the opportunity to acquire an equity interest in the Corporation through rights granted to purchase common shares of the Corporation. The exercise price of the stock options granted is

determined at the discretion of the Board but may not be less than the market price, a defined as the closing price on the stock exchange on which the shares are trading (the “**Exchange**”) on the day prior to the grant. If no trading has occurred on the day prior to the grant then the market price shall be determined by averaging the closing bid and ask price on the day prior to the grant. The term and vesting period for options granted under the Stock Option Plan is also determined at the discretion of the Board but in no circumstances shall the options granted pursuant to the Stock Option Plan have a term in excess of ten years.

Under the Stock Option Plan, options may be granted in favour of directors, officers, key employees (part-time or full-time) or consultants or corporations that are wholly-owned by any of the foregoing, or consultant companies of the Corporation or any subsidiary (“**Eligible Persons**”).

The Stock Option Plan is in the form of a “rolling” stock option plan reserving for issuance upon the exercise of options granted pursuant to the Stock Option Plan a maximum of 10% of the issued and outstanding common shares at any time (on a non-diluted basis) subject to the receipt of any necessary approval from the shareholders and/or securities regulatory authorities. The Stock Option Plan is to be administered by the Board in accordance with the rules and policies of the Exchange.

Subject to the provisions of the Stock Option Plan, the directors may receive recommendations of management or any committee of the Board and shall determine and designate from time to time those Eligible Persons to whom options should be granted, the number of common shares which will be optioned from time to time to such Eligible Persons and the terms and conditions of each such grant of options, including the term and any vesting provisions. The Board will comply with all Exchange and other regulatory requirements in granting options and otherwise administering the Stock Option Plan.

The Board may make certain amendments to the Stock Option Plan and may discontinue the Stock Option Plan without security holder approval at any time upon receipt of any necessary regulatory approval including, without limitation, approval of the Exchange. Such powers of the Board to amend the Stock Option Plan include but are not limited to:

- (a) minor changes of a housekeeping nature;
- (b) amending options issued under the Stock Option Plan, including with respect to the option period (provided that the period during which an option is exercisable does not exceed 10 years from the date on which the option was granted), vesting period, exercise method and frequency, option price and method of determining the option price, assignability and effect of termination of an Eligible Person’s employment or cessation of the optionee’s directorship;
- (c) changing the classes of Eligible Persons able to participate under the Stock Option Plan;
- (d) accelerating vesting or extending the expiration date of any option (provided that such option is not held by an insider), provided that the period during which an option is exercisable does not exceed 10 years from the date on which the option was granted; and
- (e) adding a cashless exercise feature, payable in cash or securities, whether or not providing for a full deduction of the number of underlying common shares from the Stock Option Plan reserve.

Any amendments to the terms of an option shall also be subject to any necessary regulatory approval, including without limitation, the approval of the Exchange. The Board will however, require shareholder approval at all times in the following circumstances:

- (a) the extension of the term of an option held by an insider;
- (b) the reduction in the exercise price of an option held by an insider;
- (c) increasing the maximum percentage of common shares available for issuance under the Stock Option Plan to a percentage that is greater than that which is currently available

under the Stock Option Plan; and

- (d) changing the number of common shares available for issuance under the Stock Option Plan from a rolling percentage to a fixed maximum number, where such fixed maximum number of common shares available for issuance is greater than the number that shareholders had previously consented to under the rolling plan.

A summary of some of the additional provisions of the Stock Option Plan are as follows:

- (a) insider participation shall be limited such that the number of common shares issued to insiders within a one-year period, or issuable to insiders at the time of any such grant, under the Stock Option Plan, together with any other security-based compensation arrangement, shall not exceed 10% of issued and outstanding common shares;
- (b) the Stock Option Plan does not provide for a maximum number of common shares which may be issued to an individual pursuant to the Stock Option Plan and any other share compensation arrangement (expressed as a percentage or otherwise);
- (c) the Stock Option Plan does not provide for a maximum number of common shares which may be issued to any one consultant pursuant to the Stock Option Plan and any other share compensation arrangement (expressed as a percentage or otherwise);
- (d) the Stock Option Plan does not provide for a maximum number of common shares which may be issued to employees, consultants and their associates engaged in investor relations activities for the Corporation (expressed as a percentage or otherwise); however, options granted to consultants performing investor relations activities for the Corporation shall vest over twelve (12) months from the date of the grant, with no more than one-quarter (1/4) of the options vesting in any three (3) month period;
- (e) options granted shall be non-assignable and non-transferable;
- (f) the Board may authorize the Corporation to loan money at its discretion to an Eligible Person on such terms as it may determine to assist such Eligible Person to exercise an option held by such person;
- (g) if an optionee ceases to be an Eligible Person for cause or for breach of a consulting agreement, no option held by such optionee may be exercised following the date on which such optionee ceases to be an Eligible Person;
- (h) if an optionee dies while an Eligible Person (if an individual), any vested option held by him at the date of death shall be exercisable, but only by the person or persons to whom the optionee's rights under the option shall pass by the optionee's will or the laws of descent and distribution, for a period of one (1) year after the date of death or prior to the expiration of the option period in respect thereof, whichever is sooner; and
- (i) if an optionee ceases to be an Eligible Person because of resignation, retirement or any reason other than cause or death, any vested option held by such optionee may be exercised only for a period of ninety (90) days after the date on which such optionee ceases to be an Eligible Person, or prior to the expiration of the option period in respect thereof, whichever is sooner, with the exception of optionees who provide investor relations activities whose options may be exercised only for a period of thirty (30) days after the date on which such optionee ceases to be an Eligible Person, or prior to the expiration of the option period in respect thereof, whichever is sooner.

A copy of the Stock Option Plan is attached hereto as Schedule "D".

As of the date hereof, there are stock options to purchase 50,000 common shares issued and outstanding under the Stock Option Plan. Options to purchase an additional 761,687 common shares remain issuable under the Stock Option Plan which represents 9.38% of the common shares currently issued and outstanding. The Stock Option Plan information in the following table is given as of March 17, 2014.

EQUITY COMPENSATION PLAN TABLE (1)

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted-average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by securityholders	50,000 (options)	\$0.20	761,687 ⁽¹⁾
Equity compensation plans not approved by securityholders	N/A	N/A	N/A
Total	50,000 (options)	\$0.20	761,687 ⁽¹⁾

Note:

(1) Based on 10% of the 8,116,870 shares outstanding on March 17, 2014.

OUTSTANDING SHARE-BASED AWARDS AND OPTION-BASED AWARDS

The following table sets forth information concerning all option-based and share-based awards granted to the Named Executive Officers that were granted before, and remain outstanding as of, the end of the most recently completed financial year ended December 31, 2013.

Name	Option-based awards				Share-based awards		
	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options (\$)⁽¹⁾	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested (\$)	Market or payout value of vested share-based awards not paid out or distributed (\$)
G. Garrett Clayton, President and Chief Executive Officer	NIL	n/a	n/a	NIL	NIL	NIL	NIL
Ronald K. Mann, Secretary, Acting Chief Financial Officer	NIL	n/a	n/a	NIL	NIL	NIL	NIL
S. Donald Moore, former President and Chief Executive Officer	NIL	n/a	n/a	NIL	NIL	NIL	NIL

Name	Option-based awards				Share-based awards		
	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options (\$) ⁽¹⁾	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested (\$)	Market or payout value of vested share-based awards not paid out or distributed (\$)
Mike Kindy, Acting Chief Financial Officer	NIL	n/a	n/a	NIL	NIL	NIL	NIL

Note:

- (1) The value of option-based awards is based on the closing price on the CSE for the common shares on the last day of the fiscal year, December 31, 2013, namely \$0.28 per share.

INCENTIVE PLAN AWARDS – VALUE VESTED OR EARNED DURING THE YEAR

The following table provides information regarding the value on pay-out or vesting of incentive plan awards for the Named Executive Officers for the financial year ended December 31, 2013.

Name	Option-based awards – Value vested during the year (\$)	Share-based awards – Value vested during the year (\$)	Non-equity incentive plan compensation – Value earned during the year (\$)
G. Garrett Clayton, President and Chief Executive Officer	NIL	NIL	NIL
Ronald K. Mann, Secretary and Acting Chief Financial Officer	NIL	NIL	NIL
S. Donald Moore, former President and Chief Executive Officer	NIL	NIL	NIL
Mike Kindy, former Acting Chief Financial Officer	NIL	NIL	NIL

The terms of the Stock Option Plan are discussed in detail above under the heading “*Long Term Incentive Plans (LTIP) Awards – Equity Compensation Plan Information*”.

OTHER COMPENSATION MATTERS

Pension Plan Benefits

There are no pension plan benefits or other retirement benefits in place for any of the Named Executive Officers or directors.

Termination of Management Contracts or of Employment and Change of Control Benefits

Other than as set forth below there are no plans or agreements or arrangements in place with respect to any of the Named Executive Officers for termination of employment or change in control benefits. See below under the heading “*Interest of Certain Persons and Companies in Matters to be Acted Upon and Interests of Informed Persons in Material Transactions*” for details of relevant contract provisions.

Under the Corporation’s stock option plan, options expire 90 days after a person ceases to be an Eligible Participant except for Investor Relations Optionees whose options expire in 30 days. In the event of a takeover bid of the Corporation, all optionees under the Stock Option Plan become entitled to exercise all options held by such optionee, whether or not vested at such time.

Indebtedness of Directors, Executive Officers and Employees

No individual who is or, at any time since the beginning of the most recently completed financial year, was a director, senior officer or employee of the Corporation, and no person who is a proposed nominee for election as a director of the Corporation, and no associate of any such director, senior officer, employee or proposed nominee is or, at any time since the beginning of the last completed financial year, was indebted to the Corporation.

Management Contracts

Reference is made to the section entitled “*Interest of Certain Persons and Companies in Matters to be Acted Upon and Interests of Informed Persons in Material Transactions*” for details of the management contracts entered into by the Corporation.

DIRECTORS’ COMPENSATION

The Corporation has and had no arrangements, standard or otherwise, pursuant to which directors are or were compensated by the Corporation for their services in their capacity of Directors, or for committee participation, involvement in special assignments or for services as consultants or experts during the most recently completed financial year or subsequently, up to and including the date of this Circular other than as described in this Circular. Although the directors currently receive no fees for acting as directors of the Corporation, they are entitled to participate in the Stock Option Plan (see “*Long Term Incentive Plans (LTIP) Awards – Equity Compensation Plan Information*”). Accordingly, their compensation is designed to align their interests with the returns to shareholders. In addition, certain directors received or participated in fees payable by the Corporation to their firms (see “*Interest of Certain Persons or Companies in Matters to be Acted Upon and Interests of Informed Persons in Material Transactions*”).

The following table sets out all amounts of compensation provided to the directors for the Corporation’s financial year ended December 31, 2013. The compensation provided to directors who are also NEOs is not shown on the following table but is included in the Summary Compensation Table for NEOs which appears in the section above entitled “*Compensation of Named Executive Officers*”.

DIRECTOR COMPENSATION TABLE

The following table sets out all amounts of compensation provided for directors other than the NEOs for the Corporation’s financial year ended December 31, 2013.

Name and principal position	Year	Salary (\$)	Share-based awards (\$)	Option-based awards (\$)	Non-equity incentive plan compensation (\$)		Pension value (\$)	All other compensation (\$)	Total compensation (\$)
					Annual incentive plans	Long-term incentive plans			
Charles Burns	2013	NIL	NIL	NIL	NIL	NIL	NIL	500 ⁽¹⁾	500

Note:

(1) Charles Burns was paid director’s fees for 2013.

Factors in Awarding Director Compensation

Directors of the Corporation are paid \$250 compensation and out of pocket expenses for attending meetings of the directors, meetings of the Audit Committee or meetings of the shareholders of the Corporation. The directors are eligible to be granted stock options, as described above under the heading “*Long Term Incentive Plans (LTIP) Awards - Equity Compensation Plan Information*”.

Incentive Plan Awards (Directors)

Directors are eligible to participate in the Stock Option Plan. Directors are not entitled to bonuses or to other non-equity incentive plans.

The following table sets forth certain information concerning option-based and share-based awards granted to directors other than NEOs outstanding as of, the end of the most recently completed financial year ended December 31, 2013.

Name	Option-based Awards				Share-based Awards		
	Number of securities underlying unexercised options	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options (\$) ⁽¹⁾	Number of shares or units of shares that have not vested	Market or payout value of share-based awards that have not vested (\$)	Market or payout value of vested share-based awards not paid out or distributed (\$)
Charles Burns	50,000	0.20	May 17, 2018	4,000	50,000	4,000	NIL

Note:

- (1) The value of option-based awards is based on the closing price on the CSE for the common shares on the last day of the fiscal year, December 31, 2013, namely \$0.28 per share.
- (2) The stock options will be vesting as follows: 25,000 on May 21, 2014 and 25,000 on May 21, 2015.

The following table provides information regarding the value on pay-out or vesting of incentive plan awards for the directors other than the NEOs for the financial year ended December 31, 2013.

Name	Option-based awards – Value vested during the year (\$)	Share-based awards – Value vested during the year (\$)	Non-equity incentive plan compensation – Value earned during the year (\$)
Charles Burns	NIL	NIL	NIL

The terms of the Stock Option Plan are discussed in detail above under the heading “*Long Term Incentive Plans (LTIP) Awards – Equity Compensation Plan Information*”.

PART THREE

CORPORATE GOVERNANCE AND OTHER MATTERS

National Instrument 58-101- *Disclosure of Corporate Governance Practices*, establishes corporate governance guidelines which apply to all public companies. The Corporation has reviewed its own corporate governance guidelines which comply with all applicable requirements.

THE BOARD

The Board of the Corporation and its senior management believe that the Corporation has established and operates in an environment of effective internal control with strong corporate governance structures and procedures in place. Charles Burns and S. Donald Moore are independent directors within the meaning of the *Canada Business Corporations Act* (the “**Act**”). P. Garrett Clayton is not independent because he is the President and Chief Executive Officer of the Corporation.

Certain of the directors are also directors of other reporting issuers (or the equivalent) in Ontario or in another jurisdiction within Canada as follows:

Director	Other Reporting Issuers
Charles Burns	Phoenix Canada Oil Company Limited
S. Donald Moore	Phoenix Canada Oil Company Limited Theralase Technologies Inc.

Mandate of the Board

The Board of the Corporation has assumed the responsibility for, among other things, enhancing shareholder value, reviewing and approving strategic plans and priorities, operating plans and capital budgets, senior management planning and succession, annual corporate performance and dividend policy. Some of these duties are delegated to committees as set out below. The Board has delegated the authority to manage the day-to-day operations of the Corporation to senior management. All significant decisions that might affect the Corporation are brought before the Board for review and approval before they are implemented.

Chairman

The Corporation currently does not have a Chairman.

Orientation and Continuing Education

The Board has not had a formal continuing education program. However, the Board anticipates implementing a policy for encouraging continuing education program for directors. Under such a policy, new directors, when added, would be provided with access to information, including sufficient historical data, to become familiar with the Corporation and its operating facilities and assets, and to familiarize themselves with the procedures of the Board. All directors would be given the opportunity to visit the Corporation's offices with management and to interact with and request briefings from management in order to familiarize themselves with the business. All directors would be encouraged to become members of the Institute of Corporate Directors. Members of the Board may also engage outside consultants at the expense of the Corporation to review matters on which they feel they require independent advice.

Ethical Business Conduct

The Board considers effective communication between itself and the shareholders essential. The Board is responsible for reviewing the Corporation's annual and quarterly financial statements and other continuous disclosure documents such as management information circulars sent to shareholders for shareholder meetings. The Corporation is committed to full, true and plain public disclosure of all material information in a timely manner in order to keep security holders and the investing public informed about the Corporation's activities. The objective is to ensure that communications to the investing public are timely, factual, accurate and broadly disseminated in accordance with all applicable legal and regulatory requirements.

Management is expected by the Board to comply with all statutes, regulations, and administrative policies applicable to the Corporation, to supervise employees and consultants in such a manner as to be informed of their activities, to promote the free flow of information, and allow employees, consultants and others to anonymously report to any member of management or the board of directors on concerns involving accounting and other issues (protection of "whistleblowers"). Management is expected by the Board to report to the Board regarding any concerns with respect to the foregoing, which are of a material nature, whether or not a satisfactory resolution was already implemented by management, or which management believes are reasonably likely to arise in the future and which would be of a material nature.

Every director of the Corporation who is in any way directly or indirectly interested in a contract or a proposed contract with the Corporation must declare his or her interest at a meeting of the directors of the Corporation in accordance with applicable law and then withdraw from that part of the meeting at which the proposed contract is considered by the remaining directors. Such a declaration should be made at the

meeting of directors at which the question of entering into the contract is first considered, if his or her interest then exists, or in any other case at the first meeting of the directors after the acquisition of his or her interest and no director shall as a director vote in respect of any contract or arrangement in which he or she is interested as aforesaid, and if he or she does so vote, his or her vote shall not be counted. Any materials prepared for a meeting of the Board and referencing the contract in question will be redacted for the director concerned and he or she will absent himself from all discussions at such meetings relating to the contract in question.

Nomination of Directors

The full Board is responsible for recommending candidates for nomination for election to the Board. The Board periodically and at least annually is expected to consider the composition of the Board, including the appropriate skills and characteristics required of the directors in the context of the business experience and specific areas of expertise of each current director. The Board is also responsible for recruiting and recommending candidates for election as directors when necessary. Candidates should be interviewed by individual members of the Board prior to their nomination for election as a director.

Compensation of Officers and Directors

The Board is responsible for reviewing and approving corporate goals and objectives relevant to executive compensation and evaluating performance relative to those goals and objectives. It has not constituted a compensation committee, rather it is the full Board which considers matters regarding compensation and makes recommendations regarding compensation. Performance is defined to include achievement of the Corporation's strategic objective of growth and enhancement of shareholder value through increases in stock price. It is the responsibility of the Board as a whole to determine the level of compensation in respect of the Corporation's senior executives with a view to providing such executives with a competitive compensation package having regard to responsibilities and performance. The total compensation from all sources, including salary, bonus, and stock options should be considered.

Other than as set forth above under the heading "*Director Compensation*", no compensation was paid to directors of the Corporation during the fiscal year ended December 31, 2013 in their capacities as directors and no standard or other compensation arrangements are in place for the directors in their capacities as directors. Except as disclosed in this Circular, there were no other arrangements for compensation of directors of the Corporation as consultants or experts by the Corporation or any of its subsidiaries during the most recently completed financial year.

