

**ARMADILLO RESOURCES LTD.  
Suite 411 – 470 Granville Street  
Vancouver, B.C.  
V6C 1V5**

**INFORMATION CIRCULAR**

(Containing information as at October 27, 2011 unless indicated otherwise)

**SOLICITATION OF PROXIES**

This Management Information Circular (“Information Circular”) is furnished in connection with the solicitation of proxies by the management of Armadillo Resources Ltd. (the “Company” or “Corporation”) for use at the Annual General Meeting of Shareholders of the Company (and any adjournment thereof) to be held on Thursday, December 1, 2011 (the “Meeting”) at the time and place and for the purposes set forth in the accompanying Notice of Meeting. While it is expected that the solicitation will be primarily by mail, proxies may be solicited personally or by telephone by the regular employees of the Company at nominal cost. All costs of solicitation by management will be borne by the Company.

The contents and the sending of this Information Circular have been approved by the directors of the Company.

**APPOINTMENT OF PROXYHOLDER**

The individuals named in the accompanying form of proxy are Les Kjosness, the President of the Company and Corey Klassen, a director. **A SHAREHOLDER WISHING TO APPOINT SOME OTHER PERSON (WHO NEED NOT BE A SHAREHOLDER) TO REPRESENT THE SHAREHOLDER AT THE MEETING HAS THE RIGHT TO DO SO, EITHER BY STRIKING OUT THE NAMES OF THOSE PERSONS NAMED IN THE ACCOMPANYING FORM OF PROXY AND INSERTING THE DESIRED PERSON’S NAME IN THE BLANK SPACE PROVIDED IN THE FORM OF PROXY OR BY COMPLETING ANOTHER FORM OF PROXY.** A proxy will not be valid unless the completed form of proxy is received by **COMPUTERSHARE INVESTOR SERVICES INC.**, , Proxy Dept, 100 University Avenue, 9<sup>th</sup> Floor, Toronto, Ontario, M5J 2Y1, at least 48 hours (excluding Saturdays, Sundays and holidays) before the time for holding the Meeting or any adjournment thereof. Proxies delivered after that time will not be accepted.

**REVOCAION OF PROXIES**

A shareholder who has given a proxy may revoke it by an instrument in writing executed by the shareholder or by the shareholder’s attorney authorized in writing or, where the shareholder is a corporation, by a duly authorized officer or attorney of the corporation, and delivered to the registered office of the Company, at Suite 430 – 580 Hornby Street, Vancouver, British Columbia, V6C 3B6 at any time up to and including the last business day preceding the day of the Meeting, or if adjourned, any reconvening thereof, or to the Chairman of the Meeting on the day of the Meeting or, if adjourned, any reconvening thereof or in any other manner provided by law. A revocation of a proxy does not affect any matter on which a vote has been taken prior to the revocation.

**ADVICE TO BENEFICIAL SHAREHOLDERS**

**Only registered shareholders or duly appointed proxyholders are permitted to vote at the Meeting. Shareholders who do not hold their shares in their own name (referred to herein as “Beneficial Shareholders”) are advised that only proxies from shareholders of record can be recognized and voted at the Meeting.** Beneficial Shareholders who complete and return an instrument of proxy must indicate thereon the person (usually a brokerage house) who holds their shares as a registered shareholder. Every intermediary (broker) has its own mailing procedure, and provides its own return instructions, which should be carefully followed. The instrument of proxy supplied to Beneficial Shareholders is identical to that provided to registered shareholders. However, its purpose is limited to instructing the registered shareholder how to vote on behalf of the Beneficial Shareholder.

If common shares are listed in an account statement provided to a shareholder by a broker, then in almost all cases those common shares will not be registered in such shareholder’s name on the records of the Company. Such

common shares will more likely be registered under the name of the shareholder's broker or an agent of that broker. In Canada, the vast majority of such shares are registered under the name of CDS & Co. (the registration name for The Canadian Depository for Securities, which company acts as nominee for many Canadian brokerage firms). Common shares held by brokers or their nominees can only be voted (for or against resolutions) upon the instructions of the Beneficial Shareholder. Without specific instructions, brokers/nominees are prohibited from voting shares for their clients. The directors and officers of the Company do not know for whose benefit the common shares registered in the name of CDS & Co. are held.

In accordance with National Instrument 54-101 of the Canadian Securities Administrators, the Company has distributed copies of the Notice of Meeting, this Information Circular and the Proxy to the clearing agencies and intermediaries for onward distribution to Beneficial Shareholders. Applicable regulatory policy requires intermediaries/brokers to seek voting instructions from Beneficial Shareholders in advance of shareholders' meetings unless the Beneficial Shareholders have waived the right to receive meeting materials. Every intermediary/broker has its own mailing procedures and provides its own return instructions, which should be carefully followed by Beneficial Shareholders in order to ensure that their common shares are voted at the Meeting. Often the form of proxy supplied to a Beneficial Shareholder by its broker is identical to the form of proxy provided by the Company to the registered shareholders. However, its purpose is limited to instructing the registered shareholder how to vote on behalf of the Beneficial Shareholder. Should a Beneficial Shareholder receiving such a form wish to vote at the Meeting, the Beneficial Shareholder should strike out the names of the Management Proxyholders named in the form and insert the Beneficial Shareholder's name in the blank provided. The majority of brokers now delegate responsibility for obtaining instructions from clients to Broadridge. Broadridge typically applies a special sticker to the proxy forms, mails those forms to the Beneficial Shareholders and asks Beneficial Shareholders to return the proxy forms to Broadridge. Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of common shares to be represented at the Meeting. **A Beneficial Shareholder receiving a proxy with a Broadridge sticker on it cannot use that proxy to vote common shares directly at the Meeting - the proxy must be returned to Broadridge well in advance of the Meeting in order to have the common shares voted.**

All references to shareholders in this Information Circular and the accompanying form of Proxy and Notice of Meeting are to shareholders of record unless specifically stated otherwise.

