

CURLEW LAKE RESOURCES INC.

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INFORMATION CIRCULAR

(As at May 18, 2012, except as indicated)

The Company is providing this Information Circular and a form of proxy in connection with management's solicitation of proxies for use at the annual general meeting (the "Meeting") of the Company to be held on Friday, June 22, 2012 and at any adjournments. The Company will conduct its solicitation by mail and officers and employees of the Company may, without receiving special compensation, also telephone or make other personal contact. The Company will pay the cost of solicitation.

APPOINTMENT OF PROXYHOLDER

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

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

VOTING BY PROXY

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

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

The enclosed form of proxy also gives discretionary authority to the person named therein as proxyholder with respect to amendments or variations to matters identified in the Notice of the Meeting and with respect to other matters which may properly come before the Meeting. At the date of this Information Circular, management of the Company knows of no such amendments, variations or other matters to come before the Meeting.

COMPLETION AND RETURN OF PROXY

Completed forms of proxy must be deposited at the office of the Company's registrar and transfer agent, **Computershare Trust Company, Proxy Department, 100 University Avenue, 9th Floor, Toronto, Ontario, M5J 2Y1**, by mail or facsimile, in accordance with the instructions set out in the form of proxy accompanying this Information Circular, not later than forty-eight (48) hours, excluding Saturdays, Sundays and holidays, prior to the time of the Meeting, unless the chairman of the Meeting elects to exercise his discretion to accept proxies received subsequently.

NON-REGISTERED HOLDERS

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

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

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

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

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

REVOCABILITY OF PROXY

Any registered shareholder who has returned a proxy may revoke it at any time before it has been exercised. In addition to revocation in any other manner permitted by law, a registered shareholder, his attorney authorized in writing or, if the registered shareholder is a corporation, a corporation under its corporate seal or by an officer or attorney thereof duly authorized, may revoke a proxy by instrument in writing, including a proxy bearing a later date. The instrument revoking the proxy must be deposited at the registered office of the Company, at any time up to and including the last business day preceding the

date of the Meeting, or any adjournment thereof, or with the chairman of the Meeting on the day of the Meeting. **Only registered shareholders have the right to revoke a proxy. Non-Registered Holders who wish to change their vote must, at least seven days before the Meeting, arrange for their Nominees to revoke the proxy on their behalf.**

VOTING SHARES AND PRINCIPAL HOLDERS THEREOF

The Company is authorized to issue an unlimited number of common shares without par value (the "shares"), of which 99,469,526 shares are issued and outstanding. Persons who are registered shareholders at the close of business on May 18, 2012 will be entitled to receive notice of and vote at the Meeting and will be entitled to one vote for each share held. The Company has only one class of shares.

Each ordinary resolution to be voted on at the Meeting must be passed by a simple majority (greater than 50%) of the votes cast on the resolution. Each special resolution (if any) to be voted on at the Meeting must be passed by two-thirds (2/3) of the votes cast on the resolution.

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

ELECTION OF DIRECTORS

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

Shareholder approval will be sought to fix the number of directors of the Company at four (4).

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

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

<i>Name, Jurisdiction of Residence and Position</i>	<i>Principal Occupation or employment and, if not a previously elected Director, occupation during the past 5 years</i>	<i>Previous Service as a Director</i>	<i>Number of Common Shares Beneficially Owned, Controlled or Directed, Directly or Indirectly</i>
Robert B. Pincombe ⁽¹⁾ B.C., CANADA	CEO and President Curlew Lake Resources Inc.	Director since January 15, 1987	2,320,900 Direct Ownership
David D. McKee Ontario, CANADA	Chief Financial Officer Curlew Lake Resources Inc.	Director since March 15, 2004	1,000,000 Direct Ownership

<i>Name, Jurisdiction of Residence and Position</i>	<i>Principal Occupation or employment and, if not a previously elected Director, occupation during the past 5 years</i>	<i>Previous Service as a Director</i>	<i>Number of Common Shares Beneficially Owned, Controlled or Directed, Directly or Indirectly</i>
Harold J. Noyes, PhD., MBA ⁽¹⁾ Colorado, U.S.A.	President of Encampment Minerals, Inc., since January 2006.	Director since March 20, 2012	Nil
Robert Kramer ⁽¹⁾ B.C., CANADA	Chartered Accountant and Registered Certified Public Accountant (Illinois); CFO for Canamex Resources Corp., a mineral exploration company listed on the TSX Venture Exchange since Aug.31, 2011; CEO for Current Technology Corporation since July 2004.	Director since March 20, 2012	Nil

① Member of the audit committee.

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

Except as set out below, to the knowledge of the Company, no proposed director:

- (a) is, as at the date of the Information Circular, or has been, within 10 years before the date of the Information Circular, a director, chief executive officer ("CEO") or chief financial officer ("CFO") of any company (including the Company) that:
 - (i) was the subject, while the proposed director was acting in the capacity as director, CEO or CFO of such company, of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days other than Robert Kramer, who was CEO and a director of Current Technology Corporation ("CTC") while that company was subject to a Cease Trade Order issued May 12, 2010 by the British Columbia Securities Commission (the "CTC CTO") for failure to file audited financial statements for the year ended December 31, 2009, which CTC CTO has not yet been revoked; or
 - (ii) was subject to a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days, that was issued after the proposed director ceased to be a director, CEO or CFO but which resulted from an event that occurred while the proposed director was acting in the capacity as director, CEO or CFO of such company other than Robert Kramer, who was a non-executive director of IVS Intelligent Vehicle Systems Inc. ("IVS") from April 2000 to February 2003. On March 11, 2003 a Cease Trade Order was issued by the British Columbia Securities Commission on March 11, 2003, and by the Alberta Securities Commission on April 4, 2003, for failure to file audited financial statements for the year ended December 31, 2002. IVS was suspended from the