Although there is currently no policy to pay fees to directors for acting as directors of the Corporation, they may participate in the Stock Option Plan. Accordingly, their compensation is designed to align their interests with the returns to shareholders (see above under "*Long Term Incentive Plan (LTIP) Awards – Equity Compensation Plan Information*"). In addition, certain directors receive fees for providing professional and other services.

Other Board Committees

The Board is legally obligated to have one committee, the Audit Committee. The Audit Committee supervises the adequacy of internal accounting controls and financial reporting practices and procedures and the quality and integrity of audited and unaudited financial statements, including through discussions with external auditors. Further information regarding the Audit Committee may be found under the heading "*Audit Committee*" below.

Assessments

The full Board is responsible for evaluating the performance of directors by annually reviewing the performance of nominees for re-election to the Board, with the objectives of: ensuring comprehensive and independent oversight of the management of the Corporation, maintaining the directors' working relationship with management, and promoting open communication and disclosure by management of

material information to the board of directors.

The Board is expected to monitor the effectiveness of the Audit Committee on an on-going basis and to require the Audit Committee to report to the Board on the proceedings of each Audit Committee meeting.

Majority Voting Policy

The Board has adopted a policy which requires that any nominee who receives a greater number of votes “withheld” from his or her election than votes “for” such election, promptly tender his or her resignation to the Board, to be effective upon acceptance by the Board. The Board will review the circumstances of the election and determine whether or not to accept the tendered resignation as soon as reasonably possible and in any event within 90 days of the resignation. Subject to any restrictions imposed by the Act or securities laws and regulations, the Board may fill any resulting vacancy through the appointment of a new director. The director in question may not participate in any committee or Board votes concerning his or her resignation. This policy does not apply in circumstances involving contested director elections.

COMMITTEES OF THE BOARD

Audit Committee:

Audit Committee Charter

The text of the Audit Committee's charter is attached as Schedule “A” hereto. The Audit Committee's charter was adopted by the board of directors of the Corporation.

Composition and Independence of Audit Committee

The Audit Committee is currently composed of three (3) members, P. Garrett Clayton, S. Donald Moore, and Charles Burns. Charles Burns is independent as defined in National Instrument 52-110 “*Audit Committees*” (“**NI 52-110**”). P. Garrett Clayton is not independent because he is the President and Chief Executive Officer of Starrex and S. Donald Moore is not independent because he was a senior officer of the Corporation within the last three years.

Following the Meeting, a new Audit Committee will be appointed by the newly-elected Board from among the Board members. Some or all of the current members may be re-appointed.

Financial Literacy

NI 52-110 provides that an individual is “financially literate” if he or she has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the issuer's financial statements.

All of the members of the Audit Committee are financially literate.

Relevant Education and Experience

Each Audit Committee member possesses certain education and experience which is relevant to the performance of his or her responsibilities as an Audit Committee member and, in particular, education or experience which provides the member with one or more of the following: an understanding of the accounting principles used by the Corporation to prepare its financial statements; the ability to assess the general application of such accounting principles in connection with the accounting for estimates, accruals and reserves; experience preparing, auditing, analyzing or evaluating financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the Corporation's financial statements, or experience actively supervising one or more individuals engaged in such

activities; and an understanding of internal controls and procedures for financial reporting.

P. Garrett Clayton has served as a director of the Corporation since December 9, 2013. He has been involved in the active supervision of individuals who engaged in the preparation, analysis and evaluation of the financial statements, and possesses an understanding of internal controls and procedures for financial reporting. He has also had experience as businessman, including experience in the preparation, analysis and evaluation of financial statements comparable to the breadth and complexity of the Corporation's financial statements.

S. Donald Moore has served as a director of the Corporation since 1982 and as a senior officer of the Corporation until December 9, 2013. He has had experience as an officer and a director of listed companies, including experience in the preparation, analysis and evaluation of financial statements comparable to the breadth and complexity of the Corporation's financial statements.

Charles Burns has served as an independent director of the Corporation since 2004 working with other members of the Board responsible for the stewardship of the Corporation. He has had experience as a businessman, including experience in the preparation, analysis and evaluation of financial statements comparable to the breadth and complexity of the Corporation's financial statements.

Mandate

The mandate of the Audit Committee is to oversee the Corporation's financial reporting processes and to liaise with the external auditors. In addition to reviewing the financial controls of the Corporation which are its ongoing responsibility, the Audit Committee reviews the annual financial statements, quarterly financial statements, management's discussion and analyses and any other significant financial issues. The Audit Committee must satisfy itself that the mineral reserve (if any) and mineral resource reports are reasonable by conferring with the independent engineers or geoscientists who produced such reports. The Audit Committee is projected to meet at least four (4) times a year and otherwise as frequently and at such intervals as it determines is necessary to carry out its duties and responsibilities, including meeting separately with the external auditors.

Audit Fees

The following table sets forth the fees billed to the Corporation and its subsidiaries by MNP LLP, Chartered Accountants, for services rendered in the fiscal years ended December 31, 2013 and 2012:

MNP LLP	2013 (\$)	2012 (\$)
Audit fees	17,490	17,750
Audit-related fees	NIL	NIL
Tax fees	1,590	1,500
All other fees	NIL	NIL
Total	19,080	19,250

Reliance on Exemption

The Corporation is a venture issuer as defined in NI 52-110 and is relying on the exemption in section 6.1 of NI 52-110 relating to Part 3 "Composition of Audit Committees" and Part 5 "Reporting Obligations" of NI 52-110.

INTEREST OF CERTAIN PERSONS OR COMPANIES IN MATTERS TO BE ACTED UPON AND INTERESTS OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

Management is not aware of any material interest, direct or indirect, of any "informed person" of the

Corporation, insider of the Corporation, proposed director, or any associate or affiliate of any informed person or proposed director, in any transaction since the commencement of the Corporation's most recently completed financial year or in any proposed transaction which has materially affected or would materially affect the Corporation, except as set out below. An "informed person" means (i) a director or executive officer of the Corporation or of a subsidiary of the Corporation, (ii) any person or company who beneficially owns, directly or indirectly, voting securities of the Corporation or who exercises control or direction over voting securities of the Corporation carrying more than 10% of the voting rights attached to all outstanding voting securities of the Corporation, (iii) a director or officer of a company that is itself an informed person of the Corporation or of a subsidiary of the Corporation, and (iv) any person who has been a director or officer of the Corporation at any time since the beginning the Corporation's last fiscal year. Information relating to management companies has been supplied by the applicable officers and directors.

Certain corporate entities and consultants that are related to the Corporation's officers and directors of persons holding more than 10% of the issued and outstanding common shares of the Corporation provide consulting and other services to the Corporation. All transactions were conducted in the normal course of operations at the amount of consideration established and agreed to by the related parties.

P. Garrett Clayton purchased 2,133,336 common shares of the Corporation at \$0.25 per share for a total purchase price of \$533,334 in a private placement completed by the Corporation on December 9, 2013. Mr. Clayton has agreed to provide services as President and Chief Executive Officer of the Corporation for no fee pursuant to a verbal agreement between Mr. Clayton and the Corporation entered into on December 9, 2013.

S. Donald Moore agreed to provide services as Chief Executive Officer of the Corporation for \$4,000 per quarter pursuant to a verbal agreement between Mr. Moore and the Corporation. As of March 17, 2014 he has been paid all amounts owing. Mr. Moore, through Talent Oil and Gas Ltd., acquired 939,304 common shares of the Corporation on December 9, 2013 at \$0.25 per share in settlement of \$234,826 of debt owed by the Corporation.

Charles Burns purchased 400,000 common shares of the Corporation at \$0.25 per share for a total purchase price of \$100,000 in a private placement completed by the Corporation on December 9, 2013.

Ronald Mann, through Sheep Island Investment Corp., acquired 128,000 common shares of the Corporation as finder's fee representing 4% of the number of common shares sourced by Mr. Mann as a finder and sold by the Corporation pursuant to the private placement which closed on December 9, 2013.

REGULATORY MATTERS, BANKRUPTCIES AND INSOLVENCIES

To the knowledge of the Corporation, no nominee for director of the Corporation is, at the date of this Circular, or has been, within 10 years before the date of this Circular, a director, chief executive officer or chief financial officer of any company (including the Corporation), that:

- (1) was the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days, that was issued while that person was acting as director, chief executive officer or chief financial officer, except Ronald K. Mann who was a director of Superior Canadian Resources Inc. when the Alberta Securities Commission issued a cease trade order May 13, 2008 for failure to file financial statements and management discussion and analysis. The cease trade order was revoked August 6, 2008 after filings were made. Mr. Mann resigned July 29, 2008; or
- (2) was subject to a cease trade order or similar order or an order that denied the relevant company access to any exemption under the securities legislation for a period of more than 30 consecutive days that was issued after the proposed director ceased to be a director, chief executive officer or chief financial officer and that resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer; or

- (3) while that person was acting in the capacity as director, chief executive officer or chief financial officer or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

PERSONAL BANKRUPTCIES, ETC

To the knowledge of the Corporation, no nominee for director, nor any personal holding company of any such nominee, has, within the 10 years before the date of this Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or became subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver manager or trustee appointed to hold the assets of the proposed director.

PENALTIES UNDER SECURITIES LEGISLATION

To the knowledge of the Corporation, except as set out below, no nominee for director, nor any personal holding company of any such nominee, (a) has been subject to any penalties or sanctions imposed by a court relating to securities legislation, or by a securities regulatory authority; or (b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable securityholder in deciding whether to vote for a proposed director, nor has any nominee for director entered into a settlement agreement with a securities regulatory authority.

PART FOUR

PARTICULARS OF MATTERS TO BE ACTED UPON AT THE MEETING

FINANCIAL STATEMENTS

The audited comparative financial statements of the Corporation for the years ended December 31, 2013 and December 31, 2012, together with the report of the auditors thereon, will be presented to the shareholders at the Meeting. These documents are available upon request on SEDAR at www.sedar.com.

APPOINTMENT OF AUDITORS

Shareholders will be requested to re-appoint MNP LLP, Chartered Accountants, Toronto, Ontario, as auditor of the Corporation to hold office until the next annual meeting of shareholders and to authorize the directors to fix their remuneration and the terms of their engagement. MNP LLP was first appointed auditor of the Corporation on February 9, 2006.

To be approved, the resolution requires the affirmative vote of a majority of the votes cast on the resolution. **Proxies received in favour of management will be voted in favour of the re-appointment of MNP LLP as auditor of the Corporation to hold office until the next annual meeting of shareholders and the authorization of the directors to fix the auditors' terms of engagement and remuneration, unless the shareholder has specified in a proxy that his, her or its shares are to be withheld from voting in respect thereof.**

AUTHORIZATION TO INCREASE THE MINIMUM AND MAXIMUM NUMBER OF DIRECTORS AND TO AUTHORIZE AND EMPOWER THE DIRECTORS TO FIX THE NUMBER OF DIRECTORS FROM TIME TO TIME

At the Meeting, shareholders will be asked to consider and, if deemed advisable, approve, with or without variation, a special resolution to increase the minimum number of directors permitted under the Corporation's Articles to three (3) in order to comply with the requirements of the Act for a distributing corporation and also to increase the maximum number of directors to seven (7). Currently, the Articles provide for a minimum of two (2) and a maximum of five (5) directors.

It is also proposed that the Corporation amend the Articles of the Corporation to authorize and empower the directors to fix the number of directors from time to time within the minimum and maximum provided in the Articles of the Corporation.

In this regard the following special resolution will be proposed:

“BE IT RESOLVED, as a special resolution pursuant to the *Canada Business Corporations Act*, that:

1. The Articles of the Corporation be amended to (i) increase the minimum number of directors to three (3) and maximum number of directors to seven (7); and (ii) to authorize and empower the directors to fix the number of directors from time to time within the minimum and maximum provided in the Articles of the Corporation;
2. Any one director or officer of the Corporation be and is hereby authorized and directed for and on behalf of the Corporation (whether under its corporate seal or otherwise), at such time as the directors may determine, to execute and deliver Articles of Amendment to effect the foregoing resolutions and all other documents and instruments and to take all such other actions as such officer or director may deem necessary or desirable to implement the foregoing resolutions and the matters authorized hereby, such determinations to be conclusively evidenced by the execution and delivery of such documents or other instruments or the taking of any such action; and
3. Notwithstanding the approval of the shareholders to the above resolutions, the directors of the Corporation may revoke the foregoing resolutions before the endorsement by the Director under the Act of a certificate of amendment of articles in respect of such amendment without further approval of the shareholders of the Corporation.”

To be approved, the foregoing special resolution requires the affirmative vote of at least sixty-six and two-thirds percent (66 2/3%) of the votes cast on the special resolution. Proxies received in favour of management will be voted FOR the special resolution to amend the Articles of the Corporation, unless the shareholder has specified in a proxy that his, her or its shares are to be voted against the special resolution.

AUTHORIZATION TO FIX THE CURRENT NUMBERS OF DIRECTORS AT FIVE (5)

It is proposed that the Corporation fix the current number of directors at five (5)

In this regard the following resolution will be proposed:

“BE IT RESOLVED that the number of directors within the minimum and maximum as provided in the Articles of the Corporation is hereby fixed at five (5) unless and until changed by the shareholders or by the directors in accordance with the Articles and the *Canada Business Corporations Act*.”

The Board is recommending that shareholders vote FOR the approval of fixing the current number of directors at five (5). Unless otherwise directed, the persons named in the enclosed form of proxy intend to vote FOR the approval to fix the number of directors at five (5).

ELECTION OF DIRECTORS

Currently, the Articles of the Corporation provide that the Corporation shall have a minimum of two (2) and a maximum of five (5) directors. At the Meeting, the shareholders will be requested to amendment of

the Articles of the Corporation, to increase the minimum number of directors to three (3) and the maximum number of directors to seven (7). The current directors are P. Garrett Clayton, S. Donald Moore and Charles Burns. The terms of office of each director will expire on the date of the Meeting when the new Board is elected. All three current directors of the Corporation will be standing for re-election at the Meeting. In addition it is proposed to nominate Ronald K. Mann, the Secretary and Acting Chief Financial Officer of the Corporation, as a director and to nominate Garfield J. Last as a director.

The following table sets forth certain information concerning management's nominees for election as directors, including the approximate number of common shares of the Corporation beneficially owned or controlled, directly or indirectly, by each of them, based upon information furnished by them to management of the Corporation.

Name, Province and Country of Residence	Office or Position held in the Corporation, current and former, if any	Chief Occupation	Number of Shares of the Corporation beneficially owned, directly or indirectly, or over which control and direction are exercised ⁽²⁾
P. Garrett Clayton ⁽¹⁾ Houston, Texas, USA	Served as President, Chief Executive Officer and director since December 9, 2013	Chief Executive Officer and Principal of Amcap Mortgage Ltd. a mortgage bank and direct residential lender based in Houston. Principal and managing partner of Clayton & Ramirez, Attorneys and Counsellors at Law, PLCC	2,133,336 common shares
S. Donald Moore ⁽¹⁾⁽³⁾ Ontario, Canada	Served as a director since 1982, President from October 15, 1982 to December 9, 2013 and Chief Executive Officer from July 9, 2007 to December 9, 2013	Corporate Director	2,155,861 common shares
Charles Burns ⁽¹⁾ Ontario, Canada	served as a director since 2004	Businessman	443,500 common shares
Ronald K. Mann Ontario, Canada	Secretary and Acting Chief Financial Officer since December 9, 2013	Businessman	128,000 ⁽⁴⁾ common shares
Garfield J. Last Turks and Caicos	Nominee	Businessman, President of Mind and Management Corporation, a corporation providing services to investment companies in Turks & Caicos Islands, British Virgin Islands and Bermuda	None

Note:

- (1) Member of the Audit Committee.
- (2) As verified on the System of Electronic Disclosure by Insiders as of March 17, 2014.
- (3) Of this number, 103,910 common shares are held directly by Mr. Moore and 2,051,951 common shares are controlled (but not owned) by Mr. Moore through Talent Oil and Gas Ltd.
- (4) The common shares are held by Sheep Island Investment Corp., a company over which Mr. Mann has control or direction.

Directors will be elected by the affirmative vote of a majority of the votes cast on the resolution and will hold office until the next annual meeting of shareholders or until the directors' respective successors are duly elected or appointed. **The persons named in the accompanying form of proxy intend to vote the shares represented thereby FOR the election of the nominees named above as directors of the Corporation, unless the shareholder has specified in the proxy that the shares represented thereby are to be withheld from voting in respect thereof. Management has no reason to believe that any of the nominees named above will be unable or unwilling to serve as a director, but if that should occur for any reason prior to the Meeting, the persons named in the accompanying form of proxy**

shall have the right to vote for another nominee in such proxyholder's discretion, unless the proxy withholds authority to vote for the election of directors.

CONFIRMATION OF BY-LAW NO. 3, BEING A NEW GENERAL BY-LAW OF THE CORPORATION

Shareholders are being asked to confirm By-Law No 3, being a new general by-law of the Corporation to replace By-Law No. 1. By-Law No. 3 includes special provisions with respect to the advance notice of the nominations of the directors (the “**Advance Notice Provisions**”) and enhanced quorum requirements (“**Enhanced Quorum**”).

Background

The Board proposes to adopt By-Law No. 3, being a new general by-law of the Corporation to replace By-Law No. 1 adopted and confirmed by the shareholders on October 15, 1982.

The Board included the Advance Notice Provisions as part of the new general by-law of the Corporation to require advance notice to the Corporation in circumstances where nominations of persons for election to the Board are made by shareholders of the Corporation other than pursuant to: (a) a direction of the Board; (b) a shareholder requisition made pursuant to the provisions of the Act; or (c) a shareholder proposal made pursuant to the provisions of the Act.

By-Law No. 3 also contains the Enhanced Quorum provisions which require a minimum of two shareholders holding at least a majority of the issued and outstanding common shares to be present or represented by proxy at any meeting at which a shareholder will be seeking to replace half or more of the then incumbent directors on the Board, before the meeting can be held and business validly transacted.

By-Law No. 3 must be confirmed by a resolution passed by a simple majority of the votes cast by shareholders at the Meeting. The full text of By-Law No. 3 is set forth in Schedule “B” of this Circular.

Purpose of the Advance Notice Provisions

The directors of the Corporation are committed to: (i) facilitating an orderly and efficient annual meeting or, where the need arises, special meeting, process; (ii) ensuring that all shareholders receive adequate notice of the director nominations and sufficient information with respect to all nominees; and (iii) allowing shareholders to register an informed vote having been afforded reasonable time for appropriate deliberation.

The purpose of the Advance Notice Provisions is to provide shareholders, directors and management of the Corporation with a clear framework for nominating directors. The Advance Notice Provisions fix a deadline by which holders of record of common shares of the Corporation must submit director nominations to the Corporation prior to any annual or special meeting of shareholders and set forth the information that a shareholder must include in the notice to the Corporation for the notice to be in proper written form in order for any director nominee to be eligible for election at any annual or special meeting of shareholders.

