

DECLAN RESOURCES INC.

**NOTICE OF ANNUAL AND SPECIAL MEETING
OF SHAREHOLDERS**

**to be held on April 26, 2013 at 11:00 a.m. (Vancouver time)
at 302 – 1620 West 8th Avenue, Vancouver, British Columbia, V6J 1V4**

**MANAGEMENT INFORMATION CIRCULAR
AND PROXY STATEMENT**

March 22, 2013

DECLAN RESOURCES INC.

NOTICE OF ANNUAL AND SPECIAL MEETING OF THE SHAREHOLDERS

TAKE NOTICE THAT an annual and special meeting (the "Meeting") of the shareholders of Declan Resources Inc. (the "Corporation") will be held at 302 – 1620 West 8th Avenue, Vancouver, British Columbia, V6J 1V4, on Thursday, April 26, 2013 at 11:00 a.m. (Vancouver time) for the following purposes:

1. to receive and consider the financial statements of the Corporation as at and for the year ended September 30, 2012, together with the report of the auditors thereon;
2. to fix the number of directors of the Corporation to be elected at the Meeting at seven members;
3. to elect the directors of the Corporation for the ensuing year;
4. to appoint the auditors of the Corporation for the ensuing year and to authorize the directors of the Corporation to determine the remuneration to be paid to the auditors;
5. to consider and, if deemed advisable, to pass an ordinary resolution, the full text of which is set forth in the accompanying management information circular and proxy statement (the "Management Proxy Circular"), ratifying, adopting and re-approving the stock option plan of the Corporation and authorizing the Corporation's board of directors to make any amendments thereto that may be required for the purpose of obtaining the approval of applicable securities regulatory authorities or stock exchanges; and
6. to transact such other business as may properly come before the Meeting.

Information relating to matters to be acted upon by the shareholders at the Meeting is set forth in the accompanying Management Proxy Circular.

A shareholder may attend the Meeting in person or may be represented at the Meeting by proxy. Shareholders who are unable to attend the Meeting in person and wish to be represented by proxy are requested to date, sign and return the accompanying instrument of proxy, or other appropriate form of proxy, in accordance with the instructions set forth in the accompanying Management Proxy Circular. An instrument of proxy will not be valid unless it is deposited at the offices of Computershare Investor Services (Attention: Proxy Department) at 100 University Avenue, 9th Floor, Toronto, Ontario, M5J 2Y1, in the enclosed self-addressed envelope, not less than 48 hours (excluding Saturdays, Sundays and statutory holidays) before the time of the Meeting, or any adjournment thereof. An instrument of proxy may also be voted using a touch tone telephone at 1-866-732-VOTE (8683). Alternatively, a registered shareholder can complete internet voting by logging on at www.investorvote.com and entering the CONTROL NUMBER located on the address box of the shareholder's instrument of proxy. A person appointed as proxy holder need not be a shareholder of the Corporation.

Only shareholders of record as at the close of business on March 22, 2013 are entitled to receive notice of the Meeting.

SHAREHOLDERS ARE CAUTIONED THAT THE USE OF THE MAIL TO TRANSMIT PROXIES IS AT EACH SHAREHOLDER'S RISK.

DATED at Vancouver, British Columbia as of the 22nd day of March, 2013.

BY ORDER OF THE BOARD OF DIRECTORS

"Wayne Tisdale"

Wayne Tisdale
President & Chief Executive Officer

DECLAN RESOURCES INC.

Management Information Circular and Proxy Statement

(Unless otherwise stated, information contained herein is given as of March 22, 2013)

INFORMATION REGARDING PROXIES AND VOTING AT THE MEETING

Solicitation of Proxies

This management information circular and proxy statement (the "Management Proxy Circular") is furnished in connection with the solicitation of proxies by the management of Declan Resources Inc. (the "Corporation") for use at the annual and special meeting (the "Meeting") of the holders (the "Shareholders") of common shares ("Common Shares") of the Corporation to be held at 302 – 1620 West 8th Avenue, Vancouver, British Columbia, V6J 1V4, on Thursday, April 26, 2013 at 11:00 a.m. (Vancouver time), for the purposes set forth in the notice of annual and special meeting (the "Notice") accompanying this Management Proxy Circular. Solicitation of proxies will be primarily by mail, but may also be undertaken by way of telephone, internet, facsimile or oral communication by the directors, officers and regular employees of the Corporation, at no additional compensation. Costs associated with the solicitation of proxies will be borne by the Corporation.

Appointment of Proxyholders

Accompanying this Management Proxy Circular is an instrument of proxy for use at the Meeting. Shareholders who are unable to attend the Meeting in person and wish to be represented by proxy are required to date and sign the enclosed instrument of proxy and return it in the enclosed return envelope. **All properly executed instruments of proxy for Shareholders must be mailed so as to reach or be deposited at the offices of Computershare Investor Services (Attention: Proxy Department) at 100 University Avenue, 9th Floor, Toronto, Ontario, M5J 2Y1 not later than 48 hours (excluding Saturdays, Sundays and statutory holidays in the Province of British Columbia) prior to the time set for the Meeting or any adjournment thereof.** An instrument of proxy may also be voted using a touch tone telephone at 1-866-732-VOTE (8683). Alternatively, a registered shareholder can complete internet voting by logging on at www.investorvote.com and entering the CONTROL NUMBER located on the address box of the shareholder's instrument of proxy.

The persons designated in the instrument of proxy are officers and/or directors of the Corporation. **A Shareholder has the right to appoint a person (who need not be a Shareholder) other than the persons designated in the accompanying instrument of proxy, to attend at and represent the Shareholder at the Meeting.** To exercise this right, a Shareholder should insert the name of the designated representative in the blank space provided on the instrument of proxy and strike out the names of management's nominees. Alternatively, a Shareholder may complete another appropriate instrument of proxy.

Signing of Proxy

The instrument of proxy must be signed by the Shareholder or the Shareholder's duly appointed attorney authorized in writing or, if the Shareholder is a corporation, under its corporate seal or by a duly authorized officer or attorney of the Corporation. An instrument of proxy signed by a person acting as attorney or in some other representative capacity (including a representative of a corporate Shareholder) should indicate that person's capacity (following his or her signature) and should be accompanied by the appropriate instrument evidencing qualification and authority to act (unless such instrument has previously been filed with the Corporation).

Revocability of Proxies

A Shareholder who has submitted an instrument of proxy may revoke it at any time prior to the exercise thereof. In addition to any manner permitted by law, a proxy may be revoked by instrument in writing executed by the Shareholder or by his or her duly authorized attorney or, if the Shareholder is a corporation, under its corporate seal or executed by a duly authorized officer or attorney of the corporation and deposited either: (i) at the registered office of the Corporation at any time up to and including the last business day preceding the day of the Meeting, or any adjournments thereof, at which the instrument of proxy is to be used; or (ii) with the Chairman of the Meeting on the day of the Meeting, or any adjournment thereof. In addition, an instrument of proxy may be revoked: (i) by the Shareholder personally attending the Meeting and voting the securities represented thereby or, if the Shareholder is a corporation, by a duly authorized representative of the corporation attending at the Meeting and voting such securities; or (ii) in any other manner permitted by law.

Voting of Proxies and Exercise of Discretion by Proxyholders

All Common Shares represented at the Meeting by properly executed proxies will be voted on any ballot that may be called for and, where a choice with respect to any matter to be acted upon has been specified in the instrument of proxy, the Common Shares represented by the instrument of proxy will be voted in accordance with such instructions. The management designees named in the accompanying instrument of proxy will vote or withhold from voting the Common Shares in respect of which they are appointed in accordance with the direction of the Shareholder appointing him or her on any ballot that may be called for at the Meeting. **In the absence of such direction, such Common Shares will be voted "FOR" the proposed resolutions at the Meetings. The accompanying instrument of proxy confers discretionary authority upon the persons named therein with respect to amendments of or variations to the matters identified in the accompanying Notice and with respect to other matters that may properly be brought before the Meeting.** In the event that amendments or variations to matters identified in the Notice are properly brought before the Meeting or any further or other business is properly brought before the Meeting, it is the intention of the management designees to vote in accordance with their best judgment on such matters or business. At the time of printing this Management Proxy Circular, the management of the Corporation knows of no such amendment, variation or other matter to come before the Meeting other than the matters referred to in the accompanying Notice.