TSX Venture Exchange in March 2003 for failure to pay sustaining fees, and was subsequently delisted in June 2004; or

- (b) is, as at the date of this Information Circular, or has been within 10 years before the date of the Information Circular, a director or executive officer of any company (including the Company) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or
- (c) has, within the 10 years before the date of this Information Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the proposed director; or
- (d) has been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or
- (e) has been subject to any penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable securityholder in deciding whether to vote for a proposed director.

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

Name of Director	Name of Other Reporting Issuer
Robert Kramer	Canamex Resources Corp. (TSX-V) Current Technology Corporation (OTCBB)

EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

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

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

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

As there is no formal compensation committee, the independent members of the Board annually review and set remuneration of executive officers. The independent directors determined that the executive compensation program should be comprised of the following elements:

- Base Salary – to compensate executives for the leadership, skills, knowledge and experience required to perform their duties; and
- Long-term Incentive Plan – to retain talented executives, reward them for their anticipated contribution to the long-term successful performance of the Company and align them with the interests of shareholders. The plan currently consists only of incentive stock options.

Process for Determining Executive Compensation

To determine compensation payable, the independent directors review compensation paid for directors and CEOs (or persons acting in a similar capacity to CEO, such as Presidents) of companies of similar size and stage of development in the oil and gas industry and determines an appropriate compensation reflecting the need to provide incentive and compensation for the time and effort expended by the directors and senior management while taking into account the financial and other resources of the Company. In setting the compensation the independent directors annually review the performance of the CEO (or President) in light of the Company's objectives and consider other factors that may have impacted the success of the Company in achieving its objectives.

Risk Management

The Board has not proceeded to an evaluation of the implications of the risks associated with the Company's compensation policies and practices. Commencing in 2012, the Board intends to review at least once annually the risks, if any, associated with the Company's compensation policies and practices at such time.

Hedging of Economic Risks in the Company's Securities

The Company has not adopted a policy forbidding directors or officers from purchasing financial instruments that are designed to hedge or offset a decrease in market value of the Company's securities granted as compensation or held, directly or indirectly, by directors or officers. The Company is not, however, aware of any directors or officers having entered into this type of transaction.

The Company has not retained a compensation consultant during or subsequent to the most recently completed financial year.

The Company has not used a "benchmark group" to determine executive compensation levels in the past. However, commencing in 2012 the Company will compare levels with three or four companies in similar industries to determine executive compensation.

Total compensation for executive officers includes base salary and long-term incentive stock options.

Option-based awards

The Company's stock option plan has been and will be used to provide share purchase options which are granted in consideration of the level of responsibility of the executive as well as his or her impact or contribution to the longer-term operating performance of the Company. In determining the number of options to be granted to the executive officers, the Board takes into account the number of options, if any, previously granted to each executive officer, and the exercise price of any outstanding options to ensure

that such grants are in accordance with the policies of the TSX Venture Exchange, and closely align the interests of the executive officers with the interests of shareholders.

A summary of the significant terms of the Company's stock option plan are under the heading "Particulars of Other Matters to be Acted Upon".

As there is currently no Compensation Committee, the independent directors of the Company have the responsibility to administer the compensation policies related to the executive management of the Company, including option-based awards.

Summary Compensation Table

The following table (presented in accordance with National Instrument Form 51-102F6 ("**Statement of Executive Compensation**" which came into force on December 31, 2008 (the "**Form 51-102F6**")) sets forth all annual and long term compensation for services in all capacities to the Company for the three most recently completed financial years of the Company ending on or after December 31, 2008 (to the extent required by Form 51-102F6) in respect of each of the individuals comprised of each Chief Executive Officer and the Chief Financial Officer who acted in such capacity for all or any portion of the most recently completed financial year, and each of the three most highly compensated executive officers, or the three most highly compensated individuals acting in a similar capacity, (other than the Chief Executive Officer and the Chief Financial Officer), as at January 31, 2012 whose total compensation was, individually, more than \$150,000 for the financial year and any individual who would have satisfied these criteria but for the fact that individual was neither an executive officer of the Company, nor acting in a similar capacity, at the end of the most recently completed financial year (collectively the "**Named Executive Officers**" or "**NEOs**").