Terms of the Advance Notice Provisions

The following information is intended as a brief description of the Advance Notice Provisions and is qualified in its entirety by the full text of the Advance Notice Provisions inserted in By-Law No. 3, a copy of which is attached as Schedule “B” to this Circular. The terms of the Advance Notice Provisions are summarized below:

The Advance Notice Provisions provide that advance notice to the Corporation must be made in circumstances where nominations of persons for election to the Board are made by a shareholder of the Corporation other than pursuant to: (i) a direction or approval of the Board; (ii) a shareholder proposal

made in accordance with the Act; or (iii) a shareholder requisition made in accordance with the Act. Among other things, these provisions fix a deadline by which holders of record of common shares of the Corporation must submit director nominations to the Chairman of the Board prior to any annual or special meeting of shareholders and sets forth the specific information that a shareholder must include in the written notice to the Chairman of the Board for an effective nomination to occur. No person will be eligible for election as a director of the Corporation unless nominated in accordance with the Advance Notice Provisions of By-Law No. 3.

In the case of an annual meeting of shareholders, notice to the Corporation must be made not fewer than 30 and not more than 65 days prior to the date of the annual meeting, unless such meeting is called for a date that is fewer than 50 days after the date on which the first public filing or announcement of the date of such meeting was made, in which case notice must be made not later than the close of business on the 10th day following the date of such filing or announcement. In the case of a special meeting of shareholders (which is not also an annual meeting), notice to the Corporation must be made not later than the close of business on the 15th day following the day on which the first public filing or announcement of the date on which notice of such meeting was made.

Terms of the Enhanced Quorum

An Enhanced Quorum would provide a better framework to shareholders for exercising their fundamental right to make significant changes to the Board. In the absence of an Enhanced Quorum for the transaction of business at any meeting where the Enhanced Quorum is required, namely a meeting at which directors are to be elected, if the election vote may result in persons who were members of the Board immediately prior to such meeting ceasing to constitute a majority of the Board following such meeting (other than on a Change of Control as defined in By-Law No. 3), unless those present or represented by proxy at the meeting hold a majority of the shares of the Corporation entitled to vote at the meeting, those present and entitled to vote will constitute a quorum for only the purpose of (i) conducting all business other than for the election of directors, and (ii) the adjourning of such meeting. The meeting may be adjourned no more than twice for an aggregate of no more than 65 days. If an Enhanced Quorum is not present at the opening of the first or second adjourned meeting, if any, those shareholders present and entitled to vote at the second adjourned meeting will constitute quorum for the transaction of business, including the election of directors, at the adjourned meeting.

CONFIRMATION OF BY-LAW NO. 3 BY SHAREHOLDERS

If By-Law No. 3 is approved at the Meeting, it will continue to be effective and in full force and effect in accordance with its terms and conditions beyond the termination of the Meeting. The Board intends to review the by-law amendment from time to time and update it to the extent needed to reflect changes required by securities regulatory agencies or stock exchanges, or so as to meet industry standards.

At the Meeting, shareholders will be asked to approve the following by ordinary resolution (the “**By-Law Resolution**”):

“**BE IT RESOLVED**, as an ordinary resolution of the shareholders of the Corporation, that:

1. The adoption by the Corporation of By-Law No. 3, in the form of the by-law attached to this Circular of the Corporation, is hereby ratified, approved and confirmed without amendment; and,
2. Any one director or officer of the Corporation be and is hereby authorized and directed to do all such acts and things and to execute and deliver, under the corporate seal of the Corporation or otherwise, all such deeds, documents, instruments and assurances as in his or her opinion may be necessary or desirable to give effect to the foregoing resolution.”

The Board recommends that shareholders vote “FOR” the approval of the By-Law No. 3 including the By-Law Resolution. In the absence of contrary instructions, the persons designated by management of the Corporation in the enclosed form of proxy intend to vote FOR the approval of the By-Law Resolution.

AUTHORIZATION TO CHANGE THE NAME OF THE CORPORATION TO STARREX INTERNATIONAL LTD.

At the Meeting, shareholders will be asked to consider and, if deemed advisable, approve, with or without variation, a special resolution to change the name of the Corporation to “Starrex International Ltd.” or such other name as the board of directors considers advisable.

In this regard, the following special resolution will be proposed:

“BE IT RESOLVED, as a special resolution pursuant to the *Canada Business Corporations Act*, that:

1. The Articles of the Corporation be amended to change the name of the Corporation to “Starrex International Ltd.” or such other name as the directors may determine;
2. Any one director or officer of the Corporation be and is hereby authorized and directed for and on behalf of the Corporation (whether under its corporate seal or otherwise), at such time as the directors may determine, to execute and deliver Articles of Amendment to effect the foregoing resolutions and all other documents and instruments and to take all such other actions as such officer or director may deem necessary or desirable to implement the foregoing resolutions and the matters authorized hereby, such determinations to be conclusively evidenced by the execution and delivery of such documents or other instruments or the taking of any such action; and
3. Notwithstanding the approval of the shareholders to the above resolutions, the directors of the Corporation may revoke the foregoing resolutions before the endorsement by the Director under the Act of a certificate of amendment of articles in respect of such amendment without further approval of the shareholders of the Corporation.”

To be approved, the foregoing special resolution requires the affirmative vote of at least sixty-six and two-thirds percent (66 2/3%) of the votes cast on the special resolution. Proxies received in favour of management will be voted FOR the special resolution to change the name of the Corporation, unless the shareholder has specified in a proxy that his, her or its shares are to be voted against the special resolution

AUTHORIZATION TO CREATE A NEW CLASS OF SPECIAL SHARES ISSUABLE IN SERIES

It is proposed that the Corporation amend the Articles of the Corporation to increase the authorized capital of the Corporation by creating a new class of shares issuable in series, namely Class A Special Shares.

If the amendment is adopted by the shareholders at the Meeting, the principal rights, privileges, restrictions and conditions attaching to the Class A Special Shares will be in the form attached as Schedule “C” to this Circular. The designation, preferences, rights, privileges, restrictions, limitations, prohibitions and conditions attaching to each series of Class A Special Shares will be determined by the Board and set out in Articles of Amendment filed with the Director under the Act prior to the first issuance of any shares of the applicable series of Class A Special Shares.

At the Meeting, the shareholders will be asked to consider and, if appropriate, approve the following resolution:

“BE IT RESOLVED, as a special resolution pursuant to the *Canada Business Corporations Act*, that:

1. The Corporation be and is hereby authorized to amend its Articles under Section 173 of the *Canada Business Corporations Act* to create a new class of shares issuable in series to be designated as “Class A Special Shares” in an unlimited number with the rights, privileges, restrictions and conditions described in Schedule “C” to the Circular for this Meeting.
2. Any director or officer of the Corporation is hereby authorized to execute and deliver Articles of Amendment and to do all things and execute and deliver all such other instruments and documents as such person may determine to be necessary or desirable to give effect to this resolution and carry out the foregoing, the execution of any such document or the doing of any such other act or thing being conclusive evidence of such determination; and
3. Notwithstanding that this resolution has been duly passed by the shareholders of the Corporation or has received the approval of all applicable exchange and regulatory authorities, the board of directors may, in its sole discretion, determine not to proceed with the amendment or revoke this resolution at any time prior to the filing of the Articles of Amendment, without further approval of the shareholders of the Corporation.”

To be approved, the foregoing special resolution requires the affirmative vote of at least sixty-six and two-thirds percent (66 2/3%) of the votes cast on the special resolution. Proxies received in favour of management will be voted FOR the special resolution to amend the Articles to create a new class of shares, unless the shareholder has specified in a proxy that his, her or its shares are to be voted against the special resolution.

STOCK OPTION PLAN

Shareholders are being asked to approve amendments to the Corporation’s stock option plan by adopting a new Stock Option Plan to replace the Old Stock Option Plan. The Stock Option Plan was approved by the Board as at March 11, 2014. Details of the Stock Option Plan are found under the heading “*Long Term Incentive Plans (LTIP) Awards – Equity Compensation Plan Information*” and a copy of the Stock Option Plan is attached hereto as Schedule “D”.

The major changes to the Stock Option Plan, as compared to the Old Stock Option Plan are that (i) options granted shall now be required to vest not later than 10 years following the date of the grant; (ii) the administration of certain aspects of the plan may be delegated to a committee of the Board; (iii) the powers of the Board to amend the Stock Option Plan without shareholder approval and the circumstances under which amendments will require shareholder approval have been clarified; and (iv) the Board shall now be authorized to make loans to certain eligible participants upon certain conditions to assist such eligible participants to exercise their options. See “*Long Term Incentive Plans (LTIP) Awards – Equity Compensation Plan Information*” and the full text of the Stock Option Plan attached hereto as Schedule “D”.

On May 21, 2013, the Board granted 50,000 stock options to a director of the Corporation for a term of five (5) years, half of the options vesting on the first anniversary of the grant and the second half granted on the second anniversary of the grant. All such options granted prior to March 11, 2014 are subject to the terms of the Old Stock Option Plan and all options granted thereafter will be subject to the terms of the Stock Option Plan.

At the Meeting, the shareholders will be asked to approve the following resolution:

“BE IT RESOLVED, as an ordinary resolution, that the Stock Option Plan of the Corporation attached as Schedule “D” to the Circular and all grants of options thereunder be and they are hereby confirmed, ratified and approved and that the Board be and is hereby authorized, without further shareholder approval, to grant stock options pursuant to the Stock Option Plan as amended from time to time.”

The Board is recommending that shareholders vote FOR the approval of the Stock Option Plan. Unless otherwise directed, the persons named in the enclosed form of proxy intend to vote for the Stock Option Plan.

OTHER BUSINESS

While management of the Corporation is not aware of any business other than that mentioned in the Notice to be brought before the Meeting for action by the shareholders, **it is intended that the proxies hereby solicited will be exercised upon any other matter or proposal that may properly come before the Meeting, or any adjournments thereof, in accordance with the discretion of the persons authorized to act thereunder.**

ADDITIONAL INFORMATION

Additional information relating to the Corporation may be obtained by accessing the Corporation’s profile on SEDAR at www.sedar.com. Securityholders may contact Ronald K. Mann at P.O. Box 636 Stn F., Toronto, ON, M4Y 2N6 to request copies of the Corporation’s financial statements and management’s discussion and analysis, free of charge.

Financial information is provided in the Corporation’s comparative financial statements and management’s discussion and analysis for its most recently completed financial year.

BOARD APPROVAL

The contents and the sending of this Circular have been approved by the Board of Directors of the Corporation.

DATED at Toronto, Ontario, as of the 17th day of March, 2014.

By Order of the Board of Directors

“Ronald K. Mann”

Secretary

SCHEDULE “A”
STARREX MINING CORPORATION LTD.
(the “Corporation”)

CHARTER OF THE AUDIT COMMITTEE OF THE BOARD OF DIRECTORS

PURPOSE

The Audit Committee (the “Committee”) is a committee of the board of directors of the Corporation (the “Board”) established by and among the Board for the purpose of overseeing the accounting and financial reporting processes of the Corporation and audits of the financial statements of the Corporation. This Charter of the Audit Committee sets out the mandate and responsibilities of the Committee as delegated to it by the Board.

COMPOSITION

The Committee shall consist of a minimum of three (3) directors of the Corporation the majority of whom shall not be officers or employees of the Corporation or its affiliates (as that term is defined in the *Canada Business Corporations Act*) and only directors of the Corporation may be members of the Committee. All members of the Committee shall, to the satisfaction of the Board, be “financially literate” as such term is defined in section 1.6 of National Instrument 52-110 Audit Committees (“NI 52-110”) or become financially literate as permitted by section 3.8 of NI 52-110. The members of the Committee shall be appointed by the Board to hold office until the following annual shareholders’ meeting.

DUTIES AND RESPONSIBILITIES

The Committee will:

- (a) review and report to the Board on the following before they are approved by the Board or publicly disclosed:
 - (i) the annual financial statements and management’s discussion and analysis (“MD&A”) of the Corporation as defined in National Instrument 51-102 *Continuous Disclosure Obligations*; and
 - (ii) the auditors’ report, if any, prepared in relation to those financial statements;
- (b) review and approve, as delegates of the Board, the interim financial statements of the Corporation and the accompanying MD&A;
- (c) review the Corporation’s annual and interim earnings press releases, if any, before the Corporation publicly discloses this information;
- (d) satisfy itself that adequate procedures are in place for the review of the Corporation’s public disclosure of financial information extracted or derived from the Corporation’s financial statements and periodically assess the adequacy of those procedures;
- (e) recommend to the Board:
 - (i) the external auditor to be nominated for the purpose of preparing or issuing an auditor’s report or performing other audit, review or attest services for the Corporation; and
 - (ii) the compensation of the external auditor;
- (f) directly oversee the work of the external auditor engaged for the purpose of preparing or

issuing an auditor's report or performing other audit, review or attest services for the Corporation, including the resolution of disagreements between management and the external auditor regarding financial reporting;

- (g) monitor, evaluate and report to the Board on the integrity of the financial reporting process and the system of internal controls that management and the Board have established;
- (h) establish procedures for:
 - (i) the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls, or auditing matters; and
 - (ii) the confidential, anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters;
- (i) pre-approve all non-audit services to be provided to the Corporation or its subsidiary entities by the Corporation's external auditor;
- (j) review and approve the Corporation's hiring policies regarding partners, employees and former partners and employees of the present and former external auditor of the Corporation; and
- (k) with respect to ensuring the integrity of disclosure controls and procedures over financial reporting, understand the process utilized by the Chief Executive Officer and the Chief Financial Officer to comply with National Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings.

MEETINGS

- (a) The Committee shall meet no less than four times per year. At least annually, the Committee shall meet separately with management and with the external auditors.
- (b) The external auditors of the Corporation will receive notice of every meeting of the Committee and may attend and be heard thereat, and, if requested by a member of the Committee, shall attend every meeting of the Committee held during the term of office of the external auditors. The external auditors or any member of the Committee may call a meeting of the Committee.
- (c) The Board shall be kept informed of the Committee's activities by copies of minutes, at the next board meeting following each Committee meeting or by a verbal report, as the Committee may deem appropriate (see also "*Reporting*").

QUORUM

Quorum for the transaction of business at any meeting of the Committee shall be a majority of the total members of the Committee.

AUTHORITY

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

The Committee has the authority to communicate directly with and to meet with the external auditor and the internal auditor, if any, without management or Board involvement.

REPORTING

The external auditors of the Corporation are required to report directly to the Committee.

The reporting obligations of the Committee to the Board include:

- (a) reporting to the Board on the proceedings of each Committee meeting and on the Committee's recommendations at the next regularly scheduled Board meeting; and
- (b) reviewing and reporting to the Board on its concurrence with, the disclosure required by Form 52-110F2 in any management information circular, annual information form or annual MD&A prepared by the Corporation.

SCHEDULE "B"
BY-LAW NO. 3

BY-LAW NO. 3

BEING a by-law relating generally to the transaction of the business and affairs of
STARREX MINING CORPORATION LTD.

CONTENTS

<u>Para. No.</u>	<u>Page</u>
1. DEFINITIONS	1
GENERAL BUSINESS.....	1
2. REGISTERED OFFICE	1
3. SEAL	2
4. FISCAL YEAR	2
5. BANKING ARRANGEMENTS	2
6. EXECUTION OF INSTRUMENTS.....	2
7. SUBMISSION OF CONTRACTS OR TRANSACTIONS TO SHAREHOLDERS FOR APPROVAL	3
8. VOTING SECURITIES IN OTHER BODIES CORPORATE.....	3
9. CUSTODY OF SECURITIES	3
10. FINANCIAL ASSISTANCE.....	3
11. PURCHASE OF BUSINESS AS OF PAST DATE	4
DIRECTORS	4
12. POWER OF DIRECTORS	4
13. NUMBER OF DIRECTORS	4
14. QUORUM	4
15. QUALIFICATIONS	5
16. RESIDENT CANADIANS	5
17. ELECTION AND TERM	5
18. ADVANCE NOTICE OF NOMINATION OF DIRECTORS	5
19. REMOVAL OF DIRECTORS	7
20. VACANCIES ON THE BOARD	7
21. CONSENT OF DIRECTORS	8
22. REMUNERATION OF DIRECTORS	8
23. INTEREST OF DIRECTORS IN CONTRACTS	8
24. DECLARATION OF INTEREST	8
25. STANDARD OF CARE	9
26. COMMITTEE OF DIRECTORS	9
DIRECTORS' MEETINGS	9
27. CALLING OF MEETINGS	9
28. WAIVER OF NOTICE	9
29. REGULAR MEETINGS.....	9
30. FIRST MEETING OF NEW BOARD	10
31. ADJOURNED MEETINGS.....	10
32. PLACE OF MEETINGS	10
33. PARTICIPATION BY TELEPHONE.....	10
34. CHAIRMAN	10
35. VOTES TO GOVERN	10
36. TRANSACTION OF BUSINESS BY SIGNATURE	10
OFFICERS.....	10

37.	ELECTED OR APPOINTED OFFICERS	10
38.	CHAIRMAN OF THE BOARD.....	11
39.	PRESIDENT	11
40.	VICE-PRESIDENT.....	11
41.	GENERAL MANAGER.....	11
42.	SECRETARY.....	11
43.	TREASURER.....	12
44.	OTHER OFFICERS	12
45.	VARIATION OF DUTIES	12
46.	TERM OF OFFICE AND REMUNERATION	12
47.	VACANCIES.....	12
48.	DUTIES OF OFFICERS MAY BE DELEGATED	12
49.	AGENTS AND ATTORNEYS.....	12
50.	FIDELITY BONDS.....	12
DIRECTORS' AND OFFICERS' LIABILITY		12
51.	PROTECTION OF DIRECTORS AND OFFICERS.....	12
52.	INDEMNITY OF DIRECTORS AND OFFICERS.....	13
53.	INSURANCE FOR DIRECTORS AND OFFICERS	13
SHARES.....		14
54.	ISSUANCE.....	14
55.	PAYMENT OF COMMISSIONS.....	14
56.	SECURITY CERTIFICATES	14
57.	DEALINGS WITH REGISTERED HOLDER	14
58.	REPLACEMENT OF SECURITY CERTIFICATES	14
59.	CENTRAL AND BRANCH REGISTERS	15
60.	TRANSFER AGENT AND REGISTRAR	15
61.	TRANSFER OF SHARES.....	15
62.	CLOSING REGISTER.....	15
63.	JOINT SHAREHOLDERS	15
64.	DECEASED SHAREHOLDERS	15
SHAREHOLDERS' MEETINGS.....		15
65.	ANNUAL MEETING	15
66.	SPECIAL MEETINGS	16
67.	PLACE OF MEETINGS	16
68.	NOTICES OF MEETINGS OF SHAREHOLDERS	16
69.	OMISSION OF NOTICE	16
70.	WAIVER OF NOTICE	16
71.	REPORTS TO SHAREHOLDERS	16
72.	LIST OF SHAREHOLDERS ENTITLED TO NOTICE.....	17
73.	RECORD DATE FOR NOTICE	17
74.	PERSONS ENTITLED TO BE PRESENT	17
75.	QUORUM	17
76.	ENHANCED QUORUM	18
77.	RIGHT TO VOTE.....	19
78.	REPRESENTATIVES	19
79.	PROXIES	19
80.	JOINT SHAREHOLDERS	20
81.	CHAIRMAN.....	20
82.	SCRUTINEERS	20
83.	VOTES TO GOVERN	20
84.	SHOW OF HANDS.....	20
85.	BALLOTS.....	20
86.	CASTING VOTE.....	21
87.	ADJOURNMENT	21