### **VOTING OF PROXIES**

SHARES REPRESENTED BY PROPERLY EXECUTED PROXIES IN FAVOUR OF PERSONS DESIGNATED IN THE ENCLOSED FORM OF PROXY WILL BE VOTED **FOR** ALL MATTERS TO BE VOTED ON AT THE MEETING AS SET OUT IN THIS INFORMATION CIRCULAR OR WITHHELD FROM VOTING IF SO INDICATED ON THE FORM OF PROXY.

The common shares represented by proxies will, on any poll where a choice with respect to any matter to be acted upon has been specified in the form of proxy, be voted in accordance with the specification made.

SUCH COMMON SHARES WILL ON A POLL BE VOTED **IN FAVOUR** OF EACH MATTER FOR WHICH NO CHOICE HAS BEEN SPECIFIED OR WHERE BOTH CHOICES HAVE BEEN SPECIFIED BY THE SHAREHOLDER.

The enclosed form of proxy when properly completed and delivered and not revoked confers discretionary authority upon the person appointed proxy thereunder to vote with respect to amendments or variations of matters identified in the Notice of Meeting, and with respect to other matters which may properly come before the Meeting. In the event that amendments or variations to matters identified in the Notice of Meeting are properly brought before the Meeting or any further or other business is properly brought before the Meeting, it is the intention of the persons designated in the enclosed form of proxy to vote in accordance with their best judgment on such matters or business. At the time of the printing of this Information Circular, the management of the Company knows of no such amendment, variation or other matter which may be presented to the Meeting.

## **VOTING SHARES AND PRINCIPAL HOLDERS**

Authorized Capital: Unlimited common shares without par value  
Issued and Outstanding: 76,422,921 common shares without par value

Only shareholders of record at the close of business on October 27, 2011, (the "Record Date") who either personally attend the Meeting or who have completed and delivered a form of proxy in the manner and subject to the provisions described above shall be entitled to vote or to have their shares voted at the Meeting.

On a show of hands, every individual who is present and is entitled to vote as a shareholder or as a representative of one or more corporate shareholders, or who is holding a proxy on behalf of a shareholder who is not present at the Meeting, will have one vote, and on a poll every shareholder present in person or represented by a proxy and every person who is a representative of one or more corporate shareholders, will have one vote for each common share registered in the shareholder's name on the list of shareholders, which is available for inspection during normal business hours at Computershare Investor Services Inc., 510 Burrard Street, Vancouver, British Columbia and will be available at the Meeting.

To the knowledge of the directors and senior officers of the Company, no person 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, except the following:

<b>Name</b>	<b>No. of Shares Beneficially Owned, Controlled or Directed, Directly or Indirectly</b>	<b>Percentage of Outstanding Shares</b>
Osler Capital Partners S.A.	10,000,000	13.08%
Rusheen Handels AG	10,045,000	13.14%

## **ELECTION OF DIRECTORS**

The Board of Directors presently consists of three directors and it is intended to determine the number of directors at four for the ensuing year. Shareholder approval will be sought at the Meeting to determine the number of directors at four.

The term of office of each of the present directors expires at the Meeting. The persons named below will be presented for election at the Meeting as management's nominees and the persons named in the accompanying form of proxy intend to vote for the election of these nominees. Management does not contemplate that any of these nominees will be unable to serve as a director. Each director elected will hold office until the next annual general meeting of the Company or until his successor is elected or appointed, unless his office is earlier vacated in accordance with the Articles of the Company, or with the provisions of the *Business Corporations Act* (British Columbia).

The following table and notes thereto sets out the names of each person proposed to be nominated by management for election as a director, the municipality in which he or she is ordinarily resident, all offices of the Company now held by him or her, his or her principal occupation or employment during the past five years if such nominee is not presently an elected director, the period of time for which he or she has been a director of the Company, and the number of common shares of the Company beneficially owned by him or her, directly or indirectly, or over which he or she exercises control or direction, as at the date hereof.

Name, Position, Province or State and Country of Residence <sup>(1)</sup>	Principal Occupation and if not at Present an Elected Director, Occupation during the past 5 years	Previous Service as a Director	Number of Shares owned <sup>(2)</sup>
<b>Les Kjosness</b> <sup>(3)</sup> President, Chief Executive Officer and Director British Columbia, Canada	President and Chief Executive Officer of Armadillo Resources Ltd.	March 25, 2009	206,500 common
<b>Corey Klassen</b> <sup>(3)</sup> Director Alberta, Canada	Mortgage Broker.	March 25, 2009	225,000 common
<b>Stephen Wetherup</b> <sup>(3)</sup> Director British Columbia, Canada	Geoscientist. Exploration Manager, Caracle Creek International Consulting Inc.	March 25, 2009	Nil
<b>Tony Pickett</b> Nominee for Director Australia	Corporate Executive and Consultant	New Nominee	Nil

- (1) The information as to country of residence and principal occupation, not being within the knowledge of the Corporation, has been furnished by the respective directors individually.
- (2) The information as to shares beneficially owned or over which a director exercises control or direction, not being within the knowledge of the Corporation, has been furnished by the respective directors individually.
- (3) Denotes member of Audit Committee.