INTEREST OF CERTAIN PERSONS OR COMPANIES IN MATTERS TO BE ACTED ON

Except as disclosed in this Management Proxy Circular, none of the directors or senior officers of the Corporation at any time since the beginning of the Corporation's last financial year, nor any proposed nominee for election as a director of the Corporation, nor any associate or affiliate of any of the foregoing persons, has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted on, other than the election of directors or the appointment of auditors.

VOTING SECURITIES AND PRINCIPAL HOLDERS OF VOTING SECURITIES

Voting Shares, Record Date and Principal Shareholders

As at the date of this Management Proxy Circular, the authorized share capital of the Corporation consists of an unlimited number of Common Shares without par value. The record date for the determination of Shareholders entitled to receive notice of, and to vote at, the Meeting is March 22, 2013 (the "Record Date"). As at the Record Date, there were 108,353,676 Common Shares issued and outstanding as fully paid and non-assessable.

To the knowledge of the directors and executive officers of the Corporation, the only beneficial owners or persons exercising control or direction over Common Shares carrying more than 10% of the outstanding voting rights as of March 22, 2013 were:

Shareholder	No. of Shares Beneficially Owned, Controlled or Directed	Percentage of Outstanding Shares
CDS & Co. ⁽¹⁾	82,237,969	75.90%

Note:

(1) The Corporation does not know the beneficial owners of these shares.

Common Shares

The holders of Common Shares are entitled to notice of and to vote at all annual and special meetings of shareholders (except meetings at which only holders of a specified class or series of shares are entitled to vote) and are entitled to one vote per Common Share. The holders of Common Shares are entitled to receive such dividends as the board of directors of the Corporation (the "Board of Directors" or the "Board") declare and, upon liquidation, to receive such assets of the Corporation as are distributable to holders of Common Shares.

Voting of Common Shares – General

Only Shareholders whose names are entered in the Corporation's register of shareholders at the close of business on the Record Date and holders of Common Shares issued by the Corporation after the Record Date and prior to the Meeting will be entitled to receive notice of and to vote at the Meeting, provided that, to the extent that: (i) a registered Shareholder has transferred the ownership of any Common Shares subsequent to the Record Date; and (ii)

the transferee of those Common Shares produces properly endorsed share certificates, or otherwise establishes that he or she owns the Common Shares and demands, not later than ten days before the Meeting, that his or her name be included on the Shareholder list before the Meeting, in which case the transferee shall be entitled to vote his or her Common Shares at the Meeting.

Voting of Common Shares – Advice to Non-Registered Holders

Only registered holders of Common Shares, or the persons they appoint as their proxies, are permitted to attend and vote at the Meeting. However, in many cases, Common Shares beneficially owned by a holder (a "Non-Registered Holder") are registered either:

- a) in the name of an intermediary (an "Intermediary") that the Non-Registered Holder deals with in respect of the Common Shares. Intermediaries include banks, trust companies, securities dealers or brokers, and trustees or administrators of self-administered RRSPs, RRIFs, RESPs and similar plans; or
- b) in the name of a clearing agency (such as The Canadian Depository for Securities Limited or "CDS").

In accordance with the requirements of National Instrument 54-101 of the Canadian Securities Administrators, the Corporation has distributed copies of the Notice, this Management Proxy Circular and the instrument of proxy (collectively, the "Meeting Materials") to the clearing agencies and Intermediaries for onward distribution to Non-Registered Holders.

Intermediaries are required to forward meeting materials to Non-Registered Holders unless a Non-Registered Holder has waived the right to receive them. Typically, Intermediaries will use a service Corporation (such as Broadridge Financial Solutions, Inc. ("Broadridge")) to forward meeting materials to Non-Registered Holders.

Generally, Non-Registered Holders who have not waived the right to receive meeting materials will:

- a) have received as part of the Meeting Materials a voting instruction form which must be completed, signed and delivered by the Non-Registered Holder in accordance with the directions on the voting instruction form; voting instruction forms sent by Broadridge permit the completion of the voting instruction form by telephone or through Internet based voting procedures; or
- b) less typically, be given a proxy which has already been signed by the Intermediary (typically by a facsimile, stamped signature) which is restricted as to the number of Common Shares beneficially owned by the Non-Registered Holder but which is otherwise uncompleted. This form of proxy need not be signed by the Non-Registered Holder. In this case, the Non-Registered Holder who wishes to submit a proxy should otherwise properly complete the form of proxy and deposit it with Computershare Investor Services at the address referred to above.

The purpose of these procedures is to permit Non-Registered Holders to direct the voting of the Common Shares they beneficially own. Should a Non-Registered Holder wish to attend and vote at the Meeting in person (or have another person attend and vote on behalf of the Non-Registered Holder), the Non-Registered Holder should strike out the names of the persons named in the proxy and insert the Non-Registered Holder's (or such other person's) name in the blank space provided or, in the case of a voting instruction form, follow the corresponding instructions on the form. **In either case, Non-Registered Holders should carefully follow the instructions of their Intermediaries and their service companies.**

Only registered Shareholders have the right to revoke a proxy. Non-Registered Holders who wish to change their vote must in sufficient time in advance of the Meeting, arrange for their respective Intermediaries to change their vote and if necessary revoke their proxy in accordance with the revocation procedures set above.

STATEMENT OF EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

Executive Compensation is required to be disclosed for (i) each Chief Executive Officer (or individual who served in a similar capacity during the most recently completed financial year), (ii) each Chief Financial Officer (or individual who served in a similar capacity during the most recently completed financial year), (iii) each of the three

most highly compensated executive officers (other than the Chief Executive Officer and the Chief Financial Officer) who were serving as executive officers at the end of the most recently completed fiscal year (or three most highly compensated individuals) and whose total compensation was, individually, more than \$150,000; and (iv) each individual who would meet the definition set forth in (iii) but for the fact that the individual was neither an executive officer of the company, nor acting in a similar capacity, at the end of that financial year (the "Named Executive Officers").

The Named Executive Officers of the Corporation during the most recently completed financial year are Wayne Tisdale, President and Chief Executive Officer and John Jardine, Chief Financial Officer. Named Executive Officers also include Michelle Gahagan, former President and Chief Executive Officer (Ms. Gahagan was appointed President and Chief Executive Officer on November 3, 2011 and resigned on June 6, 2012). There were no other Named Executive Officers during the most recently completed financial year, as no other employees earned in excess of \$150,000 in the financial year ended September 30, 2012.

As the Corporation does not have a compensation committee, the functions of a compensation committee are performed by the Board of Directors as a whole and the compensation of the Named Executive Officers is reviewed and approved annually by the Board of Directors.

The objective of the Board of Directors in setting compensation levels is to attract and retain individuals of high calibre to serve as officers of the Corporation, to motivate their performance in order to achieve the Corporation's strategic objectives and to align the interests of executive officers with the long-term interests of the Shareholders. These objectives are designed to ensure that the Corporation continues to grow on an absolute basis as well as to grow cash flow and earnings for Shareholders. The Board of Directors set the compensation received by Named Executive Officers so as to be generally competitive with the compensation received by persons with similar qualifications and responsibilities who are engaged by other companies of corresponding size, stage of development, having similar assets, number of employees, market capitalization and profit margin. In setting such levels, the Board of Directors rely primarily on their own experience and knowledge.

The Corporation compensates its executive officers based on their skill and experience levels and the existing stage of development of the Corporation. Executive officers are rewarded on the basis of the skill and level of responsibility involved in their position, the individual's experience and qualifications, the Corporation's resources, industry practice, and regulatory guidelines regarding executive compensation levels.

The Board of Directors has implemented three levels of compensation to align the interests of the executive officers with those of the shareholders. First, executive officers are paid a monthly consulting fee or salary. Second, the Board of Directors awards executive officers long term incentives in the form of stock options. Finally, and only in special circumstances, the Board of Directors may award cash or share bonuses for exceptional performance that results in a significant increase in shareholder value. The Corporation does not provide pension or other benefits to the executive officers.

