

## **HILLCREST RESOURCES LTD.**

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Vancouver, British Columbia Canada V6C 2T7  
Tel: 604-488-1514 Fax: 604-844-7572

### **INFORMATION CIRCULAR**

as at May 14, 2012  
(except as otherwise indicated)

**This Information Circular is furnished in connection with the solicitation of proxies by the management of HILLCREST RESOURCES LTD. (the “Company”) for use at the annual general meeting (the “Meeting”) of its shareholders to be held on June 22, 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”, “Hillcrest”, “we” and “our” refer to Hillcrest Resources Ltd. “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 both Officers and Directors 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 may choose one of the following options to submit their proxy:

- (a) complete, date and sign the enclosed form of proxy and return it to the Company's transfer agent, Computershare Investor Services Inc. ("Computershare"), by fax within North America at 1-866-249-7775, outside North America at (416) 263-9524, or by mail to the 9<sup>th</sup> Floor, 100 University Avenue, Toronto, Ontario, M5J 2Y1 or by hand delivery at 2<sup>nd</sup> Floor, 510 Burrard Street, Vancouver, British Columbia, Canada V6C 3B9;
- (b) use a touch-tone phone to transmit voting choices to a toll free number. Registered shareholders must follow the instructions of the voice response system and refer to the enclosed proxy form for the toll free number, the holder's account number and the proxy access number; or
- (c) use the internet through the website of the Company's transfer agent at [www.computershare.com/proxy](http://www.computershare.com/proxy). Registered Shareholders must follow the instructions that appear on the screen and refer to the enclosed proxy form for the holder's account number and the proxy access number.

In all cases the Registered Shareholder must ensure the proxy is received at least 48 hours (excluding Saturdays, Sundays and statutory holidays) before the Meeting, or the adjournment thereof, at which the proxy is to be used.

## Beneficial Shareholders

**The following information 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 the United States, the vast majority of such Common Shares are registered under the name of Cede & Co. as nominee for The Depository Trust Company (which acts as depository for many U.S. brokerage firms and custodian banks), and in Canada, under the name of CDS & Co. (the registration name for The Canadian Depository for Securities Limited, which acts as nominee for many Canadian brokerage firms).

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

There are two kinds of Beneficial owners – those who object to their name being made known to the issuers of securities which they own (called "OBOS" for Objecting Beneficial Owners) and those who do not object to the issuers of the securities they own knowing who they are (called "NOBOs" for Non-Objecting Beneficial Owners).

The Company is taking advantage of the provisions of National Instrument 54-101 "*Communication with Beneficial Owners of Securities of a Reporting Issuer*" that permit it to directly deliver proxy-related materials to its NOBOs. As a result NOBOs can expect to receive a scannable Voting Instruction Form ("VIF") from our transfer agent. These VIFs are to be completed and returned to Computershare in the envelope provided or by facsimile. In addition, Computershare provides both telephone voting and internet voting as described on the VIF itself which contain complete instructions at the Meeting with respect to the shares represented by the VIFs they receive.

These securityholder materials are being sent to both registered and non-registered owners of the securities of the Company. If you are a non-registered owner, and the Company or its agent sent these materials directly to

you, your name and address and information about your holdings of securities have been obtained in accordance with applicable securities regulatory requirements from the intermediary holding securities on your behalf.

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

Beneficial Shareholders who are OBOs should follow the instructions of their intermediary carefully to ensure that their Common Shares are voted at the Meeting.

The form of proxy supplied to you 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 on 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 the United States and in Canada. Broadridge mails a VIF in lieu of a 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 any of the persons designated in the VIF, to represent your Common Shares at the Meeting, and that person may be you. To exercise this right, you should insert the name of the desired representative (which may be yourself) 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 the voting of Common Shares to be represented at the Meeting, and the appointment of any shareholder’s representative. **If you receive a VIF from Broadridge, the VIF must be completed and returned to Broadridge, in accordance with its instructions, well in advance of the Meeting in order to have your Common Shares voted at the Meeting and to 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) the “BCA”), 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 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 Computershare or to the address of the registered office of the Company at 1500 Royal Centre, 1055 West Georgia Street, P. O. Box 11117, Vancouver, British Columbia, V6E 4N7, 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 end 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 the 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 May 14, 2012 as the record date (the "Record Date") for 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.

