

**TAKU GOLD CORP.**  
Suite 1450 – 409 Granville Street  
Vancouver, British Columbia V6C 1T2

**INFORMATION CIRCULAR**

This information is given as of July 18, 2012, unless otherwise stated

**SOLICITATION OF PROXIES**

This Information Circular is furnished in connection with the solicitation of proxies by the management of **Taku Gold Corp. (the "Company")**, for use at the **ANNUAL GENERAL MEETING (the "Meeting")**, of the shareholders of the Company, to be held at Suite 1450 – 409 Granville Street, Vancouver, British Columbia, on the Thursday, 30<sup>th</sup> day of August, 2012, at the hour of 11:00 o'clock in the morning for the purposes set forth in the accompanying Notice of Meeting and at any adjournment thereof.

**PERSONS OR COMPANIES MAKING THE SOLICITATION**

**The enclosed form of Proxy is solicited by management.** Solicitations will be made by mail and possibly supplemented by telephone or other personal contact to be made without special compensation by regular officers and employees of the Company. The Company may reimburse shareholders' nominees or agents (including brokers holding shares on behalf of clients) for the cost incurred in obtaining authorization from their principals to execute the Proxy. No solicitation will be made by specifically engaged employees or soliciting agents. The cost of solicitation will be borne by the Company. None of the directors of the Company have advised that they intend to oppose any action intended to be taken by Management as set forth in this Information Circular.

**APPOINTMENT AND REVOCATION OF PROXIES**

The persons named in the accompanying instrument of Proxy are Directors and/or Officers of the Company. **A SHAREHOLDER HAS THE RIGHT TO APPOINT A PERSON OR COMPANY (WHO NEED NOT BE A SHAREHOLDER) TO ATTEND AND ACT FOR HIM/HER ON HIS/HER BEHALF AT THE MEETING OTHER THAN THE PERSONS NAMED IN THE ENCLOSED INSTRUMENT OF PROXY. TO EXERCISE THIS RIGHT, A REGISTERED SHAREHOLDER SHALL STRIKE OUT THE NAMES OF THE PERSONS NAMED IN THE INSTRUMENT OF PROXY AND INSERT THE NAME OF HIS/HER NOMINEE IN THE BLANK SPACE PROVIDED, OR COMPLETE ANOTHER INSTRUMENT OF PROXY. THE COMPLETED INSTRUMENT OF PROXY SHOULD BE DEPOSITED WITH THE COMPANY'S REGISTRAR AND TRANSFER AGENT, COMPUTERSHARE TRUST COMPANY OF CANADA, 100 UNIVERSITY AVENUE, 9TH FLOOR, TORONTO, ONTARIO, M5J 2Y1, AT LEAST 48 HOURS (EXCLUDING SATURDAYS, SUNDAYS AND HOLIDAYS) BEFORE THE TIME OF THE MEETING OR ANY ADJOURNMENT THEREOF.**

The instrument of Proxy must be dated and be signed by the registered shareholder or by his attorney in writing, or, if the shareholder is a corporation, it must either be under its common seal or signed by a duly authorized officer.

A registered shareholder who has given a proxy may revoke it at any time before it is exercised. In addition to revocation in any other manner permitted by law, a registered shareholder may revoke a proxy (a) signing a proxy bearing a later date and depositing it at the place and within the time aforesaid, or (b) signing and dating a written notice of revocation (in the same manner as the instrument of proxy is required to be executed as set out in the notes to the instrument of proxy) and either depositing it at the Company's Registrar and Transfer Agent, Computershare Trust Company of Canada and within the time aforesaid or with the chairman of the Meeting prior to the commencement of the Meeting or any adjournment thereof, or (c) registering with the scrutineer at the Meeting as a shareholder present in person, whereupon such proxy shall be deemed to have been revoked. A revocation of a proxy does not affect any matter on which a vote has been taken prior to the revocation.

## VOTING BY PROXY

Common shares of the Company (the “**Shares**”) represented by properly executed proxies in the accompanying form will be voted or withheld from voting on each respective matter in accordance with the instructions of the Registered Shareholder on any ballot that may be called for and if the Registered Shareholder specifies a choice with respect to any matter to be acted upon, the Shares will be voted accordingly.

**If no choice is specified and one of the Management Proxyholders is appointed by a Registered Shareholder as proxyholder, such person will vote in favour of each matter identified in the notice of Meeting and for the nominees of management for directors and auditor.**

**The enclosed form of proxy also confers discretionary authority upon 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.

## NON-REGISTERED HOLDERS OF COMPANY’S SHARES

The record date for determination of the holders of common shares of the Company entitled to receive notice of, and to vote at, the Meeting is July 26, 2012 (the “**Record Date**”). Only shareholders whose names have been entered in the register of common shareholders at the close of business on the Record Date (“**Registered Shareholders**”) will be entitled to receive notice of, and to vote at, the Meeting.

**Only Registered Shareholders or duly appointed proxyholders are permitted to vote at the Meeting. Most shareholders of the Company are “non-registered” shareholders because the common shares they own are not registered in their names but are instead registered in the name of the brokerage firm, bank or trust company through which they purchased the common shares.** More particularly, a person is not a registered Shareholder in respect of common shares which are held on behalf of that person (the “**Non-Registered Holder**”) but which are registered either: (a) in the name of an intermediary (an “**Intermediary**”) that the Non-Registered Holder deals with in respect of the common shares (Intermediaries include, among others, banks, trust companies, securities dealers or brokers and trustees or administrators of self-administered RRSPs, RRIFFs, RESPs and similar plans); or (b) in the name of a clearing agency of which the Intermediary is a participant. In Canada, the vast majority of such shares are registered under the name of CDS & Co. (the registration for the Canadian Depository for Securities, which company acts as nominee for many Canadian brokerage firms).

Non-Registered Holders who have not objected to their Intermediary disclosing certain ownership information about themselves to the Company are referred to as “**NOBO**’s”. Those Non-Registered Holders who have objected to their Intermediary disclosing ownership information about themselves to the Company are referred to as “**OBO**’s”.

In accordance with the requirements of National Instrument 54-101 of the Canadian Securities Administrators, the Company has elected to send the Notice of Meeting, this Information Circular and the Proxy (collectively, the “**Meeting Materials**”) directly to the NOBO’s, and indirectly through Intermediaries to the OBO’s. The Intermediaries (or their service companies) are responsible for forwarding the Meeting Materials to each OBO, unless the OBO has waived the right to receive them.