DIVIDENDS	21
88. DIVIDENDS.....	21
89. DIVIDEND CHEQUES.....	21
90. NON-RECEIPT OF CHEQUES.....	22
91. UNCLAIMED DIVIDENDS	22
92. RECORD DATE FOR DIVIDENDS AND RIGHTS	22
NOTICES.....	22
93. METHOD OF GIVING NOTICES	22
94. RECORDED ADDRESSES.....	23
95. UNDELIVERED NOTICES	23
96. COMPUTATION OF TIME	23
97. SIGNATURES TO NOTICES.....	23
98. OMISSIONS AND ERRORS.....	23
99. NOTICE TO JOINT SHAREHOLDERS	23
100. NOTICE TO DECEASED SHAREHOLDER	23
101. PERSONS BECOMING ENTITLED BY OPERATION OF LAW.....	23
102. WAIVER OF NOTICE	24
103. PROOF OF SERVICE.....	24
PRIOR BY-LAWS	24
104. PRIOR BY-LAW NO. 1 REPEALED	24

BY-LAW NO. 3

BE IT ENACTED and it is hereby enacted as a by-law of **STARREX MINING CORPORATION LTD.** (hereinafter called the "**Corporation**") as follows:

1. Definitions. In this by-law and all other by-laws of the Corporation, unless the context otherwise requires:

- (a) "**Act**" means the *Canada Business Corporations Act*, R.S.C. 1985, chap. C-44, as amended from time to time or any act or statute that may hereafter be substituted therefor, and shall include the regulations made pursuant to the Act and any amendments or substitutions thereto;
- (b) "**Articles**" means the articles attached to the certificate of the Corporation as from time to time amended or restated, and any articles of amendment, articles of amalgamation, articles of continuance, articles of reorganization, articles of arrangement, articles of dissolution or articles of revival, and any amendments thereto;
- (c) "**Board**" means the board of directors of the Corporation;
- (d) "**by-laws**" means any by-law of the Corporation from time to time in force and effect;
- (e) all terms contained in the by-laws which are defined in the Act shall have the meanings given to such terms in the Act;
- (f) words importing the singular number only shall include the plural and *vice versa*; words importing the masculine gender shall include the feminine and neuter genders; words importing persons shall include individuals, sole proprietorships, partnerships, unincorporated associations, syndicates or organizations, trusts, bodies corporate and natural persons in their capacity as trustees, executors, administrators or other legal representatives; and
- (g) the headings used in the by-laws are inserted for reference purposes only and are not to be considered or taken into account in construing the terms or provisions thereof or to be deemed in any way to clarify, modify or explain the effect of any such terms or provisions.

GENERAL BUSINESS

2. Registered Office. The Board may, from time to time by resolution, fix the location of the registered office of the Corporation within the municipality or geographic location in Canada specified in its Articles to be the place where the registered office of the Corporation is to be located. Such municipality or geographic location may be changed to another place in Canada by resolution and, if so changed, the Secretary of the Corporation shall file a notice of such change with Corporations Canada within fifteen days as required by the Act.

3. Seal. The Corporation may have a corporate seal if the Board so determines and, in that event, the seal shall be adopted by the Board and may be changed by resolution of the Board.

4. Fiscal Year. The fiscal year of the Corporation shall terminate on December 31 in each year until same is changed by resolution of the Board, subject to the Corporation obtaining any requisite governmental approvals.

5. Banking Arrangements. The banking business of the Corporation or any part thereof shall be transacted with such bank, trust company or other firm or corporation carrying on a banking business as the Board may designate, appoint or authorize from time to time by resolution. All such banking business or any part thereof shall be transacted on the Corporation's behalf by such one or more officers and/or other persons as the Board may designate, direct or authorize from time to time by resolution and to the extent therein provided, including, but without restricting the generality of the foregoing:

- (a) the operation of the Corporation's accounts;
- (b) the making, signing, drawing, accepting, endorsing, negotiating, allotting, lodging, depositing or transferring of any cheques, promissory notes, drafts, acceptances, bills of exchange and orders for the payment of money;
- (c) the giving of receipts for and orders relating to any property of the Corporation;
- (d) the execution of any agreement relating to any banking business and defining the rights and powers of the parties thereto; and
- (e) the authorizing of any officer of such banker to do any act or thing on the Corporation's behalf to facilitate such banking business.

6. Execution of Instruments. Contracts, documents or instruments in writing requiring the signature of the Corporation may be signed by the President and the Secretary of the Corporation, and the corporate seal of the Corporation may, when required, be affixed thereto. In addition, the Board may from time to time by resolution direct the manner in which and the person or persons by whom any contracts, documents or instruments in writing are to be executed. All contracts, documents or instruments in writing so signed shall be binding upon the Corporation without any further authorization or formality.

The signature or signatures of any person or persons appointed as aforesaid by resolution of the Board may, if specifically authorized by such or another resolution, be printed, engraved, lithographed or otherwise mechanically reproduced upon all contracts, documents or instruments in writing executed on behalf of the Corporation. All contracts, documents or instruments in writing on which the signature or signatures of any of the foregoing persons shall be so reproduced shall be deemed to have been manually signed by such persons whose signature or signatures is or are so reproduced, and shall be as valid to all intents and purposes as if they had been signed manually and notwithstanding that any officer or director whose signature or signatures is or are so reproduced may have ceased to hold office at the date of the delivery or issue of such contracts, documents or instruments in writing.

The term "contracts, documents or instruments in writing" as used herein shall include deeds, mortgages, hypothecs, charges, conveyances, transfers and assignments of property (real or

personal, movable or immovable), agreements, releases, receipts and discharges for the payment of money or other obligations, conveyances, transfers and assignments of securities, and all other paper writings.

7. Submission of Contracts or Transactions to Shareholders for Approval. The Board in its discretion may submit any contract, act or transaction for approval, ratification or confirmation at any annual meeting of the shareholders or at any special meeting of the shareholders called for the purpose of considering the same. Any contract, act or transaction that shall be approved, ratified or confirmed by resolution passed by a majority of the votes cast at any such meeting (unless any different or additional requirement is imposed by the Act or by the Corporation's Articles or by-laws) shall be as valid and as binding upon the Corporation and upon all the shareholders as though it had been approved, ratified and/or confirmed by every shareholder of the Corporation.

8. Voting Securities in Other Bodies Corporate. All securities of any other body corporate carrying voting rights which are held from time to time by the Corporation may be voted at all meetings of shareholders, bondholders, debenture holders or holders of such securities, as the case may be, of such other body corporate in such manner and by such person or persons as the Board shall from time to time determine by resolution. Notwithstanding the foregoing, the duly authorized signing officers of the Corporation may from time to time execute and deliver for and on behalf of the Corporation proxies and/or arrange for the issuance of voting certificates and/or other evidence of the right to vote in such names as they may determine without the necessity of a resolution or other action by the Board.

9. Custody of Securities. All securities (including warrants) owned by the Corporation shall be lodged in a safety deposit box in the name of the Corporation with a chartered bank or trust company or with such other depositories or in such other manner as may be determined from time to time by the Board. All securities (including warrants) belonging to the Corporation may be issued and held in the name of a nominee or nominees of the Corporation and, if issued or held in the names of more than one nominee, shall be held in the names of the nominees jointly with right of survivorship. Such securities and/or warrants shall be endorsed in blank (with endorsements guaranteed, if required) in order to enable transfer thereof to be completed and registration thereof to be effected.

10. Financial Assistance. The Board may from time to time approve the giving of financial assistance by means of a loan, guarantee or otherwise:

- (a) to any person on account of expenditures incurred or to be incurred on behalf of the Corporation;
- (b) to a subsidiary body corporate of the Corporation;
- (c) to employees of the Corporation or of any of its affiliates, whether or not they are shareholders or directors:
 - (i) to enable or assist them to purchase or erect living accommodations for their own occupation; or
 - (ii) in accordance with a plan for the purchase of shares of the Corporation or any of its affiliates to be held by a trustee; and

- (d) in any other case;

unless there are reasonable grounds for believing that:

- (i) the Corporation is or would, after giving such financial assistance, be unable to pay its liabilities as they become due; or
- (ii) the realizable value of the Corporation's assets, excluding the amount of any financial assistance in the form of a loan and in the form of any secured guarantee, would, after giving the financial assistance, be less than the aggregate of the Corporation's liabilities and the stated capital of all classes.

11. Purchase of Business as of Past Date. Where any business is bought by the Corporation as from a past date (whether such date be before or after the incorporation of the Corporation) upon terms that the Corporation shall, as from that date, take the profits and bear the losses of the business, such profits or losses (as the case may be) shall, at the discretion of the Board, be credited or debited wholly or in part to revenue account. In that case, the amount so credited or debited shall, for the purpose of ascertaining the funds available for dividends, be treated as a profit or loss arising from the business of the Corporation.

DIRECTORS

12. Power of Directors. The directors of the Corporation shall manage or supervise the management of the business and affairs of the Corporation.

Any one or more of the directors of the Corporation shall be authorized to execute, take and renew on the Corporation's behalf all bills of sale, chattel mortgages, assignments of book debts and conditional sale contracts necessary or expedient to be executed, taken and/or renewed from time to time and to make such affidavits as may be required for the registration or filing thereof. For the purposes aforesaid, such directors are hereby given full power and authority to perform and execute all acts, deeds, matters and things necessary or expedient in connection therewith.

13. Number of Directors. Subject to the Act and the Articles of the Corporation, the number of directors of the Corporation shall be that number of directors determined by the shareholders or, where applicable, determined by the Board from time to time within the minimum and maximum as permitted by the Articles of the Corporation. If and as long as the Corporation is a distributing corporation, the Board shall consist of not fewer than three individuals and at least two of the directors shall be individuals who are not officers or employees of the Corporation or any of its affiliates.

14. Quorum. A majority of the number of directors as so determined (or of the minimum number of directors required by the Articles, should the number of directors not be so determined) shall constitute a quorum at any meeting of the directors, however:

- (a) if there are only one or two directors, that one or both directors must be present at any meeting to constitute a quorum; and
- (b) a quorum determined as aforesaid shall not be less than two/fifths of the number of directors.

Notwithstanding vacancies, the remaining directors may exercise all the powers of the Board so long as a quorum of the Board remains in office.

15. Qualifications. Each director shall be 18 or more years of age and shall be an individual as defined by the Act. No person who is of unsound mind and has been so found by a court in Canada or elsewhere or who has the status of a bankrupt shall be a director. If a director acquires the status of a bankrupt or becomes of unsound mind and is so found, he shall thereupon cease to be a director. A director need not be a shareholder.

16. Resident Canadians. At least 25 per cent of the directors of the Corporation shall be resident Canadians. Where the Corporation has fewer than four directors, at least one director shall be a resident Canadian. No business shall be transacted by the Board at any meeting unless 25 per cent of the directors present are resident Canadians or unless one or more resident Canadian directors who were unable to be present (and who would have constituted such a majority had they been present) approve in writing or by telephone or other communications facilities the business transacted at the meeting. The provisions of this paragraph do not apply if the meeting is being held for the purpose of filling a vacancy on the Board.

17. Election and Term. Subject to the provisions, if any, of the Corporation's Articles, directors shall be elected by the shareholders of the Corporation to hold office until the next annual meeting of the shareholders and/or until their successors shall have been duly elected or appointed. The whole Board shall be elected at each annual meeting and all the directors then in office shall retire, but, if qualified, are eligible for re-election. The election may be by a show of hands or by a resolution of the shareholders, unless a ballot be demanded by any shareholder.

18. Advance Notice of Nomination of Directors. Subject to the Act and the Articles, only persons who are nominated in accordance with the following procedures shall be eligible for election as directors of the Corporation. Nominations of persons for election to the Board may be made at any annual meeting of shareholders, or at any special meeting of shareholders if one of the purposes for which such special meeting was called was the election of directors: (a) by or at the direction or with the approval of the Board, including pursuant to a notice of meeting or management information circular approved by the Board; (b) by or at the direction or request of one or more shareholders pursuant to a proposal made in accordance with the provisions of the Act or a requisition of the shareholders made in accordance with the provisions of the Act; or (c) by any person (a "**Nominating Shareholder**") (i) who, at the close of business on the date of the Nominating Shareholder giving the Notice provided for below in this paragraph 18 and on the record date for the notice of such meeting, is entered in the securities register of the Corporation as a holder of one or more shares carrying the right to vote at such meeting, or who beneficially owns shares that are entitled to be voted at such meeting and (ii) who complies with the notice and other procedures set forth below in this paragraph 18.

In addition to any other applicable requirements, for a nomination to be made by a Nominating Shareholder, such Nominating Shareholder must have given timely notice thereof in proper written form (the "**Notice**") to the Secretary of the Corporation at the registered office of the Corporation in accordance with this paragraph 18.

To be timely, a Nominating Shareholder's Notice to the Secretary of the Corporation must be given: (a) in the case of an annual meeting of shareholders, not less than 30, nor more than 65, days prior to the date of the annual meeting of shareholders; provided, however, that in the event that the annual meeting of shareholders is to be held on a date that is less than 50 days after the

date (the “**Annual Meeting Notice Date**”) on which the first public announcement of the date of the annual meeting was made, Notice by the Nominating Shareholder may not be made later than the close of business on the tenth (10th) day following the Annual Meeting Notice Date; and (b) in the case of a special meeting (which is not also an annual meeting) of shareholders called for the purpose of electing directors (whether or not called for other purposes), not later than the close of business on the fifteenth (15th) day following the day on which the first public announcement of the date of the special meeting of shareholders was made. In no event shall any adjournment or postponement of a meeting of shareholders or the announcement thereof commence a new time period for the giving of a Nominating Shareholder’s Notice as described above.

To be in proper written form, a Nominating Shareholder’s Notice to the Secretary of the Corporation must set forth: (a) as to each person whom the Nominating Shareholder proposes to nominate for election as a director: (i) the name, age, business address and residential address of the person, (ii) the principal occupation, business or employment of the person for the most recent five years including, without limitation, the name and principal business of any company in which any such employment is carried on, (iii) the number of securities of each class of voting securities of the Corporation or any of its subsidiaries beneficially owned, or controlled or directed, directly or indirectly, by the person as of the record date for the meeting of shareholders (if such date shall then have been made publicly available and shall have occurred) and as of the date of such Notice, and (iv) any other information relating to the person that would be required to be disclosed in a dissident’s proxy circular in connection with solicitations of proxies for the election of directors pursuant to the Act and Applicable Securities Laws; and (b) as to the Nominating Shareholder giving the Notice, any proxy, contract, arrangement, understanding or relationship pursuant to which such Nominating Shareholder has a right to vote any securities of the Corporation and any other information relating to such Nominating Shareholder that would be required to be made in a dissident’s proxy circular in connection with solicitations of proxies for election of directors pursuant to the Act and Applicable Securities Laws.

To be eligible for election as a director of the Corporation, the Corporation may require any proposed nominee (i) to deliver a written consent, in form and substance acceptable to the Corporation, to act as a director of the Corporation; and (ii) to furnish such other information as may reasonably be required by the Corporation to determine the eligibility of such proposed nominee to serve as an “independent” director of the Corporation within the meaning of such term under Applicable Securities Laws, or that could be material to a reasonable shareholder’s understanding of the independence, or lack thereof, of such proposed nominee.

No person shall be eligible for election as a director of the Corporation unless nominated in accordance with the provisions of this paragraph 18; provided, however that nothing in this paragraph 18 shall be deemed to preclude discussions by a shareholder (as distinct from the nomination of directors) at a meeting of shareholders of any matter that properly comes before such meeting and in respect of which such shareholder would have been entitled to submit a proposal pursuant to the provisions of the Act.

The chair of the meeting shall have the power and duty to determine whether a nomination was made in accordance with the procedures set forth in the foregoing provisions and, if any proposed nomination is not in compliance with such foregoing provisions, to declare that such non-compliant nomination shall be disregarded.

For purposes of this paragraph 18:

- (i) **“Applicable Securities Laws”** means the *Securities Act* (Ontario) and the equivalent securities legislation of each of the other provinces and territories of Canada which are applicable to and govern the Corporation, as such statutes are amended from time to time, and the rules, regulations and forms made or promulgated under any such statute and the published national instruments, multilateral instruments, policies, bulletins and notices of the securities commission and similar regulatory authority of each of provinces and territories of Canada which are applicable to and govern the Corporation;
- (ii) **“business day”** means any day other than a Saturday, Sunday or statutory holiday in the Provinces of Ontario; and
- (iii) **“public announcement”** means disclosure in a press release reported by a national news service in Canada, or in a document publicly filed by the Corporation under its profile on the System for Electronic Document Analysis and Retrieval at www.sedar.com.

Notwithstanding anything to the contrary in the by-laws, Notice given to the Secretary of the Corporation pursuant to this paragraph 18 may only be given by personal delivery, facsimile transmission or electronic mail (at such email address as stipulated from time to time by the Secretary of the Corporation for the purposes of such notices), and shall be deemed to have been given and made only at the time it is served by personal delivery, sent by electronic mail (provided such email is received) or sent by facsimile transmission (provided that receipt of confirmation of such transmission has been received) to the Secretary of the Corporation at the address of the registered office of the Corporation; provided that if such delivery or electronic communication is made on a day which is not a business day or later than 5:00 p.m. (local time at the registered office of the Corporation) on a day which is a business day, then such delivery or electronic communication shall be deemed to have been made on the next subsequent day that is a business day.

Notwithstanding the foregoing, the Board may, in its sole discretion, waive any requirement in this paragraph 18.

