

HILLCREST RESOURCES LTD.
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INFORMATION CIRCULAR
as at April 18, 2011

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 and special meeting (the “Meeting”) of its shareholders to be held on May 27, 2011 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 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 Shareholders 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, 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:

- (a) completing, dating and signing the enclosed form of proxy and returning it to the Company's transfer agent, Computershare Trust Company of Canada, by fax within North America at 1-866-249-7775, outside North America at (416) 263-9524, or by mail to the 9th Floor, 100 University Avenue, Toronto, Ontario, M5J 2Y1 or by hand delivery at 2nd Floor, 510 Burrard Street, Vancouver, British Columbia, Canada V6C 3B9;
- (b) using 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) using the internet through the website of the Company's transfer agent at www.investorvote.com. 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 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 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, Computershare Trust Company of Canada ("Computershare"). 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. Computershare will tabulate the results of the VIFs received from NOBOs and will provide appropriate 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 has 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 on your behalf.

By choosing to send these materials to you directly, the Company (and not the intermediary holding on your behalf) has assumed responsibility for (i) delivering these materials to you, and (ii) executing your proper voting instructions. Please return your voting instructions as specified in 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 or to have an alternate representative duly appointed to attend 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 are 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), as amended, 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 Trust Company of Canada, or at 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 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 April 18, 2011 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 Company was incorporated pursuant to the *Business Corporations Act* (British Columbia) (the "BCA") on May 2, 2006 under the name of "Shanghai Creek Minerals Ltd." The Company changed its name to Hillcrest Resources Ltd. on May 28, 2007.

Commencement of Trading on the TSX Venture Exchange

The Company completed an initial public offering under a Prospectus dated March 3, 2011. Effective March 22, 2011, the Company's Common Shares commenced trading on the TSX Venture Exchange (the "TSX-V") under symbol HRH. Certain Common Shares owned by the Directors as set out under heading "Election of Directors", or owned which are owned by spouses of such Directors, are subject to the Principal escrow regime under National Policy 46-201 *Escrow for Initial Public Offerings*.

The authorized share capital of the Company consists of an unlimited number of Common Shares without par value. As at the date of the Prospectus, 17,647,500 Common Shares were issued and outstanding as fully paid and non-assessable shares.

As of record date, April 18, 2011, there were 28,529,433 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.

To the knowledge of the directors and executive officers of the Company, there are no persons or corporations 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 April 18, 2011

The following documents filed with the securities commission or similar regulatory authority are referenced to in this Information Circular:

- (1) the December 31, 2010 audited year end financial statements, the report of the auditor, and related management discussion and analysis, that can be accessed on SEDAR at www.sedar.com;
- (2) Final Prospectus dated March 3, 2011 that can be accessed on SEDAR at www.sedar.com;
- (3) Escrow Agreement dated March 1, 2011 that can be accessed on SEDAR at www.sedar.com; and
- (4) the Audit Committee Charter attached as a schedule to this Information Circular.

The audited financial statements of the Company for the year ended December 31, 2010, together with the report of the auditor thereon and related management and discussion and analysis, will be placed before the Meeting.

The documents incorporated by reference can be accessed at www.sedar.com and may also be obtained by a Shareholder upon request without charge from the Company at Suite 303 – 750 West Pender Street, Vancouver, British Columbia, V6C 2T7. Telephone No. (604) 609-0006 or Fax No.: (604) 844-7572. Copies of documents will be provided free of charge to security holders of the Company. The Company may require payment of a reasonable charge from any person or company, who is not a security holder of the Company, requesting a copy of any such document.

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 Board has fixed the number of directors of the Company at four. 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 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 four 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 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 April 18, 2011.

Name of Nominee; Current Position with the Company and Province or State and Country of Residence	Occupation, Business or Employment ⁽¹⁾	Period as a Director of the Company	Common Shares Beneficially Owned or Controlled ⁽¹⁾
Donald J. Currie ⁽²⁾ <i>Chairman, CEO & Director</i> British Columbia, Canada	Director, Enhanced Oil Resources, April 1994 to 2005; Investor Relations, Enhanced Oil Resources, since 2005.	Since July 10, 2010	660,000 ⁽²⁾
Stewart A. Jackson ^(7,8) <i>President & Director</i> California, USA	Independent consultant since March 1987.	Since February 10, 2010	Nil
David Stone (Dr) ^(5,6,7,8) <i>Director</i> Washington, USA	President, Minefill Services, a mining engineering consulting company based in Bothell, Washington, since August 1999.	Since July 18, 2007	300,000 ⁽³⁾

Name of Nominee; Current Position with the Company and Province or State and Country of Residence	Occupation, Business or Employment ⁽¹⁾	Period as a Director of the Company	Common Shares Beneficially Owned or Controlled ⁽¹⁾
Jason Oden ^(5,6,7,8) <i>Director</i> Texas, USA	Vice President, Exploration of Gulfsands Petroleum, September 2005 to September 2010; Exploration Manager, BHP Billiton Petroleum, September 2000 to September 2005.	Since August 25, 2010	400,000 ⁽⁴⁾

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. Each nominee has held the same or a similar principal occupation with the organization indicated or a predecessor thereof for the last five years. These Common Shares, and Common Shares owned by spouses of such principals who are treated as Principals themselves, are subject to the Principal escrow regime under NP 46-201.
- (2) 594,000 of these Common Shares are held in escrow subject to Escrow Agreement dated March 1, 2011; 180,000 of these Common Shares are issued in the name of Vivian Yesnik, who is Mr. Currie's spouse, of which shares are also subject to Escrow Agreement dated March 1, 2011. Mr. Currie also holds stock options to purchase 250,000 common shares exercisable at \$0.20 expiry date March 22, 2016 and warrants to purchase 45,000 common shares exercisable at \$0.10, exercisable to up to and including January 25, 2012.
- (3) 202,500 of these Common Shares are held in escrow subject to Escrow Agreement dated March 1, 2011. Dr. Stone also holds options to purchase 300,000 common shares exercisable at \$0.20 expiry date March 22, 2016, and warrants to purchase 70,000 common shares exercisable at \$0.10, exercisable to up to and including January 20, 2012.
- (4) 360,000 of these Common Shares are held in escrow subject to Escrow Agreement dated March 1, 2011. Mr. Oden also holds options to purchase 250,000 common shares exercisable at \$0.20 expiry date March 22, 2016, and warrants to purchase 160,000 common shares exercisable at \$0.10, exercisable to up to and including June 1, 2012.
- (5) Denotes a member of the Audit Committee of the Company.
- (6) Denotes a member of the Compensation and Corporate Governance Committee
- (7) Denotes a member of the Disclosure Committee
- (8) Denotes a member of the Reserves Committee.

