

ARROWSTAR RESOURCES LTD.
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INFORMATION CIRCULAR
as at May 4, 2012
(except as otherwise indicated)

This Information Circular is furnished in connection with the solicitation of proxies by the management of Arrowstar Resources Ltd. (the “Company”) for use at the annual general meeting (the “Meeting”) of its shareholders to be held on June 13, 2012 at the time and place and for the purposes set forth in the accompanying notice of the Meeting.

In this Information Circular, references to the “Company”, “Arrowstar”, “we” and “our” refer to **Arrowstar Resources Ltd.** “Common Shares” means common shares without par value in the capital of the Company. “Beneficial Shareholders” means shareholders who do not hold Common Shares in their own name and “intermediaries” refers to brokers, investment firms, clearing houses and similar entities that own securities on behalf of Beneficial Shareholders.

GENERAL PROXY INFORMATION

Solicitation of Proxies

The solicitation of proxies will be primarily by mail, but proxies may be solicited personally or by telephone by directors, officers and regular employees of the Company. The Company will bear all costs of this solicitation. We have arranged for intermediaries to forward the meeting materials to beneficial owners of the Common Shares held of record by those intermediaries and we may reimburse the intermediaries for their reasonable fees and disbursements in that regard.

Appointment of Proxyholders

The individuals named in the accompanying form of proxy (the “Proxy”) are officers of the Company. **If you are a shareholder entitled to vote at the Meeting, you have the right to appoint a person or company other than either of the persons designated in the Proxy, who need not be a shareholder, to attend and act for you and on your behalf at the Meeting. You may do so either by inserting the name of that other person in the blank space provided in the Proxy or by completing and delivering another suitable form of proxy.**

Voting by Proxyholder

The persons named in the Proxy will vote or withhold from voting the Common Shares represented thereby in accordance with your instructions on any ballot that may be called for. If you specify a choice with respect to any matter to be acted upon, your Common Shares will be voted accordingly. The Proxy confers discretionary authority on the persons named therein with respect to:

- (a) each matter or group of matters identified therein for which a choice is not specified, other than the appointment of an auditor and the election of directors,
- (b) any amendment to or variation of any matter identified therein, and
- (c) any other matter that properly comes before the Meeting.

In respect of a matter for which a choice is not specified in the Proxy, the persons named in the Proxy will vote the Common Shares represented by the Proxy for the approval of such matter.

Registered Shareholders

Registered Shareholders may wish to vote by proxy whether or not they are able to attend the Meeting in person. Registered Shareholders may choose one of the following options to submit their proxy:

- (a) completing, dating and signing the enclosed form of proxy and returning it to the Company's transfer agent, Computershare Trust Company of Canada ("Computershare"), by fax within North America at 1-866-249-7775, outside North America at (416) 263-9524, or by mail to the 9th Floor, 100 University Avenue, Toronto, Ontario, M5J 2Y1 or by hand delivery at 2nd Floor, 510 Burrard Street, Vancouver, British Columbia, Canada V6C 3B9;
- (b) use a touch-tone phone to transmit voting choices to a toll free number. Registered shareholders must follow the instructions of the voice response system and refer to the enclosed proxy form for the toll free number, the holder's account number and the proxy access number; or
- (c) use the internet through the website of the Company's transfer agent at www.investorvote.com. Registered Shareholders must follow the instructions that appear on the screen and refer to the enclosed proxy form for the holder's account number and the proxy access number.

In all cases the Registered Shareholder must ensure the proxy is received at least 48 hours (excluding Saturdays, Sundays and statutory holidays) before the Meeting or the adjournment thereof at which the proxy is to be used.

Beneficial Shareholders

The following information is of significant importance to shareholders who do not hold Common Shares in their own name. Beneficial Shareholders should note that the only proxies that can be recognized and acted upon at the Meeting are those deposited by registered shareholders (those whose names appear on the records of the Company as the registered holders of Common Shares) or as set out in the following disclosure.

If Common Shares are listed in an account statement provided to a shareholder by a broker, then in almost all cases those Common Shares will not be registered in the shareholder's name on the records of the Company. Such Common Shares will more likely be registered under the names of the shareholder's broker or an agent of that broker (an "intermediary"). In the United States, the vast majority of such Common Shares are registered under the name of Cede & Co. as nominee for The Depository Trust Company (which acts as depository for many U.S. brokerage firms and custodian banks), and in Canada, under the name of CDS & Co. (the registration name for The Canadian Depository for Securities Limited, which acts as nominee for many Canadian brokerage firms).

Intermediaries are required to seek voting instructions from Beneficial Shareholders in advance of meetings of shareholders. Every intermediary has its own mailing procedures and provides its own return instructions to clients.

There are two kinds of Beneficial owners - those who object to their name being made known to the issuers of securities which they own (called "OBOs" for Objecting Beneficial Owners) and those who do not object to the issuers of the securities they own knowing who they are (called "NOBOs" for Non-Objecting Beneficial Owners).