NEO Name and Principal Position	Year	Salary (\$)	Share-Based Awards (\$)	Option-Based Awards (\$)	Non-Equity Incentive Plan Compensation (\$)		Pension Value (\$)	All Other Compensation (\$)	Total Compensation (\$)
					Annual Incentive Plans	Long-term Incentive Plans			
Robert Pincombe, President/CEO ⁽¹⁾	2012	30,000	Nil	Nil	Nil	Nil	Nil	Nil	30,000
	2011	30,000	Nil	Nil	Nil	Nil	Nil	Nil	30,000
	2010	30,000	Nil	Nil	Nil	Nil	Nil	Nil	30,000
David D. McKee, CFO ⁽¹⁾	2012	30,000	Nil	Nil	Nil	Nil	Nil	Nil	30,000
	2011	30,000	Nil	Nil	Nil	Nil	Nil	Nil	30,000
	2010	30,000	Nil	Nil	Nil	Nil	Nil	Nil	30,000

Incentive Plan Awards

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

Outstanding Share-Based Awards and Option-Based Awards

The following table sets forth information concerning all awards outstanding under incentive plans of the Company 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 Named Executive Officers:

<i>Name</i>	<i>Option-Based Awards</i>				<i>Share-Based Awards</i>	
	<i>Number of Securities Underlying Unexercised Options (#)</i>	<i>Option Exercise Price (\$)</i>	<i>Option Expiration Date</i>	<i>Value of Unexercised In-The-Money Options ⁽¹⁾ (\$)</i>	<i>Number of Shares Or Units Of Shares That Have Not Vested (#)</i>	<i>Market or Payout Value Of Share-Based Awards That Have Not Vested (\$)</i>
Robert Pincombe, CEO	1,000,000	0.10	May 27/13	Nil	N/A	N/A
David McKee, CFO	1,000,000	0.10	May 27/13	Nil	N/A	N/A

- (1) This amount is calculated based on the difference between the market value of the securities underlying the options at the end of the most recently completed financial year, which was \$0.02, and the exercise or base price of the option.

Value Vested Or Earned During The Year

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

<i>NEO Name</i>	<i>Option-Based Awards - Value Vested During The Year ⁽¹⁾ (\$)</i>	<i>Share-Based Awards - Value Vested During The Year ⁽²⁾ (\$)</i>	<i>Non-Equity Incentive Plan Compensation - Value Earned During The Year (\$)</i>
Robert Pincombe, CEO	Nil	Nil	Nil
David McKee, CFO	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.

- (2) This amount is the dollar value realized computed by multiplying the number of shares or units by the market value of the underlying shares on the vesting date.

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 and Change of Control Benefits

The Company has no employment contracts with any Named Executive Officer.

The Company does not have a contract, agreement, plan or arrangement that provides for payments to a Named Executive Officer following or in connection with any termination (whether voluntary, involuntary or constructive), resignation, retirement, a change of control of the Company, or a change in responsibilities of the NEO following a change in control.

Director Compensation

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

<i>Director Name</i> ⁽¹⁾	<i>Fees Earned</i> (\$)	<i>Share-Based Awards</i> (\$)	<i>Option-Based Awards</i> (\$)	<i>Non-Equity Incentive Plan Compensation</i> (\$)	<i>Pension Value</i> (\$)	<i>All Other Compensation</i> (\$)	<i>Total</i> (\$)
Robert Davies	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Eric Ashcroft	Nil	Nil	Nil	Nil	Nil	Nil	Nil

- (1) Relevant disclosure has been provided in the *Summary Compensation Table for financial year(s) ending on or after January 31, 2010* above, for directors who receive compensation for their services as a director who are also Named Executive Officers.

The Company has no arrangements, standard or otherwise, pursuant to which Directors are compensated by the Company for their services in their capacity as Directors, or for committee participation, involvement in special assignments or for services as consultant or expert during the most recently completed financial year or subsequently, up to and including the date of this Information Circular.

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

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

The following table sets forth information concerning all awards outstanding under incentive plans of the Company 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:

<i>Director Name</i>	<i>Option-Based Awards</i>				<i>Share-Based Awards</i>	
	<i>Number of Securities Underlying Unexercised Options</i> (#)	<i>Option Exercise Price</i> (\$)	<i>Option Expiration Date</i>	<i>Value of Unexercised In-The-Money Options</i> (\$)	<i>Number of Shares Or Units Of Shares That Have Not Vested</i> (#)	<i>Market or Payout Value Of Share-Based Awards That Have Not Vested</i> (\$)
Robert Davies	500,000	0.10	June 20/13	Nil	N/A	N/A
Eric Ashcroft	500,000	0.10	June 20/13	Nil	N/A	N/A

Incentive Plan Awards – Value Vested Or Earned During The Year

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

<i>Director Name</i>	<i>Option-Based Awards - Value Vested During The Year ⁽¹⁾ (\$)</i>	<i>Share-Based Awards - Value Vested During The Year ⁽²⁾ (\$)</i>	<i>Non-Equity Incentive Plan Compensation - Value Earned During The Year (\$)</i>
Robert Davies	Nil	Nil	Nil
Eric Ashcroft	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.
- (2) This amount is the dollar value realized computed by multiplying the number of shares or units by the market value of the underlying shares on the vesting date.

Securities Authorized for Issuance Under Equity Compensation Plans

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

<i>Plan Category</i>	<i>Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)</i>	<i>Weighted-average exercise price of outstanding options, warrants and rights (b)</i>	<i>Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)</i>
<i>Equity compensation plans approved by securityholders</i>	3,000,000	\$0.10	6,946,953 ⁽¹⁾
<i>Equity compensation plans not approved by securityholders</i>	N/A	N/A	N/A
<i>Total</i>	3,000,000		6,946,953

- (1) Calculation based on total of 10% (being 9,946,953) of the issued and outstanding share capital (being 99,469,526 shares) as at year ended January 31, 2012, less 3,000,000 options outstanding as at the fiscal year end.

Refer to “Particulars of Other Matters to be Acted Upon – Approval of Amended 10% Rolling Stock Option Plan” herein for particulars of material terms of proposed amended Stock Option Plan.

