

## **FINORE MINING INC.**

Suite 1980, 1075 West Georgia Street  
Vancouver, British Columbia Canada V6E 3C9  
Telephone: 604 688-9588/Fax: 778 329-9361

### **INFORMATION CIRCULAR**

as at February 13, 2012  
(except as otherwise indicated)

**This Information Circular is furnished in connection with the solicitation of proxies by the management of Finore Mining Inc. (the “Company”) for use at the annual general and special general meeting (the “Meeting”) of its shareholders to be held on March 29, 2012 at the time and place and for the purposes set forth in the accompanying notice of the Meeting.**

In this Information Circular, references to “the Company”, “we” and “our” refer to Finore Mining Inc. “Common Shares” means common shares without par value in the capital of the Company. “Beneficial Shareholders” means shareholders who do not hold Common Shares in their own name and “intermediaries” refers to brokers, investment firms, clearing houses and similar entities that own securities on behalf of Beneficial Shareholders.

### **GENERAL PROXY INFORMATION**

#### **Solicitation of Proxies**

The solicitation of proxies will be primarily by mail, but proxies may be solicited personally or by telephone by directors, officers and regular employees of the Company. The Company will bear all costs of this solicitation. We have arranged for intermediaries to forward the meeting materials to beneficial owners of the Common Shares held of record by those intermediaries and we may reimburse the intermediaries for their reasonable fees and disbursements in that regard.

#### **Appointment of Proxyholders**

The individuals named in the accompanying form of proxy (the “Proxy”) are directors and/or officers of the Company. **If you are a shareholder entitled to vote at the Meeting, you have the right to appoint a person or company other than either of the persons designated in the Proxy, who need not be a shareholder, to attend and act for you and on your behalf at the Meeting. You may do so either by inserting the name of that other person in the blank space provided in the Proxy or by completing and delivering another suitable form of proxy.**

#### **Voting by Proxyholder**

The persons named in the Proxy will vote or withhold from voting the Common Shares represented thereby in accordance with your instructions on any ballot that may be called for. If you specify a choice with respect to any matter to be acted upon, your Common Shares will be voted accordingly. The Proxy confers discretionary authority on the persons named therein with respect to:

- (a) each matter or group of matters identified therein for which a choice is not specified, other than the appointment of an auditor and the election of directors;
- (b) any amendment to or variation of any matter identified therein; and
- (c) any other matter that properly comes before the Meeting.

**In respect of a matter for which a choice is not specified in the Proxy, the persons named in the Proxy will vote the Common Shares represented by the Proxy for the approval of such matter.**

## **Registered Shareholders**

Registered Shareholders may wish to vote by proxy whether or not they are able to attend the Meeting in person. Registered Shareholders electing to submit a proxy may do so by completing, dating and signing the enclosed form of proxy and returning it to the Company's transfer agent, Valiant Trust Company, Proxy Department, Suite 600, 750 Cambie Street, Vancouver, British Columbia, V6B 0A2, or by fax at (604) 681-3067, ensuring that the proxy is received at least 48 hours (excluding Saturdays, Sundays and holidays) before the Meeting or the adjournment thereof at which the proxy is to be used.

## **Beneficial Shareholders**

**The information in this section is of significant importance to shareholders who do not hold Common Shares in their own name.** Beneficial Shareholders should note that the only proxies that can be recognized and acted upon at the Meeting are those deposited by registered shareholders (those whose names appear on the records of the Company as the registered holders of Common Shares) or as set out in the following disclosure.

If Common Shares are listed in an account statement provided to a shareholder by a broker, then in almost all cases those Common Shares will not be registered in the shareholder's name on the records of the Company. Such Common Shares will more likely be registered under the names of the shareholder's broker or an agent of that broker (an "intermediary"). In Canada, the vast majority of such Common Shares are registered under the name of CDS & Co. (the registration name for The Canadian Depository for Securities Limited, which acts as nominee for many Canadian brokerage firms), and in the United States of America (the "United States" or the "U.S."), under the name of Cede & Co. as nominee for The Depository Trust Company (which acts as depository for many U.S. brokerage firms and custodian banks).

Intermediaries are required to seek voting instructions from Beneficial Shareholders in advance of shareholder meetings. Every intermediary has its own mailing procedures and provides its own return instructions to clients.

### ***If you are a Beneficial Shareholder:***

You should carefully follow the instructions of your broker or intermediary in order to ensure that your Common Shares are voted at the Meeting.

The form of proxy that will be supplied by your broker will be similar to the Proxy provided to registered shareholders by the Company. However, its purpose is limited to instructing the intermediary how to vote your Common Shares on your behalf. Most brokers now delegate responsibility for obtaining instructions from clients to Broadridge Financial Solutions, Inc. ("Broadridge") in Canada and in the United States. Broadridge mails a voting instruction form (a "VIF") in lieu of the Proxy provided by the Company. The VIF will name the same persons as the Company's Proxy to represent your Common Shares at the Meeting. You have the right to appoint a person (who need not be a Beneficial Shareholder of the Company) other than the persons designated in the VIF to represent your Common Shares at the Meeting, and that person may be you. To exercise this right, insert the name of your desired representative (which may be you), in the blank space provided in the VIF. The completed VIF must then be returned to Broadridge by mail or facsimile or given to Broadridge by phone or over the internet, in accordance with Broadridge's instructions. Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting voting of Common Shares to be represented at the Meeting. **If you receive a VIF from Broadridge, you cannot use it to vote Common Shares directly at the Meeting - the VIF must be returned to Broadridge, in accordance with its instructions, well in advance of the Meeting, in order to have your Common Shares voted or to have an alternate representative duly appointed to attend and vote your Common Shares at the Meeting.**

## **Notice to Shareholders in the United States**

The solicitation of proxies involve securities of an issuer located in Canada and is being effected in accordance with the corporate laws of the Province of British Columbia, Canada and securities laws of the provinces of Canada. The proxy solicitation rules under the United States Securities Exchange Act of 1934, as amended, are not applicable to the Company or this solicitation, and this solicitation has been prepared in accordance with the disclosure requirements of the securities laws of the provinces of Canada. Shareholders should be aware that

disclosure requirements under the securities laws of the provinces of Canada differ from the disclosure requirements under United States securities laws.

The enforcement by Shareholders of civil liabilities under United States federal securities laws may be affected adversely by the fact that the Company is incorporated under the *Business Corporations Act* (British Columbia) certain of its directors and its executive officers are residents of Canada and a substantial portion of its assets and the assets of such persons are located outside the United States. Shareholders may not be able to sue a foreign company or its officers or directors in a foreign court for violations of United States federal securities laws. It may be difficult to compel a foreign company and its officers and directors to subject themselves to a judgment by a United States court.

### **Revocation of Proxies**

In addition to revocation in any other manner permitted by law, a registered shareholder who has given a proxy may revoke it by:

- (a) executing a proxy bearing a later date or by executing a valid notice of revocation, either of the foregoing to be executed by the registered shareholder or the registered shareholder's authorized attorney in writing, or, if the registered shareholder is a corporation, under its corporate seal by an officer or attorney duly authorized, and by delivering the proxy bearing a later date to Valiant Trust Company, or to the Company's business office located at Suite 1980, 1075 West Georgia Street, Vancouver, British Columbia Canada V6E 3C9, at any time up to and including the last business day that precedes the day of the Meeting or, if the Meeting is adjourned, the last business day that precedes any reconvening thereof, or to the chairman of the Meeting on the day of the Meeting or any reconvening thereof, or in any other manner provided by law, or
- (b) personally attending the Meeting and voting the registered shareholder's Common Shares.