19. Removal of Directors. The shareholders may, by ordinary resolution passed at an annual or special meeting of the shareholders of the Corporation, remove any director from office. Notice of intention to pass any such resolution shall be given in the notice calling the meeting. The shareholders may, by a majority of votes cast at that meeting, elect a qualified person to fill the vacancy created by the removal of such director, failing which such vacancy may be filled by the remaining directors should a quorum be in office.

20. Vacancies on the Board. Vacancies are created on the Board when:

- (a) a director dies;
- (b) he is removed from office by the shareholders;
- (c) he ceases to be qualified for election as a director;
- (d) his written resignation is sent or delivered to the Corporation, which is effective immediately on receipt or in accordance with its terms, whichever is later;

- (e) the number of directors or the minimum number of directors is increased by the shareholders; or
- (f) the shareholders fail to elect the number of directors or the minimum number of directors.

Subject to the Act, a quorum of the Board may fill a vacancy on the Board, except a vacancy resulting from either (e) or (f) above. In the absence of a quorum of the Board or in the case of such exceptions, the Board shall call a special meeting of the shareholders to fill the vacancy. If the Board fails to call such meeting or there are no directors then in office, any shareholder may call the meeting.

21. Consent of Directors. No director shall be elected or appointed to office unless such person is present at the meeting when he is elected or appointed and does not refuse at the meeting to act as a director or, where he is not present at the meeting when he is elected or appointed, he has consented to act as a director in writing before his election or appointment or within ten days thereafter.

22. Remuneration of Directors. The directors shall be paid such remuneration as may be determined from time to time by the Board. Any remuneration so payable to a director who is also an officer or employee of the Corporation, counsel or solicitor to the Corporation or otherwise serves it in a professional capacity shall be in addition to his salary as such officer or to his professional fees, as the case may be. The directors shall also be paid such sums in respect of their out-of-pocket expenses incurred in attending Board, committee or shareholders' meetings or otherwise in respect of the performance by them of their duties as the Board may from time to time determine. The Board may also by resolution (which does not require confirmation by the shareholders) award special remuneration to any director in undertaking any special services on the Corporation's behalf other than the routine work ordinarily required of a director of the Corporation.

23. Interest of Directors in Contracts. Provided that the provisions of the immediately following paragraph shall have been complied with, no director shall be disqualified by his office from contracting with the Corporation, nor shall any contract or arrangement entered into by or on behalf of the Corporation with any director or in which any director is in any way interested be liable to be voided, nor shall any director so contracting or being so interested be liable to account to the Corporation for any profit realized by any such contract or arrangement by reason of such director holding that office or of the fiduciary relationship thereby established.

24. Declaration of Interest. It shall be the duty of every director of the Corporation who is a party to a material contract or transaction or proposed material contract or transaction with the Corporation, or is a director of, or has a material interest in, any person who is a party to a material contract or transaction or proposed material contract or transaction with the Corporation, to comply with section 120 of the Act and disclose the nature and extent of such interest in writing to the Corporation or request to have entered in the minutes of meetings of directors the nature and extent of his interest. Such disclosure shall be made:

- (a) at the meeting at which a proposed contract or transaction is first considered;
- (b) if the director was not then interested in a proposed contract or transaction, at the first meeting after he becomes so interested;

- (c) if the director becomes interested after a contract is made or a transaction is entered into, at the first meeting after he becomes so interested; or
- (d) if a person who is interested in a contract or transaction later becomes a director, at the first meeting after he becomes a director.

Except as permitted by the Act, the director shall absent himself from that part of the meeting during which the subject contract or arrangements is discussed and shall refrain from voting in respect of the contract or transaction or proposed contract or transaction during which time the quorum will remain unaffected.

25. Standard of Care. Every director and officer of the Corporation, in exercising his powers and discharging his duties, shall act honestly and in good faith with a view to the best interests of the Corporation and exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. Every director and officer of the Corporation shall comply with the Act and the Corporation's Articles and by-laws.

26. Committee of Directors. The Board may appoint from its members a committee of directors, however designated, and delegate to such committee any of the powers of the Board, except those which a committee of directors has no authority to exercise under the Act. At least 25% of the members of such committee, or such other amount mandated by the Act, shall be resident Canadians. The business of the committee shall be transacted in the same manner as that set out herein for the Board. However, the committee shall have the power to fix its quorum, elect its chairman and regulate its procedure, unless otherwise determined by the Board.

DIRECTORS' MEETINGS

27. Calling of Meetings. Meetings of the Board shall be held from time to time at such place, at such time and on such day as the Chairman of the Board, if any, the President, a Vice-President who is a director or any two directors may determine, and the Secretary shall call meetings when directed or authorized by such person or persons. Notice of every meeting so called shall be given to each director in accordance with the provisions of paragraph 93 of this by-law not less than 48 hours before the time when the meeting is to be held, and such notice shall specify the general nature of any business to be transacted. No notice of a meeting shall be necessary if all of the directors are present or if those absent have waived notice of or have otherwise signified their consent to the holding of such meeting.

28. Waiver of Notice. Notice of any meeting of the Board or any irregularity in any meeting or in the notice thereof may be waived by any director in any manner, and such waiver may be validly given either before or after the meeting to which such waiver relates. Attendance of a director at a meeting is a waiver of notice of the meeting, except where a director attends a meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not lawfully called.

29. Regular Meetings. The Board may appoint a day or days in any month or months for regular meetings at a place and hour to be named. A copy of any resolution of the Board fixing the place and time of regular meetings of the Board shall be sent to each director forthwith after being passed, but no other notice shall be required for any such regular meeting unless the Act requires the purpose thereof or the business to be transacted thereat to be specified.

30. First Meeting of New Board. Each newly-elected Board may without notice hold its first meeting (for the purpose of organization and the election and appointment of officers) immediately following the meeting of shareholders at which such Board was elected, provided that a quorum of directors is present.

31. Adjourned Meetings. Notice of an adjourned meeting of the Board is not required if the date, time and place of the adjourned meeting is announced at the original meeting. If any of the date, time or place is not so announced but a process for giving notice thereof is so announced, notice in accordance with such process constitutes adequate notice notwithstanding such process may not comply with paragraph 27 or 93 hereof.

32. Place of Meetings. Meetings of the Board may be held at the registered office of the Corporation or at any other place within or outside of Canada. In any fiscal year of the Corporation, a majority of the meetings of the Board need not be held within Canada.

33. Participation by Telephone. With the unanimous consent of all of the directors of the Corporation present at or participating in a meeting (such consent given either before or after the meeting), a meeting of the Board may be held by means of such telephone, electronic or other communication facilities as permit all persons participating in the meeting to communicate with each other simultaneously and instantaneously, and a director participating in such a meeting by such means is deemed to be present at that meeting. If a majority of the directors participating at a meeting held as herein provided are then in Canada, the meeting shall be deemed to have been held in Canada.

34. Chairman. The Chairman at any meeting of the Board shall be the first mentioned of such of the following officers as have been appointed and who is a director and is present at the meeting: the Chairman of the Board, the Managing Director, the Chief Executive Officer, the President or a Vice-President. If no such officer is present, the directors present shall choose one of their number to be Chairman.

35. Votes to Govern. At all meetings of the Board, every question shall be decided by a majority of the votes cast on the question, unless otherwise provided in the Act. In case of an equality of votes, the Chairman of the meeting shall **not** be entitled to a second or casting vote.

36. Transaction of Business by Signature. A resolution in writing signed by all of the directors entitled to vote on that resolution at a meeting of directors is as valid as if it had been passed at a meeting of directors duly called, constituted and held for that purpose.

OFFICERS

37. Elected or Appointed Officers. The Board may from time to time designate the offices of the Corporation, appoint officers, specify their duties and, subject to the Act, delegate to them powers to manage the business and affairs of the Corporation. At the first meeting of the new Board after the election of directors at each annual meeting of the shareholders, the Board shall appoint or elect a President and a Secretary and may appoint or elect a Chairman of the Board, a Chief Executive Officer, one or more Vice-Presidents (to which title may be added words indicating seniority or function), a General Manager, a Chief Financial Officer, a Treasurer and such other officers, employees and agents as the Board may determine, including one or more assistants to any of the officers so appointed or elected. The persons so appointed or elected to any of the offices of the Corporation, other than the office of Chairman of the Board, may but

need not be members of the Board. One person may hold more than one office and, if the same person holds both the office of Secretary and the office of Treasurer, he may be known as the Secretary–Treasurer. Unless otherwise from time to time specified by the Board, the offices of the Corporation, if so designated, and the officers so appointed shall have the duties and powers hereinafter set forth.

38. Chairman of the Board. The Board may from time to time appoint or elect from its members a Chairman of the Board. If appointed, the Board may assign to him any of the powers and duties that are by this by–law assigned to the President and such other powers and duties as the Board may determine, subject to the Act or the Articles. The Chairman of the Board shall, when present, preside at all meetings of the Board and the shareholders of the Corporation. If so appointed by the Board, he may be the Chief Executive Officer of the Corporation and, if so appointed, shall exercise general supervision over the business and affairs of the Corporation.

39. President. The President shall be the chief operating officer of the Corporation and, in the absence of an appointed Chief Executive Officer, shall also be the chief executive officer of the Corporation and, as such, shall exercise general supervision over the day–to–day business and affairs of the Corporation. In the absence or disability of the Chairman of the Board and if the President is also a director of the Corporation, the President shall, when present, preside at all meetings of the Board, any committee of directors and the shareholders. He shall sign such contracts, documents or instruments in writing as require his signature, and shall have such other powers and shall perform such other duties as may from time to time be assigned to him by the Board or as are incidental to his office.

40. Vice-President. During the absence or inability to act of the President, his duties may be performed and his powers may be exercised by the Vice–President or, if there are more than one, by the Vice–Presidents in order of seniority (as determined by the Board), except that no Vice–President shall preside at a meeting of the Board or at a meeting of shareholders if he is not a director. If a Vice–President exercises any such duty or power, the absence or inability to act of the President shall be presumed with reference thereto. A Vice–President shall also perform such duties and exercise such powers as the President may from time to time delegate to him or as the Board may prescribe.

41. General Manager. The General Manager, if one be appointed, shall have the general management and direction, subject to the authority of the Board and the supervision of the President, of the Corporation's business and affairs and the power to appoint and remove any and all officers, employees and agents of the Corporation not elected or appointed directly by the Board and to settle the terms of their employment and remuneration. If and so long as the General Manager is a director, he may but need not be known as the Managing Director.

42. Secretary. The Secretary shall give or cause to be given all notices required to be given to the shareholders, directors, auditors and members of committees. He shall attend all meetings of the directors and of the shareholders (at the invitation of the meeting, if he is not a director) and act as Secretary thereat, and shall enter or cause to be entered, in books kept for that purpose, minutes of all proceedings at such meetings. He shall be the custodian of the minute book, registers and corporate seal of the Corporation and of all books, papers, records, documents and other instruments belonging to the Corporation (except when some other officer or agent has been appointed for that purpose). The Secretary shall sign such contracts, documents or instruments in writing as require his signature, and shall perform such other duties as may from time to time be prescribed by the Board.

43. Treasurer. The Treasurer shall keep full and accurate books of account in compliance with the Act in which shall be recorded all receipts and disbursements of the Corporation and, under the direction of the Board, shall control the deposit of money, the safekeeping of securities and the disbursement of the funds of the Corporation. He shall render to the Board at the meetings thereof or whenever required of him an account of all his transactions as Treasurer and of the financial position of the Corporation, and shall perform such other duties as may from time to time be prescribed by the Board.

44. Other Officers. The duties of all other officers of the Corporation shall be such as the terms of their engagement call for or the Board requires of them. Any of the powers and duties of an officer to whom an assistant has been appointed may be exercised and performed by such assistant, unless the Board otherwise directs.

45. Variation of Duties. From time to time, the Board may vary, add to or limit the powers and duties of any officer or officers.

46. Term of Office and Remuneration. In the absence of any written agreement to the contrary, the Board may remove at its pleasure any officer of the Corporation. Each officer shall continue to hold office until removed or his successor is appointed by the Board. The terms of employment and remuneration of the officers of the Corporation elected or appointed by the Board shall be settled from time to time by it.

47. Vacancies. If any office created by the Board shall be or become vacant by reason of death or resignation or in any other manner, the Board shall, in the case of the office of the President or the Secretary, appoint someone to fill the vacancy, and may but need not, in the case of all other offices, fill any vacancy.

48. Duties of Officers May Be Delegated. In case of the absence or inability or refusal to act of any officer of the Corporation or for any other reason that the Board may deem sufficient, the Board may delegate all or any of the powers of such officer to any other officer or to any director for the time being.

49. Agents and Attorneys. The Board shall have power from time to time to appoint agents or attorneys for the Corporation in or out of Ontario with such powers of management or otherwise (including the power to sub-delegate) as may be thought fit.

50. Fidelity Bonds. The Board may require any officer, employee or agent of the Corporation to furnish a bond for the faithful discharge of his duties in such form and with such surety as the Board may from time to time prescribe.

DIRECTORS' AND OFFICERS' LIABILITY

51. Protection of Directors and Officers. No director or officer of the Corporation shall be liable for:

- (a) the acts, receipts, neglects or defaults of any other director or officer or for joining in any receipts or other act for conformity;
- (b) any loss, damage or expense happening to the Corporation through the insufficiency or deficiency of title to any property acquired by order of the Board

for or on behalf of the Corporation, or through the insufficiency or deficiency of any security in or upon which any of the moneys of the Corporation shall be invested;

- (c) any loss or damage arising from the bankruptcy, insolvency or tortious act of any person with whom any of the moneys, securities or effects of the Corporation shall be deposited;
- (d) any loss, conversion, misapplication or misappropriation of or any damage resulting from any dealings with any moneys, securities or other assets belonging to the Corporation;
- (e) any loss occasioned by any error of judgment or oversight on his part; or
- (f) any other loss, damage or misfortune whatever which shall happen in the execution of the duties of his office or in relation thereto;

unless in or as a result of any action, suit or proceeding he is adjudged to be in breach of any duty or responsibility imposed upon him under the Act or under any other statute.

52. Indemnity of Directors and Officers. Every director or officer of the Corporation (which includes any person who is a former director or officer or who acts or acted, at the Corporation's request, as a director or officer of a subsidiary body corporate of the Corporation or other corporation or entity) and his heirs, executors and administrators and his estate and effects, respectively, shall from time to time and at all times be indemnified and saved harmless, subject to the provisions of the Act, out of the funds of the Corporation from and against any liability and all costs, charges and expenses, including an amount paid to settle an action or satisfy a judgment reasonably incurred by him in respect of any civil, criminal or administrative action or proceeding to which he is made a party by reason of being or having been a director or officer of the Corporation (including a subsidiary), provided that:

- (a) he acted honestly and in good faith with a view to the best interests of the Corporation; and
- (b) in the case of a criminal or administrative action or proceeding that is enforced by a monetary penalty, he had reasonable grounds for believing that his conduct was lawful.

The Corporation may enter into indemnification agreements with any or all of its officers and directors providing indemnification on such terms as may be set out therein, subject to the foregoing provisions.

53. Insurance for Directors and Officers. Subject to the limitations contained in the Act, the Corporation may purchase and maintain such insurance for the benefit of its directors and officers against any liability incurred by them in their respective capacities as directors and officers, as the Board may from time to time determine.

SHARES

54. Issuance. Subject to the Act and the Articles of the Corporation, the whole or any part of the authorized and unissued shares of the Corporation may be issued at such time and to such persons and for such consideration as the Board may determine. Options to purchase such shares may be granted by the Board to any person or persons at its discretion. No share shall be issued until it is fully paid, as prescribed by the Act. A decision of the Board, as evidenced by resolution, to issue shares to any person subscribing therefor (called a "subscriber") shall be deemed to constitute an allotment of such shares pursuant to the subscription therefor, and notice of such allotment need not be given to the subscriber.

55. Payment of Commissions. The Board may from time to time authorize the Corporation to pay a reasonable commission to any person in consideration of his purchasing or agreeing to purchase shares of the Corporation, whether from the Corporation or from any other person, or procuring or agreeing to procure purchasers for any such shares.

56. Security Certificates. Unless the Board elects to use a book-based electronic share registration system, every shareholder of the Corporation shall be entitled, at his option and without payment, to a security certificate (also referred to as a "share certificate") or to a non-transferable written acknowledgement of his right to obtain a share certificate stating the number and class or series of shares held by him as shown on the securities register of the Corporation. Share certificates and acknowledgements as aforesaid shall be in such form or forms as the Board shall from time to time approve. Unless otherwise ordered by the Board, they shall be signed by the President or a Vice-President and by the Secretary or an Assistant-Secretary and need not be under the corporate seal, provided that certificates representing shares in respect of which a transfer agent and registrar (which term shall include a branch transfer agent and registrar) have been appointed shall not be valid unless countersigned by or on behalf of such transfer agent and registrar. A share certificate shall be signed manually by at least one of such officers or by or on behalf of the transfer agent and registrar. Any additional signatures required may be printed, engraved, lithographed or otherwise mechanically reproduced in facsimile upon share certificates. Every such facsimile signature shall for all purposes be deemed to be the signature of the officer whose signature it reproduces and shall be valid, notwithstanding that one or both of the officers whose signature (whether manual or facsimile) appears thereon no longer holds office at the date of issue or delivery of the certificate.

57. Dealings with Registered Holder. The Corporation and any trustee appointed in respect of a security of the Corporation may, subject to the Act, treat the registered holder of a security of the Corporation as a person exclusively entitled to vote, to receive notices and any interest, dividend or other payments in respect of the security, and otherwise to exercise all of the rights and powers of a holder of the security, and is not required to inquire into the existence of or see to the performance or observance of any duty owed to a third person by such registered holder or by anyone whom it treats, as permitted or required by the Act, as the owner or registered holder thereof.

58. Replacement of Security Certificates. The Board or any officer or agent designated by the Board may, in its or his discretion, direct the issue of a new share certificate in lieu of and upon cancellation of a share certificate that has been mutilated or in substitution for a share certificate claimed to have been lost, destroyed or wrongfully taken, and on such terms as to indemnity, reimbursement of expenses and evidence of loss and of title as the Board may from time to time prescribe, whether generally or in any particular case.

59. Central and Branch Registers. The Corporation shall maintain a central securities register and a central register of transfers at its registered office or at any other place in Canada designated by the Board. It may also establish and maintain one or more branch securities registers and registers of transfers at such offices of the Corporation or other places either within or outside Canada as designated by the Board.

