

RARA TERRA MINERALS CORP.

Suite 830 - 1100 Melville Street
Vancouver, British Columbia
V6E 4A6

NOTICE OF ANNUAL GENERAL AND SPECIAL MEETING OF SHAREHOLDERS TO BE HELD ON SEPTEMBER 8, 2011

AND

INFORMATION CIRCULAR

August 8, 2011

This document requires immediate attention. If you are in doubt as to how to deal with the documents or matters referred to in this Information Circular, you should immediately contact your advisor.

RARA TERRA MINERALS CORP.

Suite 830 - 1100 Melville Street

Vancouver, British Columbia

V6E 4A6

Telephone: 604-638-7363

Facsimile: 604-628-9875

NOTICE OF ANNUAL GENERAL AND SPECIAL MEETING OF SHAREHOLDERS

TO THE SHAREHOLDERS OF RARA TERRA MINERALS CORP.:

NOTICE IS HEREBY GIVEN that the annual general and special meeting (the "Meeting") of shareholders of Rara Terra Minerals Corp. (the "Company") will be held at the Terminal City Club, located at 837 West Hastings Street, Vancouver, British Columbia, on Thursday, September 8, 2011, at the hour of 2:00 p.m. (Vancouver time) for the following purposes:

1. to receive the audited financial statements of the Company for the financial period ended March 31, 2011, and accompanying report of the auditors;
2. to appoint Dale Matheson Carr-Hilton Labonte LLP, Chartered Accountants, as the auditors of the Company for the fiscal period ending March 31, 2012;
3. to authorize the directors of the Company to fix the remuneration to be paid to the auditors for the fiscal period ending March 31, 2012;
4. to set the number of directors of the Company for the ensuing year at four (4);
5. to elect Alexander Helmel, Roger Flowerdew, Fraser Atkinson and John Veltheer as the directors of the Company to serve until the next annual general meeting of the shareholders;
6. to consider and, if thought fit, to approve an ordinary resolution to approve the Company's 10% rolling stock option plan, as described in the Information Circular accompanying this Notice of Meeting; and
7. to transact such further or other business as may properly come before the Meeting and any adjournment or postponement thereof.

The accompanying Information Circular provides additional information relating to the matters to be dealt with at the Meeting and is supplemental to, and expressly made a part of, this Notice of Meeting.

The board of directors of the Company has fixed July 29, 2011 as the record date for the determination of shareholders entitled to notice of and to vote at the Meeting and at any adjournment or postponement thereof. Each registered shareholder at the close of business on that date is entitled to such notice and to vote at the Meeting in the circumstances set out in the accompanying Information Circular.

If you are a registered shareholder of the Company and unable to attend the Meeting in person, please complete, date and sign the accompanying form of proxy and deposit it with the Company's transfer agent, Computershare Investor Services Inc. at 9th Floor, 100 University Avenue, Toronto, Ontario M5J 2Y1 at least 48 hours (excluding Saturdays, Sundays and holidays recognized in the Province of British Columbia) before the time and date of the Meeting or any adjournment or postponement thereof.

If you are a non-registered shareholder of the Company and received this Notice of Meeting and accompanying materials through a broker, a financial institution, a participant, a trustee or administrator of a

self-administered retirement savings plan, retirement income fund, education savings plan or other similar self-administered savings or investment plan registered under the *Income Tax Act* (Canada), or a nominee of any of the foregoing that holds your security on your behalf (the “Intermediary”), please complete and return the materials in accordance with the instructions provided to you by your Intermediary.

DATED at Vancouver, British Columbia, this 8th day of August, 2011.

By Order of the Board of Directors of

RARA TERRA MINERALS CORP.

“Alexander Helmelt”

Alexander Helmelt

President, Chief Executive Officer and Director

PLEASE VOTE. YOUR VOTE IS IMPORTANT. WHETHER OR NOT YOU EXPECT TO ATTEND THE MEETING, PLEASE COMPLETE, SIGN AND DATE THE ENCLOSED PROXY FORM AND PROMPTLY RETURN IT IN THE ENVELOPE PROVIDED.