A revocation of a proxy will not affect a matter on which a vote is taken before the revocation.

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

No director or executive officer of the Company, or any person who has held such a position since the beginning of the last completed financial year of the Company, nor any nominee for election as a director of the Company, nor any associate or affiliate of the foregoing persons, has any substantial or material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted on at the Meeting other than the election of directors, the appointment of auditor and as may be set out herein.

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

The board of directors (the "Board") of the Company has fixed for the Meeting at the close of business on February 13, 2012 (the "Record Date") for the determination of persons entitled to receive notice of the Meeting. Only shareholders of record at the close of business on the Record Date who either attend the Meeting personally or complete, sign and deliver a form of proxy in the manner and subject to the provisions described above will be entitled to vote or to have their Common Shares voted at the Meeting.

As of February 13, 2012, there were 38,441,183 Common Shares issued and outstanding, each carrying the right to one vote. No group of shareholders has the right to elect a specified number of directors, nor are there cumulative or similar voting rights attached to the Common Shares.

As of February 13, 2012, there are no Common Shares held in escrow.

The Company changed its name from Otterburn Ventures Inc., to Finore Mining Inc., effective September 26, 2011. The Company's Common Shares are listed the Canadian National Stock Exchange (the "CNSX ") and trades under the symbol "FIN".

To the knowledge of the directors and executive officers of the Company, the only person or corporation that beneficially owned, directly or indirectly, or exercised control or direction over, Common Shares carrying more than 10% of the voting rights attached to all outstanding Common of the Company as at February 13, 2012 is:

<b>Shareholder Name</b>	<b>Number of Common Shares Held</b>	<b>Percentage of Issued Common Shares</b>
Concept Capital Management Ltd.	4,444,444 <sup>(1)</sup>	11.56%

Note:

<sup>(1)</sup> The above information was supplied to the Company by the shareholder and from the insider report available at [www.sedi.ca](http://www.sedi.ca). The principal owner of Concept Capital Management Ltd. is Bernd Hogel. Concept Capital Management Ltd. was a subscriber to the Company's private placement which closed on May 10, 2011, as to a purchase of 4,444,444 units at a unit price of \$0.45, with 2,222,222 share purchase warrants at an exercise price of \$0.65 per share, expiring May 10, 2013.

The following documents filed with the securities commissions or similar regulatory authority in the Canadian Provinces of British Columbia, Alberta and Ontario are specifically incorporated by reference into this information circular.

- The audited financial statements of the Company for the years ended July 31, 2011 and 2010, together with the report of the auditor thereon and related management discussion and analysis, which were filed on SEDAR on November 25, 2011; and
- The Company's audit committee charter attached as Schedule "A" to the Information Circular dated December 4, 2009 to the Company's July 24, 2009 annual general shareholders meeting, and filed on SEDAR on December 10, 2009.

Copies of documents incorporated herein by reference may be obtained by a Shareholder upon request without charge from the Company at Suite 1980 – 1075 West Georgia Street, Vancouver, British Columbia, V6E 3C9 telephone number: 604 688-9588. These documents are also available through the Internet on SEDAR, which can be accessed at [www.sedar.com](http://www.sedar.com).

### **VOTES NECESSARY TO PASS RESOLUTIONS**

A simple majority of affirmative votes cast at the Meeting is required to pass the resolutions described herein, except the special resolution to the share consolidation, as more fully described in this Information Circular under the heading "PARTICULARS OF MATTERS TO BE ACTED UPON". A special resolution is a resolution passed by at least two-thirds of the votes cast on this resolution. 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.

### **FINANCIAL STATEMENTS**

The audited financial statements of the Company for the year ended July 31, 2011 as prepared by MNP LLP, Chartered Accountants, the report of the auditor (MNP LLP) thereon and the related management discussion and analysis will be placed before the Meeting. Additional information may be obtained upon request from the Company at Suite 1980 – 1075 West Georgia Street, Vancouver, British Columbia V6E 3C9, telephone number: 604 688-9588 or fax number 778 329-9361. These documents and additional information are also available through the internet on [www.sedar.com](http://www.sedar.com) or by visiting [www.finoremining.com](http://www.finoremining.com).

### **ELECTION OF DIRECTORS**

The term of office of each of the current directors will end at the conclusion of the Meeting. Unless the director's office is earlier vacated in accordance with the provisions of the *Business Corporations Act* (British

Columbia) (the “**BCA**”), each director elected will hold office until the conclusion of the next annual general meeting of the Company, or if no director is then elected, until a successor is elected.

The following table sets out the names of management’s five (5) nominees for election as directors, all major offices and positions with the Company and any of its significant affiliates each now holds, each nominee’s principal occupation, business or employment (including for the five preceding years for new director nominees), the period of time during which each has been a director of the Company and the number of Common Shares of the Company beneficially owned by each, directly or indirectly, or over which each exercised control or direction, as at the date of this Information Circular.

<b>Name of Nominee; Current Position with the Company and Province and Country of Residence</b>	<b>Occupation, Business or Employment<sup>(1)</sup></b>	<b>Period as a Director of the Company</b>	<b>Common Shares Beneficially Owned or Controlled<sup>(1)</sup></b>
<b>SAVIO CHIU<sup>(2)</sup></b> Director British Columbia, Canada	Senior Manager, Corporate Finance of Baron Global Financial Canada Ltd. since 2009; Professional Staff Accountant at Deloitte & Touche LLP from 2005 to 2008.	Since December 10, 2010	25,000
<b>DAVID EATON<sup>(2)</sup></b> Director British Columbia, Canada	Chairman of Baron Global Financial Canada Ltd. since 2007; Self employed businessman since 1986.	Since May 6, 2010	1,244,298 <sup>(3)</sup>
<b>PETER HUGHES</b> Chairman (Former Chief Executive Officer) British Columbia, Canada	Self employed business consultant since 1995.	Director Since May 6, 2010 Chairman Since October 3, 2011  Officer From May 6, 2010 to October 3, 2011	1,079,298
<b>IAN LAURENT</b> Director and Chief Executive Officer London, United Kingdom	Self employed geological consultant since August 2011; VP Exploration, President and Director of Nortec Minerals Corp. from July 2008 to August 2011; VP Exploration of Frontier Pacific Mining Corp. from March 2007 to June 2008.	Director and Chief Executive Officer Since October 3, 2011	Nil

Name of Nominee; Current Position with the Company and Province and Country of Residence	Occupation, Business or Employment <sup>(1)</sup>	Period as a Director of the Company	Common Shares Beneficially Owned or Controlled <sup>(1)</sup>
ALEXANDER POLEVOY <sup>(2)</sup> Director British Columbia, Canada	Self employed business consultant since July 2009; CFO of Interros Group from July 2007 to June 2009.	Director Since November 1, 2011	225,000

Notes:

1. The information as to principal occupation, business or employment and Common Shares beneficially owned or controlled is not within the knowledge of the management of the Company and has been furnished by the respective nominees. Common Shares Beneficially owned, are voting securities beneficially owned, directly or indirectly, or over which the director nominee exercises control or direction.
2. Member of Audit Committee.
3. David Eaton holds 1,104,298 common shares in his name directly, and 140,000 common shares indirectly through Transmax Investing, a private company owned and controlled by David Eaton.

