

**SGX RESOURCES INC.**

**ANNUAL AND SPECIAL MEETING  
OF SHAREHOLDERS**

**Notice of Annual and Special Meeting  
and  
Information Circular**

**May 18, 2012**

*This Information Circular is provided in connection with the solicitation of proxies by the management of SGX Resources Inc. for use at the Annual and Special Meeting of shareholders to be held on June 20, 2012, at the time and place and for the purposes set forth in the accompanying Notice of Meeting.*

**SGX RESOURCES INC.**

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

**NOTICE** is hereby given that the annual and special meeting of the holders (the "Shareholders") of common shares ("Shares") of SGX Resources Inc. (the "Company") will be held in Winnipeg, Manitoba, at the Victoria Inn, 1808 Wellington Avenue, Winnipeg, Manitoba, on the 20<sup>th</sup> day of June, 2012, at 10:00 a.m. (Winnipeg time) (the "Meeting") for the following purposes:

1. To receive the audited financial statements of the Company for the financial years ended December 31, 2011, together with the auditors' reports thereon;
2. To elect directors of the Company for the ensuing year as identified in the accompanying management information circular dated May 18, 2012 (the "Circular");
3. To appoint auditors and to authorize the directors to fix the remuneration to be paid to the auditors;
4. To re-approve the stock option plan of the Company; and
5. To transact such other or further business as may properly come before the Meeting or any adjournment thereof.

The specific details of the matters proposed to be put before the Meeting are set forth in the accompanying Circular.

The record date for determination of Shareholders entitled to receive notice of and to attend and vote at the Meeting is May 18, 2012. Only Shareholders whose names have been entered in the register of Shareholders at the close of business on that date and holders of Shares issued by the Company after such date and prior to the Meeting will be entitled to receive notice of and to vote at the Meeting; provided that, to the extent a Shareholder transfers the ownership of any Shares after such date and the transferee of those Shares establishes that such transferee owns the Shares and demands, not later than ten days before the Meeting, to be included in the list of Shareholders eligible to vote at the Meeting, such transferee will be entitled to vote those Shares at the Meeting.

A Shareholder may attend the Meeting in person or may be represented by proxy. Shareholders who are unable to attend the Meeting or any adjournment thereof in person are requested to date, sign and return the accompanying form of proxy for use at the Meeting or any adjournment thereof. To be effective, the enclosed proxy must be received by the Executive Chairman of the Company, c/o Canadian Stock Transfer Company Inc. at Proxy Department, PO Box 721, Agincourt, Ontario, M1S 0A1 not later than 11:30 a.m. (Toronto time) on June 18, 2012 or, in the case of an adjourned Meeting, not later than 48 hours (excluding Saturdays, Sundays and holidays) before the time of the adjourned Meeting. Canadian Stock Transfer Company Inc. acts as the administration agent for CIBC Mellon Trust Company. Unregistered Shareholders who received the proxy through an intermediary must deliver the proxy in accordance with the instructions given by such intermediary.

DATED at Winnipeg, Manitoba this 18<sup>th</sup> day of May, 2012.

**ON BEHALF OF THE BOARD OF DIRECTORS**

*"Hugh Wynne"*

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Hugh Wynne, Executive Chairman

## GLOSSARY

Capitalized terms used in this Circular have the meanings ascribed to them below.

“**Audit Committee**” means the audit committee of the Board;

“**Board**” means the board of directors of the Company;

“**Circular**” means this management information circular dated May 18, 2012 in respect of the Meeting;

“**Company**” means SGX Resources Inc.;

“**Director**” means a director of the Company;

“**Meeting**” means the annual and special meeting of Shareholders to be held on June 20, 2012 at the time and place set forth in the Notice of Meeting and, where the context requires, includes any adjournment thereof;

“**NI 52-110**” means National Instrument 52-110 *Audit Committees*;

“**Notice of Meeting**” means the notice of the Meeting accompanying this Circular;

“**Ordinary Resolution**” means the affirmative vote of not less than a majority of votes cast by Shareholders with respect to a particular matter;

“**Record Date**” means May 18, 2012;

“**San Gold**” means San Gold Corporation;

“**Share**” means a common share of the Company;

“**Shareholder(s)**” means a holder(s) of Shares;

“**Stock Option Plan**” means the existing stock option plan of the Company dated January 25, 2010; and

“**TSXV**” means the TSX Venture Exchange.

**SGX RESOURCES INC.**  
**646 Erin Street**  
**Winnipeg, Manitoba R3G 2V9**

**MANAGEMENT INFORMATION CIRCULAR**

**SOLICITATION OF PROXIES**

**This Circular is furnished in connection with the solicitation of proxies by the management of the Company for use at the annual and special meeting of the Shareholders to be held at the Victoria Inn, 1808 Wellington Avenue, Winnipeg, Manitoba, on June 20, 2012, at the hour of 10:00 a.m. (Winnipeg time) for the purposes set out in the accompanying Notice of Meeting.**

**THIS SOLICITATION IS MADE BY THE MANAGEMENT OF THE COMPANY.**

Although it is expected that the solicitation of proxies will be primarily by mail, proxies may also be solicited personally by Directors, officers and employees of the Company, at a nominal cost. In accordance with National Instrument 54-101, arrangements have been made with brokerage houses and other intermediaries, clearing agencies, custodians, nominees and fiduciaries to forward solicitation materials to the beneficial owners of the Shares held of record by such persons and the Company may reimburse such persons for reasonable fees and disbursements incurred by them in doing so. The costs thereof will be borne by the Company.

Except as otherwise stated, the information contained herein is given as of May 18, 2012.

**APPOINTMENT AND REVOCATION OF PROXIES**

The persons named in the enclosed instrument of proxy, Hugh Wynne, Executive Chairman and a Director, and Gary McDonald, Chief Financial Officer (the "Management Designees"), have been selected by the Directors and have indicated their willingness to represent as proxies the Shareholders who appoint them.

**A Shareholder has the right to designate a person (who need not be a Shareholder) other than the Management Designees to represent him or her at the Meeting.** Such right may be exercised by inserting in the space provided for that purpose on the enclosed instrument of proxy the name of the person to be designated and striking out the names of the Management Designees, or by completing another proper instrument of proxy. Such Shareholder should notify the nominee of the appointment, obtain his consent to act as proxy and should provide instructions on how the Shareholder's Shares are to be voted. In any case, an instrument of proxy should be dated and executed by the Shareholder or an attorney authorized in writing, with proof of such authorization attached where an attorney has executed the instrument of proxy.

An instrument of proxy will not be valid for the Meeting or any adjournment thereof unless it is completed and delivered to the attention of Proxy Department, Canadian Stock Transfer Company Inc., PO Box 721, Agincourt, Ontario, M1S 0A1, at least 48 hours, excluding Saturdays, Sundays and statutory holidays, before the time of the Meeting or any adjournment thereof. Canadian Stock Transfer Company Inc. acts as the administration agent for CIBC Mellon Trust Company.