The authorized capital of the Company consists of an unlimited number of Common Shares. As of May 14, 2012, there were 40,500,211 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.

The Company is also authorized to issue an unlimited number of voting Preferred shares without par value. At the date of this Information Circular, there are no Preferred shares issued or outstanding.

The Company completed an initial public offering under a Prospectus dated March 17, 2011 of a distribution of 10,350,000 common shares of the Company at a price of \$0.20 per share. Effective March 22, 2011, the Company's Common Shares commenced trading on the TSX-V under symbol HRH.

Under the terms of the Prospectus, at the date of this Information Circular, a total of 1,719,000 Common Shares are held in escrow on behalf of insiders of the Company, under the terms of the Prospectus. These shares are held under an Escrow Agreement dated March 1, 2011 – See Interest of Informed Persons in Material Transactions below.

To the knowledge of the directors and executive officers of the Company, no person or corporation 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 May 14, 2012.

The audited financial statements of the Company for its fiscal year ended December 31, 2011, the report of the auditor and related management discussion and analysis, were filed on [www.sedar.com](http://www.sedar.com) on April 30, 2012 with the securities commissions or similar regulatory authority in British Columbia, Alberta, Saskatchewan and Ontario.

Copies of documents incorporated herein by reference may be obtained by a Shareholder upon request without charge from the Company at Suite 303, 750 West Pender Street, Vancouver, British Columbia V6C 2T7 Tel: 604-488-1514. 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. 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.

## 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 vacated earlier in accordance with the provisions of the *Business Corporations Act* (British Columbia) ("BCA"), each director elected at the Meeting 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 disclosure sets out the names of management's four nominees for election as directors, all major offices and positions with the Company and any of its significant affiliates each now holds, the principal occupation, business or employment of each director nominee, the period of time during which each nominee 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 May 14, 2012.

<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>Shares Beneficially Owned or Controlled<sup>(1)</sup></b>
<b>DONALD J. CURRIE</b> <sup>(6,7,8)</sup> Chairman, Chief Executive Officer and Director British Columbia Canada	Consultant in the energy and resource sectors.	Since July 10, 2010	800,000 <sup>(2)</sup>
<b>JASON ODEN</b> <sup>(6,7,9)</sup> President and Director Texas, U.S.A.	Exploration Manager, BHP Billiton Petroleum, September 2000 to September 2005. Vice President, Exploration of Gulfsands Petroleum, since September 2005.	Director Since August 25, 2010 Officer Since September 29, 2011	540,000 <sup>(3)</sup>
<b>DAVID M.R. STONE</b> , Ph.D., MBA, P.Eng. <sup>(7,9)</sup> Director Washington, U.S.A.	President, Minefill Services, a mining engineering consulting company based in Bothell, Washington, since August 1999.	Since July 18, 2007	295,000 <sup>(4)</sup>
<b>MARTIN WOOD</b> <sup>(5,6)</sup> Director London, England	CEO of Vicarage Capital Ltd, a privately owned corporate development, investor relations and stock broking firm.	Since November 7, 2011	150,000

Notes:

- 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 and from insider reports available at [www.sedi.ca](http://www.sedi.ca). Each nominee has held the same or a similar principal occupation with the organization indicated or a predecessor thereof for the last five years.
- A total of 138,000 common shares held indirectly. Mr. Currie owns a total of 250,000 incentive stock options at an exercise price of \$0.20, expiring on March 22, 2016, and a total of 125,000 incentive stock options at an exercise price of \$0.25 expiring on September 26, 2016.

3. Mr. Oden owns a total of 250,000 incentive stock options at an exercise price of \$0.20 expiring on March 22, 2016 and 125,000 incentive stock options at an exercise price of \$0.25 expiring on September 26, 2016. Mr. Oden also holds a total of 140,000 warrants at an exercise of \$0.10, expiring on June 1, 2012.
4. Dr. Stone also owns a total of 150,000 incentive stock options at an exercise price of \$0.20, expiring on March 22, 2016.
5. Mr. Wood owns a total of 150,000 incentive stock options at an exercise price of \$0.25, expiring on September 23, 2016. Mr. Wood was appointed a director of the Company on November 7, 2011. These stock options were granted to Mr. Wood in his position as Consultant to the Company.
6. Member of Audit Committee.
7. Member Compensation and Corporate Governance Committee.
8. Member Disclosure Committee.
9. Member Reserves Committee.