INDEBTEDNESS OF DIRECTORS AND SENIOR OFFICERS

As at April 30, 2012, there was no indebtedness outstanding of any current or former Director, executive officer or employee of the Company which is owing to the Company or to another entity which is the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Company, entered into in connection with a purchase of securities or otherwise.

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

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

in relation to a securities purchase program or other program.

INTEREST OF CERTAIN PERSONS IN MATTERS TO BE ACTED UPON

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

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

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

APPOINTMENT OF AUDITORS

Mackay LLP, Chartered Accountants, of 1177 West Hastings Street Suite 1100, 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 Mackay LLP as the auditors of the Company to hold office for the ensuing year at a remuneration to be fixed by the Directors. Mackay LLP, Chartered Accountants, were first appointed as auditors on January 5, 2006.

MANAGEMENT CONTRACTS

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

CORPORATE GOVERNANCE DISCLOSURE

A summary of the responsibilities and activities and the membership of each of the Committees are set out below.

National Policy 58-201 establishes corporate governance guidelines which apply to all public companies. The Company has reviewed its own corporate governance practices in light of these guidelines. In certain cases, the Company's practices comply with the guidelines, however, the Board considers that

some of the guidelines are not suitable for the Company at its current stage of development and therefore these guidelines have not been adopted. National Instrument 58-101 mandates disclosure of corporate governance practices which disclosure is set out below.

Independence of Members of Board

The Company's Board consists of four directors, two of whom are independent based upon the tests for independence set forth in NI 52-110. Robert Kramer and Harold Noyes are independent. Robert Pincombe is not independent as he is the President and CEO of the Company. David McKee is not independent as he is the CFO of the Company.

Management Supervision by Board

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

Participation of Directors in Other Reporting Issuers

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

Orientation and Continuing Education

The Company does not have formal orientation and training programs and does not consider these programs necessary at this stage of the Company's development. Board members are encouraged to communicate with management, auditors and technical consultants; to keep themselves current with industry trends and developments and changes in legislation with management's assistance; and to attend related industry seminars and visit the Company's operations. Board members have full access to the Company's records.

Ethical Business Conduct

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

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

interests of the Company.

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

Nomination of Directors

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

Compensation of Directors and the CEO

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

Board Committees

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

Assessments

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

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

charter and conduct reviews of applicable corporate policies.

Expectations of Management

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

AUDIT COMMITTEE

The Audit Committee's Charter

Mandate

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

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

Composition

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

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

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

Meetings

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

Responsibilities and Duties

To fulfill its responsibilities and duties, the Committee shall:

Documents/Reports Review

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

External Auditors

- (a) Review annually, the performance of the external auditors who shall be ultimately accountable to the Board of Directors and the Committee as representatives of the shareholders of the Company.
- (b) Obtain annually, a formal written statement of external auditors setting forth all relationships between the external auditors and the Company, consistent with Independence Standards Board Standard 1.
- (c) Review and discuss with the external auditors any disclosed relationships or services that may impact the objectivity and independence of the external auditors.
- (d) Take, or recommend that the full Board of Directors take, appropriate action to oversee the independence of the external auditors.
- (e) Recommend to the Board of Directors the selection and, where applicable, the replacement of the external auditors nominated annually for shareholder approval.
- (f) At each meeting, consult with the external auditors, without the presence of management, about the quality of the Company's accounting principles, internal controls and the completeness and accuracy of the Company's financial statements.
- (g) Review and approve the Company's hiring policies regarding partners, employees and former partners and employees of the present and former external auditors of the Company.
- (h) Review with management and the external auditors the audit plan for the year-end financial statements and intended template for such statements.
- (i) Review and pre-approve all audit and audit-related services and the fees and other compensation related thereto, and any non-audit services, provided by the Company's external auditors. The pre-approval requirement is waived with respect to the provision of non-audit services if:

- i. the aggregate amount of all such non-audit services provided to the Company constitutes not more than five percent of the total amount of revenues paid by the Company to its external auditors during the fiscal year in which the non-audit services are provided;
- ii. such services were not recognized by the Company at the time of the engagement to be non-audit services; and
- iii. such services are promptly brought to the attention of the Committee by the Company and approved prior to the completion of the audit by the Committee or by one or more members of the Committee who are members of the Board of Directors to whom authority to grant such approvals has been delegated by the Committee.

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

Financial Reporting Processes

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

Other

Review any related-party transactions.

Composition of the Audit Committee

The following are the members of the Committee:

Robert Pincombe	Not Independent ⁽¹⁾	Financially literate ⁽¹⁾
Robert Kramer ⁽²⁾	Independent ⁽¹⁾	Financially literate ⁽¹⁾
Harold Noyes ⁽²⁾	Independent ⁽¹⁾	Financially literate ⁽¹⁾

(1) As defined by National Instrument 52-110 ("NI 52-110").

(2) Robert Kramer and Harold Noyes were appointed Members of the Company's Audit Committee on March 20, 2012, subsequent to the year ended January 31, 2012, taking the place of Robert Davies and Eric Ashcroft, who both resigned on that date.

Robert Pincombe: Mr. Pincombe is not independent, as he is currently the CEO and President of the Company. Mr. Pincombe has been the President and CEO of Curlew Lake Resources Inc. for more than 25 years and has obtained significant financial experience and exposure to accounting and financial issues as a director and audit committee member.