**New Directors**

**Ian Laurent**

Mr. Laurent has nineteen years of experience in mineral exploration and resource development on four continents. Previously Mr. Laurent was VP Exploration for Frontier Pacific Mining Corporation, responsible for their projects in Greece, Peru and Colombia. Prior to 2007, Mr. Laurent was the Exploration manager for Palmarejo Silver & Gold Corp, whose team was responsible for the discovery of the 100Moz silver-1Moz gold Palmarejo project in Chihuahua, Mexico. Mr. Laurent has also worked as a Project Geologist in Sweden, Turkey, West Africa and Western Australia. Mr. Laurent graduated from the Centre for Ore Deposit Research (CODES) at the University of Tasmania in 2003 with a MSc. in Economic Geology. Mr. Laurent also brings with him a diverse range of experience and geological and technical knowledge that will be beneficial to the requirements of advancing the Company's project in Finland. Mr. Laurent was previously the President and Director of Nortec Minerals Corp.

**Alexander Polevoy**

Mr. Polevoy graduated from the Northern Alberta Institute of Technology (Canada) with a degree in Finance and Accounting. He is a member of the Institute of Internal Auditors. He is currently a director of Crown Oil and Gas Inc. and Capella Resources Ltd. Mr. Polevoy was the Chief Financial Officer of the Interros International Ltd. (Interros Group) from 2008 to 2009, a private equity group with industrial assets in mining, banking, development, and media. From 2008 to 2009, Mr. Polevoy acted as a director of Norilsk Nickel. From 2006 to 2008, Mr. Polevoy was the Chief Financial Officer of the Integra Group. He was a member of the board from 2005 to 2007 and the CFO from 2004 to 2006 of Mechel Group, a coking coal producer with extensive steel production facilities in Russia and Europe. Prior to his work with Mechel Group, Mr. Polevoy worked for TNK International Ltd. ("TNK") and subsequently TNK-BP International Ltd. ("TNK-BP") in various positions from 2001 to 2004, including head of the financial monitoring and control group for the TNK and head of corporate audit of TNK-BP.

Management does not contemplate that any of the nominees will be unable to serve as a director. However, if a nominee should be unable to so serve for any reason prior to the Meeting, the persons named in the enclosed form of proxy reserve the right to vote for another nominee in their discretion. **The persons named in the enclosed form of proxy intend to vote for the election of all of the nominees whose names are set forth above.**

## **APPOINTMENT OF AUDITOR**

Management recommends the re-appointment of MNP LLP, Chartered Accountants, located at 2300 – 1055 Dunsmuir Street, Vancouver, British Columbia, as the auditor of the Company for the ensuing year, at a remuneration to be fixed by the directors. Chang Lee LLP, Chartered Accountants, Vancouver, British Columbia, were the auditors of the Company. Effective June 1, 2011, Chang Lee LLP merged with Meyers Norris Penny LLP (MNP), a chartered accountancy and business advisory firm.

## **AUDIT COMMITTEE AND RELATIONSHIP WITH AUDITOR**

National Instrument 52-110 of the Canadian Securities Administrators (“NI 52-110”), the Company is required to have an Audit Committee comprised of not less than three directors, a majority of whom are not officers, control persons or employees of the Company or an affiliate of the Company, and the Company is required to disclose annually in its Information Circular certain information concerning the constitution of its audit committee and its relationship with its independent auditor. Such disclosure is set forth below:

### **Audit Committee Charter**

The purpose of the Audit Committee is to assist the Board in fulfilling its oversight responsibilities by reviewing the financial information, which will be provided to the shareholders and the public, the systems of corporate controls, which management and the Board have established, and overseeing the audit process. It has general responsibility to oversee internal controls, accounting and auditing activities and legal compliance of the Company. The Committee also is mandated to review and approve all material related party transactions. A copy of the Audit Committee Charter was filed on SEDAR as Schedule “A” to the Company’s Information Circular prepared in connection with the Company’s July 24, 2009 annual general meeting.

### **Composition of the Audit Committee**

Effective August 1, 2010, the following persons were named members of the Company’s Audit Committee: David Eaton (Chair), Savio Chiu and Denise Lok. All members of the Audit Committee are considered to be financially literate. David Eaton is not independent as Mr. Eaton, a director of the Company, is also Chairman of Baron Global Financial Canada Ltd., a company providing management and financial services to the Company. Savio Chiu, a director of the Company, is not independent as Mr. Chiu is Senior Manager, Corporate Finance of Baron Global Financial Canada Ltd. Denise Lok, Chief Financial Officer of the Company, is not independent as Ms. Lok is Senior Manager, Corporate Finance of Baron Global Financial Canada Ltd.

Effective November 1, 2011, Alexander Polevoy, a director of the Company, was appointed as the chair of the audit committee. Mr. Polevoy is an independent member of the Audit Committee. As of February 13, 2012, the members of the Audit Committee are Alexander Polevoy (Chair), David Eaton and Savio Chiu. David Eaton is not independent as Mr. Eaton, a director of the Company, is also Chairman of Baron Global Financial Canada Ltd., a company providing management and financial services to the Company. Savio Chiu, a director of the Company, is not independent as Mr. Chiu is Senior Manager, Corporate Finance of Baron Global Financial Canada Ltd.

For the year ended July 31, 2011, the Company’s Audit Committee was not compliant with respect to its member composition of independent directors. The Company had very limited operations which the Board felt were suitably addressed by the members. The Company intends to continue to pursue its growth strategy through acquisitions and intends to appoint directors during the course of the year in order to satisfy independence requirements with a view to becoming compliant as operations expand.

### **Relevant Education and Experience**

Each member of the Audit Committee has:

- an understanding of the accounting principles used by the Company to prepare its financial statements, and the ability to assess the general application of those principles in connection with estimates, accruals and reserves;

- experience preparing, auditing, analyzing or evaluating financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can be reasonably expected to be raised by the issuer’s financial statements, or experience actively supervising individuals engaged in such activities; and
- an understanding of internal controls and procedures for financial reporting.

### **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 made to nominate or compensate an external auditor not adopted by the Board.

### **Reliance on Certain Exemptions**

The Company’s auditor, MNP LLP, has not provided any material non-audit services.

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

The Audit Committee has not adopted specific policies and procedures for the engagement of non-audit services.