#### **Cease Trade Orders, Bankruptcies, Penalties or Sanctions**

None of the proposed nominees for director have been, within 10 years before the date of this Information Circular, a director, chief executive officer or chief financial officer of any company that:

- (a) while that person was acting in that capacity, was the subject of a cease trade order or similar order or an order that denied the relevant company access to any exemption under securities legislation for a period of more than 30 consecutive days;
- (b) while that person was acting in that capacity, was subject to an event that resulted, after the director or executive officer ceased to be a director or executive officer, in the company being the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation for a period of more than 30 consecutive days; or
- (c) 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.

None of the proposed nominees for director have, 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 their assets.

No proposed director of the Company has been subject to:

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

## **STATEMENT OF EXECUTIVE COMPENSATION**

For the purposes of this Information Circular:

- (a) “Chief Executive Officer” or “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;
- (b) “Chief Financial Officer” or “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;
- (c) “Named Executive Officer” or “NEO” means each of the following individuals:
  - (i) a CEO;
  - (ii) a CFO;
  - (iii) 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 for that financial year; and
  - (iv) each individual who would be an NEO under paragraph (iii) 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.

## **NAMED EXECUTIVE OFFICERS**

During the most recent fiscal year ended May 31, 2011, the Corporation had three Named Executive Officers, namely:

- (a) Les Kjosness, the President and Chief Executive Officer of the Company;
- (b) Cherry Cai, who was appointed the Chief Financial Officer of the Company on November 12, 2010; and
- (c) Blaine Bailey, who was the Company’s Chief Financial Officer prior to September 27, 2010.

## **COMPENSATION DISCUSSION AND ANALYSIS**

### **Compensation Discussion and Analysis**

The purpose of this Compensation Discussion and Analysis is to provide information about the Company’s executive compensation objectives and processes and to discuss compensation decisions relating to its named executive officers (“Named Executive Officers”) listed in the Summary Compensation Table above.

The Company is a mineral exploration company whose assets include exploration properties located in British Columbia and Brazil. The Company’s primary objective is to firstly, conduct initial exploration on various properties and then to seek partners to conduct follow-up exploration programs and continue the exploration effort. In most of these partnership arrangements, the Company continues to act as operator and, in this way, the Company reduces dilution to its share capital and decreases its expenditures. This also allows the Company to continue exploration on these same properties with larger budgets than its own initial investment.

Notwithstanding the foregoing, given that the Company has not, as of yet, generate any significant income or cash flows from operations and operates with limited financial resources to ensure that funds are available to complete scheduled programs, the Board of Directors has to consider not only the financial situation of the Company at the time of the determination of executive compensation, but also the estimated financial situation of the Company in the mid and long-term. An important element of executive compensation is the grant of incentive stock options by the Company to its employees, director and officers which do not require cash disbursement by the Company. Additional information about the Company and its operation is available in its audited financial statements and Management’s Discussion and Analysis for the year ended May 31, 2011 which have been filed with regulators and

are available for viewing via the Internet at the Canadian System for Electronic Document Analysis and Retrieval (SEDAR) at [www.sedar.com](http://www.sedar.com).

### Compensation Objectives and Principles

The primary goal of the Company's executive compensation process is to attract and retain the key executives necessary for the company's long term success, to encourage executives to further the development of the Company and its operations and to motivate qualified and experienced executives. The key elements of executive compensation awarded by the company are: (i) base salary; (ii) potential annual incentive award; and (iii) incentive stock options. The directors are of the view that all elements should be considered, rather than any single element.

### Compensation Process

The Board of Directors of the Company, through discussions without any formal objectives, criteria or analysis, is responsible for determining all forms of compensation to be granted to the Chief Executive Officer of the Company, as well as to its directors, and for reviewing the Chief Executive Officer's recommendations regarding compensation of the other senior executives of the Company, to ensure such arrangements reflect the responsibilities and risks associated with each position. When determining the compensation of the Company's executive officers, the Committee considers: (i) recruiting and retaining executives critical to the success of the Company and the enhancement of shareholder value; (ii) providing fair and competitive compensation; (iii) balance the interests of management and the Company's shareholders; and (iv) rewarding performance, both on an individual basis and with respect to operations in general. In order to achieve these objectives, the compensation paid to the company's executive officers consists of base salary and/or long-term incentive in the form of stock options.

### Option Based Awards

Options to purchase common shares of the Company are intended to align the interests of the Company's directors and executive officers with those of its shareholders, to provide a long term incentive that rewards these individuals for their contribution to the creation of shareholder value and to reduce the cash compensation the company would otherwise have to pay. The company's Stock Option Incentive Plan is administered by the board of Directors. In establishing the number of the incentive stock options to be granted to the Named Executive Officers, reference is made to the number of stock options granted to officers of other publicly traded companies that, similar to the Company, are involved in the mining industry, as well as those of other publicly traded Canadian companies on a comparable size to that of the company in respect of assets. The Board of Directors also considers previous grants of options and the overall number of options that are outstanding relative to the number of outstanding common shares in determining whether to make any new grants of options and the size and terms of any such grants, as well as the level of effort, time, responsibility, ability, experience a level of commitment of the executive officer in determining the level of incentive stock option compensation. See "Incentive Plan Awards – Outstanding Option-Based Awards" below, as well as Part 5 – Securities Authorized for Issuance Under Equity Compensation Plans.