60. Transfer Agent and Registrar. The Board may from time to time appoint a registrar to keep the central securities register and a transfer agent to keep the central register of transfers. It may also designate from time to time branch registrars to keep the branch registers of security holders and branch transfer agents to keep the branch registers of transfers. A registrar or transfer agent may but need not be the same individual, person or corporation. The Board may at any time terminate any such appointment.

61. Transfer of Shares. Transfers of shares of the Corporation shall be registerable, upon surrender of the certificate (if any) representing such shares properly endorsed together with such reasonable assurance or evidence of signature, identification and authority to transfer as the Board may from time to time prescribe (upon payment of all applicable taxes and any fees prescribed by the Board), on the register of transfers or on one of the branch registers of transfers (if any) kept by or for the Corporation in respect thereof, subject to the provisions of the Act and compliance with such restrictions on transfer (if any) as are set forth in the Articles of the Corporation.

62. Closing Register. The Board may by resolution close the register of transfers and the branch register or registers of transfers, if any, for a period of time not exceeding 48 hours, exclusive of Saturdays and holidays (as defined in the *Interpretation Act* of Canada for the time being in force), immediately preceding any meeting of the shareholders.

63. Joint Shareholders. If two or more persons are registered as joint holders of any share, the Corporation shall not be bound to issue more than one certificate in respect thereof, and delivery of such certificate to one of such persons shall be sufficient delivery to all of them. Any one of such persons may give effectual receipts for the certificate issued in respect thereof and for any dividend, bonus, return of capital, redemption price or other money payable or warrant issuable in respect of such share.

64. Deceased Shareholders. In the event of the death of a shareholder or of one of the joint shareholders, the Corporation shall not be required to make any entry in its securities register in respect thereof, any transfer of the shares or payment of any dividends thereon until production of all such documents as may be required by law and compliance with the Corporation's reasonable requirements.

SHAREHOLDERS' MEETINGS

65. Annual Meeting. The annual meeting of the shareholders of the Corporation shall be held, subject to the Act and the Articles, at such place within Canada, at such time and on such day in each year as the Board or the Chairman of the Board, the Chief Executive Officer, the President or a Vice-President who is a director may from time to time determine for the purpose of hearing and receiving the auditors' reports and financial statements required by the Act to be read and laid before the shareholders at an annual meeting, electing directors, appointing the auditors and fixing or authorizing the Board to fix auditors' remuneration and terms of engagement, and for the transaction of such other business as may properly be brought before the meeting.

66. Special Meetings. The Board or the Chairman of the Board, the Chief Executive Officer, the President or a Vice-President who is a director shall have power at any time to call a special meeting of the shareholders of the Corporation to be held at such time and at such place within Canada as may be determined by the Board. The phrase "meeting of shareholders" wherever it occurs in this by-law shall mean and include an annual meeting of shareholders and a special meeting of shareholders, and shall also include a meeting of any class or classes of shareholders.

67. Place of Meetings. Subject to the Act or the Articles, meetings of shareholders shall be held at the registered office of the Corporation or at any other place within Canada as the Board determines.

68. Notices of Meetings of Shareholders. No public notice or advertisement of any meeting of shareholders shall be required, but notice of the time and place of each such meeting shall be given in accordance with the provisions of paragraph 93 of this by-law and the Act to:

- (a) the auditors, of the Corporation;
- (b) each director of the Corporation; and
- (c) each shareholder of record as at the close of business on the day prior to the day on which such notice is given and who is entitled to receive notice of and/or attend and vote at the meeting.

Any notice of a special meeting of shareholders shall state:

- (a) the nature of the business of the meeting in sufficient detail to permit a shareholder to form a reasoned judgment thereon; and
- (b) the text of any special resolution to be submitted to the meeting.

If the Corporation is a distributing corporation, the management shall, concurrently with or prior to sending notice of a meeting of shareholders, send a form of proxy to each shareholder who is entitled to receive notice of the meeting.

69. Omission of Notice. The accidental omission to give notice of any meeting of shareholders to or the non-receipt of any notice by any person shall not invalidate any resolution passed or any proceeding taken at any meeting of shareholders.

70. Waiver of Notice. Notice of any meeting of shareholders or any irregularity in any such meeting or in the notice thereof may be waived by any shareholder or the duly appointed proxy of any shareholder, any director or the auditor (if any) of the Corporation in any manner, and any such waiver may be validly given either before or after the meeting to which such waiver relates. Attendance at a meeting of shareholders of any person entitled to vote thereat is a waiver of notice of the meeting, except where a shareholder attends thereat for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not lawfully called.

71. Reports to Shareholders. Subject to the provisions of the Act, if and so long as the Corporation is an distributing corporation, the Corporation shall send, not less than 21 days before each annual meeting of shareholders, a copy of the financial statements and the auditors'

report and any further information required by the Act to all shareholders with the notice of the annual meeting at which such statements and report are to be approved, except to the shareholders who have informed in writing that they do not want a copy of those documents.

72. List of Shareholders Entitled to Notice. For every meeting of shareholders, the Corporation shall prepare a list of the shareholders entitled to receive notice of the meeting (arranged alphabetically and showing the number of shares held by each shareholder), which list shall be prepared:

- (a) if a record date is fixed, not later than ten days after such record date; or
- (b) if no record date is fixed:
 - (i) at the close of business on the day immediately preceding the day on which notice is given; or
 - (ii) where no notice is given, on the day on which the meeting is held.

A shareholder may examine the list of shareholders during usual business hours at the registered office of the Corporation or at the place where the Corporation's registers are kept, and at the meeting of shareholders for which the list was prepared.

73. Record Date for Notice. The Board may fix in advance a record date for the determination of the shareholders entitled to notice of a meeting of shareholders in accordance with the Act. Unless notice of the record date is waived in writing as provided in the Act, notice must be given of such determination of record date by newspaper advertisement and in the manner provided in the Act. If no record date is so fixed, the record date for the determination of the shareholders entitled to notice of the meeting shall be the close of business on the day immediately preceding the day on which the notice is given or, where no notice is given, on the day on which the meeting is held. The record date for the determination of shareholders for any purpose other than to establish a shareholder's right to receive notice of a meeting or to vote shall be at the close of business on the day on which the directors pass the resolution relating thereto.

74. Persons Entitled to be Present. The only persons entitled to attend a meeting of shareholders shall be those entitled to vote thereat, the directors and the auditor, if any, of the Corporation, as well as any others who, although not entitled to vote, are entitled or required under any provision of the Act, the Articles or the by-laws of the Corporation to be present at the meeting. Any other person may be admitted only on the invitation of the chairman of the meeting or with the consent of the meeting.

75. Quorum. If the Corporation is not a distributing corporation, two persons present in person holding or representing the holders of a majority of the shares entitled to vote thereat shall constitute a quorum for the transaction of business at any meeting of shareholders; otherwise, subject to paragraph 76, any two persons present in person holding or representing a holder of shares entitled to vote thereat shall constitute a quorum for the transaction of business at a meeting of shareholders. If the Corporation has only one shareholder holding all of the issued shares of the Corporation or of the class or series of shares for which a meeting of shareholders is to be held, that shareholder present in person or by proxy may constitute a meeting. If a quorum is present at the opening of a meeting of shareholders, the shareholders present may proceed with the business of the meeting, notwithstanding that a quorum is not present throughout the meeting.

76. Enhanced Quorum. At any annual meeting of shareholders, or at any special meeting of shareholders, if one of the purposes for which the meeting was called was the election of directors and if nominations by any Nominating Shareholder of persons for election to the Board given in proper written form in accordance with paragraph 18 above may result in persons who were members of the Board immediately prior to any such meeting ceasing to constitute a majority of the Board following any such meeting, other than pursuant to a Change of Control of the Corporation, a quorum shall be at least two persons present in person, each being a shareholder entitled to vote thereat or a duly appointed proxyholder or representative for a shareholder so entitled, and holding or representing, in the aggregate, at least a majority of the votes attaching to all the shares of the Corporation entitled to be voted at the meeting (an “**Enhanced Quorum**”). In the absence of an Enhanced Quorum for the transaction of business at any such meeting, those present and entitled to vote thereat shall constitute a quorum for the purpose only of adjourning such meeting but may not transact any other business; provided, however, that any such meeting may be adjourned by no more than two adjournments for an aggregate of no more than 65 days. If an Enhanced Quorum is not present at the opening of the second adjourned meeting, if any, those present and entitled to vote at any such adjourned meeting shall constitute a quorum for the transaction of business at such adjourned meeting.

For purposes of this paragraph 76:

- (a) “**Change of Control**” shall mean:
 - (i) the acceptance of any offer and sale by the shareholders of the Corporation to any purchaser of issued and outstanding Shares of the Corporation carrying more than 50% of the voting rights attached to all of the issued and outstanding Shares of the Corporation, whether by way of a takeover bid for all or any of the Shares or otherwise; or
 - (ii) the acquisition, by whatever means (including, without limitation, amalgamation, arrangement, consolidation, take-over bid or merger), by a person (or two or more persons who in such acquisition have acted jointly or in concert or intend to exercise jointly or in concert any voting rights attaching to the Shares acquired), directly or indirectly, of the beneficial ownership of such number of Shares or rights to Shares, which together with such person’s then owned Shares and rights to acquire Shares, if any, represent (assuming the full exercise of such rights to acquire Shares) more than 50 per cent of the voting rights of the Shares together with the Shares that would be outstanding on the full exercise of such person’s rights to acquire Shares; or
 - (iii) the closing of a transaction whereby either the Corporation merges, consolidates, amalgamates, is arranged or absorbed by or into another person and, as a result of such transaction, the shareholders of the Corporation prior to the transaction own directly or indirectly less than 50 per cent of the equity of the entity resulting from the transaction; or
 - (iv) the passing of a resolution by the board or the shareholders of the Corporation to substantially liquidate its assets or wind-up its business or significantly rearrange its affairs in one or more transactions or series of transactions or the commencement of proceedings for such a liquidation,

winding-up or re-arrangement (except where such rearrangement is part of a *bona fide* reorganization of the Corporation in circumstances where the business of the Corporation is continued and where the shareholdings remain substantially the same following the rearrangement as existed prior to the re-arrangement); or

- (v) the sale by the Corporation of all or substantially all of its assets; or
- (vi) any other event which, in the opinion of the Board, reasonably constitutes a change of control of the Corporation;

provided however, that a Change of Control shall be deemed not to have occurred if the Board, in good faith, determines that a Change of Control was not intended to occur in the particular circumstances in question; and

- (b) “**Shares**” means the common shares in the capital of the Corporation and any other shares in the capital of the Corporation carrying the right to vote generally for the election of directors at shareholders’ meetings

77. Right to Vote. At each meeting of shareholders, every shareholder shall be entitled to vote who is entered on the list of shareholders prepared pursuant to this by-law as a holder of one or more shares carrying the right to vote at such meeting. Where a share or shares have been mortgaged or hypothecated, the person who mortgaged or hypothecated such share or shares (or his proxy) may nevertheless represent the shares at meetings of shareholders and vote in respect thereof unless, in the instrument creating the mortgage or hypothec, he has expressly empowered the holder of such mortgage or hypothec to vote thereon, in which case such holder (or his proxy) may attend meetings to vote in respect of such shares upon filing with the Secretary of the meeting sufficient proof of the terms of such instrument in accordance with paragraph 62 hereof. In the absence of a list prepared as aforesaid in respect of a meeting of shareholders, every person shall be entitled to vote at the meeting who at the time is entered in the securities register as the holder of one or more shares carrying the right to vote at such meeting.

78. Representatives. Upon filing with the Secretary of the meeting in accordance with paragraph 62 hereof sufficient proof of his appointment, an executor, administrator, committee of a mentally incompetent person, guardian or trustee and any person duly appointed a proxy for a corporation appointed as such executor, administrator, committee, guardian or trustee shall represent the shares in his or its hands at all meetings of shareholders of the Corporation, and may vote accordingly as a shareholder in the same manner and to the same extent as the shareholder of record. If there be more than one executor, administrator, committee, guardian or trustee, the provisions of paragraph 80 respecting joint shareholders shall apply.

79. Proxies. Every shareholder entitled to vote at a meeting of shareholders may by means of a proxy appoint a proxyholder and one or more alternate proxyholders, who need not be shareholders, as his nominee to attend and act at the meeting in the manner, to the extent and with the authority conferred by the proxy. The instrument appointing a proxy shall be executed by the shareholder or his attorney authorized in writing or, if the shareholder is a body corporate, by an officer or attorney thereof duly authorized. If the Corporation is a distributing corporation, a proxy shall cease to be valid after the expiration of one year from the date thereof or on such earlier date specified therein. The form of proxy shall comply with the provisions of the Act and regulations thereto, and shall be in such form as the Board may from time to time prescribe or as

the Chairman of the meeting may accept as sufficient. A proxy shall be deposited with the Secretary of the meeting before any vote is cast under its authority, or at such earlier time and in such manner as the Board may prescribe in accordance with the Act.

80. Joint Shareholders. If shares are held jointly by two or more persons, any one of them present or represented by proxy at a meeting of shareholders may vote thereon in the absence of the other or others, but, if more than one of them are present or represented by proxy, they shall vote as one shareholder.

81. Chairman. The Chairman at any meeting of shareholders shall be the first mentioned of such of the following officers as have been appointed and who is a director and is present at the meeting: the Chairman of the Board, the Managing Director, the Chief Executive Officer, the President or a Vice-President. If no such officer is present within 15 minutes after the time appointed for the holding of the meeting, the shareholders present shall choose a person from their number to be Chairman.

82. Scrutineers. At each meeting of shareholders, one or more scrutineers may be appointed to serve at the meeting by a resolution of the meeting or by the Chairman of the meeting with the consent of the meeting. Such scrutineers need not be shareholders of the Corporation.

83. Votes to Govern. At all meetings of shareholders, every motion, resolution or question shall, unless otherwise required by the Articles or by-laws of the Corporation or by the Act, be decided by a majority of the votes duly cast on the motion, resolution or question.

84. Show of Hands. At all meetings of shareholders, every motion, resolution or question shall be decided by a show of hands, unless a ballot thereon be required by the Chairman or be demanded by any shareholder present in person or represented by proxy and entitled to vote. Upon a show of hands, every person present and entitled to vote shall have one vote. After a show of hands has been taken upon any motion, resolution or question, the Chairman may require or any shareholder present in person or represented by proxy and entitled to vote may demand a ballot thereon. A demand for a ballot may be withdrawn at any time prior to the taking of the ballot. Whenever a vote by show of hands shall be taken upon a motion, resolution or question, unless a ballot thereon be so required or demanded, a declaration by the Chairman of the meeting that the vote upon the motion, resolution or question has been carried, carried by a particular majority or not carried and an entry to that effect in the minutes of the proceedings at the meeting shall be *prima facie* evidence of the fact without proof of the number or proportions of the votes recorded in favour of or against any resolution or other proceeding in respect of the said motion, resolution or question. The result of the vote so taken shall be the decision of the Corporation in annual or special meeting, as the case may be, upon the motion, resolution or question.

85. Ballots. If a ballot be required by the Chairman of the meeting or be duly demanded by any shareholder and the demand be not withdrawn, a ballot upon the motion, resolution or question shall be taken in such manner as the Chairman of the meeting shall direct. Upon a ballot, each shareholder who is present in person or represented by proxy shall be entitled to one vote for each share in respect of which he is entitled to vote at the meeting. The result of the ballot shall be the decision of the Corporation in annual or special meeting, as the case may be, upon the motion, resolution or question.

86. Casting Vote. In case of an equality of votes at any meeting of shareholders, either upon a show of hands or upon a poll, the Chairman of the meeting shall **not** be entitled to a second or casting vote.

87. Adjournment. The Chairman of the meeting may, with the consent of the meeting, adjourn any meeting of shareholders from time to time to a fixed time and place. If the meeting is adjourned for less than 30 days, no notice of the time and place for the holding of the adjourned meeting need be given to any shareholder other than by announcement at the earliest meeting that is adjourned. If a meeting of shareholders is adjourned by one or more adjournments for an aggregate of 30 days or more, notice of the adjourned meeting shall be given as for an original meeting but, unless the meeting is adjourned by one or more adjournments for an aggregate of more than 90 days, subsection 149(1) of the Act shall not apply. Any adjourned meeting shall be duly constituted if held in accordance with the terms of the adjournment and a quorum is present thereat. The persons who formed a quorum at the original meeting are not required to form a quorum at the adjourned meeting. If there is no quorum present at the adjourned meeting, the original meeting shall be deemed to have terminated forthwith after its adjournment. Any business may be brought before or dealt with at any adjourned meeting which might have been brought before or dealt with at the original meeting in accordance with the notice calling the same.

DIVIDENDS

88. Dividends. The Board may from time to time declare dividends payable to the shareholders according to their respective rights and interests in the Corporation. The Corporation may pay a dividend:

- (a) by issuing fully paid shares of the Corporation or options or rights to acquire fully paid shares of the Corporation; or
- (b) in money or property. The Board shall not declare and the Corporation shall not pay a dividend in money or property if there are reasonable grounds for believing that:
 - (i) the Corporation is or would, after the payment, be unable to pay its liabilities as they become due; or
 - (ii) the realizable value of the Corporation's assets would thereby be less than the aggregate of its liabilities and the stated capital of all classes.

89. Dividend Cheques. A dividend payable in money (less the amount of any tax which the Corporation is required to withhold) shall be paid by cheque drawn on the Corporation's bankers or one of them to the order of each registered holder of shares of the class in respect of which it has been declared, and shall be mailed by ordinary mail, postage prepaid, to such registered holder at his last address appearing on the books of the Corporation. In the case of joint holders, the cheque shall (unless such joint holders otherwise direct) be made payable to the order of all such joint holders and, if more than one address appears on the books of the Corporation in respect of such joint holding, the cheque shall be mailed to the first address so appearing. The mailing of such cheque as aforesaid shall satisfy and discharge all liability of the Corporation for the dividend to the extent of the sum represented thereby (plus the amount of any tax which the Corporation withheld), unless such cheque be not paid at par on due presentation.

90. Non-receipt of Cheques. In the event of non-receipt of any cheques for dividends by the person to whom it is so sent as aforesaid, the Corporation, on proof of such non-receipt and upon satisfactory indemnity being given to it, shall issue to such person a replacement cheque for a like amount.

91. Unclaimed Dividends. Any dividend which remains unclaimed after a period of six years after the date on which it has been declared payable shall be forfeited and revert to the Corporation.

