

EXCHEQUER RESOURCE CORP.

INFORMATION CIRCULAR

ISSUED IN CONNECTION WITH THE SOLICITATION OF PROXIES FOR THE ANNUAL AND EXTRA-ORDINARY GENERAL MEETING TO BE HELD ON THE 18TH DAY OF JANUARY, 2012.

SOLICITATION OF PROXIES

This Information Circular is furnished in connection with the solicitation by the management of Exchequer Resource Corp. (hereinafter called the "Company") of proxies to be used at the time and place and for the purposes set forth in the accompanying Notice of Meeting. It is expected that this solicitation will be primarily by mail and possibly supplemented by telephone or other personal contact to be made without special compensation by regular officers and employees of the Company. The cost of solicitation by management will be borne by the Company.

REVOCABILITY OF PROXY

A person giving a proxy has the power to revoke it. In addition to revocation in any other manner permitted by law, a proxy may be revoked by instrument in writing executed by the shareholders or by his attorney authorized in writing or if the shareholder is a corporation, under its corporate seal or by an officer or attorney thereat duly authorized, deposited at the registered office of the Company at 430 - 580 Hornby Street, Vancouver, B.C. V6C 3B6 at any time up to and including the last business day preceding the date of the Meeting or any adjournment thereof and upon either of such deposits the proxy is revoked.

VOTING SHARES REPRESENTED BY THE PROXY

If the instructions of the shareholders given in the accompanying form of proxy are certain and the proxy is duly completed and delivered and has not been revoked the shares represented thereby will be voted on any poll except where the instruction of the shareholder is to withhold the vote. Where the shareholder has specified in the proxy a choice with respect to any matter to be acted upon, the shares will be voted on any poll in accordance with the specifications so made. **WHENEVER A SHAREHOLDER HAS NOT SPECIFIED IN RESPECT OF A MATTER IDENTIFIED IN THE FORM OF PROXY A CHOICE AS TO HOW THE SHARES REPRESENTED BY THE PROXY ARE TO BE VOTED, THE SHARES REPRESENTED BY THE PROXY WILL BE VOTED IN FAVOUR OF ANY SUCH MATTER, OR FOR THE ELECTION OF THE DIRECTORS OR THE APPOINTMENT OF THE AUDITORS NOMINATED BY THE MANAGEMENT OF THE COMPANY, AS THE CASE MAY BE.**

The accompanying form of proxy when duly completed and delivered and not revoked confers authority upon the persons named as proxyholder therein to vote according to their discretion on

any amendment or variations to any of the matters identified in the accompanying Notice of Meeting and to vote according to their discretion on any other matters which may properly come before the Meeting. At the time of printing this Information Circular, the management of the Company does not know of any amendments or variations to any of the matters identified in the accompanying Notice of Meeting or of any additional matters to be presented for action at the Meeting.

INTEREST OF CERTAIN PERSONS IN MATTERS TO BE ACTED UPON

No director or senior officer, past, present or nominated, or any associate of such persons or any person on behalf of whom this solicitation is made has any interest, direct or indirect, in any matter to be acted upon at the Meeting, involved in the normal business of the Meeting, or the general affairs of the company, save and except the special resolutions in respect to stock options as described herein.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

None of the directors or senior officers of the company have had any material interest, direct or indirect in any material transaction of the Company since the commencement of the Company's last completed financial year or in any proposed transaction which in either such case, has materially affected or will materially affect control of the Company or any of its subsidiaries, save and except the incentive stock options described herein and purchases of shares by private placement by directors and associated persons.

VOTING SHARES AND PRINCIPAL HOLDERS THEREOF

The Company is authorized to issue an unlimited number of common shares without par value of which 28,016,632 shares are issued and outstanding. There is one class of shares authorized only. Each share carries the right to one vote so that the aggregate number of votes attaching to all the outstanding shares is 28,016,632.