### **Cease Trade Order, Bankruptcies and Insolvency**

Except as disclosed herein, no proposed director is, as at the date of this Information Circular, or has been, within 10 years before the date of this Information Circular, a director, chief executive officer or chief financial officer of any company (including the Company, in respect of which the information circular is being prepared) that:

- a. was subject to an order that was issued while the proposed director was acting in the capacity as director, chief executive officer or chief financial officer; or
- b. was subject to an order that was issued after the proposed director ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer; or
- c. is, as at the date of this Information Circular, or has been within 10 years before the date of this Information Circular, a director or executive officer of any company that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or
- d. has, within the 10 years before the date of the Information Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the proposed director.

Dr. David Stone was a director of Adanac Moly Corporation (TSX: AUA) from February 1, 2006 to July 14, 2008 and interim Chief Executive Officer from March 27 to July 14, 2008. Subsequent to Dr. Stone's resignation, Adanac Moly Corporation announced that it has been granted creditor protection under the Companies' Creditors Arrangement Act ("CCAA") as of December 19, 2008. The Courts issued a CCAA termination certificate on March 3, 2011.

### **APPOINTMENT OF AUDITOR**

Lancaster & David, Chartered Accountants, Suite 510, 701 West Georgia Street, Vancouver, British Columbia Canada V7Y 1C6, will be nominated at the Meeting for appointment as auditor of the Company at a remuneration to be fixed by the directors. Lancaster & David was first appointed auditor of the Company on October 31, 2007.

## AUDIT COMMITTEE AND RELATIONSHIP WITH AUDITOR

National Instrument 52-110 of the Canadian Securities Administrators (“NI 52-110”) requires the Company, as a venture issuer, to disclose annually in its Information Circular certain information concerning the constitution of its audit committee and its relationship with its independent auditor, as set forth in the following:

### **The Audit Committee’s Charter**

The Audit Committee has a charter, attached as Schedule “A” to the Company’s 2011 annual general and special meeting Information Circular, which was filed on [www.sedar.com](http://www.sedar.com) on May 3, 2011.

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

During fiscal year ending December 31, 2011, the members of the Audit Committee were: Wan Jung, Dr. David Stone and Jason Oden. Mr. Jung resigned as the Company’s Chief Financial Officer on December 15, 2011. Mr. Kulwant Sandher was appointed a member of the Audit Committee on December 16, 2011. Jason Oden and Kulwant Sandher are not independent members of the Audit Committee due to their being officers of the Company. Dr. David Stone is an independent member of the Audit Committee. All members of the Audit Committee are considered to be financially literate.

### **Relevant Education and Experience**

Dr. David Stone and Jason Oden and Kulwant Sandher have many years of practical business experience, have served for many years as directors of public companies, have experience reviewing financial statements of public companies and meet the criteria of “financially literate” as outlined in NI 52-110.

#### ***Dr. David Stone***

Dr. David Stone, MBA, P.Eng. is a mining engineer whose career spans over 30 years of engineering and financial consulting to underground and surface mines worldwide. He has managed and led multi-disciplinary project teams through pre-feasibility and feasibility level evaluations of development stage projects, and has contributed to the engineering, design and construction of several mines.

Dr. David Stone has been a Director of the Company since July 18, 2007. Dr. Stone is also the President of Minefill Services Inc. and has been since August 1999.

Dr. Stone is a registered licensed professional engineer in several U.S. and Canadian jurisdictions and holds a Bachelor of Applied Science from the University of British Columbia, a Ph.D. in Civil Engineering from Queens University, and an Executive Masters of Business Administration from Queens University.

#### ***Jason Oden***

Mr. Jason Oden has been a director of the Company since August 25, 2010. Mr. Oden has over 25 years experience in domestic and international oil and gas exploration. Mr. Oden serves as Vice President, Exploration, for Gulfsands Petroleum, an independent oil and gas company based in the United Kingdom. Mr. Oden was previously an Exploration Manager for BHP Billiton Petroleum in Perth, Australia and Houston, Texas, from September 2000 to September 2005. Mr. Oden is a licensed Professional Geophysicist and holds a Bachelor of Science from the University of Alberta.