The base compensation of the executive officers is reviewed and set annually by the Board of Directors. The Chief Executive Officer has substantial input in setting annual compensation levels. The Chief Executive Officer is directly responsible for the financial resources and operations of the Corporation. In addition, the Chief Executive Officer and Board of Directors from time to time determine the stock option grants to be made pursuant to the incentive plan of the Corporation (the "Plan"). Previous grants of stock options are taken into account when considering new grants. The Board of Directors awards bonuses at its sole discretion. The Board of Directors does not have pre-existing performance criteria or objectives.

The Board of Directors considers the implications of the risks associated with the Corporation's compensation policies and practices when determining rewards for its executive officers and ensures that those policies do not encourage management to take inappropriate or excessive risks. The Board of Directors does not believe that there are any risks arising from the compensation programs that would be reasonably likely to have a material adverse effect on the Corporation.

The Corporation's compensation program includes certain mechanisms to ensure risk taking behaviour falls within reasonable risk tolerance levels, including (i) the establishment of a compensation package that is competitive with the compensation received by persons with similar qualifications and responsibilities who are engaged by other companies of corresponding size, stage of development, having similar assets, number of employees, market capitalization and profit margin; and (ii) utilizing long term incentive plans (option based awards) for diversification and alignment with risk realization periods.

Neither executive officers nor directors are permitted to take any derivative or speculative positions in the Corporation's securities. This is to prevent the purchase of financial instruments that are designed to hedge or offset any decrease in the market value of the Corporation's securities.

Compensation for the most recently completed financial year should not be considered an indicator of expected compensation levels in future periods. All compensation is subject to and dependant on the Corporation's financial resources and prospects.

Summary Compensation Table

The following table sets forth information concerning the total compensation paid during the years ended September 30, 2012, September 30, 2011 and September 30, 2010 to the Named Executive Officers.

Name and Principal Position	Year	Annual Compensation			Non-Equity Plan Compensation (\$)		Pension Value (\$)	All Other Compensation (\$)	Total Compensation (\$)
		Salary (\$)	Share-Based Awards (\$)	Option-Based Awards (\$) ⁽⁶⁾	Annual Incentive Plans	Long-Term Incentive Plans			
Wayne Tisdale President and Chief Executive Officer	2012	Nil	Nil	111,143	Nil	Nil	Nil	Nil	111,143
	2011	-	-	-	-	-	-	-	-
	2010	-	-	-	-	-	-	-	-
John Jardine ⁽¹⁾ Chief Financial Officer	2012	56,800	Nil	66,686	Nil	Nil	Nil	Nil	123,486
	2011	-	-	-	-	-	-	-	-
	2010	-	-	-	-	-	-	-	-
Michelle Gahagan ⁽²⁾ Former President and Chief Executive Officer	2012	107,800	-	83,357	-	-	-	-	191,157
	2011	-	-	-	-	-	-	-	-
	2010	-	-	-	-	-	-	-	-
Souhail Abi-Farrage ⁽³⁾ Former President and Chief Executive Officer	2012	60,000	Nil	Nil	Nil	Nil	Nil	Nil	60,000
	2011	65,000	24,905	140,554	Nil	Nil	Nil	Nil	230,459
	2010	Nil	Nil	63,533	Nil	Nil	Nil	49,419 ⁽⁴⁾	112,952
Patricia Wilson ⁽⁵⁾ Former Chief Financial Officer	2012	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	2011	Nil	Nil	18,152	Nil	Nil	Nil	Nil	18,152
	2010	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil

Notes:

- (1) The table above reflects the compensation paid to J.W. Jardine and Company Ltd., a company controlled by Mr. Jardine.
- (2) The table above reflects the compensation paid to Carsonby Enterprises Inc., a company controlled by Ms. Gahagan. Ms. Gahagan acted as President and Chief Executive Officer from November 3, 2011 to June 6, 2012.
- (3) Mr. Farrage acted as President and Chief Executive Officer from August 26, 2005 to October 18, 2011.
- (4) This compensation was paid to Mr. Farrage for business development.
- (5) Ms. Wilson acted as Chief Financial Officer from August 26, 2007 to October 14, 2011.
- (6) The grant date fair value of the stock options was calculated using the Black-Scholes option pricing model.

Incentive Plan Awards

Outstanding Share-Based Awards and Option-Based Awards

The Plan was established to provide an incentive to the directors, officers, employees, consultants and other personnel of the Corporation to achieve the longer-term objectives of the Corporation, to give suitable recognition to the ability and industry of such persons who contribute materially to the success of the Corporation and to attract to and retain in the employ of the Corporation, persons of experience and ability, by providing them with the opportunity to acquire an increased proprietary interest in the Corporation.

The following is a summary of the material terms of the Plan and is qualified in its entirety by the full text of the Plan, which is attached hereto as Schedule "C":

- The number of Common Shares to be reserved and authorized for issuance pursuant to options granted under the Plan shall not exceed ten percent (10%) of the total number of issued and outstanding shares in the Corporation.
- Under the Plan, the aggregate number of optioned Common Shares granted to any one optionee in a 12 month period must not exceed 5% of the Corporation's issued and outstanding shares. The number of optioned Common Shares granted to any one consultant in a 12 month period must not exceed 2% of the Corporation's issued and outstanding shares. The aggregate number of optioned Common Shares granted to an optionee who is employed to provide investor relations' services must not exceed 2% of the Corporation's issued and outstanding Common Shares in any 12 month period.
- The exercise price for options granted under the Plan will not be less than the market price of the Corporation's Common Shares at the time of the grant, less applicable discounts permitted by the policies of the the TSX Venture Exchange ("TSXV").
- Options will be exercisable for a term of up to five years, subject to earlier termination in the event of the optionee's death or the cessation of the optionee's services to the Corporation.
- Options granted under the Plan are non-assignable, except by will or by the laws of descent and distribution.

The following table sets forth all share-based or option-based awards outstanding at the financial year ended September 30, 2012 to the Corporation's Name Executive Officers. The table also includes awards granted before September 30, 2012 to the Corporation's Name Executive Officers:

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 (\$)	Market or payout value of vested share-based awards not paid out or distributed (\$)
Wayne Tisdale <i>President and Chief Executive Officer</i>	1,000,000	\$0.16	September 11, 2017	Nil	Nil	Nil	Nil
John Jardine <i>Chief Financial Officer</i>	600,000	\$0.16	September 11, 2017	Nil Nil	Nil Nil	Nil Nil	Nil Nil
Michelle Gahagan <i>Former President and Chief Executive Officer</i>	750,000	\$0.16	September 11, 2017	Nil	Nil	Nil	Nil

Note:

(1) Ms. Gahagan acted as President and Chief Executive Officer from November 3, 2011 to June 6, 2012.

Incentive Plan Awards – Value Vested or Earned During the Year

The following table sets forth all share-based or option-based awards that vested in or were earned by the Corporation's Named Executive Officers during the financial year ended September 30, 2012.

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 (\$)
Wayne Tisdale <i>President and Chief Executive Officer</i>	Nil	Nil	Nil
John Jardine <i>Chief Financial Officer</i>	Nil	Nil	Nil
Michelle Gahagan <i>Former President and Chief Executive Officer</i>	Nil	Nil	Nil

Note:

(1) Ms. Gahagan acted as President and Chief Executive Officer from November 3, 2011 to June 6, 2012.

Pension Plan Benefits

The Corporation does not have any defined benefit or defined contribution pension plans in place which provide for payments or benefits at, following, or in connection with retirement.

Termination and Change of Control Benefits

Pursuant to the terms of the Plan, if an optionee holds his or her option as director, employee or consultant of the Corporation and such optionee ceases to be a director, employee or consultant of the Corporation, other than by reason of death, then the optionee may exercise such part of the option as is exercisable immediately prior to the time of ceasing to be a director, employee or consultant of the Corporation within a period which is the earlier of the normal expiry date of the option and 90 days following ceasing to be a director, employee or consultant of the Corporation and all unexercised options of the optionee will immediately terminate forthwith without further notice.

If an optionee engaged in investor relations activities ceases to be employed to perform investor relations activities, other than by reason of death, then the optionee may exercise such part of the option as is exercisable immediately prior to the time of ceasing to be employed to perform investor relations activities within a period which is the earlier of the normal expiry date of the option and 30 days following ceasing to be employed to perform investor relations activities and all unexercised options of the optionee will immediately terminate forthwith without further notice.

In the event of the death of an optionee, any options which the optionee could have exercised immediately prior to death are exercisable by the executors or personal representatives of the optionee within the earlier of the normal expiry date of the option and 12 months after the optionee's death and all unexercised options of the optionee will immediately terminate forthwith without further notice.

