

**MOUNT DAKOTA ENERGY CORP.**  
Suite 1601, 1166 Alberni Street  
Vancouver, British Columbia, Canada V6E 3Z3  
Telephone (604) 689-2454 / Facsimile (604) 689-2435

**INFORMATION CIRCULAR**

**Solicitation of Proxies**

This information circular (the “**Information Circular**”) is furnished in connection with the solicitation of proxies by the management of Mount Dakota Energy Corp. (the “**Company**”) for use at the annual general meeting of shareholders (the “**Shareholders**”) of the Company (the “**Meeting**”) to be held at 700 – 401 West Georgia Street, Vancouver, British Columbia, on July 29, 2011, at 10:00 a.m. (Vancouver time) and any adjournment thereof, for the purposes set forth in the accompanying Notice of Annual General Meeting of Shareholders.

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. All costs of this solicitation will be borne by the Company. The Company has made arrangements for intermediaries to forward solicitation materials to the beneficial owners of the Common Shares held of record by those intermediaries and the Company may reimburse the intermediaries for reasonable fees and disbursements incurred by them in so doing.

Notice of the Meeting was provided to the securities commissions in each jurisdiction where the Company is a reporting issuer under applicable securities laws.

In this Information Circular, references to “the Company”, “we” and “our” refer to Mount Dakota Energy Corp. “Common Shares” means common shares in the authorized share structure 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.

**Date of Information Circular**

Information contained in this Information Circular is given as at June 20, 2011, unless otherwise indicated.

**GENERAL PROXY INFORMATION**

**Revocability 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 either:

- (a) executing a proxy bearing a later date; or
- (b) executing a valid notice of revocation, either of the foregoing to be executed by the registered shareholder or the shareholder’s authorized attorney in writing, or, if the shareholder is a company, under its corporate seal by an officer or attorney duly authorized, and by depositing the Proxy bearing a later date with Equity Transfer & Trust Company, or at the address of the registered office of the Company at 700 - 401 West Georgia Street, Vancouver, British Columbia, V6B 5A1, 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 date that precedes any reconvening thereof, or to the chair of the Meeting on the day of the Meeting or any reconvening thereof, or in any other manner provided by law; or
- (c) by the registered shareholder 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.

## Appointment of Proxyholders

A shareholder entitled to vote at the Meeting may, by means of a proxy, appoint a proxyholder or one or more alternate proxyholders, who need not be Shareholders, to attend and act at the Meeting for the shareholder on the shareholder's behalf.

The individuals named in the accompanying form of proxy (the "Proxy") are directors and/or officers of the Company (the "Management Designees"). **If you are a shareholder entitled to vote at the Meeting, you have the right to appoint a person, who need not be a shareholder, to attend and act for you and on your behalf at the Meeting other than either of the Management Designees. 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.**

A proxy will not be valid unless the completed, signed and dated form of proxy is delivered to the office of **Equity Transfer & Trust Company, Proxy Department, by any of the following methods: by mail: Suite 400, 200 University Avenue, Toronto, Ontario, M5H 4H1 or by fax: 416.595.9593 or online: [www.proxyvoteonline.com](http://www.proxyvoteonline.com)**, not less than 48 hours (excluding Saturdays, Sundays and holidays) before the Meeting or the adjournment thereof at which the Proxy is to be used.

## Exercise of Discretion

The Management Designees named in the Proxy will vote or withhold from voting the shares represented thereby in accordance with the instructions of the shareholder on any ballot that may be called for. The Proxy will confer discretionary authority on the nominees 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 Management Designees will vote the Common Shares represented by the Proxy at their own discretion for the approval of such matter.**

As of the date of this Information Circular, management of the Company knows of no amendment, variation or other matter that may come before the Meeting, but if any amendment, variation or other matter properly comes before the Meeting, each Management Designee intends to vote thereon in accordance with the Management Designee's best judgment.

## Proxy Voting Options

If you are a registered shareholder, you may elect to submit a proxy in order to vote whether or not you are able to attend the Meeting in person. In order to vote by mail, you must complete, date and sign the Proxy and return it to the Company's transfer agent, **Equity Transfer & Trust Company, Proxy Department, by any of the following methods: by mail: Suite 400, 200 University Avenue, Toronto, Ontario, M5H 4H1 or by fax: 416.595.9593 or online: [www.proxyvoteonline.com](http://www.proxyvoteonline.com)**, at any time up to and including 10:00 a.m. (Vancouver time) on July 27, 2011.

## Advice to Beneficial Holders of Common Shares

The information set forth in this section is of significant importance to many Shareholders, as a substantial number of Shareholders do not hold Common Shares in their own name. Beneficial Shareholders should note that only Proxies deposited by Shareholders whose names appear on the records of the Company as the registered holders of Common Shares can be recognized and acted upon at the Meeting.