Shareholders registered prior to the close of business on December 16, 2011 (the "record date") will be entitled to receive notice of the meeting and to attend and vote thereat. If a shareholder transfers common shares after said date or additional shares are issued, the person who acquires the common shares may vote these common shares at the meeting if, not later than January 1, 2012, that person requests the Company to add his or her name to the list of shareholders entitled to vote at the meeting and establishes that he or she owns the common shares. If a shareholder desires to be represented at the Meeting by Proxy, the Instrument of Proxy duly complete must be mailed or deposited at Computershare Investor Services Inc., 100 University Avenue, 9th Floor, Toronto, Ontario M5J 2Y1 and must be received at that office not less than 48 hours, excluding Saturdays, Sundays and holidays, before the time for the holding of the Meeting.

To the best of the knowledge of the directors and officers of the Company, as of the date of this Information Circular, no person or company beneficially owns, directly or indirectly, equity

shares carrying more than 10% of the voting rights attached to all equity shares of the Company, save and except:

Name and Address	Type of Ownership	No. of Shares Owned	Percentage of Shares Outstanding
H. Barry Hemsworth Vancouver, B.C.	Direct, Beneficial and Indirect	4,052,296	14.46%

EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

The purpose of this Compensation Discussion and Analysis is to provide information about the Company's executive compensation objectives and processes and to discuss compensation decisions relating to its named executive officers ("Named Executive Officers") listed in the Summary Compensation Table that follows. During its fiscal year ended December 31, 2010, the following individuals were Named Executive Officers (as determined by applicable securities legislation) of the company.

H. Barry Hemsworth – President and Chief Executive Officer
Ken Phillippe – Chief Financial Officer

The Company is a mineral exploration company whose assets include exploration properties located in British Columbia. The Company's primary objective is to firstly, conduct initial exploration on various properties and then to seek partners to conduct follow-up exploration programs and continue the exploration effort. In most of these partnership arrangements, the Company continues to act as operator and, in this way, the Company reduces dilution to its share capital and decreases its expenditures. This also allows the Company to continue exploration on these same properties with larger budgets than its own initial investment.

Notwithstanding the foregoing, given that the Company has not, as of yet, generate any significant income or cash flows from operations and operates with limited financial resources to ensure that funds are available to complete scheduled programs, the Board of Directors has to consider not only the financial situation of the Company at the time of the determination of executive compensation, but also the estimated financial situation of the Company in the mid and long-term. An important element of executive compensation is the grant of incentive stock options by the Company to its employees, director and officers which do not require cash disbursement by the Company. Additional information about the Company and its operation is available in its audited financial statements and Management's Discussion and Analysis for the year ended December 31, 2010 which have been filed with regulators and are available for viewing via the Internet at the Canadian System for Electronic Document Analysis and Retrieval (SEDAR) at www.sedar.com.

Compensation Objectives and Principles

The primary goal of the Company's executive compensation process is to attract and retain the key executives necessary for the company's long term success, to encourage executives to further the development of the Company and its operations and to motivate qualified and experienced executives. The key elements of executive compensation awarded by the company are: (i) base salary; (ii) potential annual incentive award; and (iii) incentive stock options. The directors are of the view that all elements should be considered, rather than any single element.

Compensation Process and the Rule of the Compensation and Corporate Governance Committee

The Compensation and Corporate Governance Committee of the Board of Directors of the Company, through discussions without any formal objectives, criteria or analysis, is responsible for determining all forms of compensation to be granted to the Chief Executive Officer of the Company, as well as to its directors, and for reviewing the Chief Executive Officer's recommendations regarding compensation of the other senior executives of the Company, to ensure such arrangements reflect the responsibilities and risks associated with each position. When determining the compensation of the Company's executive officers, the Committee considers: (i) recruiting and retaining executives critical to the success of the Company and the enhancement of shareholder value; (ii) providing fair and competitive compensation; (iii) balance the interests of management and the Company's shareholders; and (iv) rewarding performance, both on an individual basis and with respect to operations in general. In order to achieve these objectives, the compensation paid to the company's executive officers consists of base salary and/or long-term incentive in the form of stock options.