In the event of a consolidation or merger in which the Corporation is not the surviving company, or in the event the Common Shares are converted into securities of another entity or exchanged for other consideration, or in the event of an offer for fifty percent or more of shares being made by a third party that constitutes a take-over bid as that term is defined in the *Securities Act* (British Columbia) or would constitute a take-over bid as that term is defined in the *Securities Act* (British Columbia) but for the fact that the offeree is not in British Columbia, the Board may make such arrangements as the Board deems appropriate for the exercise of outstanding options or continuance of outstanding options.

Other than the aforementioned agreements, there are no compensatory plans, contracts or arrangements with any Named Executive Officer (including payments to be received from the Corporation or any subsidiary), which result or will result from the resignation, retirement or any other termination of employment of such Named Executive Officer or from a change of control of the Corporation or any subsidiary thereof or any change in such Named Executive Officer's responsibilities, where the Named Executive Officer is entitled to payment or other benefits.

Director Compensation

The Corporation has no standard arrangement pursuant to which directors are compensated by the Corporation for their services in their capacity as directors except for the granting from time to time of incentive stock options in accordance with the policies of the TSX Venture Exchange. The following table sets forth compensation that was paid to any director of the Corporation for the director's services as a director during the financial year ended September 30, 2012.

Name	Fees earned (\$)	Share-based awards (\$)	Option-based awards (\$) ⁽¹⁾	Non-equity incentive plan compensation (\$)	Pension value (\$)	All other compensation (\$)	Total (\$)
Wayne Tisdale	Nil	Nil	111,143	Nil	Nil	Nil	111,143
Michelle Gahagan	Nil	Nil	83,357	Nil	Nil	Nil	83,357
Garry Clark	Nil	Nil	66,686	Nil	Nil	Nil	66,686
Michael Curtis	Nil	Nil	55,571	Nil	Nil	Nil	55,571
Craig Mclean	Nil	Nil	21,124 27,786	Nil	Nil	Nil	48,910
Gordon King	Nil	Nil	48,698	Nil	Nil	Nil	48,698

Notes:

(1) The grant date fair value of the stock options was calculated using the Black-Scholes option pricing model.

(2)

Share-Based Awards, Option-Based Awards and Non-Equity Incentive Plan Compensation

Incentive plan awards – Outstanding share-based awards and option-based awards

The following table sets forth all share-based or option-based awards outstanding at the financial year ended September 30, 2012 to the Corporation's directors. The table also includes awards granted before September 30, 2012 to the Corporation's directors:

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 (\$)	Market or payout value of vested share-based awards not paid out or distributed (\$)
Wayne Tisdale	1,000,000	\$0.16	September 11, 2017	Nil	Nil	Nil	Nil
Michelle Gahagan	750,000	\$0.16	September 11, 2017	Nil	Nil	Nil	Nil
Garry Clark	600,000	\$0.16	September 11, 2017	Nil	Nil	Nil	Nil
Michael Curtis	500,000	\$0.16	September 11, 2017	Nil	Nil	Nil	Nil
Craig Mclean	500,000	\$0.15	July 12, 2015	Nil	Nil	Nil	Nil
	250,000	\$0.16	September 11, 2017	Nil	Nil	Nil	Nil
Gordon King	500,000	\$0.16	September 11, 2017	Nil	Nil	Nil	Nil

Incentive plan awards – value vested or earned during the year

The following table sets forth all share-based or option-based awards that vested in or were earned by the Corporation's directors during the financial year ended September 30, 2012.

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 (\$)
Wayne Tisdale	Nil	Nil	Nil
Michelle Gahagan	Nil	Nil	Nil
Garry Clark	Nil	Nil	Nil
Michael Curtis	Nil	Nil	Nil
Craig Mclean	Nil	Nil	Nil
Gordon King	Nil	Nil	Nil

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The following table sets out information as at the end of the Corporation's most recently completed financial year with respect to compensation plans under which equity securities of the Corporation are authorized for issuance.

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted-average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by securityholders	6,950,000	\$0.16	3,885,368 ⁽¹⁾
Equity compensation plans not approved by securityholders	-	-	-
Total	6,950,000	\$0.16	3,885,368

Note:

- (1) The Plan provides that the aggregate number of securities reserved for issuance under the Plan may not exceed 10% of the issued and outstanding shares of the Corporation at the time of granting of options. As at the Record Date, there were 108,353,676 Common Shares issued and outstanding and 6,950,000 outstanding options, with the result that 3,885,368 options were available to the Corporation to be granted.

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

None of the directors and officers of the Corporation, any proposed management nominee for election as a director of the Corporation or any associate of any director, officer or proposed management nominee is or has been indebted to the Corporation at any time during the last completed financial year.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

Except as disclosed in this Management Proxy Circular, none of the informed persons of the Corporation (as defined in National Instrument 51-102), nor any proposed nominee for election as a director of the Corporation, nor any person who beneficially owns, directly or indirectly, shares carrying more than 10% of the voting rights attached to the issued shares of the Corporation, nor any associate or affiliate of the foregoing persons has any material interest, direct or indirect, in any transaction since the commencement of the Corporation's most recently completed financial year or in any proposed transaction which, in either case, has or will materially affect the Corporation and none of such persons has any material interest in any transaction proposed to be undertaken by the Corporation that will materially affect the Corporation.

CORPORATE GOVERNANCE

The British Columbia Securities Commission has issued guidelines on corporate governance disclosure for venture issuers as set out in Form 58-101F2 (the "Disclosure"). The Disclosure addresses matters relating to constitution and independence of directors, the functions to be performed by the directors of a Corporation and their committees and effectiveness and evaluation of proposed corporate governance guidelines and best practices specified by the Canadian securities regulators. The Corporation's approach to corporate governance in the context of the specific Disclosure issues outlined in Form 58-101F2 is set out in the attached Schedule "A".

AUDIT COMMITTEE

Audit Committee Charter

The Charter of the Corporation's Audit Committee is attached to this Management Proxy Circular as Schedule "B".

Composition of the Audit Committee

The following are the members of the Audit Committee:

Name	Independent	Financially literate ⁽²⁾
Michelle Gahagan	No ⁽¹⁾	Yes
Garry Clark	Yes	Yes
Michael Curtis	Yes	Yes

Notes:

- (1) Michelle Gahagan resigned as the President and Chief Executive Officer of the Corporation on June 6, 2012 and therefore does not satisfy the definition of Independent, as that term is defined in National Instrument 52-110 ("NI 52-110").
- (2) As defined by NI 52-110.

Education and Experience

Michelle Gahagan – Ms. Gahagan is currently a principal of a privately-held merchant bank based in Vancouver and London. Prior to the commencement of her involvement in merchant banking seven years ago, Ms. Gahagan graduated from Queens University Law School and practiced corporate law for 20 years. Ms. Gahagan has extensive experience advising companies with respect to international tax-driven structures, mergers and acquisitions. Ms. Gahagan has successfully completed the Investment Management Certificate course and is a Qualified Person under the Financial Services Authority (UK) regime.

Garry Clark – Mr. Clark is an independent geological consultant with over 20 years of experience in the Canadian international mining industry and currently serves as the Executive Director of the Ontario Prospectors Association. Mr. Clark holds an Honours Bachelor of Science from Lakehead University.

Michael Curtis – Mr. Curtis has more than 35 years of experience in the Canadian financial industry in areas including trading, research, corporate finance and the management of public companies. Beginning in 1972, he spent 16 years as an equity specialist on the Floor of the Toronto and Montreal Exchanges, working for Dean Witter Reynolds Inc. and later, as the chief equity trader for Prudential Bache Securities Inc., where he built a team of twelve stock and options inventory traders. He served on various committees at the Montreal Exchange and as chair of the Floor Procedures Committee. In 1988, he left Prudential Bache Securities to work in the management and development of a variety of publicly traded companies. In 1991 he became a director of Aurtec Inc., a public company trading on the Montreal Stock Exchange. In 1988, Mr. Curtis founded and became president and director of Cardwell Capital Inc., a private investment and trading corporation, which invests in small and mid capitalization public companies trading in North American markets.