RARA TERRA MINERALS CORP.

Suite 830 - 1100 Melville Street

Vancouver, British Columbia

V6E 4A6

Telephone: 604-638-7363

Facsimile: 604-628-9875

INFORMATION CIRCULAR

August 5, 2011

INTRODUCTION

This Information Circular accompanies the Notice of Annual General and Special Meeting of Shareholders (the "Notice") and is furnished to the shareholders (the "Shareholders") holding common shares (the "Common Shares") in the capital of Rara Terra Minerals Corp. (the "Company") in connection with the solicitation by the management of the Company of proxies to be voted at the Annual General and Special Meeting (the "Meeting") of the Shareholders to be held at 2:00 p.m. on Thursday, September 8, 2011 at the Terminal City Club, 837 West Hastings Street, Vancouver, British Columbia, or at any adjournment or postponement thereof.

Date and Currency

The date of this Information Circular is August 5, 2011. Unless otherwise indicated, all dollar amounts referred to herein are in Canadian dollars.

PROXIES AND VOTING RIGHTS

Management Solicitation

The solicitation of proxies by management of the Company will be conducted by mail and may be supplemented by telephone or other personal contact and such solicitation will be made without special compensation granted to the directors, regular officers and employees of the Company. The Company does not reimburse shareholders, nominees or agents for costs incurred in obtaining, from the principals of such persons, authorization to execute forms of proxy, except that the Company has requested brokers and nominees who hold stock in their respective names to furnish this Information Circular and related proxy materials to their customers, and the Company will reimburse such brokers and nominees for their related out of pocket expenses. No solicitation will be made by specifically engaged employees or soliciting agents. The cost of solicitation will be borne by the Company.

No person has been authorized to give any information or to make any representation other than as contained in this Information Circular in connection with the solicitation of proxies. If given or made, such information or representations must not be relied upon as having been authorized by the Company. The delivery of this Information Circular shall not create, under any circumstances, any implication that there has been no change in the information set forth herein since the date of this Information Circular. This Information Circular does not constitute the solicitation of a proxy by anyone in any jurisdiction in which such solicitation is not authorized, or in which the person making such solicitation is not qualified to do so, or to anyone to whom it is unlawful to make such an offer of solicitation.

Appointment of Proxy

Registered Shareholders are entitled to vote at the Meeting. A Shareholder is entitled to one vote for each Common Share that such Shareholder holds on July 29, 2011 (the "Record Date") on the resolutions to be voted upon at the Meeting, and any other matter to come before the Meeting.

The persons named as proxyholders (the “Designated Persons”) in the enclosed form of proxy are directors and/or officers of the Company.

A Shareholder has the right to appoint a person or corporation (who need not be a Shareholder) to attend and act for or on behalf of that Shareholder at the Meeting, other than the Designated Persons named in the enclosed form of proxy.

To exercise this right, the Shareholder must strike out the printed names of the Designated Persons on the form of proxy and insert the name of such other person and, if desired, an alternate to such person, in the blank space provided in the form of proxy.

In order to be voted, the completed form of proxy must be received by the Company’s registrar and transfer agent, Computershare Investor Services Inc. (the “Transfer Agent”), at its offices located on the 9th Floor, 100 University Avenue, Toronto, Ontario M5J 2Y1, or by the Company at the address set forth above, by mail or fax, at least 48 hours (excluding Saturdays, Sundays and holidays recognized in the Province of British Columbia) prior to the scheduled time of the Meeting, or any adjournment or postponement thereof. Alternatively, the completed form of proxy may be deposited with the Chairman of the Meeting on the day of the Meeting, or any adjournment or postponement thereof.