Option Based Awards

Options to purchase common shares of the Company are intended to align the interests of the Company's directors and executive officers with those of its shareholders, to provide a long term incentive that rewards these individuals for their contribution to the creation of shareholder value and to reduce the cash compensation the company would otherwise have to pay. The company's Stock Option Incentive Plan is administered by the board of Directors on recommendations received from time to time from the Compensation and Corporate Governance Committee. In establishing the number of the incentive stock options to be granted to the Named Executive Officers, reference is made to the number of stock options granted to officers of other publicly traded companies that, similar to the Company, are involved in the mining industry, as well as those of other publicly traded Canadian companies on a comparable size to that of the company in respect of assets. The Board of Directors also considers previous grants of options and the overall number of options that are outstanding relative to the number of outstanding common shares in determining whether to make any new grants of options and the size and terms of any such grants, as well as the level of effort, time, responsibility, ability, experience a level of commitment of the executive officer in determining the level of incentive stock option compensation. See "Incentive Plan Awards – Outstanding Option-Based Awards" below, as well as Part 5 – Securities Authorized for Issuance Under Equity Compensation Plans.

Benefits and Perquisites

The Company does not, as of the date of this Circular, offer any benefits or perquisites to its

Named Executive Officers than entitlement to incentive stock options as otherwise disclosed and discussed herein.

Summary Compensation Table

The following table provides a summary of the compensation earned by, paid to, or accrued and payable to, each Named Executive officer during the fiscal year ended December 31, 2009. Amounts reported in the table below are in Canadian dollars.

Name and Principal Position	Fiscal Year Ended Dec. 31	Salary/Fee (\$)	Share based Awards (\$)	Other based Awards (\$) ²	Non-equity incentive plan compensation (\$)				
					Annual Incentive Plans	Long-Term Incentive Plans	Pension Value (\$)	All Other Compensation (\$)	Total Compensation (\$)
H. BARRY HEMSWORTH ¹ President & CEO	2010	30,000	Nil	Nil	Nil	Nil	Nil	Nil	30,000
	2009	30,000							30,000
	2008	30,000							30,000
KENNETH PHILLIPPE CFO	2010	10,000	Nil	Nil	Nil	Nil	Nil	Nil	10,000
	2009	10,000							10,000
	2008	10,000							10,000

¹ The grant date fair values of incentive stock options granted to the Named Executive Officers as indicated in this column are estimated using the Black-Scholes option pricing model (See Note 4 to the Company's annual audited financial statements for the year ended December 31, 2008 for the assumptions and estimates used for this calculation). The market price of the Shares is less than the option price at that time.

Incentive Plan Awards

Outstanding Option-Based Awards

The following table sets out option-based awards granted to the Named Executive Officers during the most recently completed financial year, or in prior years, and that were outstanding as at December 31, 2010. No other share-based awards have been granted to the Named Executive Officers by the Company.

Named Executive Officer	Option-based Awards				Share-based Awards	
	Number of Common Shares Underlying Unexercised Options (#)	Option Exercise Price Per Common Share (\$)	Option Expiry Date	Value of Unexercised in-the-money options (\$)	Number of Shares or Units of Shares that have not vested (#)	Market or Payout value Of share-Based awards that have not Vested (\$)
H. BARRY HEMSWORTH	250,000	0.11	Sept. 24, 2012	Nil	Nil	N/A
KENNETH PHILLIPPE	Nil	Nil	Nil	Nil	Nil	N/A

Outstanding Option-Based Awards

The following table sets out option-based awards to the directors of the Company (excluding H. Barry Hemsworth) during the most recently completed financial year, and in years prior to, and that were outstanding as at the fiscal year ended December 31, 2010. No other share-based awards have been granted to the directors and the Company does not provide any non-equity incentive plan compensation to its directors. See also “Executive Compensation – Incentive Plan Awards” for outstanding options held by H. Barry Hemsworth and Kenneth Phillippe.