Meeting Materials sent to Non-Registered Holders who have not waived the right to receive Meeting Materials are accompanied by a request for voting instructions (a “**VIF**”) instead of a proxy. By returning the VIF in accordance with the instructions noted on it a Non-Registered Holder is able to instruct the Registered Shareholder how to vote on behalf of the Non-Registered Shareholder. VIF’s, whether provided by the Company or by an Intermediary, should be completed and returned in accordance with the specific instructions noted on the VIF.

In either case, the purpose of this procedure is to permit Non-Registered Holders to direct the voting of the common shares which they beneficially own. Should a Non-Registered Holder who receives a VIF wish to attend the Meeting or have someone else attend on his/her behalf, the Non-Registered Holder may request a legal proxy as set forth in the VIF, which will grant the Non-Registered Holder or his/her nominee the right to attend and vote at the Meeting. **Non-Registered Holders should carefully follow the instructions set out in the VIF including those regarding when and where the VIF is to be delivered.**

These Meeting Materials are being sent to both Registered Shareholders and Non-Registered Shareholders. If you are a Non-Registered Shareholder, and the Company or its agent has sent these Meeting Materials directly to you,

your name and address and information about your holding of common shares of the Company have been obtained in accordance with applicable securities regulatory requirements from the Intermediary holding on your behalf.

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

All references to shareholders in this information circular, the accompanying form of proxy and the notice of meeting are to Registered Shareholders unless specifically stated otherwise.

### **VOTING OF SHARES AND EXERCISE OF DISCRETION OF PROXIES**

On any poll, the persons named in the enclosed instrument of Proxy will vote the shares in respect of which they are appointed and, where directions are given by the shareholder in respect of voting for or against any resolution will do so in accordance with such direction.

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

Other than as disclosed elsewhere in this Information Circular, to the knowledge of the Company, none of the directors or executive officers of the Company, no proposed nominee for election as a director of the Company, none of the persons who have been directors or executive officers of the Company since the commencement of the Company's last completed financial year and no associate or affiliate of any of the foregoing persons has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted upon at the Meeting, save and except for those matters pertaining to the Company's incentive stock option plan.

### **VOTING SHARES AND PRINCIPAL HOLDERS THEREOF**

The Company is authorized to issue an unlimited number of common shares without par value (the "shares"). At the close of business on July 18, 2012, 70,465,139 common shares are issued and outstanding, each share carrying the right to one vote. At a general meeting of the Company, on a show of hands, every shareholder present in person shall have one vote and, on a poll, every shareholder shall have one vote for each share of which he is the holder.

Only shareholders of record on the close of business on the 26<sup>th</sup> day of July, 2012, who either personally attend the Meeting or who complete and deliver a Proxy in the manner and subject to the provisions set out under the heading "Appointment and Revocation of Proxies" will be entitled to have his or her shares voted at the Meeting or any adjournment thereof.

#### *Principal Security-holders*

To the best knowledge of the directors and senior officers of the Company, as at the date of the circular, there are no persons who beneficially owns, directly or indirectly, or exercises control or direction over, shares carrying more than 10% of the voting rights attached to all outstanding shares of the Company. Management understands that the shares registered in the name of CDS & Co. are beneficially owned through various dealers and other intermediaries on behalf of their clients and other parties. The names of the beneficial owners of such shares are not known to the Company.

#### *Quorum*

Under the Company's Articles, the quorum for the transaction of business at the Meeting consists of one Shareholder or one proxy holder representing Shareholders holding at least 5% of the issued and outstanding Shares of the Company entitled to vote at the Meeting.

### **DEFINITIONS: FOR THE PURPOSE OF THIS INFORMATION CIRCULAR**

"CEO" means an 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 an 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;

"closing market price" means the price at which the company's security was last sold, on the applicable date,

1. in the security's principal marketplace in Canada, or
2. if the security is not listed or quoted on a marketplace in Canada, in the security's principal marketplace;

"**Company**" includes other types of business organizations such as partnerships, trusts and other unincorporated business entities;

"**equity incentive plan**" means an incentive plan, or portion of an incentive plan, under which awards are granted;

"**external management company**" includes a subsidiary, affiliate or associate of the external management company;

"**grant date**" means a date determined for financial statement reporting purposes.

"**incentive plan**" means any plan providing compensation that depends on achieving certain performance goals or similar conditions within a specified period;

"**incentive plan award**" means compensation awarded, earned, paid, or payable under an incentive plan;

"**NEO**" or "**named executive officer**" means each of the following individuals:

1. CEO;
2. CFO;
3. each of the three most highly compensated executive officers, 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 whose total compensation was, individually, more than \$150,000, as determined in accordance with subsection 1.3(6) of National Instrument 51-102, for that financial year; and
4. each individual who would be an NEO under paragraph (c) but for the fact that the individual was neither an executive officer of the company, nor acting in a similar capacity, at the end of that financial year;

"**NI 52-107**" means National Instrument 52-107 *Acceptable Accounting Principles, Auditing Standards and Reporting Currency*;

"**non-equity incentive plan**" means an incentive plan or portion of an incentive plan that is not an equity incentive plan;

"**option-based award**" means an award under an equity incentive plan of options, including, for greater certainty, share options, share appreciation rights, and similar instruments that have option-like features;

"**plan**" includes any plan, contract, authorization, or arrangement, whether or not set out in any formal document, where cash, securities, similar instruments or any other property may be received, whether for one or more persons;

"**repricing**" means, in relation to an option, adjusting or amending the exercise or base price of the option, but excludes any adjustment or amendment that equally affects all holders of the class of securities underlying the option and occurs through the operation of a formula or mechanism in, or applicable to, the option;

"**share-based award**" means an award under an equity incentive plan of equity-based instruments that do not have option-like features, including, for greater certainty, common shares, restricted shares, restricted share units, deferred share units, phantom shares, phantom share units, common share equivalent units, and stock.

## COMPENSATION DISCUSSION AND ANALYSIS

Each executive officer may receive a base salary (or compensation), which constitutes the largest share of the officer's compensation package. Base salary is recognition for discharging job responsibilities and reflects the officer's performance over time, as well as that individual's particular experience and qualifications. An officer's

base salary would be reviewed by the Board of Directors on an annual basis and may be adjusted to take into account performance contributions for the year and to reflect sustained performance contributions over a number of years. Officers are also eligible to receive discretionary bonuses as determined by the Board of Directors based on each officer's responsibilities, his achievement of corporate objectives and the Company's financial performance.