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. In the United States, the vast majority of such 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 Shareholders' meetings unless the Beneficial Shareholders have waived the right to receive meeting material. Every intermediary has its own mailing procedures and provides its own return instructions to clients, which should be carefully followed by Beneficial Shareholders in order to ensure that their Common Shares are voted at the Meeting.

If you are a Beneficial Shareholder, the form of proxy supplied to you by your broker (or its agent) is similar to the form of Proxy provided to registered Shareholders by the Company. However, its purpose is limited to instructing the intermediary how to vote on your behalf. The majority of brokers now delegate responsibility for obtaining instructions from clients to Broadridge Communications Solutions Canada ("Broadridge") in the United States and in Canada. Broadridge mails a voting instruction form in lieu of a proxy provided by the Company. The voting instruction form will name the Management Designees to represent you at the Meeting. You have the right to appoint a person (who need not be a shareholder of the Company), other than the persons designated in the voting instruction form, to represent you at the Meeting. To exercise this right, you should insert the name of the desired representative in the blank space provided in the voting instruction form. The completed voting instruction form must then be returned to Broadridge by mail or facsimile or 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. **If you receive a voting instruction form from Broadridge, you cannot use it to vote Common Shares directly at the Meeting. It must be returned to Broadridge well in advance of the Meeting in order to have the Common Shares voted.**

Although, as a Beneficial Shareholder, you may not be recognized directly at the Meeting for the purposes of voting Common Shares registered in the name of your broker (or agent of your broker), you may attend at the Meeting as proxyholder for your broker and vote the Common Shares in that capacity. If you wish to attend at the Meeting and indirectly vote your Common Shares as proxyholder for your broker or have a person designated by you to do so, you should enter our own name, or the name of the person you wish to designate, in the blank space on the voting instrument form provided to you and return the same to your broker (or your broker's agent) in accordance with the instructions provided by your broker (or agent), well in advance of the Meeting.

Alternatively, you may request in writing that your broker send you a legal Proxy which would enable you, or a person designed by you, to attend at the Meeting and vote your Common Shares.

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

None of the directors or executive officers of the Company, nor any person who has held such a position since the beginning of the last completed financial year end of the Company, nor any proposed nominee for election as a director of the Company, nor any associate or affiliate of the foregoing persons, has any 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 as disclosed herein.

#### **VOTING SECURITIES AND PRINCIPAL HOLDERS OF VOTING SECURITIES**

The board of directors (the "**Board**") of the Company has fixed June 20, 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.

As of June 20, 2011, the Company had outstanding 8,460,087 fully paid and non-assessable Common Shares without par value, each carrying the right to one vote. The Company has no other classes of voting securities.

To the knowledge of the Directors and executive officers of the Company, only the following shareholders owned, directly or indirectly, or exercised control or direction over, shares carrying more than 10% of the outstanding voting rights of the Company:

Shareholder Name	Number of Shares Beneficially Owned, Controlled or Directed, Directly or Indirectly	Percentage of Outstanding Shares
Gary Claytens	2,421,986	28.63%
S. John Kim	1,843,703	21.79%

## FINANCIAL STATEMENTS

The audited financial statements of the Company for the year ended January 31, 2011, together with the Auditors' Report thereon, will be presented to the Shareholders at the Meeting.

The following documents filed with the securities commissions or similar regulatory authority in British Columbia and Alberta are specifically incorporated by reference into, and form an integral part of, this Information Circular:

- (a) audited financial statements for the year ended January 31, 2011;
- (b) auditors report thereon; and
- (c) management discussion and analysis for the year ended January 31, 2011.

Shareholders may obtain copies of documents incorporated herein by reference upon request without charge from the Company at Suite 1601, 1166 Alberni Street, Vancouver, British Columbia, V6E 3Z3, Attention: Corporate Secretary. These documents are also available through the Internet on SEDAR, which can be accessed at [www.sedar.com](http://www.sedar.com).

## 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.

### Recommendation of the Board

The Board unanimously recommends that Shareholders vote in favour of all resolutions.

## ELECTION OF DIRECTORS

The Board currently consists of four directors. Management proposes to fix the number of directors of the Company at four (4) and to nominate the persons listed below for election as directors.

The term of office of each of the current directors will end at the conclusion of the Meeting. Unless the director's office is earlier vacated in accordance with the provisions of the *Canada Business Corporations Act* ("**CBCA**") or the Articles of the Company, 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.

Management does not contemplate that any of the nominees will be unable to serve as a director. In the event that prior to the Meeting any vacancies occur in the slate of nominees herein listed, it is intended that discretionary authority shall be exercised by the person named in the proxy as nominee to vote the Common Shares represented by proxy for the election of any other person or persons as directors.