### Benefits and Perquisites

The Company does not, as of the date of this Circular, offer any benefits or perquisites to its Named Executive Officers than entitlement to incentive stock options as otherwise disclosed and discussed herein.

### Long-Term Incentive Plan Awards

Long-term incentive plan awards ("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 Corporation or an affiliate, or the price of the Corporation's shares but does not include option or stock appreciation rights plans or plans for compensation through restricted shares or units". The Corporation has not granted any LTIP's during the fiscal year ended December 31, 2010.

Stock Appreciation Rights

Stock appreciation rights ("SAR's") means a right, granted by an issuer or any of its subsidiaries as compensation for services rendered or in connection with office or employment, to receive a payment of cash or an issue or transfer of securities based wholly or in part on changes in the trading price of the Company's shares. No SAR's were granted to or exercised by the Named Executive Officers or directors during the fiscal year ended December 31, 2010.

**SUMMARY COMPENSATION TABLE**

The following table sets forth the compensation of each Named Executive Officer for each of the three most recently completed financial years (May 31, 2011, 2010, and 2009):

<b>Name and principal position</b>	<b>Year</b>	<b>Salary</b>	<b>Non-equity discretionary annual incentive plan</b>	<b>Share-based award</b>	<b>Option-based award<sup>(1)</sup></b>	<b>All other compensation</b>	<b>Total compensation</b>
		(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
Les Kjosness Chief Executive Officer	2011	Nil	Nil	Nil	58,145	78,000	136,145
	2010	Nil	Nil	Nil	Nil	78,000	78,000
	2009	Nil	Nil	Nil	Nil	19,500	19,500
Blaine Bailey Chief Financial Officer <sup>(2)</sup>	2011	Nil	Nil	Nil	2,813	14,000	16,813
	2010	Nil	Nil	Nil	Nil	24,000	24,000
	2009	Nil	Nil	Nil	Nil	4,000	4,000
Cherry Cai Chief Financial Officer <sup>(3)</sup>	2011	Nil	Nil	Nil	28,940	18,070	47,010
	2010	N/A	N/A	N/A	N/A	N/A	N/A
	2009	N/A	N/A	N/A	N/A	N/A	N/A

- (1) The grant date fair values of incentive stock options granted to the Named Executive Officers as indicated in this column are estimated using the Black-Scholes option pricing model (see note 10 to the Company's annual audited financial statements for the year ended May 31, 2011 for the assumptions and estimates used for this calculation).
- (2) Blaine Bailey resigned as Chief Financial Officer on September 27, 2010.
- (3) Cherry Cai was appointed Chief Financial Officer on November 12, 2010.

**INCENTIVE PLAN AWARDS**

Outstanding Share-based awards and option-based awards

The following table sets forth information concerning all awards to NEO's outstanding as of the fiscal year ended May 31, 2011.

Name	Option-based Awards				Share-based Awards	
	Number of securities underlying unexercised option <sup>(1)</sup>	Option exercise price (\$)	Option expiration date	Value <sup>1</sup> of unexercised in-the-money options (\$)	Number of shares or units that have not vested (#)	Market or payout value of share-based awards that have not vested (\$)
(a)	(b)	(c)	(d)	(e)	(f)	(g)
Les Kjosness Chief Executive Officer	175,000 120,000 350,000	0.20 0.10 0.17	Mar 31, 2014 July 9, 2015 Mar 29, 2016	5,250 8,400 Nil	Nil	Nil
Blaine Bailey <sup>(3)</sup> Chief Financial Officer	175,000 45,000	0.20 0.10	Mar 13, 2014 July 9, 2015	5,250 3,150	Nil	Nil
Cherry Cai <sup>(4)</sup> Chief Financial Officer	200,000	0.17	Mar 29, 2016	Nil	Nil	Nil

(1) Stock options have fully vested

(2) "In-the-Money Options" means the excess of the market value of the Company's shares on May 31, 2011 over the exercise price of the Options. The closing price of the Company's shares on the Canadian National Stock Exchange on May 31, 2011 was \$0.17.

(3) Blaine Bailey resigned as Chief Financial Officer on September 27, 2010.

(4) Cherry Cai was appointed Chief Financial Officer on November 12, 2010

The Company has not granted any share-based awards.

***Incentive Plan Awards-Value Vested or Earned During the Year***

The following table sets out the aggregate dollar value that would have been realized by the NEOs if the options under the option-based awards had been exercised by the NEOs on the vesting date during the most recently completed fiscal year ended May 31, 2011.

Name	Option-based awards-Value vested during the year <sup>(1)(2)</sup>	Share-based awards-Value vested during the year <sup>(3)</sup>	Non-equity incentive plan compensation-Value earned during the year <sup>(4)</sup>
	(\$)	(\$)	(\$)
Les Kjosness Chief Executive Officer	58,145	Nil	Nil
Blaine Bailey <sup>(5)</sup> Chief Financial Officer	2,813	Nil	Nil
Cherry Cai <sup>(6)</sup> Chief Financial Officer	28,940	Nil	Nil

(1) Calculated using the difference between the exercise price and the fair value of the common shares of the Company immediately before the vesting date. No options were exercised by the NEOs during the fiscal year ended May 31, 2011.