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

Harold Noyes: Dr. Noyes has a PhD in geology and geochemistry from the Massachusetts Institute of Technology, an MBA from the University of Chicago, and a BA in geology from the University of Minnesota Duluth.

Audit Committee Oversight

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

Reliance on Certain Exemptions

At no time since the commencement of the Company's most recently completed financial year has the Company relied on the exemption in Section 2.4 of 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.

Pre-Approval Policies and Procedures

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

External Auditors Service Fees (By Category)

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

<i>Financial Year Ending</i>	<i>Audit Fees</i>	<i>Audit Related Fees</i>	<i>Tax Fees</i>	<i>All Other Fees</i>
2012	\$29,438	Nil	Nil	Nil
2011	\$18,000	Nil	Nil	Nil

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).

PARTICULARS OF OTHER MATTERS TO BE ACTED UPON

A. Approval of Amended 10% Rolling Stock Option Plan

The Company currently has a 10% rolling stock option plan (the "**Stock Option Plan**") which authorizes the Company to grant stock options to the Company's directors, officers, employees and consultants in accordance with the provisions of the Stock Option Plan and the policies of the TSX Venture Exchange. The maximum number of common shares which may be issued pursuant to options previously granted and those granted under the Stock Option Plan is a maximum of 10% of the issued and outstanding common shares of the Company at the time of the grant, which, as at the date of this Information Circular, would represent 9,946,953 common shares based on 99,469,526 common shares of the Company being currently issued and outstanding. In addition, the number of shares which may be reserved for issuance to any one individual may not exceed 5% of the issued shares on a yearly basis or 2% if the optionee is engaged in investor relations activities or is a consultant. The Stock Option Plan contains no vesting requirements, but permits the Board of Directors to specify a vesting schedule in its discretion.

The Board of Directors of the Company has approved the adoption of an amended 10% rolling stock option plan (the "**2012 Plan**") on the same terms as described above, but including a number of features not previously included in the Stock Option Plan that conform with new TSX Venture Exchange policies.

The purpose of the 2012 Plan is to allow the Company to grant options to directors, officers, employees and consultants, as additional compensation, and as an opportunity to participate in the success of the Company. The granting of such options is intended to align the interests of such persons with that of the shareholders. Options will be exercisable over periods of up to ten (10) years as determined by the Board of Directors of the Company and are required to have an exercise price no less than the closing market price of the Company's shares prevailing on the day that the option is granted less a discount of up to 25%, the amount of the discount varying with market price in accordance with the policies of the TSX Venture Exchange.

Additional material terms of the 2012 Plan are as follows:

- (a) In accordance with good corporate governance practices and as recommended by National Policy 51-201 *Disclosure Standards*, the Company imposes black-out periods restricting the trading of

its securities by directors, officers, employees and consultants during periods surrounding the release of annual and interim financial statements and at other times when deemed necessary by management and the board of directors. In order to ensure that optionees are not prejudiced by the imposition of such black-out periods, the 2012 Plan includes a provision (the "**Black-Out Provision**") to the effect that any outstanding stock options with an expiry date that falls during a management imposed black-out period or within five days thereafter will be automatically extended to a date that is ten trading days following the end of the black-out period.

- (b) The 2012 Plan provides that if a change of control (as defined therein) occurs, or if the Company is subject to a take-over bid, all shares subject to stock options shall immediately become vested and may thereupon be exercised in whole or in part by the option holder. The Board of Directors of the Company may also accelerate the expiry date of outstanding stock options in connection with a take-over bid.
- (c) The 2012 Plan contains adjustment provisions with respect to outstanding options in cases of share reorganizations, special distributions and other corporation reorganizations including an arrangement or other transaction under which the business or assets of the Company become, collectively, the business and assets of two or more companies with the same shareholder group upon the distribution to the Company's shareholders, or the exchange with the Company's shareholders, of securities of the Company or securities of another company.
- (d) The 2012 Plan provides that, on the death or disability of an option holder, all vested options will expire at the earlier of 365 days after the date of death or disability and the expiry date of such options. Where an optionee is terminated for cause, any outstanding options (whether vested or unvested) are cancelled as of the date of termination. If an optionee retires or voluntarily resigns or is otherwise terminated by the Company other than for cause, then all vested options held by such optionee will expire at the earlier of (i) the expiry date of such options and (ii) the date which is 90 days (30 days if the optionee was engaged in investor relations activities) after the optionee ceases to be an eligible person under the 2012 Plan.
- (e) The 2012 Plan contains a provision that, if pursuant to the operation of the plan's adjustment provisions, in respect of options granted under the 2012 Plan (the "**Subject Options**"), an optionee receives options to purchase securities of another company (the "**New Company**"), such new options shall expire on the earlier of: (i) the expiry date of the Subject Options; (ii) if the optionee does not become an eligible person in respect of the New Company, the date that the Subject Options expire pursuant to the applicable provisions of the 2012 Plan relating to expiration of options in cases of death, disability or termination of employment discussed in the preceding paragraph above (the "**Termination Provisions**"); (iii) if the optionee becomes an eligible person in respect of the New Company, the date that such new options expire pursuant to the terms of the New Company's stock option plan that correspond to the Termination Provisions; and (iv) the date that is two years after the optionee ceases to be an eligible person in respect of the New Company or such shorter period as determined by the board.

All existing and outstanding options will count against the number of shares reserved for issuance under the 2012 Plan as long as such options remain outstanding. Upon implementation of the 2012 Plan, all existing options will forthwith be governed by the 2012 Plan, to the extent possible.