The following table sets out the names of the management nominees; their positions and offices in the Company; principal occupations; the period of time that they have been directors of the Company; and the number of Common Shares of the Company which each beneficially owns or over which control or direction is exercised:

<b>Nominee Position with the Company and Province/State and Country of Residence</b>	<b>Occupation, Business or Employment<sup>(1)</sup></b>	<b>Director of the Company Since</b>	<b>Committee Membership</b>	<b>Common Shares Beneficially Owned, Directly or Indirectly, or Over Which Control of Direction is Exercised<sup>(2)</sup></b>
Gary H. Claytens President & Director British Columbia, Canada	President, Can Am Equity Ltd.	December 20, 1991	None	2,421,986
Lyle Harvey Director British Columbia, Canada	Land Developer, Quest Homes Inc.	September 14, 2006	Audit Committee	Nil
S. John Kim Secretary & Director British Columbia, Canada	President, MIK Investment Group Ltd.	November 22, 1994	Audit Committee	1,843,703
Peter Kohl Director British Columbia, Canada	CFO, International PBX Ventures Ltd.	October 20, 2009	Audit Committee	24,000

(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. Each nominee has held the same or a similar principal occupation with the organization indicated or a predecessor thereof for the last five years unless otherwise indicated.

(2) The number of Common Shares beneficially owned by the above nominees for directors, directly or indirectly, is based on information furnished by Equity Transfer & Trust Company, the registrar and transfer agent of the Company, insider reports filed on SEDI and by the nominees themselves.

To the knowledge of the Company, no proposed director is, or has, within the 10 years before the date of this Information Circular, been a director, chief executive officer or chief financial officer of any company 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.

No proposed director of the Company was, as at the date of the Information Circular, or has been within 10 years before the date of the Information Circular, a director or executive officer of any company (including Mount Dakota Energy Corp.) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

No proposed director of the Company 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.

No proposed director of the Company has been subject to (i) any penalties or sanctions imposed by a court relating to securities legislation or by a security regulatory authority or has entered into a settlement agreement with a securities regulatory authority, or (ii) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable securityholder in deciding whether to vote for that proposed director.

## **COMPENSATION OF EXECUTIVE OFFICERS**

### **Compensation Discussion and Analysis**

#### **Compensation**

The Board as a whole has the responsibility of determining the compensation for the CEO and CFO (as defined below) and of determining compensation for directors and senior management.

To determine compensation payable, the directors review compensation paid to directors, CEO's and CFO's of companies of similar size and stage of development in similar industries and determine an appropriate compensation reflecting the need to provide incentive and compensation for the time and effort expended by the directors, CEO and CFO while taking into account the financial and other resources of the Company. In setting the compensation, the directors annually review the performance of the CEO and CFO in light of the Company's objectives and consider other factors that may have impacted the success of the Company in achieving its objectives.

Pursuant to the Company's stock option plan, the Board grants options to directors, executive officers, other employees and consultants as incentives. The level of stock options awarded to a Named Executive Officer is determined by his position and his potential future contributions to the Company. See below for a description of the Company's stock option plan.

#### **Executive Compensation**

In this section "**Named Executive Officer**" means the chief executive officer (the "**CEO**"), the chief financial officer (the "**CFO**") and each of the three most highly compensated executive officers, other than the CEO and CFO, who were serving as executive officers at the end of the three 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.

Gary H. Claytens, the Company's President, who acted in the capacity of CEO, and S. John Kim, the Company's Secretary, who acted in the capacity of CFO, are the "Named Executive Officers" of the Company for the purposes of the following disclosure. There are no other executive officers of the Company whose total compensation exceeded \$150,000 in the financial year ended January 31, 2011. The compensation paid to the Named Executive Officers during the Company's two most recently completed financial years is as set out below:

## Summary Compensation Table

Name and Principal Position	Year	Salary (\$)	Share-based awards (\$) <sup>(3)</sup>	Option-based awards (\$) <sup>(4)</sup>	Non-equity incentive plan compensation <sup>(1)</sup> (\$)		Pension value (\$)	All other Compensation (\$) <sup>(5)</sup>	Total Compensation (\$) <sup>(5)</sup>
					Annual incentive plans	Long-term incentive plans			
Gary H. Claytens <sup>(2)</sup> President & Director	2011	Nil	Nil	Nil	Nil	Nil	Nil	144,000	144,000
	2010	Nil	Nil	Nil	Nil	Nil	Nil	144,000	144,000
	2009	Nil	Nil	Nil	Nil	Nil	Nil	144,000	144,000
S. John Kim <sup>(2)</sup> Secretary & Director	2011	Nil	Nil	Nil	Nil	Nil	Nil	144,000	144,000
	2010	Nil	Nil	Nil	Nil	Nil	Nil	144,000	144,000
	2009	Nil	Nil	Nil	Nil	Nil	Nil	144,000	144,000

