

GULFSIDE MINERALS LTD.
212 – 475 Howe Street
Vancouver, British Columbia, V6C 2B3
Tel: 604-687-7828
Fax: 604-687-7848

INFORMATION CIRCULAR
as at May 2, 2011
(except as otherwise indicated)

This Information Circular is furnished in connection with the solicitation of proxies by the management of Gulfside Minerals Ltd. (the “Company”) for use at the annual general meeting (the “Meeting”) of its shareholders to be held on June 9, 2011 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”, “Gulfside”, “we” and “our” refer to **Gulfside Minerals 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, 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.computershare.com/proxy. 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 Trust Company of Canada ("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 2, 2011 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 2, 2011, there were 47,621,369 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 2, 2011.

The audited financial statements of the Company for its fiscal year ended December 31, 2010, the report of the auditor and related management discussion and analysis were filed on www.sedar.com on May 2, 2011 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 three (3). 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 three 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 2, 2011.

Name of Nominee; Current Position with the Company and Province or State and Country of Residence	Occupation, Business or Employment⁽¹⁾	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	Businessman.	Since July 21, 2005	1,045,852 ⁽²⁾
JOHN JENKS Director British Columbia, Canada	Mining Engineer.	Since June 29, 2004	200,000 ⁽³⁾
DR. ZIGURTS STRAUS Director British Columbia, Canada	Medical Doctor.	Since February 14, 2008	Nil ⁽⁴⁾

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. 316,400 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 943,333 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 and options to purchase 800,000 Common Shares at an exercise price of \$0.10 per Common Share and expiring February 17, 2016).
3. Mr. Jenks also holds options to purchase an aggregate of 120,000 Common Shares (options to purchase 25,000 Common Shares at an exercise price of \$1.52 per Common Share and expiring on August 28, 2012, options to purchase 20,000 Common Shares at an exercise price of \$0.57 per Common Share and expiring on November 16, 2014 and options to purchase 75,000 Common Shares at an exercise price of \$0.10 per Common Share and expiring February 17, 2016).
4. Dr. Strauts holds options to purchase an aggregate of 95,000 Common Shares (options to purchase 20,000 Common Shares at an exercise price of \$0.57 per Common Share and expiring on November 16, 2014 and options to purchase 75,000 Common Shares at an exercise price of \$0.10 per Common Share and expiring February 17, 2016).

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.

Each of Robert L. Card and John Jenks were directors 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 of the Canadian Securities Administrators ("NI52-110") 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 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, John Jenks and Dr. Zigurts Strauts. John Jenks and Dr. Strauts are independent members of the audit committee. Robert Card is not independent as he is an officer of the Company. All members are considered to be financially literate.

Relevant Education and Experience

Robert Card graduated with a Bachelor of Arts from Simon Fraser University majoring in Economics and Commerce. He has over 45 years of experience investing and financial management. He has also served on the audit committee of other reporting issuers and has a good understanding of the reporting requirements of public companies.

John Jenks, P.Geol., has been a licensed professional engineer for over 30 years. He has a wide knowledge of exploration and development experience working on a contract basis for many international companies including Hunt Mining Co. (a Canadian subsidiary of Hunt Oil Co.). He serves on the audit committee of other reporting issuers and has a good understanding of the reporting requirements of public companies.

Dr. Zigurts Strauts, Bsc MD graduated from the University of Oregon with a BSc. He later went on to obtain his MD from the University of Calgary School of Medicine. Dr. Strauts has been active as a consultant, entrepreneur and developer of companies engaged in activities from software to mining.

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, 2010.	Fees Paid to Auditor in Year Ended December 31, 2009.
Audit Fees ⁽¹⁾	\$34,500	\$34,500
Audit-Related Fees ⁽²⁾	Nil	Nil
Tax Fees ⁽³⁾	\$2,500	\$1,500
All Other Fees ⁽⁴⁾	Nil	Nil
Total	\$37,000	\$36,000

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, 2010. 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, 2009 the two independent members of the Board of the Company were Dr. Strauts and John Jenks. The non-independent director is Robert Card, President and Chief Executive Officer. A majority of the Board is independent.

Directorships

Mr. Card is also a director of Jet Gold Corp., a reporting issuer listed on the TSXV.

Mr. Jenks is also a director of X-Tal Minerals Corp., a reporting issuer listed on the NEX board of the TSXV.

Dr. Strauts is also a director of Jet Gold Corp.

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, 2010.

Robert Card, 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 and Mr. Bailey work on the Company’s activities on a full-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 stock option plan. 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.

Option-Based Awards

On June 12, 2006, the shareholders approved the adoption of a 10% rolling stock option plan. The stock option plan was established to provide incentive to qualified parties to increase their proprietary interest in the Company and thereby encourage their continuing association with the Company. Management proposes stock option grants to the Board based on such criteria as performance, previous grants, and hiring incentives. All grants require approval of the Board. The stock option plan is administered by the Board and provides that options will be issued to directors, officers, employees or consultants of the Company or a subsidiary of the Company.