A proxy given by a Shareholder for use at the Meeting may be revoked at any time prior to its use. In accordance with section 148(4) of the *Canada Business Corporations Act*, in addition to revocation in any other manner permitted by law, a proxy may be revoked by an instrument in writing executed by the Shareholder or by his attorney authorized in writing or, if the Shareholder is a corporation, under its corporate seal or by an officer or attorney thereof duly authorized, and deposited either at the registered office of the Company at any time up to and including the last business day preceding the day of the Meeting, or any adjournment thereof, at which the proxy is to be used, or with the chairman of such meeting on the day of the Meeting, or any adjournment thereof, and upon either of such deposits the proxy is revoked. The registered office of the Company is located at 30<sup>th</sup> Floor, 360 Main Street, Winnipeg, MB R3C 4G1.

## **VOTING BY NON-REGISTERED SHAREHOLDERS**

Only registered shareholders of the Company or the persons they appoint as their proxies are permitted to vote at the Meeting. Most shareholders of the Company are “non-registered” Shareholders (“Non-Registered Shareholders”) because the Shares they own are not registered in their names but are instead registered in the name of the brokerage firm, bank or trust company through which they purchased the Shares. Shares beneficially owned by a Non-Registered Shareholder are registered either: (i) in the name of an intermediary (an “Intermediary”) that the Non-Registered Shareholder deals with in respect of the Shares (Intermediaries include, among others, banks, trust companies, securities dealers or brokers and trustees); or (ii) in the name of a clearing agency (such as CDS Clearing and Depository Services Inc.) of which the Intermediary is a participant. In accordance with applicable securities law requirements, the Company will have distributed copies of the Notice of Meeting, this Circular and the form of proxy and the request form (collectively, the “Meeting Materials”) to the clearing agencies and Intermediaries for distribution to Non-Registered Shareholders.

Intermediaries are required to forward the Meeting Materials to Non-Registered Shareholders unless a Non-Registered Shareholder has waived the right to receive them. Intermediaries often use service companies to forward the Meeting Materials to Non-Registered Shareholders. Generally, Non-Registered Shareholders who have not waived the right to receive Meeting Materials will either:

- (i) be given a voting instruction form which is not signed by the Intermediary and which, when properly completed and signed by the Non-Registered Shareholder and returned to the Intermediary or its service company, will constitute voting instructions (often called a “voting instruction form”) which the Intermediary must follow. Typically, the voting instruction form will consist of one page of instructions which contains a removable label with a bar-code and other information. In order for the form of proxy to validly constitute a voting instruction form, the Non-Registered Shareholder must remove the label from the instructions and affix it to the form of proxy, properly complete and sign the form of proxy and submit it to the Intermediary or its service company in accordance with the instructions of the Intermediary or its service company; or
- (ii) be given a form of proxy which has already been signed by the Intermediary (typically by a facsimile, stamped signature), which is restricted as to the number of Shares beneficially owned by the Non-Registered Shareholder but which is otherwise not completed by the Intermediary. Because the Intermediary has already signed the form of proxy, this form of proxy is not required to be signed by the Non-Registered Shareholder when submitting the proxy. In this case, the Non-Registered Shareholder who wishes to submit a proxy should properly complete the form of proxy and deposit it with the Company, c/o Proxy Department, Canadian Stock Transfer Company Inc., PO Box 721, Agincourt, Ontario, M1S 0A1. Canadian Stock Transfer Company Inc. acts as the administrative agent for CIBC Mellon Trust Company.

In either case, the purpose of these procedures is to permit Non-Registered Shareholders to direct the voting of the Shares they beneficially own. Should a Non-Registered Shareholder who receives one of the above forms wish to vote at the Meeting in person (or have another person attend and vote on behalf of the Non-Registered Shareholder), the Non-Registered Shareholder should strike out persons named in the form of proxy and insert the Non-Registered Shareholder or such other person’s name in the blank space provided. In either case, Non-Registered Shareholders should carefully follow the instructions of their Intermediary, including those regarding when and where the proxy or voting instruction form is to be delivered.

A Non-Registered Shareholder may revoke a voting instruction form or a waiver of the right to receive Meeting Materials and to vote which has been given to an Intermediary at any time by written notice to the Intermediary provided that an Intermediary is not required to act on a revocation of a voting instruction from or of a waiver of the right to receive Meeting Materials and to vote which is not received by the Intermediary at least seven (7) days prior to the Meeting.

## **PROVISIONS RELATING TO VOTING OF PROXIES**

The Shares represented by proxy in the enclosed form will be voted or withheld from voting by the designated holder in accordance with the direction of the Shareholder appointing him. If there is no direction by the Shareholder, those Shares will be voted for all proposals set out in the instrument of proxy. The instrument of proxy gives the person named in it the discretion to vote as they see fit on any amendments or variations to matters identified in the Notice of Meeting, or any other matters, which may properly come before the Meeting. At the time of printing of this Circular, management of the Company knows of no other matters which may come before the Meeting other than those referred to in the Notice of Meeting.

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

Except as otherwise set out herein, no Director or senior officer of the Company or proposed nominee for election as a Director, or any associate or affiliate of the foregoing persons has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in the matters to be acted upon at the Meeting.

## **VOTING SECURITIES, RECORD DATE AND PRINCIPAL HOLDERS OF VOTING SECURITIES**

On the date of the accompanying Notice of Meeting, the Company was authorized to issue an unlimited number of Shares without nominal or par value of which, as of the date of the Notice of Meeting there were 111,534,969 Shares issued and outstanding as fully paid and non-assessable. The holders of Shares are entitled to receive notice of and attend any meeting of the Shareholders of the Company and are entitled to one vote thereat for each Share held by them respectively.

Each person who is a holder of a Share at the close of business on the Record Date will be entitled to notice of and to attend and vote at the Meeting except to the extent such Shareholder transfers the ownership of any of such holder's shares after the Record Date and the transferee of those shares produces properly endorsed share certificates or otherwise establishes that the transferee owns such shares and demands, not later than ten days before the Meeting, that such transferee's name be included in the list of Shareholders entitled to vote at the Meeting. Such transferee is entitled to vote such shares at the Meeting.

To the knowledge of the Directors and senior officers of the Company, as of the date of this Circular, the only person that beneficially owns, directly or indirectly, or exercises control or direction over, more than 10 percent of the issued and outstanding Shares is San Gold, which owns 36,696,256 Shares representing approximately 33% of the issued and outstanding Shares as at the date hereof.