- (1) "Non-equity Incentive Plan Compensation" includes all compensation under an incentive plan or portion of an incentive plan that is not an equity incentive plan.
- (2) Gary H. Claytens and S. John Kim also serve as directors of the Company and receives compensation for services as directors, and that compensation has been included in the figures provided in this Summary Compensation Table. Amounts, if any, which relates to the director role are disclosed in subsequent footnotes hereunder.
- (3) "Share-based Awards" means an award under an equity incentive plan of equity-based instruments that do not have option-like features, including, for greater certainty, common shares, restricted shares, restricted share units, deferred share units, phantom shares, phantom share units, common share equivalent units, and stock.
- (4) "Option-based Awards" means an award under an equity incentive plan of options, including, for greater certainty, share options, share appreciation rights, and similar instruments that have option-like features.
- (5) Further details regarding Messrs. Claytens and Kim's 2009, 2010 and 2011 compensation can be found under the heading "Management Contracts".

### Incentive Plan Awards

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

The following table sets forth information concerning all awards outstanding under incentive plans of the Company that provide compensation that depends on achieving certain performance goals or similar conditions within a specified period, at the end of the most recently completed financial year, including awards granted before the most recently completed financial year, to each of the Named Executive Officers:

Name (a)	Option-based Awards				Share-based Awards	
	Number of securities underlying unexercised options (#) (b)	Option exercise price (\$) (c)	Option expiration date (d)	Value of unexercised in-the-money options (\$) (e)	Number of shares or units of shares that have not vested (#) (f)	Market or payout value of share-based awards that have not vested (\$) (g)
Gary H. Claytens President & Director	90,000 393,000	\$0.15 \$0.15	November 1, 2011 August 1, 2013	Nil Nil	Nil	Nil

Name (a)	Option-based Awards				Share-based Awards	
	Number of securities underlying unexercised options (#) (b)	Option exercise price (\$) (c)	Option expiration date (d)	Value of unexercised in-the-money options (\$) (e)	Number of shares or units of shares that have not vested (#) (f)	Market or payout value of share-based awards that have not vested (\$) (g)
	S. John Kim Secretary and Director	90,000 393,000	\$0.15 \$0.15	November 1, 2011 August 1, 2013	Nil Nil	Nil

### **Incentive Plan Awards - Value Vested or Earned During The Year**

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

Name (a)	Option-based awards – Value vested during the year <sup>(1)</sup> (\$) (b)	Share-based awards – Value vested during the year (\$) (c)	Non-equity incentive plan compensation – Value earned during the year (\$) (d)
Gary H. Claytens President & Director	Nil	Nil	Nil
S. John Kim Secretary and Director	Nil	Nil	Nil

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

### **Narrative Discussion**

Awards made to-date were made at prevailing market prices, vest upon award and carry a ten year term. There are no additional performance goals or conditions attached.

The Company does not have any incentive plans in place other than the award of options disclosed above.

### **Pension Plan Benefits**

The Company does not have a pension plan that provides for payments or benefits to the Named Executive Officers at, following, or in connection with retirement.

### **Termination of Employment, Change in Responsibilities and Employment Contracts**

There are no employment contracts between the Company and the Named Executive Officers except as described under the heading "Management Contracts".

There are no compensatory plans, contracts or arrangements between the Company and any Named Executive Officer, where the Named Executive Officer is entitled to receive more than \$50,000 from the Company, including periodic payments or instalments, in the event of:

- (a) the resignation, retirement or any other termination of employment of the Named Executive Officer's employment with the Company;



- (b) a change of control of the Company; or
- (c) a change of the Named Executive Officer's responsibilities following a change in control.

### **COMPENSATION OF DIRECTORS**

The Company has four directors, two of which are also Named Executive Officers. For a description of the compensation paid to the company's Named Executive Officers who also act as directors, see "Summary Compensation Table".

Other than as disclosed elsewhere in this Information Circular, no director of the Company who is not a Named Executive Officer has received, during the most recently completed financial year, compensation pursuant to:

- (a) any standard arrangement for the compensation of directors for their services in their capacity as directors, including any additional amounts payable for committee participation or special assignments;
- (b) any other arrangement, in addition to, or in lieu of, any standard arrangement, for the compensation of directors in their capacity as directors except for the granting of stock options; or
- (c) any arrangement for the compensation of directors for services as consultants or experts.

The Company may grant incentive stock options to directors of the Company from time to time pursuant to the stock option plan of the Company and in accordance with the policies of the TSX Venture Exchange (the "TSXV").