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

Fees incurred with the Company’s Auditor for audit and non-audit services in the Company’s last two fiscal years are outlined in the following table:

	<b>Fees Paid to Auditor in Fiscal Year Ended July 31, 2011.</b>	<b>Fees Paid to Auditor in Fiscal Year Ended July 31, 2010.</b>
Audit Fees <sup>(1)</sup>	\$8,772	\$10,000
Audit-related Fees <sup>(2)</sup>	Nil	Nil
Tax Fees <sup>(3)</sup>	\$ 870	\$ 900
All Other Fees <sup>(4)</sup>	Nil	Nil
<b>Total</b>	<b>\$ 9,642</b>	<b>\$10,900</b>

Notes:

(1) “Audit Fees” include fees necessary to perform the annual audit of the Company’s consolidated financial statements and also fees incurred in relation to the performance of quarterly reviews. Audit Fees include fees for review of tax provisions and for accounting consultations on matters reflected in the financial statements. Audit Fees also include audit or other attest services required by legislation or regulation, such as comfort letters, consents, reviews of securities filings and statutory audits.

(2) “Audit-Related Fees” include services that are traditionally performed by the auditor. These audit-related services include employee benefit audits, due diligence assistance, accounting consultations on proposed transactions, internal control reviews and audit or attest services not required by legislation or regulation.

(3) “Tax Fees” include fees for all tax services other than those included in “Audit Fees” and “Audit-Related Fees”. This category includes fees for tax compliance, tax planning and tax advice. Tax planning and tax advice includes assistance with tax audits and appeals, tax advice related to mergers and acquisitions, and requests for rulings or technical advice from tax authorities.

(4) “All Other Fees” include all other non-audit services.

### **Exemption**

The Company is relying upon the exemption in section 6.1 of NI 52-110 in respect of the composition of its audit committee and in respect of its reporting obligations under NI 52-110 for the year ended July 31, 2011. This exemption exempts a “venture issuer” from the requirement to have 100% of the members of its audit committee independent, as would otherwise be required by NI 52-110.



## CORPORATE GOVERNANCE

### General

Corporate governance relates to the activities of the Board, the members of which are elected by and are accountable to the shareholders of the Company. Corporate governance also takes into account the role of the individual members of management appointed by the Board who are charged with the day-to-day management of the Company. The Board is committed to sound corporate governance practices, which are both in the interest of its shareholders and contribute to effective and efficient decision making.

### Board of Directors

The Board is currently composed of five (5) directors. Alexander Polevoy is the only independent director (as that term is defined in NI 52-110). Ian Laurent, Peter Hughes, David Eaton and Savio Chiu are non-independent directors as Ian Laurent, a director of the Company, is the Chief Executive Officer of the Company since October 3, 2011, Peter Hughes, the Chairman of the Company, was the Chief Executive Officer of the Company from May 6, 2010 to October 3, 2011, David Eaton, a director of the Company, is also Chairman of Baron Global Financial Canada Ltd., a company providing management and financial services to the Company, and Savio Chiu, a director of the Company, as he is Senior Manager, Corporate Finance of Baron Global Financial Canada Ltd.

Given the relatively small nature of the Company's operations, the Board feels that the composition of its Board is adequate at the present time. It is a mandate of the Board to increase its size with the addition of independent directors as operations expand.

The Board of Directors of the Company facilitates its exercise of supervision over Company's management through frequent meetings of the Board.

### Directorships

The following table sets forth the directors of the Company who currently hold directorships in other reporting issuers:

Name of Director	Other Issuer	Trading market
David Eaton	Jayden Resources Inc.	TSX
Peter Hughes	Bastion Resources Ltd.	CNSX
	Kelso Technologies Inc.	QTVQX
	Race Capital Corp.	TSXV
Ian Laurent	QMC Quantum Minerals Corp.	TSXV
Alexander Polevoy	Crown Oil & Gas Inc.	OTC
	Capella Resources Ltd.	TSXV

### Orientation and Continuing Education

In order to orient new directors, the Board briefs all new directors with the policies of the Board, and other relevant corporate and business information.

### Ethical Business Conduct

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

sufficient to ensure that the Board operates independently of management and in the best interests of the Company. Further, the Company's auditor has full and unrestricted access to the Audit Committee at all times to discuss the audit of the Company's financial statements and any related findings as to the integrity of the financial reporting process.

Under applicable corporate legislation, a director is required to act honestly and in good faith with a view to the best interest of the Company and exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances, and disclose to the board the nature and extent of any interest of the director in any material contract or material transaction, whether made or proposed, if the director is a party to the contract or transaction, is a director or officer (or an individual acting in a similar capacity) of a party to the contract or voting on the contract or transaction unless the contract or transaction (i) relates primarily to their remuneration as a director, officer, employee or agent of the Company or an affiliate of the Company, (ii) is for indemnity or insurance for the benefit of the director in connection with the Company, or (iii) is with an affiliate of the Company. If the director abstains from voting after disclosure of their interest, the directors approve the contract or transaction and the contract or transaction was reasonable and fair to the Company at the time it was entered into, the contract or transaction is not invalid and the director is not accountable to the Company for any profit realized from the contract or transaction. Otherwise, the director must have acted honestly and in good faith, the contract or transaction must have been reasonable and fair to the Company and the contract or transaction be approved by the shareholders by a special resolution after receiving full disclosure of its terms in order for the director to avoid such liability or the contract or transaction being invalid.

### **Nomination of Directors**

The Board does not have a nominating committee, and these functions are currently performed by the Board as a whole. The Board is responsible for identifying individuals qualified to become new Board members and recommending to the Board new director nominees for the next annual meeting of the shareholders.

New nominees must have a track record in general business management, special expertise in an area of strategic interest to the Company, the ability to devote the time required, show support for the Company's mission and strategic objectives, and a willingness to serve.

### **Compensation**

The Board as a whole conducts reviews with regard to the directors' and the chief executive officer's compensation once a year. To make its recommendation on directors' and the chief executive officer's compensation, the Board of Directors takes into account the types of compensation and the amounts paid to directors and the chief executive officer of comparable publicly traded Canadian companies. Members of the Board do not currently receive any remuneration for acting in such capacity.

### **Other Board Committees**

The Board of Directors has no other committees other than the Audit Committee.

### **Assessments**

The Board of Directors monitors the adequacy of information given to directors, communication between the Board and management and the strategic direction and processes of the Board and committees of the Board.

## **EXECUTIVE COMPENSATION**

In this section "Named Executive Officer" means the Chief Executive Officer (the "CEO"), the Chief Financial Officer (the "CFO") and each of the three most highly compensated executive officers, other than the CEO and CFO, who were serving as executive officers at the end of the most recently completed fiscal year and whose total salary and bonus exceeds \$150,000 as well as any additional individuals for whom disclosure would have been provided except that the individual was not serving as an officer of the Company at the end of the most recently completed fiscal year end.

The Company had two "Named Executive Officers" during the financial year ended July 31, 2011, namely, Peter Hughes, former Chief Executive Officer, Denise Lok, Chief Financial Officer, and Steven Green,

President. Peter Hughes resigned as Chief Executive Officer of the Company on October 3, 2011 and was appointed as the Company's Chairman. For the purpose of this Information Circular:

### **Compensation Discussion and Analysis**

As the Company does not have a Compensation Committee, the Board has the responsibility to administer compensation policies related to executive management.

Executive compensation is based upon the need to provide a compensation package that will allow the Company to attract and retain qualified and experienced executives, balanced with a pay-for-performance philosophy. Compensation for this fiscal year and prior fiscal years has historically been based upon a negotiated salary, with option-based awards and bonuses potentially being issued and paid as an incentive for performance.