Incentive Plan Awards – Value Vested or Earned during the Year

The following table sets out the value vested or earned by the non-executive directors of the Company during the financial year ended December 31, 2010. See Part 4 – “Executive Compensation – Incentive Plan Awards” for details with respect to H. Barry Hemsworth and Kenneth Phillippe.

Named Executive Officer	Option-based awards – Value vested ¹ during the year ended December 31, 2010 (\$)	Share-based awards - Value Vested during the year ended December 31, 2010 (\$)	Non-equity incentive plan Compensation–Value earned During the year ended December 31, 2010 (\$)
William E. Schmidt	Nil	N/A	N/A
Gary Zak	Nil	N/A	N/A

¹ Represents the aggregate dollar value that would have been realized if the incentive stock options had been exercised on the vesting date – that is, the difference between the market price of the underlying shares and the option exercise price on the vesting date. The market price is less than the option price.

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The following information is as of December 31, 2010, the Company’s most recently completed financial year.

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted-average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column)
Equity compensation plans approved by securityholders	1,728,458	\$0.11	N/A
Equity compensation plans not approved by security-holders	N/A	N/A	N/A
TOTAL	1,728,458	\$0.11	

ELECTION OF DIRECTORS

The directors of the Company are annually elected and hold office until the next Annual General Meeting of the Company or until their successors are appointed, unless a director ceases to hold office pursuant to the Business Corporations Act, SBC 2002, or his office is vacated pursuant to the Articles of the Company. In the absence of instructions to the contrary, the enclosed proxy will be voted for the nominees herein listed.

THE MANAGEMENT DOES NOT CONTEMPLATE THAT ANY OF THE NOMINEES WILL BE UNABLE TO SERVE AS A DIRECTOR. IN THE EVENT THAT PRIOR TO THE MEETING ANY VACANCIES OCCUR IN THE SLATE OF NOMINEES HEREIN LISTED IT IS INTENDED THAT DISCRETIONARY AUTHORITY SHALL BE EXERCISED BY MANAGEMENT TO VOTE THE PROXY FOR THE ELECTION OF AN OTHER PERSON OR PERSONS AS DIRECTORS.

The following table set out the information concerning management nominees for the office of Director, all of whom are ordinarily resident in Canada.

<u>Name and Place of Residence</u>	<u>Term Expires</u>	<u>Past and Present Principal Occupation for last 5 Years</u>	<u>Period for which Nominee has been a Director of the Company</u>	<u>Approximate No. of shares Beneficially Owned Directly or Indirectly as at December 23, 2010</u>
H. BARRY HEMSWORTH * West Vancouver, B.C. PRESIDENT, DIRECTOR	At the Next Annual General Meeting	Barrister and Solicitor; Director and Officer of several public companies	August 21, 2001 to present	4,052,246
WILLIAM E. SCHMIDT * Vancouver, B.C. DIRECTOR	At the Next Annual General Meeting	Barrister and Solicitor	February, 2002 to present	491,461
GARY F. ZAK * North Vancouver, B.C. DIRECTOR	At the Next Annual General Meeting	Businessman; Director & Officer of several public companies	August 15, 2001 to present	0

* Member of the Audit Committee.

The Board of Directors has three committees:

- a) the Audit and Finance Committee which consists of William E. Schmidt, H. Barry Hemsworth and Gary F. Zak;

- b) the Corporate Governance Committee which consists of William E. Schmidt and Gary F. Zak;
- c) the Disclosure Committee which consists of William E. Schmidt and H. Barry Hemsworth.

Corporate Cease Trade Orders and Bankruptcies

None of the proposed directors are, or within the ten years prior to the date of this Information Circular, have been a director, officer or promoter of any other issuer or reporting company which have been struck from the Registrar of Companies by the B.C. Registrar of Companies or other similar authority or was subject to a cease trade or similar order, or an order that denied the other issuer access to any statutory exemptions, or suspension order for a period of more than 30 consecutive days.