## **EXECUTIVE COMPENSATION**

In this section entitled "Executive Compensation":

**"Named Executive Officer"** means the following individuals: (a) each Chief Executive Officer of the Company (or person acting in a similar capacity) during the most recently completed financial year of the Company; (b) each Chief Financial Officer of the Company (or person acting in a similar capacity) during the most recently completed financial year of the Company; (c) each of the Company's three most highly compensated executive officers (or persons acting in a similar capacity), other than the Chief Executive Officer and Chief Financial Officer, at the end of the most recently completed financial year of the Company whose total compensation was, individually, more than \$150,000; and (d) any additional individual who would be a Named Executive Officer under (c) but for the fact that the individual was not serving as an executive officer of the Company, nor acting in a similar capacity, as at the end of the most recently completed financial year. During the most recently completed financial year, the Company had three Named Executive Officers: (i) Hugh Wynne, who is the Company's Executive Chairman (and was CEO until July 14, 2011); (ii) Dale Ginn, who was appointed as the Company's President and CEO on July 14, 2011; and (iii) Gary McDonald, who is the Company's Chief Financial Officer.

**"Option-Based Award"** means an award under an equity incentive plan of options, including, for greater certainty, share options, share appreciation rights, and similar instruments that have option-like features.

**“Share-Based Award”** means an award under an equity incentive plan of equity-based instruments that do not have option-like features, including, for greater certainty, shares, restricted shares, restricted share units, deferred share units, phantom shares, phantom share units, share equivalent units and stock.

## **Compensation Discussion and Analysis**

### *Compensation Discussion and Analysis*

The objective of the Company’s compensation program is to compensate the Named Executive Officers for their services to the Company at a level that is both in line with the Company’s fiscal resources and competitive with companies at a similar stage of development.

The Company compensates its Named Executive Officers based on their skill and experience levels and the existing stage of development of the Company. Named 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 Company’s resources, industry practice, and regulatory guidelines regarding executive compensation levels. Notwithstanding the foregoing, the Executive Chairman of the Company does not take any salary for his services and is compensated solely through the issuance of incentive stock options.

The Board has implemented three levels of compensation to align the interests of the Named Executive Officers with those of the Shareholders. First, Named Executive Officers may be paid a monthly consulting fee or salary. Second, the Board of Directors may award Named Executive Officers long term incentives in the form of stock options. Finally, and only in special circumstances, the Board of Directors may award cash bonuses for exceptional performance that results in a significant increase in Shareholder value. The Company does not provide medical, dental, pension or other benefits to the Named Executive Officers.

The base compensation of the Named Executive Officers is reviewed and set annually by the Board. The President and CEO has substantial input in setting annual compensation levels. The Board awards bonuses at its sole discretion. The Board does not have pre-existing performance criteria or objectives that it takes into account when making compensation decisions.

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 Company’s financial resources and prospects.

The Board does not take into account any performance goals or similar conditions that are based on objective, identifiable measures such as Share price or earnings per Share when determining executive compensation.

The Board has not formally considered the implications of the risks associated with the Company’s compensation policies and practices.

No NEO or Director of the Company is permitted to purchase financial instruments, including, for greater certainty, prepaid variable forward contracts, equity swaps, collars, or units of exchange funds, that are designed to hedge or offset a decrease in market value of equity securities granted as compensation or held, directly or indirectly, by such NEO or Director.

### *Option-Based Awards*

On an annual basis, the Board reviews the performance of the Company and the achievement of objectives of the Directors and the Named Executive Officers of the Company. The level of Option-Based Awards is then determined taking into consideration corporate and individual performance. Previous grants of Option-Based Awards are taken into consideration in making this determination. The Company does not issue any Share-Based Awards.

### *Compensation Governance*

The Board has the ultimate responsibility for the Company's compensation program and compensation decisions. The Company does not currently have a compensation committee of the Board. It is the intention of the Board to establish a compensation committee in the near future.

The Company has not retained the services of a compensation consultant or advisor at any time since the beginning of the Company's most recently completed financial year.

## Summary Compensation Table

### Summary Compensation Table

The following table is a summary of the compensation paid to Named Executive Officers of the Company in the financial years of the Company ended December 31, 2009, December 31, 2010 and December 31, 2011.

Name and principal position	Year	Salary (\$)	Share-Based Awards (\$)	Option-Based Awards (\$) <sup>(1)</sup>	Non-equity incentive plan compensation (\$)		Pension value (\$)	All other compensation (\$)	Total compensation (\$)
					Annual incentive plans	Long-term incentive plans			
Hugh Wynne Executive Chairman <sup>(2)</sup>	2011	Nil	Nil	\$94,229	Nil	Nil	Nil	Nil	\$94,229
	2010	Nil	Nil	\$93,292	Nil	Nil	Nil	Nil	\$93,292
	2009 <sup>(4)</sup>	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Gary McDonald CFO <sup>(3)</sup>	2011	Nil	Nil	\$14,134	Nil	Nil	Nil	\$222,938 <sup>(5)</sup>	\$237,072
	2010	Nil	Nil	\$18,658	Nil	Nil	Nil	\$147,742 <sup>(5)</sup>	\$166,400
	2009 <sup>(4)</sup>	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Dale Ginn President and CEO <sup>(6)</sup>	2011	Nil	Nil	\$94,229	Nil	Nil	Nil	\$71,000	\$165,229

Notes:

- (1) Option-Based Awards are issued pursuant to the Stock Option Plan. See "Particulars of Matters to be Acted Upon – Re-Approval of Stock Option Plan". The grant date fair value is determined using the Black-Scholes model for option value. The fair value of each share option grant is estimated on the date of the grant with the following assumptions used for the grant: dividend yield of 0% (December 31, 2010 – 0%), expected volatility of 89% (December 31, 2010 – 40% to 74%), risk free interest rate of 2.14% (December 31, 2010 – 1.79% to 2.55%) and expected life of 1,825 days (December 31, 2010 – 1,825 days). Options vest immediately.
- (2) Hugh Wynne served as the Chief Executive Officer of the Company until July 14, 2011 when he resigned from that position. Since July 14, 2011, Mr. Wynne has served as the Executive Chairman of the Company.
- (3) Gary McDonald became the Chief Financial Officer of the Company effective January 13, 2010.
- (4) The Company did not commence active operations until late 2009.
- (5) These funds were paid to Mr. McDonald's consulting business, McDonald Management Consulting Services.
- (6) Dale Ginn became the President and Chief Executive Officer of the Company on July 14, 2011.

### Narrative Discussion

As at the end of the most recently completed financial year, the Company did not have employment contracts with any of its Named Executive Officers other than a consulting contract between the Company and McDonald Management Consulting Services. Pursuant to this contract, Gary McDonald provides his services as Chief Financial Officer to the Company at a fixed hourly rate of approximately \$90 per hour. No additional benefits are payable to Mr. McDonald pursuant to this agreement.