The full text of the 2012 Plan is available for viewing up to the date of the Meeting at the Company's offices at Suite 303, 595 Howe Street, Vancouver, British Columbia and will also be available for review at the Meeting.

At the Meeting, shareholders will be asked to pass a resolution substantially in the following form:

"UPON MOTION IT IS RESOLVED, as an ordinary resolution, that the 2012 Plan (as defined and described in the Company's Information Circular dated May 18, 2012) pursuant to which the directors may, from time to time, authorize the issuance of options to directors, officers, employees and consultants of the Company to a maximum of 10% of the issued and outstanding common shares of the Company at the time of grant, with a maximum of 5% of the Company's issued and outstanding common shares being reserved to any one person on a yearly basis, be and is hereby authorized, confirmed and approved, subject to regulatory approval."

The Directors of the Company believe the passing of the foregoing ordinary resolution is in the best interests of the Company and recommend that shareholders of the Company vote in favour of the resolution.

Unless such authority is withheld, the persons named in the enclosed Proxy intend to vote FOR the approval of the 2012 Plan.

B. Consolidation of Share Capital

General

By resolution approved effective May 18, 2012, the board of directors of the Company authorized the submission to shareholders of the ordinary resolution set forth in Schedule "A" to this information circular approving the consolidation of the Company's issued and outstanding common shares (the "**Consolidation Resolution**"). If the Consolidation Resolution is approved, the board of directors will have the authority, in its sole discretion, to implement a consolidation (the "**Consolidation**") of the Company's issued and outstanding common shares on the basis of one (1) post-Consolidation share for every ten (10) pre-Consolidation shares (the "**Consolidation Ratio**").

Approval of the Consolidation Resolution by shareholders would give the board of directors authority to implement the Consolidation at any time prior to May 18, 2013. In addition, notwithstanding approval of the proposed Consolidation by shareholders, the board of directors, in its sole discretion, may revoke the Consolidation Resolution, and abandon the Consolidation without further approval or action by or prior notice to shareholders. The Consolidation is subject to acceptance of the TSX Venture Exchange.

Background and Reasons for the Share Consolidation

The Company's board of directors believes that it is in the interest of the Company for the board of directors to have the authority to implement the Consolidation for the following reasons:

- *Facilitating Future Financings:* A higher share price would enable the Company to facilitate future financings to meet the Company's working capital requirements and enable the Company to fund further exploration and/or acquisition of resource properties.
- *Raising our share price to more attractive levels:* A higher share price would return the Company's share price to a level that is typical of share prices of other junior mineral exploration companies listed on the TSX Venture Exchange.

- *Reduction of shareholder transaction costs:* The Company's shareholders may benefit from relatively lower trading costs associated with a higher share price. It is likely that many investors pay commissions based on the number of common shares traded when they buy or sell the Company's common shares. If the share price were higher, investors may pay lower commissions to trade a fixed dollar amount than they would if the Company's share price is lower. This may assist in improving the trading liquidity of the Company's common shares.
- *Increased earnings (loss) per share visibility:* If the Company has fewer shares outstanding, shareholders will have increased visibility to the Company's loss or earnings per share and changes in loss or earnings per share, as smaller changes in the Company's results would be reflected in its per share loss or earnings.

If the Consolidation Resolution is approved, the Consolidation would be implemented, if at all, only upon a determination by the Company's board of directors that the Consolidation is in the best interests of the Company at that time. In connection with any determination to implement the Consolidation, the Company's board of directors will set the timing for the Consolidation in accordance with applicable regulatory and stock exchange requirements. No further action on the part of shareholders would be required in order for the board of directors to implement the Consolidation. If the Company's board of directors does not implement the Consolidation before May 18, 2013, the authority granted by the Consolidation Resolution to implement the Consolidation on these terms would lapse and be of no further force or effect. The Consolidation Resolution would also authorize the board of directors to elect not to proceed with, and abandon, the Consolidation at any time if it determines, in its sole discretion, to do so. The board of directors would exercise this right if it determined that the Consolidation was no longer in the best interests of the Company. No further approval or action by or prior notice to shareholders would be required in order for the board of directors to abandon the Consolidation.

Certain Risks Associated with the Share Consolidation

The Company's total market capitalization immediately after the proposed Consolidation may be lower than immediately before the proposed Consolidation.

There are numerous factors and contingencies that could affect the Company's share price following the Consolidation, including the status of the market for the common shares at the time, the Company's reported results of operations in future periods, and general economic, geopolitical, stock market and industry conditions. Accordingly, the market price of the Company's common shares may not be sustainable at the direct arithmetic result of the Consolidation (for example, based on the closing price of the Company's common shares on the TSX Venture Exchange on May 8, 2012 of \$0.01 per share, if the Company's board of directors decided to implement the Consolidation, the direct arithmetic result of the Consolidation (at the Consolidation Ratio of one-for-ten) would be a post-Consolidation market price of the Company's common shares equal to \$0.10 per share), and may be lower. If the market price of the Company's common shares is lower than it was before the Consolidation, the Company's total market capitalization (the aggregate value of all common shares at the then market price) after the Consolidation may be lower than before the Consolidation.

A decline in the market price of the Company's common shares after the Consolidation may result in a greater percentage decline than would occur in the absence of a consolidation, and the liquidity of the common shares could be adversely affected following such a consolidation.

