

**CANAMEX RESOURCES CORP.**  
**Suite 303, 595 Howe Street**  
**Vancouver, B.C. V6C 2T5**  
**Phone: (604) 718-2800 Fax: (604) 718-2808**

## **INFORMATION CIRCULAR**

(As at July 28, 2011, except as indicated)

The Company is providing this Information Circular and a form of proxy in connection with management's solicitation of proxies for use at the annual general meeting (the "Meeting") of the Company to be held on Thursday, September 8, 2011 and at any adjournments. Unless the context otherwise requires, when we refer in this Information Circular to the Company, its subsidiaries are also included. The Company will conduct its solicitation by mail and officers and employees of the Company may, without receiving special compensation, also telephone or make other personal contact. The Company will pay the cost of solicitation.

### **APPOINTMENT OF PROXYHOLDER**

The purpose of a proxy is to designate persons who will vote the proxy on a shareholder's behalf in accordance with the instructions given by the shareholder in the proxy. The persons whose names are printed in the enclosed form of proxy are officers or directors of the Company (the "Management Proxyholders").

**A shareholder has the right to appoint a person other than a Management Proxyholder, to represent the shareholder at the Meeting by striking out the names of the Management Proxyholders and by inserting the desired person's name in the blank space provided or by executing a proxy in a form similar to the enclosed form. A proxyholder need not be a shareholder.**

### **VOTING BY PROXY**

**Only registered shareholders or duly appointed proxyholders are permitted to vote at the Meeting.** Shares represented by a properly executed proxy will be voted or be withheld from voting on each matter referred to in the Notice of Meeting in accordance with the instructions of the shareholder on any ballot that may be called for and if the shareholder specifies a choice with respect to any matter to be acted upon, the shares will be voted accordingly.

**If a shareholder does not specify a choice and the shareholder has appointed one of the Management Proxyholders as proxyholder, the Management Proxyholder will vote in favour of the matters specified in the Notice of Meeting and in favour of all other matters proposed by management at the Meeting.**

**The enclosed form of proxy also gives discretionary authority to the person named therein as proxyholder with respect to amendments or variations to matters identified in the Notice of the Meeting and with respect to other matters which may properly come before the Meeting. At the**

date of this Information Circular, management of the Company knows of no such amendments, variations or other matters to come before the Meeting.

## **COMPLETION AND RETURN OF PROXY**

Completed forms of proxy must be deposited at the office of Olympia Trust Company, the Company's registrar and transfer agent, 1003, 750 West Pender Street, Vancouver, British Columbia, V6C 2T8, not later than forty-eight (48) hours, excluding Saturdays, Sundays and holidays, prior to the time of the Meeting, unless the chairman of the Meeting elects to exercise his discretion to accept proxies received subsequently.

## **NON-REGISTERED HOLDERS**

**Only shareholders whose names appear on the records of the Company as the registered holders of shares or duly appointed proxyholders are permitted to vote at the Meeting.** Most shareholders of the Company are "non-registered" shareholders because the shares they own are not registered in their names but instead registered in the name of a nominee such as a brokerage firm through which they purchased the shares; bank, trust company, trustee or administrator of self-administered RRSP's, RRIF's, RESP's and similar plans; or clearing agency such as The Canadian Depository for Securities Limited (a "Nominee"). If you purchased your shares through a broker, you are likely an unregistered holder.

In accordance with securities regulatory policy, the Company has distributed copies of the Meeting materials, being the Notice of Meeting, this Information Circular and the Proxy, to the Nominees for distribution to non-registered holders.

Nominees are required to forward the Meeting materials to non-registered holders to seek their voting instructions in advance of the Meeting. Shares held by Nominees can only be voted in accordance with the instructions of the non-registered holder. The Nominees often have their own form of proxy, mailing procedures and provide their own return instructions. If you wish to vote by proxy, you should carefully follow the instructions from the Nominee in order that your Shares are voted at the Meeting.

If you, as a non-registered holder, wish to vote at the Meeting in person, you should appoint yourself as proxyholder by writing your name in the space provided on the request for voting instructions or proxy provided by the Nominee and return the form to the Nominee in the envelope provided. Do not complete the voting section of the form as your vote will be taken at the Meeting.

In addition, Canadian securities legislation now permits the Company to forward meeting materials directly to "non objecting beneficial owners". If the Company or its agent has sent these materials directly to you (instead of through a Nominee), your name and address and information about your holdings of securities have been obtained in accordance with applicable securities regulatory requirements from the Nominee holding on your behalf. By choosing to send these materials to you directly, the Company (and not the Nominee holding on your behalf) has assumed responsibility for (i) delivering these materials to you and (ii) executing your proper voting instructions.

## **REVOCABILITY OF PROXY**

Any registered shareholder who has returned a proxy may revoke it at any time before it has been exercised. In addition to revocation in any other manner permitted by law, a registered shareholder, his

attorney authorized in writing or, if the registered shareholder is a corporation, a corporation under its corporate seal or by an officer or attorney thereof duly authorized, may revoke a proxy by instrument in writing, including a proxy bearing a later date. The instrument revoking the proxy must be deposited at the registered office of the Company, at any time up to and including the last business day preceding the date of the Meeting, or any adjournment thereof, or with the chairman of the Meeting on the day of the Meeting. **Only registered shareholders have the right to revoke a proxy. Non-Registered Holders who wish to change their vote must, at least seven days before the Meeting, arrange for their Nominees to revoke the proxy on their behalf.**

## **VOTING SHARES AND PRINCIPAL HOLDERS THEREOF**

The Company is authorized to issue an unlimited number of common shares without par value (the "shares"), of which 42,087,864 shares are issued and outstanding as of the date hereof. Persons who are registered shareholders at the close of business on July 28, 2011 will be entitled to receive notice of and vote at the Meeting and will be entitled to one vote for each share held. The Company has only one class of shares.

To the knowledge of the directors and executive officers of the Company, no person beneficially owns, controls or directs, directly or indirectly, shares carrying 10% or more of the voting rights attached to all shares of the Company.

## **ELECTION OF DIRECTORS**

The directors of the Company are elected at each annual general meeting and hold office until the next annual general meeting or until their successors are appointed. In the absence of instructions to the contrary, the enclosed proxy will be voted for the nominees herein listed.

Shareholder approval will be sought to fix the number of directors of the Company at six (6).

The Company is required to have an audit committee. Members of this committee are as set out below.