It is anticipated that the Company will enter into a formal employment agreement with Dale Ginn, the

President and CEO of the Company, in the near future and will also enter into a new employment agreement with Mr. McDonald. The terms of these employment agreements have not yet been determined.

## Incentive Plan Awards

### *Outstanding Share-Based Awards and Option-Based Awards*

The following table sets forth all Option-Based Awards and Share-Based Awards held by the Named Executive Officers as at the end of the most recently completed financial year of the Company.

Name	Option-Based Awards				Share-Based Awards		
	Number of securities underlying unexercised options (#) <sup>(2)</sup>	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options (\$) <sup>(1)</sup>	Number 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 (\$)
Hugh Wynne	500,000	\$0.27	07/18/2016	\$15,000	NA	NA	NA
	1,000,000	\$0.25	06/03/2015	\$50,000	NA	NA	NA
Gary McDonald	75,000	\$0.27	07/18/2016	\$2,250	NA	NA	NA
	200,000	\$0.25	06/03/2015	\$10,000	NA	NA	NA
Dale Ginn	500,000	\$0.27	07/18/2016	\$15,000	NA	NA	NA

Notes:

- (1) For the purposes of calculating the value of unexercised options, for each option the exercise price was subtracted from the closing price of \$0.30 per Share on the TSXV on December 30, 2011, the last trading day of the most recently completed financial year.
- (2) All options issued to the Named Executive Officers vested immediately upon issuance.

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

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 (\$)
Hugh Wynne	\$94,229	NA	NA
Gary McDonald	\$14,134	NA	NA
Dale Ginn	\$94,229	NA	NA

### *Narrative Discussion*

The outstanding options referenced above are issued pursuant to the Stock Option Plan. For a summary of the terms of the Stock Option Plan, see “*Particulars of Matters to be Acted Upon – Re-Approval of Stock Option Plan*”.

## Pension Plan Benefits

The Company does not have a pension plan and does not pay any pension plan benefits to its Named Executive Officers.

## Termination and Change of Control Benefits

There are no termination or change of control benefits payable to Hugh Wynne as Executive Chairman as the Company does not have an employment agreement with Hugh Wynne.

There are no termination or change of control benefits payable to Dale Ginn as President and Chief Executive Officer as the Company does not have an employment agreement with Dale Ginn.

There are no termination or change of control benefits payable to McDonald Management Consulting

Services pursuant to its management services contract with the Company whereby it provides the services of Gary McDonald as Chief Financial Officer. The contract is terminable by the Company on 60 days notice to McDonald Management Consulting Services.

### Director Compensation

The following section sets forth the compensation paid by the Company to its Directors that are not also Named Executive Officers. Compensation paid to Directors who are also Named Executive Officers is set forth above.

#### *Director Compensation Table*

The following table is a summary of the compensation paid to Directors in the most recently completed financial year of the Company.

Name	Fees earned (\$)	Share-Based Awards (\$)	Option-Based Awards (\$) <sup>(1)</sup>	Non-equity incentive plan compensation (\$)	Pension value (\$)	All other compensation (\$)	Total (\$)
Ben Hubert <sup>(5)</sup>	Nil	Nil	\$37,692	Nil	Nil	Nil	\$37,692
Michael Power	Nil	Nil	\$37,692	Nil	Nil	Nil	\$37,692
James W. McCutcheon <sup>(2)</sup>	Nil	Nil	\$37,692	Nil	Nil	Nil	\$37,692
George Pirie <sup>(3)</sup>	Nil	Nil	\$36,580	Nil	Nil	Nil	\$36,580
William Ferreira <sup>(4)</sup>	Nil	Nil	\$37,692	Nil	Nil	Nil	\$37,692

Notes:

- (1) Option-Based Awards are issued pursuant to the Stock Option Plan. See "Particulars of Matters to be Acted Upon – Re-Approval of Stock Option Plan". The grant date fair value is determined using the Black-Scholes model for option value. The fair value of each share option grant is estimated on the date of the grant with the following assumptions used for the grant: dividend yield of 0% (December 31, 2010 – 0%), expected volatility of 89% (December 31, 2010 – 40% to 74%), risk free interest rate of 2.14% (December 31, 2010 – 1.79% to 2.55%) and expected life of 1,825 days (December 31, 2010 – 1,825 days). Options vested immediately.
- (2) James W. McCutcheon passed away on October 19, 2011.
- (3) George Pirie was appointed as a Director on November 9, 2011.
- (4) William Ferreira was appointed as a Director on November 9, 2011.
- (5) Ben Hubert resigned as a Director on May 18, 2012.

#### *Narrative Discussion*

None of the non-management Directors of the Company received any cash compensation in the most recently completed financial year other than reimbursement of expenses. Directors are entitled to reimbursement for reasonable travel and other "out of pocket" expenses incurred in connection with attendance at meetings of the Board and the Audit Committee. The Board may award additional remuneration to any Director undertaking extraordinary services on behalf of the Company other than services ordinarily required of a Director. Directors are also entitled to participate in the Stock Option Plan.

#### *Outstanding Share-Based Awards and Option-Based Awards*

The following table sets forth all Option-Based Awards and Share-Based Awards held by the Directors as at the end of the most recently completed financial year of the Company.

Name	Option-Based Awards				Share-Based Awards		
	Number of securities underlying unexercised options (#) <sup>(2)</sup>	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options (\$) <sup>(1)</sup>	Number 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 (\$)
Ben Hubert	200,000	\$0.27	06/18/2016	\$6,000	NA	NA	NA
	400,000	\$0.25	06/03/2015	\$20,000	NA	NA	NA
Michael Power	200,000	\$0.27	06/18/2016	\$6,000	NA	NA	NA
	400,000	\$0.25	06/03/2015	\$20,000	NA	NA	NA
James W. McCutcheon	200,000	\$0.27	06/18/2016	\$6,000	NA	NA	NA
	400,000	\$0.25	06/03/2015	\$20,000	NA	NA	NA
George Pirie	200,000	\$0.235	11/09/2016	\$13,000	NA	NA	NA
William Ferreira	200,000	\$0.27	06/18/2011	\$6,000	NA	NA	NA

Notes:

- (1) For the purposes of calculating the value of unexercised options, for each option the exercise price was subtracted from the closing price of \$0.30 per Share on the TSXV on December 30, 2011, the last trading day of the most recently completed financial year.
- (2) All options issued to the Directors vested immediately upon issuance.

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

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 (\$)
Ben Hubert	\$37,692	NA	NA
Michael Power	\$37,692	NA	NA
James W. McCutcheon	\$37,692	NA	NA
George Pirie	\$36,580	NA	NA
William Ferreira	\$37,692	NA	NA

*Narrative Discussion*

The outstanding options referenced above are issued pursuant to the Stock Option Plan. For a summary of the terms of the Stock Option Plan, see “*Particulars of Matters to be Acted Upon – Re-Approval of Stock Option Plan*”.