Director Information

Donald J. Currie

Mr. Donald J. Currie is an employee of the Company holding offices of Chairman and Chief Executive Officer. Mr. Currie has been the Chairman and Chief Executive Officer of the Company since February 10, 2010, and a director of the Company since July 10, 2010. As Chief Executive Officer, Mr. Currie advises the Board and oversee the operations of the Company.

Mr. Currie has over 20 years experience in the oil and gas industry working for major and small public companies. Since 1994, Mr. Currie has been a Director and the VP Public Communications of Enhanced Oil Resources Inc., an oil and gas exploration and production company. Mr. Currie served as Manager of CMD Services Ltd. from 1992 to 2005 and has served as a director of Electric Metals Inc. since August 2010.

Stewart A. Jackson

Mr. Stewart A. Jackson has been the Director and President of the Company since February 10, 2010. Mr. Jackson has worked as an independent consultant since March 1987. Mr. Jackson is a geologist with over 40 years of experience in the mining industry. He has been involved in the exploration and development of base and precious mineral deposits in a wide range of environments for public and private companies. Currently, Mr. Jackson serves as the President, Chief Executive Officer and a director for Denarii Resources Inc. (OTCBB) and has been since August 2010. Mr. Jackson is also a director of AM Gold Inc. and has been since April 2008, World Ventures Inc. since August 1992 and the President, Chief Executive Officer and a director of Trans Atlantic Metals AG, of Switzerland (Frankfurt Stock Exchange) since August 2007, amongst others. Mr. Jackson is a licensed Professional Geologist and holds a Bachelor of Science (Honours) from the University of Western Ontario, a Masters of Science from the University of Toronto, and a Ph.D. from the University of Alberta.

Dr. David Stone

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 an engineer with over 30 years experience of engineering and financial consulting in the mining industry evaluating projects for mining companies. Dr. Stone has been a director of Boss Power Corp. since September 2007, a director of Southern Arc Minerals since July 2008, a director of Superior Mining International Corp. since May 2009 and a director of Electric Metals Inc. since May 2010.

Dr. Stone served as Director and CEO of Adanac Molybdenum Corporation from 2006 to 2008. 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.

Corporate Cease Trade Orders or Bankruptcies

Stewart A. Jackson was a director and officer of Canadian Metals Exploration Ltd. (now Hard Creek Nickel Corp.) when the BCSC issued an order on May 29, 2003 that the company be cease traded for failing to file a NI 43-101 compliant technical report and for failure to file certain continuous disclosure documents in the required form. The cease trade order was revoked on July 18, 2003.

Mr. Jackson has been a director of World Ventures Inc. ("WVI") since 2007. Since 2007, WVI has been subject to the following cease trade orders:

1. 2010 BCSECCOM 131 issued March 8, 2010 for failure to file comparative annual financial statements for its financial year ended October 31, 2009, a Form 51-102F1 *Management's Discussion and Analysis* for the same period and a Form 51-102F2 *Annual Information Form* for the year ended October 31, 2009. The cease trade order has not been revoked.
2. 2008 BCSECCOM 135 issued March 11, 2008 for failure to file certain financial information. The cease trade order was revoked on April 2, 2008.
3. On March 18, 2009 the BCSC issued an order that WVI be cease traded due to failure to file certain financial information. The cease trade order was revoked on June 1, 2009.

Dr. David Stone was a director of Adanac Molybdenum Corporation (“Adanac”) from January 2006 to July 2008 and was its interim Chief Executive Officer from March 27 to July 14, 2008. On December 19, 2008, Adanac was granted protection under the Companies’ Creditors Arrangement Act (Canada) (“CCAA”) and continues to operate under the guidance of the court appointed Monitor, KPMG Inc. On November 19, 2010, the British Columbia Supreme Court made an order sanctioning Adanac’s plan of compromise and arrangement, permitting the distribution of cash or shares to its affected creditors in satisfaction of Adanac’s obligations to those creditors.

Other than Stewart A. Jackson and Dr. David Stone, to the best of the Company’s knowledge, no director or officer of the Company or a shareholder holding a sufficient number of securities of the Company to affect materially the control of the Company, is, or within the 10 years prior to the date hereof has been, a director or officer of any other issuer that, while that person was acting in that capacity, was the subject of a cease trade order or similar order or an order that denied the other issuer access to any statutory exemptions, for a period of more than 30 consecutive days, or 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.

Penalties or Sanctions

Stewart A. Jackson entered into a settlement agreement with the British Columbia Securities Commission (the “BCSC”) on January 12, 2005 in connection with the cease trade order issued against Canadian Metals Exploration Ltd. (“CME”) as outlined above. The BCSC found that Mr. Jackson was in breach of section 168.2 of the *Securities Act* (British Columbia) and NI 43-101 for failure to ensure that CME complied with provisions of the *Securities Act* (British Columbia) and the disclosure requirements of NI 43-101. The BCSC found as a mitigating factor that Mr. Jackson relied upon reports about the mineral resource project of CME prepared by qualified persons when drafting and reviewing CME’s mining technical disclosure. Pursuant to the terms of the settlement agreement, Mr. Jackson provided an undertaking (the “Undertaking”) to the BCSC to (i) comply with the *Securities Act* (British Columbia), the regulations thereto and NI 43-101; (ii) not prepare or disseminate mining disclosure for three years from the date of the settlement agreement, except under the supervision of a director; (iii) resign any position he held as a director of a public company, and not to act as a director of any public company until he paid \$10,000 to the BCSC, referenced below in (iv), and successfully completed a course of study satisfactory to the Executive Director of the BCSC concerning the duties and responsibilities of directors and officers of public companies; (iv) pay the BCSC \$10,000 representing a portion of the costs of the investigation conducted by the BCSC; and (v) to not say anything, written or oral, which would contradict the terms of the settlement agreement. Mr. Jackson complied with all conditions and terms of the Undertaking. On April 29, 2008, the Commission issued a letter confirming that Mr. Jackson had fulfilled the Undertaking.

Other than Mr. Jackson, to the Company’s knowledge, none of the directors or officers of the Company have been subject to any penalties or sanctions imposed by a court relating to Canadian securities legislation or by a Canadian securities regulatory authority or has entered into a settlement agreement with a Canadian securities regulatory authority or been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

Personal Bankruptcies

To the Company’s knowledge, no director or officer of the Company, nor any shareholder holding sufficient securities of the Company to affect materially the control of the Company, nor any personal holding company of any such person has, within the 10 years before the date of this Prospectus, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or been subject to or instituted any proceedings, arrangements or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of that person.

Conflicts of Interest

Certain directors and officers of the Company are, and may continue to be, involved in the oil and gas exploration industry through their direct and indirect participation in corporations, partnerships or joint ventures which are potential competitors of the Company. Situations may arise in connection with potential acquisitions or opportunities where the other interests of these directors and officers may conflict with the interests of the Company. Directors and officers of the Company with conflicts of interest will be subject to and follow procedures set out in applicable corporate and securities legislation, regulation, rules and policies, including, the relevant provisions of the *Business Corporations Act* (British Columbia).

