

NETCO SILVER INC.

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MANAGEMENT INFORMATION CIRCULAR FOR THE ANNUAL GENERAL MEETING OF SHAREHOLDERS TO BE HELD ON WEDESDAY, JUNE 27, 2012

This Information Circular is furnished to the shareholders (the “**Shareholders**”) of Netco Silver Inc. (the “**Company**”) in connection with the solicitation by the management of the Company of proxies to be voted at the annual general meeting (the “**Meeting**”) of the Shareholders to be held on Wednesday, June 27, 2012 at 10:00 a.m. (Vancouver time) at the Company’s offices located at Suite 880, 609 Granville Street, Vancouver, British Columbia, Canada.

DATE AND CURRENCY

The date of this Information Circular is May 28, 2012. Unless otherwise stated, all amounts herein are in Canadian dollars.

REVOCABILITY OF PROXY

A Shareholder who has given a proxy may revoke it at any time, before it is exercised, by an instrument in writing: (a) executed by that Shareholder or by that Shareholder’s attorney-in-fact authorized in writing or, where that Shareholder is a corporation, by a duly authorized officer of, or attorney-in-fact for, the corporation; and (b) delivered either: (i) to the Company at #880 – 609 Granville Street, Vancouver, British Columbia, Canada V7Y 1G5 (Attention: Andrew Gourlay) at any time up to and including the last business day preceding the day of the Meeting or, if adjourned or postponed, any reconvening thereof, or (ii) to the Chairman of the Meeting prior to the vote on matters covered by the proxy on the day of the Meeting or, if adjourned or postponed, any reconvening thereof, or (iii) in any other manner provided by law. Also, a proxy will automatically be revoked by either: (i) attendance at the Meeting and participation in a poll (ballot) by a Shareholder, or (ii) submission of a subsequent proxy in accordance with the foregoing procedures. A revocation of a proxy does not affect any matter on which a vote has been taken prior to the revocation.

PERSONS MAKING THE SOLICITATION

The solicitation will be conducted by mail and may be supplemented by telephone or other personal contact to be made without special compensation by the directors, regular officers and employees of the Company. The Company will not reimburse Shareholders, nominees or agents for the cost incurred in obtaining from their principals authorization to execute the enclosed form of proxy (the “**Form of Proxy**”), except that the Company has requested brokers and nominees who hold stock in their respective names to furnish the Meeting materials to their customers, and the Company will reimburse such brokers and nominees for their related out of pocket expenses. No solicitation will be made by specifically engaged employees or soliciting agents. The cost of solicitation will be borne by the Company.

PROXY INSTRUCTIONS

Only registered Shareholders are entitled to vote at the Meeting. A Shareholder is entitled to one vote for each common share (“**Common Share**”) in the capital of the Company that such Shareholder holds on the Record Date (as defined herein) on the resolutions to be acted upon at the Meeting and any other matter to come before the Meeting.

The persons named as proxyholders (the “**designated persons**”) in the Form of Proxy were designated by the directors of the Company. **A SHAREHOLDER HAS THE RIGHT TO APPOINT A PERSON OR CORPORATION (WHO NEED NOT BE A SHAREHOLDER) TO ATTEND AND ACT FOR AND ON BEHALF OF THAT SHAREHOLDER AT THE MEETING, OTHER THAN THE DESIGNATED PERSONS NAMED IN THE FORM OF PROXY. THE SHAREHOLDER MAY EXERCISE THIS RIGHT BY STRIKING OUT THE PRINTED NAMES OF THE DESIGNATED PERSONS AND INSERTING THE NAME OF SUCH OTHER PERSON AND, IF DESIRED, AN ALTERNATE TO SUCH PERSON IN THE BLANK SPACE PROVIDED IN THE FORM OF PROXY. SUCH SHAREHOLDER SHOULD NOTIFY THE NOMINEE OF THE APPOINTMENT, OBTAIN THE NOMINEE’S CONSENT TO ACT AS PROXY AND SHOULD PROVIDE INSTRUCTIONS TO THE NOMINEE ON HOW THE SHAREHOLDER’S SHARES SHOULD BE VOTED. THE NOMINEE SHOULD BRING PERSONAL IDENTIFICATION TO THE MEETING.**

In order to be voted, the completed Form of Proxy must be received by the Company’s registrar and transfer agent, Computershare Investor Services Inc., at 100 University Avenue, 9th Floor, Toronto, Ontario, Canada, M5J 2Y1, Fax: 1-866-249-7775 (within North America) or 416-263-9524 (outside North America), at least forty eight (48) hours (excluding Saturdays, Sundays and holidays) prior to the time of the Meeting, or any adjournment thereof.

A Form of Proxy may not be valid unless it is dated and signed by the Shareholder who is giving it or by that Shareholder’s attorney-in-fact duly authorized by that Shareholder in writing or, in the case of a corporation, dated and executed by a duly authorized officer, or attorney-in-fact for, the corporation. If a Form of Proxy is executed by an attorney-in-fact for an individual Shareholder or joint Shareholders or by an officer or attorney-in-fact for a corporate Shareholder, the instrument so empowering the officer or attorney-in-fact, as the case may be, or a notarial copy thereof, should accompany the Form of Proxy.

IN THE ABSENCE OF ANY INSTRUCTIONS TO THE CONTRARY, THE DESIGNATED PERSONS OR OTHER PROXY AGENT NAMED ON THE FORM OF PROXY WILL CAST THE SHAREHOLDER’S VOTES ON ANY POLL (BALLOT) FOR THE APPROVAL OF ALL THE MATTERS IN THE ITEMS SET OUT IN THE FORM OF PROXY AND IN FAVOUR OF EACH OF THE NOMINEES NAMED THEREIN FOR ELECTION AS DIRECTORS.

The enclosed Form of Proxy confers discretionary authority upon the designated persons named therein with respect to other matters which may properly come before the Meeting, including any amendments or variations to any matters identified in the Notice of Meeting and with respect to other matters which may properly come before the Meeting. At the date of this Information Circular, management of the Company knew of no such amendments, variations, or other matters to come before the Meeting. **The Common Shares represented by a Shareholder’s Form of Proxy will be voted or withheld from voting in accordance with the instructions of the Shareholder on any ballot that may be called for. If the Shareholder specifies a choice with respect to any matter to be voted upon, the Common Shares represented by that Shareholder’s Form of Proxy will be voted accordingly.**

In the case of abstentions from or withholding of the voting of Common Shares on any matter, the Common Shares which are the subject of the abstention or withholding (“**non-voted shares**”) will be counted for determination of a quorum, but will not be counted as affirmative or negative on the matter to be voted upon.