### **Compensation Review Process**

The Board is responsible for the compensation policies and guidelines for the Company and for implementing and overseeing compensation policies.

The Board reviews on an annual basis the cash compensation, performance and overall compensation package of each executive office, including the Named Executive Officers. The Board makes decisions with respect to basic salary and participation in share compensation arrangements for each executive officer. In considering executive officers other than the Chief Executive Officer, the Board shall take into account the recommendation of the Chief Executive Officer.

The Company does not have a formal compensation program with set benchmarks, however, the Company does have a compensation program which seeks to reward an executive officer's current and future expected performance. Individual performance in connection with the achievement of corporate milestones and objectives is also reviewed for all executive officers.

### **Elements of Executive Compensation Program**

The Company's compensation program consists of the following elements:

- (a) Base salary or consulting fees;
- (b) Bonus payments; and
- (c) Equity participation through the Company's stock option plan.

### **Base Salary or Consulting Fees**

Base salary ranges for executive officers were initially determined upon a review of companies within the mining industry, which were of the same size as the Company, at the same stage of development as the Company and considered comparable to the Company.

In determining the base salary of an executive officer, the board of directors considers the following factors:

- (a) the particular responsibilities related to the position;
- (b) salaries paid by other companies in the mining industry which were similar in size as the Company;
- (c) the experience level of the executive officer;
- (d) the amount of time and commitment which the executive officer devotes to the Company; and
- (e) the executive officer's overall performance and performance in relation to the achievement of corporate milestones and objectives.

### **Bonus Payments**

Each of the executive officers, as well as all employees, is eligible for an annual bonus, payable in cash or through stock-based compensation. The amount paid is based on the board of directors's assessment of the Company's performance for the year. Factors considered in determining bonus amounts include individual performance, financial criteria (such as cash flow and share price performance) and operational criteria (such as significant mineral property acquisitions, resource growth and the attainment of corporate milestones).

The Company did not award any bonuses during the last financial year.

### **Equity Participation**

Equity participation is accomplished through the Company's stock option plan.

### **Option-based Awards**

The Board is responsible for administering compensation policies related to the Company's executive management, including with respect to option-based awards.

Shareholders approved a stock option plan dated May 7, 2007 (the "2007 Plan") pursuant to which the Board can grant stock options to directors, officers, employees, management and others who provide services to the Company. The 2007 Plan provides compensation to participants and an additional incentive to work toward long-term Company performance.

The 2007 Plan was implemented to grant stock options in consideration of the level of responsibility as well as optionee impact and/or contribution to the longer-term operating performance of the Company. In determining the number of share options to be granted, the Company's Board takes into account the number of stock options, if any, previously granted, and the exercise price of any outstanding stock options to ensure that such grants are in accordance with the policies of the CNSX, and closely align the interests of the executive officers with the interests of the Company's shareholders.

### **Summary Compensation Table For Financial Year Ending July 31, 2011**

The compensation paid to the NEO during the Company's three completed financial years ended July 31 is as set out below and expressed in Canadian dollars unless otherwise noted:

Name and principal position	Year	Salary <sup>(1)</sup> (\$)	Share-based awards <sup>(2)</sup> (\$)	Option-based awards <sup>(2)</sup> (\$)	Non-equity incentive plan compensation (\$)		Pension value (\$)	All other compensation (\$)	Total compensation <sup>(3)</sup> (\$)
					Annual incentive plans	Long-term incentive plans			
Robert Cairns <sup>(4)</sup> Former Director and Former CEO	2011	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	2010	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	2009	Nil	Nil	22,225	Nil	Nil	Nil	40,000	62,225
Barry Foster <sup>(5)</sup> Former CFO	2011	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	2010	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	2009	Nil	Nil	3,500	Nil	Nil	Nil	13,500	17,000
Peter Hughes <sup>(6)</sup> Chairman and Former CEO	2011	Nil	Nil	77,785	Nil	Nil	Nil	46,000	123,785
	2010	Nil	Nil	Nil	Nil	Nil	Nil	5,000	5,000
	2009	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Denise Lok <sup>(7)</sup> CFO	2011	Nil	Nil	165,283	Nil	Nil	Nil	80,000	128,616
	2010	Nil	Nil	Nil	Nil	Nil	Nil	10,000	10,000
	2009	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Steven Green <sup>(8)</sup> President	2011	Nil	Nil	116,667	Nil	Nil	Nil	32,182	148,849
	2010	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	2009	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil

Notes:

- (1) Includes the dollar value of cash and non-cash base salary earned during a financial year covered.
- (2) The value of the option based award was determined using the Black- Scholes option-pricing model.
- (3) These amounts include all amounts set out in table from for each NEO and executive officer.
- (4) Mr. Cairns resigned as Chief Executive Officer on May 5, 2010 and resigned as a Director on May 9, 2011. Consulting fees of \$24,000 were paid to Mr. Cairns and \$16,000 was released by Mr. Cairns to the Company for the management services provided during the financial year ended July 31, 2009.
- (5) Mr. Foster resigned as Chief Financial Officer on May 26, 2009. Consulting fees of \$4,500 were paid to Mr. Forster for the consulting services provided during the financial year ended July 31, 2008. Consulting fees of \$7,500 were paid and \$6,000 was accrued for the management services provided during the financial year ended July 31, 2010. On October 25, 2011, the Company issued 10,000 common shares to Mr. Foster to settle the \$6,000 payment due.

- (6) Mr. Hughes was appointed as Chief Executive Officer and Director on May 6, 2010. Consulting fees of \$5,000 and \$46,000 were paid to Mr. Hughes for the management services provided during the financial year ended July 31, 2010 and July 31, 2011, respectively. He resigned as Chief Executive Officer on October 3, 2011 and was appointed as the Chairman. The Company granted 200,000 stock options to Mr. Hughes on May 11, 2011 at an exercise price per option of \$0.46, expiring May 11, 2016.
- (7) The compensation was paid to Baron Global Financial Canada Ltd. ("Baron") pursuant to the consulting agreement between Baron and the Company. The Company entered into a consulting agreement with Baron on June 1, 2010 to retain Denise Lok to provide services to the Company and act as its Chief Financial Officer. Ms. Lok is a Senior Manager, Corporate Finance of Baron. The term of agreement was 12 months and the Company were charged \$5,000 cash fee plus applicable taxes per month for the advisory services provided. The fees increased to \$15,000 plus applicable tax per month commencing June 2011. The Company granted 300,000 stock options to Baron and 125,000 stock options to Ms. Lok on May 11, 2011 at an exercise price per option of \$0.46, expiring May 11, 2016. For the year ended July 31, 2010, the Company accrued consulting fees of \$10,000 to Baron and the fees were paid during the financial year ended July 31, 2011. Consulting fees of \$80,000 were also paid to Baron for the advisory services provided during the financial year ended July 31, 2011.
- (8) Mr. Green was appointed as President on June 3, 2011. During the financial year ended July 31, 2011, the Company paid Mr. Green \$20,182 and accrued \$12,000 consulting fees. The Company granted 300,000 stock options to Mr. Green on May 11, 2011 at an exercise price per option of \$0.46, expiring May 11, 2016.