Management of the Company proposes to nominate each of the following persons for election as a director. Information concerning such persons, as furnished by the individual nominees, and each other person whose term of office as a director will continue after the Meeting, is as follows:

<i>Name, Jurisdiction of Residence and Position</i>	<i>Principal Occupation or employment and, if not a Director, occupation during the past 5 years</i>	<i>Previous Service as a Director</i>	<i>Number of Common Shares Beneficially Owned, Controlled or Directed, Directly or Indirectly<sup>(1)</sup></i>
<p><b>Greg Hahn<sup>(2)</sup></b> Lakewood, Colorado U.S.A. <b>President and CEO</b></p>	<p>Principal of Greg Hahn Consulting, LLC, a private mining and geological consulting firm since 2007; Former Interim President and CEO of Silver Bull Resources Inc. (formerly Metalline Mining Company), a TSX Venture Exchange (the "Exchange") listed mineral exploration company July 2010 to February 2011, and former director from 2007 to April 2011; Former President, CEO and Director of Constellation Copper Corporation, 1995 to 2007.</p>	<p>Nominee as Director</p>	<p>323,256</p>
<p><b>Mike Stark<sup>(3)</sup></b> Surrey, B.C. CANADA <b>Director</b></p>	<p>19 year member of the Fire Service International Association of Fire Fighters, currently Acting Captain; Director of TransAmerican Energy Inc., a company listed on the Exchange</p>	<p>Director since February 25, 2009</p>	<p>402,500<sup>(4)</sup></p>
<p><b>Herb Duerr</b> Reno, Nevada U.S.A. <b>Director</b></p>	<p>Self-employed geologist consultant, 1982 to present; director of two companies listed on the Exchange</p>	<p>Director since February 25, 2009</p>	<p>1,220,000<sup>(5)</sup></p>
<p><b>Mark Billings<sup>(3)</sup></b> Montreal, Quebec CANADA <b>Director</b></p>	<p>President and CEO of Orex Exploration Inc. since October 24, 2007, an Exchange listed mineral exploration company; director of several companies listed on the Exchange and OTC Bulletin Board</p>	<p>Director since February 25, 2009</p>	<p>350,000</p>
<p><b>W. Pierce Carson</b> Tijeras, New Mexico U.S.A. <b>Director</b></p>	<p>President, CEO and director of Santa Fe Gold Corporation since October 2003.</p>	<p>Director since July 7, 2011</p>	<p>Nil</p>

<i>Name, Jurisdiction of Residence and Position</i>	<i>Principal Occupation or employment and, if not a Director, occupation during the past 5 years</i>	<i>Previous Service as a Director</i>	<i>Number of Common Shares Beneficially Owned, Controlled or Directed, Directly or Indirectly<sup>(1)</sup></i>
<b>Robert Kramer<sup>(3)</sup></b> North Vancouver, B.C. CANADA <b>Director</b>	Chartered Accountant and Registered Certified Public Accountant (Illinois); CEO for Current Technology Corporation since July 2004; director of Silver Bull Resources Inc. (formerly Metalline Mining Company), an Exchange listed mineral exploration company, July 2006 to April 2011.	Director since July 7, 2011	666,667

- (1) Shares beneficially owned, directly or indirectly, or over which control or direction is exercised, as at July 28, 2011, based upon information furnished to the Company by individual directors. Unless otherwise indicated, such shares are held directly.
- (2) Greg Hahn was appointed President and CEO of the Company on March 10, 2011.
- (3) Member of the audit committee.
- (4) These shares are held indirectly in the name of Starkkollections, a private company controlled by Mike Stark.
- (5) Of these shares, 1,200,000 are held indirectly through MinQuest Inc., a private company 50% of the shares of which are owned by Herb Duerr.

No proposed director is to be elected under any arrangement or understanding between the proposed director and any other person or company, except the directors and executive officers of the company acting solely in such capacity.

Except as set out below, to the knowledge of the Company, no proposed director or officer of the Company, or securityholder anticipated to hold a sufficient number of Shares to materially affect control of the Company:

- (a) is, as at the date of this Information Circular, or has been, within 10 years before the date of this Information Circular, a director, officer (including chief executive officer ("**CEO**") or chief financial officer ("**CFO**")) or promoter of any company (including the Company) that:
  - (i) was the subject, while the proposed director was acting in the capacity as director, CEO or CFO of such company, of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation that was in effect for a period of more than 30 consecutive days other than:
    - A) Mike Stark, who was a director of TransAmerican Energy Inc. ("**TAE**") while that company was subject to:
      - 1) a cease trade order issued on August 20, 2008 by the British Columbia Securities Commission (the "**TAE BC CTO**") against TAE for failure to file annual oil and gas disclosure prescribed by National Instrument 51-101, *Standards of*

*Disclosure for Oil and Gas Activities*, for the years ended April 30, 2006 and 2007. TAE subsequently brought all of its annual continuous disclosure filings up-to-date, and the TAE BC CTO was revoked on November 19, 2008;

- 2) a cease trade order issued on August 21, 2008 by the Alberta Securities Commission against TAE (the "**TAE Alberta CTO**") for failure to file annual oil and gas disclosure for the year ended April 30, 2007. TAE subsequently brought all of its annual continuous disclosure filings up-to-date, and the TAE Alberta CTO was revoked on November 25, 2008; and
  - 3) a management cease trade order issued on August 31, 2009 by the British Columbia Securities Commission (the "**TAE MCTO**") against TAE for failure to file annual financial statements for the year ended April 30, 2009. The financial statements were subsequently filed and the TAE MCTO was revoked on October 2, 2009; and
- B) Robert Kramer, who was CEO and a director of Current Technology Corporation ("**CTC**") while that company was subject to a Cease Trade Order issued May 12, 2010 by the British Columbia Securities Commission (the "**CTC CTO**") for failure to file audited financial statements for the year ended December 31, 2009, which CTC CTO has not yet been revoked;
- (ii) was subject to a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days, that was issued after the proposed director ceased to be a director, CEO or CFO but which resulted from an event that occurred while the proposed director was acting in the capacity as director, CEO or CFO of such company, other than Robert Kramer, who was a non-executive director of IVS Intelligent Vehicle Systems Inc. ("**IVS**") from April 2000 to February 2003. On March 11, 2003 a Cease Trade Order was issued by the British Columbia Securities Commission on March 11, 2003, and by the Alberta Securities Commission on April 4, 2003, for failure to file audited financial statements for the year ended December 31, 2002. IVS was suspended from the Exchange in March 2003 for failure to pay sustaining fees, and was subsequently delisted in June 2004; or
- (b) is, as at the date of this Information Circular, or has been within 10 years before the date of this Information Circular, a director, officer or promoter of any company (including the Company) that, while that person was acting in that capacity, 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;
- (c) has, within the 10 years before the date of this Information Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become 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 the proposed director;
- (d) has been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or

- (e) has been subject to any penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable Shareholder in deciding whether to vote for the election of a proposed director.