No person has been authorized to give any information or to make any representation other than those contained in this Information Circular in connection with the solicitation of proxies and, if given or made, such information or representations must not be relied upon as having been authorized by the Company. The delivery of this Information Circular shall not create, under any circumstances, any implication that there has been no change in the information set out herein since the date of this Information Circular. This Information Circular does not constitute the solicitation of a proxy by anyone in any jurisdiction in which such solicitation is not authorized or in which the person making such solicitation is not qualified to do so or to anyone to whom it is unlawful to make such offer or solicitation.

ADVICE TO BENEFICIAL SHAREHOLDERS OF COMMON SHARES

The information set forth in this section is of significant importance to Shareholders who do not hold Common Shares in their own name. Shareholders who do not hold their Common Shares in their own name (the “**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 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). **Beneficial Shareholders should ensure that instructions respecting the voting of their Common Shares are communicated to the appropriate person well in advance of the Meeting.**

The Company does not have access to the names of Beneficial Shareholders. Applicable regulatory policy requires intermediaries/brokers to seek voting instructions from Beneficial Shareholders in advance of shareholders’ meetings. Every intermediary/broker 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. The Form of Proxy or voting instruction form supplied to a Beneficial Shareholder by its broker (or the agent of the broker) is similar to the Form of Proxy provided to a registered Shareholder by the Company. However, its purpose is limited to instructing the registered Shareholder (the broker or agent of the broker) on how to vote on behalf of the Beneficial Shareholder.

The majority of brokers now delegate responsibility for obtaining instructions from clients to Broadridge Financial Solutions, Inc. (“**Broadridge**”) in the United States and in Canada. Broadridge typically prepares a special voting instruction form, mails this form to the Beneficial Shareholders and asks for appropriate instructions regarding the voting of Common Shares at the Meeting. Beneficial Shareholders are requested to complete and return the voting instructions to Broadridge by mail or facsimile. Alternatively, Beneficial Shareholders can call a toll-free number or access Broadridge’s dedicated voting website (each as noted on the voting instruction form) to deliver their voting instructions and to vote the Common Shares held by them. Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of shares to be represented at the Meeting. **A Beneficial Shareholder receiving a Broadridge voting instruction form cannot use that voting**

instruction form as a proxy to vote Common Shares directly at the Meeting – the voting instruction form must be returned to Broadridge well in advance of the Meeting by Beneficial Shareholders in order for their Common Shares to be voted at the Meeting.

Although a Beneficial Shareholder may not be recognized directly at the Meeting for the purposes of voting Common Shares registered in the name of his or her broker (or agent of the broker), a Beneficial Shareholder may attend at the Meeting as proxyholder for the registered Shareholder and vote the Common Shares in that capacity. Beneficial Shareholders who wish to attend at the Meeting and indirectly vote their Common Shares as proxyholder for the registered Shareholder should enter their own names in the blank space on the Form of Proxy provided to them and return the same to their broker (or the broker's agent) in accordance with the instructions provided by such broker (or agent), well in advance of the Meeting.

Alternatively, a Beneficial Shareholder may request in writing that his or her broker send to the Beneficial Shareholder a legal proxy which would enable the Beneficial Shareholder to attend at the Meeting and vote his or her Common Shares.

There are two kinds of Beneficial Shareholders – 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). Pursuant to National Instrument 54-101 of the Canadian Securities Administrators, issuers can obtain a list of their NOBOs from intermediaries for distribution of proxy-related materials directly to NOBOs.

These Meeting materials are being sent to registered Shareholders and Beneficial Shareholders. If you are a Beneficial Shareholder, and the Company or its agent has sent these materials directly to you, your name and address and information about your holdings of Common Shares have been obtained in accordance with applicable securities regulatory requirements from the intermediary holding on your behalf.

All references to Shareholders in this Information Circular are to registered Shareholders, unless specifically stated otherwise.

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

Except as discussed elsewhere in this Information Circular, none of the following persons has any material interest, direct or indirect by way of beneficial ownership of securities or otherwise, in any matter to be acted upon at the meeting, other than the election of directors:

- (a) any director or executive officer of the Company since January 1, 2011, being the beginning of the Company's last financial year;
- (b) any proposed nominee for election as a director of the Company; and
- (c) any associate or affiliate of any of the foregoing persons.

VOTING SECURITIES AND PRINCIPAL HOLDERS OF VOTING SECURITIES

The Company is authorized to issue an unlimited number of Common Shares without par value, of which 47,008,275 Common Shares were issued and outstanding at the date of this Information Circular. Although the Company is also authorized to issue an unlimited number of preferred shares without par value, none of these preferred shares have been issued.

Only registered Shareholders who were holders of record on May 23, 2012 (the “**Record Date**”), will be entitled to vote at the Meeting. These registered Shareholders will be entitled to cast one vote for each Common Share held on the Record Date.

To the knowledge of the directors and executive officers of the Company, there is no person that beneficially owns or exercises control or direction over, directly or indirectly, shares carrying more than 10% of the voting rights attached to any class of voting securities of the Company.

NUMBER OF DIRECTORS AND ELECTION OF DIRECTORS

The directors of the Company are elected at each annual general meeting and hold office until the next annual general meeting or until their successors are elected or appointed, unless his office is earlier vacated in accordance with the by-laws of the Company or with the provisions of the *Business Corporations Act* (Alberta). In the absence of instructions to the contrary, the enclosed Form of Proxy will be voted for the nominees listed in the Form of Proxy, all of whom are presently members of the Company’s board of directors (the “**Board**”).

At the Meeting, the Shareholders will be asked to pass an ordinary resolution to set the number of directors of the Company at four (4). The number of directors will be approved if the affirmative vote of holders of a majority of Common Shares present or represented by proxy at the Meeting and entitled to vote are voted in favour of setting the number of directors at four (4).

Management recommends the approval of the resolution to set the number of directors of the Company at four (4).