None of the proposed directors have been a director officer or promoter of any other issuer or reporting company which was declared bankrupt or made a voluntary assignment in bankruptcy, made a proposal under any legislative authority relating to bankruptcy or insolvency or been subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold the assets of that reporting company.

Penalties and Sanctions

None of the proposed directors have been the subject of any penalties or sanctions imposed by a court or securities regulatory authority relating to trading in securities, the promotion, formation or management of a publicly traded company or involving theft or fraud.

Individual Bankruptcies

No proposed director has, within the ten years prior to the date of the Prospectus, been declared bankrupt or made a voluntary assignment in bankruptcy, made a proposal under any legislation relating to bankruptcy or proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of that individual.

The Board of Directors has adopted the Audit and Finance Committee of the Board of Directors Charter in order to comply with Multilateral Instrument 52-109. Copies of these documents are located under the Company's name on the Sedar website (www.sedar.com).

The Audit Committee of the Board of Directors has established "whistler blower" procedures in order to comply with Section 2.3(7) of Multilateral Instrument 52-110. A copy of the procedure is located under the Company's name on the Sedar website.

CORPORATE GOVERNANCE DISCLOSURE

The Company is a Venture Issuer and is required to provide the following information in its Management Information Circular if the Company is soliciting a proxy for the election of Directors.

Board of Directors

The Board of Directors has created a Nominating and Corporate Governance Committee and has approved a charter for that committee. A copy of the charter has been placed on the Sedar website.

The said committee is intended to provide the exercise of independent supervision over management.

The Board includes the following persons who are considered to be independent in the circumstances of this Company: William E. Schmidt and Gary F. Zak.

In addition, the Board includes H. Barry Hemsworth, as a director. He is not considered independent as he performs the role of officer for the Company.

Directorships

Two of the directors are presently directors of other issuers which are reporting issuers or their equivalent in a domestic or foreign jurisdiction: William E. Schmidt – Noram Ventures Inc., San Antonio Ventures Inc., Orofino Minerals Inc.; and Gary F. Zak – Bold Ventures Inc., Beaufield Consolidated Resources Ltd. and Forum Development Corp.

Orientation and Continuing Education

The Board does not have any formal procedure to orient new board members nor does it have a formal policy of providing continuing education for directors.

The Company relies upon its professional advisors to update the knowledge of the board members in respect to changes in relevant policies and regulations. The Nominating and Corporate Governance Committee will be expected to select any new members from persons who have the requisite knowledge and experience to ensure that the lack of formal policy will not detract from the performance of board members.

Ethical Business Conduct

The Board has adopted a Code of Ethics. A copy of the Code is located under the company's name on the Sedar website (www.sedar.com). The Board does not take any formal measures to encourage and promote a culture of ethical business conduct, but, does rely upon the selection of persons to and as directors, officers and employees who they consider to meet the highest ethical standards.

Nominations of Directors

The Nominating and Corporate Governance Committee is charged with the responsibility of identifying new candidates for board nominations, including setting up a procedure for identifying new candidates.

Compensation

The directors of the Company do not receive compensation as such. The compensation payable to officers and for consulting services are determined by the Board of Directors according to their

understanding as to the amount of compensation is reasonable in the circumstances of the services performed by officers or consultants.

Other Board Committee

The Board does not have any standing committee other than audit, compensation and nominating and corporate governance committees. However, it does have a corporate disclosure system which is described in notes which have been placed on the Sedar website.

Assessment

The Nominating and Corporate Governance Committee is charged with the responsibility of satisfying itself that the board, its committees and individual directors are performing effectively.

REMUNERATION OF MANAGEMENT AND OTHERS

During the last fiscal year, management fees and remuneration to directors or officers of the Company or their holding companies are \$30,000 for management fees, \$12,981 for legal fees and disbursements and \$10,000 for accounting services.

No retirement benefit plans have been instituted by the Company and none are proposed at this time.