In addition, officers are eligible under the Company's Stock Option Plan (the "Plan") to receive grants of stock options. The Plan is an important part of the Company's long-term incentive strategy for its officers, permitting them to participate in any appreciation of the market value of the Common Shares over a stated period of time. The Plan is intended to reinforce commitment to long-term growth in profitability and shareholder value. The size of stock option grants to officers is dependent on each officer's level of responsibility, authority and importance to the Company and the degree to which such officer's long-term contribution to the Company will be key to its long-term success.

During the most recently completed financial year, the Company had a written agreement with Zachery Dingsdale, pursuant to his executive management services at a cost of \$7,500 per month and with Ickbal Boga, pursuant to CFO services provided at a cost of \$5,000 per month.

## STATEMENT OF EXECUTIVE COMPENSATION

### Executive Officers of the Company

The following table contains information about the compensation paid to, or earned by, those who were, at December 31, 2011, (a) the Company's chief executive officer (or an individual who acted in a similar capacity); (b) the Company's chief financial officer (or an individual who acted in a similar capacity); (c) each of the Company's three other most highly compensated executive officers (except those whose total salary and bonus does not exceed \$150,000) and (d) any additional individuals whose total salary and bonus exceeded \$150,000 during the year ended December 31, 2011. The Company presently has three Named Executive Officers, namely Zachery Dingsdale, Chief Executive Officer ("CEO") and President, Mark Fekete, Vice President – Exploration and Ickbal Boga, the Chief Financial Officer ("CFO") and Secretary.

*All dollar amounts referenced are Canadian Dollars unless otherwise specified.*

The following table sets out certain information respecting the compensation paid to the CEO and CFO and any other executive officer of the Company whose salary and bonus for the financial year ended December 31, 2011 exceeded \$150,000. These individuals are referred to collectively as "Named Executive Officers" or "NEOs".

**Summary Compensation Table**

Name and Principal Position	Year Ended	Salary (\$)	Share based awards	Option-based awards <sup>1,2</sup>	Non-equity incentive plan compensation (\$)		Pension value	All other compensation	Total compensation
					Annual incentive plans	Long-term incentive plans			
Zachery Dingsdale CEO and President	2011	Nil	Nil	\$90,000	Nil	Nil	Nil	\$176,300	\$266,300
	2010	Nil	Nil	\$232,290	Nil	Nil	Nil	\$222,000	\$454,290
	2009	Nil	Nil	Nil	Nil	Nil	Nil	\$72,000	\$72,000
Mark Fekete Vice President, Exploration	2011	Nil	Nil	\$145,700	Nil	Nil	Nil	\$176,300	\$322,000
	2010	Nil	Nil	\$157,255	Nil	Nil	Nil	\$207,000	\$364,255
Ickbal Boga CFO and Secretary	2011	Nil	Nil	\$69,500	Nil	Nil	Nil	\$105,780	\$175,280
	2010	Nil	Nil	\$133,305	Nil	Nil	Nil	\$65,700	\$199,005
	2009	Nil	Nil	Nil	Nil	Nil	Nil	\$48,000	\$48,000

1. The sum of the number of securities under option granted during each fiscal year, on a non-cumulative basis.
2. Based on the Black-Scholes Merton model.

## **Long Term Incentive Plan (LTIP) Awards**

The Company does not have any long-term incentive plans and, save as disclosed above, no remuneration payments were made, directly or indirectly, by the Company to its Named Executive Officers during the year ended December 31, 2011.

An LTIP means “any plan providing compensation intended to serve as an incentive for performance to occur over a period longer than one fiscal year whether performance is measured by reference to financial performance of the Company or an affiliate or the price of the Company’s shares but does not include option or stock appreciation rights plans or plans for compensation through restricted shares or units”.

## **Defined Benefit or Actuarial Plan**

The Company does not have a defined benefit or actuarial plan.

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

The Company has in place management agreements with Zachery Dingsdale and Ickbal Boga, the Named Executive Officers, whereby the Company agreed to pay the sum of \$7,500 per month to Zachery Dingsdale and \$5,000 per month to Ickbal Boga for providing management services to the Company. In addition, Messrs. Dingsdale and Boga are entitled to be reimbursed for all reasonable travel and other out-of-pocket expenses incurred by him on behalf of the Company See “Summary Compensation Table” above for details of payments made to Messrs. Dingsdale and Boga during the Company’s fiscal year ended December 31, 2011.

Except as otherwise disclosed herein, there are no compensatory plans, contracts or arrangements in place with the Named Executive Officers resulting from the resignation, retirement or any other termination of employment of the Named Executive Officers with the Company or from a change in control of the Company or a change in the Named Executive Officers’ responsibilities following a change in control, where in respect of the Named Executive Officers the value of such compensation exceeds \$150,000.

## **Option Based Awards**

### **Common Share Purchase Plan**

The Company currently has in place a “rolling” stock option plan for the purpose of attracting and motivating directors, officers, employees and consultants of the Company and advancing the interests of the Company by affording such person with the opportunity to acquire an equity interest in the Company through rights granted under the plan to purchase shares of the Company. The Company has no equity compensation plans other than the Stock Option Plan. At December 31, 2011, options granted and outstanding under the Plan provide for the purchase, in the aggregate, of 3,760,000 common shares of the Company. See “Particulars of Other Matters to be Acted Upon – Ratification of Stock Option Plan” below for details relating to the Company’s existing stock option plan.

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

On February 4, 2011, the Company granted a total of 1,300,000 stock options to its Named Executive Officers. These options are exercisable until February 4, 2016 at an exercise price of \$0.37 per share. The purpose of granting such options is to assist the Company in compensating, attracting, retaining and motivating its Named Executive Officers and to closely align the personal interests of such persons to that of the shareholders. The exercise price of the stock options was established by the Company’s directors in accordance with the policies of the Exchange and was based on the initial public offering price of the Company’s shares.

Other than Mr. Boga exercising 200,000 options at \$0.25, no other Named Executive Officers exercised any stock options in respect of the Company’s shares during the Company’s completed financial year ended December 31, 2011. There were no repricings of stock options held by the Named Executive Officers under the stock option plan or otherwise during the Company’s completed financial year ended December 31, 2011.