Management of the Company proposes to nominate each of the following persons for election as a director. Information concerning such persons, as furnished by the individual nominees, is as follows:

Name, Province and Country of Residence and Position Held with the Company⁽¹⁾	Principal Occupation, Business or Employment during the Past Five Years⁽¹⁾	Number of Common Shares Beneficially Owned⁽²⁾	Period during which the Nominee has served as a Director
ANDREW GOURLAY B.C., Canada PRESIDENT, CEO, CHAIRMAN and DIRECTOR ⁽³⁾	President, CEO, Chairman and Director of the Company since February 15, 2011; and a Consulting Geologist.	80,000 ⁽⁴⁾	February 15, 2011 to present
MICHAEL SWEATMAN B.C., Canada CFO, SECRETARY, and DIRECTOR	CFO, Secretary, and Director of the Company since November 17, 2010; and a Chartered Accountant.	755,000 ⁽⁵⁾	November 17, 2010 to present

Name, Province and Country of Residence and Position Held with the Company ⁽¹⁾	Principal Occupation, Business or Employment during the Past Five Years ⁽¹⁾	Number of Common Shares Beneficially Owned ⁽²⁾	Period during which the Nominee has served as a Director
COLIN BOWKETT B.C., Canada DIRECTOR ⁽³⁾	Director of the Company; President of Archer Petroleum Corp. since February 2010 and Director of Archer Petroleum Corp. since June 2009.	360,000 ⁽⁶⁾	November 17, 2010 to present
PAUL ANDREOLA B.C., Canada DIRECTOR ⁽³⁾	Director of the Company; Self-employed since October 2008, Vice-President of 3One Media Corp. from June 2007 to September 2008, and Investment Advisor at Golden Capital Securities/Gateway Securities from November 2002 to May 2007	764,000 ⁽⁷⁾⁽⁸⁾	April 28, 2011 to present

- (1) The information as to country of residence and principal occupation, not being within the knowledge of the Company, has been furnished by the respective nominees.
- (2) The information as to Common Shares beneficially owned or over which a director exercises control or direction, not being within the knowledge of the Company, has been furnished by the respective nominees as at May 28, 2012.
- (3) Member of the Audit Committee.
- (4) The number of Common Shares does not include: 100,000 options granted, exercisable at a price of \$0.12 per Common Share, expiring on March 4, 2016; and 50,000 options granted, exercisable at a price of \$0.15 per Common Share, expiring on October 18, 2016.
- (5) The number of Common Shares does not include: 100,000 options granted, exercisable at a price of \$0.12 per Common Share, expiring on March 4, 2016; 150,000 options granted, exercisable at a price of \$0.15 per Common Share, expiring on October 18, 2016; 40,000 warrants owned, exercisable at a price of \$0.22, expiring on June 22, 2013; and 75,000 warrants, exercisable at a price of \$0.22, expiring on February 28, 2014.
- (6) The number of Common Shares does not include: 100,000 options granted, exercisable at a price of \$0.12 per Common Share, expiring on March 4, 2016; and 150,000 options granted, exercisable at a price of \$0.15 per Common Share, expiring on October 18, 2016.
- (7) Of the 764, 000 Common Shares owned by Paul Andreola, 689,000 Common Shares are owned indirectly.
- (8) The number of Common Shares does not include: 100,000 options granted, exercisable at a price of \$0.12 per Common Share, expiring on April 28, 2016; 150,000 options granted, exercisable at a price of \$0.15 per Common Share, expiring on October 18, 2016 and 200,000 warrants at a price of \$0.22, expiring on March 2, 2014.

Management recommends the approval of each of the nominees listed above for election as directors of the Company for the ensuing year.

Management does not contemplate that any of its nominees will be unable to serve as directors. If any vacancies occur in the slate of nominees listed above before the Meeting, then the Designated Persons intend to exercise discretionary authority to vote the Common Shares represented by the Form of Proxy for the election of any other persons as directors.

The term of office of the nominees set out above, all of whom are presently directors of the Company, will expire immediately prior to the commencement of the Meeting. All of the directors who are elected at the Meeting will have their term of office expire at the earlier of: (i) the next annual general meeting, (ii) such time when their successors are duly elected or appointed in accordance with the Company's by-laws or with the provisions of the *Business Corporations Act* (Alberta), or (iii) such directors' death, resignation or removal.

Cease Trade Orders

No proposed director of the Company is, or within the ten (10) years before the date of this Information Circular has 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 of 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 of director, chief executive officer or chief financial officer.

Bankruptcies

No proposed director of the Company is, or was, within the ten (10) years before the date of this Information Circular, a director or an executive officer of any company that, while the 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 ten (10) years before the date of this Information Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, 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 has been subject to:

- (a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority, or has entered into a settlement agreement with respect to same; or
- (b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to reasonable Shareholders in deciding whether to vote for a proposed director.

EXECUTIVE COMPENSATION

1. General

For the purpose of this Information Circular:

“**CEO**” means each individual who acted as chief executive officer of the Company or acted in a similar capacity for any part of the most recently completed financial year;

“**CFO**” means each individual who acted as chief financial officer of the Company or acted in a similar capacity for any part of the most recently completed financial year;

“**Named Executive Officer**” or “**NEO**” means each of the following individuals:

- (a) a CEO;
- (b) a CFO;
- (c) each of the Company’s three most highly compensated executive officers, including any of its subsidiaries, or the three most highly compensated individuals acting in a similar capacity, other than the CEO and CFO, at the end of the most recently completed financial year and whose total compensation was, individually, more than \$150,000 for that financial year, as determined in accordance with subsection 1.3(6) of Form 51-102F6 *Statement of Executive Compensation*, for that financial year; or

- (d) any individual who would be a NEO under paragraph (c) but for the fact that the individual was neither an executive officer of the Company or any of its subsidiaries, nor acting in a similar capacity, at the end of that financial year.

2. Compensation Discussion and Analysis

Goals and Objectives

Given the Company's present size and stage of development, the Board does not currently have an active compensation committee in place and, accordingly, the Board as a whole is responsible for determining the compensation (including long-term incentive in the form of stock options) to be granted to the Company's executive officers and directors to ensure that such arrangements reflect the responsibilities and risks associated with each position. Management directors are required to abstain from voting with respect to their own compensation.

The Board reviews, on an annual basis, the corporate goals and objectives relevant to executive compensation, evaluates each executive officer's performance in light of those goals and objectives and sets the executive officer's compensation level based, in part, on this evaluation. The Board also takes into consideration the Company's overall performance, shareholder returns and the awards given to executive officers in past years.