On February 17, 2010, following the most recently completed year end of the Company, the Board granted options to purchase an aggregate of 2,200,000 Common Shares at an exercise price of \$0.10 for a period of five years. These options were granted to various directors, officers, employees and consultants of the Company.

On April 27, 2011, the Board approved the adoption of a new and updated form of share option plan, subject to approval of the TSXV and the shareholders at the Meeting. See disclosure under heading “Particulars of Matters to be Acted Upon”.

Summary Compensation Table

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

Name and principal position		Salary ⁽¹⁾ (\$)	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			
Robert Card, CEO	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	2010	\$33,000	Nil	Nil	Nil	Nil	Nil	Nil	\$33,000
	2009	\$36,000	Nil	Nil	Nil	Nil	Nil	Nil	\$36,000

Note:

- The amounts in the "Salary" column are administration fees paid to Sumac Investment Inc., a company controlled by Robert Card, and Promaid Services Ltd., a company controlled by Blaine Bailey.

Outstanding Share-based Awards and Option-based Awards

The following table sets out all option-based awards and share-based awards outstanding as at December 31, 2010, for each NEO:

Name	Option-based Awards				Share-based Awards	
	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options (\$)	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested (\$)
Robert Card	40,000	\$1.09	July 11, 2012	Nil	Nil	Nil
	75,000	\$1.52	August 28, 2012	Nil	Nil	Nil
	28,333	\$1.35	September 21, 2012	Nil	Nil	Nil
Blaine Bailey	40,000	\$1.09	July 11, 2012	Nil	Nil	Nil
	75,000	\$1.52	August 28, 2012	Nil	Nil	Nil
	28,333	\$1.35	September 21, 2012	Nil	Nil	Nil

Note:

- The closing price of the Common Shares as at December 31, 2010 was \$0.095 per Common Share.

There was no value vested or earned under any incentive plan during the year ended December 31, 2010, by the NEOs.

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.

No compensation was provided to the directors (who were not NEOs) for the Company's most recently completed financial year of December 31, 2010.

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The only equity compensation plan which the Company has in place is the stock option plan approved by shareholders on June 12, 2006. 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, 2010.

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)	3,050,000	\$0.49	858,136
Equity compensation plans not approved by securityholders	N/A	N/A	N/A
Total	3,050,000	\$0.49	858,136

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, 2010, or has any interest in any material transaction in the current year other than as set out herein.

Administration fees of \$86,000 (2009 - \$61,000) were paid to Sumac Investments Inc. (“Sumac”), a company controlled by Robert Card, a director and officer of the Company. As at December 31, 2010, \$55,885 was payable by the Company to Sumac.

Administration fees of \$33,000 (2009 - \$36,000) were paid to Promaid Services Ltd. (“Promaid”), a company controlled by Blaine Bailey, an officer of the Company. As at December 31, 2010, \$5,640 was payable by the Company to Promaid.

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 Company’s 2005 Stock Option Plan dated for reference January 16, 2006 (the “Existing Plan”). The Existing Plan was approved by the shareholders at the annual general meeting held in June 2006 and at each annual general meeting since 2006.

During the Company's financial year ended December 31, 2010 and to the date of mailing of this Information Circular, options have been granted and remain outstanding to purchase an aggregate of 3,750,000 Common Shares and expire on a date not later than five years after the date of grant of an option.

Effective January 1, 2011, amendments to the *Income Tax Act* (Canada) require the Company to withhold, and remit to Canada Revenue Agency, the estimated tax on the deemed benefit arising from the exercise of options to purchase shares in the Company.

On April 27, 2011 the Board approved the adoption of a new share option plan (the "New Plan") to comply with the current policies of the TSXV and the amendments to the *Income Tax Act* (Canada) which impose withholding obligations on taxable benefits arising at the time options are exercised. The New Plan is subject to approval of the TSXV and the shareholders of the Company. The New 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 New Plan is administered by the CEO and CFO of the Company. The New Plan provides that options will be issued to directors, officers, employees or consultants of the Company or a subsidiary of the Company. The New Plan also provides that the number of Common Shares issuable under the New 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 New Plan all options expire on a date not later than 10 years after the date of grant of an option. All options outstanding under the Existing Plan will be rolled into the New Plan.

Pursuant to the policies of the TSXV, the Company wishes to seek shareholder approval to the New Plan. The TSXV policies also require shareholders approve the continuation of the New Plan at every subsequent annual meeting of the Company by ordinary resolution.