The following table discloses the particulars of all outstanding share-based and option-based awards granted to the Named Executive Officers and which were outstanding at December 31, 2011:

Name	Option-based Awards				Share-based Awards	
	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money-options (\$)	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested (\$)
(a)	(b)	(c)	(d)	(e)	(f)	(g)
Zachery Dingsdale	500,000 600,000 300,000 25,000 41,666 30,000	\$0.37 \$0.25 \$0.20 \$0.45 \$0.60 \$0.60	February 4, 2016 July 31, 2015 June 30, 2015 July 18, 2013 November 9, 2012 May 25, 2012	Nil	Nil	Nil
Mark Fekete	500,000 400,000 210,000 25,000 41,666 43,333	\$0.37 \$0.25 \$0.20 \$0.45 \$0.60 \$0.60	February 4, 2016 July 31, 2015 June 30, 2015 July 18, 2013 November 9, 2012 May 25, 2012	Nil	Nil	Nil
Iqbal Boga	300,000 200,000 25,000 41,666 70,000	\$0.37 \$0.25 \$0.45 \$0.60 \$0.60	February 4, 2016 July 31, 2015 July 18, 2013 November 9, 2012 May 25, 2012	Nil	Nil	Nil

(1) “In-the-Money Options” means the excess of the market value of the Company’s shares on December 31, 2011 over the exercise price of the options. The closing price of the Company’s shares as of December 31, 2011 was \$0.09.

### Compensation of Directors

Compensation for the Named Executive Officer has already been disclosed above.

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, except for the granting from time to time of incentive stock options in accordance with the policies of the Exchange. 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.

Compensation for the Named Executive Officers has been disclosed in the “Summary Compensation Table” above. In addition, the Company compensates all its directors by paying them \$1,000 per month for their services as directors and for committee participation.

During the fiscal year ended December 31, 2011, the Company granted an aggregate of 700,000 new stock options to all its 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.

#### *Director Compensation Table*

Compensation for the Named Executive Officers has been disclosed in the “Summary Compensation Table” above. The following table discloses the particulars of the compensation provided to the directors of the Company (not including the Named Executive Officers) during its financial year ended December 31, 2011:

### Director Compensation Table

Name  (a)	Fees earned (\$)  (b)	Share-based awards (\$)  (c)	Option-based awards (\$)  (d)	Non-equity incentive plan compensation (\$)  (e)	Pension value (\$)  (f)	All other compensation (\$)  (g)	Total (\$)  (i)
Steve Smith	\$Nil <sup>(1)(3)</sup>	Nil	\$141,040 <sup>(2)</sup>	Nil	Nil	Nil	\$141,040
Kenneth MacLeod	\$Nil <sup>(3)</sup>	Nil	105,780 <sup>(2)</sup>	Nil	Nil	Nil	\$105,780

(1) *Tangent Management, a company owned by Company directors, Zachery Dingsdale and Steve Smith, was paid \$102,000 for providing consulting services to the Company*

(2) *Based on the Black-Scholes Merton model.*

(3) *Excluding directors fees of \$1,000 per month*

### Outstanding Share-Based Awards and Option-Based Awards

The following table sets forth particulars of all outstanding share-based and option-based awards granted Directors who were not named executive officers and which were outstanding at December 31, 2011:

Name  (a)	Option-based Awards				Share-based Awards	
	Number of securities underlying unexercised options (#)  (b)	Option exercise price (\$)  (c)	Option expiration date  (d)	Value of unexercised in-the-money-options (\$)  (e)	Number of shares or units of shares that have not vested (#)  (f)	Market or payout value of share-based awards that have not vested (\$)  (g)
Steve Smith	400,000	\$0.37	February 4, 2016	Nil	Nil	Nil
	25,000	\$0.45	July 18, 2013			
	41,666	\$0.60	November 9, 2012			
	30,000	\$0.60	May 25, 2012			
Kenneth MacLeod	300,000	\$0.37	February 4, 2016	Nil	Nil	Nil
	200,000	\$0.25	July 31, 2015			

(1) *The closing price of the Company's shares as of December 31, 2011 \$0.09.*

There were no re-pricings of stock options under the stock option plan or otherwise during the Company's completed fiscal year ended December 31, 2011.

### Incentive Plan Awards – Value Vested or Earned During the Year

The following table sets forth particulars of the value vested or earned during the year ended December 31, 2011 in respect of incentive awards to the Directors:

Name	Option-based awards– Value vested during the year (\$)  (a)	Share-based awards– Value vested during the year (\$)  (b)	Non-equity incentive plan compensation–Value earned during the year (\$)  (c)
Steve Smith	Nil	Nil	Nil
Kenneth MacLeod	Nil	Nil	Nil

### Securities Authorized for Issuance under Equity Compensation Plan



As of the financial year ended December 31, 2011, the Company's Stock Option Plan was the only equity compensation plan under which securities were authorized for issuance. The following table sets forth information with respect to the Company's Stock Option Plan as at the year ended December 31, 2011.

<b>Plan category</b>	<b>Number of securities to be issued upon exercise of outstanding options (a)</b>	<b>Weighted-average exercise price of Outstanding options (b)</b>	<b>Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)</b>
Equity compensation plans approved by securityholders	5,718,667	\$0.349	1,260,181 <sup>1</sup>
Equity compensation plans not approved by securityholders	n/a	n/a	n/a
<i>Total</i>	5,183,866		1,260,181

1. This figure is based on the total number of shares authorized for issuance under the Company's Stock Option Plan, less the number of stock options outstanding as at the Company's year ended December 31, 2011. As at December 31, 2011, the Company was authorized to issue a total of 6,886,514 stock options.

### **INDEBTEDNESS TO COMPANY OF DIRECTORS, EXECUTIVE OFFICERS AND SENIOR OFFICERS**

None of the directors or senior officers of the Company or any associates or affiliates of the Company are or have been indebted to the Company at any time since the beginning of the last completed financial year of the Company.

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

Since January 1, 2011, being the commencement of the Company's most recently completed financial year, no:

- person who has been a director, senior officer or insider of the Company since May 1, 2010;
- proposed nominee for election as a director of the Company; and
- associate or affiliate of any of the foregoing persons,

has any material interest, direct or indirect, in any matter to be acted upon (other than the election of directors or the appointment of auditors) except as set out herein.

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

To the knowledge of management of the Company, no informed person or nominee for election as a director of the Company, or any associate or affiliate of an informed person or proposed director, has or 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 will materially affect the Company or any of its subsidiaries other than as set out herein. The term "informed person" as defined in National Instrument 51-102 *Continuous Disclosure Obligations* means a director or executive officer of the Company, or any person or company who beneficially owns, directly or indirectly, voting securities of the Company or who exercises control or direction over voting securities of the Company carrying more than 10% of the voting rights attached to all outstanding voting securities of the Company, other than voting securities held by the person or company as underwriter in the course of a distribution.

During the financial year ended December 31, 2011, the Company paid \$38,600 for office space and \$5,000 per month for consulting services from Tangent Management Corp. ("Tangent"), of Vancouver, BC. Tangent is a private BC company beneficially owned by Mr. Z. Dingsdale and Mr. Steve Smith.