Audit Committee Oversight

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

Reliance on Certain Exemptions

At no time since the commencement of the Corporation's most recently completed financial year has the Corporation relied on the exemption in Section 2.4 of NI 52-110 (*De Minimis Non-audit Services*), or an exemption from NI 52-110, in whole or in part, granted under Part 8 of NI 52-110.

Pre-Approval Policies and Procedures

The Audit Committee has not adopted specific policies and procedures for the engagement of non-audit services as described below under the heading "External Auditors"; however, such engagement is with the mandate of the Audit Committee.

External Auditor Service Fees (By Category)

The aggregate fees billed by the Corporation's external auditors in each of the last two fiscal years for audit fees are as follows:

Financial Year Ending	Audit Fees	Audit Related Fees	Tax Fees	All Other Fees
2012	\$99,000	\$32,000	\$11,250	Nil
2011	\$38,700	Nil	Nil	Nil

Exemption

The Corporation is relying on the exemption provided in Section 6.1 of NI 52-110.

PARTICULARS OF MATTERS TO BE ACTED UPON

Financial Statements

The audited financial statements of the Corporation for the year ended September 30, 2012 and the auditors' report thereon accompanying this Management Proxy Circular will be placed before the Shareholders at the Meeting for their consideration. Shareholders who wish to receive interim financial statements are encouraged to send the enclosed notice, in the addressed envelope to Computershare Investor Services. No formal action will be taken at the Meeting to approve the financial statements, which have been approved by the Board of Directors of the Corporation in accordance with applicable corporate and securities legislation. Any questions regarding the financial statements may be brought forward at the Meeting.

Election of Directors

The term of office of each of the present directors expires at the Meeting. At the Meeting, the Shareholders will be asked to fix the number of directors of the Corporation to be elected at seven members. Management of the Corporation proposes to nominate the persons named below for election as directors of the Corporation at the

Meeting to serve until the next annual meeting of the Shareholders of the Corporation, unless his office is earlier vacated. All of the nominees are currently members of the Board of Directors of the Corporation.

Approval of the election of directors will require the affirmative votes of the holders of not less than half of the votes cast in respect thereof by Shareholders present in person or by proxy at the Meeting. **Unless otherwise directed, the management designees named in the accompanying instrument of proxy intend to vote in favour of the election, as directors, of the nominees whose names are set forth below.** In the event that prior to the Meeting, any vacancies occur on the slate of nominees submitted herewith, it is intended that discretionary authority will be granted to vote proxies solicited by or on behalf of management for the election of any other person or persons as directors. Management is not currently aware that any such nominees would not be willing to serve as director if elected.

The following information concerning the proposed nominees has been furnished by each of them:

Name, Residence and Present Office Held	Principal Occupation or Employment	Director Since	Number of Common Shares Beneficially Owned or Controlled and percentage of total issued and outstanding ⁽¹⁾
Wayne Tisdale <i>Malta</i> Director, President & Chief Executive Officer	Mr. Tisdale runs his own merchant banking company and sits on the board of directors of a number of private and public companies on the TSX Venture Exchange.	2012	4,947,333 ⁽³⁾ 4.57%
Michelle Gahagan ⁽²⁾ <i>Vancouver, British Columbia</i> Director	Ms. Gahagan is currently a principal in a privately-held merchant bank based in Vancouver and London. Prior to the commencement of her involvement in merchant banking seven years ago, Ms. Gahagan practiced corporate law for 20 years.	2011	Nil
Garry Clark ⁽²⁾ <i>Thunder Bay, Ontario</i> Director	Geologist, Clark Exploration Consulting Inc.	2011	Nil
Michael Curtis ⁽²⁾ <i>Montreal, Quebec</i> Director	President of Cardwell Capital Corporation, a private investment and trading company.	2012	329,000 0.30%
Craig Mclean <i>Freetown, Sierra Leone</i> Director	Mr. Mclean is a senior exploration geologist.	2012	1,866,661 1.72%
Gordon King <i>Langley, British Columbia</i> Director	Mr. King is President of Goldreign Capital Inc., a private investment company in Canada.	2012	3,609,667 3.33%
James Newall <i>London, United Kingdom</i>	Consultant, Starbay Resources Ltd.	N/A	Nil

Notes:

- (1) The information as to the number of Common Shares beneficially owned, not being within the knowledge of the Corporation, has been furnished by the respective nominees. These figures do not include any securities that are convertible into or exercisable for Common Shares.
- (2) Member of the Audit Committee.
- (3) 1,333,333 are held indirectly by Arrandale Financial Corp.; 2,675,500 are held indirectly through Galloway Financial Services Inc.; 400,000 are held indirectly by Harmony Global Ltd.; and 538,500 are held indirectly through Excel Investments Ltd.

Corporate Cease Trade Orders or Bankruptcies

Other than as set forth below, no director or proposed director of the Corporation is, or has been within the past ten years, a director, chief executive officer or chief financial officer of any other Corporation that, while such person was acting in that capacity:

- (i) was the subject of a cease trade order, an order similar to a cease trade order or an order that denied the Corporation access to any exemptions under securities legislation, and that was in effect for a period of more than 30 consecutive days; or
- (ii) was the subject of a cease trade order, an order similar to a cease trade order or an order that denied the Corporation access to any exemptions under securities legislation, that was issued after that individual ceased to be a director or chief executive officer or chief financial officer and which resulted from an event that occurred while such person was acting in a capacity as a director, chief executive officer or chief financial officer.

Mr. Garry Clark is a director of Superior Canadian Resources Inc. which is currently delisted from the TSX Venture Exchange (TSXV – CAD) ("Superior"). On May 14 2008 a cease trade order was issued for failure to file Annual audited Financial Statements; on December 5 2008 Superior was reinstated for trading; on January 12, 2009, it was halted with a suspension of transfer agent services; on January 30, 2009 Superior was suspended for failure to maintain a registrar and transfer agent; on July 13, 2009, Superior was delisted for failure to pay their annual sustaining fees. Superior completed a diamond drill program in the winter of 2007-2008. The program was over budget leaving it short on cash. A chain of events occurred where Superior effectively couldn't raise any funds which culminated in the September 2008 stock market crash. Through this period Superior was able to right itself and be reinstated for trading December 5, 2008. Continued financial hardship and the lack of ability to recapitalize in late 2008 and 2009 resulted ultimately in the delisting. Mr. Clark's key responsibility for Superior is as a geological advisor. Presently, Superior is looking at methods of re-listing or merging to try and salvage shareholder value.

Mr. Michael Curtis:

- i) is currently a director and an officer of Quinto Real Capital Corporation (TSXV – QIT) ("Quinto"). Quinto, having failed to complete a Qualifying Transaction within 24 months of its listing, was suspended from trading on September 18, 2012 and has since completed a transaction and is trading.
- ii) was a director of AAER Inc. (TSXV – AAE) ("AAER") (formerly Bolcar Energie Inc.) from August 2003 to May 2006. AAER was suspended from trading on the TSX Venture Exchange on December 14, 2005 for failure to complete a transaction. AAER has completed a transaction thereafter; and
- iv) was also a director of Next Millenium Commercial Corp. (TSXV – NM) ("Next Millenium") (formerly Double Impact Communications Corp. which subsequently changed its name to Roadrunner Oil and Gas Inc. on July 17, 2008) from December 1992 to December 2009. On May 23, 2001, Next Millenium was suspended from trading on the TSX Venture Exchange for failure to meet tier maintenance requirements. This cease trade order issued against Next Millenium was lifted on August 18, 2003. A cease trade order was also issued against Roadrunner Oil and Gas by the British Columbia Securities Commission on September 9, 2008 for failure to file interim financial statements and Management's Discussion & Analysis for the quarter ended June 30, 2008. This cease trade order was lifted on September 18, 2008 and the TSX Venture Exchange reinstated the company for trading effective September 30, 2008. The company is currently trading under the name LGX Oil and Gas Inc. (TSXV – OIL) following a change of name dated August 20, 2012.

No director or proposed director of the Corporation is, or has been within the past ten years, a director or executive officer of any other Corporation that, while such person was acting in that capacity, or within a year of that individual ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

Individual Bankruptcies

No director or proposed director of the Corporation is or has, within the ten years prior to the date hereof, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold the assets of that individual.

Penalties or Sanctions

No director or proposed director of the Corporation has been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority. No director or proposed director of the Corporation has been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable securityholder in deciding whether to vote for a proposed director.