Incentive stock options were granted to the following persons to purchase up to the number of shares set out opposite their names:

<u>Date of Grant</u>	<u>Optionee</u>	<u>No. of Shares</u>	<u>Exercise Price</u>	<u>Expiry Date</u>
24/09/07	H. Barry Hemsworth	210,000*	\$0.11	24/09/12
24/09/07	William E. Schmidt	37,500	\$0.11	24/09/12
24/09/07	Gary F. Zak	37,500	\$0.11	24/09/12
24/09/07	Sandra J. Morton	37,500	\$0.11	24/09/12
24/09/07	Ken Phillippe	37,500	\$0.11	24/09/12
24/09/07	Jeffrey L. Standen	100,000	\$0.11	24/09/12

* 40,000 exercised

None of the directors or senior officers of the Company or associate or affiliate of any of them have been indebted to the Company since the beginning of the last completed financial year.

AUDIT COMMITTEE

National Instrument 52-110 *Audit Committees* (NI 52-110) of the Canadian securities administrators requires the Company's Audit Committee to meet certain requirements. It also requires the Company to disclose in this Circular certain information regarding the Audit Committee. That information is disclosed below.

Overview

The Audit Committee of the Company's Board of Directors is responsible for:

- recommending to the Company's Board of Directors the external auditor to be nominated for election by the Company's shareholders at each Annual General Meeting and approving the compensation of such external auditor;
- overseeing the work of the external auditor, including the resolution of disagreements between the auditor and management regarding the Company's financial reporting;
- pre-approving all non-audit services to be provided to the Company and its subsidiaries, if any, by the auditor;
- reviewing the Company's annual and interim financial statements, Management's Discussion & Analysis (MD&A) and press releases regarding earnings before they are submitted for review and approval by the Board of Directors and publicly disseminated by the Company;
- confirming adequate procedures are in place for the review of the Company's public disclosure of financial information extracted or derived from its financial statements, other than disclosure described in the previous paragraph, and periodically accessing the adequacy of those procedures; and
- reviewing and approving the Company's hiring policies regarding current and former partners and employees of the Company's current and former auditors.

The Company's auditor reports directly to the Audit Committee.

The Audit Committee's Charter

The Company's Board of Directors has adopted a Charter for the Audit Committee which sets out the Company's mandate, organization, powers and responsibilities. The Charter is attached as a schedule to this Circular.

Composition of the Audit Committee

The Audit Committee consists of three directors. Unless it is a 'Venture Issuer' (an issuer the securities of which are not listed or quoted on any of the Toronto Stock Exchange, a market in the United States of America other than the over-the-counter market, or a market outside of Canada and the U.S.A.) as of the end of its last financial year, NI 52-110 requires each of the members of the Committee to be independent and financially literate. Since the Company is a 'Venture Issuer' (its securities are listed on the TSX Venture Exchange, but are not listed or quoted on any other exchange or market, other than possibly the U.S. over-the-counter market, or a market outside of Canada and the U.S.A.), it is exempt from this requirement. In addition, the Company's governing corporate legislation requires the Company to have an Audit Committee composed of a minimum of three directors, a majority of whom are not officers or employees of the Company. The Audit Committee complies with this requirement.

The following table sets out the names of the members of the Audit Committee and whether they are officers or employees, ‘independent’ or ‘financially literate’.

<u>Name of Member</u>	<u>Independent</u>	<u>Financially Literate</u>
H. Barry Hemsworth	No	Yes
William E. Schmidt	Yes	Yes
Gary Zak	Yes	Yes

Relevant Education and Experience

The education and experience of each member of the Audit Committee that is relevant to the performance of his responsibilities as an Audit Committee member and, in particular, any education or experience that would provide the member with:

- an understanding of the accounting principles used by the Company 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, analysing 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 Company’s financial statements, or experience actively supervising one or more persons engaged in such activities; and
- an understanding of internal controls and procedures for financial reporting, are as follows:

<u>Name of Member</u>	<u>Education</u>	<u>Experience</u>
H. Barry Hemsworth	B.Com. LLB	42 years’ experience as director and/or officer
William E. Schmidt	B.A. LLB	41 years’ experience as director and/or officer
Gary Zak	B.A.	Several years experience as director and/or officer

Audit Committee Oversight

Since the commencement of the Company’s most recently completed financial year, there has not been a recommendation of the Audit Committee to nominate or compensate an external auditor which was not adopted by the Company’s Board of Directors.