If the Consolidation is implemented and the market price of the Company's common shares declines, the percentage decline may be greater than would occur in the absence of the Consolidation. The market

price of the Company's common shares will, however, also be based on the Company's performance and other factors, which are unrelated to the number of common shares outstanding. Furthermore, the liquidity of the Company's common shares could be adversely affected by the reduced number of common shares that would be outstanding after the Consolidation.

The Consolidation may result in some shareholders owning "odd lots" of less than 100 common shares on a post-Consolidation basis which may be more difficult to sell, or require greater transaction costs per share to sell.

The Consolidation may result in some shareholders owning "odd lots" of less than 100 common shares of the Company on a post-Consolidation basis. Odd lots may be more difficult to sell, or require greater transaction costs per share to sell, than shares in "board lots" of even multiples of 100 shares.

Principal Effects of the Share Consolidation

If approved and implemented, the Consolidation will occur simultaneously for all of the Company's common shares and the Consolidation Ratio will be the same for all of such shares. The Consolidation will affect all shareholders uniformly and will not affect any shareholder's percentage ownership interest in the Company, except to the extent that the Consolidation would otherwise result in any shareholder owning a fractional share. See "Effect on Fractional Shareholders". In addition, the Consolidation will not affect any shareholder's proportionate voting rights (subject to the treatment of fractional shares). Each common share outstanding after the Consolidation will be entitled to one vote and will be fully paid and non-assessable.

The principal effects of the Consolidation will be that:

- the number of common shares of the Company issued and outstanding will be reduced from approximately 99.4 million shares as of May 18, 2012 to approximately 9.9 million shares.
- the exercise price and the number of common shares of the Company issuable under any of the Company's outstanding common share purchase warrants, stock options and any other similar securities, will be proportionately adjusted upon the Consolidation based on the Consolidation Ratio; and
- the number of common shares reserved for issuance under the Company's Stock Option Plan will be reduced proportionately based on the Consolidation Ratio.

Effect on Fractional Shareholders

No fractional shares will be issued if, as a result of the Consolidation, a registered shareholder would otherwise become entitled to a fractional share. Instead, any fractional share interest of 0.50 or higher arising from the Consolidation will be rounded up to one whole common share, and any fractional share interest of 0.49 or lower will be cancelled. For example, a registered shareholder holding 105 pre-Consolidation shares would receive 11 post-Consolidation shares; a registered shareholder holding 103 pre-Consolidation shares would receive 10 post-Consolidation shares.

If you do not hold sufficient pre-Consolidation common shares of the Company to receive at least one post-Consolidation common share and you want to hold common shares of the Company after the Consolidation, you may do so by taking either of the following actions far enough in advance so that it is completed before the Consolidation is implemented:

- (1) purchase a sufficient number of common shares so that you hold at least an amount of common shares in your account prior to the implementation of the Consolidation that would entitle you to receive at least one common share on a post-Consolidation basis; or
- (2) if applicable, consolidate your accounts so that you hold at least an amount of common shares in one account prior to the Consolidation that would entitle you to at least one common share on a post-Consolidation basis. Common shares held in registered form (that is, shares held by you in your own name on the Company's share register maintained by its transfer agent) and common shares held in "street name" (that is, shares held by you through a bank, broker or other nominee) for the same investor will be considered held in separate accounts and will not be aggregated when implementing the Consolidation. Also, common shares held in registered form, but in separate accounts, by the same investor will not be aggregated when implementing the Consolidation.

Effect on Non-registered Shareholders

Non-registered shareholders holding their common shares through a bank, broker or other nominee should note that such banks, brokers or other nominees may have different procedures for processing the Consolidation than those that will be put in place by the Company for registered shareholders. If you hold your shares with such a bank, broker or other nominee and if you have questions in this regard, you are encouraged to contact your nominee.

Effect on Convertible Securities and Stock Options

The exercise price and the number of common shares of the Company issuable under any outstanding common share purchase warrants, stock options and any other similar securities, will be proportionately adjusted upon the implementation of the Consolidation, in accordance with the terms of such securities, based on the Consolidation Ratio.

Effect on Share Certificates

If the proposed Consolidation is approved by shareholders and implemented by the Company's board of directors, registered shareholders will be required to exchange their share certificates representing pre-Consolidation common shares for new share certificates representing post-Consolidation common shares. Following the announcement by the Company of the effective date of the Consolidation, registered shareholders will be sent a transmittal letter from the Company's transfer agent, Computershare Investor Services Inc., as soon as practicable after the effective date of the Consolidation. The letter of transmittal will contain instructions on how to surrender your certificate(s) representing your pre-Consolidation shares to the transfer agent. The transfer agent will forward to each registered shareholder who has sent the required documents a new share certificate representing the number of post-Consolidation common shares to which the shareholder is entitled. Until surrendered, each share certificate representing pre-Consolidation common shares of the Company will be deemed for all purposes to represent the number of whole post-Consolidation common shares to which the holder is entitled as a result of the Consolidation.

SHAREHOLDERS SHOULD NOT DESTROY ANY SHARE CERTIFICATE(S) AND SHOULD NOT SUBMIT ANY SHARE CERTIFICATE(S) UNTIL REQUESTED TO DO SO.

Procedure for Implementing the Consolidation

If the Consolidation Resolution is approved by shareholders and the Company's board of directors decides to implement the Consolidation, the Company will promptly make the required filings with the TSX Venture Exchange (comprised of customary documentation for a Consolidation). Following receipt of the TSX Venture Exchange's final acceptance of the Consolidation, the Company will cause letters of transmittal to be mailed to its registered shareholders.