The Company is taking advantage of the provisions of National Instrument 54-101 "Communication with Beneficial Owners of Securities of a Reporting Issuer" that permit it to directly deliver proxy-related materials to its NOBOs. As a result NOBOs can expect to receive a scannable Voting Instruction Form ("VIF") from our transfer agent, Computershare. These VIFs are to be completed and returned to Computershare in the envelope provided or by facsimile. In addition, Computershare provides both telephone voting and internet voting as described on the VIF itself which contain complete instructions. Computershare will tabulate the results of the VIFs received from NOBOs and will provide appropriate instructions at the Meeting with respect to the shares represented by the VIFs they receive.

These securityholder materials are being sent to both registered and non-registered owners of the securities of the Company. If you are a non-registered owner, and the Company or its agent has sent these materials directly to you, your name and address and information about your holdings of securities, have been obtained in accordance with applicable securities regulatory requirements from the intermediary holding securities on your behalf.

By choosing to send these materials to you directly, the Company (and not the intermediary holding securities on your behalf) has assumed responsibility for (i) delivering these materials to you, and (ii) executing your proper voting instructions. Please return your voting instructions as specified in your request for voting instructions.

Beneficial Shareholders who are OBOs should follow the instructions of their intermediary carefully to ensure that their Common Shares are voted at the Meeting.

The form of proxy supplied to you by your broker will be similar to the proxy provided to registered shareholders by the Company. However, its purpose is limited to instructing the intermediary on how to vote your Common Shares on your behalf. Most brokers now delegate responsibility for obtaining instructions from clients to Broadridge Financial Solutions, Inc. (“Broadridge”) in the United States and in Canada. Broadridge mails a VIF in lieu of a proxy provided by the Company. The VIF will name the same persons as the Company’s Proxy to represent your Common Shares at the Meeting. You have the right to appoint a person (who need not be a Beneficial Shareholder of the Company), other than any of the persons designated in the VIF, to represent your Common Shares at the Meeting and that person may be you. To exercise this right, you should insert the name of the desired representative (which may be yourself) in the blank space provided in the VIF. The completed VIF must then be returned to Broadridge by mail or facsimile or given to Broadridge by phone or over the internet, in accordance with Broadridge’s instructions. Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of Common Shares to be represented at the Meeting and the appointment of any shareholder’s representative. **If you receive a VIF from Broadridge, the VIF must be completed and returned to Broadridge, in accordance with its instructions, well in advance of the Meeting in order to have your Common Shares voted at the Meeting or to have an alternate representative duly appointed to attend the Meeting and to vote your Common Shares at the Meeting.**

Notice to Shareholders in the United States

The solicitation of proxies involve securities of an issuer located in Canada and is being effected in accordance with the corporate laws of the Province of British Columbia, Canada and securities laws of the provinces of Canada. The proxy solicitation rules under the *United States Securities Exchange Act of 1934*, as amended, are not applicable to the Company or this solicitation, and this solicitation has been prepared in accordance with the disclosure requirements of the securities laws of the provinces of Canada. Shareholders should be aware that disclosure requirements under the securities laws of the provinces of Canada differ from the disclosure requirements under United States securities laws.

The enforcement by shareholders of civil liabilities under United States federal securities laws may be affected adversely by the fact that the Company is incorporated under the *Business Corporations Act* (British Columbia) (the “BCA”), certain of its directors and its executive officers are residents of Canada and a substantial portion of its assets and the assets of such persons are located outside the United States. Shareholders may not be able to sue a foreign company or its officers or directors in a foreign court for violations of United States federal securities laws. It may be difficult to compel a foreign company and its officers and directors to subject themselves to a judgment by a United States court.

Revocation of Proxies

In addition to revocation in any other manner permitted by law, a registered shareholder who has given a proxy may revoke it by:

- (a) executing a proxy bearing a later date or by executing a valid notice of revocation, either of the foregoing to be executed by the registered shareholder or the registered shareholder’s authorized attorney in writing, or, if the shareholder is a corporation, under its corporate seal by an officer or

attorney duly authorized, and by delivering the proxy bearing a later date to Computershare or at the address of the registered office of the Company at 1500 Royal Centre, 1055 West Georgia Street, P. O. Box 11117, Vancouver, British Columbia, V6E 4N7, at any time up to and including the last business day that precedes the day of the Meeting or, if the Meeting is adjourned, the last business day that precedes any reconvening thereof, or to the chairman of the Meeting on the day of the Meeting or any reconvening thereof, or in any other manner provided by law, or

- (b) personally attending the Meeting and voting the registered shareholder's Common Shares.

A revocation of a proxy will not affect a matter on which a vote is taken before the revocation.

INTEREST OF CERTAIN PERSONS OR COMPANIES IN MATTERS TO BE ACTED UPON

No director or executive officer of the Company, or any person who has held such a position since the beginning of the last completed financial year end of the Company, nor any nominee for election as a director of the Company, nor any associate or affiliate of the foregoing persons, has any substantial or material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted on at the Meeting other than the election of directors and as may be set out herein.