### **Management Contracts**

Except as otherwise disclosed in this Information Circular, management functions of the Company are generally performed by directors and senior officers of the Company and not, to any substantial degree, by any other person to whom the Company has contracted.

## **Investor Relations Arrangements**

The Company has engaged the services of Frontline Communications Investor Relations Inc. to provide investor relations services for a fee of \$3,000 per month.

## **Audit Committee Disclosure**

Pursuant to the provisions of section 224 of the *Business Corporations Act* of British Columbia, the Company is required to have an Audit Committee comprised of at least three directors, the majority of whom must not be officers or employees of the Company.

The charter of the Company's audit committee and the other information required to be disclosed by National Instrument 52-110 *Audit Committees* Form 52-110F2 is attached to this Information Circular as Schedule "A".

## **Corporate Governance**

The information required to be disclosed by National Instrument 58-101 *Disclosure of Corporate Governance Practices* is attached to this information circular as Schedule "B".

## **Financial Statements**

The audited financial statements of the Company for the period ended December 31, 2011 (the "Financial Statements"), together with the Auditor's Report thereon, will be presented to Shareholders at the Meeting. Copies of the Financial Statements, together with the Management Discussion and Analysis, Notice of Meeting, Information Circular and Proxy will be available from the Company's Registrar and Transfer Agent, Computershare Trust Company of Canada, 100 University Avenue, 9th Floor, Toronto, Ontario, M5J 2Y1. They are also available at [www.sedar.com](http://www.sedar.com).

## **Votes Necessary to Pass Resolutions**

A simple majority of affirmative votes cast at the Meeting is required to approve the resolutions described herein. A special resolution is a resolution passed by a majority of not less than 2 of the votes cast by the shareholders who, being entitled to do so, voted in person or by proxy at the Meeting. If there are more nominees for election as directors or appointment of the Company's auditor than there are vacancies to fill, those nominees receiving the greatest number of votes will be elected or appointed, as the case may be, until all such vacancies have been filled. If the number of nominees for election or appointment is equal to the number of vacancies to be filled, all such nominees will be declared elected or appointed by acclamation.

## **PARTICULARS OF OTHER MATTERS TO BE ACTED UPON**

### **1. Financial Statements**

The audited financial statements of the Company for the year ended December 31, 2011 (the "Financial Statements"), together with the Auditors' Report thereon will be presented to the Registered Shareholders at the Meeting. The Financial Statements, together with the Auditors' Report thereon, are being mailed to the shareholders with this Information Circular.

### **2. Appointment of Auditors**

The persons named in the enclosed instrument of proxy will vote for the appointment of De Visser Gray LLP, Chartered Accountants of 401- 905 West Pender Street, Vancouver, BC, as auditor of the Company for the ensuing year, until the close of the next annual meeting of the shareholders at a remuneration to be fixed by the directors. De Visser Gray LLP was appointed on October 25, 2010.

#### **• Election of Directors**

- Although Management is only nominating five (5) individuals to stand for election, shareholder approval will be sought to fix the number of Directors of the Company at six (six). The names of further nominees for directors may come from the floor at the Meeting.
- Each director of the Company is elected annually and holds office until the next Annual General Meeting of the shareholders unless that person ceases to be a director before then. In the absence of instructions to

the contrary, the shares represented by Proxy will, on a poll, be voted for the nominees herein listed.  
**Management does not contemplate that any of the nominees will be unable to serve as a director.**

The following table sets out the names of the persons to be nominated for election as directors, the positions and offices which they presently hold with the Company, their respective principal occupations or employments during the past five years if such nominee is not presently an elected director and the number of shares of the Company which each beneficially owns, directly or indirectly, or over which control or direction is exercised as of the date of this Information Circular:

<b>Name and Residence of Proposed Director and Present Offices Held</b>	<b>Date Elected or Appointed</b>	<b>Principal Occupation</b>	<b>Number of Shares<sup>1</sup></b>
ZACHERY DINGSDALE <sup>2</sup> Cobourg, Ontario <i>CEO, President and Director</i>	Director since November 24, 2003	Partner, Tangent Management Corp., a financial public relations firm serving public companies since March 2001; CEO of Taku Gold Corp; Director of Tajiri Resources Corp. since January 2009; Director of Arrowhead since January 15, 2007; CEO; Director of Hinterland Metal Inc. (“Hinterland”) since May, 2011;	<b>Directly:</b> 884,419 <b>Indirectly:</b> 7,667
IQBAL BOGA Vancouver, BC <i>Secretary, CFO and Director</i>	Director since November 24, 2003	CFO, Secretary and Director of Taku Gold Corp. (“Taku”) since November 2003; CFO, Secretary and Director of Arrowhead Gold Corp. since February 2011; CFO, Secretary and Director of Tajiri Resources Corp. since April 2011;	<b>Directly:</b> 20,000 <b>Indirectly:</b> Nil
STEVE SMITH <sup>2</sup> Richmond, BC <i>Director</i>	Director since November 24, 2003	Partner, Tangent Management Corp., a financial public relations firm serving public companies since March 2001; CEO and President of the Company since August 24, 2007 of Arrowhead Gold Corp.; Director of Taku since November 2003; Director of Tajiri Resources Corp. since January 2009;	<b>Directly:</b> 361,000 <b>Indirectly:</b> Nil
MARK FEKETE B.A.Sc., M.A.Sc., Val D’Or, QC, <i>Director</i>	Director since April 4, 2005	CEO and Director of Hinterland since January 15, 2007; VP Exploration and Director of Taku since November 2003; and Director of Arrowhead since April 2011	<b>Directly:</b> Nil <b>Indirectly:</b> 600,000
PATRICIA WILSON <sup>(2)</sup> Vancouver, BC, <i>Nominee Director</i>	Nominee Director	Business Executive; CFO, Secretary and Director of Lucky Strike Resources Ltd. since August, 2002 <sup>5</sup>	Nil

- (1) Information as to voting shares beneficially owned, directly or indirectly, not being within the knowledge of the Corporation, has been furnished by the respective nominees individually.
- (2) Member of Audit Committee.
- (3) Unless otherwise stated above, any nominee named above not elected at the last annual general meeting has held the principal occupation or employment indicated for at least five years.
- (4) The information as to country of residence, principal occupation and number of shares beneficially owned by the nominees (directly or indirectly or over which control or direction is exercised) is not within the knowledge of the management of the Company and has been furnished by the respective nominees.
- (5) SCS Solars Computing Systems Inc. was issued a cease trade order dated by the BC Securities Commission and a cease trade order dated September 13, 2006, from the Alberta Securities Commission.