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. Such disclosure is set forth below:

The Audit Committee’s Charter

On November 4, 2010, the Company adopted an Audit Committee charter. A copy of the audit committee charter is attached as Schedule “A” hereto.

Composition of the Audit Committee

The members of the Audit Committee comprise: Dr. David Stone, Jason Oden and Wan Jung (Chief Financial Officer). All three members of the Audit Committee are independent members. The members of the Audit Committee are considered to be financially literate.

Relevant Education and Experience

Dr. David Stone and Jason Oden (referenced in “**Director Information**” above), and Wan Jung 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.

Wan Jung is a Certified General Account with over 30 years experience. He was the former Director of Finance with NIKE Canada Ltd. and presently serves as Chief Financial Officer for Avigilon Corporation, a company that manufactures and markets high definition surveillance systems.

Audit Committee Oversight

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

Reliance on Certain Exemptions

The Company is not relying on any exemptions under section 2.4 *De Minimis Non-Audit Services* of NI 52-110 or an exemption granted under Part 8 (Exemptions) of NI 52-110, during the financial year ended December 31, 2010.

Pre-Approval Policies and Procedures

The Company has adopted specific policies and procedures for the engagement of non-audit services in its Audit Committee Charter. As set out in the attached Audit Committee Charter.

External Auditor Service Fees

The Audit Committee has reviewed the nature and amount of the non-audited services provided by Lancaster & David, auditors of the Company to ensure auditor independence. Fees incurred with Lancaster & David 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 in Year Ended December 31, 2010.	Fees Paid to Auditor in Year Ended December 31, 2009
Audit Fees ⁽¹⁾	\$35,000	\$11,000
Audit-Related Fees ⁽²⁾	\$8,500	\$Nil
Tax Fees ⁽³⁾	\$Nil	\$Nil
All Other Fees ⁽⁴⁾	\$Nil	\$Nil
Total	\$43,500	\$11,000

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.

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 of the Company 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 independent members of the Board are Dr. David Stone and Jason Oden. The non-independent directors are Donald J. Currie (Chairman and Chief Executive Officer of the Company) and Stewart A. Jackson (President of the Company).

Directorships

NAME OF DIRECTOR	NAME OF REPORTING ISSUER
Donald J. Currie	Electric Metals Inc. (TSX-V)
	Enhanced Oil Resources, Inc. (TSX-V)
Stewart A. Jackson	AM Gold Inc. (TSX-V)
	Andover Ventures Inc. (TSX-V)
	Denarii Resources Inc. (OTCBB)
	Trans Atlantic Metals AG (Frankfurt)
	World Ventures Inc. (OTCBB)
Dr. David Stone	Boss Power Corp. (TSX-V)
	Charlotte Resources Ltd. (CNSX)
	Electric Metals Inc. (TSX-V)
	Formation Metals Inc. (formerly Formation Capital Corporation) (TSX)
	Redhill Resources Corp. (TSX-V)
	Skeena Resources Limited (TSX-V)
	Southern Arc Minerals Inc. (TSX-V)
	Superior Mining International Corporation (TSX-V)
TOSCA Mining 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

Pursuant to the Compensation and Corporate Governance Committee Charter adopted by the Company on November 4, 2010. The member of the Compensation and Corporate Governance Committee, comprises: Jason Oden, Dr. David Stone and Lewis Edward Parker. Mr. Parker is not a nominee director at the Meeting. 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 adopted by the Company on November 4, 2010, 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), Donald J. Currie and Wan Jung. 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: Stewart A. Jackson, Jason Oden and Dr. David Stone. 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 Corporation'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 adopted by the Company on November 4, 2010, 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

Named Executive Officer

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 CEO, Stewart A. Jackson, President, and Wan Jung, CFO, are each a Named Executive Officer (“NEO”) of the Company for the purposes of the following disclosure.

Compensation Discussion and Analysis

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.

In compensating its senior management, the Company has employed a combination of base salary and equity participation through its stock option plan. Recommendations for senior management compensation are presented to the Board for review.

Base Salary

In the Board’s view, paying base salaries which are reasonable in relation to the level of service expected while remaining competitive in the markets in which the Company operates is a first step to attracting and retaining qualified and effective executives.

Equity Participation

The Company believes that encouraging its executives and employees to become shareholders is the best way of aligning their interests with those of its shareholders. Equity participation is accomplished through the Company’s share option plan. Stock options are granted to executives and employees taking into account a number of factors, including the amount and term of options previously granted, base salary and bonuses and competitive factors. The amounts and terms of options granted are determined by the compensation committee based on recommendations put forward by the CEO. Due to the Company’s limited financial resources, the Company emphasizes the provisions of option grants to maintain executive motivation.

Option-Based Awards

The Company has a share option plan in place, which was established to provide incentive to qualified parties to increase their proprietary interest in the Company and thereby encourage their continuing association with the Company. The compensation committee proposes share option grants to the Board based on such criteria as performance, previous grants, and hiring incentives. All grants require approval of the Board. The share option plan is administered by the Compensation and Corporate Governance Committee and provides that options will be issued to directors, officers, employees or consultants of the Company or a subsidiary of the Company.

Summary Compensation Table

The compensation paid to the NEOs during the Company's two most recently completed financial years of December 31 is as set out below and expressed in Canadian dollars unless otherwise noted:

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			
Donald J. Currie Chairman & CEO	2010	20,000	Nil	Nil	Nil	Nil	Nil	Nil	20,000
	2009	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Stewart A. Jackson President	2010	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	2009	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Wan Jung CFO	2010	7,750	Nil	Nil	Nil	Nil	Nil	Nil	7,750
	2009	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil

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, 2010, for each NEO:

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 (\$)
Donald J. Currie	250,000	\$0.20	March 22, 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

Incentive Plan Awards – Value Vested or Earned During the Year

The following table sets out the value vested or earned under incentive plans during the year ended December 31, 2010, for each NEO:

Name	Option-based awards – Value vested during the year (\$)	Share-based awards – Value vested during the year (\$)	Non-equity incentive plan compensation – Value earned during the year (\$)
Donald J. Currie	Nil	Nil	Nil
Stewart A. Jackson	Nil	Nil	Nil

Name	Option-based awards – Value vested during the year (\$)	Share-based awards – Value vested during the year (\$)	Non-equity incentive plan compensation – Value earned during the year (\$)
Wan Jung	Nil	Nil	Nil

See “*Approval and Adoption of Share Option Plan*” for further information on the Company’s Share Option Plan.

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, 2010.

The following table sets out all option-based awards and share-based awards outstanding as at December 31, 2010, 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
Lewis Edward Parker	250,000	\$0.20	March 22, 2016	Nil	Nil	Nil
Jason Oden	250,000	\$0.20	March 22, 2016	Nil	Nil	Nil

No value was vested or earned under any incentive plans during the year ended December 31, 2010, by any director.