#### **Director Compensation Table**

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

Name (a)	Fees earned (\$) (b)	Share- based awards (\$) (c)	Option- based awards (\$) (d)	Non-equity incentive plan compensation (\$) (e)	Pension value (\$) (f)	All other compensation (\$) (g)	Total (\$) (h)
Peter Kohl	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Lyle Harvey	Nil	Nil	Nil	Nil	Nil	Nil	Nil

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

The following table sets forth information concerning all awards outstanding under incentive plans of the Company pursuant to which compensation that depends on achieving certain performance goals or similar conditions within a specified period, at the end of the most recently completed financial year, including awards granted before the most recently completed financial year, to each of the Directors who are not Named Executive Officers:

Director Name (a)	Option-based Awards				Share-based Awards	
	Number of securities underlying unexercised options (#) (b)	Option exercise price (\$) (c)	Option expiration date (d)	Value of unexercised in-the-money options (\$) (e)	Number of shares or units of shares that have not vested (#) (f)	Market or payout value of share-based awards that have not vested (\$) (g)
	Peter Kohl	50,000	0.10	October 20, 2014	Nil	Nil
Lyle Harvey	50,000 10,000	0.15 0.15	November 1, 2011 August 1, 2013	Nil Nil	Nil Nil	Nil Nil

### **Incentive Plan Awards - Value Vested or Earned During The Year**

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

Name (a)	Option-based awards – Value vested during the year <sup>(1)</sup> (\$) (b)	Share-based awards – Value vested during the year (\$) (c)	Non-equity incentive plan compensation – Value earned during the year (\$) (d)
Peter Kohl	Nil	Nil	Nil
Lyle Harvey	Nil	Nil	Nil

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

### **SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS**

The only equity compensation plan that the Company has in place is a stock option plan (the “Plan”) dated for reference January 20, 2003. The Plan was established to provide an 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 directors of the Company. The Plan provides that options will be issued pursuant to option agreements with directors, officers, employees or consultants of the Company or a subsidiary of the Company. The Plan 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 agreements, may not exceed 20% of the total number of issued and outstanding Common Shares. All options currently expire on a date not later than five years after the issuance of such option.

The following table sets forth securities of the Company that are authorized for issuance under equity compensation plans as at the end of the Company’s most recently completed fiscal year:

<b>Plan Category</b>	<b>Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)</b>	<b>Weighted-average exercise price of outstanding options, warrants and rights (b)</b>	<b>Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)</b>
<b>Equity compensation plans approved by securityholders</b>	1,136,000	0.15	556,017
<b>Equity compensation plans not approved by securityholders</b>	Nil	N/A	N/A
<b>Total</b>	<b>1,136,000</b>	<b>0.15</b>	<b>556,017</b>

### **Information Concerning the Company's Stock Option Plan**

At the Company's annual general meeting held on July 30, 2010, the shareholders approved the Company's current form of stock option plan (the "**Plan**"). The Plan is a 20% "fixed" stock option plan of which a maximum of 1,692,017 are available for issuance under the Plan. As of June 20, 2011, 1,136,000 are issued and 556,017 are reserved and available for issuance under the Plan. Other information relating to the Plan is as follows:

1. The term of any options granted under the Plan will be fixed by the Board at the time such options are granted, provided that options will not be permitted to exceed a term of five years.
2. The exercise price of any options granted under the Plan will be determined by the Board, in its sole discretion, but shall not be less than the closing price of the Company's Common Shares the day on which the directors grant such options, less any discount permitted by the TSXV.
3. No vesting requirements will apply to options granted under the Plan other than as required by TSXV policies.
4. All options will be non assignable and non transferable.
5. No more than (i) 5% of the issued Common Shares may be granted to any one individual in any 12 month period; and (ii) 2% of the issued Common Shares may be granted to a consultant, or an employee performing investor relations activities, in any 12 month period.
6. If the option holder ceases to be a director of the Company or ceases to be employed by the Company (other than by reason of death or disability), as the case may be, then the option granted shall expire on no later than the 90th day following the date that the option holder ceases to be a director or ceases to be employed by the Company, subject to the terms and conditions set out in the Plan. However, if the option holder is engaged in investor relations activities the options must expire within 30 days after the option holder ceases to be employed by the Company to provide investor relations activities, in accordance with the policies of the TSXV.
7. Disinterested shareholder approval must be obtained for (i) any reduction in the exercise price of an outstanding option, if the option holder is an insider; (ii) any grant of options to insiders, within a 12 month period, exceeding 10% of the Company's issued Common Shares; and (iii) any grant of options to any one individual, within a 12 month period, exceeding 5% of the Company's issued Common Shares.
8. Options will be reclassified in the event of any consolidation, subdivision, conversion or exchange of the Company's Common Shares.

The full text of the Plan will be made available at the registered and records offices of the Company, Suite 700 – 401 West Georgia Street, Vancouver, British Columbia, V6B 5A1, until 4 p.m. on the business day immediately preceding the date of the Meeting. The Plan is also available on the Internet at [www.sedar.com](http://www.sedar.com).