A proxy may not be valid unless it is dated and signed by the Shareholder who is giving it or by that Shareholder’s attorney-in-fact duly authorized by that Shareholder in writing or, in the case of a corporation, dated and executed by a duly authorized officer of, or attorney-in-fact for, the corporation. If a form of proxy is executed by an attorney-in-fact for an individual Shareholder or joint Shareholders or by an officer or attorney-in-fact for a corporate Shareholder, the instrument so empowering the officer or attorney-in-fact, as the case may be, or a notarially certified copy thereof, should accompany the form of proxy.

Revocation of Proxies

A Shareholder who has given a proxy may revoke it at anytime, before it is exercised, by an instrument in writing: (a) executed by that Shareholder or by that Shareholder’s attorney-in-fact authorized in writing or, where the Shareholder is a corporation, by a duly authorized officer of, or attorney-in-fact for, the corporation; and (b) delivered either: (i) to the Company at the address set forth above, at any time up to and including the last business day preceding the day of the Meeting or, if adjourned or postponed, any reconvening thereof, or (ii) to the Chairman of the Meeting prior to the vote on matters covered by the proxy on the day of the Meeting or, if adjourned or postponed, any reconvening thereof, or (iii) in any other manner provided by law.

Also, a proxy will automatically be revoked by either: (i) attendance at the Meeting by a registered Shareholder and participation in a poll (ballot) by a Shareholder, or (ii) submission of a subsequent proxy in accordance with the foregoing procedures within the requisite time period. A revocation of a proxy does not affect any matter on which a vote has been taken prior to any such revocation.

Voting of Common Shares and Proxies and Exercise of Discretion by Designated Persons

A Shareholder may indicate the manner in which the Designated Persons are to vote with respect to a matter to be voted upon at the Meeting by marking the appropriate space on the proxy. If the instructions as to voting indicated in the proxy are certain, the Common Shares represented by the proxy will be voted or withheld from voting in accordance with the instructions given in the proxy. If the Shareholder specifies a choice in the proxy with respect to a matter to be acted upon, then the Common Shares represented will be voted or withheld from the vote on that matter accordingly. The Common Shares represented by a proxy will be voted or withheld from voting in accordance with the instructions of the Shareholder on any ballot that may be called for and if the Shareholder specifies a choice with respect to any matter to be acted upon, the Common Shares will be voted accordingly.

If no choice is specified in the proxy with respect to a matter to be acted upon, the proxy confers discretionary authority with respect to that matter upon the Designated Persons named in the form of proxy.

It is intended that the Designated Persons will vote the Common Shares represented by the proxy in favour of each matter identified in the proxy, including the vote for the election of the nominees to the Company's Board of Directors (the "Board") and for the appointment of the auditors.

The enclosed form of proxy confers discretionary authority upon the persons named therein with respect to other matters which may properly come before the Meeting, including any amendments or variations to any matters identified in the Notice, and with respect to other matters which may properly come before the Meeting. At the date of this Information Circular, management of the Company is not aware of any such amendments, variations, or other matters to come before the Meeting.

In the case of abstentions from, or withholding of, the voting of the Common Shares on any matter, the Common Shares that are the subject of the abstention or withholding will be counted for the determination of a quorum, but will not be counted as affirmative or negative on the matter to be voted upon.

NON-REGISTERED HOLDERS

Only registered Shareholders or duly appointed proxyholders are permitted to vote at the Meeting. Most Shareholders are "non-registered" Shareholders because the Common 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 Common Shares. More particularly, a person is not a registered Shareholder in respect of Common Shares which are held on behalf of that person (the "Non-Registered Holder") but which 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, among others, banks, trust companies, securities dealers or brokers and trustees or administrators or self-administered RRSP's, RRIF's, RESP's and similar plans); or (b) in the name of a clearing agency (such as CDS Clearing and Depository Services Inc. ("CDS")) of which the Intermediary is a participant. In accordance with the requirements as set out in National Instrument 54-101 of the Canadian Securities Administrators ("NI 54-101"), the Company has distributed copies of the Notice of Meeting, this Information Circular and the form of proxy (collectively, the "Meeting Materials") to the clearing agencies and Intermediaries for onward distribution to Non-Registered Holders.