The term of office for the Company’s directors and officers and members of the Company’s committees expires at each annual general meeting. The board of directors after each such meeting appoints the officers and committees for the ensuing year.

The Company has one committee of the board of directors, being the Audit Committee

No proposed director:

- (a) is, at the date of this Information Circular, or has been, within 10 years before the date of this Information Circular, a director or executive officer of any company (including the Company) that, while that person was acting in that capacity,
  - (i) was the subject of any order except Ms. Wilson was a director and officer of SCS Solars Computing Systems Inc. who was issued a cease trade order dated by the BC Securities Commission and a cease trade order dated September 13, 2006, from the Alberta Securities Commission;
  - (ii) was the subject any order which was issued after the proposed director ceased to be a director or executive officer and which resulted from an event that occurred while that person was acting in the capacity as director or executive officer; or
  - (iii) 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
  - (iv) or within a year of that person ceasing to act in that capacity, 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 that company's assets,
- (b) is, at the date of this Information Circular, or has been, within 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.

Arrowhead Gold Corp. (formerly Otish Energy Corp.) was cease traded during the period January 8, 2009 to February 5, 2009 for failure to file financial statements. Steve Smith, Zachery Dingsdale and Rick Timcke were directors of the Arrowhead during this period.

SCS Solars Computing Systems Inc. was issued a cease trade order dated by the BC Securities Commission and a cease trade order dated September 13, 2006, from the Alberta Securities Commission. Ms. Wilson was a director and officer of SCS Solars Computing Systems Inc.

In addition, no proposed director 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 has been subject to any other penalties or sanctions imposed by a court or regulatory body or self-regulating authority that would likely be considered important to a reasonable securityholder in deciding whether to vote for a proposed director.

The directors and officers of the Company as a group beneficially own, directly or indirectly, an aggregate of approximately 4,150,000 common shares, which together represent approximately 5.91% of the total votes attached to the issued and outstanding shares of the Company.

#### **4. Approval and Ratification of Stock Option Plan**

The Company presently has in place a "rolling" stock option plan (the "Plan"), first implemented December 3, 2003, whereby the Company is authorized to grant stock options of up to 10% of its issued and outstanding shares, from time to time. The TSX Venture Exchange (the "TSX.V") requires listed companies who have "rolling" stock option plans in place to receive shareholder approval to such plan on a yearly basis at the Company's annual general meeting. As such, the directors of the Company wish to ratify and approve the Plan.

The material terms of the Plan are as follows:

1. The term of any options granted under the Plan will be fixed by the board of directors at the time such options are granted, provided that options will not be permitted to exceed a term of five years (or ten years if the Company is reclassified by the TSX.V as a Tier 1 Issuer).
2. The exercise price of any options granted under the Plan will be determined by the board of directors, in its sole discretion, but shall not be less than the closing price of the Company's common shares on the day preceding the day on which the directors grant such options, less any discount permitted by the TSX.V to a minimum of \$0.10 per share.
3. No vesting requirements will apply to options granted hereunder, however a four month hold period will apply to all shares issued under each option, commencing from the date of grant.
4. All options will be non-assignable and non-transferable.
5. No more than (i) 5% of the issued shares may be granted to any one individual in any 12 month period; and (ii) no more than 2% of the issued shares may be granted to a consultant, or an employee performing investor relations activities, in any 12 month period.
6. If the option holder ceases to be a director of the Company (other than by reason of death), then the option granted shall expire on no later than the 90th day following the date that the option holder ceases to be a director of the Company, subject to the terms and conditions set out in the Plan. If the option holder ceases to be an employee, consultant or management company employee of the Company (other than by reason of death), then the option granted shall expire on no later than the 30th day following the date that the option holder ceases to be employed or contracted by the Company, subject to the terms and conditions set out in the Plan.
7. Disinterested shareholder approval must be obtained for (i) any reduction in the exercise price of an outstanding option, if the option holder is an insider; (ii) any grant of options to insiders, within a 12 month period, exceeding 10% of the Company's issued shares; and (iii) any grant of options to any one individual, within a 12 month period, exceeding 5% of the Company's issued shares.
8. For stock options granted to employees, consultants or management company employees, the Company represents that the proposed optionee is a bona fide employee, consultant or management company employee, as the case may be.
9. Options will be reclassified in the event of any consolidation, subdivision, conversion or exchange of the Company's common shares.
10. The board of directors may make certain amendments to the Plan or any option without shareholder approval. The directors have the authority to make changes such as: amendments of a "housekeeping" nature; and a change to the termination provisions of an option or the Plan which does not entail an extension beyond the original expiry date. Amendments which reduce the exercise price or extend the term of an option held by an insider will require approval of the shareholders and the TSX.V.

The Plan is subject to receipt of annual TSX.V acceptance to its filing. Shareholders will be asked to consider, and if thought fit to approve a resolution ratifying and approving the Company's existing Plan.

Reference should be made to the full text of the Plan which will be made available at the offices of the Company, #1450 – 409 Granville Street, Vancouver, BC, V1C 1T2 until the business day immediately preceding the date of the Meeting.

It may occur that the Company will grant stock options pursuant to the Company's stock option plan, from time to time during the next 12 months, to insiders that in aggregate will exceed 10% of the Company's issued shares. Accordingly, shareholders will be asked to pass resolutions authorizing the directors to implement the above. **Granting the directors the right to issue such options does not mean that the same will occur.** Rather it allows the directors the flexibility to undertake the same should the circumstances warrant, without the expense of calling another shareholder meeting to specifically approve each issuance.

The text of the resolution to be passed is as follows. In order to be passed, a majority of the votes cast at the Meeting or in person or by proxy must be voted in favour of the resolution. The persons named in the enclosed Proxy intend to vote for such resolution:

"BE IT RESOLVED THAT:

the Company's Stock Option Plan be and is hereby ratified, confirmed and approved with such additional provisions and amendments, provided that such are not inconsistent with the Policies of the Exchange, as the directors of the Company may deem necessary or advisable”

## **5. Acts and Deeds of Directors**

Shareholders will be requested to pass an ordinary resolution to confirm, ratify and approve all acts, deeds and things done by and the proceedings of the Directors and Officers of the Company on behalf of the Company during the preceding year.

As of the date of this circular, management knows of no other matters to be acted upon at this Annual General Meeting. However, should any other matters properly come before the Meeting, the shares represented by the proxy solicited hereby will be voted on such matters in accordance with the best judgment of the persons voting the shares represented by the proxy.