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 and Adoption of Share Option Plan*”.

The following table sets out equity compensation plan information as at the financial year end of December 31, 2010.

Equity Compensation Plan Information

Plan Category	Number of securities to be issued upon exercise of outstanding options (a)	Weighted-average exercise price of outstanding options (b)	Number of securities remaining available for future issuance under equity compensation plan (c)
Equity compensation plans approved by securityholders - (the Plan)	Nil	\$N/A	Nil
Equity compensation plans not approved by securityholders	N/A	N/A	N/A
Total	N/A	\$Nil	N/A

There were no stock options granted during the financial year ending December 31, 2010. 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.

Exploration Agreement with Delta Oil and Gas, Inc.

On March 27, 2009, Barry Lasker ("Lasker") and Delta Oil and Gas, Inc. ("Delta") entered into an exploration agreement (the "Exploration Agreement"). Pursuant to the terms of the Exploration Agreement, Lasker agreed to identify and secure leases which would subsequently be assigned to Delta and pursuant to the terms of such agreement, Delta agreed to pay 100% of the lease acquisition costs and operating costs of up to three wells. In exchange for Lasker's performance under the Exploration Agreement, Lasker obtained a 10% carried interest in the first target well, Donner #1, and a 20% carried interest in the second and third target wells, Prospect 1 and Prospect 2, respectively, until payout in each of the wells. Upon payout, Lasker's carried interest converted to a 50% working interest in Donner #1 and a 40% working interest in each of Prospect 1 and Prospect 2.

In August 2009, Donald Currie in his personal capacity and not in his capacity as an officer or director of the Company, entered into an oral agreement with Lasker which is evidenced by a written agreement dated January 10, 2010, (the "DC Assignment"), to acquire 50% of all of Lasker's right, title and interest in and to the Exploration Agreement.

On December 30, 2010, Delta entered into an agreement (the "HRI Assignment") with the Company to assign 60% of all of Delta's right, title and interest in and to the Exploration Agreement.

Prospectus Offering/Various Financings

The Company completed a public offering under a Prospectus dated March 3, 2011 of a distribution of 9,000,000 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 2,578,500 Common Shares are held in escrow on behalf of insiders of the Company, under which the below insiders of the Company participated:

Also prior to being listed on the TSX Venture Exchange, the Company conducted various private placement financings between December, 2009 and June, 2010. Set out below are the outstanding securities of the insiders who participated in the Initial Public Offering and to the various financings:

Lewis Edward Parker – 350,000 warrants outstanding at an exercise price of \$0.10, exercisable up to and including January 21, 2012. 882,000 Common Shares are held in escrow under Escrow Agreement dated March 1, 2011.

David Stone – 70,000 warrants outstanding at an exercise price of \$0.10, exercisable up to and including January 20, 2012. 202,500 Common Shares are held in escrow under an Escrow Agreement dated March 1, 2011.

Donald J. Currie 45,000 warrants outstanding at an exercise price of \$0.10, exercisable up to and including January 25, 2012. 612,000 Common Shares are held in escrow under an Escrow Agreement dated March 1, 2011, of which 180,000 of these Common Shares are held in escrow by Vivian Yesnik, who is Mr. Currie's spouse.

514742 B.C. Ltd., a company under the direction and control of Wan Jung - 280,000 warrants outstanding at an exercise price of \$0.10, exercisable up to and including April 8, 2012. 360,000 Common Shares are held in escrow under an Escrow Agreement dated March 1, 2011.

Jason Oden - 160,000 warrants outstanding at an exercise price of \$0.10, exercisable up to and including June 1, 2012. 360,000 Common Shares are held in escrow under an Escrow Agreement dated March 1, 2011.

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

A. Approval and Adoption of Share Option Plan

On November 4, 2010, the Company implemented a 10% rolling share option plan in order (the "2010 Share Option 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.

The Company is seeking shareholder approval to the adoption of the 2010 Share Option Plan.

At the date of this Information Circular, a total of 1,900,000 incentive stock options are outstanding pursuant to the 2010 Share Option Plan. These options were granted on under the terms of the Prospectus, at an exercise price of \$0.20, and exercisable for a period of 5 years from the Listing Date. The Company's Common Shares were listed for trading on March 22, 2010. These 1,900,000 stock options will not be exercised until approval has been received to the 2010 Share Option Plan.

Under the 2010 Share Option Plan, a maximum of ten percent (10%) of the issued and outstanding Common Shares at the time an option is granted, less Common Shares reserved for issuance on exercise of options then outstanding under the 2010 Share Option Plan, are reserved for options to be granted at the discretion of the Board to eligible optionees (an "Optionee").

Material Terms of the 2010 Share Option Plan

The following is a summary of the material terms of the 2010 Share Option Plan:

- (a) Persons who are Service Providers to the Company or its affiliates, or who are providing services to the Company or its affiliates, are eligible to receive grants of options under the 2010 Share Option Plan;
- (b) Options granted under the 2010 Share Option Plan are non-assignable and non-transferable and are issuable for a period of up to ten (10) years subject to the Black-Out provisions stated in the 2010 Share Option Plan;
- (c) For stock options granted to Service Providers, the Company must ensure that the proposed Optionee is a bona fide Service Provider of the Company;
- (d) Any option granted to an Optionee must expire within ninety (90) days following the date the Optionee ceases to be employed by the Company or its affiliates (other than as a result of termination with cause), or ceases to provide services to the Company or its affiliates, or ceases to act as a director or officer of the Company or its affiliates, or ceases to be a Service Provider;
- (e) if an Optionee dies, any vested option held by him or her at the date of death will become exercisable by the Optionee's lawful personal representatives, heirs or executors until the earlier of one year after the date of death of such Optionee and the date of expiration of the term otherwise applicable to such option;

- (f) in the case of an Optionee being dismissed from employment or service for cause, such Optionee's options, whether or not vested at the date of dismissal, will immediately terminate without right to exercise same;
- (g) 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 Discounted Market Price (as defined in the 2010 Share Option Plan);
- (h) vesting of options shall be in accordance with the option commitment in the 2010 Share Option Plan or otherwise, at the discretion of the Board, and will generally be subject to: (i) the Service Provider remaining employed by or continuing to provide services to the Company or any of its Affiliates, as well as, at the discretion of the Board, achieving certain milestones which may be defined by the Board from time to time or receiving a satisfactory performance review by the Company or any of its Affiliates during the vesting period; or (ii) the Service Provider remaining as a Director of the Company or any of its Affiliates during the vesting period; and
- (i) The Board reserves the right in its absolute discretion to amend, modify or terminate the 2010 Share Option Plan in respect of Options which have not yet been granted under the 2010 Share Option Plan.