VOTING SECURITIES AND PRINCIPAL HOLDERS OF VOTING SECURITIES

The board of directors (the "Board") of the Company has fixed May 4, 2012 as the record date (the "Record Date") for determination of persons entitled to receive notice of the Meeting. Only shareholders of record at the close of business on the Record Date who either attend the Meeting personally or complete, sign and deliver a form of proxy in the manner and subject to the provisions described above will be entitled to vote or to have their Common Shares voted at the Meeting.

The Common Shares of the Company are listed for trading on the TSX Venture Exchange (the "TSXV"). The authorized capital of the Company consists of an unlimited number of Common Shares. As of May 4, 2012, there were 66,901,369 Common Shares issued and outstanding, each carrying the right to one vote. No group of shareholders has the right to elect a specified number of directors, nor are there cumulative or similar voting rights attached to the Common Shares.

To the knowledge of the directors and executive officers of the Company, no person or corporation beneficially owned, directly or indirectly, or exercised control or direction over, Common Shares carrying more than 10% of the voting rights attached to all outstanding Common of the Company as at May 4, 2012.

The audited financial statements of the Company for its fiscal year ended December 31, 2011, the report of the auditor and related management discussion and analysis were filed on SEDAR at www.sedar.com on April 30, 2012, and with the securities commissions or similar regulatory authority in Alberta and British Columbia.

VOTES NECESSARY TO PASS RESOLUTIONS

A simple majority of affirmative votes cast at the Meeting is required to pass the resolutions described herein. If there are more nominees for election as directors or appointment of the Company's auditor than there are vacancies to fill, those nominees receiving the greatest number of votes will be elected or appointed, as the case may be, until all such vacancies have been filled. If the number of nominees for election or appointment is equal to the number of vacancies to be filled, all such nominees will be declared elected or appointed by acclamation.

ELECTION OF DIRECTORS

The size of the Board is currently determined at four (4). The term of office of each current director will end at the conclusion of the Meeting. Unless the director's office is earlier vacated in accordance with the provisions of the BCA, each director elected will hold office until the conclusion of the next annual general meeting of the Company, or if no director is then elected, until a successor is elected.

The following disclosure sets out the names of management's four (4) nominees for election as directors, all major offices and positions with the Company and any of its significant affiliates each now holds, each nominee's principal occupation, business or employment, the period of time during which each has been a director of the Company and the number of Common Shares of the Company beneficially owned by each, directly or indirectly, or over which each exercised control or direction, as at May 4, 2012:

Name of Nominee; Current Position with the Company and Province or State and Country of Residence	Period as a Director of the Company	Common Shares Beneficially Owned or Controlled⁽¹⁾
ROBERT L. CARD Director, Chairman, President and Chief Executive Officer British Columbia, Canada	Since July 21, 2005	2,495,852 ⁽²⁾
PETER ARENDT Director British Columbia, Canada	Since November 10, 2011	200,000 ⁽³⁾
ANDREW KENNETH JARVIS Director British Columbia, Canada	Since January 6, 2012	Nil ⁽⁴⁾
PHILLIP THOMAS Vice-President, Exploration and Nominee Victoria, Australia	Nominee	500,000 ⁽⁵⁾

Notes:

- (1) The information as to principal occupation, business or employment and Common Shares beneficially owned or controlled is not within the knowledge of the management of the Company and has been furnished by the respective nominees.
- (2) 1,216,400 of these Common Shares are held by Sumac Investments Inc. ("Sumac") and 25,000 of these Common Shares are held by Allison Resources Inc. ("Allison") Mr. Card is principal of Sumac and Allison. Mr. Card also holds options to purchase an aggregate of 1,513,333 Common Shares (options to purchase 40,000 Common Shares at an exercise price of \$1.09 per Common Share and expiring July 11, 2012; options to purchase 75,000 Common Shares at an exercise price of \$1.52 per Common Share and expiring August 28, 2012; options to purchase 28,333 Common Shares at an exercise price of \$1.35 per Common Share and expiring September 21, 2012, options to purchase 800,000 Common Shares at an exercise price of \$0.10 per Common Share and expiring February 17, 2016, and options to purchase 570,000 Common Shares at an exercise price of \$0.10 per Common Share and expiring January 3, 2017).
- (3) Mr. Arendt holds options to purchase 500,000 Common Shares at an exercise price of \$0.10 expiring on January 3, 2017.
- (4) Mr. Jarvis holds options to purchase 200,000 Common Shares at an exercise price of \$0.10 expiring on January 3, 2017.
- (5) These Common Shares are held in the name of Ponopus PLC, a company controlled by Mr. Thomas, and were issued pursuant to a private placement which closed on April 17, 2012. Mr. Thomas holds options to purchase 500,000 Common Shares at an exercise price of \$0.10 expiring on January 3, 2017.

Occupation, Business or Employment of Nominees

Mr. Robert L. Card, B.A. (Econ) is a Businessman. He has been the President and Chief Executive Officer of Arrowstar Resources Ltd. since July 21, 2005 and Chairman since June 2007. He has been a Financial Consultant to Sumac Investments Ltd. since 1992 and President since August 1995. He has over 45 years of experience in investing and financial management. Mr. Card has served as an officer and director of numerous junior and start-up companies since 1980. He was an Auditor at the Revenue Department of Canada from 1975 to June 1980. He is a graduate of Simon Fraser University in Burnaby, British Columbia where he received his Bachelor of Arts degree with a major in Economics and Commerce. He has also served on the audit committee of other reporting issuers and has a good understanding of the reporting requirements of public companies.