### **INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS**

No director, executive officer, employee or former director, executive officer or employee of the Company was indebted to the Company as at the date hereof or at any time during the most recently completed financial year of the Company. None of the proposed nominees for election as a director of the Company, or any associate of any director, executive officer or proposed nominee, was indebted to the Company as at the date hereof or at any time during the most recently completed financial year of the Company.

The Company has not provided any guarantees, support agreements, letters of credit or other similar arrangement or understanding for any indebtedness of any of the Company's directors, executive officers, proposed nominees for election as a director, or associates of any of the foregoing individuals as at the date hereof or at any time during the most recently completed financial year of the Company.

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

An "informed person" means: (a) a director or executive officer of the Company; (b) a director or executive officer of a person or company that is itself an informed person or subsidiary of the Company; (c) any person or company who beneficially owns, directly or indirectly, voting securities of the company or who exercises control or direction over voting securities of the Company or a combination of both carrying more than 10% of the voting rights other than voting securities held by the person or company as underwriter in the course of a distribution; and (d) the Company itself, if and for so long as it has purchased, redeemed or otherwise acquired any of its shares.

Except as set out below, since the commencement of the Company's most recently completed financial year, no informed person of the Company, nominee for director or any associate or affiliate of an informed person or nominee, had any material interest, direct or indirect, in any transaction, in any transaction or any proposed transaction which has materially affected or would materially affect the Company or any of its subsidiaries.

During the financial year ended January 31, 2011, the Company has paid or accrued consulting fees totalling \$288,000 for management services and \$12,360 for accounting services provided by companies controlled by directors of the Company.

### **APPOINTMENT OF AUDITORS**

Manning Elliott LLP, Chartered Accountants, of Vancouver, British Columbia is the auditors of the Company. Unless otherwise instructed, the proxies given pursuant to this solicitation will be voted for the re-appointment of Manning Elliott LLP as the auditors of the Company to hold office for the ensuing year at a remuneration to be fixed by the directors. Manning Elliott LLP were first appointed as auditors for the Company in June 2003.

### **MANAGEMENT CONTRACTS**

A British Columbia company wholly owned by Mr. Claytens has been paid or accrued the sum of \$12,000 per month for management services since February 1, 2008. The same company also invoiced the Company the sum of \$3,500 per month for rent of the Company's office, long distance phone service and office equipment and supplies during the most completely completed financial year. A British Columbia company wholly owned by Mr. Kim has been paid or accrued the sum of \$12,000 per month for consulting services since February 1, 2008. These arrangements may be terminated on 30 days' notice.

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 executive officers of the Company.

## AUDIT COMMITTEE AND RELATIONSHIP WITH AUDITOR

National Instrument 52-110 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 (the “**Audit Committee**”) and its relationship with its independent auditors, as set forth in the following.

### **Charter**

The Company has adopted a charter (the “**Charter**”) of the Audit Committee of the Board, which is attached as Schedule “A” to this Information Circular.

### **Composition**

The current members of the Audit Committee are Lyle Harvey, S. John Kim and Peter Kohl. Messrs. Harvey and Kohl are independent members of the Audit Committee and Mr. Kim is not independent. All of the members of the Audit Committee are considered to be financially literate.

#### ***Mr. Harvey***

Mr. Harvey is an independent businessman involved in land development as well as a former owner and president of Smithbilt Hats Ltd., one of the oldest hat manufacturers in Canada. Mr. Harvey has had vast experience in analyzing financial statements and holds a Bachelor of Science degree from McGill University.

#### ***Mr. Kim***

Mr. Kim has been a director and officer of public companies for over 16 years, with experience in IPO’s, RTO’s and financings. He is currently serving as a director for two other public companies, one of which he is also a member of the audit committee. His experience in public companies has made him well versed in all aspect of the audit process for public companies.

#### ***Mr. Kohl***

Mr. Kohl is a certified accountant and holds a master degree in business and administration and has 20 years of international experience in accounting, preparing and analyzing financial statements

### **Audit Committee Oversight**

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

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

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

### **Reliance on Certain Exemptions**

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

### **External Auditor Service Fees**

The Audit Committee has reviewed the nature and amount of the non-audited services provided by Manning Elliott LLP, to the Company to ensure auditor independence. Fees incurred 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 January 31, 2011	Fees Paid to Auditor in Year Ended January 31, 2010
Audit Fees <sup>(1)</sup>	\$24,000	\$24,000
Audit-Related Fees <sup>(2)</sup>	Nil	Nil
Tax Fees <sup>(3)</sup>	\$3,000	\$3,000
All Other Fees <sup>(4)</sup>	Nil	Nil
<b>Total</b>	<b>\$27,000</b>	<b>\$27,000</b>

- (1) "Audit Fees" include fees necessary to perform the annual audit 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 in Section 6.1 of NI 52-110

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

## CORPORATE GOVERNANCE

### General

National Instrument 58-101 *Disclosure of Corporate Governance Practices* ("NI 58-101") requires issuers to disclose the corporate governance practices that they have adopted according to guidance provided pursuant to National Policy 58-201 *Corporate Governance Guidelines* ("NP 58-201").