The exercise price of an option will be set by the Board at the time such option is allocated under the Plan and cannot be less than the Discounted Market Price (as defined in the policies of the TSX-V). The exercise price of an option may be amended only if at least six months have elapsed since the later of the date of commencement of the term of the Option, the date the Common Shares commenced trading on the TSX-V, or the date of the last amendment of the Exercise Price. An option must be outstanding for at least one year before the Company may extend its term and any proposed amendment to the terms of an Option must be approved by the TSX-V prior to the exercise of such Option.

The Board may, without shareholder approval and subject to the requirements of the TSX-V policies and the prior receipt of any necessary Regulatory Approval:

- (i) amend the 2010 Share Option Plan to correct typographical, grammatical or clerical nature only;
- (ii) change the vesting provisions of an Option granted under the 2010 Share Option Plan, subject to prior written approval of the TSX-V, if applicable;
- (iii) change the termination provision of an Option granted under the 2010 Share Option Plan which does not entail an extension beyond the original Expiry Date of such Option;
- (iv) make such amendments to the 2010 Share Option Plan as are necessary as a result in changes in securities laws applicable to the Company;
- (v) if the Company becomes listed or quoted on a stock exchange or stock market senior to the TSX-V, make such amendments as may be required by the policies of such senior stock exchange or stock market; and
- (vi) amend the 2010 Share Option Plan to reduce, and do not increase, the benefits of the 2010 Share Option Plan to Service Providers.

The Company will be required to obtain Disinterested Shareholder Approval prior to any of the following actions becoming effective:

- (a) if the 2010 Share Option Plan, together with all of the Company's other Share Compensation Arrangements, could result at any time in:
 - (i) the aggregate number of Common Shares reserved for issuance under Options granted to Insiders exceeding 10% of the outstanding Common Shares in the event that this 2010 Share Option Plan is amended to reserve for issuance more than 10% of the Outstanding Common Shares);

- (ii) the number of Optioned Shares issued to Insiders within a one-year period exceeding 10% of the Outstanding Common Shares in the event that this 2010 Share Plan is amended to reserve for issuance more than 10% of the Outstanding Common Shares); or,
 - (iii) the issuance to any one Optionee, within a 12-month period, of a number of Common Shares exceeding 5% of Outstanding Common Shares; or
- (b) any reduction in the Exercise Price of an Option previously granted to an Insider.

Black-Out Period. The 2010 Share Option Plan also contains a “black-out” provision. Should the expiry date for an Option fall within a black out period or within 9 business days following expiration of the black-out period, such expiry date shall, subject to the approval of the TSX-V (or the NEX, as the case may be), be automatically extended without any further act or formality to that date which is the 10th business day after the end of the black-out period, such 10th business day to be considered the expiry date for such Option for all purposes under the 2010 Share Option Plan. The 10th business day period referenced in the 2010 Share Option Plan may not be extended by the Board.

Company. “Company” is defined in the 2010 Share Option Plan as Hillcrest Resources Ltd. and includes, unless the context otherwise requires, all of its Affiliates and successors according to law;

Subject to the Company requiring Disinterested Shareholder Approval, the following restrictions on issuances of Options are applicable under the 2010 Share Option Plan:

- (a) no Service Provider can be granted an Option if that Option would result in the total number of Options, together with all other Share Compensation Arrangements granted to such Service Provider in the previous 12 months, exceeding 5% of the Company’s Outstanding Common Share capital, unless the Company has obtained Disinterested Shareholder Approval to do so;
- (b) the aggregate number of Options granted to all Service Providers conducting Investor Relations Activities in any 12-month period cannot exceed 2% of the Outstanding Common Shares, calculated at the time of grant, without the prior consent of the TSX-V (or NEX, as the case may be); and

the aggregate number of Options to any one Consultant in any 12 month period cannot exceed 2% of the Outstanding Common Shares, calculated at the time of grant, without the prior consent of the TSX-V.

Disinterested Shareholder Approval means approval by a majority of the votes cast by all the Company’s shareholders at a duly constituted shareholders’ meeting, excluding votes attached to Common Shares beneficially owned by Insiders who are Service Providers of their Associates.

Insider means an insider as defined in the TSX-V Policies or as defined in securities legislation applicable to the Company.

Participants. Options may be granted to “Participants”, which is defined in the 2010 Share Option Plan as a Service Provider that becomes an Optionee.

Service Provider. A “Service Provider” is defined in the 2010 Share Option Plan as a Person who is a bona fide Director, Officer, Employee, Management Company Employee, Consultant or Company Consultant, and also includes a company, 100% of the share capital of which is beneficially owned by one or more Service Providers; “Person” includes a company, any unincorporated entity, or an individual.

A copy of the 2010 Share Option Plan will be available for inspection at the Meeting.

Shareholder Approval

Shareholder approval will be requested at the Meeting to vote on the resolution to adopt the 2010 Share Option Plan. The Board recommends that shareholders vote in favour of the 2010 Share Option Plan. At the Meeting, shareholders will be requested to vote on the following ordinary resolution:

Resolved, with or without amendment, as a resolution of shareholders, that:

- (a) the Share Option Plan dated for reference November 4, 2010 (the “2010 Share Option Plan”), as approved by the Board on November 4, 2010, as described in the Information Circular of be ratified and approved;
- (b) to the extent permitted by law, the Company be authorized to abandon all or any part of the 2010 Share Option Plan if the Board deems it appropriate and in the best interests of the Company to do so; and
- (c) any one or more of the directors and officers of the Company be authorized to perform all such acts, deeds and things and execute, under seal of the Company or otherwise, all such documents as may be required to give effect to this resolution.

The Board recommends that you vote in favour of the 2010 Share Option Plan.

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.

B. Alterations to Existing Articles

At the Meeting, Shareholders will be asked to approve certain alterations to the Company’s current Articles.

Also, certain of the proposed alterations are considered appropriate as a result of the proclamation of the *Securities Transfer Act* (“STA”) and to ensure that the Company’s corporate charter facilitates the use of uncertificated shares and electronic record keeping systems currently in use worldwide and which are being increasingly adopted in Canada.

STA permits the use of electronic record-keeping and uncertificated securities. Due to the proclamation of STA the Company wishes to amend certain sections of its Articles to ensure confirmation is sent to each holder of an uncertificated share by written notice to the shareholder pursuant to the current provisions of the BCA. The amendments are intended to modernize the Company’s corporate charter to more readily permit the use of uncertificated shares and electronic trading.

The material concerns arising from the amendments to the BCA and which are reflected in the proposed amendments to the Articles include the following:

1. If the shares of which a shareholder is the registered owner are not uncertificated shares, such shareholders will be entitled either to (a) one share certificate representing the shares of each class or series of shares registered in the shareholder’s name; or (b) a non-transferable written acknowledgment of the shareholder’s right to obtain such a share certificate. Shareholders holding uncertificated shares will receive written notice of any issue or transfer of those shares.
2. Currently, the Articles provide that for a share transfer to be effective the Company must receive a “duly signed instrument of transfer”. In electronic delivery, in certain circumstances where transfers are effected by brokers on behalf of their clients, a signed instrument of transfer is not provided to the Company. The amendments permit the transfer of shares to occur upon receipt by the Company or its transfer agent of a written instrument of transfer.
3. Currently, the Articles provide that the instrument of transfer must be in the form approved by the directors. The amendments make the acceptance of the form of instrument of transfer by

providing that the instrument of transfer be in a form either approved by the directors or by the transfer agent and registrar of the Company.