Peter Arendt, P. Eng. is a Professional Engineer and holds a Bachelor's of Engineering in Mining and a Graduate Diploma in Business. He served as a director, Chief Executive Officer and President of Northern Iron Corp. until January 21, 2011. He served as the Chief Operating Officer of G4G Resources Ltd. from July 2008

to January 31, 2011 as its Chief Financial Officer until January 31, 2011 and a director from January 2008 until January 2011. He served as Vice President of Engineering and Coal Marketing Divisions of Pitchblack Resources Ltd. from November 7, 2005 to May 2008 and as Chief Executive Officer and President of G4G Resources Ltd. from January 18, 2008 to July 2008. Mr. Arendt is a senior mining professional and has 20 years of industry experience in the areas of exploration, mine operations, engineering, logistics and marketing in both Australia and Canada. He served as Coal Marketing Consultant of Pitchblack Resources Ltd. from July 2005 to November 2005. He also served as a Manager of Business Solutions of Crane Supply from June 2004 to November 2005, Energy Marketer of EPCOR Merchant & Capital L.P. from November 2003 to June 2004 and Director of International Steam Coal of Luscar Ltd. from February 1993 to September 2003. He has served as a Director at Electra Gold Ltd. since February 19, 2009.

Andrew Kenneth Jarvis has over 15 years of business experience including board, executive and senior-level roles, in both public and private corporations. His experience also includes five years in the mineral exploration industry, as well as public finance and corporate management experience. He holds a Bachelor of Business Administration degree from Simon Fraser University, British Columbia, Canada. He has successfully completed the Canadian Securities Course and an exploration and mining overview course at the British Columbia Institute of Technology. Mr. Jarvis is a member of the Association for Mineral Exploration British Columbia.

Phillip Thomas has been Vice-President, Exploration, since January 18, 2012. He is a mining industry professional with extensive experience in board, executive and senior-level roles. Mr. Thomas is a senior officer of Vallenar Iron Company, Chile ("Vallenar"). He has been involved with the Vallenar's magnetite iron ore project since inception in February 2005, when he was the CEO of Melbourne-based, Admiralty Resources NL ("Admiralty"), a publicly-listed company on the Australian Stock Exchange (ASX:ADY). A pilot plant was constructed in 2006 and full-scale production commenced in 2007. From 2003 to 2008, while Mr. Thomas was Managing Director of Admiralty, he was responsible for several other projects, including a lithium deposit in Argentina (Rincon), a lead zinc deposit in Northern Territory (Bulman), and a cobalt nickel deposit in Western Australia (Pyke Hill). From 1999 to 2003, Mr. Thomas ran his own business and worked for clients in a range of mining projects providing exploration, risk, financial modeling and ore reserve services. Prior to that, he worked as a consultant for a major international actuarial consulting firm, and headed up at the director-level, the retail division of a private banking, stockbrokerage and financial advisory group. He was a part of the team that raised the capital for and floated 22 companies on the ASX. Prior to that, he worked for five years with Macquarie Bank in investment banking, asset management and fixed interest. Mr. Thomas holds a Bachelor of Science Degree in Geology from Australian National University, and a Masters in Business Marketing from Monash University, Australia. He holds a Certificate in Financial Analysis, from the Australian Securities Institute, and is a member of the Australian Institute of Geoscientists.

Cease Trade Order, Bankruptcies and Insolvency

Except as disclosed herein, no proposed director is, as at the date of this Information Circular, or has been, within 10 years before the date of this Information Circular, a director, chief executive officer or chief financial officer of any company (including the Company, in respect of which the information circular is being prepared) that:

- (a) was subject to an order that was issued while the proposed director was acting in the capacity as director, chief executive officer or chief financial officer; or
- (b) was subject to an order that was issued after the proposed director ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer; or
- (c) is, as at the date of this Information Circular, or has been within 10 years before the date of this Information Circular, a director or executive officer of any company (including Gulfside in respect of which the information circular is being prepared) 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 of trustee appointed to hold its assets; or

- (d) has, within the 10 years before the date of the 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.

Robert L. Card was a director of the Company when it was issued a cease trade order by the British Columbia Securities Commission, pursuant to Section 164 of the *Securities Act* (British Columbia) on December 20, 2007 for failure to file a technical report within the required time period. A technical report was required in connection with the Company's Erdenetsog coal project, located in Altanshiree Soum, Mongolia. In its news release dated October 31, 2007, the Company announced a new current coal mineral resource estimate on its Erdenetsog property. The announcement triggered the requirement to file a technical report within 45 days. Dr. Strauts was appointed a director of the Company on March 14, 2008 while the Company was cease traded. The revocation for the cease trade order was lifted on June 4, 2009 and the Common Shares commenced trading on the TSXV on August 12, 2009.