The Board's compensation philosophy is aimed at attracting and retaining qualified and experienced people, which is critical to the success of the Company, and may include a "pay-for-performance" element which supports the Company's commitment to delivering strong performance for its shareholders.

Executive Compensation Program

Executive compensation is comprised of two main elements: base fee or salary and long-term incentive compensation (option-based awards). The Board reviews both components in assessing the compensation of individual executive officers.

Base fees or salaries are intended to provide current compensation and a short-term incentive for executive officers to meet the Company's goals, as well as to remain competitive within the industry. Base fees or salaries are compensation for job responsibilities and reflect the level of skills, expertise and capabilities demonstrated by the executive officers.

Stock options are an important part of the Company's long-term incentive strategy for its executive officers, permitting them to participate in an appreciation of the market value of the Company's shares over a stated period of time. Stock options are intended to reinforce commitment to long-term growth of the Company and shareholder value. They reward overall corporate performance, as measured through the price of the Common Shares, and enable executives to acquire and maintain a significant ownership position in the Company. See "Share Based Awards and Option Based Awards" below.

The Company has not retained a compensation consultant or advisor to assist the Board in determining compensation for any of the Company's directors or officers. Given the Company's current stage of development, the Company has not considered the implications of the risks associated with the Company's compensation practices. Although the Company has not adopted a formal policy forbidding a NEO or director from purchasing financial instruments that are designed to hedge or offset a decrease in market value of equity securities granted as compensation or held, directly or indirectly, by the NEO or director, the Company is not aware of any NEO or director having entered into this type of transaction.

Name and principal position	Year Ending	Salary ⁽⁷⁾ (\$)	Share-based awards ⁽⁸⁾ (\$)	Option-based awards ⁽⁹⁾ (\$)	Non-equity incentive plan compensation (\$)		Pension value (\$)	All other compensation (\$)	Total compensation (\$)
					Annual incentive plans	Long-term incentive plans			
Andrew Gourlay ⁽⁵⁾ President, CEO and Director	12/31/11	5,500 ⁽⁶⁾	Nil	16,500	Nil	Nil	Nil	Nil	22,000
	12/31/10	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	12/31/09	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

- (1) Arni Johansson was Senior Vice President of Business Operations of the Company from August 2, 2007 to June 8, 2009. Arni Johansson was appointed President and CEO of the Company on November 17, 2010 and resigned from those positions on February 15, 2011 when Andrew Gourlay was appointed.
- (2) Arni Johansson was paid \$500 per month in Directors' fees for services provided.
- (3) Michael Sweatman was appointed CFO and Secretary of the Company on November 17, 2010.
- (4) In 2011, Michael Sweatman was paid \$5,500 in Directors' fees and 5,625 in management fees for services provided. He was also granted a total of 250,000 options during 2011.
- (5) Andrew Gourlay was appointed as President and CEO of the Company on February 15, 2011.
- (6) In 2011, Andrew Gourlay was paid \$4,750 in Directors' fees and \$750 in management fees for services provided. He was also granted a total of 150,000 options during 2011.
- (7) The value of perquisites including property or other personal benefits provided to a NEO that are generally available to all employees, and that in the aggregate are worth less than \$50,000, or are worth less than 10% of a NEO's total salary for the financial year, are not reported herein.
- (8) The Company has not granted any restricted shares or restricted share units, stock appreciation rights or long-term incentive plan payouts to NEOs.
- (9) The fair value of stock options was estimated using the Black-Scholes option-pricing model with the following weighted average assumptions: dividend yield 0%; expected annual volatility 146%; risk-free interest rate 1.99%; market share price of \$0.12; forfeiture rate of 0% and expected life of 5 years. The weighted average fair value of options granted was \$0.11 per option.

There were no Named Executive Officers serving as executive officers at the end of the most recently completed financial year or executive officers who served during the financial year whose total compensation exceeded \$150,000 per year.

4. Incentive Plan Awards

An "incentive plan" is any plan providing compensation that depends on achieving certain performance goals or similar conditions within a specified period. An "incentive plan award" means compensation awarded, earned, paid or payable under an incentive plan.

Outstanding Share-Based Awards and Option-Based Awards

No share-based awards were granted to the NEOs during the most recently completed financial year. The following table sets forth all option-based granted to NEOs that were outstanding as of December 31, 2011, including awards granted before the year ended December 31, 2011:

Name	Option-based Awards			
	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options (\$)
Andrew Gourlay President and CEO	100,000	\$0.12	March 4, 2016	N/A ⁽¹⁾
	50,000	\$0.15	October 18, 2016	N/A ⁽¹⁾

Name	Option-based Awards			
	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options (\$)
Michael Sweatman CFO and Secretary	100,000	\$0.12	March 4, 2016	N/A ⁽¹⁾
	150,000	\$0.15	October 18, 2016	N/A ⁽¹⁾

(1) None of the options held by the NEOs were in-the-money as of December 31, 2011.

Incentive Plan Awards – Value Vested or Earned During the Year

The following table sets out the value that would have been realized by NEOs if options granted under option based awards during the year ended December 31, 2011 had been exercised on the vesting date:

Name	Option-based awards – Value vested during the year (C\$)	Share-based awards – Value vested during the year (C\$)	Non-equity incentive plan compensation – Value earned during the year (C\$)
Andrew Gourlay President and CEO	3,000	N/A	N/A
Michael Sweatman CFO and Secretary	3,000	N/A	N/A

5. Pension Plan Benefits

The Company does not have any pension plans that provide for payments or benefits at, following, or in connection with retirement.

6. Termination and Change of Control Benefits

The Company does not have any contracts, agreements, plans or arrangements that provide for payments to any NEO or director 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 a NEO's or director's responsibility.

7. Compensation of Directors

The following table sets forth the details of all compensation provided to the directors of the Company, other than directors who were also NEOs, during the year ended December 31, 2011:

Name	Fees Earned (\$)	Share-based Awards (\$)	Option-based Awards ⁽⁴⁾ (\$)	Non-Equity Incentive Plan Compensation (\$)	Pension Value (\$)	All Other Compensation (\$)	Total (\$)
Colin Bowkett ⁽¹⁾	56,440	Nil	27,500	Nil	Nil	Nil	83,940
Paul Andreola ⁽²⁾	23,000	Nil	27,500	Nil	Nil	Nil	50,500

Name	Fees Earned (\$)	Share-based Awards (\$)	Option-based Awards ⁽⁴⁾ (\$)	Non-Equity Incentive Plan Compensation (\$)	Pension Value (\$)	All Other Compensation (\$)	Total (\$)
David Finn ⁽³⁾	2,000	Nil	8,250	Nil	Nil	Nil	10,250

(1) In 2011, Mr. Bowkett was paid \$1,500 in Directors' fees and \$54,940 in management fees. He was also granted 100,000 options at a price of \$0.12 on March 4, 2011 and was granted 150,000 options at a price of \$0.15 on October 18, 2011.