#### ***Kulwant Sandher***

Mr. Sandher is a Chartered Accountant in both England and Canada, and has 19 years of experience working with oil and gas, mining and technology public companies with operations in the USA and Canada. Mr. Sandher has a BSC (Eng) in Avionics from London University.

### **Audit Committee Oversight**

The Audit Committee has not made any recommendations to the Board to nominate or compensate any auditor other than Lancaster & David.

### **Reliance on Certain Exemptions**

The Company’s auditor, Lancaster & David, have not provided any material non-audit services.

## Pre-Approval Policies and Procedures

See audit committee charter for specific policies for the engagement of non-audit services.

### External Auditor Service Fees

The Audit Committee has reviewed the nature and amount of the non-audited services provided by Cinnamon Jang Willoughby to ensure auditor independence. Fees incurred with Cinnamon Jang Willoughby for audit and non-audit services in the last two fiscal years for audit fees are outlined in the following table:

Nature of services	Fees paid to auditor for year ended December 31, 2011	Fees paid to auditor in year ended December 31, 2010.
Audit fees	\$28,000	\$25,000
Audit-related fees	\$4,500	Nil
Tax fees	\$Nil	Nil
Total	\$32,500	\$25,000

Notes:

- (1) "Audit Fees" include fees necessary to perform the annual audit and quarterly reviews of the Company's consolidated financial statements. Audit Fees include fees for review of tax provisions and for accounting consultations on matters reflected in the financial statements. Audit Fees also include audit or other attest services required by legislation or regulation, such as comfort letters, consents, reviews of securities filings and statutory audits.
- (2) "Audit-Related Fees" include 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 December 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 refers to the policies and structure of the board of directors of a company, whose members are elected by and are accountable to the shareholders of the company. Corporate governance encourages establishing a reasonable degree of independence of the board of directors from executive management and the adoption of policies to ensure the board of directors recognizes the principles of good management. The Board is committed to sound corporate governance practices, as such practices are both in the interests of shareholders and help to contribute to effective and efficient decision-making.

### Board of Directors

Directors are considered to be independent if they have no direct or indirect material relationship with the Company. A "material relationship" is a relationship which could, in the view of the Company's Board of Directors, be reasonably expected to interfere with the exercise of a director's independent judgment.

There are no special structures or processes in place to facilitate the functioning of the directors of the Company independently of management. However, the independent directors are given full access to management so that



they can develop an independent perspective and express their views and communicate their expectations of management.

The Board facilitates its independent supervision over management by ensuring a majority of the Board are not officers of the Company. During the financial year ended December 31, 2011, the independent members of the Board were Dr. David Stone and Martin Wood. The non-independent directors were Stewart A. Jackson (who resigned as a director and the President of the Company on November 7, 2011), Donald J. Currie (Chairman and Chief Executive Officer of the Company) and Jason Oden (President of the Company).

Directors are considered to be independent if they have no direct or indirect material relationship with the Company. A “material relationship” which could, in the view of the Company’s Board, be reasonably expected to interfere with the exercise of a director’s independent judgement.

### **Directorships**

The directors are currently serving on boards of the following other reporting companies (or equivalent) as set out below:

<b>Name of Director</b>	<b>Name of reporting company and Exchange listed</b>
Donald J. Currie	Electric Metals Inc. (TSX-V)
David M. Stone	Charlotte Resources Ltd. (CNSX) Formation Metals Inc. (TSX) Southern Arc Minerals Inc. (TSX-V and OTCQX) Superior Mining International Corporation (TSX-V) TOSCA Mining Corp. (TSQ-V)
Martin Wood	Global Hunter Corp (TSX-V)

### **Orientation and Continuing Education**

When new directors are appointed, they receive orientation, commensurate with their previous experience, on the Company’s properties, business, technology and industry and on the responsibilities of directors.

Board meetings may also include presentations by the Company’s management and employees to give the directors additional insight into the Company’s business.