Mr. Card was a director of Promax Energy Inc. ("Promax") which, on May 6, 2003, applied to the Court of Queen's Bench of Alberta for an order under the Companies Creditors Arrangement Act that granted Promax protection from proceedings by its creditors for the purposes of facilitating an orderly restructuring of its business, property and financial affairs. Promax is in the process of compromising with its creditors. Mr. Card resigned as director of Promax in April, 2004.

APPOINTMENT OF AUDITOR

Davidson & Company LLP, Chartered Accountants, 1200 – 609 Granville Street, Vancouver, British Columbia, will be nominated at the Meeting for reappointment as auditor of the Company at a remuneration to be fixed by the directors.

AUDIT COMMITTEE AND RELATIONSHIP WITH AUDITOR

National Instrument 52-110 *Audit Committees* of the Canadian Securities Administrators ("NI 52-110") requires the Company, as a venture issuer, to disclose annually in its Information Circular certain information concerning the constitution of its audit committee and its relationship with its independent auditor, as set forth in the following:

The Audit Committee's Charter

The audit committee has a charter. A copy of the audit committee charter was filed on SEDAR at www.sedar.com on January 25, 2006, as Schedule "A" to the 2006 information circular.

Composition of the Audit Committee

The members of the audit committee are Robert Card, Dr. Zigurts Strauts and Andrew Kenneth Jarvis. Mr. Jarvis and Dr. Strauts are independent members of the audit committee. Mr. Card is not independent as he is an officer of the Company. All members are considered to be financially literate.

Relevant Education and Experience

See disclosure under "Occupation, Business or Employment of Nominees".

Audit Committee Oversight

The audit committee has not made any recommendations to the Board to nominate or compensate any auditor other than Davidson & Company LLP.

Reliance on Certain Exemptions

The Company's auditor, Davidson & Company LLP, has not provided any material non-audit services.

Pre-Approval Policies and Procedures

See audit committee charter for specific policies and procedures for the engagement of non-audit services.

External Auditor Service Fees

The audit committee has reviewed the nature and amount of the non-audited services provided by Davidson & Company LLP to the Company to ensure auditor independence. Fees incurred with Davidson & Company LLP for audit and non-audit services in the last two fiscal years for audit fees are outlined in the following table.

Nature of Services	Fees Paid to Auditor in Year Ended December 31, 2011	Fees Paid to Auditor in Year Ended December 31, 2010
Audit Fees ⁽¹⁾	\$64,250	\$34,500
Audit-Related Fees ⁽²⁾	Nil	Nil
Tax Fees ⁽³⁾	\$2,500	\$2,500
All Other Fees ⁽⁴⁾	Nil	Nil
Total	\$66,750	\$37,000

Notes:

- (1) "Audit Fees" include fees necessary to perform the annual audit and quarterly reviews of the Company's consolidated financial statements. Audit Fees include fees for review of tax provisions and for accounting consultations on matters reflected in the financial statements. Audit Fees also include audit or other attest services required by legislation or regulation, such as comfort letters, consents, reviews of securities filings and statutory audits.
- (2) "Audit-Related Fees" include services that are traditionally performed by the auditor. These audit-related services include employee benefit audits, due diligence assistance, accounting consultations on proposed transactions, internal control reviews and audit or attest services not required by legislation or regulation.
- (3) "Tax Fees" include fees for all tax services other than those included in "Audit Fees" and "Audit-Related Fees". This category includes fees for tax compliance, tax planning and tax advice. Tax planning and tax advice includes assistance with tax audits and appeals, tax advice related to mergers and acquisitions, and requests for rulings or technical advice from tax authorities.
- (4) "All Other Fees" include all other non-audit services.

Exemption

The Company is relying upon the exemption in section 6.1 of NI 52-110 in respect of the composition of its audit committee and in respect of its reporting obligations under NI 52-110 for the year ended December 31, 2011. This exemption exempts a "venture issuer" from the requirement to have 100% of the members of its audit committee independent, as would otherwise be required by NI 52-110.

CORPORATE GOVERNANCE

General

Corporate governance refers to the policies and structure of the board of directors of a company, whose members are elected by and are accountable to the shareholders of the company. Corporate governance encourages establishing a reasonable degree of independence of the board of directors from executive management and the adoption of policies to ensure the board of directors recognizes the principles of good management. The Board of the Company is committed to sound corporate governance practices, as such practices are both in the interests of shareholders and help to contribute to effective and efficient decision-making.

Board of Directors

Directors are considered to be independent if they have no direct or indirect material relationship with the Company. A "material relationship" is a relationship which could, in the view of the Company's Board, be reasonably expected to interfere with the exercise of a director's independent judgment.

The Board facilitates its independent supervision over management by ensuring a majority of the Board are not officers of the Company. During the financial year ended December 31, 2011 the independent members of the Board of the Company were Dr. Zigurts Strauts, John Jenks, and Peter Arendt. Mr. Arendt was appointed as a

director of the Company on November 10, 2011. Following the year end of the Company, on January 6, 2012, Mr. Jenks resigned as a director of the Company. Andrew Kenneth Jarvis was appointed as director on January 6, 2012. The non-independent director is Robert Card, President and Chief Executive Officer. A majority of the Board is independent.