Shareholders are being asked at the Meeting, to approve, by ordinary resolutions, the alterations to the Company's existing Articles and to adopt a new set of Articles which includes all alterations, the text of the resolutions as set out below:

RESOLVED as ordinary resolutions, that:

Pursuant to Article 2 and the Articles of the Company, that the existing Articles of the Company be altered as follows:

1. Article 2.3 – Shareholder Entitled to Certificate or Acknowledgement be amended by deleting that paragraph and substituting the following as paragraph 2.3:

Shareholder Entitled to Certificate Acknowledgment or Written Notice

2.3 Unless the shares of which the shareholder is the registered owner are uncertificated shares, each shareholder is entitled, without charge, to (a) one share certificate representing the shares of each class or series of shares registered in the shareholder's name or (b) a non-transferable written acknowledgment of the shareholder's right to obtain such a share certificate, provided that in respect of a share held jointly by several persons, the Company is not bound to issue more than one share certificate and delivery of a share certificate for a share to one of several joint shareholders or to one of the shareholders' duly authorized agents will be sufficient delivery to all. The Company must send to a holder of an uncertificated share a written notice containing the information required by the *Business Corporations Act (British Columbia)* (the "Act") within a reasonable time after the issue or transfer of such share.

2. Article 2.4 – Delivery by Mail be amended by deleting that paragraph and substituting the following as paragraph 2.4:

Delivery by Mail

2.4 Any share certificate or non-transferable written acknowledgment of a shareholder's right to obtain a share certificate, or written notice of the issue or transfer of an uncertificated share may be sent to the shareholder by mail at the shareholder's registered address and neither the Company nor any director, officer or agent of the Company is liable for any loss to the shareholder because the share certificate, acknowledgement or written notice is lost in the mail or stolen.

3. Article 2.6 – Replacement of Lost, Stolen or Destroyed Certificate or Acknowledgement be amended by deleting that paragraph and substituting the following as paragraph 2.6:

Replacement of Lost, Stolen or Destroyed Certificate or Acknowledgment

2.6 If a share certificate or a non-transferable written acknowledgment of a shareholder's right to obtain a share certificate is lost, stolen or destroyed, a replacement share certificate or acknowledgment, as the case may be, must be issued to the person entitled to that share certificate or acknowledgment, if the requirements of the Act are satisfied, as the case may be, if the directors receive:

Pursuant to Article 5 and the Articles of the Company, that the existing Articles of the Company be altered as follows:

4. Deleting Article 5.1, (a), (b), (c) & (d) – Registering Transfers in its entirety and substituting the following as paragraphs 5.1, (a), (b), (c) & (d):

Registering Transfers

5.1 A transfer of a share must not be registered unless the Company or the transfer agent or registrar for the class or series of shares to be transferred has received:

(a) except as exempted by the Act, a written instrument of transfer in respect of the share has been received by the Company (which may be a separate document or endorsed on the share certificate for the shares transferred) made by the shareholder or other appropriate person or by an agent who has actual authority to act on behalf of that person;

(b) if a share certificate has been issued by the Company in respect of the share to be transferred, that share certificate has been surrendered to the Company; and

(c) if a non-transferable written acknowledgment of the shareholder's right to obtain a share certificate has been issued by the Company in respect of the share to be transferred, that acknowledgment has been surrendered to the Company;

(d) such other evidence, if any, as the Company or the transfer agent or registrar for the class or series of share to be transferred may require to prove the title of the transferor or the transferor's right to transfer the share, that the written instrument of transfer is genuine and the right of the transferee to have the transfer registered.

5. Article 5.2 – Form of Instrument of Transfer be amended by deleting that paragraph and substituting the following as paragraph 5.2:

Form of Instrument of Transfer

5.2 The instrument of transfer in respect of any share of the Company must be either in the form, if any, on the back of the Company's share certificates or in any other form that may be approved by the directors from time to time or by the transfer agent or registrar for those shares.

6. Article 5.4 – Signing of Instrument of Transfer be amended by deleting that paragraph and substituting the following as paragraph 5.4:

Signing of Instrument of Transfer

5.4 If a shareholder, or his or her duly authorized attorney, signs an instrument of transfer in respect of shares registered in the name of the shareholder, the signed instrument of transfer constitutes a complete and sufficient authority to the Company and its directors, officers and agents to register the number of shares specified in the instrument of transfer or specified in any other manner, or, if no number is specified, all the shares represented by the share certificates or set out in the written acknowledgments deposited with the instrument of transfer, or if the shares are uncertificated shares, then all of the shares registered in the name of the shareholder on the central securities register:

Pursuant to Article 6 and the Articles of the Company, that the existing Articles of the Company be altered as follows:

7. Deleting Article 6.1 – Legal Personal Representative Recognized on Death in its entirety and substituting the following as paragraph 6.1:

Legal Personal Representative Recognized on Death

6.1 In case of the death of a shareholder, the legal personal representative of the shareholder, or in the case of shares registered in the shareholder's name and the name of another person in joint tenancy, the surviving joint holder, will be the only person recognized by the Company as having any title to the shareholder's interest in the shares. Before recognizing a person as a legal personal representative of a shareholder, the Company shall receive the documentation required by the Act.

Pursuant to Article 12 and the Articles of the Company, that the existing Articles of the Company be altered as follows:

8. Deleting the following paragraph under Article 12.5:

Evidence of the appointment of any such representative may be sent to the Company by written instrument, fax or any other method of transmitting legibly recorded messages.

and substituting with the following paragraph:

Evidence of the appointment of any such representative may be sent to the Company by written instrument, fax or any other customary method transmitting recorded messages.

Pursuant to Article 16 and the Articles of the Company, that the existing Articles of the Company be altered as follows:

9. Deleting Article 16.1 – Powers of Management be amended by deleting that paragraph and substituting the following as paragraph 16.1:

Powers of Management

16.1 The directors must, subject to the Act and these Articles, manage or supervise the management of the business and affairs of the Company and have the authority to exercise all such powers of the Company as are not, by the Act or by these Articles, required to be exercised by the shareholders of the Company. For clarity, notwithstanding the provisions of §11.1(b), the directors may exercise any of those powers contemplated for shareholder approval, if permitted by the Act, including setting the remuneration of the auditor of the Company.

10. Deleting Article 18.4 – Meetings by Telephone or Other Communications Medium be amended by deleting that paragraph and substituting the following as paragraph 18.4:

Meetings by Telephone or Other Communications Medium

18.4 A director may participate in a meeting of the directors or of any committee of the directors:

- (a) in person; or
- (b) by telephone or by other communications medium if all directors participating in the meeting, whether in person or by telephone or other communications medium, are able to communicate with each other.