### **Ethical Business Conduct**

The Company has not adopted a policies or codes of business conduct and ethics at this time. Given the experience of the Board, and their prior dealings, the Company, at this point in time, is not taking any additional steps to encourage and promote a culture of ethical business conduct.

### **Nomination of Directors**

A Compensation and Corporate Governance Committee Charter was adopted by the Company on November 4, 2010. The member of the Compensation and Corporate Governance Committee comprises: Jason Oden (Chair), Donald J. Currie and Dr. David Stone. In fulfilling its oversight responsibilities for the nominations to the Board, the Compensation and Corporate Governance Committee shall: 1) establish criteria for selecting new directors which shall reflect, among other facts, a candidate’s integrity and business ethics, strength of character, judgment, experience, and independence, as well as factors relating to the composition of the Board, including its size and structure, the relative strengths and experience of current board members and principles of diversity; 2) consider and recruit candidates to fill new positions on the Board; 3) review any candidate recommended by the shareholders of the Company; 4) be responsible for conducting appropriate inquiries to establish a candidate’s compliance with the independent and other qualification requirements established by the Corporate

Governance Committee; 5) assess the contributions of current directors in connection with the annual recommendation of a slate of nominees and at that time review the criteria for Board candidates in the context of the evaluation process and other perceived needs of the Board; and 6) recommend the director nominees for election by the shareholders.

### **Compensation**

Pursuant to the Compensation and Corporate Governance Committee Charter, in discharging its oversight responsibilities for executive compensation and Board compensation, the Compensation and Corporate Governance Committee shall: 1) review and approve on an annual basis the corporate goals and objectives relevant to the CEO's compensation; 2) evaluate at least once a year the CEO's performance in light of established goals and objectives and, based on such evaluation, shall, together with all other independent members of the Board, determine and approve the CEO's annual compensation, including, as appropriate, salary, bonus, incentive, and equity compensation; 3) review and approve on an annual basis the evaluation process and compensation structure for the Company's executive officers, including parameters for salary adjustments (at the discretion of the CEO) for officers are established; and 4) review and make recommendations to the Board with respect to the adoption, amendment, and termination of the Company's management incentive-compensation and equity-compensation plans, oversee their administration and discharge any duties imposed on the Compensation Committee by any of those plans.

### **Disclosure Committee**

The members of the Disclosure Committee comprises: Desmond M. Balakrishnan (Corporate Secretary of the Company (Chair), Donald J. Currie and Jason Oden. Wan Jung former Chief Financial Officer of the Company was a member of this Committee until December 15, 2011. The Disclosure Committee general mandate is to 1) educate directors and the appropriate officers and employees about disclosure issues, the Corporate Disclosure Policy and the Disclosure Controls and Procedures Policy of the Company, 2) recommend changes to those Policies to the Board as may be necessary or advisable, 3) establish and implement processes for the timely collection and reporting of potential material information, and the timely evaluation and dissemination of material information to securities regulators, stock exchanges and shareholders, 4) report on its evaluation of disclosure controls and procedures at least annually to the Audit Committee and the Board; and 5) disclose disclosure controls and procedures in the Company's annual Management's Discussion and Analysis.

### **Reserves Committee**

The members of the Reserve Committee comprises: Jason Oden (Chair), Dr. David Stone and Martin Wood. Stewart A. Jackson, former director and former President of the Company was a member of this Committee until November 7, 2011. The Reserves Committee is responsible for reviewing and approving the annual independent evaluation of the Company's reserves. Jason Oden, is the Chair of the Reserves Committee. The Reserves Committee's general mandate is to oversee and monitor the Company's process for calculating the reserves and procedures for compliance with applicable legislation and conformity with industry standards and disclosure of information. It reviews, reports and, when appropriate, makes recommendations to the Board on the Company's policies and procedures related to the Company's reserves estimates.

### **Other Board Committees**

The Board has formally appointed four standing committees: the Audit Committee, the Compensation and Governance Committee, the Disclosure Committee and the Reserves Committee.

### **Assessments**

Pursuant to the Compensation and Corporate Governance Committee Charter, in discharging its oversight responsibilities for the performance review of the Board, committees, and directors, the Corporate Governance Committee shall: 1) evaluate the performance of the Board on an annual basis; 2) solicit comments from all directors and report annually to the Board on its assessment of the Board's performance; and 3) evaluate the performance of individual directors and committees of the Board on a periodic basis.