Directorships

The directors are currently serving on boards of the following other reporting companies (or equivalent) as set out below:

Name of Director	Name of Reporting Issuer	Exchange Listed
Peter Arendt	Electra Gold Ltd.	TSXV
	G4G Resources Ltd.	TSXV

Orientation and Continuing Education

When new directors are appointed, they receive orientation, commensurate with their previous experience, on the Company's business and industry and on the responsibilities of directors.

Board meetings may also include presentations by the Company's management and employees to give the directors additional insight into the Company's business.

Ethical Business Conduct

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 directors' 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.

Nomination of Directors

The Board considers its size each year when it considers the number of directors to recommend to the shareholders for election at the annual meeting of shareholders, taking into account the number required to carry out the Board's duties effectively and to maintain a diversity of views and experience.

The Board does not have a nominating committee, and these functions are currently performed by the Board as a whole. However, if there is a change in the number of directors required by the Company, this policy will be reviewed.

Compensation

The compensation for the directors and Chief Executive Officer is determined by the Board.

Other Board Committees

There are no committees of the Board other than the audit committee.

Assessments

The Board monitors the adequacy of information given to directors, communication between the Board and management and the strategic direction and processes of the Board and committees.

COMPENSATION OF EXECUTIVE OFFICERS

Executive Compensation

In this section "Named Executive Officer" means the Chief Executive Officer ("CEO"), the Chief Financial Officer ("CFO") and each of the three most highly compensated executive officers, other than the CEO and the CFO, who were serving as executive officers at the end of the most recently completed fiscal year and whose total compensation exceeds \$150,000, as well as any additional individuals for whom disclosure would have

been provided except that the individual was not serving as an officer of the Company at the end of the most recently completed financial year end of December 31, 2011.

Robert Card, President and CEO, and Blaine Bailey, CFO, are each an Named Executive Officer (“NEO”) of the Company for the purposes of the following disclosure.

Compensation Discussion and Analysis

The Board has not appointed a Compensation Committee. The Board assumes responsibility for reviewing and monitoring the long-range compensation strategy for the Company’s senior management, with a view to fulfilling its responsibilities concerning executive and director compensation, reviewing director compensation, overseeing the Company’s base compensation structure and equity-based compensation programs, recommending compensation of the Company’s officers and employees, and evaluating the performance of officers generally, all in light of the Company’s annual goals and objectives.

Mr. Card works on the Company’s activities on a full-time basis and Mr. Bailey works on the Company’s activities on a part-time basis.

Philosophy and Objectives

The compensation program for the Company’s senior management is designed to ensure that the level and form of compensation achieves certain objectives, including:

- (a) attracting and retaining talented, qualified and effective executives;
- (b) motivating the short and long-term performance of these executives; and
- (c) better aligning their interests with those of the Company’s shareholders.

Equity Participation

The Company believes that encouraging its executives and employees to become shareholders is the best way of aligning their interests with those of its shareholders. Equity participation is accomplished through the Company’s share option plan approved by shareholders at the 2011 annual general meeting. Stock options are granted to executives and employees taking into account a number of factors, including the amount and term of options previously granted and competitive factors. The amounts and terms of options granted are determined by the Board.

Given the evolving nature of the Company’s business, the Board continues to review and redesign the overall compensation plan for senior management so as to continue to address the objectives identified above.

Actions, Decisions and Policies made after December 31, 2011

On February 3, 2012, the following options were granted to directors and officers of the Company at an exercise price of \$0.10, expiring on January 3, 2017:

- (1) Robert Card, CEO, was granted options to purchase 570,000 Common Shares;
- (2) Blaine Bailey, CFO was granted options to purchase 200,000 Common Shares;
- (3) Peter Arendt, director, was granted options to purchase 500,000 Common Shares;
- (4) Andrew Kenneth Jarvis, director, was granted options to purchase 200,000 Common Shares; and
- (5) Phillip Thomas, director nominee, was granted options to purchase 500,000 Common Shares.

Option-Based Awards

On April 27, 2011, the Board approved the adoption of a new share option plan (the “Plan”). The Plan was approved by shareholders on June 9, 2011.

The Plan has been established to provide incentive to qualified parties to increase their proprietary interest in the Company and thereby encourage their continuing association with the Company. The Plan is administered by the CEO and CFO of the Company. The Plan provides that options will be issued to directors, officers,

employees or consultants of the Company or a subsidiary of the Company. The Plan also provides that the number of Common Shares issuable under the Plan, together with all of the Company's other previously established or proposed share compensation arrangements, may not exceed 10% of the total number of issued and outstanding Common Shares. Pursuant to the Plan all options expire on a date not later than 10 years after the date of grant of an option. As at December 31, 2011, there were options outstanding to purchase an aggregate of 2,576,667 Common Shares in the Company.