The following directors (and proposed directors) of the Company hold directorships in other reporting issuers as set out below:

<u>Name of Director</u>	<u>Name of Reporting Issuer Directorships</u>
Mike Stark	TransAmerican Energy Inc. (TSX-V)
Herb Duerr	Iconic Minerals Ltd. (TSX-V) American Consolidated Minerals Inc. (TSX-V) American Copper Corporation (TSX-V)
Mark Billings	Argex Mining Inc. (TSX-V) Caldera Resources Inc. (TSX-V) Orex Exploration Inc. (TSX-V) Litewave Corp. (OTCBB) Iconic Minerals Ltd. (TSX-V) St.-Georges Platinum and Base Metals Ltd. (CNSX) TransAmerican Energy Inc. (TSX-V) Jiminex Inc. (TSX-V) Goldbard Capital Corp. (TSX-V)
W. Pierce Carson	Santa Fe Gold Corporation (OTCBB)
Robert Kramer	Current Technology Corporation (OTCBB)

## EXECUTIVE COMPENSATION

### Compensation Discussion and Analysis

The main objective of the Company's executive compensation program is to attract, retain, and engage high-quality, high-performance executives who have the experience and ability to successfully execute the Company's strategy and deliver value to the Shareholders.

The objectives of the Company's executive compensation program are as follows:

- (i) compensate executives competitively for the leadership, skills, knowledge, and experience necessary to perform their duties;
- (ii) align the actions and economic interests of executives with the interests of the Shareholders; and
- (iii) encourage retention of executives.

The independent members of the Board of Directors (the "**Independent Directors**"), being Mike Stark, Herb Duerr, Mark Billings, W. Pierce Carson, and Robert Kramer, annually review and set remuneration of executive officers. The Independent Directors determined that the executive compensation program should be comprised of the following elements:

- Base Salary – to compensate executives for the leadership, skills, knowledge and experience required to perform their duties; and

- Long-term Incentive Plan – to retain talented executives, reward them for their anticipated contribution to the long-term successful performance of the Company and align their interests with those of the Shareholders. The plan currently consists only of incentive stock options which may be granted under the Stock Option Plan to be adopted at the Meeting.

### **Process for Determining Executive Compensation**

The Independent Directors review the levels of compensation for executive officers based on internal discussions, but to date have not yet established any formal objectives, criteria, or benchmark analyses.

Total compensation for executive officers includes the base salary and long-term incentive stock options, as set out above.

### **Option-based awards**

The Company's 10% Stock Option Plan has been and will be used to provide share purchase options which may be granted in consideration of the level of responsibility of the executive as well as his or her impact or contribution to the longer-term operating performance of the Company. In determining the number of options to be granted to the executive officers, the Board intends to take into account the number of options, if any, previously granted to each executive officer, and the exercise price of any outstanding options to ensure that such grants are in accordance with the policies of the Exchange, and closely align the interests of the executive officers with the interests of Shareholders.

As the Company currently has no Compensation Committee, the Independent Directors will have the responsibility to administer the compensation policies related to the executive management of the Company, including option-based awards.

### **Summary Compensation Table**

The following table (presented in accordance with National Instrument Form 51-102F6 ("**Statement of Executive Compensation**" which came into force on December 31, 2008 (the "**Form 51-102F6**")) sets forth all annual and long term compensation for services in all capacities to the Company for the three most recently completed financial years of the Company ending on or after December 31, 2008 (to the extent required by Form 51-102F6) in respect of each of the individuals comprised of each Chief Executive Officer and the Chief Financial Officer who acted in such capacity for all or any portion of the most recently completed financial year, and each of the three most highly compensated executive officers, or the three most highly compensated individuals acting in a similar capacity, (other than the Chief Executive Officer and the Chief Financial Officer), as at December 31, 2010 whose total compensation was, individually, more than \$150,000 for the financial year and any individual who would have satisfied these criteria but for the fact that individual was neither an executive officer of the Company, nor acting in a similar capacity, at the end of the most recently completed financial year (collectively the "**Named Executive Officers**" or "**NEOs**").



NEO 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			
Basil Pantages, <sup>(1)</sup> former President and CEO	2010 2009	Nil Nil	Nil Nil	7,000 <sup>(2)</sup> Nil	Nil Nil	Nil Nil	Nil Nil	1,500 Nil	8,500 Nil <sup>(3)</sup>
Richard Barnett, <sup>(4)</sup> CFO and Secretary	2010 2009	Nil Nil	Nil Nil	7,000 <sup>(2)</sup> Nil	Nil Nil	Nil Nil	Nil Nil	15,000 Nil	22,000 Nil <sup>(5)</sup>
George Tsafalas, <sup>(6)</sup> former President and CEO	2009 2008	Nil Nil	Nil Nil	Nil Nil	Nil Nil	Nil Nil	Nil Nil	Nil Nil	Nil Nil
Eric Leslie, <sup>(7)</sup> former CFO	2009 2008	Nil Nil	Nil Nil	Nil Nil	Nil Nil	Nil Nil	Nil Nil	1,500 <sup>(8)</sup> 14,175 <sup>(9)</sup>	1,500 <sup>(8)</sup> 14,175 <sup>(9)</sup>

- (1) Basil Pantages was President and CEO of the Company from February 26, 2009 to March 10, 2011, when Greg Hahn was appointed President and CEO. Mr. Pantages subsequently resigned as a director of the Company on July 7, 2011.
- (2) Each of Basil Pantages and Rick Barnett were granted options to purchase 175,000 shares on October 19, 2010, exercisable at \$0.10 per share on or before October 18, 2012. However, the option granted to Mr. Pantages will terminate instead on October 7, 2011, being 90 days from his resignation as a director on July 7, 2011.
- (3) Mr. Pantages did not receive any form of compensation during the year ended December 31, 2009.
- (4) Richard Barnett was appointed Secretary and CFO of the Company on February 26, 2009.
- (5) Mr. Barnett did not receive any form of compensation during the year ended December 31, 2009.
- (6) George Tsafalas was President and CEO of the Company from April 11, 2008 to February 26, 2009. The Company had no President or CEO from October 26, 2007 to April 11, 2008.
- (7) Eric Leslie was Chief Financial Officer of the Company from April 11, 2008 to February 26, 2009.
- (8) During 2009, the sum of \$1,500 was paid to a company controlled by the former CFO, Eric Leslie, for performing management functions on behalf of the Company.
- (9) During 2008, the sum of \$14,175 was paid to a company controlled by the former CFO, Eric Leslie, for performing management functions on behalf of the Company.