(2) In 2011, Mr. Andreola was paid \$1,000 in Directors' fees and \$22,000 in management fees. He was also granted 100,000 options at a price of \$0.12 on April 15, 2011 and was granted 150,000 options at a price of \$0.15 on October 18, 2012.

(3) Mr. Finn resigned as a Director of the Company effective April 28, 2012. In 2011, Mr. Finn was paid \$2,000 in Directors' fees. He was also granted 75,000 options at a price of \$0.12 on March 4, 2011.

(4) The fair value of stock options was estimated using the Black-Scholes option-pricing model with the following weighted average assumptions: Dividend yield 0%; expected annual volatility 146%; risk-free interest rate 1.99%; market share price of \$0.12; forfeiture rate of 0% and expected life of 5 years. The weighted average fair value of options granted was \$0.11 per option.

Narrative Discussion

During the fiscal year ended December 31, 2011, Colin Bowkett, Paul Andreola and David Finn were paid \$500 per month in director fees for services provided to the Company except when they billed for management fees, then they received no directors' fees. Directors are entitled to be reimbursed for reasonable expenditures incurred in performing their duties as directors and may receive cash bonuses from time to time which the Company awards to directors for serving in their capacity as a member of the Board. Executive officers who also act as directors of the Company do not receive any additional compensation for services rendered in their capacity as directors.

Directors are also entitled to participate in the Stock Option Plan, which is designed to give each option holder an interest in preserving and maximizing shareholder value in the longer term. Individual grants are determined by an assessment of each individual director's current and expected future performance, level of responsibilities and the importance of his position and contribution to the Company.

Outstanding Share-Based Awards and Option-Based Awards

No share-based awards were granted to the directors during the most recently completed financial year. The following table sets forth all option-based awards granted to directors that were outstanding as of December 31, 2011, including awards granted before the year ended December 31, 2011:

Name	Option-based Awards			
	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options (\$)
Colin Bowkett	100,000	\$0.12	March 4, 2016	N/A ⁽¹⁾
	150,000	\$0.15	October 18, 2016	N/A ⁽¹⁾
Paul Andreola	100,000	\$0.12	April 15, 2016	N/A ⁽¹⁾
	150,000	\$0.15	October 18, 2016	N/A ⁽¹⁾

(1) None of the options held by the directors were in-the-money as of December 31, 2011.

Incentive Plan Awards – Value Vested or Earned During the Year

The following table sets out the value that would have been realized by directors if options granted under option based awards during the year ended December 31, 2011 had been exercised on the vesting date:

Name	Option-based awards – Value vested during the year (\$)	Share-based awards – Value vested during the year (\$)	Non-equity incentive plan compensation – Value earned during the year (\$)
Colin Bowkett	3,000 ⁽¹⁾⁽³⁾	N/A	N/A
Paul Andreola	3,000 ⁽²⁾⁽³⁾	N/A	N/A

- (1) Based on the difference between the closing price of the Common Shares on the TSX Venture Exchange (the “Exchange”) on March 4, 2011 of \$0.15 and the exercise price of the 100,000 options that vested on March 4, 2011 of \$0.12.
- (2) Based on the difference between the closing price of the Common Shares on the Exchange on April 15, 2011 of \$0.14 and the exercise price of the 100,000 options that vested on April 15, 2011 of \$0.12.
- (3) As none of the options granted on October 18, 2011 were in-the-money on the date of grant and vesting, the directors would not have realized any value if the options underlying their respective option-based awards had been exercised.

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The following table sets forth details of the Stock Option Plan, being the Company’s only equity compensation plan, as of December 31, 2011:

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted-average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans
Equity compensation plans approved by the Shareholders	1,900,000	\$0.14	4,515,600
Equity compensation plans not approved by the Shareholders	Nil	N/A	N/A
Total	1,900,000⁽¹⁾	\$0.14	4,515,600

- (1) During the fiscal year ended December 31, 2011, a total of 750,000 options were cancelled and a total of 1,900,000 options were granted.

STOCK OPTION PLAN

As of the date of this Information Circular, there are 2,140,000 outstanding options, of which 1,900,000 were granted in 2011. The 2,140,000 Common Shares that are issuable on exercise of the 2,140,000 outstanding options represent approximately 4.6%, on a diluted basis, of the issued and outstanding Common Shares as of the date of this Information Circular. The following is a summary of material terms of the Stock Option Plan:

1. The number of Common Shares subject to each option is determined by the Board, or if appointed, by a special committee of directors appointed from time to time by the Board, provided, at the time the options are granted, that:
 - (a) the number of Common Shares subject to option, in the aggregate, is not to exceed 6,415,600 Common Shares;

- (b) no more than 5% of the issued Common Shares may be granted to any one optionee in any 12 month period (unless the Company has obtained “disinterested” shareholder approval);
 - (c) no more than 2% of the issued Common Shares may be granted to any one consultant in any 12 month period (except as permitted by Exchange policy); and
 - (d) no more than an aggregate of 2% of the issued Common Shares may be granted to persons employed to provide “investor relations activities” in any 12 month period (except as permitted by Exchange policy).
2. The exercise price of the options cannot be set at less than the last closing price of the Common Shares on the Exchange on the date on which the options are granted by the Company, less the maximum allowable discount from market as may be permitted under the policies of the Exchange, if any, or such other minimum exercise price as may be permitted by the Exchange.
 3. The options may be exercisable for such period as is permitted under Exchange policies.
 4. All options are non-assignable and non-transferable and, if granted at an exercise price less than market, will be legended with a four month Exchange hold period commencing on the date the stock options are granted.
 5. The options shall be subject to such vesting requirements, if any, as may be determined by the Board from time to time subject to the policies of the Exchange.
 6. The options can only be exercised by the optionee.