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

The table below sets forth as of the end of the Company's most recently completed financial year the number of Shares to be issued upon the exercise of outstanding options, warrants and rights pursuant to equity compensation plans. The only equity compensation plan of the Company is the Stock Option Plan.

Plan Category	Number of Shares to be issued upon exercise of outstanding options, warrants and rights	Weighted-average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column 2) <sup>(1)</sup>
Equity compensation plans approved by securityholders	6,350,000	\$0.26	1,593,974
Equity compensation plans not approved by securityholders	Nil	NA	N/A
<b>Total</b>	<b>6,350,000</b>	<b>\$0.26</b>	<b>1,593,974</b>

Note:

- (1) The Existing Stock Option Plan provides that the number of Shares issuable pursuant to the Stock Option Plan shall be equal to 10% of the issued and outstanding Shares.

At the Meeting, the Shareholders will be asked to re-approve the Stock Option Plan. For a summary of the terms of the Stock Option Plan, see "Particulars of Matters to be Acted Upon – Re-Approval of Stock Option Plan".

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

Except as set forth below, no insiders of the Company and no proposed nominees for election as a Director or any associates or affiliates of the foregoing persons, have had any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any material transaction since the commencement of the Company's last financial year except as otherwise disclosed in this Circular or as set forth below. None of the foregoing persons has any interest in any proposed transaction which has materially affected or would materially affect the Company or any of its subsidiaries.

During the most recently completed financial year of the Company, the Company incurred costs of \$121,950 (2010 - \$483,350) for the issue of shares of San Gold to meet certain mining claim commitments. As at December 31, 2011 the Company owed \$121,950 to San Gold for the issue of shares of San Gold to meet certain mining claim commitments (2010 - \$123,000) and \$20,000 for the payment of mining claim commitments. As at December 31, 2011, San Gold also owed the Company \$51,792 related to meeting certain mining claim commitments. San Gold is an insider of the Company by virtue of its ownership of Shares. See "Voting Securities, Record Date and Principal Holders of Voting Securities".

### **INDEBTEDNESS OF DIRECTORS AND SENIOR OFFICERS**

As at the date of this Circular, none of the Directors, employees, executive officers, former Directors, former employees, former executive officers, promoters, proposed nominees for election as a Director or their respective associates or affiliates of the Company is indebted to the Company or its subsidiaries.

### **MANAGEMENT CONTRACTS**

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

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

#### **Election of Directors**

The Directors are elected to hold office until the next annual meeting of the Shareholders or until their successors are appointed. In the absence of instructions to the contrary, the enclosed proxy will be voted for the four nominees listed herein. Management does not contemplate that any of the nominees will be unable to serve as a Director. In the event that, prior to the Meeting, any vacancies occur in the slate of nominees herein listed, it is intended that discretionary authority will be exercised by management to vote the proxy for the election of any other person or persons as Directors.

The nominees for the office of Director and information concerning them as furnished by the individual nominees are as follows:

Name, Present Office Held and Municipality of Residence	Director Since	# of Shares Beneficially Owned, Directly or Indirectly, or Over Which Control or Direction is Exercised as at the Date of this Information Circular <sup>(1)(4)</sup>	Principal Occupation and if not at Present an Elected Director, Occupation During the Past Five (5) Years
Hugh Wynne Bissett, MB  Executive Chairman, Director	12/2008	6,921,922 Shares <sup>(1) (3)</sup>	Executive Chairman of the Company. Executive Chairman of San Gold. President and CEO of Wynne Mining Services Inc. and Wynne Drilling Ltd.
Michael E. Power Toronto, ON <sup>(2)</sup>  Director	01/2010	81,000 <sup>(1)</sup>	Corporate director and mining consultant to various national and international companies.
George Pirie Toronto, ON  Director	11/2011	400,000 <sup>(1)</sup>	President and CEO of San Gold.
William Ferreira Winnipeg, MB  Director	11/2011	640,348 <sup>(1)</sup>	Geologist and Exploration Manager with San Gold. President of W.S. Ferreira Ltd., an exploration company.
Dale Ginn Winnipeg, MB  President and CEO	N/A	466,138 <sup>(1)</sup>	Executive Vice-Chairman of San Gold. Previously CEO of San Gold.

**Notes:**

- (1) Before giving effect to the exercise of issued and outstanding stock options or other convertible securities.
- (2) Member of the Audit Committee.
- (3) 388,000 of these Shares are owned by Madeleine Wynne, the wife of Hugh Wynne and 1,392,000 of these Shares are owned by Wynne Drilling Ltd., a corporation controlled by Hugh Wynne.
- (4) In addition, as at the date hereof, San Gold owns 33,696,256 Shares of the Company representing approximately 33% of the issued and outstanding Shares. Hugh Wynne, Michael Power, George Pirie and Dale Ginn are all directors and/or officers of San Gold.

**In the event that prior to the Meeting any vacancies occur in the slate of nominees herein listed, it is intended that discretionary authority shall be exercised by the person named in the proxy as nominee to vote the Shares represented by proxy for the election of any other person or persons as Directors.**

For the purposes of this section “Order” means:

- (a) a cease trade order;
- (b) an order similar to a cease trade order; or
- (c) an order that denied the relevant company access to any exemption under securities legislation;

that was in effect for more than 30 consecutive days.

Other than as set forth below, none of the proposed Directors is, as of the date of this Circular, or has been, within 10 years before the date of this Circular, a director or executive officer of any company or other entity that:

- (a) was subject to an Order that was issued while the proposed director was acting in the capacity as director, chief executive officer or chief financial officer;

- (b) was subject to an Order that was issued after the proposed director ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as a director, chief executive officer or chief financial officer; or
- (c) while that person was acting in that capacity or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

San Gold Resources Corporation, a company of which Hugh Wynne and Dale Ginn were officers and directors at the applicable time, was the subject of a cease trade order from The Manitoba Securities Commission from January 19, 2005 until February 23, 2005 for failure to file its annual financial statements and management discussion and analysis for the fiscal year ended August 31, 2004 and its interim financial statements and management discussion and analysis for the interim period ended November 30, 2004, within the required time periods. Similar cease trade orders were also issued by the British Columbia Securities Commission and the Alberta Securities Commission. The cease trade orders were lifted after San Gold Resources Corporation filed the required financial statements and management discussion and analysis for the fiscal year ended August 31, 2004 and the interim period ended November 30, 2004.

None of the proposed Directors have, within the 10 years before the date of the Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the proposed Director.