## Incentive Plan Awards

### Outstanding Share-based Awards and Option-based Awards

The following table sets out all share-based awards and option-based awards outstanding under the Company's stock option plan as at July 31, 2011, for each NEO:

Option-based Awards				
Name	Number of securities underlying unexercised options (#) <sup>(1)</sup>	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options (\$) <sup>(2)</sup>
Robert Cairns <sup>(3)</sup> Former Director, Former President and Former CEO	Nil	Nil	Nil	Nil
Peter Hughes <sup>(4)</sup> Chairman and Former CEO	200,000	\$0.46	May 11, 2016	Nil
Denise Lok <sup>(5)</sup> CFO	125,000	\$0.46	May 11, 2016	Nil
Steven Green <sup>(6)</sup> President	300,000	\$0.46	May 11, 2016	Nil

Notes:

- (1) These stock options are fully vested.
- (2) Value is calculated by multiplying the number of securities which may be acquired on exercise of the option by the difference, if any, between the market value of the securities underlying the options as at the closing price on the date of the current financial year end, or, if no trades on date of the current financial year end, closing price on the previous trading day. The last closing price of the Company's shares was \$0.36 on July 31, 2011.
- (3) Mr. Cairns resigned as Chief Executive Officer on May 5, 2010 and resigned as a Director on May 9, 2011.
- (4) Mr. Hughes was appointed as Chief Executive Officer and Director on May 6, 2010. He resigned as the Chief Executive Officer on Oct 3, 2011 and was appointed as the Chairman on the same day.
- (5) Ms. Lok was appointed as Chief Financial Officer on May 5, 2010.
- (6) Mr. Green was appointed as President on June 3, 2011.

Incentive Plan Awards – Value Vested or Earned During the Year

The following table sets out all incentive plan (value vested or earned) options during the year ended July 31, 2011, for each NEO:

Name	Option-based awards – Value vested during the year (\$) <sup>(1)</sup>	Share-based awards – Value vested during the year (\$) <sup>(2)</sup>	Non-equity incentive plan compensation – Value earned during the year (\$)
Peter Hughes	Options granted do not have a vesting schedule.	Nil	Nil
Denise Lok	Options granted do not have a vesting schedule.	Nil	Nil
Steven Green	Options granted do not have a vesting schedule.	Nil	Nil

Notes:

- (1) Value vested is calculated as the dollar value that would have been realized had the option been exercised on the date it was vested less the related exercise price multiplied by the number of vesting shares.
- (2) This amount is the dollar value realized calculated by multiplying the number of shares or units by the market value of the underlying shares on the vesting date.

The Company does not have a pension plan or deferred compensation plan for its directors, officers or employees.

**Termination and Change of Control Benefits**

Other than set out below, there are no compensatory plan(s) or arrangements(s), with respect to any of the NEOs resulting from the resignation, retirement or any other termination of employment of the officer’s employment or from a change of the NEOs responsibilities following a change of control.

**Compensation of Directors**

Except as disclosed in this Information Circular, there are no arrangements under which directors were compensated by the Company and its subsidiaries during the most recently completed financial year for their services in their capacity as consultants.

The compensation provided to directors, excluding a director who is included in disclosure for an NEO, for the Company’s most recently completed financial year of July 31, 2011 is:

Name	Fees earned (\$)	Share-based awards (\$)	Option-based awards (\$) <sup>(1)</sup>	Non-equity incentive plan compensation (\$)	Pension value (\$)	All other compensation (\$)	Total (\$) <sup>(1)</sup>
David Eaton <sup>(2)</sup>	Nil	Nil	77,785	Nil	Nil	38,000	115,758
Savio Chiu <sup>(3)</sup>	Nil	Nil	48,616	Nil	Nil	Nil	48,616

Notes:

- (1) Amount is based on the grant date fair value of the award for the covered financial year using the Black- Scholes pricing model.
- (2) Mr. Eaton was appointed as Director on May 6, 2010. During the financial year ended July 31, 2011, the Company paid \$18,000 and accrued \$20,000 consulting fees to Mr. Eaton. The Company granted 200,000 stock options to Mr. Eaton on May 11, 2011, at an exercise price per option of \$0.46, expiring May 11, 2016.
- (3) Mr. Chiu was appointed as Director on December 10, 2010. The Company granted 125,000 stock options to Mr. Chiu on May 11, 2011 at an exercise price per option of \$0.46, expiring May 11, 2016. The Company paid compensation to Baron (see note 7 under compensation to NEO), where Mr. Chiu is employed as Senior Manager of Corporate Finance.

Outstanding share-based awards and option-based awards

The following table sets out all option-based awards and share-based awards outstanding as at July 31, 2011, for each director, excluding a director who is already set out in disclosure for an NEO for the Company:

<b>Option-based Awards</b>				
<b>Name</b>	<b>Number of securities underlying unexercised options (#) <sup>(1)(2)</sup></b>	<b>Option exercise price (\$)</b>	<b>Option expiration date</b>	<b>Value of unexercised in-the-money options (\$)</b>
David Eaton <sup>(3)</sup>	200,000	\$0.46	May 11, 2016	Nil
Savio Chiu <sup>(4)</sup>	125,000	\$0.46	May 11, 2016	Nil

Notes:

- (1) These stock options are fully vested.
- (2) Amount is based on the grant date fair value of the award for the covered financial year using the Black-Scholes pricing model.
- (3) Mr. Eaton was appointed as Director on May 6, 2010.
- (4) Mr. Chiu was appointed as Director on December 10, 2010.

Incentive Plan Awards – Value Vested or Earned During the Year By Directors

There was no value vested or earned on any incentive plan options during the year ended July 31, 2011, by the directors.

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

The Company has a “rolling” stock option plan dated May 7, 2007, above described as the 2007 Plan. Pursuant to the 2007 Plan, the Company can grant options up to a maximum of 10% of the Company’s issued and outstanding share capital.

The Company is seeking shareholder approval at the Meeting to approve the Company’s new form of 10% rolling stock option plan. Please refer to the heading “*Adoption of New Stock Option Plan*” below.

At the date of this Information Circular, a total of 5,918,000 stock options have been granted under the 2007 Plan of which 3,268,000 stock options have been cancelled.

The following table sets out equity compensation plan information as at the end of the financial year ended July 31, 2011.

**Equity Compensation Plan Information**

	<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>Plan Category</b>	<b>(a)</b>	<b>(b)</b>	<b>(c)</b>
Equity compensation plans approved by security holders (the Plan)	2,750,000	\$0.46	742,077
Equity compensation plans not approved by security holders	Nil	N/A	Nil
<b>Total</b>	<b>2,750,000</b>	<b>\$0.46</b>	<b>742,077</b>

## INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

No directors, proposed nominees for election as directors, executive officers or their respective associates or affiliates, or other management of the Company were indebted to the Company as of July 31, 2011, or as at the date hereof.

## INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

Other than as set forth in this information circular, no informed person, director or executive officer of the Company, at any time since the beginning of the Company's most recently completed financial year, no proposed nominee for election as a director of the Company and no associate or affiliate of any of such 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, except for any interest arising from the ownership of shares of the Company where the shareholder will receive no extra or special benefit or advantage not shared on a pro-rata basis by all holders of shares in the capital of the Company.