Reliance on Exemptions in NI 52-110 regarding De Minimis Non-audit Services or on a Regulatory Order Generally

Since the commencement of the Company’s most recently completed financial year, the Company has not relied on:

1. the exemption in section 2.4 (*De Minimis Non-audit Services*) of NI 52-110 (which exempts all non-audit services provided by the Company's auditor from the requirement to be pre-approved by the Audit Committee if such services are less than 5% of the auditor's annual fees charged to the Company, are not recognized as non-audit services at the time of the engagement of the auditor to perform them and are subsequently approved by the Audit Committee prior to the completion of that year's audit); or
2. an exemption from the requirements of NI 52/110, in whole or in part, granted by a securities regulator under Part 8 (*Exemptions*) of NI 52-110.

Pre-Approval Policies and Procedures

The Audit Committee has adopted specific policies and procedures for the engagement of non-audit services as described in its Charter.

External Auditor Service Fees (By Category)

The following table discloses the fees billed to the Company by its external auditor during the last three financial years.

<u>Financial Year</u>	<u>Audit Fees⁽¹⁾</u>	<u>Audit Related Fees⁽²⁾</u>	<u>Tax Fees⁽³⁾</u>	<u>All Other Fees⁽⁴⁾</u>
2010	\$12,240	Nil	Nil	Nil
2009	\$6,300	Nil	Nil	Nil
2008	\$6,250	Nil	Nil	Nil

- (1) The aggregate fees billed for audit services.
- (2) The aggregate fees billed for assurance and related services that are reasonably related to the performance of the audit or review of the Company's financial statements and are not disclosed in the 'Audit Fees' column.
- (3) The aggregate fees billed for tax compliance, tax advice, and tax planning services. These services involved the preparation of Canadian Corporation Income Tax Returns.
- (4) The aggregate fees billed for professional services other than those listed in the other three columns.

Reliance on Exemptions in NI 52-110 regarding Audit Committee Composition & Reporting Obligations

Since the Company is a Venture Issuer, it is relying on the exemption contained in section 6.1 of NI 52-110 from the requirements of Part 3 *Composition of the Audit Committee* (as described in 'Composition of the Audit Committee' above) and Part 5 *Reporting Obligations* of NI 52-110 (which requires certain prescribed disclosure about the Audit Committee in the Company's Annual Information Form, if any).

APPOINTMENT OF AUDITORS

It is intended to vote the proxy to appoint MNP LLP, Chartered Accountants, of 2300 – 1055

Dunsmuir Street, Vancouver, B.C. V7X 1J1 as Auditors of the Company, and to authorize the directors to fix their remuneration. A predecessor firm was appointed in 2007.

MANAGEMENT CONTRACTS

No person other than a director or executive officer or their holding company have a management contract with the Company.

OTHER MATTERS TO BE ACTED UPON

There shall be moved at the Meeting the following resolutions:

1. A special resolution, (1) to ratify and approve the exercise of any stock options granted to directors, officers and/or employees of the Company and/or its subsidiaries during the previous year or as granted hereunder, (2) to authorize and approve the granting and exercise of stock options that the Company might see fit in their discretion to grant to directors, officers and/or employees of the Company and/or its subsidiaries during the forthcoming year at such prices and upon such terms as may be acceptable to the TSX Venture Exchange and to ratify the exercise of any options so granted, and (3) to authorize the directors to renegotiate or cancel any existing stock options.
2. A special resolution to approve the 2012 Stock Option Plan.

Shareholders will be asked to consider and, if thought fit, to approve a stock option plan (the "Plan"). The resolution must be approved by Disinterested Shareholder approval as defined in the policies of the TSX Venture Exchange ("Majority of Minority Approval"). Management is of the view that it is in the best interests of the Company to implement the Plan. The Plan, if approved by the shareholders and the TSX Venture Exchange (the "Exchange"), will become effective upon such approval and the Company being returned to Tier 2 on the TSX Venture Exchange.