92. Record Date for Dividends and Rights. The Board may fix in advance a date in accordance with the Act for the payment of any dividend or the date for the issue of any warrant or other evidence of right to subscribe for securities of the Corporation, as a record date for the determination of the persons entitled to receive payment of such dividend or to exercise the right to subscribe for such securities, as the case may be. If the Corporation is a distributing corporation, unless notice of the record date is waived in writing as provided in the Act, notice must be given of such determination of record date by newspaper advertisement and in the manner provided in the Act. Where no record date is fixed in advance as aforesaid, the record date for the determination of Shareholders shall be as at the close of business on the day on which the Board passes the resolution relating to such dividend or right to subscribe. Only such persons as shall be shareholders of record at the close of business on the applicable record date shall be entitled to receive payment of such dividend or to exercise the right to subscribe for such securities (and to receive the warrant or other evidence in respect of such right), as the case may be, notwithstanding the transfer of any shares after any such record date.

NOTICES

93. Method of Giving Notices. Any notice, written communication or document to be given, sent, delivered or served pursuant to the Act, the Corporation's Articles and by-laws or otherwise to a shareholder, director, officer, auditor or committee member of the Corporation shall be sufficiently given to such person if:

- (a) delivered personally to him;
- (b) delivered to his last recorded address shown in the records of the Corporation;
- (c) mailed by prepaid ordinary mail or air mail in a sealed envelope addressed to him at his last address recorded on the records of the Corporation; or
- (d) sent by any means of wire or wireless or any other form of transmitted or recorded communication.

A notice delivered pursuant to clause (a) or (b) above shall be deemed to have been given when actually delivered. A notice mailed pursuant to clause (c) above shall be deemed to have been given, if deposited in a post office or letter box, on the day on which such notice is deposited in the postal delivery system. It shall be sufficient to prove that the envelope or wrapper containing the notice or other document so mailed was properly addressed and put into the post office or letter box. A notice sent by wire pursuant to clause (d) above shall be deemed to have been given when actually dispatched or delivered to an appropriate communication company, agency or its representative for dispatch.

94. Recorded Addresses. The recorded address of a director shall be his latest address as shown in the records of the Corporation or in the most recent notice filed by such director with Corporations Canada, whichever is the more current. The Secretary of the Corporation may change or cause to be changed the recorded address of any shareholder, director, officer, auditor or committee member in accordance with any information believed by him to be reliable.

95. Undelivered Notices. If, on three consecutive occasions, the Corporation sends a notice or document to a shareholder and the notice or document is returned because the shareholder cannot be found, the Corporation is not required to send any further notices or documents to the shareholder until he informs the Corporation in writing of his new address.

96. Computation of Time. In computing the date when notice must be given under any provision requiring a specified number of days' notice of any meeting or other event, the date of giving the notice shall be excluded and the date of the meeting or other event shall be included.

97. Signatures to Notices. The signature of any director or officer of the Corporation to any notice may be written, stamped, typewritten or printed.

98. Omissions and Errors. The:

- (a) accidental omission to give any notice to any shareholder, director, officer or auditor;
- (b) non-receipt of any notice by any shareholder, director, officer or auditor; or
- (c) any error in any notice not affecting the substance thereof;

shall not invalidate any action taken at any meeting held pursuant to such notice or otherwise founded thereon.

99. Notice to Joint Shareholders. All notices with respect to any shares registered in more than one name may, if more than one address appears on the books of the Corporation in respect of such joint holding, be given to such joint shareholders at the first address so appearing, and notice so given shall be sufficient notice to all of the joint shareholders.

100. Notice to Deceased Shareholder. Any notice or other document delivered or sent by post or left at the address of any shareholder as the same appears in the records of the Corporation shall, notwithstanding that such shareholder be then deceased and whether or not the Corporation has notice of his demise, be deemed to have been duly served in respect of the shares held by such shareholder (whether held solely or with other persons) until some other person be entered in his stead in the records of the Corporation as the holder or one of the holders thereof, and such service shall, for all purposes, be deemed a sufficient service of such notice or other document on his heirs, executors or administrators and all persons (if any) interested with him in such shares.

101. Persons Becoming Entitled by Operation of Law. Every person who, by operation of law, transfer, death of a shareholder or by any other means whatsoever, shall become entitled to any share or shares of the Corporation shall be bound by every notice in respect of such share or shares which shall have been duly given to the person from whom he derives his title to such share or shares previous to his name and address being entered on the books of the Corporation (whether it be before or after the happening of the event upon which he became so entitled).

102. Waiver of Notice. Where a notice or document is required by the Act, the Articles or the by-laws, the notice may be waived, or the time for sending the notice or document may be waived or abridged, at any time with the consent in writing of the person entitled thereto.

103. Proof of Service. A certificate of any officer of the Corporation in office at the time of the making of the certificate or of an agent of the Corporation as to facts in relation to the mailing, delivery or service of any notice or other documents to any person, or publication thereof, shall be conclusive evidence thereof and shall be binding on such person.

PRIOR BY-LAWS

104. Prior By-Law No. 1 Repealed. By-Law No. 1 of the Corporation enacted prior to this date be and it is hereby repealed as of the coming into force of this By-Law No. 3. Such repeal shall not affect the previous operation of such by-law or affect the validity of any act done or right, privilege, obligation or liability acquired or incurred under or the validity of any contract or agreement made pursuant to such by-law prior to its repeal.

PASSED AND ENACTED as of the _____ day of March, 2014.

President

Secretary

SCHEDULE “C”

PROVISIONS OF CLASS A SPECIAL SHARES

The articles of Starrex Mining Corporation Ltd. (the “**Corporation**”) are amended to increase the authorized capital of the Corporation by creating an unlimited number of Class A special shares without nominal or par value issuable in series (hereinafter referred to as the “**Class A Special Shares**”).

A. THE RIGHTS, PRIVILEGES, RESTRICTIONS AND CONDITIONS ATTACHING TO THE CLASS A SPECIAL SHARES ARE AS FOLLOWS:

The Class A Special Shares shall, as a class, carry and be subject to the following preferences, rights, privileges, restrictions and conditions:

1. Issuable in Series

The Class A Special Shares may at any time and from time to time be issued in one or more series, each series to consist of such unlimited or fixed number of shares as may, before the issue thereof, be fixed by resolution of the Board of Directors of the Corporation.

2. Designations

The Board of Directors of the Corporation shall, by resolution duly passed before the issue of any shares of a particular series of Class A Special Shares, determine the designation, preferences, rights, privileges, restrictions, limitations, prohibitions and conditions attaching to such series of Class A Special Shares, including (but without in any way limiting or restricting the generality of the foregoing), the rate or amount of preferential dividends (if any, provided that no series of Class A Special Shares shall be conferred a priority in respect of dividends over any other series of Class A Special Shares that are then outstanding), the date or dates and place or places of payment thereof (if applicable), the consideration and the terms and conditions of any purchase or redemption thereof (if any), conversion rights (if any), the terms and conditions of any share purchase plan or sinking fund (if any), and the restrictions (if any) respecting the payment of dividends on any shares ranking junior to the Class A Special Shares.

3. Voting Rights

The holders of each series of Class A Special Shares shall be entitled to such voting rights, which may be one or more votes per share of the particular series or no voting rights for each share of that particular series, as may be determined by the Board of Directors at the time of the creation of the Class A Special Shares of the applicable series and set out in the Articles of Amendment therefor.

4. Liquidation

In the event of the liquidation, dissolution or winding up of the Corporation or other distribution of the assets of the Corporation among its shareholders for the purpose of winding up its affairs, subject to any priority afforded in the Articles of the Corporation to any particular series of Class A Special Shares over other series of Class A Special Shares (provided that (i) if any cumulative dividends or amounts payable on return of capital in respect of a series of shares are not paid in full, the shares of all series of the Class A Special Shares shall participate rateably in respect of accumulated dividends and return of capital and (ii) no series of Class A Special Shares shall be conferred a priority in respect of return of capital over any other series of Class A Special Shares that are then outstanding), the holders of the Class A Special Shares shall be entitled, in priority to any distributions paid or payable to the holders of common shares or any other class of shares ranking junior to the Class A Special Shares, to receive out of the entire assets and property of the Corporation their *pro rata* share (calculated on the basis of the aggregate number of Class A Special Shares of the Corporation outstanding at the applicable time and the respective redemption price of each series of Class A Special Shares or, if any such series of Class A Special Shares has no redemption price, the stated

capital thereof) of any amount paid or any property or assets of the Corporation distributed to shareholders.

5. Payment of Dividends

- (a) No dividends shall at any time be declared or paid on or set aside for payment on any of the common shares or any other class of shares of the Corporation ranking junior to the Class A Special Shares unless all dividends, if any, for the Class A Special Shares then issued and outstanding shall have been declared and paid or set aside for payment at the date of such declaration or payment on such common shares or other class of shares of the Corporation ranking junior to the Class A Special Shares; nor shall the Corporation call for redemption or purchase for cancellation any of the common shares or any other shares of the Corporation ranking junior to the Class A Special Shares unless all dividends for the Class A Special Shares then issued and outstanding shall have been declared and paid or set aside for payment at the date of such call for redemption or purchase for cancellation.
- (b) Subject to the provisions hereof and, in particular, the provisions of paragraph 5(a) above, and subject to any applicable provisions of the *Canada Business Corporations Act*, the Corporation may at any time or from time to time purchase for cancellation or otherwise acquire the whole or any part of the Class A Special Shares:
 - (i) on the open market;
 - (ii) with the consent of the holders of the Class A Special Shares by unanimous resolution or at a meeting duly called for that purpose; or
 - (iii) pursuant to tenders received by the Corporation upon request for tenders addressed to all of the holders of the Class A Special Shares, in which event the Corporation may purchase the whole or any part of the Class A Special Shares at the lowest price which, in the opinion of the Board of Directors, such shares are obtainable; if any such purchase for cancellation is made by tender the Corporation shall afford to every holder of Class A Special Shares the opportunity of tendering such shares for purchase for cancellation as aforesaid; the Corporation shall accept only the lowest tenders; if two or more shareholders submit tenders at the same price which the Corporation is prepared to accept, but which in number are in excess of the number of shares which the Corporation is prepared to purchase for cancellation, then the shares to be purchased shall be selected by the Corporation from each such tender in proportion as nearly as may be to the total number of shares offered in such tenders.

6. Amendment to Rights of Class A Special Shares

Any amendment to the Articles of the Corporation to delete or vary any preference, right, condition, restriction, limitation or prohibition attaching to the Class A Special Shares or to create any special shares ranking in priority to or on a parity with the Class A Special Shares, in addition to authorization by a special resolution, shall be authorized by at least two-thirds (2/3) of the votes cast at a meeting of the holders of the Class A Special Shares duly called for that purpose.

7. Special Shareholder Meetings

The formalities to be observed in respect of the giving of notice of any meeting of the holders of Class A Special Shares and the conduct of any such meeting shall be those from time to time prescribed in the by-laws of the Corporation in respect of meetings of shareholders and upon every poll taken at any such meeting of the holders of Class A Special Shares (or adjourned meeting) each holder of Class A Special Shares shall be entitled, for each Class A Special Share of each series held by such holder, to that number of votes per share ascribed in the Articles of the Corporation to the shares of each such series held by such holder; provided that:

- (a) no such meeting shall be held upon less than twenty-one (21) days' written notice, and,
- (b) if at any such meeting the holders of less than fifty percent (50%) of the outstanding Class A Special Shares are present or represented by proxy within half an hour after the time fixed for such meeting, then the meeting shall be adjourned to such date (being not more than twenty-one (21) days later) and to such time and place as may be fixed and announced by the chairman of the meeting and at least ten (10) days' written notice shall be given of such adjourned meeting (which notice may but need not specify the purpose for which the meeting was originally called); at such adjourned meeting the holders of the Class A Special Shares present or represented by proxy may transact the business for which the meeting was originally called notwithstanding that holders of less than fifty percent (50%) of the outstanding Class A Special Shares are present or represented by proxy thereat.

SCHEDULE “D”

STARREX MINING CORPORATION LTD.
(the “Corporation”)

**DIRECTORS', MANAGEMENT, EMPLOYEES' AND
CONSULTANTS' STOCK OPTION PLAN**

Adopted March 11, 2014

ARTICLE 1 – INTRODUCTION

1.1 Purpose

The purpose of the Plan is to secure for the Corporation and its shareholders the benefits of incentives inherent in share ownership by the directors, management, employees and consultants of the Corporation who, in the judgment of the Board, will contribute to its future growth and success. It is generally recognized that a stock option plan of the nature provided for herein aids the Corporation in retaining and encouraging directors, management, employees and consultants who are considered as potential key contributors to the success of the Corporation, by providing to them the opportunity to acquire a proprietary interest in the Corporation.

1.2 Definitions

Whenever used herein, the following words and expressions shall have the following meanings, namely:

- (a) “**Affiliate**” of a Company means another Company where:
 - (i) one of them is the subsidiary (as such term is described in the *Canada Business Corporations Act*) of the other; or
 - (ii) each of them is controlled by the same Person and, for the purpose hereof, a Company is “controlled” by a Person if:
 - (I) voting shares of the Company are held, directly or indirectly, other than by way of security only, by or for the benefit of that Person; and
 - (II) the voting shares, if voted, entitle the Person to elect a majority of the directors of the Company.
- (b) “**Board**” means the board of directors of the Corporation as it may be constituted from time to time;
- (c) “**Common Shares**” means common shares of the Corporation;
- (d) “**Company**” means, unless specifically indicated otherwise, a corporation, incorporated association or organization, body corporate, partnership, trust, association or other entity other than an individual;

- (e) “**Consultant Company**” means, for an individual consultant, a company or partnership of which the individual is an employee, shareholder or partner;
- (f) “**Corporation**” means Starrex Mining Corporation Ltd., a corporation incorporated under the *Canada Business Corporations Act*.
- (g) “**Eligible Consultant**” means, in relation to the Corporation, an individual or Consultant Company, other than an Eligible Employee or an Eligible Director of the Corporation, that:
 - (iii) is engaged to provide on an ongoing *bona fide* basis, consulting, technical, management or other services to the Corporation or to an Affiliate of the Corporation, other than services provided in relation to a Distribution (as defined in the *Securities Act* (Ontario));
 - (iv) provides the services under a written contract between the Corporation or the Affiliate of the Corporation, and the individual or the Consulting Company;
 - (v) in the reasonable opinion of the Corporation, spends or will spend a significant amount of time and attention on the business and affairs of the Corporation or an Affiliate of the Corporation; and
 - (vi) has a relationship with the Corporation or an Affiliate of the Corporation that enables the individual to be knowledgeable about the business and affairs of the Corporation;
- (h) “**Eligible Director**” means a director of the Corporation or a director of an Affiliate of the Corporation to whom stock options can be granted in reliance on a prospectus exemption under applicable securities laws;
- (i) “**Eligible Employee**” means:
 - (i) an individual who is considered to be an employee of the Corporation or an Affiliate of the Corporation under the *Income Tax Act* (Canada) (i.e. for whom income tax, employment insurance and CPP deductions must be made at the source);
 - (ii) an individual who works full-time for the Corporation or an Affiliate of the Corporation providing services normally provided by an employee and who is subject to the same control and direction by the Corporation over the details and methods of work as an employee of the Corporation, but for whom income tax deductions are not made at the source; or
 - (iii) an individual who works for the Corporation or an Affiliate of the Corporation on a continuing and regular basis for a minimum amount of time per week providing services normally provided by an employee and who is subject to the same control and direction by the Corporation over the details and methods of work as an employee of the Corporation, but for whom income tax deductions are not made at the source;
- (j) “**Eligible Management Company Employee**” means a Management Company Employee of the Corporation or a Management Company Employee of an Affiliate of the Corporation

to whom stock options can be granted in reliance on a prospectus exemption under applicable securities laws;

- (k) **“Eligible Member of Management”** means any senior officer of the Corporation or a senior officer of an Affiliate of the Corporation to whom stock options can be granted in reliance on a prospectus exemption under applicable securities laws;
- (l) **“Eligible Participant”** means Eligible Consultants, Eligible Directors, Eligible Employees, Eligible Management Company Employees and Eligible Members of Management;
- (m) **“Exchange”** means any stock exchange upon which the Common Shares are be listed for trading at the applicable time;
- (n) **“Insider”** of the Corporation means:
 - (i) an insider as defined in the *Securities Act* (Ontario), other than a person who falls within that definition solely by virtue of being a director or senior officer of a subsidiary of the Corporation; and
 - (ii) an Associate (as such term is defined in the *Securities Act* (Ontario)) of any person who is an Insider by virtue of subparagraph 1.2(l)(i);
- (o) **“Investor Relations Activities”** means any activities by or on behalf of the Corporation or a shareholder of the Corporation that promote or reasonably could be expected to promote the purchase or sale of securities of the Corporation, but does not include:
 - (i) the dissemination of information provided, or records prepared, in the ordinary course of the business and affairs of the Corporation:
 - (I) to promote the sale of products and services of the Corporation; or
 - (II) to raise public awareness of the Corporation; that cannot reasonably be considered to promote the purchase or sale of securities of the Corporation;
 - (ii) activities or communications necessary to comply with the requirements of:
 - (I) applicable securities laws; or
 - (II) the by-laws, rules, policies or other regulatory instruments of any self-regulatory body or exchange having jurisdiction over the Corporation;
 - (iii) communications by a publisher of, or writer for, a newspaper, magazine or business or financial publication, that is of general and regular paid circulation, distributed only to subscribers to it for value or to purchasers of it, if:
 - (I) the communication is only through the newspaper, magazine or publication; and
 - (II) the publisher or writer receives no commission or other consideration other than for acting in the capacity of publisher or writer; or

- (iv) activities or communications that may be otherwise specified by any Exchange having jurisdiction over the Corporation;
- (p) “**Management Company Employee**” means an individual employed by a Person providing management services to the Corporation, which are required for the ongoing successful operation of the business enterprise of the Corporation, but excluding a Person engaged in Investor Relations Activities;
- (q) “**Option**” means an option granted under the terms of the Plan;
- (r) “**Option Certificate**” means the form of option certificate attached hereto as Schedule “A”;
- (s) “**Option Period**” means the period during which an Option may be exercised;
- (t) “**Option Price**” means the price per Common Share at which Options may be exercised and Common Shares may be purchased under the applicable Option, as the same may be adjusted from time to time in accordance with Section 2.11 but shall not be lower than the market price on the Exchange at the time of grant or the lowest permitted exercise price by the relevant exchange if the Corporation is listed on an exchange other than the Exchange;
- (u) “**Optionee**” means an Eligible Participant to whom an Option has been granted under the terms of the Plan;
- (v) “**Person**” means a Company or an individual; and
- (w) “**Plan**” means the stock option plan established and operated pursuant to the terms hereof.