### **OTHER MATTERS**

Management knows of no other matters to come before the Meeting other than those referred to in the Notice of Meeting. Should any other matters properly come before the Meeting, the shares represented by the Instrument of Proxy solicited hereby will be voted on such matters in accordance with the best judgment of the persons voting by proxy provided that such authority is granted to the proxyholder by the proxy.

### **ADDITIONAL INFORMATION**

Additional information relating to the Company is available under the Company's profile on the SEDAR website at [www.sedar.com](http://www.sedar.com). The Company's annual audited financial statements and management discussion and analysis (“MD&A”) for the fiscal year ended December 31, 2011 is available for review under the Company's profile on SEDAR. A copy of these financial statements and MD&A has also been mailed out to those shareholders who returned the Company's Financial Statement Request Form provided with the Company's 2011 annual general meeting material, in accordance with National Instrument 51-102 “Continuous Disclosure Obligations”.

Shareholders wishing to obtain a copy of the Company's financial statements and MD&A may contact the Company as follows:

**Taku Gold Corp.**  
Suite #1450, 409 Granville Street,  
Vancouver, BC, V6C 1T2  
Fax: (604) 642-0116

### **APPROVAL**

The content and sending of this Information Circular has been approved by the Company's board of directors.

**DATED** at Vancouver, British Columbia, this 18<sup>th</sup> day of July, 2012.

**BY ORDER OF THE BOARD OF DIRECTORS**

**“Zachery Dingsdale”**

CEO & Director

**SCHEDULE "A"**  
**TAKU GOLD CORP.**  
**FORM 52-110F2**  
**AUDIT COMMITTEE DISCLOSURE**

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Pursuant to the provisions of section 224 of the *Business Corporations Act* of British Columbia, the Company is required to have an Audit Committee comprised of at least three directors, the majority of whom must not be officers or employees of the Company.

The Company must also, pursuant to the provisions of National Instrument 52-110 *Audit Committees* ("NI 52-110"), have a written charter which sets out the duties and responsibilities of its audit committee. In providing the following disclosure, the Company is relying on the exemption provided under NI 52-110, which allows for the short form disclosure of the audit committee procedures of venture issuers.

### **Audit Committee's Charter**

#### ***Mandate***

The primary function of the Audit 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 Audit Committee will encourage continuous improvement of, and should foster adherence to, the Company's policies, procedures and practices at all levels. The Audit 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 systems and review the Company's financial statements;
- review and appraise the performance of the Company's external auditors; and
- provide an open avenue of communication among the Company's auditors, financial and senior management and the Board of Directors.

#### ***Composition***

The Audit 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 reasonably interfere with the exercise of his or her independent judgment as a member of the Audit Committee. At least one member of the Audit Committee shall have accounting or related financial management expertise. All members of the Audit 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 Audit Committee'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 Audit Committee shall be elected by the Board of Directors at its first meeting following the annual shareholders' meeting.

#### ***Meetings***

The Audit Committee shall meet at least four times annually, or more frequently as circumstances dictate. As part of its job to foster open communication, the Audit 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 Audit 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.

- (c) Confirm that adequate procedures are in place for the review of the Company's public disclosure of financial information extracted or derived from the Company's financial statements.

#### ***External Auditors***

- (a) Review annually, the performance of the external auditors who shall be ultimately accountable to the Board of Directors and the Audit Committee as representatives of the shareholders of the Company.
- (b) Obtain annually, a formal written statement of the external auditors setting forth all relationships between the external auditors and the Company, consistent with the 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 compensation 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 fees 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 Audit Committee by the Company and approved prior to the completion of the audit by the Audit Committee or by one or more members of the Audit Committee who are members of the Board of Directors to whom authority to grant such approvals has been delegated by the Audit Committee. Provided the pre-approval of the non-audit services is presented to the Audit Committee's first scheduled meeting following such approval, such authority may be delegated by the Audit Committee to one or more independent members of the Audit 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 Audit Committee:

Zachery Dingsdale	Not Independent <sup>1</sup>	Financially literate <sup>1</sup>
Steve Smith	Independent <sup>1</sup>	Financially literate <sup>1</sup>
Patricia Wilson	Independent <sup>1</sup>	Financially literate <sup>1</sup>

1. As defined by NI 52-110.

***Relevant Education and Experience***

In addition to each member's general business experience, the education and experience of each Audit Committee member that is relevant to the performance of his responsibilities as an Audit Committee member is as follows:

*Zachery Dingsdale* – Mr. Dingsdale is currently a principal of Tangent Management Corp., a financial management firm that provides financial consulting and management services to publicly listed companies.

*Steve Smith* – Mr. Smith has a Bachelor of Arts in Economics from the University of Toronto and has completed the Canadian Investment Management Course provided by the Canadian Securities Institute. Mr. Smith has over 20 years experience in the capital markets.

*Patricia Wilson*: Patricia graduated from St. Anne's College, Sanderstead in Surrey, UK. She has over 35 years working with public companies in accounting and compliance including the preparation of quarterly and year-end statements for audit. Since 1995, Patricia has been director of Kaitech Financial Corporation, a private company offering management and accounting services.

***Audit Committee Oversight***

At no time since the commencement of the Company's most recent completed financial year was a recommendation of the Audit 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 Audit Committee has adopted specific policies and procedures for the engagement of non-audit services as described above under the heading “External Auditors”.

**External Auditor Service Fees (By Category)**

The following is aggregate fees billed by the Company's external auditors in each of the last three fiscal years for audit fees:

<i>Financial Year Ending</i>	<i>Audit Fees (1)</i>	<i>Audit Related Fees (2)</i>	<i>Tax Fees (3)</i>	<i>All Other Fees (4)</i>
2011	\$21,000	Nil	Nil	Nil
2010	\$21,000	Nil	Nil	Nil
2009	\$17,900	Nil	Nil	Nil

- (1) "**Audit Fees**" include fees necessary to perform the annual audit and quarterly reviews of the Company's consolidated financial statements. Audit Fees include fees for review of tax provisions and for accounting consultations on matters reflected in the financial statements. Audit Fees also include audit or other attest services required by legislation or regulation, such as comfort letters, consents, reviews of securities filings and statutory audits.
- (2) "**Audit-Related Fees**" include fees for services that are traditionally performed by the auditor. These audit-related services include employee benefit audits, due diligence assistance, accounting consultations on proposed transactions, internal control reviews and audit or attest services not required by legislation or regulation.
- (3) "**Tax Fees**" include fees for all tax services other than those included in "Audit Fees" and "Audit-Related Fees". This category includes fees for tax compliance, tax planning and tax advice. Tax planning and tax advice includes assistance with tax audits and appeals, tax advice related to mergers and acquisitions, and requests for rulings or technical advice from tax authorities.
- (4) "**All Other Fees**" include all other non-audit services.
- (5) 2011 audit fee accrual

**Exemption**

In respect of the most recently completed financial year, the Company is relying on the exemption set out in section 6.1 of the Instrument with respect to compliance with the requirements of Part 3 (Composition of the Audit Committee) and Part 5 (Reporting Obligations) of the Instrument.