### Incentive Plan Awards

The Company does not have any incentive plans, pursuant to which compensation that depends on achieving certain performance goals or similar conditions within a specified period is awarded, earned, paid or payable to the Named Executive Officer(s).

### Outstanding Share-Based Awards and Option-Based Awards

The following table sets forth information concerning all awards outstanding under incentive plans of the Company at the end of the most recently completed financial year, including awards granted before the most recently completed financial year, to each of the Named Executive Officers:

<i>Name</i>	<i>Option-Based Awards</i>				<i>Share-Based Awards</i>	
	<i>Number of Securities Underlying Unexercised Options (#)</i>	<i>Option Exercise Price (\$)</i>	<i>Option Expiration Date</i>	<i>Value of Unexercised In-The-Money Options<sup>(1)</sup> (\$)</i>	<i>Number of Shares Or Units Of Shares That Have Not Vested (#)</i>	<i>Market or Payout Value Of Share-Based Awards That Have Not Vested (\$)</i>
Basil Pantages <sup>(2)</sup> , former CEO and President	175,000	\$0.10	Oct.18/12 <sup>(3)</sup>	1,750	N/A	N/A
Richard Barnett, CFO and Secretary	175,000	\$0.10	Oct.18/12	1,750	N/A	N/A

- (1) This amount is calculated based on the difference between the market value of the securities underlying the options at the end of the most recently completed financial year, which was \$0.11, and the exercise or base price of the option.
- (2) Subsequent to the year ended December 31, 2010, Basil Pantages resigned as President and CEO (March 10, 2011), and Greg Hahn<sup>(4)</sup> was appointed in his place. Mr. Pantages further resigned as a director on July 7, 2011.
- (3) These options will terminate on October 7, 2011, being 90 days from Mr. Pantages' resignation as a director.
- (4) On March 10, 2011, Greg Hahn, the current CEO and President of the Company, was granted an option to purchase up to 250,000 shares at \$0.15 per share, exercisable on or before March 9, 2016, none of which have been exercised as of the date hereof.

### Value Vested or Earned During the Year

The value vested or earned during the most recently completed financial year of incentive plan awards granted to Named Executive Officers are as follows:

<i>NEO Name</i>	<i>Option-Based Awards - Value Vested During The Year<sup>(1)</sup> (\$)</i>	<i>Share-Based Awards - Value Vested During The Year<sup>(2)</sup> (\$)</i>	<i>Non-Equity Incentive Plan Compensation - Value Earned During The Year (\$)</i>
Basil Pantages <sup>(3)</sup> former CEO and President	Nil	N/A	N/A
Richard Barnett, CFO and Secretary	Nil	N/A	N/A

- (1) This amount is the dollar value that would have been realized computed by obtaining the difference between the market price of the underlying securities at exercise and the exercise or base price of the options under the option-based award on the vesting date.
- (2) This amount is the dollar value realized computed by multiplying the number of shares or units by the market value of the underlying shares on the vesting date.
- (3) Subsequent to the year ended December 31, 2010, Basil Pantages resigned as President and CEO on March 10, 2011, and Greg Hahn was appointed in his place. Mr. Pantages further resigned as a director of the Company on July 7, 2011.

### Termination and Change of Control Benefits

The Company and its subsidiaries have no employment contracts with any Named Executive Officer. Neither the Company, nor its subsidiaries, has a contract, agreement, plan or arrangement that provides

for payments to a Named Executive Officer following or in connection with any termination (whether voluntary, involuntary or constructive), resignation, retirement, a change of control of the Company or its subsidiaries, or a change in responsibilities of the NEO following a change in control.

### Director Compensation

The following table sets forth all amounts of compensation provided to the directors, who are each not also a Named Executive Officer, for the Company's most recently completed financial year:

<i>Director Name</i> <sup>(1)</sup>	<i>Fees Earned</i> (\$)	<i>Share-Based Awards</i> (\$)	<i>Option-Based Awards</i> (\$)	<i>Non-Equity Incentive Plan Compensation</i> (\$)	<i>Pension Value</i> (\$)	<i>All Other Compensation</i> (\$)	<i>Total</i> (\$)
Mike Stark	1,500	N/A	7,000	N/A	N/A	Nil	8,500
Mark Billings	1,500	N/A	7,000	N/A	N/A	Nil	8,500
Herb Duerr	1,500	N/A	7,000	N/A	N/A	Nil	8,500

- (1) Relevant disclosure has been provided in the *Summary Compensation Table for financial year(s) ending on or after December 31, 2008* above, for directors who receive compensation for their services as a director who are also Named Executive Officers.

The Company has no arrangements, standard or otherwise, pursuant to which directors are compensated by the Company or its subsidiaries for their services in their capacity as directors, or for committee participation, involvement in special assignments or for services as consultant or expert during the most recently completed financial year or subsequently, up to and including the date of this Information Circular except that directors of the company who are not officers are paid \$500 per month (commencing October 30, 2010) for their duties as a director.

The Company has a stock option plan for the granting of incentive stock options to the officers, employees and directors. The purpose of granting such options is to assist the Company in compensating, attracting, retaining and motivating the directors of the Company and to closely align the personal interests of such persons to that of the shareholders.

### Incentive Plan Awards - Outstanding Share-Based Awards and Option-Based Awards

The following table sets forth information concerning all awards outstanding under incentive plans of the Company at the end of the most recently completed financial year, including awards granted before the most recently completed financial year, to each of the directors who are not Named Executive Officers:

<i>Director Name</i>	<i>Option-Based Awards</i>				<i>Share-Based Awards</i>	
	<i>Number of Securities Underlying Unexercised Options</i> (#)	<i>Option Exercise Price</i> (\$)	<i>Option Expiration Date</i>	<i>Value of Unexercised In-The-Money Options</i> <sup>(1)</sup> (\$)	<i>Number of Shares Or Units Of Shares That Have Not Vested</i> (#)	<i>Market or Payout Value Of Share-Based Awards That Have Not Vested</i> (\$)
Mike Stark	175,000	\$0.10	Oct.18/12	1,750	N/A	N/A
Mark Billings	175,000	\$0.10	Oct.18/12	1,750	N/A	N/A
Herb Duerr	175,000	\$0.10	Oct.18/12	1,750	N/A	N/A

- (1) This amount is calculated based on the difference between the market value of the securities underlying the options at the end of the most recently completed financial year, which was \$0.11, and the exercise or base price of the option.