AUDIT COMMITTEE AND RELATIONSHIP WITH AUDITOR

Pursuant to National Instrument 52-110 *Audit Committees* (“NI 52-110”), the Company is required, 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 out in the following paragraphs.

1. Audit Committee Charter

The Company’s Audit Committee is governed by the Company’s Audit Committee Charter, the text of which is attached as Schedule “A” to this Information Circular.

2. Composition of the Audit Committee

The Company’s Audit Committee is comprised of three directors consisting of Andrew Gourlay, Colin Bowkett and Paul Andreola. As defined in National Instrument 52-110, Mr. Gourlay, the Company’s President and Chief Executive Officer, is not “independent”, as he is an executive officer of the Company, and Messrs. Bowkett and Andreola are independent. All of the Audit Committee members are “financially literate”, as defined in NI 52-110, as all have the industry experience necessary to understand and analyze financial statements of the Company, as well as the understanding of internal controls and procedures necessary for financial reporting.

The Audit Committee is responsible for review of both interim and annual financial statements for the Company. For the purposes of performing their duties, the members of the Audit Committee have the right, at all times, to inspect all the books and financial records of the Company and any subsidiaries and to discuss with management and the external auditors of the Company any accounts, records and matters relating to the financial statements of the Company. The Audit Committee members meet periodically with management and annually with the external auditors.

3. Relevant Education and Experience

The following sets out the education and experience of each Audit Committee member that is relevant to the performance of his responsibilities as an Audit Committee member and that provides each member with: (i) an understanding of the accounting principles used by the Company to prepare its financial statements; (ii) the ability to assess the general application of such accounting principles in connection with the accounting for estimates, accruals and provisions, (iii) experience preparing, auditing, analyzing or evaluating financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the Company's financial statements, or experience actively supervising one or more individuals engaged in such activities; and (iv) an understanding of internal controls and procedures for financial reporting:

Mr. Gourlay has extensive exploration and management experience throughout South America, Asia and North America. Mr. Gourlay has successfully advanced projects from the grassroots to definition drilling and the resource calculation stage. These include the Bonaparte Gold Property in British Columbia and managing Kennecott Canada's first two years of successful diamond exploration in the Lac de Gras area. Mr. Gourlay is the former President of Andean American Mining Corp and Sinchao Metals Corp. and has been the Exploration Manager for Chase Resource Corp in the Philippines, Essex Resource Corp. in Bolivia, and Asia Gold Corp (a subsidiary of Ivanhoe Mines Ltd) in Mongolia. These positions have given Mr. Gourlay extensive experience in reviewing and understanding financial statements.

Mr. Bowkett has more than 18 years of experience in business development and strategic alliances, and is a partner in Canadian Nexus Ventures, a private investment firm based in Vancouver. Mr. Bowkett has facilitated and financed multiple international oil and gas, and mining transactions in both the private and public sector. Mr. Bowkett currently serves on the board of directors of Archer Petroleum (TSXV: ARK) and in advisory positions for various private and public entities.

Mr. Andreola has over 20 years of business development and financial markets experience including senior management, marketing, and communications roles for early stage companies. Previously in his career, Mr. Andreola was a licensed investment advisor for over 10 years and has facilitated multiple early stage private and public companies in the resource and technology sectors. Mr. Andreola is the co-founder of both MDU Communications Inc. (MDTV), a provider of premium telecommunications services, and Destiny Media Technologies Inc. (TSX.V : DSY), a leader in digital media distribution. Mr. Andreola has served on the board of, and in advisory positions to, several public and private companies.

4. Audit Committee Oversight

Since the commencement of the Company's most recently completed financial year, the Board has adopted all recommendations of the Audit Committee to nominate or compensate an external auditor.

5. Reliance on Exemptions

Since the commencement of the Company's most recently completed financial year, the Company has not relied on the exemptions contained in sections 2.4 or 8 of NI 52-110. Section 2.4 (*De Minimis Non-audit Services*) provides an exemption from the requirement that the Audit Committee must pre-approve all non-audit services to be provided by the auditor, where the total amount of fees related to the non-audit services are not expected to exceed 5% of the total fees payable to the auditor in the fiscal year in which the non-audit services were provided. Section 8 (*Exemptions*) permits a company to apply to a securities regulatory authority for an exemption from the requirements of NI 52-110 in whole or in part.

6. Pre-Approval Policies and Procedures

The Audit Committee has adopted specific policies and procedures for the engagement of non-audit services as set out in the Audit Committee Charter of the Company. A copy of the Company's Audit Committee Charter is attached as Schedule "A" to this Information Circular.

7. External Auditor Service Fees

In the following table, "audit fees" are fees billed by the Company's external auditor for services provided in auditing the Company's annual financial statements for the subject year. "Audit-related fees" are fees not included in fees that are billed by the auditor for assurance and related services that are reasonably related to the performance of the audit review of the Company's financial statements. "Tax fees" are fees billed by the auditor for professional services rendered for tax compliance, tax advice and tax planning. "All other fees" are fees billed by the auditor for products and services not included in the foregoing categories.

The aggregate fees paid by the Company to its auditors in each of the last two fiscal years, by category, are as follows:

Financial Year Ending	Audit Fees (\$)	Audit Related Fees ⁽¹⁾ (\$)	Tax Fees (\$)	All Other Fees (\$)
December 31, 2011	20,000	400	1,500	7,140 ⁽²⁾
December 31, 2010	16,000	320	1,000	Nil

(1) Canadian Public Accountability Board fees

(2) To review the first quarter financial statements at March 31, 2012 and transition to IFRS.

8. Exemption

The Company is relying on the exemption provided by section 6.1 of NI 52-110, which provides that the Company, as a venture issuer, is not required to comply with Part 3 (Composition of the Audit Committee) and Part 5 (Reporting Obligations) of NI 52-110.

CORPORATE GOVERNANCE DISCLOSURE

National Instrument 58-101 *Disclosure of Corporate Governance Practices* requires all reporting issuers to provide certain annual disclosure of their corporate governance practices with respect to the corporate governance guidelines (the "**Guidelines**") adopted in National Policy 58-201. These Guidelines are not prescriptive, but have been used by the Company in adopting its corporate governance practices. The Company's approach to corporate governance is set out below.

1. Board of Directors

The Guidelines suggest that the board of directors of every reporting issuer should be constituted with a majority of individuals who qualify as “independent” directors under NI 52-110, which provides that a director is independent if he or she has 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 member’s independent judgment.