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

- (a) 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 Common Shares beneficially owned by the Non-Registered Holder but which is otherwise not completed. Because the Intermediary has already signed the form of proxy, this form of proxy is not required to be signed by the Non-Registered Holder when submitting the proxy. 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 the Transfer Agent as provided above; or
- (b) more typically, be given a voting instruction form which is not signed by the Intermediary, and which, when properly completed and signed by the Non-Registered Holder and returned to the Intermediary or its service company, will constitute voting instructions (often called a "proxy authorization form") which the Intermediary must follow. Typically, the proxy authorization form will consist of a one page pre-printed form. Sometimes, instead of a one page pre-printed form, the proxy authorization will consist of a regular printed proxy form accompanied by a page of instructions, which contains a removable label containing a bar-code and other information. In order for the form of proxy to validly constitute a proxy authorization form, the Non-Registered Holder must remove the label from the instructions and affix it to the form of

proxy, properly complete and sign the form of proxy and return it to the Intermediary or its service company in accordance with the instructions of the Intermediary or its service company.

In either case, the purpose of this procedure is to permit a Non-Registered Holder to direct the voting of the Common Shares which they beneficially own. Should a Non-Registered Holder who receives one of the above forms wish to vote at the Meeting in person, the Non-Registered Holder should strike out the names of the Designated Persons named in the form and insert the Non-Registered Holder's name in the blank space provided. In either case, Non-Registered Holders should carefully follow the instructions of their Intermediary, including those regarding when and where the proxy or proxy authorization form is to be delivered.

There are two kinds of beneficial owners – those who object to their name being made known to the issuers of securities which they own (called OBOs for Objecting Beneficial Owners) and those who do not object to the issuers of the securities they own knowing who they are (called NOBOs for Non-Objecting Beneficial Owners). Pursuant to NI 54-101, issuers can obtain a list of their NOBOs from intermediaries for distribution of proxy-related materials directly to NOBOs.

These security holder materials are being sent to both registered and non-registered owners of the Common Shares. If you are a non-registered owner, and the Company or its agent has sent these materials directly to you, your name and address and information about your holdings of securities have been obtained in accordance with applicable securities regulatory requirements from the intermediary holding on your behalf.

All references to shareholders in this Information Circular are to registered shareholders, unless specifically stated otherwise.

VOTING SECURITIES AND PRINCIPAL HOLDERS OF VOTING SECURITIES

The Company is authorized to issue an unlimited number of Common Shares without par value and an unlimited number of preferred shares without par value. As of the Record Date, determined by the Board to be the close of business on July 29, 2011, a total of 16,224,901 Common Shares were issued and outstanding. Each Common Share carries the right to one vote at the Meeting.

Only registered Shareholders as of the Record Date (July 29, 2011) are entitled to receive notice of, and to attend and vote at, the Meeting or any adjournment or postponement of the Meeting.

To the knowledge of the Company's directors and executive officers, no person or company beneficially owns, directly or indirectly, or exercises control or direction over, Common Shares carrying more than 10% of the voting rights attached to the outstanding Common Shares of the Company.

NUMBER OF DIRECTORS

The Articles of the Company provide for a board of directors of no fewer than three directors and no greater than a number as fixed or changed from time to time by majority approval of the Shareholders.

At the Meeting, Shareholders will be asked to pass an ordinary resolution to set the number of directors of the Company for the ensuing year at four (4). The number of directors will be approved if the affirmative vote of at least a majority of Common Shares present or represented by proxy at the Meeting and entitled to vote thereat are voted in favour of setting the number of directors at four (4).

Management recommends the approval of an ordinary resolution to set the number of directors of the Company at four (4).

ELECTION OF DIRECTORS

At present, the directors of the Company are elected at each annual general meeting and hold office until the next annual general meeting, or until their successors are duly elected or appointed in accordance with the Company's Articles or until such director's earlier death, resignation or removal. The Company's current Board consists of Alexander Helm, Roger Flowerdew, Fraser Atkinson and John Veltheer.