(2) Options vested on the date of grant.



- (3) No share-based awards were granted during the fiscal year ended May 31, 2011.
- (4) No non-equity incentive plan compensation was awarded during the fiscal year ended May 31, 2011.
- (5) Blaine Bailey resigned as Chief Financial Officer on September 27, 2010.
- (6) Cherry Cai was appointed Chief Financial Officer on November 12, 2010.

### Pension Plan Benefits

The Company does not offer any pension plan benefits to its Named Executive Officers.

### Termination, Change of control benefits

The Company is not a party to any contract, agreement, plan or arrangement with its Named Executive Officers that provide for payments to Named Executive Officers at, following, or in connection with any termination (whether voluntary, involuntary or constructive), resignation or retirement, or as a result of a change in control of the Company or a change in a Named Executive Officer's responsibilities.

### **Director Compensation**

The Company does not compensate its directors in their capacities as such. Incentive stock options may be granted to the Company's directors from time to time.

The following table discloses the particulars of the compensation provided to the directors of the Company (not including the Named Executive Officers) during the financial year ended May 31, 2011.

<b>Name</b>	<b>Fees Earned</b>	<b>Share-based Awards</b>	<b>Option-based Awards<sup>(1)</sup></b>	<b>Non-equity Incentive Plan Compensation</b>	<b>Pension value</b>	<b>All other Compensation</b>	<b>Total</b>
	<b>(\$)</b>	<b>(\$)</b>	<b>(\$)</b>	<b>(\$)</b>	<b>(\$)</b>	<b>(\$)</b>	<b>(\$)</b>
Corey Klassen	Nil	Nil	31,753	Nil	Nil	Nil	31,753
Stephen Wetherup	Nil	Nil	39,878	Nil	Nil	Nil	39,878
David Rennie <sup>(2)</sup>	Nil	Nil	31,753	Nil	Nil	Nil	31,753

- (1) The grant date fair values of incentive stock options granted to the Directors as indicated in this column are estimated using the Black-Scholes option pricing model (see note 10 to the Company's Annual Audited Financial Statements for the year ended May 31, 2011 for the assumptions and estimates used for this calculation).
- (2) David Rennie resigned as a director of the Corporation on May 15, 2011.

### **RELATED PARTY TRANSACTIONS**

During the year ended May 31, 2011 the Company incurred \$78,000 and \$18,070 (2010 - \$78,000 and \$nil) in management and consulting fee expenses for officers of the Company and a company owned by an officer of the Company.

The Company paid consulting fees of \$14,000 (2010 - \$24,000) to a company controlled by a former director and officer of the Company.

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

At no time during the Company's last completed financial year ended May 31, 2011, was any director, executive officer, employee, proposed management nominee for election as a director of the Company nor any associate of any such director, executive officer, or proposed management nominee of the Company or any former director, executive officer or employee of the Company or any of its subsidiaries indebted to the Company or any of its subsidiaries was indebted to another entity where such indebtedness is or 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, other than routine indebtedness.

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

The following table provides information regarding compensation plans under which securities of the Company are authorized for issuance in effect as of the Company's most recently completed financial year ended May 31, 2011.

<b>Plan Category</b>	<b>Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights</b>	<b>Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights</b>	<b>Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column (a))</b>
	<b>(a)</b>	<b>(b)</b>	<b>(c)</b>
Equity Compensation Plans Approved By Shareholders (Stock Option Plan)	2,760,000	\$0.17	4,882,292
Equity Compensation Plans Not Approved By Shareholders	N/A	N/A	N/A
Total:	2,760,000	\$0.17	4,882,292

Refer to "Statement of Executive Compensation – Stock Options" for a brief description of the Plan. The Shareholders of the Company will be asked at the Meeting to ratify and approve the adoption of the stock option plan. Refer to "Particulars of Other Matters to be Acted Upon.

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

Other than set forth in this information circular, there are no material interests, direct or indirect, of any informed person of the Company, any proposed director of the Company, or any associate or affiliate of any informed person or proposed director since the commencement of the Company's most recently completed financial year or in any proposed transaction which has materially affected or would materially affect the Company.

### **MANAGEMENT CONTRACTS**

Management functions of the Company are not performed, to any substantive degree, by a person or persons other than the directors or senior officers of the Company.

### **APPOINTMENT OF AUDITORS**

At the Annual General Meeting of the Company held in 2007, shareholders approved the appointment of Manning Elliott, Chartered Accountants as auditors to hold office until the next annual general meeting of shareholders or until the firm of is removed from office or resigns as provided by the Company's Articles. Unless such authority is withheld, the persons named in the accompanying proxy intend to vote for the appointment of Manning Elliott, Chartered Accountants as auditors of the Company and to authorize the directors to fix their remuneration.

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

Other than as set forth in this Information Circular, no person who has been a director or executive officer of the Company at any time since the beginning of the last financial year ended May 31, 2011, nor any proposed nominee for election as a director of the Company, nor any associate or affiliate of any of the foregoing, has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted upon other than the election of directors or the approval of the Stock Option Plan.