### Incentive Plan Awards - Value Vested or Earned During the Year

The value vested or earned during the most recently completed financial year of incentive plan awards granted to directors who are not Named Executive Officers are as follows:

<i>Director Name</i>	<i>Option-Based Awards - Value Vested During The Year <sup>(1)</sup></i> (\$)	<i>Share-Based Awards - Value Vested During The Year <sup>(2)</sup></i> (\$)	<i>Non-Equity Incentive Plan Compensation - Value Earned During The Year</i> (\$)
Mike Stark	Nil	N/A	N/A
Mark Billings	Nil	N/A	N/A
Herb Duerr	Nil	N/A	N/A

- (1) This amount is the dollar value that would have been realized computed by obtaining the difference between the market price of the underlying securities at exercise and the exercise or base price of the options under the option-based award on the vesting date.
- (2) This amount is the dollar value realized computed by multiplying the number of shares or units by the market value of the underlying shares on the vesting date.

### Securities Authorized for Issuance under Equity Compensation Plans

The following table sets forth the Company's compensation plans under which equity securities are authorized for issuance as at the end of the most recently completed financial year.

<i>Plan Category</i>	<i>Number of securities to be issued upon exercise of outstanding options, warrants and rights</i> (a)	<i>Weighted-average exercise price of outstanding options, warrants and rights</i> (b)	<i>Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))</i> (c)
<i>Equity compensation plans approved by securityholders</i>	2,500,000	\$0.10	909,286 <sup>(1)</sup>
<i>Equity compensation plans not approved by securityholders</i>	N/A	N/A	N/A
<b>Total</b>	<b>2,500,000</b>	<b>\$0.10</b>	<b>909,286</b>

- (1) Calculation based on total of 10% of issued and outstanding share capital as at year ended December 31, 2010 (being 34,092,864 shares), less 2,500,000 options outstanding as at the fiscal year end.

The Company has in place a 10% Rolling Stock Option Plan (the "Plan"), which was approved by shareholders at the Annual General Meeting held September 9, 2010, and approved by the TSX Venture Exchange on October 1, 2010. Under the Plan, options are exercisable over periods of up to 10 years as determined by the Board of Directors and are required to have an exercise price no less than the closing market price of the Company's shares on the trading day immediately preceding the day on which the Company announces the grant of options (or, if the grant is not announced, the closing market price

prevailing on the day that the option is granted), less the applicable discount, if any, permitted by the policies of the Exchange and approved by the Board of Directors. Pursuant to the Plan, the Board of Directors may from time to time authorize the issue of options to directors, officers, employees and consultants of the Company and its subsidiaries or employees of companies providing management or consulting services to the Company or its subsidiaries. The maximum number of common shares which may be issued pursuant to options previously granted and those granted under the Plan will be 10% of the issued and outstanding common shares at the time of the grant. In addition, the number of shares which may be reserved for issuance to any one individual may not exceed (without disinterested shareholder approval) 5% of the issued shares on a yearly basis or 2% if the optionee is engaged in investor relations activities or is a consultant. The Plan contains no vesting requirements, but permits the Board of Directors to specify a vesting schedule in its discretion.

The Plan also contains the following provisions:

1. If a change of control (as defined in the Plan) occurs, or if the Company is subject to a take-over bid, all shares subject to stock options shall immediately become vested and may thereupon be exercised in whole or in part by the option holder. The Board may also accelerate the expiry date of outstanding stock options in connection with a take-over bid.
2. The Plan contains adjustment provisions with respect to outstanding options in cases of share reorganizations, special distributions and other corporation reorganizations including an arrangement or other transaction under which the business or assets of the Company become, collectively, the business and assets of two or more companies with the same shareholder group upon the distribution to the Company's shareholders, or the exchange with the Company's shareholders, of securities of the Company or securities of another company.
3. On the death or disability of an option holder, all vested options will expire at the earlier of 365 days after the date of death or disability and the expiry date of such options. Where an optionee is terminated for cause, any outstanding options (whether vested or unvested) are cancelled as of the date of termination. If an optionee retires or voluntarily resigns or is otherwise terminated by the Company other than for cause, then all vested options held by such optionee will expire at the earlier of (i) the expiry date of such options and (ii) the date which is 90 days (30 days if the optionee was engaged in investor relations activities) after the optionee ceases its office, employment or engagement with the Company.
4. If pursuant to the operation of an adjustment provision of the Plan, an optionee receives options (the "New Options") to purchase securities of another company (the "New Company") in respect of the optionee's options under the Plan (the "Subject Options"), the New Options shall expire on the earlier of: (i) the expiry date of the Subject Options; (ii) if the optionee does not become an eligible person in respect of the New Company, the date that the Subject Options expire pursuant to the applicable provisions of the Plan relating to expiration of options in cases of death, disability or termination of employment discussed in the preceding paragraph above (the "Termination Provisions"); (iii) if the optionee becomes an eligible person in respect of the New Company, the date that the New Options expire pursuant to the terms of the New Company's stock option plan that correspond to the Termination Provisions; and (iv) the date that is two (2) years after the optionee ceases to be an eligible person in respect of the New Company or such shorter period as determined by the Board of Directors.
5. In accordance with good corporate governance practices and as recommended by National Policy 51-201 *Disclosure Standards*, the Company imposes black-out periods restricting the trading of its securities by directors, officers, employees and consultants during periods surrounding the

release of annual and interim financial statements and at other times when deemed necessary by management and the board of directors. In order to ensure that holders of outstanding stock options are not prejudiced by the imposition of such black-out periods, any outstanding stock options with an expiry date occurring during a management imposed black-out period or within five days thereafter will be automatically extended to a date that is 10 trading days following the end of the black-out period.

#### **INDEBTEDNESS OF DIRECTORS AND SENIOR OFFICERS**

As at June 30, 2011, there was no indebtedness outstanding of any current or former director, executive officer or employee of the Company or any of its subsidiaries which is owing to the Company or any of its subsidiaries or to another entity which is the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Company or any of its subsidiaries, entered into in connection with a purchase of securities or otherwise.