Of the Company’s current directors, Colin Bowkett and Paul Andreola are considered to be independent directors, as they are not officers of the Company and have no direct or indirect material relationship with the Company. Andrew Gourlay and Michael Sweatman are not considered to be independent directors as they are also executive officers of the Company.

The Board does not currently have a majority of independent directors. The Board has put in place a Code of Business Conduct with formal procedures designed to facilitate the exercise of independent supervision over management, which relies on the integrity of the individual members of its management team to act in the best interests of the Company and the Shareholders. The independent directors do not regularly hold meetings at which the non-independent directors are not present. In the event a director has a conflict of interest, the director must disclose his interest to the Board and abstain from voting.

2. Directorships

The following directors and proposed nominees for election as directors of the Company are also directors of other reporting issuers, as set forth below:

Michael Sweatman: Brownstone Energy Inc.
 Blackbird Energy Inc.
 Lions Gate Metals Inc.
 Galena Capital Inc.
 Mega Uranium Ltd.
 Teslin River Resources Corp.
 Mega Precious Metals Inc.

Colin Bowkett: Archer Petroleum Corp.

Andrew Gourlay: Reva Resources Corp.

3. Orientation and Continuing Education

Due to the size of the current Board, the Board does not have a formal process of orientation or education program for the new members of the Board and committee members. However, the Chair of the Board oversees the orientation of new Board members and committee members. Any new directors will be given the opportunity to (a) familiarize themselves with the Company, the current directors and members of management; (b) review copies of recent publicly filed documents of the Company, technical reports and the Company’s internal financial information; (c) have access to technical experts and consultants; (d) have access to legal counsel, engineers and auditors; and (e) review a summary of significant corporate and securities legislation. Directors are also given the opportunity for continuing education.

The Company does not have a formal process of continuing education for directors. Generally, the Company expects that existing and new Board members will have a familiarity with the mining business. Each Board member is responsible for maintaining the skill and knowledge necessary to meet their obligations as directors. Board meetings may also include presentations by the Company's management and consultants to give the directors additional insight into the Company's business.

4. Ethical Business Conduct

The Board currently has a written Code of Business Conduct for its directors, officers and employees and views good corporate governance as an integral component to the success of the Company. Additionally, 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 the 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 in the best interests of the Company.

In considering a transaction in which a director or executive officer has a material interest, the director or executive officer is required to disclose the nature and extent of his interest to the Board and abstain from voting on any resolution pertaining to the transaction. The Board may establish an independent committee from time to time to consider transactions or agreements in respect of which a director or executive officer has a material interest.

5. Assessments

The Board has procedures for regularly assessing the effectiveness and contribution of the Board, its committees or individual directors. As the Board is relatively small, it is expected that a significant lack of performance on the part of a committee or individual director would become readily apparent, and could be dealt with on a case-by-case basis. With respect to the Board as a whole, the Board monitors its performance on an ongoing basis, and as part of that process considers the overall performance of the Company and input from the Shareholders.

6. Nomination of Directors

The Board is responsible for identifying individuals qualified to become new Board members and recommending to the Board new director nominees for the next annual meeting of shareholders. New nominees must have a track record in general business management, special expertise in an area of strategic interest to the Company, the ability to devote the required time, show support for the Company's mission and strategic objectives, and a willingness to serve.

7. Compensation

While no specific procedures have been established to ensure an objective process for determining compensation, the Company believes its levels of compensation to be fair and appropriate. The Board has not engaged an outside consultant or advisor to assist in determining compensation for any of the Company's directors or officers.

8. Other Board Committees

The only currently active committee of the Board as of the date of this Information Circular is the Audit Committee.

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

None of the current or former directors, executive officers or employees of the Company, proposed nominees for election to the Board, or associates of such persons is, or has been, indebted to the Company or its subsidiary at any time since the beginning of the last completed financial year of the Company and no indebtedness remains outstanding as at the date of this Information Circular. None of such persons' indebtedness to another entity is, or at any time since the beginning of the most recently completed financial year, has been the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Company.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

Except as otherwise disclosed herein, no: (a) director, proposed director or executive officer of the Company; (b) person or company who beneficially owns, directly or indirectly, Common Shares or who exercises control or direction of Common Shares, or a combination of both, carrying more than ten percent of the voting rights attached to the Common Shares outstanding (an "Insider"); (c) director or executive officer of an Insider; or (d) associate or affiliate of any of the directors, executive officers or Insiders, has had any material interest, direct or indirect, in any transaction since the commencement of the Company's most recently completed financial year or in any proposed transaction which has materially affected or would materially affect the Company, except with an interest arising from the ownership of Common Shares where such person or company will receive no extra or special benefit or advantage not shared on a pro rata basis by all holders of the same class of Common Shares.

APPOINTMENT OF AUDITOR

At the Meeting, Shareholders will be asked to vote for the re-appointment of MacKay LLP, Chartered Accountants, of Vancouver, British Columbia, as the auditors of the Company until the close of the next annual general meeting of the Company or until such firm is removed from office or resigns as provided by law, and to authorize the Board to fix the remuneration to be paid to the auditors.

Management recommends that Shareholders vote for the ratification of the appointment of Mackay LLP as the Company's auditor for the Company's fiscal year ending December 31, 2012 at a remuneration to be fixed by the Board.

MANAGEMENT CONTRACTS

In November 2010, the Company entered into a management services agreement with Caravel (the "Caravel Agreement"). Caravel is a privately held management company wholly-owned by John R. Hislop, with an office located at #900 – 609 West Hastings Street, Vancouver, British Columbia, Canada V6B 4W4. Pursuant to the Caravel Agreement, the Company agreed to pay Caravel \$2,000 per month for management and administrative services to be provided to the Company, plus any out-of-pocket expenses incurred and specific specialized management services requested. Pursuant to the Caravel Agreement, Caravel provided a variety of services to the Company, as required, including: providing assistance with respect to the administration of the financial affairs of the Company; liaising with the Company's auditors; preparing, in consultation with the Company's Audit Committee or Board, the financial statements, related management's discussion and analysis and other financial information, and attending to the dissemination thereof to the Shareholders; providing general bookkeeping and accounting services to the Company; coordinating and administering the Company's compliance with financial reporting requirements of the securities regulatory authorities; performing or causing to be performed through the Company's solicitors, the duties of a corporate secretary; providing general and office administration

services to the Company; and providing electronic filing of all material documents through SEDAR. The Caravel Agreement contains confidentiality provisions which prohibit Caravel, except as authorized or required by its duties, from divulging any trade secrets, secret or confidential operations, processes or dealings or any information concerning the organization, business, finances, transactions or other affairs of the Company. During the Company's most recently completed financial year, payments made to Caravel totalled \$24,000 for administration services provided. Effective February 29, 2012, the Caravel Agreement was terminated. From January 1, 2012 to March 1, 2012, payments made to Caravel totalled \$4,000 for administration services provided.