ARTICLE 2- STOCK OPTION PLAN

2.1 Administration of the Plan

The Plan shall be administered by the Board in accordance with the rules and policies of any Exchange having jurisdiction at the applicable time and may form and delegate authority to a committee for the purpose of administering certain responsibilities of the Board in connection with the Plan. The Board may receive recommendations of management or any committee of the Board and shall determine and designate from time to time those Eligible Participants to whom Options should be granted, the number of Common Shares which will be optioned from time to time to such Eligible Participants and the terms and conditions of each such grant of Options.

The Board or a committee of the Board to whom the board has delegated appropriate authority shall have the power, where consistent with the general purpose and intent of the Plan and subject to the specific provisions of the Plan:

- (a) to establish policies and to adopt, prescribe, amend or vary rules and regulations for carrying out the purposes, provisions and administration of the Plan and make all other determinations necessary or advisable for its administration;
- (b) to interpret and construe the Plan and to determine all questions arising out of the Plan and any Option granted pursuant to the Plan and any such interpretation, construction or determination so made shall be final, binding and conclusive for all purposes;

- (c) to grant Options to purchase Common Shares;
- (d) to determine which Eligible Participants are granted Options;
- (e) to determine the number of Common Shares covered by each Option;
- (f) to determine the Option Price for each Option;
- (g) to determine the time or times when Options will be granted and will be exercisable;
- (h) to determine if the Common Shares which are subject to an Option will be subject to any vesting provisions or other restrictions upon the exercise of such Option; and
- (i) to prescribe the form of the instruments relating to the grant, exercise and other terms of Options which initially shall be substantially in the form annexed hereto as Schedule "A".

2.2 Participation

Options shall be granted only to Eligible Participants.

2.3 Determination of Option Recipients

The Board or a committee of the Board, if duly authorized by the Board, shall make all necessary or desirable determinations regarding the granting of Options to Eligible Participants and may take into consideration the present and potential contributions of a particular Eligible Participant to the success of the Corporation and any other factors which the Board or such committee may deem proper and relevant.

2.4 Price

The Option Price per Common Share shall be determined from time to time by the Board or a committee of the Board but, in any event, shall not be lower than the market price on the Exchange at the time of grant or the lowest permitted exercise price by the relevant exchange if the Corporation is listed on an exchange other than the Exchange.

2.5 Grant of Options

The Board or a committee of the Board, if duly authorized by the Board, may at any time authorize the granting of Options to Eligible Participants as it may select for the number of Common Shares that it shall designate, subject to the provisions of the Plan. The Board, or a committee of the Board, if duly authorized by the Board, at its discretion, may grant Options on such terms and conditions as it considers appropriate provided that such terms and conditions are not inconsistent with the Plan and the policies of any Exchange, if applicable.

Each Option granted to an Eligible Participant shall be evidenced by an Option Certificate with terms and conditions consistent with the Plan and as approved by the Board (which terms and conditions need not be the same in each case and may be changed from time to time).

2.6 Terms of Options and Vesting

The Option Period shall be of such length as is determined by the Board or a committee of the Board, if duly authorized by the board, but, in any event shall not be greater than a period of 10 years after the date

such Option is granted and may be reduced with respect to any such Option as provided in Section 2.8 hereof.

Subject to the other terms and conditions of this Plan, Options shall have such equitable vesting provisions as determined by the Board or a committee of the Board, if duly authorized by the board, from time to time, provided that Options granted to Optionees who perform Investor Relations Activities must vest in stages over twelve (12) months with no more than one-quarter (1/4) of the Options vesting in any three (3) month period.

Any Options remaining unexercised after they became eligible for exercise may be exercised in whole or in part at any time during the remainder of the Option Period.

Except as set forth in Section 2.9 hereof, no Option may be exercised unless the Option has vested and the Optionee is at the time of such exercise a *bona fide* Eligible Participant.

No Option may be granted to an Eligible Employee, Eligible Consultant or an Eligible Management Company Employee unless such person is a *bona fide* Eligible Employee, Eligible Consultant or an Eligible Management Company Employee.

The exercise of any Option will be contingent upon receipt by the Corporation of payment of the full purchase price for the Common Shares being purchased in cash or in some other manner acceptable to the Corporation and in compliance with applicable laws. No Optionee or his legal representatives, successors, assigns or beneficiaries will be, or will be deemed to be, a holder of any Common Shares unless and until certificates for such Common Shares are issued to him, her, it or them under the terms of the Plan.

2.7 Lapsed Option

If Options are surrendered, terminated or expire without being exercised in whole or in part, new Options may be granted covering the Common Shares not purchased under such lapsed Options to the extent permitted by any Exchange, if applicable.

2.8 Effect of Termination of Employment or Death

- (a) If an Optionee shall die while an Eligible Employee, Eligible Director, Eligible Consultant (if an individual), Eligible Member of Management or Eligible Management Company Employee, any vested Option held by such individual at the date of death shall be exercisable, but only by the Person or Persons to whom the Optionee's rights under the Option shall pass by the Optionee's will or the laws of descent and distribution. All such Options shall be exercisable only for a period of one (1) year after the date of death or the date of expiration of the Option Period in respect thereof, whichever is sooner.
- (b) If an Optionee ceases to be an Eligible Participant for cause, no Option held by such Optionee may be exercised following the date on which such Optionee ceases to be an Eligible Participant.
- (c) If an Optionee ceases to be an Eligible Participant because of resignation, retirement or any reason other than cause or death, any vested Option held by such Optionee may be exercised only for a period of ninety (90) days after the date on which such Optionee ceases to be an Eligible Participant or the date of expiration of the Option Period in respect thereof, whichever is sooner, with the exception of Optionees who provide Investor

Relations Activities whose Options may be exercised only for a period of thirty (30) days after the date on which such Optionee ceases to be an Eligible Participant or the date of expiration of the Option Period in respect thereof, whichever is sooner.

- (d) If an Optionee who is an Eligible Consultant ceases to be retained by the Corporation by virtue of a breach of the consulting agreement, no Option held by such Eligible Consultant may be exercised following such breach.

2.9 Effect of Takeover Bid

If a *bona fide* offer:

- (a) is made to all shareholders of the Corporation for the Common Shares, which offer, if accepted in whole or part, would result in the offeror exercising control over the Corporation within the meaning of the *Securities Act* (Ontario);
- (b) is made for all or substantially all of the assets of the Corporation (as such concept is interpreted under *the Business Corporations Act* (Ontario)); or
- (c) is made for a proposed transaction which a majority of the Board determines is reasonably likely to have a similar effect as either of the transactions referred to in Sections 2.9(a) or (b) hereof, (collectively, the “Offer”),

then the Corporation shall, immediately upon receipt of notice of the Offer, notify each Optionee currently holding an Option of the Offer, with full particulars thereof whereupon, notwithstanding that such Option may not be fully vested at such time in accordance with Section 2.6 hereof, such Option may be exercised in whole or in part by the Optionee so as to permit the Optionee to tender or to vote, as applicable, the Common Shares received upon such exercise (the “Optioned Shares”) pursuant to the Offer. If:

- (i) the Offer is withdrawn by the offeror;
- (ii) the Optionee does not tender the Optioned Shares pursuant to the Offer, if applicable;
- (iii) all of the Optioned Shares tendered by the Optionee pursuant to the Offer are not taken up and paid for by the offeror in respect thereof, if applicable; or
- (iv) the sale or reorganization does not close in accordance with its terms,

then the Optioned Shares or, in the case of clause (iii) hereof, the Optioned Shares that are not taken up and paid for, shall be returned by the Optionee to the Corporation and reinstated as authorized but unissued Shares and the terms of the Option as set forth in Section 2.6 hereof shall again apply to the Option. If any Optioned Shares are returned to the Corporation under this Section, the Corporation shall refund the exercise price to the Optionee for such Optioned Shares. In no event shall the Optionee be entitled to sell the Optioned Shares otherwise than pursuant to the Offer (in the case of an Offer pursuant to clause (i) hereof) or to sell the Optioned Shares prior to the closing of any transaction (in the case of an Offer pursuant to clause (ii) or (iii) hereof).

2.10 Effect of Amalgamation, Consolidation or Merger

If the Corporation amalgamates, consolidates or merges with or into another corporation, or undertakes a plan of arrangement then, unless otherwise expressly provided for in such amalgamation, consolidation, merger or plan of arrangement, any Common Shares receivable on the exercise of an Option shall be converted into the securities, property or cash which the Eligible Participant would have received upon such amalgamation, consolidation, merger or plan of arrangement, if the Eligible Participant had exercised his Option immediately prior to the record date applicable to such amalgamation, consolidation, merger or plan of arrangement, and the Option Price shall be adjusted appropriately by the Board and such adjustment shall be binding for all purposes of the Plan.

2.11 Adjustment in Shares Subject to the Plan

Appropriate adjustments with respect to Options granted or to be granted, in the number or class of shares optioned and in the Option Price, shall be made by the Board to give effect to adjustments in the number of Common Shares of the Corporation resulting from subdivisions, consolidations or reclassifications of the Common Shares of the Corporation, the payment of stock dividends or cash dividends by the Corporation (other than dividends in the ordinary course), the distribution of securities, property or assets by way of dividend or otherwise (other than dividends in the ordinary course), or other relevant changes in the capital stock of the Corporation or the amalgamation or merger of the Corporation with or into any other entity, subsequent to the approval of the Plan by the Board. The appropriate adjustment in any particular circumstance shall be conclusively determined by the Board in its sole discretion, subject to approval by the shareholders of the Corporation, if required, and to acceptance by any Exchange, if applicable.

2.12 Loans to Eligible Participants

Subject to the *Business Corporations Act* (Ontario) or any other laws applicable to the Corporation, the Board may at any time authorize the Corporation to loan money on such terms as the Board may determine to an Eligible Participant to assist such Eligible Participant to exercise an Option held by such Eligible Participant. The Common Shares received by such Eligible Participant shall be pledged as collateral for the loan until the loan has been repaid in full, on such terms as the Board may determine.

2.13 Approval

The terms of the Options granted from time to time hereunder, and the Optionees to whom Options are granted, are subject, if applicable, to any applicable requirements of any Exchange accepting notice of such terms and proposed Optionees.

ARTICLE 3 – GENERAL

3.1 Number of Shares

The aggregate number of Common Shares that may be available for issuance, from time to time, under the Plan shall not exceed 10% of the issued and outstanding Common Shares of the Corporation at the time of grant of the Options. Should the number of issued Common Shares increase at any time after shareholder approval of this Plan, 10% of the additional Common Shares shall become available for issuance, from time to time, under the Plan. In addition, Insider participation shall be limited such that the number of Common Shares issued to Insiders within a one-year period, or issuable to Insiders at the time of any such grant, under the Plan, together with any other security based compensation arrangement, shall not exceed 10% of issued and outstanding Common Shares.

3.2 Transferability

All benefits, rights and options accruing to any Eligible Participant in accordance with the terms and conditions of the Plan shall not be assignable or transferable unless specifically provided herein. During the lifetime of an Eligible Participant all such benefits, rights and options may only be exercised by the Eligible Participant.

3.3 Employment

Nothing contained in this Plan shall confer upon any Eligible Participant any right with respect to employment or continuance of employment or any retainer with the Corporation or interfere in any way with the right of the Corporation to terminate the Eligible Participant's employment or retainer at any time. Participation in the Plan by an Eligible Participant is voluntary.

3.4 Record Keeping

The Corporation shall maintain a register in which shall be recorded:

- (a) the name and address of each Eligible Participant to whom Options have been granted; and
- (b) the number of Options granted to each Eligible Participant and the number of Options outstanding and held by each such Eligible Participant.

3.5 Necessary Approvals

The obligation of the Corporation to issue and deliver Common Shares in accordance with the Plan is subject to the approval of any regulatory body having jurisdiction, which may be required in connection with the authorization or issuance of such Common Shares by the Corporation. If any Common Shares cannot be issued to any Eligible Participant for any reason including, without limitation, the failure to obtain such approval, then the obligation of the Corporation to issue such Common Shares shall terminate and any Option Price paid to the Corporation shall be returned to the Eligible Participant.

3.6 Income Taxes

As a condition of the Plan, the Corporation will withhold from any remuneration otherwise payable to such Eligible Participant any amounts required by any taxing authority to be withheld for taxes of any kind as a consequence of such participation in the Plan.

3.7 Amendments or Discontinuance of Plan

The Board may amend or discontinue the Plan without security holder approval at any time upon receipt of any necessary regulatory approval including, without limitation, approval of the Exchange. Such powers of the Board to amend the plan shall include but not be limited to:

- (a) minor changes of a "housekeeping nature";
- (b) amending Options under the Plan, including with respect to the Option Period (provided that the period during which an Option is exercisable does not exceed 10 years from the date on which the Option was granted), vesting period, exercise method and frequency,

Option Price and method of determining the Option Price, assignability and effect of termination of an Eligible Participant's employment or cessation of the Eligible Participant's directorship;

- (c) changing the classes of participants eligible to participate under the Plan;
- (d) accelerating vesting or extending the expiration date of any Option (provided that such Option is not held by an Insider), provided that the period during which an Option was exercisable does not exceed 10 years from the date on which the Option was granted; and
- (e) adding a cashless exercise feature, payable in cash or securities, whether or not providing for a full deduction of the number of underlying Common Shares from the Plan reserve;

provided that any such amendment is not detrimental to the optionee. Any amendments to the terms of an Option shall also be subject to any necessary regulatory approvals, including without limitation, the approval of the Exchange.

The Board will require security holder approval at all times to amend the Plan in the following circumstances:

- (a) the extension of the terms of an Option held by an Insider;
- (b) the reduction in the exercise price held by an Insider;
- (c) any amendment to remove or exceed the insider participation limit;
- (d) increasing the maximum percentage of Common Shares available for issuance under the Plan to a percentage that is greater than that which is currently available under the Plan;
- (e) changing the number of Common Shares available for issuance under the Plan from a rolling percentage to a fixed maximum number, where such fixed maximum number of Common Shares available for issuance is greater than the number that shareholders had previously consented to under the rolling plan; and
- (f) any amendments to the amending provisions within this or any other security based compensation arrangement.

3.8 Representation or Warranty

The Corporation makes no representation or warranty as to the future market value of any Common Shares issued in accordance with the provisions of the Plan.

3.9 Governing Law

Except as otherwise set forth herein, the Plan shall be governed by the laws of the Province of Ontario and the laws of Canada applicable therein excluding any conflicts of law, rule or principle which might refer such construction to the laws of another jurisdiction.

3.10 Interpretation

Words used herein importing the singular number include the plural and *vice versa* and words importing the masculine gender include the feminine and neuter genders.

3.11 Compliance with Applicable Laws

If any provision of the Plan or any agreement entered into pursuant to the Plan contravenes any law or any order, policy, by law or regulation of any Exchange, if applicable, or any regulatory body having authority over the Corporation or the Plan then such provision shall be deemed to be amended to the extent required to bring such provision into compliance therewith.

SCHEDULE "A"
STARREX MINING CORPORATION LTD.
OPTION CERTIFICATE

STARREX MINING CORPORATION LTD. (the "Corporation"), for good and valuable consideration, hereby grants to the Optionee set forth below an option to purchase Common Shares of the Corporation (the "Option") subject to the terms and conditions set forth in the Corporation's Stock Option Plan attached hereto as Schedule "A", as the same may be amended or replaced from time to time (the "Plan"), and in addition subject to the terms set forth below:

Optionee: _____
Position with the Corporation: _____
Number of Common Shares: _____
Option Price: _____
Expiry Date of Option: _____
Rights of Exercise (Vesting): _____

Unless exercised, on the close of business on the Expiry Date, the Option granted will expire and terminate and be of no further force and effect whatsoever.

By the Optionee's acceptance of this certificate and the Option granted hereby, the Optionee confirms that the Option and all Common Shares purchased upon any exercise of the Option have been and will be acquired for investment purposes only and not with a view to distribution and will be acquired for the Optionee's own individual account and disposed of in compliance with all applicable securities regulatory requirements.

Where used herein, all defined terms shall have the respective meanings attributed thereto in the Plan.

DATED as of the ___ day of _____, 20__.

STARREX MINING CORPORATION LTD.

By: _____

The undersigned hereby acknowledges receipt of a copy of the Plan and accepts and agrees to the grant of this Option on the terms and conditions set forth herein and in the Plan effective as of the date above written.

The undersigned hereby acknowledges that the undersigned has reviewed and hereby accepts and consents to the terms set out in Schedule "B" regarding collection and use of personal information.

DATED as of the ___ day of _____, 20__. Name: _____

NOTICE OF EXERCISE OF STOCK OPTIONS

TO: STARREX MINING CORPORATION LTD.

I, _____, hereby exercise Options to purchase _____ Common Shares of the Corporation at a price of \$_____ per share. Please accept my payment in the amount of \$_____ and have the stock certificate representing the Common Shares issued upon such exercise registered as follows:

Name

Address

Executed this ___ day of _____, 20__.

(Name of Optionee – please print)

(Signature of Optionee)

SCHEDULE "B"

This option certificate and the schedules hereto require the Optionee to provide certain personal information to the Corporation and its counsel. Such information is being collected by the Corporation for the purposes of effecting the grant described herein, which includes, without limitation, determining the Optionee's eligibility to acquire securities under applicable securities legislation, preparing and registering certificates representing the securities to be issued to the Optionee and completing filings required by any stock exchange, securities commission, securities regulatory authority or taxation authority. Certain securities commissions have been granted the authority to indirectly collect this personal information pursuant to securities legislation and this personal information is also being collected for the purpose of administration and enforcement of securities legislation. In Ontario, the Administrative Support Clerk, Ontario Securities Commission, Suite 1903, Box 55 20 Queen Street West, Toronto Ontario, M5H 3S8, Telephone (416) 593-8314, Toll Free: 1-877-785-1555, Facsimile: (416) 593-8122 is the public official who can answer questions about the indirect collection of personal information. The Optionee's personal information may be disclosed by the Corporation or its respective counsel to: (a) stock exchanges, securities commissions or securities regulatory authorities; (b) the Corporation's registrar and transfer agent; and (c) taxation authorities. In addition, the Corporation will be providing the following information to the Ontario Securities Commission and other regulatory authorities: (a) the full name, residential address and telephone number of the Optionee; (b) the number and type of Securities granted to the Optionee; (c) the total purchase price for the Securities; (d) the statutory exemption relied upon by the Corporation; and (e) the date of distribution of the Securities (collectively, the information is called the "Information"). By executing the Option Certificate, the Optionee is deemed to be authorizing and consenting to the foregoing collection (including the indirect collection of personal information), use and disclosure of the Optionee's personal information and the Information as set forth above. The Optionee also consents to the filing of copies or originals of any of the Optionee's documents described in this Option Certificate, as well as the Information, as may be required to be filed with any stock exchange, securities commission or securities regulatory authority in connection with the transaction contemplated hereby.