No individual who is, or at any time during the most recently completed financial year was, a director or executive officer of the Company, no proposed nominee for election as a director of the Company and no associate of such persons:

- (i) is or at any time since the beginning of the most recently completed financial year has been, indebted to the Company or any of its subsidiaries; or
- (ii) whose indebtedness to another entity is, or at any time since the beginning of the most recently completed financial year has been, the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Company or any of its subsidiaries,

in relation to a securities purchase program or other program.

#### **INTEREST OF CERTAIN PERSONS IN MATTERS TO BE ACTED UPON**

Except as set out herein, no person who has been a director or executive officer of the Company at any time since the beginning of the Company's last financial year, no proposed nominee of management of the Company for election as a director of the Company and no associate or affiliate of the foregoing persons, has any material interest, direct or indirect, by way of beneficial ownership or otherwise, in matters to be acted upon at the Meeting other than the election of directors or the appointment of auditors.

#### **INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS**

No informed person or proposed director of the Company and no associate or affiliate of the foregoing persons has or has had any material interest, direct or indirect, in any transaction since the commencement of the Company's most recently completed financial year or in any proposed transaction which in either such case has materially affected or would materially affect the Company or any of its subsidiaries.

#### **APPOINTMENT OF AUDITORS**

Manning Elliot LLP, Chartered Accountants, of 11th Floor, 1050 West Pender Street, Vancouver, B.C., V6E 3S7 is the auditors of the Company. Unless otherwise instructed, the proxies given pursuant to this

solicitation will be voted for the re-appointment of Manning Elliot LLP as the auditors of the Company to hold office for the ensuing year at remuneration to be fixed by the directors.

Manning Elliot LLP, Chartered Accountants, were first appointed as auditors on April 9, 2010.

## **MANAGEMENT CONTRACTS**

No management functions of the Company (or subsidiaries) are performed to any substantial degree by a person other than the directors or executive officers of the Company (or subsidiaries).

During the last completed financial year:

- (a) the sum of \$15,000 was paid or is payable to Rick Barnett, Secretary and CFO of the Company for performing administrative functions on behalf of the Company;
- (b) the sum of \$1,500 was paid or is also payable to each of the following directors: Mike Stark, Herb Duerr, Mark Billings and Basil Pantages (who subsequently resigned as President and CEO on March 10, 2011, and as a director of July 7, 2011) for performing management functions on behalf of the Company; and
- (c) pursuant to a management contract dated March 10, 2011, the Company pays Greg Hahn, who was appointed President and CEO of the Company on March 10, 2011, \$5,000 per month. On that date Mr. Hahn was also granted a stock option entitling him to purchase 250,000 shares at \$0.15 per share, which options were fully exercisable upon issuance and expire March 9, 2016. As of the date hereof, none of these options have been exercised.

## **CORPORATE GOVERNANCE DISCLOSURE**

Corporate governance relates to the activities of the Board of Directors, the members of which are elected by and are accountable to the Shareholders, and takes into account the role of the individual members of management who are appointed by the Board of Directors and who are charged with the day-to-day management of the Company. The Board of Directors is committed to sound corporate governance practices, which are both in the interest of shareholders and contribute to effective and efficient decision making.

National Policy 58-201 establishes corporate governance guidelines which apply to all public companies. The Company has reviewed its own corporate governance practices in light of these guidelines. In certain cases, the Company's practices comply with the guidelines, however, the Board considers that some of the guidelines are not suitable for the Company at its current stage of development and therefore these guidelines have not been adopted. National Instrument 58-101 mandates disclosure of corporate governance practices which disclosure is set out below.

### **Independence of Members of Board**

The Company's Board consists of five directors, all of whom are considered independent based upon the tests for independence set forth in National Instrument 52-110. Mike Stark, Herb Duerr, Mark Billings, Robert Kramer and W. Pierce Carson, are considered independent. Greg Hahn, the Company's current President and CEO, is standing for election as a director at this Meeting, and, if elected, will not be considered independent.

### **Management Supervision by Board**

The size of the Company is such that all the Company's operations are conducted by a small management team. The Board considers that management is effectively supervised by the Independent Directors on an informal basis as the Independent Directors are involved in reviewing and supervising the operations of the Company and have full access to management.

### **Participation of Directors in Other Reporting Issuers**

The participation of the directors in other reporting issuers is described in the table provided under "Election of Directors" in this Information Circular.

### **Orientation and Continuing Education**

The Company does not have formal orientation and training programs and does not consider these programs necessary at this stage of the Company's development. Board members have full access to the Company's records.

### **Ethical Business Conduct**

The Board views good corporate governance as an integral component to the success of the Company and to meet responsibilities to shareholders. The Company's reputation for integrity is an important asset. The Company has always set high standards of personal and business integrity for its employees, and intends to continue to conduct its business in accordance with those high standards. The Company obeys the law wherever it operates. It is expected that the Company's business conduct and the personal actions of its employees reflect the spirit and intent of the laws under which the Company operates and its employees live. The Company's employees are encouraged to act so that others will view the Company and its employees as having the very highest standards of integrity. Ultimately there is no way to assure proper behaviour, except through the actions of each employee. No set rules of conduct will apply to every possible situation. Common sense and judgment supported by a deeply ingrained tradition of integrity provides the Company's foundation.

The Board has found that the fiduciary duties placed on individual directors by the Company's governing corporate legislation and the common law and the restrictions placed by applicable corporate legislation on an individual director's participation in decisions of the Board in which the director has an interest have been sufficient to ensure that the Board operates independently of management and in the best interests of the Company.

Under corporate legislation, a director is required to act honestly and in good faith with a view to the best interests of the Company and exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. In addition, as some of the directors of the Company also serve as directors and officers of other companies engaged in similar business activities, directors must comply with the conflict of interest provisions of the *Business Corporations Act* (British Columbia), as well as the relevant securities regulatory instruments, in order to ensure that directors exercise independent judgment in considering transactions and agreements in respect of which a director or officer has a material interest. Any interested director would be required to declare the nature and extent of his interest and would not be entitled to vote at meetings of directors which evoke such a conflict.



## **Nomination of Directors**

The Board as a whole has responsibility for identifying potential Board candidates. See also "Assessments" below.