Management of the Company proposes to nominate all of the current directors, as further described in the table below, for election by the Shareholders as directors of the Company to hold office until the next annual meeting. Information concerning such persons, as furnished by the individual directors, is as follows:

Name Province/State Country of Residence and Position(s) with the Company ⁽¹⁾	Principal Occupation Business or Employment for Last Five Years ⁽¹⁾	Periods during which Nominee has Served as a Director	Number of Common Shares Owned ⁽¹⁾
Alexander Helm ⁽⁸⁾ British Columbia, Canada President, Chief Executive Officer and Director	Director of Giyani Gold Corp. (formerly 99 Capital Corporation) since April 6, 2010 and President and CEO since June 2010; President and Director of Network Exploration Ltd. since March 2006 and CEO since August 2007.	December 18, 2009 to present	600,000 ⁽⁴⁾⁽⁹⁾
Roger Flowerdew ⁽²⁾ British Columbia, Canada Chief Financial Officer, Secretary and Director	Operated management and finance consultancy since 1986; Chief Operating Officer and CFO of Fuseforward International Inc. from November, 2009 to July 2011; CEO and Director of Calyx Bio-Ventures Inc. from October, 2008 to July, 2009; Director of Virexx Medical Corp from September 2008 to December, 2008; CEO Chromos Molecular Systems Inc. from April, 2008 to October, 2008; Director, Chromos Molecular Systems Inc. from October 2004 to October, 2008; CEO and CFO of Radient Technologies Inc. from August, 2006 to October, 2007; CEO and Director of Cognetix, Inc from October, 2003 to July, 2006; President and CFO of Cognetix from May, 2005 to July, 2006.	December 18, 2009 to present	546,000 ⁽⁵⁾⁽⁹⁾
Fraser Atkinson ⁽²⁾⁽³⁾⁽⁸⁾ British Columbia, Canada Chairman of the Board and Director	CEO & Director of Oakmont Capital Corp since February 2011; Director of Grizzly Discoveries Inc. since March 2011; Director of Equus Total Return, Inc. since May 2010; CFO of Versatile Systems Inc. since February, 2003 and as a director since November, 2003; director of Equus Total Return, Inc. since May, 2010; director of Calyx Bio-Ventures Inc. from July, 2008 to December, 2009; and Director of Moventis Capital Inc. from February, 2006 to November, 2008.	December 18, 2009 to present	725,000 ⁽⁶⁾⁽⁹⁾

Name Province/State Country of Residence and Position(s) with the Company ⁽¹⁾	Principal Occupation Business or Employment for Last Five Years ⁽¹⁾	Periods during which Nominee has Served as a Director	Number of Common Shares Owned ⁽¹⁾
John Veltheer ⁽²⁾⁽³⁾ British Columbia, Canada Director	Strategic advisor to Network Exploration Ltd since December 2008; President and Director of Rapidtron Inc. since July, 2008; Director of Texada Ventures Inc. since September 2006; CEO, CFO, President, Secretary and Treasurer of Texada Ventures Inc. from September 2006 to September 2008; President of SES Solar Inc. from November, 2005 to September, 2006, and a director of SES Solar Inc. from November, 2005 to May, 2008.	December 18, 2009 to present	669,500 ⁽⁷⁾⁽⁹⁾

⁽¹⁾ Information has been furnished by the respective nominees individually.

⁽²⁾ Denotes a member of the Audit Committee of the Company.

⁽³⁾ Denotes an independent director.

⁽⁴⁾ Alexander Helmelt also holds 90,000 options to purchase Common Shares of the Company at \$0.10 per share expiring August 31, 2015 and 127,800 options to purchase Common Shares of the Company at \$0.26 per share expiring May 4, 2016.