No Dissent Rights

Under the *Business Corporations Act* (British Columbia), shareholders do not have dissent rights with respect to the proposed Consolidation.

Certain Canadian Federal Income Tax Considerations

The following is a summary of the principal Canadian federal income tax consequences generally applicable to a shareholder who, for purposes of the *Income Tax Act (Canada)*, which we refer to as the Tax Act, at all relevant times, holds common shares of the Company as capital property and who is not affiliated with, and deals at arm's length with, the Company. This summary does not apply to "financial institutions" (as defined for the purposes of "mark-to-market" rules in the Tax Act) or to non-resident insurers that carry on an insurance business in Canada and elsewhere. Such shareholders should consult their own tax advisors. This summary also does not address any tax considerations relevant to the acquisition, holding or disposition of common shares of the Company, other than those tax issues that are directly the consequence of the Consolidation.

This summary is based on the current provisions of the Tax Act, the regulations thereunder, which we refer to as the Regulations, and the current published administrative and assessing practices of the Canada Revenue Agency, which we refer to as the CRA. This summary takes into account all specific proposals to amend the Tax Act and the Regulations publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof and assumes that all such proposed amendments will be enacted in their present form. This summary does not otherwise take into account or anticipate any changes to the Tax Act, the Regulations, or administrative and assessing practices relating to any of the foregoing, whether by legislative, governmental or judicial decision or action.

This summary is of a general nature only and is not intended to be, and should not be construed as, legal or tax advice to any prospective holder. This summary does not take into account provincial, territorial or foreign tax considerations, which may vary from the Canadian federal income tax considerations described herein. Shareholders should consult their own tax advisors having regard to their particular circumstances.

Under the current administrative policy of the CRA, no disposition or acquisition will be considered to have occurred for Canadian federal income tax purposes solely as a result of the Consolidation of the Company's common shares, provided that the consolidation occurs in the same proportion for all shareholders; there is no change in the total capital represented by the shares; there is no change in the interests, rights, or privileges of the shareholders; and there are no concurrent changes in the capital structure of the corporation or the rights and privileges of other shareholders.

Consequently, other than in respect of the rounding-up or cancellation (as the case may be) of a fractional share interest arising from the Consolidation (see "Effect on Fractional Shareholders"), the Consolidation will not result in the realization of any income, gain or loss by a shareholder. In general, for a shareholder

that holds common shares of the Company as capital property, the aggregate adjusted cost base of the common shares of the Company held by such shareholder immediately after the Consolidation will be the same as the aggregate adjusted cost base of the common shares of the Company held by such shareholder immediately before the Consolidation.

Vote Required and Recommendation of Board of Directors

The text of the Consolidation Resolution, which will be submitted to shareholders at the Meeting, is set forth in Schedule "A" to this information circular. **For the reasons indicated above, the board of directors and management of the Company believe that the proposed Consolidation is in the best interests of the Company and, accordingly, recommend that shareholders vote FOR the Consolidation Resolution.** The Consolidation Resolution must be approved by a simple majority (over 50%) of the votes cast by the holders of common shares present in person or represented by proxy at the Meeting to be effective. The Consolidation Resolution provides that the board of directors of the Company may revoke the Consolidation Resolution before the Consolidation is made effective without the approval of shareholders.

IF YOU PROPERLY COMPLETE AND RETURN THE ENCLOSED FORM OF PROXY, YOUR SHARES WILL BE VOTED FOR THE CONSOLIDATION RESOLUTION, UNLESS YOU SPECIFICALLY INDICATE OTHERWISE ON THE FORM OF PROXY.

ADDITIONAL INFORMATION

Additional information relating to the Company is on SEDAR at www.sedar.com. Shareholders may contact the Company at Suite 303, 595 Howe Street, Vancouver, British Columbia, V6C 2T5 to request copies of the Company's financial statements and MD&A.

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

OTHER MATTERS

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

DATED this 18th day of May, 2012.

APPROVED BY THE BOARD OF DIRECTORS

Robert Pincombe, President and CEO

SCHEDULE "A"

SHARE CONSOLIDATION RESOLUTION

RESOLVED, as an ordinary resolution, that:

1. The Company is hereby authorized to consolidate all of the issued and outstanding common shares of the Company on the basis of one post-consolidation share for every ten pre-consolidation shares (the "Consolidation");
2. In the event that the Consolidation would otherwise result in the issuance of a fractional share, no fractional share shall be issued and any fractional share interest of 0.50 or higher will be rounded up to one whole share and any fractional share interest of 0.49 or lower will be cancelled;
3. The effective date of the Consolidation shall be the date determined by the directors, in their sole discretion, subject to applicable regulatory and stock exchange requirements, provided that, in any event, such date shall be prior to May 18, 2013;
4. Any officer or director of the Company is hereby authorized to execute and deliver all documents and to do all acts and things necessary or desirable to give effect to this ordinary resolution, including, without limitation, the determination of the effective date of the Consolidation and the making of all regulatory and stock exchange filings, the execution of any such document or the doing of any such other act or thing being conclusive evidence of such determination; and
5. Notwithstanding the foregoing, the directors of the Company are hereby authorized, without further approval of or notice to the shareholders of the Company, to revoke this ordinary resolution at any time before the Consolidation has been made effective.