Conflicts of Interest

The directors and officers of the Corporation may, from time to time, be involved with the business and operations of other mining issuers, in which case a conflict of interest may arise between their duties as officers and directors of the Corporation and as officer and directors of such other companies. Such conflicts must be disclosed in accordance with, and are subject to such procedures and remedies, as applicable, under the *Business Corporations Act* (British Columbia).

Appointment of Auditors

Unless otherwise directed, the management designees named in the accompanying instrument of proxy intend to vote in favor of the appointment of Davidson & Company LLP, Chartered Accountants as auditors of the Corporation, to hold office until the close of the next annual meeting, at a remuneration to be determined by the Board of Directors of the Corporation. Approval of the appointment of the auditors will require the affirmative votes of the holders of not less than half of the votes cast in respect thereof by Shareholders present in person or by proxy at the Meeting. **Unless instructed otherwise, the management designees in the accompanying Instrument of Proxy intend to vote FOR the resolution.**

Ratification and Re-Approval of Stock Option Plan

Pursuant to Policy 4.4 of the TSXV, corporations that have a rolling stock option plan reserving a maximum of 10% of the issued and outstanding shares of the corporation must receive yearly shareholder approval of the stock option plan. For a summary of the Plan, please refer to the section herein entitled "*Incentive Plan Awards*" or refer to Schedule "C" hereto where the text of the Plan is attached in its entirety.

The approval by Shareholders requires a favourable vote of a majority of the Common Shares voted in respect thereof at the Meeting. The TSXV requires such approval before it will allow the adoption of the Plan. Options to purchase Common Shares that were previously granted to directors, officers and employees of the Corporation will be deemed to be granted under the Plan. **Unless instructed otherwise, the management designees in the accompanying instrument of proxy intend to vote FOR the resolution to ratify, adopt and re-approve the Plan.**

The text of the resolution regarding this matter is as follows:

"BE IT RESOLVED THAT:

1. the stock option plan (the "Plan") of the Corporation, as described in the management information circular and proxy statement of the Corporation dated March 22, 2013, as may be amended by the board of directors as required by applicable securities regulatory authorities or stock exchanges, is hereby ratified, adopted and re-approved;
2. the form of the Plan may be amended in order to satisfy the requirements or requests of any regulatory authorities without requiring further approval of the shareholders of the Corporation;
3. the shareholders of the Corporation hereby expressly authorize the board of directors to revoke this resolution before it is acted upon without requiring further approval of the shareholders in that regard; and

4. any one director or officer of the Corporation is authorized, on behalf of the Corporation, to execute and deliver all documents and do all things as such person may determine to be necessary or advisable to give effect to this resolution."

Other Matters to Be Acted Upon

As of the date of this Management Proxy Circular, management knows of no matters to come before the Meeting other than the matters referred to in the Notice of Meeting. However, if any other matters properly come before the Meeting, the accompanying proxy will be voted on such matters in the best judgment of the person or persons voting the proxy.

MANAGEMENT CONTRACTS

No management functions of the Corporation or any subsidiary of the Corporation are to any substantial degree performed by a person or company other than the directors or executive officers of the Corporation.

ADDITIONAL INFORMATION

Additional information relating to the Corporation is available through the internet on the Canadian System for Electronic Document Analysis and Retrieval (SEDAR) which can be accessed at www.sedar.com. Financial information on the Corporation is provided in the comparative financial statements and management discussion and analysis of the Corporation which can also be accessed at www.sedar.com or which may be obtained upon request from the Corporation at 302 – 1620 West 8th Avenue, Vancouver, British Columbia, V6J 1V4, or via fax at (604) 639-4458.

SCHEDULE "A"

CORPORATE GOVERNANCE POLICY

CORPORATE GOVERNANCE DISCLOSURE (FORM 58-101F2)

1. Board of Directors — Disclose how the board of directors (the board) facilitates its exercise of independent supervision over management, including

- (i) the identity of directors that are independent; and
Garry Clark, Michael Curtis, Craig Mclean, Gordon King and James Newall.
- (ii) the identity of directors who are not independent, and the basis for that determination.
Wayne Tisdale and Michelle Gahagan.

In determining whether a director is independent, the Corporation chiefly considers whether the director has a relationship which could, or could be perceived to interfere with the director's exercise of independent judgement.

Wayne Tisdale is an executive officer of the Corporation and Michelle Gahagan is a former executive officer of the Corporation and therefore they are not considered to be independent.

2. Directorships — If a director is presently a director of any other issuer that is a reporting issuer (or the equivalent) in a jurisdiction or a foreign jurisdiction, identify both the director and the other issuer.

The directors of the Corporation, except for Mr. Gordon King, are directors of other reporting issuers (or equivalent) in a jurisdiction or a foreign jurisdiction as follows:

<i>Name of Director</i>	<i>Issuer</i>
<i>Wayne Tisdale</i>	<i>American Bonanza Gold Corp. Suparna Gold Corp.</i>
<i>Michelle Gahagan</i>	<i>ArPetrol Ltd. CellStop Systems Inc. eShippers Management Ltd. Suparna Gold Corp.</i>
<i>Garry Clark</i>	<i>Challenger Deep Resources Corp. Elissa Resources Ltd. Lakeland Resources Inc. Mineral Mountain Resources Ltd. Superior Canadian Resources Inc. (delisted) Suparna Gold Corp.</i>
<i>Michael Curtis</i>	<i>Argex Silver Capital Inc. CellStop Systems Inc. Nevado Resources Corporation Opal Energy Corp. Perisson Petroleum Corporation Quinto Real Capital Corporation</i>
<i>Craig Mclean</i>	<i>Diamond Fields International Ltd.</i>
<i>James Newall</i>	<i>American Bonanza Gold Corp. eShippers Management Ltd. Opal Energy Corp Suparna Gold Corp.</i>

3. Orientation and Continuing Education — Describe what steps, if any, the board takes to orient new board members, and describe any measures the board takes to provide continuing education for directors.

The Corporation has not developed an official orientation or training program for new directors. As required, new directors will have the opportunity to become familiar with the Corporation by meeting with other directors and its officers and employees. Orientation activities will be tailored to the particular needs and expertise of each director and the overall needs of the Board.

4. **Ethical Business Conduct** — Describe what steps, if any, the board takes to encourage and promote a culture of ethical business conduct.

The Corporation does not currently have a formal code of business conduct or policy in place for its directors, officers, employees and consultants. The Board believes that the Corporation's size facilitates informal review of and discussions with employees and consultants.

The Board monitors ethical conduct of the Corporation and ensures that it complies with applicable legal and regulatory requirements, such as those of relevant securities commissions and stock exchanges. The Board has found that the fiduciary duties placed on individual directors by the Corporation's governing corporate legislation and the common law, as well as the restrictions placed by applicable corporate legislation on the individual director's participation in decisions of the Board in which the director has an interest, have been sufficient to ensure that the Board operates independently of management and in the best interests of the Corporation.

5. **Nomination of Directors** — Disclose what steps, if any, are taken to identify new candidates for board nomination, including:

- (i) who identifies new candidates, and
- (ii) the process of identifying new candidates.

The Board has not appointed a nominating committee as the Board fulfills these functions as a whole. When the Board identifies the need to fill a position on the Board, the Board requests that current directors forward potential candidates for consideration.

6. **Compensation** — Disclose what steps, if any, are taken to determine compensation for the directors and CEO, including:

- (i) who determines compensation, and

Management of the Corporation is responsible for making recommendations to the Board with respect to compensation for the directors and the CEO. The Board has the ability to adjust and approve such compensation.

- (ii) the process of determining compensation.

Market comparisons as well as evaluation of similar positions in different industries in the same geography are the criteria used in determining compensation.

7. **Other Board Committees** — If the board has standing committees other than the audit and compensation identify the committees and describe their function.

The Corporation does not have any other committees other than the audit committee.

8. **Assessments** — Disclose what steps, if any, that the board takes to satisfy itself that the board, its committees, and its individual directors are performing effectively.

The Board takes responsibility for monitoring and assessing its effectiveness and the performance of individual directors, its committees, including reviewing the Board's decision making processes and the quality of information provided by management.