**In order for the resolution electing the Directors to be effected, it must be passed by an Ordinary Resolution.**

#### **Appointment of Auditors and Authorization to Fix Remuneration of the Auditors**

At the Meeting, the Shareholders will be asked to approve an Ordinary Resolution appointing Scarrow & Donald LLP of Winnipeg, Manitoba, the present auditors of the Company, as the auditors of the Company to hold office until the next annual meeting of Shareholders and authorizing the Directors to fix the remuneration of the auditors. Scarrow & Donald LLP were first appointed as the auditors of the Company in 2010.

**In order for the resolution authorizing the Directors to fix the remuneration of the auditors to be effected, it must be passed by an Ordinary Resolution at the Meeting.**

#### **Re-Approval of Stock Option Plan**

At the Meeting, the Shareholders will be asked to re-approve the Stock Option Plan. The following is a summary of the material terms of the Stock Option Plan.

The Stock Option Plan is administered by the Board and all option issuances are approved by the Board. The purpose of the Stock Option Plan is to advance the interests of the Company by encouraging participants in the Stock Option Plan ("Participants") to acquire Shares thereby increasing their proprietary interest in the Company, encouraging them to remain associated with the Company and providing them with additional incentive in their efforts on behalf of the Company in the conduct of its affairs.

Pursuant to the Stock Option Plan, the Company may grant options to purchase Shares to a Director or a director of a subsidiary of the Company, a senior officer of the Company or a subsidiary of the Company, an employee of the Company or a subsidiary of the Company, management company employees of the Company or a subsidiary of the Company and consultants retained by the Company, including investor relations consultants. The Directors will set the exercise price at the time that an option is granted under the Stock Option Plan. The options will have a maximum term of five years from the date of grant.

10% of the issued and outstanding Shares may be reserved for issuance pursuant to the Stock Option Plan. The Stock Option Plan is considered to be an “evergreen plan” due to the fact that any options that are exercised by holders immediately become available again for future grant pursuant to the Stock Option Plan. As at the date of this Circular, the number of Shares which may be reserved for issuance under the Stock Option Plan is 11,153,496 (10% of the issued and outstanding Shares). There are presently 5,450,000 options issued and outstanding (approximately 4.89% of the issued and outstanding Shares), all of which are included in the maximum number of options that may be granted under the Stock Option Plan. Therefore 5,703,496 options remain available for granting pursuant to the Stock Option Plan as at the date hereof.

The Stock Option Plan provides that the number of Shares reserved for issuance pursuant to the Stock Option Plan in respect of all options granted to any one Participant, other than a consultant or a person employed in investor relations, together with any other previously established or proposed security compensation arrangement of the Company, at any one time shall not exceed 5% of the issued and outstanding Shares in the capital of the Company from time to time. The number of Shares reserved for issuance pursuant to the Stock Option Plan in respect of all options granted to any one Participant that is a consultant or a person involved in investor relations at any one time shall not exceed 2% of the outstanding Shares in the capital of the Company from time to time. The Stock Option Plan also provides that the number of Shares reserved for issuance pursuant to the Stock Option Plan together with any other previously established or proposed security compensation arrangement of the Company, at any one time shall not exceed 10% of the outstanding Shares in the capital of the Company from time to time.

The exercise price of the Shares subject to each option shall be determined by the Board at the time that the option is granted. In no event shall such exercise price be lower than the last daily closing price of the Shares on the day before the grant of the options. Once the exercise price has been determined by the Board, the exercise price of an option may be reduced upon receipt of the approval of the Board, provided that in the case of options held by insiders of the Company, the exercise price of an option may be reduced only if disinterested Shareholder approval is obtained.

The number of Shares issuable to insiders of the Company, at any time, under the Stock Option Plan and all other security-based compensation arrangements of the Company, cannot exceed 10% of the issued and outstanding Shares (calculated on a non-diluted basis). The number of Shares issued to insiders of the Company within any one year period, under the Stock Option Plan and all other security-based compensation arrangements of the Company, cannot exceed 10% of the issued and outstanding Shares (calculated on a non-diluted basis).

If a Participant shall cease to be a Director, a director of a subsidiary of the Company, a senior officer of the Company or a subsidiary of the Company, an employee of the Company or a subsidiary of the Company, a management company employee of the Company or a subsidiary of the Company for any reason (other than death), such Participant may then only exercise his or her option to the extent that the Participant was entitled to exercise it at the date of such cessation, provided that such exercise must occur within 90 days after the Participant ceases to hold such office.

In the event of the death of a Participant, the options previously granted to him or her shall be exercisable only within the first year after such death and then only: (a) by the person or persons to whom the Participant's rights under the options shall pass by the Participant's will or the laws of descent and distribution; and (b) if and to the extent that such Participant was entitled to exercise the option at the date of his or her death.

Subject to any vesting restrictions imposed by the relevant exchange upon which the Shares are listed or applicable securities laws, the Board may, in its sole discretion, determine the time period(s) during which options shall vest and the method of vesting, or that no vesting restriction shall exist.

All benefits, rights and options accruing to any Participant in accordance with the terms and conditions of the Stock Option Plan shall not be transferable or assignable. During the lifetime of a Participant any benefits, rights and options may only be exercised by the Participant.

The Board has the power to amend, modify, suspend or terminate the Stock Option Plan, subject to any necessary regulatory and Shareholder approvals. Subject to the receipt of any necessary regulatory or Shareholder approvals, the Board may also at any time amend or revise the terms of any options granted under the Stock Option Plan from time to time. The Board has the authority to make amendments to the Stock Option Plan without requiring Shareholder approvals that: (i) are regarded as “housekeeping” in nature; (ii) change the vesting provisions of an option or the Plan; or (iii) change the termination provisions of an option or the Stock Option Plan so long as such change does not extend the expiry date of any option. Notwithstanding the foregoing, the following amendments to the Stock Option Plan may not be made without the approval of the Shareholders: (i) an increase to the maximum number of options that may be granted or reserved for granting pursuant to the Stock Option Plan; (ii) a change to the amendment provisions of the Stock Option Plan; (iii) a reduction of the exercise price of options held by insiders of the Company; (iv) an extension to the term of options held by insiders of the Company; and (v) any changes to the insider participation limits of the Stock Option Plan.

If approval of the Stock Option Plan or a modified version thereof is not obtained, the Company will not proceed to grant options under the Stock Option Plan. The Stock Option Plan will be available for inspection at the Meeting. As the Stock Option Plan is intended to align the interests of management, employees and the Directors with the interests of the Shareholders and to provide added incentive to the optionees, the Directors recommend that the Shareholders re-approve the Stock Option Plan.