## **Compensation of Directors and the CEO**

The Independent Directors, being Mike Stark, Herb Duerr, Mark Billings, Robert Kramer and W. Pierce Carson, have the responsibility for determining director and senior management compensation. The quantity and quality of Board compensation is reviewed on an annual basis. At present, the Board is satisfied that the current compensation arrangements adequately reflect the responsibilities and risks involved in being an effective director of the Company. At this time, the Company does not believe its size and scope of operations require a formal compensation committee. The basic philosophy underlying executive compensation is that the interests of the Company's executive officers should be aligned as closely as possible with the interests of the Company and its shareholders as a whole. The compensation that the Company pays to its executive officers consists of cash, equity and equity incentives. The Company does not have a pension plan or a benefits plan for its executive officers. The Company places a greater emphasis on equity and equity incentive compensation than it does on cash compensation. This is consistent with the Company's basic philosophy that the Company's best interests are served by having its executives benefit in the same way as shareholders. It also reflects the Company's stage of development, its limited history of earnings and its priority allocation of its limited financial resources to the development of the Company's business.

## **Board Committees**

The Company has only an Audit Committee at this time. The Board has determined that additional committees are not necessary at this stage of the Company's development.

## **Assessments**

The Board does not consider that formal assessments would be useful at this stage of the Company's development.

The Board intends annually, and at such other times as it deems appropriate, to review the performance and effectiveness of the Board, the directors and its committees to determine whether changes in size, personnel or responsibilities are warranted. To assist in its review, the Board intends to conduct informal surveys of its directors, and receive reports from each committee respecting its own effectiveness. As part of the assessments, the Board or the individual committee may review their respective mandate or charter and conduct reviews of applicable corporate policies.

## **Expectations of Management**

The Board expects management to operate the business of the Company in a manner that enhances shareholder value and is consistent with the highest level of integrity. Management is expected to execute the Company's business plan and to meet performance goals and objectives.

## AUDIT COMMITTEE

### **The Audit Committee's Charter**

#### *Mandate*

The primary function of the audit committee (the "**Committee**") is to assist the Board of Directors in fulfilling its financial oversight responsibilities by reviewing the financial reports and other financial information provided by the Company to regulatory authorities and shareholders, the Company's systems of internal controls regarding finance and accounting and the Company's auditing, accounting and financial reporting processes. Consistent with this function, the Committee will encourage continuous improvement of, and should foster adherence to, the Company's policies, procedures and practices at all levels. The Committee's primary duties and responsibilities are to:

- Serve as an independent and objective party to monitor the Company's financial reporting and internal control system and review the Company's financial statements.
- Review and appraise the performance of the Company's external auditors.
- Provide an open avenue of communication among the Company's auditors, financial and senior management and the Board of Directors.

#### *Composition*

The Committee shall be comprised of three directors as determined by the Board of Directors, the majority of whom shall be free from any relationship that, in the opinion of the Board of Directors, would interfere with the exercise of his or her independent judgment as a member of the Committee.

At least one member of the Committee shall have accounting or related financial management expertise. All members of the Committee that are not financially literate will work towards becoming financially literate to obtain a working familiarity with basic finance and accounting practices. For the purposes of the Company's Charter, the definition of "financially literate" is 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 presumably be expected to be raised by the Company's financial statements.

The members of the Committee shall be elected by the Board of Directors at its first meeting following the annual shareholders' meeting. Unless a Chair is elected by the full Board of Directors, the members of the Committee may designate a Chair by a majority vote of the full Committee membership.

#### *Meetings*

The Committee shall meet at least quarterly, or more frequently as circumstances dictate. As part of its job to foster open communication, the Committee will meet at least annually with the Chief Financial Officer and the external auditors in separate sessions.

#### *Responsibilities and Duties*

To fulfill its responsibilities and duties, the Committee shall:

### Documents/Reports Review

- (a) Review and update this Charter annually.
- (b) Review the Company's financial statements, MD&A and any annual and interim earnings, press releases before the Company publicly discloses this information and any reports or other financial information (including quarterly financial statements), which are submitted to any governmental body, or to the public, including any certification, report, opinion, or review rendered by the external auditors.

### External Auditors

- (a) Review annually, the performance of the external auditors who shall be ultimately accountable to the Board of Directors and the Committee as representatives of the shareholders of the Company.
- (b) Obtain annually, a formal written statement of external auditors setting forth all relationships between the external auditors and the Company, consistent with Independence Standards Board Standard 1.
- (c) Review and discuss with the external auditors any disclosed relationships or services that may impact the objectivity and independence of the external auditors.
- (d) Take, or recommend that the full Board of Directors take, appropriate action to oversee the independence of the external auditors.
- (e) Recommend to the Board of Directors the selection and, where applicable, the replacement of the external auditors nominated annually for shareholder approval.
- (f) At each meeting, consult with the external auditors, without the presence of management, about the quality of the Company's accounting principles, internal controls and the completeness and accuracy of the Company's financial statements.
- (g) Review and approve the Company's hiring policies regarding partners, employees and former partners and employees of the present and former external auditors of the Company.
- (h) Review with management and the external auditors the audit plan for the year-end financial statements and intended template for such statements.
- (i) Review and pre-approve all audit and audit-related services and the fees and other compensation related thereto, and any non-audit services, provided by the Company's external auditors. The pre-approval requirement is waived with respect to the provision of non-audit services if:
  - i. the aggregate amount of all such non-audit services provided to the Company constitutes not more than five percent of the total amount of revenues paid by the Company to its external auditors during the fiscal year in which the non-audit services are provided;
  - ii. such services were not recognized by the Company at the time of the engagement to be non-audit services; and
  - iii. such services are promptly brought to the attention of the Committee by the Company and approved prior to the completion of the audit by the Committee or by one or more

members of the Committee who are members of the Board of Directors to whom authority to grant such approvals has been delegated by the Committee.

Provided the pre-approval of the non-audit services is presented to the Committee's first scheduled meeting following such approval such authority may be delegated by the Committee to one or more independent members of the Committee.

*Financial Reporting Processes*

- (a) In consultation with the external auditors, review with management the integrity of the Company's financial reporting process, both internal and external.
- (b) Consider the external auditors' judgments about the quality and appropriateness of the Company's accounting principles as applied in its financial reporting.
- (c) Consider and approve, if appropriate, changes to the Company's auditing and accounting principles and practices as suggested by the external auditors and management.
- (d) Review significant judgments made by management in the preparation of the financial statements and the view of the external auditors as to appropriateness of such judgments.
- (e) Following completion of the annual audit, review separately with management and the external auditors any significant difficulties encountered during the course of the audit, including any restrictions on the scope of work or access to required information.
- (f) Review any significant disagreement among management and the external auditors in connection with the preparation of the financial statements.
- (g) Review with the external auditors and management the extent to which changes and improvements in financial or accounting practices have been implemented.
- (h) Review any complaints or concerns about any questionable accounting, internal accounting controls or auditing matters.
- (i) Review certification process.
- (j) Establish a procedure for the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.