⁽⁵⁾ Roger Flowerdew also holds 90,000 options to purchase Common Shares of the Company at \$0.10 per share expiring August 31, 2015 and 165,400 options to purchase Common Shares of the Company at \$0.26 per share expiring May 4, 2016.

⁽⁶⁾ Fraser Atkinson also holds 90,000 options to purchase Common Shares of the Company at \$0.10 per share expiring August 31, 2015 and 187,800 options to purchase Common Shares of the Company at \$0.26 per share expiring May 4, 2016.

⁽⁷⁾ John Veltheer also holds 90,000 options to purchase Common Shares of the Company at \$0.10 per share expiring August 31, 2015 and 218,000 options to purchase Common Shares of the Company at \$0.26 per share expiring May 4, 2016.

⁽⁸⁾ Fraser Atkinson and Alex Helmelt each respectively hold 100,000 and 50,000 Common Share purchase warrants which are exercisable at \$0.39 per Common Share expiring on November 3, 2012.

⁽⁹⁾ 450,000 of the common shares owned by each of the Directors are held in escrow pursuant to the terms of a CPC escrow agreement.

The term of office of those nominees set out above, who are presently directors, will expire as of the date of the Meeting. All of the directors who are elected at the Meeting will have their term of office expire at the next annual general meeting or at such time when their successors are duly elected or appointed in accordance with the Company's Articles, or with the provisions of applicable corporate legislation or until such director's earlier death, resignation or removal.

Management does not contemplate that any of its nominees will be unable to serve as directors. If any vacancies occur in the slate of nominees listed above before the Meeting, then the Designated Persons intend to exercise discretionary authority to vote the Common Shares represented by proxy for the election of any other persons as directors.

The Company operates with a standing audit committee consisting of Fraser Atkinson, Roger Flowerdew and John Veltheer.

Management recommends the approval of each of the nominees listed above for election as directors of the Company for the ensuing year.

Corporate Cease Trade Orders and Bankruptcies

Except as disclosed below, no proposed director of the Company is, or within the ten (10) years before the date of this Information Circular has been, a director, chief executive officer or chief financial officer of any company that:

- (a) was subject to an order that was issued while the proposed director was acting in the capacity as director, chief executive officer or chief financial officer; or
- (b) was subject to an order that was issued after the proposed director ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer, or
- (c) 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, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity.

Dr. Veltheer was a director of SUM Media Corp. from July 1999 to November 2000. On April 25, 2001, SUM Media Corp. (“SMC”) filed a proposal to its creditors under the BIA. This step was taken after negotiations with third parties for additional financing necessary for continued solvency and continued operations proved unsuccessful. The firm of Ernst & Young Inc., was appointed trustee in SMC’s bankruptcy proceedings. SMC filed an Assignment for the General Benefit of Creditors pursuant to the BIA. This assignment was made on May 10, 2001. The bankruptcy was discharged on January 18, 2006.

Mr Flowerdew was a director of Chromos from October 2004 until October 2008 and President of Chromos from April 2008 until October 2008. During the first quarter of fiscal 2007, Chromos was unable to complete an equity financing. On April 11, 2007, after having received a demand for repayment from the holders of a bridge loan financing, Chromos filed a Notice of Intention to Make a Proposal (the “Proposal”) under the Bankruptcy and Insolvency Act (Canada) (the “BIA”). In July 2007 Chromos sold certain assets, with upfront proceeds from this sale transaction used, together with a small amount of existing cash, to fully repay Chromos’ secured creditors, including the holders of the bridge loan financing. In late July 2007, Chromos filed the Proposal to its unsecured creditors to settle all of its financial obligations that had arisen prior to April 11, 2007. At a meeting of unsecured creditors held on August 14, 2007, the unsecured creditors overwhelmingly endorsed the Proposal and on August 23, 2007 the Supreme Court of British Columbia in Bankruptcy approved the Proposal. On October 2, 2007, Chromos sold certain assets. A portion of the proceeds from this sale transaction were used to fund the payment to the trustee under the Proposal as required under the terms of the Proposal. With this payment, the company satisfied all of the conditions of the Proposal to creditors. In April, 2007, the TSX suspended trading in Chromos’ common shares pending the outcome of the proceedings under the BIA. Having successfully completed the BIA proceedings, its common shares were delisted from the TSX on May 8, 2008. Subsequent to the BIA filing, the securities commissions in British Columbia, Alberta, Manitoba, Ontario and Quebec issued cease trade orders against Chromos for its failure to file financial statements and other required continuous disclosure documents. The company brought all of its continuous disclosure obligations into good standing and filed an application in June 2008 to have the cease trade orders rescinded. The application was approved and the cease trade orders were rescinded.