Summary Compensation Table

The compensation paid to the NEOs during the Company's three most recently completed financial years of December 31, 2009, 2010 and 2011 is as set out below and expressed in Canadian dollars unless otherwise noted:

Name and principal position	Year	Salary ⁽¹⁾ (\$)	Share-based awards (\$)	Option-based awards ⁽²⁾ (\$)	Non-equity incentive plan compensation (\$)		Pension value (\$)	All other compensation (\$)	Total compensation (\$)
					Annual incentive plans	Long-term incentive plans			
Robert Card, CEO	2011	\$51,000	Nil	\$8,000	Nil	Nil	Nil	Nil	\$59,000
	2010	\$86,000	Nil	Nil	Nil	Nil	Nil	Nil	\$86,000
	2009	\$61,000	Nil	Nil	Nil	Nil	Nil	Nil	\$61,000
Blaine Bailey, CFO	2011	\$28,000	Nil	\$3,000	Nil	Nil	Nil	Nil	\$31,000
	2010	\$33,000	Nil	Nil	Nil	Nil	Nil	Nil	\$33,000
	2009	\$36,000	Nil	Nil	Nil	Nil	Nil	Nil	\$36,000

Notes:

- (1) The amounts in the "Salary" column are administration fees paid to Sumac Investments Inc., a company controlled by Robert Card, and Promaid Services Ltd., a company controlled by Blaine Bailey.
- (2) The closing price on the TSXV of the Common Shares as at December 31, 2011 was \$0.085 per Common Share.

Incentive Plan Awards - Outstanding Share-based and Option-based Awards

No share-based awards were granted to any NEOs of the Company. The following table sets out all option-based awards outstanding as at December 31, 2011, for each NEO:

Name	Option-based Awards			
	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date (M/D/Y)	Value of unexercised in-the-money options (\$)
Robert Card	40,000	\$1.09	July 11, 2012	Nil
	75,000	\$1.52	August 28, 2012	Nil
	28,333	\$1.35	September 21, 2012	Nil
	800,000	\$0.10	February 17, 2016	Nil
Blaine Bailey	40,000	\$1.09	July 11, 2012	Nil
	75,000	\$1.52	August 28, 2012	Nil
	28,333	\$1.35	September 21, 2012	Nil
	300,000	\$0.10	February 17, 2016	Nil

Notes:

- (1) The closing price on the TSXV of the Common Shares as at December 31, 2011 was \$0.085 per Common Share.
- (2) Following the year end of the Company options to purchase an aggregate of 770,000 Common Shares at an exercise price of \$0.10 per Common Share expiring on January 3, 2017 were granted to the NEOs.

Incentive Plan Awards – Value Vested or Earned During the Year

There was no value vested or earned under any incentive plan by the NEOs during the year ended December 31, 2011.

Termination and Change of Control Benefits

There are no contracts, agreements, plans or arrangements that provide for payments to an NEO at, following or in connection with any termination (whether voluntary, involuntary or constructive), resignation, retirement, a change in control of the Company or a change in any NEO’s responsibilities.

Director Compensation

There are no arrangements under which directors were compensated by the Company and its subsidiaries during the most recently completed financial year for their services in their capacity as directors or consultants, other than the granting of options to purchase Common Shares as set out below.

Incentive Plan Awards - Outstanding Share-based and Option-based Awards

No share-based awards were granted to any directors of the Company. The following table sets out all option-based awards outstanding as at December 31, 2011, for a director who was not an NEO for the Company’s most recently completed financial year of December 31, 2011 is:

Name	Option-based Awards			
	Number of securities underlying unexercised options (#) ⁽³⁾	Option exercise price (\$)	Option expiration date (M/D/Y)	Value of unexercised in-the-money options (\$) ⁽¹⁾
Dr. Zigurts Strauts	20,000	\$0.57	November 16, 2014	Nil
	75,000	\$0.10	February 17, 2016	Nil
John Jenks ⁽²⁾	125,000	\$1.52	August 28, 2012	Nil
	20,000	\$0.57	November 16, 2014	Nil
	75,000	\$0.10	February 17, 2016	Nil

Notes:

- (1) The closing price of the Common Shares on December 31, 2011 was \$0.085, the last day of trading prior to the year end of the Company.
- (2) Pursuant to the resignation of Mr. Jenks as a director of the Company on January 6, 2012, his options expire on January 5, 2013.
- (3) Following the year end of the Company options to purchase an aggregate of 1,200,000 Common Shares at an exercise price of \$0.10 per Common Share expiring on January 3, 2017, were granted to the directors who were not NEOs.

Incentive Plan Awards – Value Vested or Earned During the Year

There was no value vested or earned under any incentive plan by the directors, who were not NEOs, during the year ended December 31, 2011.

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The only equity compensation plan which the Company has in place is the Plan approved by shareholders on June 9, 2011. See disclosure under heading “Option-Based Awards”.

The following table sets out equity compensation plan information as at the end of the financial year ended December 31, 2011.