*Other*

Review any related-party transactions.

**Composition of the Audit Committee**

The following are the members of the Committee:

Mike Stark	Independent ①	Financially literate ①
Robert Kramer	Independent ①	Financially literate ①
Mark Billings	Independent ①	Financially literate ①

① As defined by National Instrument 52-110.

### **Relevant Education and Experience**

*Robert Kramer:* Mr. Kramer, Chair of the Audit Committee, has been a Chartered Accountant since 1973 and a Registered Certified Public Accountant (Illinois) since 2000. From July 2006 to April 2011, Mr. Kramer was Chair of the Audit Committee for Silver Bull Resources Inc. (formerly Metalline Mining Company), an Exchange and NYSE/AMEX listed mineral exploration company.

*Mike Stark:* Mr. Stark presently serves as a director and audit committee member for another publicly traded company, and in this capacity he is responsible for the financial statements and internal controls and procedures for financial reporting.

*Mark Billings:* Mr. Billings presently serves as President and CEO of Orex Exploration Inc., a gold exploration company, and as CFO of Argex Mining Inc., a titanium, vanadium and iron ore exploration company. In these capacities, he is responsible for the financial statements and internal controls and procedures for financial reporting. In addition, he serves on the audit committee of a number of other Exchange-listed issuers, and was Chief Financial Officer of other private and public companies where he was responsible for financial reporting and internal controls and procedures. Mr. Billings has an MBA, with a concentration in finance, and is a Chartered Financial Analyst.

### **Audit Committee Oversight**

At no time since the commencement of the Company's most recently completed financial year was a recommendation of the Committee to nominate or compensate an external auditor not adopted by the Board of Directors.

### **Reliance on Certain Exemptions**

At no time since the commencement of the Company's most recently completed financial year has the Company relied on the exemption in Section 2.4 of National Instrument 52-110 (*De Minimis Non-audit Services*), or an exemption from National Instrument 52-110, in whole or in part, granted under Part 8 of National Instrument 52-110.

### **Pre-Approval Policies and Procedures**

The Committee has adopted specific policies and procedures for the engagement of non-audit services as described above under the heading "External Auditors" above.

### **External Auditors' Service Fees (By Category)**

The aggregate fees billed by the Company's external auditors in each of the last two fiscal years for audit fees are as follows:

<i>Financial Year Ended</i>	<i>Audit Fees</i>	<i>Audit Related Fees</i>	<i>Tax Fees</i>	<i>All Other Fees</i>
December 31, 2009	\$8,000	Nil	\$2,500	Nil
December 31, 2010	\$14,500	Nil	\$1,500	Nil

## **Exemption**

The Company is relying on the exemption in Section 6.1 of National Instrument 52-110 from the requirement of Parts 3 (Composition of the Audit Committee) and 5 (Reporting Obligations).

## **PARTICULARS OF OTHER MATTERS TO BE ACTED UPON**

### **Approval and Ratification of Stock Option Plan**

The Board of Directors of the Company implemented a stock option plan (the "Plan") effective July 9, 2010, which was approved by the Exchange on October 1, 2010 and the shareholders of the Company on September 9, 2010. The number of common shares which may be issued pursuant to options previously granted and those granted under the Plan is a maximum of 10% of the issued and outstanding common shares at the time of the grant. In addition, the number of shares which may be reserved for issuance to any one individual may not exceed 5% of the issued shares on a yearly basis or 2% if the optionee is engaged in investor relations activities nor is a consultant. Under Exchange policy, all such rolling stock option plans which set the number of common shares issuable under the plan at a maximum of 10% of the issued and outstanding common shares must be approved and ratified by shareholders on an annual basis.

Therefore, at the Meeting, shareholders will be asked to pass a resolution in the following form:

"UPON MOTION IT WAS RESOLVED that the Company approve and ratify, subject to regulatory approval, the Plan pursuant to which the directors may, from time to time, authorize the issuance of options to directors, officers, employees and consultants of the Company and its subsidiaries to a maximum of 10% of the issued and outstanding common shares at the time of the grant, with a maximum of 5% of the Company's issued and outstanding shares being reserved to any one person on a yearly basis."

The purpose of the Plan is to allow the Company to grant options to directors, officers, employees and consultants, as additional compensation, and as an opportunity to participate in the success of the Company. The granting of such options is intended to align the interests of such persons with that of the shareholders. Options will be exercisable over periods of up to five years as determined by the Board of Directors of the Company and are required to have an exercise price no less than the closing market price of the Company's shares prevailing on the day that the option is granted less a discount of up to 25%, the amount of the discount varying with market price in accordance with the policies of the Exchange. Pursuant to the Plan, the Board of Directors may from time to time authorize the issue of options to directors, officers, employees and consultants of the Company and its subsidiaries or employees of companies providing management or consulting services to the Company or its subsidiaries. The Plan contains no vesting requirements, but permits the Board of Directors to specify a vesting schedule in its discretion. The Plan provides that if a change of control, as defined therein, occurs, all shares subject to option shall immediately become vested and may thereupon be exercised in whole or in part by the option holder.

The full text of the Plan is available for viewing up to the date of the Meeting at the Company's offices at Suite 303, 595 Howe Street, Vancouver, British Columbia, and will also be available for review at the Meeting.

**Unless such authority is withheld, the persons named in the enclosed Proxy intend to vote for the approval and ratification of the Plan.**

**ADDITIONAL INFORMATION**

Additional information relating to the Company is on SEDAR at [www.sedar.com](http://www.sedar.com). Shareholders may contact the Company at Suite 303, 595 Howe Street, Vancouver, B.C., V6C 2T5 to request copies of the Company's financial statements and MD&A.

Financial information is provided in the Company's comparative financial statements and MD&A for its most recently completed financial year which are filed on SEDAR.

**OTHER MATTERS**

Management of the Company is not aware of any other matter to come before the Meeting other than as set forth in the notice of Meeting. If any other matter properly comes before the Meeting, it is the intention of the persons named in the enclosed form of proxy to vote the shares represented thereby in accordance with their best judgment on such matter.

**APPROVED BY THE BOARD OF DIRECTORS**

*"Robert Kramer"*

**ROBERT KRAMER, DIRECTOR**