## COMPENSATION OF EXECUTIVE OFFICERS

### Executive Compensation

In this section “Named Executive Officer” means the Chief Executive Officer (the “CEO”), the Chief Financial Officer (“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 financial year and whose total compensation was more than \$150,000 as well as any additional individuals for whom disclosure would have been provided except that the individual was not serving as an executive officer of the Company at the end of the most recently completed financial year.

Donald J. Currie, Chairman and Chief Executive Officer, Jason Oden, President, Stewart A. Jackson, former President, Kulwant Sandher, Chief Financial Officer and Wan Jung, former Chief Financial Officer, are each a Named Executive Officer (“NEO”) of the Company for the purposes of the following disclosure.

### Compensation Discussion and Analysis

Executive compensation is set to attract and retain the best available talent while efficiently utilizing available resources. The Company compensates executive management with a package typically including a base salary (“Base Salary”), an incentive compensation plan (“Incentive Compensation”) and equity compensation (the “Equity Compensation”) designed to be competitive with comparable employers. In considering executive management’s compensation, the Board takes into consideration the financial condition of the Company. The Base Salary is set in comparison to the comparable positions in the market and in the industry, the Incentive Compensation is used as a short-term incentive to achieve Company objectives, and the Equity Compensation is designed to allow the participants to enjoy the benefits of any increase in company valuation and share price, should such an increase occur. Executive compensation is designed to reward activities and achievements that are aligned with the long-term interests of the Company’s shareholders.

The Base Salary, Incentive Compensation and Equity Compensation for the Company’s NEOs, including the CEO and the CFO is determined by the Company’s Compensation Committee. The Compensation Committee sets the compensation of the NEOs using generally available market data and their combined industry experience. The Compensation Committee delegates to the NEOs the responsibility to set the compensation packages for all other senior management and staff.

At this time NEOs and directors are not allowed to hedge risk of the Company’s securities.

The compensation committee is responsible for executive and director compensation, including reviewing and recommending director compensation, overseeing the Company’s base compensation structure and equity-based compensation program, recommending compensation of the Company’s officers and employees, and evaluating the performance of officers generally and in light of annual goals and objectives.

The compensation committee also assumes responsibility for reviewing and monitoring the long-range compensation strategy for the Company’s senior management. The compensation committee reviews the compensation of senior management on an annual basis taking into account compensation paid by other issuers of similar size and activity.

### Philosophy and Objectives

The Company is a small, junior resource company with limited resources. The compensation program for the senior management of the Company is designed within this context with a view that the level and form of compensation achieves certain objectives, including:

- (a) attracting and retaining qualified executives;
- (b) motivating the short and long-term performance of these executives; and
- (c) better aligning their interests with those of the Company’s shareholders.



Name and principal position	Year	Salary (\$)	Share-based awards (\$)	Option-based awards (\$)	Non-equity incentive plan compensation (\$)		Pension value (\$)	All other compensation (\$)	Total compensation (\$)
					Annual incentive plans	Long-term incentive plans			
Wan Jung <sup>(4)</sup> Former CFO	2011	24,000	Nil	69,117	Nil	Nil	Nil	Nil	93,117
	2010	7,750	Nil	Nil	Nil	Nil	Nil	Nil	7,750
	2009	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil

- (1) Mr. Oden was appointed President of the Company on September 29, 2011.  
(2) Mr. Sandher was appointed Chief Financial Officer of the Company on December 16, 2011.  
(3) Mr. Jackson resigned as Director and President of the Company on November 7, 2011.  
(4) Mr. Jung resigned as Chief Financial Officer of the Company on August 1, 2010[see Dec.16/11 news release].