The Plan has been prepared in accordance with the policies of the Exchange. It reserves 5,603,326 common shares for issuance pursuant to the exercise of options granted pursuant to the Plan being less than 20% of the number of common shares expected to be issued and outstanding as at the effective date of the Plan. Any common shares subject to a share option which for any reason is cancelled or terminated without having been exercised shall again be available for grant under the Plan.

The Plan provides that eligible persons thereunder include any director, officer, employee (full or part-time), consultant or management company employee of the Company or any affiliate of the Company designated by the directors under the Plan. The definition of consultant is the same as that contained in the policies of the Exchange.

The Plan will be administered by the board of directors or a committee thereof. The board of directors will have the authority to determine, among other things, the persons to

whom options are granted and the number of such options. At the time an option is granted, the board will also determine the exercise price of the option which, subject to a minimum price of \$0.05, shall be equal to the closing price of the common shares on the Exchange on the day immediately preceding the date of grant, and any vesting criteria or other restrictions with respect to the exercisability of the option. At a minimum, unless the approval of the Exchange is received, options will vest in equal installments, either monthly, quarterly or bi-annually, at the discretion of the board over a period of 18 months. Subject to any restrictions contained in the Plan, the board may also impose such other terms and conditions as it shall deem necessary or advisable at the time of grant.

The term of the options will be determined by the board, but in any case must be no more than five years from the date of grant. Options are not transferable other than by will or the laws of descent and distribution. If an optionee ceases to be an eligible person for any reason whatsoever, the option (to the extent that it has vested at the time of termination) is exercisable for a period of 30 days or until the option's expiration date, whichever is earlier, after which time the options will terminate and be of no further force and effect. If an optionee dies, the legal representative of the optionee may exercise the option (to the extent that it has vested at the time of death) until the earlier of one year after the date of death and the option's expiration date.

The Plan provides that the maximum number of common shares which may be reserved for issuance to any participant pursuant to options may not exceed 5% of the common shares outstanding at the time of grant (on a non-diluted basis) less the aggregate number of common shares reserved for issuance to such person under any other option to purchase common shares under any other share compensation arrangement. Under the Plan, the maximum number of common shares that may be issued to any participant, or to one insider and the insider's associates, within a one year period pursuant to option exercises may not exceed 5% of the outstanding issue.

The maximum number of common shares which may be reserved for issuance to all the insiders of the Company pursuant to share options is limited to 20% of the common shares outstanding at the time of the grant (on a non-diluted basis) less the aggregate number of common shares reserved for issuance to insiders under any other share compensation arrangement.

The Company will not provide any optionee with financial assistance in order to enable such optionee to exercise share options granted under the Plan.

A copy of the Plan is attached to this Information Circular as Schedule A.

3. An ordinary resolution to ratify, confirm and approve all acts, deeds and things done by and the proceedings of the directors and officers of the Company on its behalf since the last Annual General Meeting of the Company.

To pass the proposed special resolutions, an affirmative vote of not less than sixty-six and two-thirds (66 2/3%) per cent of the votes cast by the shareholders of the Company present in person or by proxy at the Meeting is required.

THE MANAGEMENT KNOWS OF NO OTHER MATTERS TO COME BEFORE THE MEETING OF SHAREHOLDERS OTHER THAN REFERRED TO IN THE NOTICE OF MEETING. SHOULD ANY OTHER MATTERS PROPERLY COME BEFORE THE MEETING, THE SHARES REPRESENTED BY THE PROXY SOLICITED HEREBY WILL BE VOTED ON SUCH MATTERS IN ACCORDANCE WITH THE BEST JUDGMENT OF THE PERSONS VOTING THE PROXY.

DATED this 16th day of December, A.D. 2011.

BY ORDER OF THE BOARD OF DIRECTORS