At the Meeting, Shareholders will be asked to approve the following Ordinary Resolution, with or without variation:

**“BE IT RESOLVED THAT:**

- (a) the stock option plan of the Company which governs the way by which the Company may grant share purchase options to various parties, submitted to the meeting and initialed by the Chairman for identification purposes, be hereby ratified and re-approved;
- (b) the directors of the Company are hereby authorized to reserve for issuance from time to time such number of common shares as may be issued pursuant to the terms of the stock option plan of the Company; and
- (c) any one director or officer of the Company be and is hereby authorized to execute, deliver and file such documents, and do all such other things, as such person considers necessary or advisable to give effect to the foregoing resolutions.”

If re-approval of the Stock Option Plan or a modified version thereof is not obtained, the Company will not proceed to grant options under the Stock Option Plan. As the Stock Option Plan is intended to align the interests of management and the Board with the interests of the Shareholders and to provide added incentive to the optionees, the Directors recommend that the Shareholders re-approve the Stock Option Plan.

**In order for the above resolution to be effected it must be approved by Ordinary Resolution at the Meeting.**

**General Matters**

It is not known whether any other matters will come before the Meeting other than those set forth above and in the Notice of Meeting, however if any other matters do arise, the Management Nominees named in the proxy intend to vote on any poll, in accordance with their best judgment, exercising discretionary authority with respect to amendments or variations of matters set out in the Notice of Meeting and other matters which may properly come before the Meeting or any adjournment of the Meeting.

**AUDIT COMMITTEE**

*Audit Committee Charter*

The text of the charter of the Audit Committee is attached hereto as Schedule “A”.

### *Composition of the Audit Committee*

The Audit Committee is currently only comprised of Michael Power, who is independent and financially literate as determined in accordance with NI 52-110. The Audit Committee previously included James McCutcheon, who passed away on October 19, 2011, and Ben Hubert, who resigned as a Director on May 18, 2012. The Company anticipates appointing two new Directors to serve on the Audit Committee following the Meeting.

The Company is not required to comply with Part 3 (*Composition of the Audit Committee*) and Part 5 (*Reporting Obligations*) of NI 52-110 because the Company is a “venture issuer” as defined in NI 52-110.

### *Relevant Education and Experience*

Michael Power holds a Bachelor of Science from the University of Toronto and is a professional engineer and also a Chartered Financial Analyst. Mr. Power was the Vice-President, Secretary and a director of Moydow Mines International Inc. from 1998 to January 2010. Previously, Mr. Power was the Vice-President, Corporate Development with River Gold Mines Ltd. and Hemlo Gold Mines Inc. Mr. Power has served as a director of a number of reporting issuers, including Moydow Mines International Inc. (until January 2010), Zaruma Resources Inc., Seafield Resources Ltd. and San Gold.

### *Audit Committee Oversight*

At no time since the commencement of the Company's financial year ended December 31, 2011 was a recommendation of the Audit Committee to nominate or compensate an external auditor not adopted by the Board.

### *Reliance on Certain Exemptions*

At no time since the commencement of the Company's financial year ended December 31, 2011 has the Company relied on the exemption in section 2.4 of NI 52-110 (de minimis non-audit services) or an exemption from NI 52-110, in whole or in part, granted under Part 8 of NI 52-110.

### *Pre-Approval Policies and Procedures*

The Audit Committee may adopt specific policies and procedures for the engagement of non-audit services as set forth in the charter of the Audit Committee attached hereto as Schedule “A”.

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

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

<b>Financial Year Ending</b>	<b>Audit Fees</b>	<b>Audit Related Fees</b>	<b>Tax Fees</b>	<b>All Other Fees</b>
December 31, 2011	\$20,900	\$64,700	Nil	Nil
December 31, 2010	\$23,400	\$29,850	Nil	\$23,500

The audit related fees of the external auditors in the financial years ended December 31, 2010 and December 31, 2011 relate to their review of the interim financial statements of the Company. The other fees for the financial year ended December 31, 2010 relate to assistance provided by the external auditors in connection with the preparation of a prospectus by the Company.

## **CORPORATE GOVERNANCE DISCLOSURE**

### **Board of Directors**

The Board currently consists of four Directors, two of whom, Michael Power and William Ferreira, are considered to be independent as defined in NI 52-110. Mr. Power and Mr. Ferreira are responsible for reviewing and approving matters involving a conflict of interest between the Company and its Directors or officers, and any matters requiring the approval of non-management Directors under applicable corporate and/or securities laws and the requirements of the TSXV. All Directors must disclose any potential conflicts of interest with respect to a matter before the Board and any Director with a conflict of interest must refrain from voting on the matter in question, except as permitted by the *Canada Business Corporations Act*.

Hugh Wynne is not an independent Director (as defined in NI 52-110) because he is the Executive Chairman of the Company and was previously the Chief Executive Officer. George Pirie is not an independent Director (as defined in NI 52-110) because he is the President and CEO and a Director of San Gold, a controlling shareholder of the Company.

The Board meets on a regular basis, not less than four times a year.

### **Directorships**

The table below sets forth the directorships that the Directors or proposed Directors hold with other reporting issuers.

<b>Name</b>	<b>Reporting Issuer</b>	<b>Position Held</b>	<b>Period Served</b>
Hugh Wynne	San Gold Corporation	Director	2005 to Present
Michael Power	Zaruma Resources Inc.	Director	2005 to Present
	Conroy Diamonds and Gold P.I.c.	Director	2004 to Present
	Seafield Resources Ltd.	Director	2007 to Present
	Minco plc	Director	2008 to Present
	San Gold Corporation	Director	2008 to Present
George Pirie	Lithium Americas Corp.	Director	2010 to Present
	Canadian Arrow Mines Ltd.	Director	2009 to Present
	San Gold Corporation	Director	2011 to Present
Dale Ginn	San Gold Corporation	Director	2005 to Present

### **Orientation and Continuing Education**

The Board as a whole is responsible for providing an orientation program for new Directors and ensuring that continuing education opportunities are available for all Directors. To date, there has been little need to apply this program since all Directors are mature persons with substantial business and technical experience who possess a thorough knowledge of the mining industry.

### **Ethical Business Conduct**

The Board has adopted a written Code of Business Conduct and Ethics. The Code of Business Conduct and Ethics provides that the Company (together with its affiliates) cannot compromise its position in the marketplace by allowing any of its Directors, officers and employees to subject themselves or be subjected to situations which could prove to be conflicting, prejudicial, embarrassing, or which could otherwise interfere with the impartial discharge of their duties. The Code of Business Conduct and Ethics strives to create a culture in the Company and its affiliates that values high ethical standards, honesty and compliance with laws, rules and regulations. The Code of Business Conduct and Ethics contains prohibitions on discrimination and harassment. The Code of Business Conduct and Ethics contains provisions that require the Directors, officers and other employees of the Company to avoid situations where their personal interests conflict, or appear to conflict, with the interests of the Company. The Audit Committee is charged with monitoring and enforcing the Code of Business Conduct and Ethics of the Company.