The Board believes that good corporate governance improves corporate performance and benefits all Shareholders. The Canadian Securities Administrators (the "CSA") have adopted NP 58-201, which provides non-prescriptive guidelines on corporate governance practices for reporting issuers. In addition, the CSA have implemented NI 58-101, which prescribes certain disclosure by reporting issuers of its corporate governance practices. This section sets out the Company's approach to corporate governance and addresses the Company's compliance with NI 58-101.

### Independence of Members of Board

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 independent members of the Board of Directors of the Company are Lyle Harvey and Peter Kohl.

The non-independent directors are Gary H. Claytens, who is the President and who has acted in the capacity of Chief Executive Officer of the Company and S. John Kim, who is the Secretary and who has acted in the capacity of Chief Financial Officer of the Company. Therefore, two directors are independent and two directors are non-independent members of the Board of Directors of the Company.

## Management Supervision by Board

The Board facilitates its independent supervision over management by choosing management who demonstrate a high level of integrity and ability and having strong independent Board members. The independent directors are, however, able to meet at any time without any the non-independent directors being present. Further supervision is performed through the Audit Committee who may meet with the Company's auditors without management being in attendance.

## Participation of Directors in Other Reporting Issuers

The participation of the directors in other reporting issuers is described in the following table:

Name of Director	Names of Other Reporting Issuers of which the Director is a Director
Gary H. Claytens	None
Lyle Harvey	None
S. John Kim	Global Key Investment Ltd., KR Investment Ltd.
Peter Kohl	International PBX Ventures Ltd.

## Orientation and Continuing Education

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

Board meetings may also include presentations by the Company's management and employees to give the directors additional insight into the Company's business. In addition, management of the Company makes itself available to discussions with all Board members.

## 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 director's participation in decisions of the Board in which the director has an interest have been sufficient to ensure that the Board operates independently of management and in the best interests of the Company.

## 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 of Directors and the CEO

The Board intends to conduct a review with regard to directors' compensation and thereafter review such compensation once a year. To make its recommendation on directors' compensation, the Board will take into account the types of compensation and the amounts paid to directors of comparable publicly traded Canadian companies.

## Other Board Committees

The Board has no committees 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.

## **OTHER MATTERS**

As of the date of this Information Circular, management knows of no other matters to be acted upon at the Meeting. However, should any other matters properly come before the Meeting, the Common Shares represented by the Proxy solicited hereby will be voted on such matters in accordance with the best judgment of the persons voting the Common Shares represented by the Proxy.

## **SHAREHOLDER PROPOSALS**

The CBCA provides, in effect, that a registered holder or beneficial owner of shares that are entitled to vote at an annual meeting of the Company may submit to the Company notice of any matter that the person proposes to raise at the meeting (referred to a "**Proposal**") and discuss at the meeting any matter in respect of which the person would have been entitled to submit a Proposal. The CBCA further provides, in effect, that the Company must set out the Proposal in its management proxy circular along with, if so requested by the person who makes the Proposal, a statement in support of the Proposal by such person. However, the Company will not be required to set out the Proposal in its management proxy circular or include a supporting statement if, among other things, the Proposal is not submitted to the Company at least 90 days before the anniversary date of the notice of meeting that was sent to the shareholders in connection with the previous annual meeting of shareholders of the Company. As the notice in connection with the Meeting is dated June 20, 2011, the deadline for submitting a proposal to the Company in connection with the next annual general meeting of shareholders is September 18, 2011.

## **ADDITIONAL INFORMATION**

Additional information relating to the Company is available on the SEDAR website at [www.sedar.com](http://www.sedar.com).

Financial information on the Company is provided in the Company's comparative financial statements and management discussion and analysis of the most recently completed financial year ended January 31, 2011. Copies of the Company's financial statements and management discussion and analysis may be obtained upon request from the Company to the attention of the Corporate Secretary at Suite 1601, 1166 Alberni Street, Vancouver, British Columbia, V6E 3Z3, Tel: (604) 689-2454.

## **DIRECTORS' APPROVAL**

The Board of Directors of the Company have approved the contents of this Management Information Circular and its distribution to each shareholder entitled to receive notice of the Meeting.

## **APPROVAL AND CERTIFICATION**

The contents of this Information Circular have been approved and this mailing has been authorized by the Directors of the Company.

Where information contained in this Information Circular, rests specifically within the knowledge of a person other than the Company, the Company has relied upon information furnished by such person.

The foregoing contains no untrue statement of material fact and does not omit to state a material fact that is required to be stated or that is necessary to make a statement not misleading in the light of the circumstances in which it was made.