**AUDIT COMMITTEE**

Under National Instrument 52-110 – Audit Committees (“NI 52-110”), companies are required to provide disclosure with respect to their audit committee including the text of the audit committee’s charter, composition of the audit committee and the fees paid to the external auditor. Accordingly, the Company provides the following disclosure with respect to its audit committee:

**Composition of the Audit Committee**

The current members of the Audit Committee and following the election of the directors pursuant to this Information Circular, the following will be the members of the Audit Committee:

Les Kjosness	Not Independent	Financially literate <sup>(2)</sup>
Corey Klassen	Independent <sup>(1)</sup>	Financially literate <sup>(2)</sup>
Stephen Wetherup	Independent <sup>(1)</sup>	Financially literate <sup>(2)</sup>

- (1) A member of an audit committee is independent if the member has no direct or indirect material relationship with the Company which could, in the view of the Board, reasonably interfere with the exercise of a member’s independent judgment.
- (2) An individual is financially literate if he has the ability to read and understand a set of financial statements that present a breadth of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Company’s financial statements.

**The Audit Committee’s Charter**

**A. PURPOSE**

The overall purpose of the Audit Committee (the "Committee") is to ensure that the Corporation's management has designed and implemented an effective system of internal financial controls, to review and report on the integrity of the consolidated financial statements and related financial disclosure of the Corporation and to review the Corporation's compliance with regulatory and statutory requirements as they relate to financial statements, taxation matters and disclosure of financial information.

**B. COMPOSITION, PROCEDURES AND ORGANIZATION**

- 1. The Committee shall consist of at least three members of the Board of Directors (the "Board").
- 2. The Board, at its organizational meeting held in conjunction with each annual general meeting of the shareholders, shall appoint the members of the Committee for the ensuing year. The Board may at any time remove or replace any member of the Committee and may fill any vacancy in the Committee.
- 3. Unless the Board shall have appointed a chair of the Committee, the members of the Committee shall elect a chair and a secretary from among their number.
- 4. The quorum for meetings shall be a majority of the members of the Committee, present in person or by telephone or other telecommunication device that permits all persons participating in the meeting to speak and to hear each other.

5. The Committee shall have access to such officers and employees of the Corporation and to the Corporation's external auditors, and to such information respecting the Corporation, as it considers to be necessary or advisable in order to perform its duties and responsibilities.
6. Meetings of the Committee shall be conducted as follows:
  - (a) the Committee shall meet at least four times annually at such times and at such locations as may be requested by the chair of the Committee. The external auditors or any member of the Committee may request a meeting of the Committee;
  - (b) the external auditors shall receive notice of and have the right to attend all meetings of the Committee; and
  - (c) management representatives may be invited to attend all meetings except private sessions with the external auditors.
7. The internal auditors and the external auditors shall have a direct line of communication to the Committee through its chair and may bypass management if deemed necessary. The Committee, through its chair, may contact directly any employee in the Corporation as it deems necessary, and any employee may bring before the Committee any matter involving questionable, illegal or improper financial practices or transactions.

### **C. ROLES AND RESPONSIBILITIES**

1. The overall duties and responsibilities of the Committee shall be as follows:
  - (a) to assist the Board in the discharge of its responsibilities relating to the Corporation's accounting principles, reporting practices and internal controls and its approval of the Corporation's annual and quarterly consolidated financial statements and related financial disclosure;
  - (b) to establish and maintain a direct line of communication with the Corporation's internal and external auditors and assess their performance;
  - (c) to ensure that the management of the Corporation has designed, implemented and is maintaining an effective system of internal financial controls; and
  - (d) to report regularly to the Board on the fulfilment of its duties and responsibilities.
2. The duties and responsibilities of the Committee as they relate to the external auditors shall be as follows:
  - (a) to recommend to the Board a firm of external auditors to be engaged by the Corporation, and to verify the independence of such external auditors;
  - (b) to review and approve the fee, scope and timing of the audit and other related services rendered by the external auditors;
  - (c) review the audit plan of the external auditors prior to the commencement of the audit;
  - (d) to review with the external auditors, upon completion of their audit:
    - (i) contents of their report;
    - (ii) scope and quality of the audit work performed;
    - (iii) adequacy of the Corporation's financial and auditing personnel;

- (iv) co-operation received from the Corporation's personnel during the audit;
  - (v) internal resources used;
  - (vi) significant transactions outside of the normal business of the Corporation;
  - (vii) significant proposed adjustments and recommendations for improving internal accounting controls, accounting principles or management systems; and
  - (viii) the non-audit services provided by the external auditors;
- (e) to discuss with the external auditors the quality and not just the acceptability of the Corporation's accounting principles; and
- (f) to implement structures and procedures to ensure that the Committee meets the external auditors on a regular basis in the absence of management.
3. The duties and responsibilities of the Committee as they relate to the Corporation's internal auditors are to:
- (a) periodically review the internal audit function with respect to the organization, staffing and effectiveness of the internal audit department;
  - (b) review and approve the internal audit plan; and
  - (c) review significant internal audit findings and recommendations, and management's response thereto.
4. The duties and responsibilities of the Committee as they relate to the internal control procedures of the Corporation are to:
- (a) review the appropriateness and effectiveness of the Corporation's policies and business practices which impact on the financial integrity of the Corporation, including those relating to internal auditing, insurance, accounting, information services and systems and financial controls, management reporting and risk management;
  - (b) review compliance under the Corporation's business conduct and ethics policies and to periodically review these policies and recommend to the Board changes which the Committee may deem appropriate;
  - (c) review any unresolved issues between management and the external auditors that could affect the financial reporting or internal controls of the Corporation; and
  - (d) periodically review the Corporation's financial and auditing procedures and the extent to which recommendations made by the internal audit staff or by the external auditors have been implemented.
5. The Committee is also charged with the responsibility to:
- (a) review the Corporation's quarterly statements of earnings, including the impact of unusual items and changes in accounting principles and estimates and report to the Board with respect thereto;
  - (b) review and approve the financial sections of:
    - (i) the annual report to shareholders;
    - (ii) the annual information form;