A director may participate in a meeting of the directors or of any committee of the directors by a communications medium other than telephone if all directors participating in the meeting, whether in person or by telephone or other communications medium, are able to communicate with each other and if all directors who wish to participate in the meeting agree to such participation.

A director who participates in a meeting in a manner contemplated by this §18.4 is deemed for all purposes of the Act and these Articles to be present at the meeting and to have agreed to participate in that manner.

Pursuant to Article 24 and the Articles of the Company, that the existing Articles of the Company be altered as follows:

11. Deleting Article 24.2 – Deemed Receipt of Mailing be amended by deleting that paragraph and substituting the following as paragraph 24.2, (a), (b) & (c):

Deemed Receipt of Mailing

24.2 A notice, statement, report or other record that is:

mailed to a person by ordinary mail to the applicable address for that person referred to in §24.1 is deemed to be received by the person to whom it was mailed on the day (Saturdays, Sundays and holidays excepted) following the date of mailing;

(i) faxed to a person to the fax number provided by that person referred to in §24.1 is deemed to be received by the person to whom it was faxed on the day it was faxed;
and

(ii) emailed to a person to the e-mail address provided by that person referred to in §24.1 is deemed to be received by the person to whom it was e-mailed on the day that it was emailed.

12. Deleting Article 26 – Prohibition in its entirety.

FURTHER RESOLVED that:

1. Pursuant to §259(6) of the Act, The Articles of the Company be altered by deleting and cancelling in their entirety the existing Articles of the Company and creating and adopting the form of Articles set out in Schedule “A” [to the resolutions] as the new Articles of the Company.

Condition for Alteration of Articles

2. It is a condition of this resolution that the alterations to the Articles of the Company referred to above do not take effect until the date and time that this resolution and the signed Articles are received for deposit at the records office of the Company.

Authorized to Execute and Deliver

3. Any director of the Company be authorized for and on behalf of the Company to do such things and to execute and deliver, whether under the common seal of the Company or otherwise, all such statements, forms and other documents as such director may consider advisable in connection with the foregoing and to take all such action and do all such things to give effect to the transactions contemplated by the foregoing resolutions and the execution by any one director shall be conclusive proof of his or her authority to execute the same for and on behalf of the Company.

Revocation of Resolution

4. Pursuant to §139 of the Act, the directors have the right to revoke the above ordinary resolutions before they are acted on.

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.

C. Ordinary Resolution - Inspection of Records, Documents and Instruments at Records Office

Section 46 (8) of the British Columbia *Business Corporations Act*, states:

- (8) A company may, by an ordinary resolution, impose restrictions on the times during which a person, other than a current director, may inspect the company's records under this section, but those restrictions must permit inspection of those records during the times set out in the regulations.

The Board requests that shareholders approve an ordinary resolution to permit persons, other than directors of the Company, to inspect the records, documents or instruments at the Records Office in accordance with the provisions of the BCA. At the Meeting, shareholders will be asked to vote on the following ordinary resolution:

RESOLVED that the records, documents or instruments may be inspected at the records office of the Company by persons other than directors of the Company in accordance with the provisions of the BCA, during such period or periods of time as shall be determined by a director or officer of the Company or, where an agent is retained by the Company to maintain the records office, then by such agent, provided, however, that at least two consecutive hours in each business day shall be allowed for such inspection. The following fees be charged by the Company in connection with the inspection of the records of the Company:

<u>Type of Fee</u>	<u>Charge</u>
Inspection of Records Fee	\$10.00 per day
Copying Fee	\$ 0.50 per page

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

ADDITIONAL INFORMATION

Financial information is provided in the audited financial statements of the Company for the year ended December 31, 2010 and in the related management discussion and analysis and filed on SEDAR at www.Sedar.com. The audited financial statements, the report of the auditor and management's discussion and analysis are being mailed to shareholders with the Notice of Meeting and this Information Circular and will be placed before the Meeting.

Additional information relating to the Company is filed on SEDAR at www.sedar.com and may be obtained upon request from the Company, Suite 303 – 750 West Pender Street, Vancouver, British Columbia, V6C 2T7. Telephone No. (604) 609-0006 or Fax No.: (604) 844-7572. 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 securityholder of the Company, who requests a copy of any such document.

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 April 29, 2011.

BY ORDER OF THE BOARD

“Donald J. Currie”

Donald J. Currie
Chairman and Chief Executive Officer

**SCHEDULE “A” TO HILLCREST RESOURCES LTD.
INFORMATION CIRCULAR DATED APRIL 29, 2011**

AUDIT COMMITTEE CHARTER

1. Mandate

The audit committee will assist the board of directors (the “Board”) in fulfilling its financial oversight responsibilities. The audit committee will review and consider in consultation with the auditors the financial reporting process, the system of internal control and the audit process. In performing its duties, the committee will maintain effective working relationships with the Board, management, and the external auditors. To effectively perform his or her role, each committee member must obtain an understanding of the principal responsibilities of committee membership as well and the company’s business, operations and risks.

2. Composition

The Board will appoint from among their membership an audit committee after each annual general meeting of the shareholders of the Company. The audit committee will consist of a minimum of three directors.

2.1 Independence

A majority of the members of the audit committee must not be officers, employees or control persons of the Company.

2.2 Expertise of Committee Members

Each member of the audit committee must be financially literate or must become financially literate within a reasonable period of time after his or her appointment to the committee. At least one member of the committee must have accounting or related financial management expertise. The Board shall interpret the qualifications of financial literacy and financial management expertise in its business judgment and shall conclude whether a director meets these qualifications.

3. Meetings

The audit committee shall meet in accordance with a schedule established each year by the Board, and at other times that the audit committee may determine. The audit committee shall meet at least annually with the Company’s Chief Financial Officer and external auditors in separate executive sessions.

4. Roles and Responsibilities

The audit committee shall fulfill the following roles and discharge the following responsibilities:

4.1 External Audit

The audit committee shall be directly responsible for overseeing the work of the external auditors in preparing or issuing the auditor’s report, including the resolution of disagreements between management and the external auditors regarding financial reporting and audit scope or procedures. In carrying out this duty, the audit committee shall:

- (a) recommend to the Board the external auditor to be nominated by the shareholders for the purpose of preparing or issuing an auditor’s report or performing other audit, review or attest services for the Company;
- (b) review (by discussion and enquiry) the external auditors’ proposed audit scope and approach;
- (c) review the performance of the external auditors and recommend to the Board the appointment or discharge of the external auditors;
- (d) review and recommend to the Board the compensation to be paid to the external auditors; and

- (e) review and confirm the independence of the external auditors by reviewing the non-audit services provided and the external auditors' assertion of their independence in accordance with professional standards.