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

The following table sets out all option-based awards and share-based awards outstanding as at December 31, 2011, for each NEO:

Name	Option-based Awards			Value of unexercised in-the-money options (\$)	Share-based Awards	
	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date		Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested (\$)
Donald J. Currie	250,000	\$0.20	March 22, 2016	Nil	N/A	N/A
	125,000	\$0.25	September 23, 2016	Nil	N/A	N/A
Jason Oden	250,000	\$0.20	March 22, 2016	Nil	N/A	N/A
	125,000	\$0.25	September 23, 2016	Nil	N/A	N/A
Kulwant Sandher	100,000	\$0.25	September 23, 2016	Nil	N/A	N/A
Stewart A. Jackson	150,000	\$0.20	March 22, 2016	Nil	N/A	N/A
Wan Jung	250,000	\$0.20	March 22, 2016	Nil	N/A	N/A

Notes:

- (1) Stewart A. Jackson resigned as a director and the President of the Company on November 7, 2011. 150,000 stock options held by Mr. Jackson were not exercised and have expired.  
(2) Wan Jung resigned as Chief Financial Officer of the Company on December 15, 2011. 250,000 stock options held by Mr. Jung were not exercised and have expired.

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

There were no value vested or earned incentive plan awards by any NEO under the Company's incentive plan during the year ended December 31, 2011.

### **Termination and Change of Control Benefits**

There are no presently no management contracts with the Company.

### **Director Compensation**

There was no compensation provided to the directors, excluding a director who is included in disclosure for an NEO, for the Company's most recently completed financial year of December 31, 2011.

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

Name	Option-based Awards			Share-based Awards		
	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options (\$)	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested (\$)
Dr. David Stone	150,000	\$0.20	March 22, 2016	Nil	Nil	Nil
Martin Wood	150,000	\$0.25	September 23, 2016	Nil	Nil	Nil

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 directors or consultants, other than the granting of options to purchase Common Shares.

### SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The only equity compensation plan which the Company has in place is the share option plan. See disclosure under heading “*Approval of Share Option Plan*”.

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

#### *Equity Compensation Plan Information*

	Number of securities to be issued upon exercise of outstanding options	Weighted-average exercise price of outstanding options	Number of securities remaining available for future issuance under equity compensation plan)
Plan Category	(a)	(b)	(c)
Equity compensation plans approved by securityholders - (the Share Option Plan)	2,700,000	0.21	629,643
Equity compensation plans not approved by securityholders	Nil	Nil	Nil
Total	2,700,000	\$0.21	629,643

There were no stock options granted during the financial year ending December 31, 2011. The Company’s shares were listed for trading on the TSX Venture Exchange on March 22, 2011

### 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 the end most recently completed financial year or as at the date hereof.

### INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

This Information Circular, including the disclosure below, briefly describes (and, where practicable, states the approximate amount) of any material interest, 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, in any transaction since the commencement of the Company’s most recently completed financial year or in any proposed transaction which has materially affected or would materially affect the Company or any of its subsidiaries.

### Prospectus Offering/Non-Brokered Private Placement

The Company completed a public offering under a Prospectus dated March 17, 2011 of a distribution of 10,350,000 common shares of the Company at a price of \$0.20 per share. Effective March 22, 2011, the Company's Common Shares commenced trading on the TSX-V under symbol HRH.

Under the terms of the Prospectus, and at the date of this Information Circular, a total of 1,719,000 Common Shares are held in escrow on behalf of insiders of the Company, under which the below insiders of the Company participated:

Donald J. Currie 396,000 Common Shares are held in escrow under an Escrow Agreement dated March 1, 2011.

Jason Oden - 140,000 warrants outstanding at an exercise price of \$0.10, exercisable up to and including June 1, 2012. 400,000 Common Shares are held in escrow under an Escrow Agreement dated March 1, 2011.

On March 8, 2012, the Company completed a first tranche to a non-brokered unit private placement. Each unit comprises 2,785,779 common shares at a price of \$0.18 per share with one-half warrants totalling 1,392,889 warrant shares at a warrant exercise price of \$0.30 exercisable up to and including February 28, 2014. Mr. Currie participated in this private placement as to 84,000 units.

### **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 executive officers of the Company.

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

#### **Share Option Plan**

On November 4, 2010, the Company implemented a 10% rolling share option plan in order (the "Plan") in order to provide the Company with the flexibility necessary to attract and maintain the services of senior executives and other employees in competition with other businesses in the industry, and in anticipation of the Company being listed on the TSX-V, subject to shareholder and subject to regulatory approval, where required.