- (iii) annual and interim MD&A;
  - (iv) prospectuses;
  - (v) news releases discussing financial results of the Corporation; and
  - (vi) other public reports of a financial nature requiring approval by the Board,  
and report to the Board with respect thereto;
- (c) review regulatory filings and decisions as they relate to the Corporation's consolidated financial statements;
  - (d) review the appropriateness of the policies and procedures used in the preparation of the Corporation's consolidated financial statements and other required disclosure documents, and consider recommendations for any material change to such policies;
  - (e) review and report on the integrity of the Corporation's consolidated financial statements;
  - (f) review the minutes of any audit committee meeting of subsidiary companies;
  - (g) review with management, the external auditors and, if necessary, with legal counsel, any litigation, claim or other contingency, including tax assessments that could have a material effect upon the financial position or operating results of the Corporation and the manner in which such matters have been disclosed in the consolidated financial statements;
  - (h) review the Corporation's compliance with regulatory and statutory requirements as they relate to financial statements, tax matters and disclosure of financial information; and
  - (i) develop a calendar of activities to be undertaken by the Committee for each ensuing year and to submit the calendar in the appropriate format to the Board of Directors following each annual general meeting of shareholders.

### **Relevant Education and Experience**

All of the current members of the audit committee have had several years of experience working with public companies and the level of complex issues which can reasonably be expected to be raised by the Company's financial statements. In such capacities, they have developed an understanding of the accounting principles used by the Company to prepare its financial statements and in connection with the accounting for estimates, accruals and reserves and of internal controls and procedures used for financial reporting.

### **Audit Committee Oversight**

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

### **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 is authorized by the Board of Directors to review the performance of the Company's external auditors and approve in advance provision of services other than auditing and to consider the independence of the external auditors, including reviewing the range of services provided in the context of all consulting services bought by the Company. The Audit Committee is authorized to approve any non-audit services or additional work which the Chairman of the Audit Committee deems as necessary who will notify the other members of the Audit Committee of such non-audit or additional work.

### External Auditor 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:

Financial Year Ending	Audit Fees	Audit Related Fees <sup>(1)</sup>	Tax Fees <sup>(2)</sup>	All Other Fees <sup>(3)</sup>
2011	\$18,000	Nil	Nil	Nil
2010	\$18,000	Nil	Nil	Nil

- (1) The aggregate fees billed for assurance and related services that are reasonably related to the performance of the audit or review of the Company's financial statements which are not included under the heading "Audit Fees".
- (2) The aggregate fees billed for professional services rendered for tax compliance, tax advice and tax planning.
- (3) The aggregate fees billed for products and services other than as set out under the headings "Audit Fees", "Audit Related Fees" and "Tax Fees".

### CORPORATE GOVERNANCE DISCLOSURE

On June 30, 2005, National Instrument 58-101 - *Disclosure of Corporate Governance Practices* ("NI 58-01") and National Policy 58-201 - *Corporate Governance Guidelines* ("NP-58-201") came into force in every province and territory in Canada. In addition, the Company is subject to NI 52-110 which has been adopted in various Canadian provinces and territories and which prescribes certain requirements in relation to audit committees and defines the meaning of independence with respect to directors. These reflect current regulatory guidelines of the Canadian Securities Administrators ("CSA"). The Company's corporate governance practices are set out below.

#### Independence of Members of Board

The Company's Board of Directors consists of three directors, two of whom are independent based upon the tests for independence set forth in NI 52-110. Les Kjosness is not independent as he is the President and Chief Executive Officer of the Company. Corey Klassen and Stephen Wetherup are independent.

#### Management Supervision by Board

The operations of the Company do not support a large Board of Directors and the Board has determined that the current size and constitution of the Board is appropriate for the Company's current stage of development. Independent supervision of management is accomplished through choosing management who demonstrate a high level of integrity and ability and having strong independent Board members. The independent directors are able to meet at any time without any members of management including the non-independent director being present.

#### Participation of Directors in Other Reporting Issuers

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

<u>Name of Director</u>	<u>Names of Other Reporting Issuers the Director is a Director of</u>
Les Kjosness	Nil
Corey Klassen	Kent Exploration Inc.
Stephen Wetherup	Nil

### **Orientation and Continuing Education**

While the Company does not have formal orientation and training programs, new Board members are provided with:

1. access to recent, publicly filed documents of the Company, technical reports and the Company's internal financial information;
2. access to management and technical experts and consultants; and
3. a summary of significant corporate and securities law responsibilities.

Board members are encouraged to communicate with management, auditors, legal advisors 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 does not currently have a written code of ethics but views good corporate governance as an integral component to the success of the Company and to meet responsibilities to shareholders. The primary steps taken by the Company to encourage and promote a culture of ethical business conduct is to conduct appropriate due diligence on proposed directors and ensure that proposed directors are of the highest ethical standards.