4.2 *Internal Control*

The audit committee shall consider whether adequate controls are in place over annual and interim financial reporting as well as controls over assets, transactions and the creation of obligations, commitments and liabilities of the Company. In carrying out this duty, the audit committee shall:

- (a) evaluate the adequacy and effectiveness of management's system of internal controls over the accounting and financial reporting system within the Company; and
- (b) ensure that the external auditors discuss with the audit committee any event or matter which suggests the possibility of fraud, illegal acts or deficiencies in internal controls.

4.3 *Financial Reporting*

The audit committee shall review the financial statements and financial information prior to its release to the public. In carrying out this duty, the audit committee shall:

General

- (a) review significant accounting and financial reporting issues, especially complex, unusual and related party transactions; and
- (b) review and ensure that the accounting principles selected by management in preparing financial statements are appropriate.

Annual Financial Statements

- (a) review the draft annual financial statements and provide a recommendation to the Board with respect to the approval of the financial statements;
- (b) meet with management and the external auditors to review the financial statements and the results of the audit, including any difficulties encountered; and
- (c) review management's discussion & analysis respecting the annual reporting period prior to its release to the public.

Interim Financial Statements

- (a) review and approve the interim financial statements prior to their release to the public; and
- (b) review management's discussion & analysis respecting the interim reporting period prior to its release to the public.

Release of Financial Information

- (a) where reasonably possible, review and approve all public disclosure, including news releases, containing financial information, prior to its release to the public.

4.4 *Non-Audit Services*

All non-audit services (being services other than services rendered for the audit and review of the financial statements or services that are normally provided by the external auditor in connection with statutory and regulatory filings or engagements) which are proposed to be provided by the external auditors to the Company or any subsidiary of the Company shall be subject to the prior approval of the audit committee.

Delegation of Authority

- (a) The audit committee may delegate to one or more independent members of the audit committee the authority to approve non-audit services, provided any non-audit services approved in this manner must be presented to the audit committee at its next scheduled meeting.

De-Minimis Non-Audit Services

- (a) The audit committee may satisfy the requirement for the pre-approval of non-audit services if:
 - (i) the aggregate amount of all non-audit services that were not pre-approved is reasonably expected to constitute no more than five per cent of the total amount of fees paid by the Company and its subsidiaries to the external auditor during the fiscal year in which the services are provided; or
 - (ii) the services are brought to the attention of the audit committee and approved, prior to the completion of the audit, by the audit committee or by one or more of its members to whom authority to grant such approvals has been delegated.

Pre-Approval Policies and Procedures

- (a) The audit committee may also satisfy the requirement for the pre-approval of non-audit services by adopting specific policies and procedures for the engagement of non-audit services, if:
 - (i) the pre-approval policies and procedures are detailed as to the particular service;
 - (ii) the audit committee is informed of each non-audit service; and
 - (iii) the procedures do not include delegation of the audit committee's responsibilities to management.

4.5 *Other Responsibilities*

The audit committee shall:

- (a) establish procedures for the receipt, retention and treatment of complaints received by the company regarding accounting, internal accounting controls, or auditing matters;
- (b) establish procedures for the confidential, anonymous submission by employees of the company of concerns regarding questionable accounting or auditing matters;
- (c) ensure that significant findings and recommendations made by management and external auditor are received and discussed on a timely basis;
- (d) review the policies and procedures in effect for considering officers' expenses and perquisites;
- (e) perform other oversight functions as requested by the Board; and
- (f) review and update this Charter and receive approval of changes to this Charter from the Board.

4.6 *Reporting Responsibilities*

The audit committee shall regularly update the Board about committee activities and make appropriate recommendations.

5. Resources and Authority of the Audit Committee

The audit committee shall have the resources and the authority appropriate to discharge its responsibilities, including the authority to

- (a) engage independent counsel and other advisors as it determines necessary to carry out its duties;
- (b) set and pay the compensation for any advisors employed by the audit committee; and
- (c) communicate directly with the internal and external auditors.

6. Guidance – Roles & Responsibilities

The following guidance is intended to provide the Audit Committee members with additional guidance on fulfilment of their roles and responsibilities on the committee:

6.1 Internal Control

- (a) evaluate whether management is setting the goal of high standards by communicating the importance of internal control and ensuring that all individuals possess an understanding of their roles and responsibilities;
- (b) focus on the extent to which external auditors review computer systems and applications, the security of such systems and applications, and the contingency plan for processing financial information in the event of an IT systems breakdown; and
- (c) gain an understanding of whether internal control recommendations made by external auditors have been implemented by management.

6.2 Financial Reporting

General

- (a) review significant accounting and reporting issues, including recent professional and regulatory pronouncements, and understand their impact on the financial statements; and
- (b) ask management and the external auditors about significant risks and exposures and the plans to minimize such risks; and
- (c) understand industry best practices and the Company's adoption of them.

Annual Financial Statements

- (a) review the annual financial statements and determine whether they are complete and consistent with the information known to committee members, and assess whether the financial statements reflect appropriate accounting principles in light of the jurisdictions in which the Company reports or trades its shares;
- (b) pay attention to complex and/or unusual transactions such as restructuring charges and derivative disclosures;
- (c) focus on judgmental areas such as those involving valuation of assets and liabilities, including, for example, the accounting for and disclosure of loan losses; warranty, professional liability; litigation reserves; and other commitments and contingencies;
- (d) consider management's handling of proposed audit adjustments identified by the external auditors; and
- (e) ensure that the external auditors communicate all required matters to the committee.

Interim Financial Statements

- (a) be briefed on how management develops and summarizes interim financial information, the extent to which the external auditors review interim financial information;
- (b) meet with management and the auditors, either telephonically or in person, to review the interim financial statements; and
- (c) to gain insight into the fairness of the interim statements and disclosures, obtain explanations from management on whether:
 - (i) actual financial results for the quarter or interim period varied significantly from budgeted or projected results;

- (ii) changes in financial ratios and relationships of various balance sheet and operating statement figures in the interim financial statements are consistent with changes in the company's operations and financing practices;
- (iii) generally accepted accounting principles have been consistently applied;
- (iv) there are any actual or proposed changes in accounting or financial reporting practices;
- (v) there are any significant or unusual events or transactions;
- (vi) the Company's financial and operating controls are functioning effectively;
- (vii) the Company has complied with the terms of loan agreements, security indentures or other financial position or results dependent agreement; and
- (viii) the interim financial statements contain adequate and appropriate disclosures.

6.3

Compliance with Laws and Regulations

- (a) periodically obtain updates from management regarding compliance with this policy and industry "best practices";
- (b) be satisfied that all regulatory compliance matters have been considered in the preparation of the financial statements; and
- (c) review the findings of any examinations by securities regulatory authorities and stock exchanges.

6.4

Other Responsibilities

- (a) review, with the company's counsel, any legal matters that could have a significant impact on the company's financial statements.