SCHEDULE "B"

DECLAN RESOURCES INC. (the "Corporation")

AUDIT COMMITTEE CHARTER

The mandate and charter of the Corporation's audit committee (the "Audit Committee") can be described as follows:

1. Each member of the Audit Committee shall be a member of the Board of Directors, in good standing, and the majority of the members of the audit committee shall be independent in order to serve on this committee.
2. At least one of the members of the Audit Committee shall be financially literate.
3. Review the Committee's charter annually, reassess the adequacy of this charter, and recommend any proposed changes to the Board of Directors. Consider changes that are necessary as a result of new laws or regulations.
4. The Audit Committee shall meet at least four times per year, and each time the Corporation proposes to issue a press release with its quarterly or annual earnings information. These meetings may be combined with regularly scheduled meetings, or more frequently as circumstances may require. The Audit Committee may ask members of the Management or others to attend the meetings and provide pertinent information as necessary.
5. Conduct executive sessions with the outside auditors, outside counsel, and anyone else as desired by the committee.
6. The Audit Committee shall be authorized to hire outside counsel or other consultants as necessary (this may take place any time during the year).
7. Approve any non-audit services provided by the independent auditors, including tax services. Review and evaluate the performance of the independent auditors and review with the full Board of Directors any proposed discharge of the independent auditors.
8. Review with the Management the policies and procedures with respect to officers' expense accounts and perquisites, including their use of corporate assets, and consider the results of any review of these areas by the independent auditor.
9. Consider, with the Management, the rationale for employing accounting firms rather than the principal independent auditors.
10. Inquire of the Management and the independent auditors about significant risks or exposures facing the Corporation; assess the steps that Management has taken or proposes to take to minimize such risks to the Corporation; and periodically review compliance with such steps.
11. Review with the independent auditor, the audit scope and plan of the independent auditors. Address the coordination of the audit efforts to assure the completeness of coverage, reduction of redundant efforts, and the effective use of audit resources.
12. Inquire regarding the "quality of earnings" of the Corporation from a subjective as well as an objective standpoint.
13. Review with the independent accountants:

- (a) the adequacy of the Corporation's internal controls including computerized information systems controls and security; and
 - (b) any related significant findings and recommendations of the independent auditors together with the Management's responses thereto.
- 14. Review with the Management and the independent auditor the effect of any regulatory and accounting initiatives, as well as off-balance-sheet structures, if any.
- 15. Review with the Management, the independent auditors, the interim annual financial report before it is filed with the regulatory authorities.
- 16. Review with the independent auditor that performs an audit:
 - (a) all critical accounting policies and practices used by the Corporation; and
 - (b) all alternative treatments of financial information within generally accepted accounting principles that have been discussed with the Management of the Corporation, the ramifications of each alternative and the treatment preferred by the Corporation.
- 17. Review all material written communications between the independent auditors and the Management.
- 18. Review with the Management and the independent auditors:
 - (a) the Corporation's annual financial statements and related footnotes;
 - (b) the independent auditors' audit of the financial statements and their report thereon;
 - (c) the independent auditor's judgments about the quality, not just the acceptability, of the Corporation's accounting principles as applied in its financial reporting;
 - (d) any significant changes required in the independent auditors' audit plan; and
 - (e) any serious difficulties or disputes with the Management encountered during the audit.
- 19. Periodically review the Corporation's code of conduct to ensure that it is adequate and up-to-date.
- 20. Review the procedures for the receipt, retention, and treatment of complaints received by the Corporation regarding accounting, internal accounting controls, or auditing matters that may be submitted by any party internal or external to the organization. Review any complaints that might have been received, current status, and resolution if one has been reached.
- 21. Review procedures for the confidential, anonymous submission by employees of the organization of concerns regarding questionable accounting or auditing matters. Review any submissions that have been received, the current status, and resolution if one has been reached.
- 22. The Audit Committee will perform such other functions as assigned by law, the Corporation's articles, or the Board of Directors.

SCHEDULE "C"

DECLAN RESOURCES INC.

ROLLING INCENTIVE SHARE OPTION PLAN

SECTION 1. GENERAL PROVISIONS

1.1 Interpretation

For the purposes of this Plan, the following terms shall have the following meanings:

“Board” means the Board of Directors of the Corporation;

“Common Shares” means the common shares of the Corporation as currently constituted;

“Company” means Declan Resources Inc.;

“Consultant” means an individual who (including an individual whose services are contracted through a personal holding corporation) with whom the Corporation or a subsidiary has a contract for substantial services and who falls within the definition of an “employee” under the rules and policies of the TSX Venture Exchange and the B.C. Securities Commission;

“Eligible Person” means, subject to all applicable laws, any director, officer, employee, part-time employee, Consultant or person engaged in investor relations activities on behalf of the Corporation or any of its subsidiaries;

“Insider” means an insider as defined under the *Securities Act* (British Columbia);

“Option” means an option to purchase Common Shares granted to an Eligible Person pursuant to the terms of the Plan;

“Participant” means Eligible Persons to whom Options have been granted;

“Plan” means this Incentive Share Option Plan;

“Post-Termination Exercise Period” means the period after the Termination Date which shall not exceed a maximum of one year during which a participant’s options shall be exercisable as determined by the Board or the Chief Executive Officer or President of the Corporation;

“Subsidiary” have the meanings ascribed to those terms under the *Business Corporations Act* (British Columbia);

“Tax Obligations” means the Corporation’s withholding, remittance and other funding liabilities under applicable tax law; and

“Termination Date” means the date on which a Participant ceases to be an Eligible Person.

Words imparting the singular number only shall include the plural and *vice versa* and words imparting the masculine shall include the feminine.

This Plan and all matters to which reference is made herein shall be governed by and interpreted in accordance with the laws of the Province of British Columbia and the laws of Canada applicable therein.

1.2 Purpose

The purpose of this Plan is to advance the interests of the Corporation by (i) providing Eligible Persons with additional incentive, (ii) encouraging stock ownership by such Eligible Persons, (iii) increasing the proprietary interest of Eligible Persons in the success of the Corporation, and (iv) encouraging the Eligible Persons to remain with the Corporation or its Subsidiary companies.

1.3 Administration

- (a) The Plan shall be administered by the Board or a committee of the Board duly appointed for this purpose by the Board and consisting of not less than 3 directors. If a committee is appointed for this purpose, all references herein to the Board will be deemed to be references to the committee.
- (b) Subject to the limitations of the Plan, the Board shall have the authority to:
 - (i) grant options to purchase Common Shares to Eligible Persons;
 - (ii) determine the terms, limitations, restrictions and conditions respecting such grants;
 - (iii) interpret the Plan and adopt, amend and rescind such administrative guidelines and other rules and regulations relating to the Plan as it shall from time to time deem advisable; and
 - (iv) make all other determinations and take all other actions in connection with the implementation and administration of the Plan including, without limitation, for the purpose of ensuring compliance with Section 1.8 hereof, as it may deem necessary or advisable. The Board's guidelines, rules, regulations, interpretations and determinations shall be conclusive and binding upon the Corporation and all other persons.

1.4 Shares Reserved

- (a) Under this Rolling Plan, the maximum number of Common Shares which may be reserved for issuance shall be ten percent (10%) of the issued and outstanding Common Shares. Further, provided that disinterested shareholder approval has been obtained, it shall be permissible under this Rolling Plan to issue a number of shares to insiders upon the exercise of stock options, within a one year period that exceeds 10% of the outstanding listed shares (the "Additional Options") (provided that the number of outstanding options at any time does not exceed 10% of the issued shares);
- (b) If there is a change in the outstanding Common Shares by reason of any stock dividend or any recapitalization, amalgamation, subdivision, consolidation, combination or exchange of shares, or other corporate change, the Board shall make, subject to the prior approval of the relevant stock exchange(s), appropriate substitution or adjustment in:
 - (i) the number or kind of shares or other securities reserved for issuance pursuant to the Plan; and
 - (ii) the number and kind of shares subject to unexercised Options theretofore granted and in the option price of such shares;

provided, however, that no substitution or adjustment shall obligate the Corporation to issue or sell fractional shares. If the Corporation is reorganized, amalgamated with

another corporation, or consolidated, the Board shall make such provision for the protection of the rights of Participants as the Board in its discretion deems appropriate.