A number of Common Shares equal to ten (10%) percent of the issued and outstanding Common Shares in the capital stock of the Company from time to time are reserved for the issuance of stock options pursuant to the Plan. The Plan is administered by the Board. The Plan provides that options will be issued to directors, officers, employees or consultants of the Company or a subsidiary of the Company. The Plan also provides that the number of Common Shares issuable under the Plan, together with all of the Company's other previously established or proposed share compensation arrangements, may not exceed 10% of the total number of issued and outstanding Common Shares. Pursuant to the Plan all options expire on a date not later than 10 years after the date of grant of an option.

During the Company's financial year ended December 31, 2011 and to the date of mailing of this Information Circular, options have been granted and remain outstanding to purchase an aggregate of 2,700,000 Common Shares and expire on a date not later than 10 years after the date of grant of an option.

On May 10, 2012, the Board approved the below "housekeeping" amendments to the Plan as set out below:

1. Added a definition "Exchange Hold Period" has the meaning assigned to Policy 1.1 of the TSX Venture Policies;"
2. Added a definition "Market Price has the meaning assigned in Policy 1.1 of the TSX Venture Policies;"
3. Amended the definition of "Take Over Bid" means a take over bid as defined in Multilateral Instrument 62-104 (Take-over Bids and Issuer Bids) or the analogous provisions of securities legislation applicable to the Company;

4. Added the following paragraph:

**“Acceleration of Vesting on Change of Control**

3.9 Save for and except any Options granted to a Service Provider providing Investor Relations Activities, in the event of a Change of Control occurring, Options granted and outstanding which are subject to vesting provisions, shall be deemed to have immediately vested upon the occurrence of the Change of Control.”

5. Added to Section 4.1 Option Commitment:

4.1 Upon grant of an Option hereunder, an authorized officer of the Company will deliver to the Optionee an Option Commitment detailing the terms of such Options and upon such delivery the Optionee will be subject to the Plan and have the right to purchase the Optioned Shares at the Exercise Price set out therein subject to the terms and conditions hereof, including any additional requirements contemplated with respect to the payment of required withholding taxes on behalf of Optionees.

6. Added to Section 4.2 Manner of Exercise:

4.2 An Optionee who wishes to exercise his Option may do so by delivering

(a) a written notice to the Company specifying the number of Optioned Shares being acquired pursuant to the Option; and

(b) a certified cheque, wire transfer or bank draft payable to the Company for the aggregate Exercise Price for the Optioned Shares being acquired, plus any required withholding tax amount subject to §4.3.

7. Amended Section 4.4 to read:

**Delivery of Optioned Shares and Hold Periods**

4.4 As soon as practicable after receipt of the notice of exercise described in §4.2 and payment in full for the Optioned Shares being acquired, the Company will direct its transfer agent to issue to the Optionee the appropriate number of Optioned Shares. If the Exercise Price is set below the then current market price of the Common Shares on the TSX Venture at the time of grant, the certificate representing the Optioned Shares or written notice in the case of uncertificated shares will include a legend stipulating that the Optioned Shares issued are subject to a four-month Exchange Hold Period commencing the date of the Option Commitment.

8. Amended Section 5.4 to read:

**Continuation of Plan**

5.4 The Plan will become effective from March 22, 2011, the date the Company’s Common Shares were posted for trading on the TSX Venture, and will remain effective provided that the Plan, or any amended version thereof, receives Shareholder Approval at each annual general meeting of the holders of Common Shares of the Company subsequent to March 22, 2011.

There were other amendments made to the Plan which were of an administrative or of a clerical nature only. All amendments to the Plan, including those of the above, are non-material changes to the Plan.

The Board is of the view that the Plan, as amended, 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.

Under TSXV policy, the continuation of the Plan requires annual shareholder approval at each annual meeting of the Company by ordinary resolution.



***Shareholder Approval***

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

“Resolved that the Company’s 10% rolling share option plan dated for reference November 4, 2010, as amended May 10, 2012, be and is hereby ratified and approved until the next annual general meeting of the Company.”

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.

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

**OTHER MATTERS**

The Board is not aware of any other matters which it anticipates will come before the Meeting as of the date of mailing of this Information Circular.

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 May 23, 2012.

**BY ORDER OF THE BOARD**

*“Donald J. Currie”*

**Donald J. Currie**  
**Chief Executive Officer**