## MANAGEMENT CONTRACTS

There are no management functions of the Company which are to any substantial degree performed by a person or company other than the directors or senior officers of the Company.

## PARTICULARS OF MATTERS TO BE ACTED UPON

1. Election of Directors – See heading “*Election of Directors*” above.
2. Appointment of Auditor – See heading “*Appointment of Auditor*” above.
3. Approval of new Stock Option Plan – See heading “*Adoption of New Stock Option Plan*” below.
4. Approval of a share consolidation – See heading “*Consolidation of Common Shares*” below.

### **A. Adoption of New Stock Option Plan**

The Company has in place a 10% rolling stock option plan dated May 7, 2007, described above as the 2007 Plan. Pursuant to the 2007 Plan, the aggregate number of common shares reserved for issuance under the 2007 Plan and common shares reserved for issuance under any other share compensation arrangement granted or made available by the Company from time to time may not exceed in aggregate 10% of its common shares issued and outstanding at the time of grant.

On January 16, 2012, the Company's Board adopted an updated form of stock option plan (the “New Plan”) to replace the 2007 Plan, whereby, as in the 2007 Plan, a maximum of 10% of the issued and outstanding Common Shares of the Company at the time an option is granted less common shares reserved for issuance outstanding in the New Plan, are reserved for options to be granted at the discretion of the Board to eligible option holders.

### Material Terms to the New Plan

The following is a summary of the material terms of the Plan:

- (a) the Company may grant stock options representing over 5% of the issued shares in any 12 month period with the approval of disinterested shareholders;
- (b) the Company may grant options having a term of up to 10 years;
- (c) in the event that the option holder who is a director ceases to be a director, other than by reason of death, the expiry date of the option shall be 90 days (or such other time, not to exceed one year, as shall be determined by the Board as at the date of grant or agreed to by the Board and the option holder at any time prior to expiry of the option) following the termination of the relationship between the option holder and the Company;



- (d) in the event that the option holder who is a director who is engaged in investor relations activities, the expiry date shall be the 30<sup>th</sup> day following the date the option holder ceases to be employed to provide investor relations activities;
- (e) in the event that the option holder who is a senior officer, employee or consultant, ceases to be a senior officer, employee or consultant, other than by reason of death or termination for cause, the expiry date of the option shall be 30 days following the termination of the relationship between the option holder and the Company;
- (f) the Company may waive the requirement for options granted to persons holding the position of executive, employee or consultant for which the Option was originally granted but comes to hold a different position as an executive, employee or consultant prior to the expiry of the Option;
- (g) the New Plan and outstanding options may be amended by the Board subject to regulatory approvals, provided that where such amendment relates to an existing option would:
  - (a) materially decrease the rights or benefits accruing to an option holder, or
  - (b) materially increase the obligations of the option holder; then, unless excepted out by a provision of the New Plan, the Board must also obtain the written consent of the option holder in question to such amendment. If at the time the exercise price of an option is reduced the option holder is an insider of the Company, the insider must not exercise the option at the reduced exercise price until the reduction in exercise price has been approved by the disinterested shareholders of the Company, if required by the stock exchange upon which the Company's shares principally trade;
- (h) options granted under the Plan are non-assignable and non-transferable and are issuable for a period of up to ten (10) years;
- (i) for options granted to executives, employees or consultants of the Company or any subsidiary of the Company, the Company must ensure that the proposed option holder is a bona fide executive, employee or consultant or its affiliates;
- (j) if an option holder dies, any vested option held by him at the date of death will become exercisable by the option holder's personal representative until the earlier of one year after the date of death of such option holder and the date of expiration of the term otherwise applicable to such option;
- (k) in the case of an option holder being dismissed from employment or service for cause, such option holder's options, whether or not vested at the date of dismissal, will immediately terminate without right to exercise same;
- (l) the exercise price of each option will be set by the Board on the effective date of the option and will not be less than the market value of the shares as of the grant date, subject to any adjustments as may be required to secure all necessary regulatory approvals;
- (m) vesting of options shall be at the discretion of the Board;
- (n) the New Plan contains a black-out provision restricting all or any of the Company's directors, officers, employees, insiders or persons in a special relationship to refrain from trading in the Company's securities until the restriction has been lifted by the Company;
- (o) the Board reserves the right in its absolute discretion to terminate or suspend the New Plan with respect to all Plan shares in respect of options which have not yet been granted under the Plan.

On August 13, 2010, due to the proclamation of the *Securities Transfer Act*, the Board incorporated into the New Plan certain sections to facilitate the use of uncertificated Common Shares.

Also, effective January 1, 2011, amendments to the *Income Tax Act* (Canada) require the Company to withhold, and remit to Canada Revenue Agency, the estimated tax on the deemed benefit arising from the exercise of options to purchase shares in the Company.

The New Plan includes the below provisions concerning withholding tax payments required by the Canada Revenue Agency with respect to withholding and remittance of taxes imposed under applicable law pursuant to the commitment and exercise procedures for options granted under the New Plan:

**“Tax Withholding and Procedures**

7.4 Notwithstanding anything else contained in this Plan, the Company may, from time to time, implement such procedures and conditions as it determines appropriate with respect to the withholding and remittance of taxes imposed under applicable law, or the funding of related amounts for which liability may arise under such applicable law. Without limiting the generality of the foregoing, an option holder who wishes to exercise an option must, in addition to following the procedures set out in 7.1 and elsewhere in this Plan, and as a condition of exercise:

- (a) deliver a certified cheque, wire transfer or bank draft payable to the Company for the amount determined by the Company to be the appropriate amount on account of such taxes or related amounts; or
- (b) otherwise ensure, in a manner acceptable to the Company (if at all) in its sole and unfettered discretion, that the amount will be securely funded;
- (c) and must in all other respects follow any related procedures and conditions imposed by the Company.”

The New Plan incorporates updates of an administrative nature only and are non-material changes, and will not negatively affect the holders of Common Shares of the Company.

*Shareholder Approval*

The Company is seeking shareholder approval at the Meeting to consider, and if deemed advisable, to confirm and ratify, with or without amendment, an ordinary resolution to the adoption of the New Plan. The Company’s New Plan requires shareholder approval by ordinary resolution. An ordinary resolution is a resolution passed by the shareholders of the Company at a general meeting by a simple majority of the votes cast in person or by proxy.