Equity Compensation Plan Information

	Number of securities to be issued upon exercise of outstanding options.	Weighted-average exercise price of outstanding options	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))
Plan Category	(a)	(b)	(c)
Equity compensation plans approved by securityholders - (the share option plan)	2,200,000	\$0.35	376,667
Equity compensation plans not approved by securityholders	N/A	N/A	N/A
Total	2,200,000	\$0.35	376,667

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

No directors, proposed nominees for election as directors, executive officers or their respective associates or affiliates, or other management of the Company were indebted to the Company as of the end of the most recently completed financial year or as at the date hereof.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

To the knowledge of management of the Company, no informed person (a director, officer or holder of 10% or more of the Common Shares) or nominee for election as a director of the Company or any associate or affiliate of any informed person or proposed director had any interest in any transaction which has materially affected or would materially affect the Company or any of its subsidiaries during the year ended December 31, 2011, or has any interest in any material transaction in the current year other than as set out herein.

The Company entered into the following transactions with related parties:

- (1) Administration fees of \$51,000 (2010 - \$86,000) were paid to Sumac Investments Inc., a company controlled by Robert Card, a director and officer of the Company.
- (2) Consulting fees of \$28,000 (2010 - \$33,000) were paid to Promaid Services Ltd., a company controlled by Blaine Bailey, an officer of the Company.
- (3) On January 3, 2012, options were granted to directors, officers and employees for the purchase of 3,485,000 at an exercise price of \$0.10 expiring on January 3, 2017. Insiders of the Company were granted options to purchase an aggregate of 1,590,000 Common Shares.
- (4) On April 17, 2012, the Company completed a non-brokered private placement of \$450,000 through the issuance of 6,000,000 non-flow-through units at a price of \$0.075 per unit. Each unit will be comprised of one non-flow-through common share and one common share purchase warrant for a term of 24 months. One warrant will entitle the holder to purchase one common share at a price of \$0.15 per Common Share for two years. Peter Arendt participated in this transaction for 200,000 Units and Phillip Thomas participated in this transaction for 500,000 Units. Mr. Arendt and Mr. Thomas are directors of the Company.

MANAGEMENT CONTRACTS

There are no management functions of the Company, which are to any substantial degree performed by a person or company other than the directors or senior officers of the Company.

PARTICULARS OF MATTERS TO BE ACTED UPON

Share Option Plan

A number of Common Shares equal to ten (10%) percent of the issued and outstanding Common Shares in the capital stock of the Company from time to time are reserved for the issuance of stock options pursuant to the Plan dated for reference June 9, 2011. The Plan is administered by the CEO and CFO of the Company. The Plan provides that options will be issued to directors, officers, employees or consultants of the Company or a subsidiary of the Company. The Plan also provides that the number of Common Shares issuable under the Plan, together with all of the Company's other previously established or proposed share compensation arrangements, may not exceed 10% of the total number of issued and outstanding Common Shares. Pursuant to the Plan all options expire on a date not later than 10 years after the date of grant of an option. As at December 31, 2011, there were options outstanding to purchase an aggregate of 2,576,667 Common Shares in the Company.

During the Company's financial year ended December 31, 2011 and to the date of mailing of this Information Circular, options have been granted and remain outstanding to purchase an aggregate of 6,061,666 Common Shares and expire on a date not later than 10 years after the date of grant of an option.

Under TSXV policy, the continuation of the Plan requires annual shareholder approval at each annual meeting of the Company by ordinary resolution. The Company is of the view that the Plan provides the Company with the flexibility to attract and maintain the services of executives, employees and other service providers in competition with other companies in the industry.

At the Meeting, shareholders will be asked to vote on the following resolution, with or without variation:

“Resolved that the Company’s share option plan dated for reference June 9, 2011, be ratified approved until the next annual general meeting of the Company.”

The Board of Directors recommends that shareholders vote in favour of the continuation of the Plan.

An ordinary resolution is a resolution passed by the shareholders of the Company at a general meeting by a simple majority of the votes cast in person or by proxy.

A copy of the Plan will be available for inspection at the Meeting. A shareholder may also obtain a copy of the Plan by contacting the Company at Telephone No.: (604) 687-7828 or at Fax No.: (604) 687-7848.

ADDITIONAL INFORMATION

Financial information is provided in the report of the auditor, audited financial statements of the Company for the year ended December 31, 2011, and related management discussion and analysis as filed on SEDAR at www.sedar.com.

Additional information relating to the Company is filed on SEDAR at www.sedar.com and upon request from the Company at Telephone No.: (604) 687-7828 or Fax No.: (604) 687-7848. Copies of the report of the auditor, audited financial statements for the year ended December 31, 2011, with in the related management discussion and analysis and interim financial statements for the previous two years will be provided free of charge to security holders of the Company. The Company may require the payment of a reasonable charge from any person or company who is not a securityholder of the Company, who requests a copy of any such document.

OTHER MATTERS

The Board is not aware of any other matters which it anticipates will come before the Meeting as of the date of mailing of this Information Circular.

The contents of this Information Circular and its distribution to shareholders has been approved by the Board.

DATED at Vancouver, British Columbia, as of May 4, 2012.

BY ORDER OF THE BOARD

“Robert Card”

Robert Card
President and Chief Executive Officer