The Board has also adopted an Audit Committee Charter and a Whistleblower Policy.

### **Nomination of Directors**

The Board as a whole has the responsibility for identifying and recruiting qualified new members to the Board as required, and for related succession planning considerations.

### **Compensation**

The Board as a whole is responsible for annually reviewing and determining executive compensation packages for the senior officers of the Company, including salary, bonuses, stock options or awards and other incentives. The Board also reviews and recommends Directors' compensation from time to time, as appropriate.

### **Other Board Committees**

The only committee of the Board is the Audit Committee. The Board anticipates establishing additional committees in the near future.

### **Assessments**

The Board as a whole, on at least an annual basis, assesses the effectiveness of the Board, the Audit Committee and the contribution of individual Directors.

### **ADDITIONAL INFORMATION**

Additional Information relating to the Company is available on SEDAR at [www.sedar.com](http://www.sedar.com). Shareholders of the Company may contact the Company as set forth below in order to request copies of the Company's financial statements and management discussion and analysis. Financial information regarding the Company is provided in the Company's financial statements and management discussion and analysis for the most recently completed financial year.

SGX Resources Inc.  
646 Erin Street  
Winnipeg, Manitoba  
R3G 2V9  
Tel: (204) 774-6771

### **DIRECTORS' APPROVAL**

The Directors have approved the contents of this Circular and the distribution of the Circular to Shareholders.

*"Hugh Wynne"*  
Executive Chairman  
May 18, 2012

## SCHEDULE "A"

### SGX RESOURCES INC.

#### AUDIT COMMITTEE CHARTER

*The Audit Committee (the "Committee") of the board of directors (the "Board") of SGX Resources Inc. (the "Company") will carry out the procedures, responsibilities and duties set out below, to ensure that the Company maintains financial controls in strict adherence with applicable regulatory standards.*

#### **Role and Objective**

The Committee is a committee of the Board to which the Board has delegated its responsibility for oversight of the nature and scope of the annual audit, management's reporting on internal accounting standards and practices, financial information and accounting systems and procedures, financial reporting and statements and recommending, for Board approval, the audited financial statements and other mandatory disclosure releases containing financial information. The objectives of the Committee are as follows:

1. To assist directors in meeting their responsibilities (especially for accountability) in respect of the preparation and disclosure of the financial statements of the Company and related matters;
2. To provide better communication between directors and external auditors appointed by the Company;
3. To enhance the external auditors' independence; and
4. To increase the credibility and objectivity of financial reports.

#### **Membership of Committee**

1. The Committee shall be comprised of at least three (3) directors of the Company.
2. The Board shall have the power to appoint the Committee Chairman.
3. All of the members of the Committee shall be "financially literate". The Board of the Company has adopted the definition for "financial literacy" used in National Instrument 52-110 – Audit Committees.

#### **Meetings**

1. At all meetings of the Committee every question shall be decided by a majority of the votes cast. In case of an equality of votes, the Chairman of the meeting shall not be entitled to a second or casting vote.
2. A quorum for meetings of the Committee shall be a majority of its members and the rules for calling, holding, conducting and adjourning meetings of the Committee shall be the same as those governing the Board.
3. Meetings of the Committee should be scheduled to take place at least four times per year. Minutes of all meetings of the Committee shall be taken.
4. The Committee shall forthwith report the results of meetings and reviews undertaken and any associated recommendations to the Board.
5. The Committee shall meet with the external auditors at least once per year (in connection with the preparation of the year end financial statements) and at such other times as the external auditors and the Committee consider appropriate.

## **Mandate and Responsibilities of Committee**

1. It is the responsibility of the Committee to oversee the work of the external auditors, including resolution of disagreements between management and the external auditors regarding financial reporting and the external auditors shall report directly to the Committee and shall at any time have direct access to the Committee.
2. It is the responsibility of the Committee to satisfy itself on behalf of the Board with respect to the Company's internal control system to:
  - a. identify, monitor and mitigate business risks; and
  - b. ensure compliance with legal, ethical and regulatory requirements.
3. It is a responsibility of the Committee to review the annual financial statements of the Company prior to their submission to the Board for approval. The process should include but not be limited to:
  - a. reviewing changes in accounting principles, or in their application, which may have a material impact on the current or future years' financial statements;
  - b. reviewing significant accruals or other estimates such as the ceiling test calculation;
  - c. reviewing accounting treatment of unusual or non-recurring transactions;
  - d. ascertaining compliance with covenants under loan agreements;
  - e. reviewing disclosure requirements for commitments and contingencies;
  - f. reviewing adjustments raised by the external auditors, whether or not included in the financial statements;
  - g. reviewing unresolved differences between management and the external auditors; and
  - h. obtaining explanations of significant variances within comparative reporting periods.
4. The Committee is to review the financial statements (and make a recommendation to the Board with respect to their approval), prospectuses, management discussion and analysis and all public disclosure containing audited or unaudited financial information before release and prior to Board approval. The Committee must be satisfied that adequate procedures are in place for the review of the Company's disclosure of all other financial information and shall periodically assess the accuracy of those procedures.
5. With respect to the appointment of external auditors by the Board, the Committee shall:
  - a. recommend to the Board the appointment of the external auditors;
  - b. recommend to the Board the terms of engagement of the external auditors, including the compensation of the external auditors and a confirmation that the external auditors shall report directly to the Committee; and
  - c. when there is to be a change in auditors, review the issues related to the change and the information to be included in the required notice to securities regulators of such change.
6. The Committee shall review with external auditors (and the internal auditor if one is appointed by the Company) their assessment of the internal controls of the Company, their written reports containing

recommendations for improvement, and management's response and follow-up to any identified weaknesses. The Committee shall also review annually with the external auditors their plan for their audit and upon completion of the audit, their reports on the financial statements of the Company and its subsidiaries.

7. The Committee must pre-approve all non-audit services to be provided to the Company or its subsidiaries by the external auditors. The Committee may delegate to one or more independent members the authority to pre-approve non-audit services, provided that the member(s) report to the Committee at the next scheduled meeting such pre-approval and the member(s) complies with such other procedures as may be established by the Committee from time to time.
8. The Committee shall review risk management policies and procedures of the Company (i.e. hedging, litigation and insurance).
9. The Committee shall be responsible generally for administering the Whistleblower Policy of the Company and for generally establishing procedures for:
  - a. the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters; and
  - b. the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.
10. The Committee shall review and approve the Company's hiring policies regarding partners, employees and former partners and employees of the present and former external auditors of the Company.
11. The Committee shall have the authority to investigate any financial activity of the Company. All employees of the Company are to cooperate as requested by the Committee.

The Committee may retain persons having special expertise and/or obtain independent professional advise to assist in filling their responsibilities at the expense of the Company without any further approval of the Board