At the Meeting, shareholders will be asked to vote on the following resolution, with or without variation:

**“BE IT RESOLVED AS AN ORDINARY RESOLUTION THAT:**

1. the Company’s “rolling” stock option plan dated for reference March 29, 2012 (the “New Plan”), as approved by the Company’s Board of Directors on January 16, 2012, and as more fully described in the Information Circular prepared for the annual general and special meeting of shareholders to be held on March 29, 2012, be and it is hereby adopted and approved, which New Plan provides for a maximum number of shares issuable to be equal to 10% of the then issued and outstanding common shares of the Company pursuant to the current policies of the Canadian National Stock Exchange;
2. the outstanding common shares of the Company that have been granted prior to the implementation of the New Plan under the Company’s 2007 Plan, shall, for the purpose of calculating the number of stock options that may be granted under the New Plan, be treated as options granted under the New Plan;
3. the Company be authorized to grant stock options pursuant to the terms and conditions of the New Plan;
4. the directors and officers of the Company be authorized and directed to perform all acts and deeds and things and execute, under seal of the Company, or otherwise; all such documents, agreements and other writings as may be required to give effect to the true intent of these resolutions;
5. the directors of the Company are hereby authorized to make such other amendments to the New Plan as the directors of the Company may, in their sole discretion, determine are necessary, desirable or useful as a consequence of the amendment set out above in paragraph 1 including,

without limiting the generality thereof, authority, from time to time, to make amendments to the New Plan without approval of or further authority from the shareholders;

6. notwithstanding the passage of this resolution by the shareholders, the directors of the Company are hereby authorized and empowered without further notice to or approval of the shareholders of the Company not to proceed with the New Plan.”

The Board of the Company has unanimously approved the New Plan and recommends that the shareholders vote in favour of this resolution.

Unless otherwise instructed, the persons named in the enclosed form of proxy intend to vote IN FAVOUR OF the ordinary resolution authorizing the adoption of the New Plan.

Following shareholder approval to the New Plan, the 2007 Plan will cease to exist, and those outstanding stock options which have been granted prior to the implementation of the New Plan shall, for the purpose of calculating the number of stock options that may be granted under the New Plan, be treated as options granted under the New Plan.

The Board is of the view that the New Plan provides the Company with the flexibility to attract and maintain the services of executives, employees and other service providers in competition with other companies in the industry. A copy of the New Plan will be available for inspection at the Meeting. A shareholder may also obtain a copy of the New Plan by contacting the Company at Suite 1980 – 1075 West Georgia Street, Vancouver, British Columbia V6E 3C9, telephone number: 604 688-9588 or fax number 778 329-9361.

If the resolution is not passed, the New Plan will not become effective and the Board will be required to determine alternate means of compensation for certain of its directors, officers and/or employees in the event that the 2007 Plan does not permit the grant of sufficient options for compensation purposes.

If the New Plan is approved, the maximum number of common shares reserved for issuance under the New Plan will not exceed 10% of the Company’s issued and outstanding Common Shares.

#### **B. Consolidation of Common Shares**

Management has determined that, in its opinion, a consolidation of its share capital may be required in order to provide for further equity financing to meet its current working capital requirements and to attract new equity investment in the Company. The Board wishes to be in a position during the ensuing year, if it considers to be in the best interest of the Company, to effect a consolidation of its share capital on the basis of one post consolidated Common Share for up to each five pre-consolidation Common Shares currently held, the magnitude of the consolidation ratio, to be determined by the Board.

There are currently 38,441,183 Common Shares issued and outstanding in the capital of the Company. The Company will have approximately 19,220,592 Common Shares outstanding subsequent to the consolidation on the basis of one post consolidated Common Share for each two Common Shares; 12,813,728 Common Shares outstanding subsequent to the consolidation on the basis of one post consolidated Common Share for each three Common Shares; 9,610,296 Common Shares outstanding subsequent to the consolidation on the bases of one post consolidated Common Share for each four Common Shares; and 7,688,237 Common Shares outstanding subsequent to the consolidation on the basis of one post consolidated Common Share for each five Common Shares,.

The exact number of post-consolidated shares will most likely vary from these approximations to a small extent depending upon the treatment of the fractions that will most likely occur when each shareholder’s holdings are consolidated on any of the basis set out above. In addition to the requisite shareholder approval being sought at the Meeting, any such consolidation also requires the approval of all applicable regulatory authorities, including the CNSX.

The Company is seeking shareholder approval at the Meeting to approve by special resolution, a consolidation of the Common Shares of the Company, the text of which is as follows:

Resolved, as a special resolution, that:

- (1) the authorized share structure of the Company be altered by consolidating the Common shares without par value, of which 38,441,183 Common Shares are issued, on the basis of a one (1) post-consolidated Common share for each two (2) pre-consolidated Common shares resulting for 19,220,592 Common Shares issued and outstanding following the consolidation; or
- (2) the authorized share structure of the Company be altered by consolidating the Common shares without par value, of which 38,441,183 Common Shares are issued, on the basis of a one (1) post-consolidated Common share for each three (3) pre-consolidated Common shares for 12,813,728 Common Shares issued and outstanding following the consolidation; or
- (3) the authorized share structure of the Company be altered by consolidating the Common shares without par value, of which 38,441,183 Common Shares are issued, on the basis of a one (1) post-consolidated Common share for each four (4) pre-consolidated Common shares for 9,610,296 Common Shares issued and outstanding following the consolidation; or
- (4) the authorized share structure of the Company be altered by consolidating the Common shares without par value, of which 38,441,183 Common Shares are issued, on the basis of a one (1) post-consolidated Common share for each five (5) pre-consolidated Common shares for 7,688,237 Common Shares issued and outstanding following the consolidation;
- (5) any fractional shares resulting from the consolidation of the Common shares shall be converted such that each fractional Common share remaining after conversion that is less than one-half of a Common share be cancelled and each fractional Common share that is at least one-half of a Common share be changed to one whole Common share pursuant to the provisions of Section 83 of the *Business Corporations Act* (British Columbia);
- (6) the board of directors of the Company is hereby authorized, at any time in its absolute discretion, to determine whether or not to proceed with any one of the above consolidation ratios without further approval, ratification or confirmation by the shareholders;
- (7) upon the date determined by the directors, the resolution described herein shall be deposited at the Company's records office; and
- (8) the resolution will not be effective unless and until deposited at the Company's records office by direction of the Board.

The Board recommends that shareholders vote in favour of the special resolution. In the absence of a contrary instruction, the persons named in the enclosed form of proxy intend to vote in favour of the resolution. The above resolution, if passed, will not become effective unless and until it is deposited at the Company's records office by the direction of the Board.

The proposed consolidation will not alter or change in any way any shareholder's proportion of votes to total votes, however, the total votes capable of being cast by shareholder at a general meeting in the future will be reduced if the resolution is approved.

All outstanding options, warrants and other convertible securities of the Company outstanding as at the date of the completion of the consolidation transaction will be adjusted in accordance with the consolidation ratio.

**The Board recommends that you vote in favour of the above resolution.**

#### **ADDITIONAL INFORMATION**

Additional information relating to the Company can be found in the Company's audited comparative financial statements for the financial year ended July 31, 2011 and the accompanying auditor's report and related management discussion and analysis, and additional copies of this Information may be obtained from SEDAR at

[www.sedar.com](http://www.sedar.com) and upon request from the Company at Suite 1980 – 1075 West Georgia Street, Vancouver, British Columbia V6E 3C9, telephone number: 604 688-9588 or fax number 778 329-9361. Copies of documents will be provided free of charge to security holders of the Company. The Company may require the payment of a reasonable charge from any person or company who is not a security holder of the Company, who requests a copy of any such document.

#### **OTHER MATTERS**

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

The contents of this Information Circular and its distribution to shareholders have been approved by the Board of the Company.

**DATED** at Vancouver, British Columbia February 22, 2012.

#### **BY ORDER OF THE BOARD**

*“Peter Hughes”*

**Peter Hughes**  
**Chairman**