The Plan is subject to the following restrictions:

- (a) The Company must not grant an option to a director, employee, consultant, or consultant company (the "Service Provider") in any 12 month period that exceeds 5% of the outstanding shares, unless the Company has obtained by a majority of the votes cast by the shareholders of the Company eligible to vote at a shareholders' meeting, excluding votes attaching to shares beneficially owned by Insiders and their Associates ("Disinterested Shareholder Approval");
- (b) The aggregate number of options granted to a Service Provider conducting Investor Relations Activities in any 12 month period must not exceed 2% of the outstanding shares calculated at the date of the grant, without the prior consent of the TSXV;
- (d) The Company must not grant an option to a Consultant in any 12 month period that exceeds 2% of the outstanding shares calculated at the date of the grant of the option;
- (e) The number of optioned shares issued to insiders in any 12 month period must not exceed 10% of the outstanding shares (in the event that the New Plan is amended to reserve for issuance more than 10% of the outstanding shares) unless the Company has obtained Disinterested Shareholder Approval to do so;
- (f) The exercise price of an option previously granted to an insider must not be reduced, unless the Company has obtained Disinterested Shareholder Approval to do so.

Material Terms of the Plan

The following is a summary of the material terms of the New Plan:

- (a) Persons who are Service Providers to the Company or its affiliates, or who are providing services to the Company or its affiliates, are eligible to receive grants of options under the New Plan;
- (b) Options granted under the New Plan are non-assignable and non-transferable and are issuable for a period of up to 10 years;

- (c) For options granted to Service Providers, the Company must ensure that the proposed Optionee is a bona fide Service Provider of the Company or its affiliates;
- (d) An Option granted to any Service Provider will expire within one year (or such other time, not to exceed one year, as shall be determined by the Board as at the date of grant or agreed to by the Board and the Optionee at any time prior to expiry of the Option), after the date the Optionee ceases to be employed by or provide services to the Company, but only to the extent that such Option was vested at the date the Optionee ceased to be so employed by or to provide services to the Company;
- (e) If an Optionee dies, any vested option held by him or her at the date of death will become exercisable by the Optionee's lawful personal representatives, heirs or executors until the earlier of one year after the date of death of such Optionee and the date of expiration of the term otherwise applicable to such option;
- (f) In the case of an Optionee being dismissed from employment or service for cause, such Optionee's options, whether or not vested at the date of dismissal, will immediately terminate without right to exercise same;
- (g) The exercise price of each option will be set by the Board on the effective date of the option and will not be less than the Discounted Market Price (as defined in the Plan);
- (h) Vesting of options shall be at the discretion of the Board, and will generally be subject to: (i) the Service Provider remaining employed by or continuing to provide services to the Company or its affiliates, as well as, at the discretion of the Board, achieving certain milestones which may be defined by the Board from time to time or receiving a satisfactory performance review by the Company or its affiliates during the vesting period; or (ii) the Service Provider remaining as a Director of the Company or its affiliates during the vesting period; and
- (i) The Board reserves the right in its absolute discretion to amend, suspend, terminate or discontinue the New Plan with respect to all New Plan shares in respect of options which have not yet been granted under the New Plan.

The Board has determined that, in order to reasonably protect the rights of participants, as a matter of administration, it is necessary to clarify when amendments to the New Plan may be made by the Board without further shareholder approval. Accordingly, the Board proposes that the New Plan also provide the following:

- (a) The Board may, without shareholder approval:
 - (i) amend the New Plan to correct typographical, grammatical or clerical errors;
 - (ii) change the vesting provisions of an option granted under the New Plan, subject to prior written approval of the TSXV, if applicable;
 - (iii) change the termination provision of an option granted under the New Plan if it does not entail an extension beyond the original expiry date of such option;
 - (iv) make such amendments to the New Plan as are necessary or desirable to reflect changes to securities laws applicable to the Company;
 - (v) make such amendments as may otherwise be permitted by the TSXV Policies;
 - (vi) if the Company becomes listed or quoted on a stock exchange or stock market senior to the TSXV, make such amendments as may be required by the policies of such senior stock exchange or stock market; and
 - (vii) amend the New Plan to reduce the benefits that may be granted to Service Providers.

A copy of the New Plan will be available for inspection at the Meeting.

Shareholder Approval

At the Meeting, Shareholders will be asked to consider and vote on the ordinary resolution to adopt the New Plan, with or without variation, as follows:

“Resolved that:

- (a) the Share Option Plan dated for reference June 9, 2011, be ratified and approved;
- (b) all outstanding options be rolled into the new share option plan;
- (c) to the extent permitted by law, the Company be authorized to abandon all or any part of the new share option plan if the Board deems it appropriate and in the best interest of the Company to do so; and
- (d) any one or more of the directors and officers of the Company be authorized to perform all such acts, deeds and things and execute, under seal of the Company or otherwise, all such documents as may be required to give effect to this resolution.”

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.

The Board is of the view that the New 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. A copy of the New 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 Fax No.: 604-687-7848.

The Board recommends that you vote in favour of the above resolution.

ADDITIONAL INFORMATION

Financial information is provided in the report of the auditor, audited financial statements of the Company for the year ended December 31, 2010, and related management discussion and analysis as filed on www.sedar.com.

Additional information relating to the Company is filed on 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, 2010, 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, the 10th day of May, 2011.

BY ORDER OF THE BOARD

“Robert Card “

Robert Card
President and Chief Executive Officer