1.5 *Limits with Respect to Insiders*

- (a) The maximum number of Common Shares which may be reserved for issuance to Insiders under the Rolling Plan shall be ten percent (10%) of the Common Shares issued and outstanding at the time of the grant (on a non-diluted basis) less the aggregate number of Common Shares reserved for issuance to Insiders under any other share compensation arrangement.
- (b) Disinterested shareholder approval shall be obtained for any reduction in the exercise price of the option, where the Eligible Person is an Insider of the Corporation.

1.6 *Amendment and Termination*

- (a) The Board may amend, suspend or terminate the Plan or any portion thereof at any time in accordance with applicable legislation and subject to shareholder and regulatory approval. No such amendment, suspension or termination shall alter or impair any Options or any rights pursuant thereto granted previously to any Participant without the consent of any such Participant. If the Plan is terminated, the provisions of the Plan and any administrative guidelines, and other rules and regulations adopted by the Board and in force at the time of the Plan shall continue in effect during such time as an Option or any rights pursuant thereto remain outstanding.
- (b) With the consent of the affected Participants, the Board may amend or modify any outstanding Option in any manner to the extent that the Board would have had the authority to initially grant such award as so modified or amended, including without limitation, to change the date or dates as of which an Option becomes exercisable, subject to the prior approval of the relevant stock exchanges.

1.7 *Compliance with Legislation*

The Plan, the grant and exercise of Options hereunder and the Corporation's obligation to sell and deliver Common Shares upon exercise of Options shall be subject to all applicable federal, provincial and foreign laws, rules and regulations, the rules and regulations of any stock exchange(s) on which the Common Shares are listed for trading and to such approvals by any regulatory or governmental agency as may, in the opinion of counsel to the Corporation, be required. The Corporation shall not be obligated by any provision of the Plan or the grant of any Option hereunder to issue or sell Common Shares in violation of such laws, rules and regulations or any condition of such approvals. No Option shall be granted and no Common Shares issued or sold hereunder where such grant, issue or sale would require legislation of the Plan or of Common Shares under the securities laws of any foreign jurisdiction and any purported grant of any Option or issue or sale of Common Shares hereunder in violation of this provision shall be void. In addition, the Corporation shall have no obligation to issue any Common Shares pursuant to the Plan unless such Common Shares shall have been duly listed, upon official notice of issuance, with all stock exchanges on which the Common Shares are listed for trading. Common Shares issued and sold to Participants pursuant to the exercise of Options may be subject to limitations on sale or resale under applicable securities laws.

1.8 *Effective Date*

The Plan shall be effective upon approval of the Plan by the TSX Venture Exchange.

1.9 *Miscellaneous*

- (a) Nothing contained herein shall prevent the Board from adopting other or additional compensation arrangements, subject to any required approval.

- (b) Nothing contained in the Plan nor in any Option granted thereunder shall be deemed to give any Participant any interest or title in or to any Common Shares of the Corporation or any rights as a shareholder of the Corporation or any other legal or equitable right against the Corporation whatsoever other than as set forth in the Plan and pursuant to the exercise of any Option.
- (c) The Plan does not give any Participant or any employee of the Corporation or any of its subsidiary companies the right or obligation to or to continue to serve as a director, office or employee, as the case may be, of the Corporation or any of its subsidiary companies. The awarding of Options to any Eligible Person is a matter to be determined solely in the discretion of the Board. The Plan shall not in any way fetter, limit, obligate, restrict or constrain the Board with regard to the allotment or issue of any Common Shares or any other securities in the capital of the Corporation or any of its subsidiaries other than as specifically provided for in the Plan.
- (d) No fractional Common Shares shall be issued upon the exercise of options granted under the Plan and, accordingly, if a Participant would become entitled to a fractional Common Share upon the exercise of an Option, such Participant shall only have the right to purchase the next lowest whole number of Common Shares and no payment or other adjustment will be made with respect to the fractional interest so disregarded.

Section 2. Options

2.1 *Grants*

Subject to the provisions of the Plan, the Board shall have the authority to determine the limitations, restrictions and conditions, if any, in addition to those set forth in Section 2.3 hereof, applicable to the exercise of an Option, including without limitation, the nature and duration of the restrictions, if any, to be imposed upon the sale or other disposition of Common Shares acquired upon exercise of the Option, and the nature of the events, if any, and the duration of the period in which any Participant's rights in respect of Common Shares acquired upon exercise of an Option may be forfeited, with the discretion in the Board to modify or rescind such restrictions in the event of certain corporate developments such as a takeover bid, reorganization, merger, change in capital or amalgamation. An Eligible Person may receive Options on more than one occasion under the Plan and may receive separate Options on any one occasion; however, no more than 5% of the issued shares of the Corporation may be issued to any Eligible Person other than a Consultant in any 12 month period unless disinterested shareholder approval has been obtained. No more than 2% of the issued shares of the Corporation may be issued to any one Consultant in any 12 month period. No more than 2% of the issued shares of the Corporation may be issued to all Employees in the aggregate conducting investor relations activities (as defined in the policies of the TSX Venture Exchange) in any 12 month period.

2.2 *Option Price*

- (a) The Board shall establish the option price at the time each Option is granted, which shall not be less than the Discounted Market Price as calculated and defined in accordance with the policies of the TSX Venture Exchange.
- (b) The option price shall be subject to adjustment in accordance with the provisions of Section 1.4(b) hereof.

2.3 *Exercise of Options*

- (a) Options granted must be exercised no later than ten (10) years commencing from the later of the date of grant or such lesser period as may be determined by the Board.

- (b) In addition to any resale restrictions under any applicable laws, all Options with an option price less than the Market Price as calculated and defined in accordance with the policies of the TSX Venture Exchange are subject to a four (4) month hold period from the date the Options are granted to the Eligible Persons.
- (c) The Board may determine when any Options will become exercisable and may determine that the Option shall be exercisable in installments.
- (d) Options granted to Employees or Consultants conducting investor relations activities must best in stages over 12 months with no more than ¼ of the Options vesting in any three month period.
- (e) Options granted under the Plan shall not be transferable or assignable, whether absolutely or by way of mortgage, pledge, or other change, by the Participant other than by will or by testamentary instrument or the laws of succession, and shall be exercisable during the lifetime of a Participant only by the Participant and after death only by the Participant's legal representative.
- (f) Except as otherwise determined by the Board, upon the death of a Participant, the legal representative of the Participant may exercise any outstanding portion of the Participant's Options within one year after the date of the Participant's death.
- (g) If a Participant ceases to be an Eligible Person for any reason whatsoever other than death, each Option held by the Participant will cease to be exercisable after the expiry of the Post Termination Exercise Period. Without limitation, and for greater certainty only, this provision will apply regardless of whether the Participant was dismissed with or without cause and regardless of whether the Participant received compensation in respect of dismissal or was entitled to a period of notice of termination. Upon expiration of such Post-Termination Exercise Period all unexercised option rights of that Participant shall immediately terminate and shall lapse notwithstanding the original term of the option granted to such Participant under the Plan.
- (h) Each Option shall be confirmed by an option agreement executed by the Corporation and by the Participant.
- (i) The exercise price of each Common Share purchased under an Option shall be paid in full in cash or by bank draft or certified cheque at the time of such exercise, and upon receipt of payment in full, but subject to the terms of the Plan, the number of Common Shares in respect of which the Option is exercised shall be duly issued as fully paid and non-assessable.
- (j) The exercise of an Option will be subject to the policies, procedures and conditions adopted by the Corporation from time to time to comply with its obligations imposed under applicable tax law, including, without limitation, the Tax Obligations.
- (k) As a condition of exercise of an Option, the Corporation may require the Participant to deliver, in addition to the subscription price in respect of which an Option is exercised, a certified cheque, wire transfer or bank draft payable to the Corporation for the amount determined by the Corporation to be the appropriate amount on the account of the Tax Obligations.

2.4 Company's Representation

Options granted to employees, consultants or management company employees shall be accompanied by a Company representation that the Eligible Person is a bona fide employee, consultant or management company employee as the case may be of the Corporation or its Subsidiary companies.

2.5 Shareholder Approval

This Plan is subject to approval by the shareholders of the Corporation at its next annual general meeting of shareholders and until such approval is obtained the Options granted pursuant to this Plan will not be exercisable. When adopted by the Corporation's shareholders this Plan will supersede and replace all previous stock option plans.