Dated at Vancouver, British Columbia, this 20th day of June, 2011.

*"Gary H. Claytens"*

Gary H. Claytens  
President and Director



**SCHEDULE A**  
**MOUNT DAKOTA ENERGY CORP.**  
(the “Company”)

**AUDIT COMMITTEE CHARTER**

**Purpose of the Committee**

The purpose of the Audit Committee (the “**Committee**”) of the Board of the Company is to provide an open avenue of communication between management, the Company’s independent auditors and the Board and to assist the Board in its oversight of:

- (a) the integrity, adequacy and timeliness of the Company’s financial reporting and disclosure practices;
- (b) the Company’s compliance with legal and regulatory requirements related to financial reporting; and
- (c) the independence and performance of the Company’s independent auditors.

The Committee shall also perform any other activities consistent with this Charter, the Company’s Articles and governing laws as the Committee or Board deems necessary or appropriate.

The Committee shall consist of at least three directors. Members of the Committee shall be appointed by the Board and may be removed by the Board in its discretion. The members of the Committee shall elect a Chair from among their number. A majority of the members of the Committee must not be officers or employees of the Company or of an affiliate of the Company. The quorum for a meeting of the Committee is a majority of the members who are not officers or employees of the Company or of an affiliate of the Company. With the exception of the foregoing quorum requirement, the Committee may determine its own procedures.

The Committee’s role is one of oversight. Management is responsible for preparing the Company’s financial statements and other financial information and for the fair presentation of the information set forth in the financial statements in accordance with generally accepted accounting principles (“**GAAP**”) and in the future, international financial reporting standards (“**IFRS**”). Management is also responsible for establishing internal controls and procedures and for maintaining the appropriate accounting and financial reporting principles and policies designed to assure compliance with accounting standards and all applicable laws and regulations.

The independent auditors’ responsibility is to audit the Company’s financial statements and provide their opinion, based on their audit conducted in accordance with generally accepted auditing standards, that the financial statements present fairly, in all material respects, the financial position, results of operations and cash flows of the Company in accordance with GAAP and/or IFRS.

The Committee is responsible for recommending to the Board the independent auditors to be nominated for the purpose of auditing the Company’s financial statements, preparing or issuing an auditor’s report or performing other audit, review or attest services for the Company, and for reviewing and recommending the compensation of the independent auditors. The Committee is also directly responsible for the evaluation of and oversight of the work of the independent auditors. The independent auditors shall report directly to the Committee.

**Authority and Responsibilities**

In addition to the foregoing, in performing its oversight responsibilities the Committee shall:

1. Monitor the adequacy of this Charter and recommend any proposed changes to the Board.

2. Review the appointments of the Company's Chief Financial Officer and any other key financial executives involved in the financial reporting process.
3. Review with management and the independent auditors the adequacy and effectiveness of the Company's accounting and financial controls and the adequacy and timeliness of its financial reporting processes.
4. Review with management and the independent auditors the annual financial statements and related documents and review with management the unaudited quarterly financial statements and related documents, prior to filing or distribution, including matters required to be reviewed under applicable legal or regulatory requirements.
5. Where appropriate and prior to release, review with management any news releases that disclose annual or interim financial results or contain other significant financial information that has not previously been released to the public.
6. Review the Company's financial reporting and accounting standards and principles and significant changes in such standards or principles or in their application, including key accounting decisions affecting the financial statements, alternatives thereto and the rationale for decisions made.
7. Review the quality and appropriateness of the accounting policies and the clarity of financial information and disclosure practices adopted by the Company, including consideration of the independent auditors' judgment about the quality and appropriateness of the Company's accounting policies. This review may include discussions with the independent auditors without the presence of management.
8. Review with management and the independent auditors significant related party transactions and potential conflicts of interest.
9. Pre-approve all non-audit services to be provided to the Company by the independent auditors.
10. Monitor the independence of the independent auditors by reviewing all relationships between the independent auditors and the Company and all non-audit work performed for the Company by the independent auditors.
11. Establish and review the Company's procedures for the:
  - (a) receipt, retention and treatment of complaints regarding accounting, financial disclosure, internal controls or auditing matters; and
  - (b) confidential, anonymous submission by employees regarding questionable accounting, auditing and financial reporting and disclosure matters.
12. Conduct or authorize investigations into any matters that the Committee believes is within the scope of its responsibilities. The Committee has the authority to retain independent counsel, accountants or other advisors to assist it, as it considers necessary, to carry out its duties, and to set and pay the compensation of such advisors at the expense of the Company.
13. Perform such other functions and exercise such other powers as are prescribed from time to time for the audit committee of a reporting company in Parts 2 and 4 of National Instrument 52-110 of the Canadian Securities Administrators, the Canada *Business Corporations Act* and the Articles of the Company.