The Company does not have any other committees.

**SCHEDULE "B"**  
**CORPORATE GOVERNANCE**

**CORPORATE GOVERNANCE DISCLOSURE**

Corporate governance relates to the activities of the Board of Directors, the members of which are elected by and are accountable to the shareholders, and takes into account the role of the individual members of management who are appointed by the Board of Directors and who are charged with the day-to-day management of the Company. National Policy 58-201 *Corporate Governance Guidelines* establishes corporate governance guidelines which apply to all public companies. These guidelines are not intended to be prescriptive but to be used by issuers in developing their own corporate governance practices. The Board of Directors is committed to sound corporate governance practices, which are both in the interest of its shareholders and contribute to effective and efficient decision making.

Pursuant to National Policy 58-101 *Disclosure of Corporate Governance Practices* ("NP 58-101") the Company is required to disclose its corporate governance practices, as summarized below. The Board of Directors will continue to monitor such practices on an ongoing basis and when necessary implement such additional practices as it deems appropriate.

***Board of Directors:***

The Board of Directors is currently composed of five (5) directors, Messrs. Zachery Dingsdale, Ickbal Boga, Mark Fekete, Kenneth MacLeod and Steve Smith. All the proposed nominees are current directors of the Company.

NP 58-101 suggests that the board of directors of a public company should be constituted with a majority of individuals who qualify as "independent" directors. An "independent" director is a director who is independent of management and is free from any interest and any business or other relationship which could, or could reasonably be perceived to materially interfere with the director's ability to act with a view to the best interests of the Company, other than interests and relationships arising from shareholding. In addition, where a company has a significant shareholder, NP 58-101 suggests that the board of directors should include a number of directors who do not have interests in either the company or the significant shareholder. Of the proposed nominees of the Company, Steve Smith and Kenneth MacLeod are considered by the Board of Directors to be "independent" within the meaning of NP 58-101 and Zachery Dingsdale (CEO and President), Mark Fekete, VP Exploration and Ickbal Boga (CFO) are management directors and accordingly are considered to be "non-independent".

The independent directors exercise their responsibilities for independent oversight of management and meet independently of management whenever deemed necessary.

The board of directors (the "board") facilitates its exercise of independent supervision over management, including

- i) the identity of directors that are independent, and
- (ii) the identity of directors who are not independent, and the basis for that determination

***Directorships***

The following directors are presently directors of other issuers that are reporting issuer:

<b>Director</b>	<b>Other Reporting Issuer</b>	<b>Name of Exchange or Market (if applicable)</b>
Zachery Dingsdale	Tajiri Resources Corp. Arrowhead Gold Corp. Zuri Capital Corp. Hinterland Metal Inc.	TSX Venture Exchange TSX Venture Exchange TSX Venture Exchange TSX Venture Exchange
Ickbal Boga	Tajiri Resources Corp Arrowhead Gold Corp. Zuri Capital Corp. Signal Exploration Inc.	TSX Venture Exchange TSX Venture Exchange TSX Venture Exchange TSX Venture Exchange
Steve Smith	Tajiri Resources Corp. Arrowhead Gold Corp. Zuri Capital Corp.	TSX Venture Exchange TSX Venture Exchange TSX Venture Exchange
Mark Fekete	Hinterland Metals Inc. Arrowhead Gold Corp. Zuri Capital Corp	TSX Venture Exchange TSX Venture Exchange TSX Venture Exchange

<b>Director</b>	<b>Other Reporting Issuer</b>	<b>Name of Exchange or Market (if applicable)</b>
Patricia Wilson	Lucky Strike Resources Ltd. SCS Solars Computing Systems Inc.	TSX Venture Exchange TSX Venture Exchange (delisted)

### ***Orientation and Continuing Education***

Each new director is given an outline of the nature of the Company's business, its corporate strategy, and current issues within the Company. New directors are also required to meet with management of the Company to discuss and better understand the Company's business and are given the opportunity to meet with counsel to the Company to discuss their legal obligations as directors of the Company.

In addition, management of the Company takes steps to ensure that its directors and officers are continually updated as to the latest corporate and securities policies which may affect the directors, officers and committee members of the Company as a whole. The Company continually reviews the latest securities rules and policies and is on the mailing list of the TSX Venture Exchange to receive updates to any of those policies. Any such changes or new requirements are then brought to the attention of the Company's directors either by way of director or committee meetings or by direct communications from management to the directors.

### ***Ethical Business Conduct***

The Board of Directors will be preparing a written Code of Ethical Conduct (the "Code") for its directors, officers and employees. As one measure to ensure compliance with the Code, the Board of Directors will also establish a Whistleblower Policy which details complaint procedure for financial concerns. The full text of these standards will be available free of charge to any person upon request to the Company at Suite 1450 – 409 Granville, Vancouver, BC, V6C 1T2 (Telephone: 604-642-0115).

In addition, as some of the directors of the Company also serve as directors and officers of other companies engaged in similar business activities, the Board of Directors must comply with the conflict of interest provisions of the British Columbia *Business Corporations Act*, 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 any such conflict.

### ***Nomination of Directors***

The Company's management is continually in contact with individuals involved in the mineral exploration industry and public sector resource issuers. From these sources the Company has made numerous contacts and in the event that the Company were in a position to nominate any new directors, such individuals would be brought to the attention of the Board of Directors. The Company conducts the due diligence, reference and background checks on any suitable candidate. 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 time required and a willingness to serve.

### ***Compensation***

The Board of Directors has the responsibility for determining the compensation of the Company's Chief Executive Officer and does so with reference to industry standards and the Company's financial situation. The Board of Directors has the responsibility for determining the compensation of the directors who currently are compensated \$1,000 per month in their capacity as directors and do receive stock options.

### ***Other Board Committees***

The Company does not have any committees other than an Audit Committee. See "Audit Committee" above.

### ***Assessments***

Being a venture issuer with limited administration resources, the Board of Directors work closely with management and, accordingly, are in a position to assess individual director's performance on an ongoing basis.