### **Nomination of Directors**

The Board has responsibility for identifying potential Board candidates. The Board assesses potential Board candidates to fill perceived needs on the Board for required skills, expertise, independence and other factors. Members of the Board and representatives of the mineral exploration industry are consulted for possible candidates.

### **Compensation of Directors, the Chief Executive Officer and Other Key Officers**

The independent Directors have the responsibility for determining compensation for the directors and senior management. To determine compensation payable, the independent directors review compensation paid for the directors, Chief Executive Officer as well as other key officer positions, of companies of similar size and stage of development in the mineral exploration industry and determine 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 key members of senior management and in light of the Company's objectives and consider other factors that may have impacted the success of the Company in achieving its objectives.

### **Board Committees**

As the directors are actively involved in the operations of the Company and the size of the Company's operations does not at this time warrant a larger board of directors, the Board has determined that additional committees beyond the existing ones are not necessary at this stage of the Company's development.



## **Assessments**

The Board does not have any standing committees other than the audit committee. The Board does not consider that formal assessments would be useful at this stage of the Company's development. The Board conducts informal annual assessments of the Board's effectiveness, the individual directors and each of its committees. As part of the assessments, the Board or the individual committees may review its mandate and conduct reviews of applicable corporate policies.

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

### ***STOCK OPTION PLAN***

At the annual meeting of shareholders of the Company held on November 24, 2010, the shareholders confirmed and ratified the Company's Stock Option Plan (the "Plan") which permits the Company to reserve for the grant of stock options, the issuance of a maximum of 10% of the issued and outstanding shares of the Company at the time a stock option is granted (a "rolling plan").

The Plan is administered by the Board. The Board has the authority to determine, among other things, subject to the terms and conditions of the Plan, the terms, limitations, restrictions and conditions respecting the grant of stock options under the Plan.

The Plan is a rolling 10% plan that permits the Company to reserve for issuance a maximum of 10% of the issued and outstanding shares of the Company at the time a stock option is granted. Under the Plan, the minimum possible exercise price is the "Discounted Market Price" as defined by the policies of the TSX Venture Exchange and may be such other price as determined by the board of directors on the day of grant. Options granted under the Plan will be exercisable for a maximum period of five (5) years from the date of grant. The options are not transferable. Eligible parties to become optionees under the Plan include, but are not limited to: employees, executive officers, directors, and consultants of the Company. If an optionee ceases to be an eligible person for any reason whatsoever, other than death, each option held by such optionee will cease to be exercisable in a period not exceeding 90 days following termination. If an optionee dies, the legal representative of the optionee may exercise the optionee's option for a period not exceeding one (1) year after the date of the optionee's death.

There is no financial assistance or support agreements entered into as between the Company and any eligible parties to become optionees under the Plan. Based on the Company's current issued and outstanding share capital there are an aggregate of 7,642,292 stock options, which are capable of being granted under the Plan of which 5,960,000 options have been granted.

A full copy of the Plan is available upon request at Suite 411-470 Granville Street, Vancouver, BC V6C 1V5.

Accordingly, the shareholders will be asked at the Meeting to pass an ordinary resolution substantially in the form set out below:

An ordinary resolution is a resolution passed by a simple majority of the votes cast by shareholders voting shares that carry the right to vote at general meetings. To the Company's knowledge as of the date of this Circular, no voting shares will not be included for the purposes of determining whether securityholder approval has been obtained.

**IT IS HEREBY RESOLVED, AS AN ORDINARY RESOLUTION THAT:**

1. The Stock Option Plan, in the form approved by the shareholders of Armadillo Resources Ltd. (the "Company") at the annual meeting of shareholders of the Company on November 24, 2010, is hereby ratified, confirmed and approved;

2. The Company is authorized to grant stock options pursuant and subject to the terms and conditions of the Stock Option Plan entitling all of the option holders in aggregate to purchase up to such number of common shares of the Company as is equal to 10% of the number of common shares of the Company issued and outstanding on the applicable date of grant; and
3. The board of directors (the "Board") of the Company is authorized to make such amendments to the Stock Option Plan from time to time as the Board may, in its discretion, consider to be appropriate, provided that such amendments will be subject to the approval of all applicable regulatory authorities and in certain cases, the shareholders of the Company in accordance with the terms of the Stock Option Plan.

**Management of the Company recommends that shareholders vote in favour of the foregoing resolution, and the persons named in the enclosed form of proxy intend to vote for the approval of the foregoing resolution at the Meeting unless otherwise directed by the shareholders appointing them.**

#### **OTHER BUSINESS**

The management of the Company is not aware of any other matters 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 Form of the Proxy to vote the shares represented in accordance with their best judgment on the matter.

#### **ADDITIONAL INFORMATION**

Additional information regarding the Company and its business activities is available on the SEDAR website located at [www.sedar.com](http://www.sedar.com). The Company's financial information is provided in the Company's audited comparative financial statements and related management discussion and analysis for its most recently completed financial year and any subsequent interim financial statements and may be viewed on the SEDAR website at the location noted above. Shareholders of the Company may request copies of the Company's financial statements and related management discussion and analysis by contacting Les Kjosness, President, at Suite 411 – 470 Granville Street, Vancouver, British Columbia, V6C 1V5 (Phone: (604) 408-6500).

DATED at Vancouver, British Columbia this 27 day of October, 2011.

The Board of Directors of the Company have approved the content and sending of this Management Information Circular.

*"Les Kjosness"*  
Les Kjosness, President