On March 1, 2012, the Company entered into a management services agreement with Chartwell Business Solutions Inc. ("**Chartwell**") dated March 1, 2012 (the "**Chartwell Agreement**"). Chartwell is a privately held management company wholly-owned by Dean Willows, with an office located at #900 – 609 West Hastings Street, Vancouver, British Columbia, Canada V6B 4W4. Pursuant to the Chartwell Agreement, the Company has agreed to pay Chartwell \$2,400 per month for management and administrative services to be provided to the Company, plus any out-of-pocket expenses incurred and specific specialized management services requested. Pursuant to the Chartwell Agreement, Chartwell provides a variety of services substantially similar to the services provided by Caravel under the Caravel Agreement. Provided that Chartwell is not in default under the Chartwell Management Agreement, the agreement will automatically renew for additional monthly terms unless Chartwell or the Company gives thirty days notice to the other party that it does not intend to renew the Chartwell Agreement. The Chartwell Agreement contains confidentiality provisions which prohibit Chartwell, except as authorized or required by its duties, from divulging any trade secrets, secret or confidential operations, processes or dealings or any information concerning the organization, business, finances, transactions or other affairs of the Company. From March 1, 2012 to date, payments made to Chartwell totalled \$7,200 for administration services provided.

The Company is party to a management services agreement dated December 1, 2010 (the "**Canadian Nexus Agreement**") with Canadian Nexus Ventures Ltd. ("**Canadian Nexus**"). Canadian Nexus is a private company, wholly-owned by Arni Johannson, the former President of the Company, in the business of providing office space, which is located at 880 - 609 Granville Street, Vancouver, British Columbia V7Y 1G5. Pursuant to the Canadian Nexus Agreement, the Company has agreed to pay Canadian Nexus \$2,500.00 per month for office space, telephone services and miscellaneous office services provided to the Company. During the Company's most recently completed financial year, payments made to Canadian Nexus totalled \$26,500 for services provided. From January 1, 2012 to date, payments made to Canadian Nexus for rent totalled \$12,500.

PARTICULARS OF OTHER MATTERS TO BE ACTED UPON**Other Matters**

Management of the Company is not aware of any matters to come before the Meeting other than as set out in the Notice of Meeting. **If any other matter properly comes before the Meeting, it is the intention of the designated persons named in the enclosed Form of Proxy to vote the Common Shares represented thereby in accordance with their best judgment on such matters.**

ADDITIONAL INFORMATION

Additional information relating to the Company, including financial statements and Management's Discussion and Analysis ("MD&A") for the year ended December 31, 2011, is available on SEDAR at www.sedar.com. Shareholders may contact the Company to request copies of financial statements and MD&A at the following address: #880 – 609 Granville Street, Vancouver, British Columbia, Canada V7Y 1G5.

APPROVAL OF THE BOARD OF DIRECTORS

The contents of this Information Circular have been approved, and the delivery of it to each Shareholder of the Company entitled thereto and to the appropriate regulatory agencies has been authorized, by the Board.

DATED at Vancouver, British Columbia, the 28th day of May, 2012.

BY ORDER OF THE BOARD OF DIRECTORS

“Andrew Gourlay”

Andrew Gourlay
President and Chief Executive Officer

SCHEDULE "A"

NETCO SILVER INC. (the "Company")

AUDIT COMMITTEE CHARTER

PURPOSE OF THE COMMITTEE

The purpose of the Audit Committee (the "**Committee**") of the Board of Directors (the "**Board**") of Corporation is to provide an open avenue of communication between management, the Corporation's independent auditor and the Board and to assist the Board in its oversight of:

- the integrity, adequacy and timeliness of the Corporation's financial reporting and disclosure practices;
- the Corporation's compliance with legal and regulatory requirements related to financial reporting; and
- the independence and performance of the Corporation's independent auditor.

The Committee shall also perform any other activities consistent with this Charter, the Corporation'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 Chairman from among their number. A majority of the members of the Committee must not be officers or employees of the Corporation or of an affiliate of the Corporation. The quorum for a meeting of the Committee is a majority of the members who are not officers or employees of the Corporation or of an affiliate of the Corporation. 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 Corporation's financial statements and other financial information and for the fair presentation of the information set forth in the financial statements in accordance with 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 auditor's responsibility is to audit the Corporation's financial statements and provide its opinion, based on its 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 Corporation in accordance with IFRS.

The Committee is responsible for recommending to the Board the independent auditor to be nominated for the purpose of auditing the Corporation's financial statements, preparing or issuing an auditor's report or performing other audit, review or attest services for the Corporation, and for reviewing and recommending the compensation of the independent auditor. The Committee is also directly responsible for the evaluation of and oversight of the work of the independent auditor. The independent auditor 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 Corporation's Chief Financial Officer and any other key financial executives involved in the financial reporting process.
3. Review with management and the independent auditor the adequacy and effectiveness of the Corporation's accounting and financial controls and the adequacy and timeliness of its financial reporting processes.
4. Review with management and the independent auditor 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 Corporation'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 Corporation, including consideration of the independent auditor's judgment about the quality and appropriateness of the Corporation's accounting policies. This review may include discussions with the independent auditor without the presence of management.
8. Review with management and the independent auditor significant related party transactions and potential conflicts of interest.
9. Pre-approve all non-audit services to be provided to the Corporation by the independent auditor.
10. Monitor the independence of the independent auditor by reviewing all relationships between the independent auditor and the Corporation and all non-audit work performed for the Corporation by the independent auditor.
11. Establish and review the Corporation's procedures for the:
 - receipt, retention and treatment of complaints regarding accounting, financial disclosure, internal controls or auditing matters; and
 - confidential and anonymous submissions 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 Corporation.

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 *Business Corporations Act* (British Columbia) and the articles of the Corporation.