Mr. Flowerdew became a director of Virexx in September 2008. In December 2007, Virexx learned that the Phase III clinical trial then being conducted by Virexx’s pharmaceutical company partner (United Therapeutics) for a Virexx drug, had completely failed. The partnership was terminated and Virexx was left without adequate financing to continue. During 2008, Virexx attempted to complete a rights offering with the assistance of a standby purchaser. The rights offering was undersubscribed and the backstop guarantor was subsequently unable to honour its commitment. This occurred at a very depressed time in the financial markets and led inevitably to the company’s failure. Virexx made a proposal to its creditors under the BIA in September 2008. The proposal was approved on December 22, 2008. During this period, the trading of Virexx’s shares on the TSX and the American Stock Exchange (now, the NYSE Amex) was initially suspended and ultimately delisted. Virexx was sold to Paladin Labs Inc. of Montreal.

No proposed director of the Company, within the ten (10) years before the date of this Information Circular, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or became 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.

Penalties or Sanctions

No proposed director of the Company has been subject to: (a) 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; or (b) 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.

STATEMENT OF EXECUTIVE COMPENSATION

General

For the purpose of this Information Circular:

“**CEO**” of the Company means each individual who acted as chief executive officer of the Company or acted in a similar capacity for any part of the most recently completed financial year;

“**CFO**” of the Company means each individual who acted as chief financial officer of the Company or acted in a similar capacity for any part of the most recently completed financial year; and

“**Named Executive Officers**” or “**NEO**” means:

- (a) the Company’s CEO;
- (b) the Company’s CFO;
- (c) each of the Company’s three most highly compensated executive officers, or the three most highly compensated individuals acting in a similar capacity, other than the CEO and CFO, at the end of the most recently completed financial year and whose total compensation was, individually, more than \$150,000 as determined in accordance with applicable securities laws; and
- (d) any individual who would be a NEO under paragraph (c) 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 the most recently completed financial year.

Compensation Discussion and Analysis

As at the year ended March 31, 2011, the Company was a capital pool company, or “CPC” as defined in Policy 2.4 of the TSX Venture Exchange Corporate Finance Manual (“Policy 2.4”). The Company was prohibited from paying any kind of remuneration, including salaries, consulting fees, management fees or directors’ fees, to non-arms length parties until such time as it completed its Qualifying Transaction (also as defined in Policy 2.4). Subsequent to the year end, the Company completed its Qualifying Transaction and expects that it will provide compensation to its officers. The Company does not expect to that it will provide compensation to directors in the 12 months following completion of the Qualifying Transaction. However, the Board may revise this expectation as circumstances change.

In assessing the compensation of its officers, the Company does not have in place a Compensation or Nominating Committee. All tasks related to developing and monitoring the Company’s approach to the

compensation of officers of the Company and to developing and monitoring the Company's approach to the nomination of directors to the Board are performed by the members of the Board.

The Company's executive compensation program is based on comparisons of similar type and size companies. Both individual and corporate performance are also taken into account.

Payments may be made, from time to time, to individuals or companies they control for the provision of consulting services. Such consulting services are paid for by the Company at competitive industry rates for work of a similar nature by reputable arm's length services providers.

On March 30, 2010, the Company entered into a stock option agreement with each of Alexander Helmel, Roger Flowerdew, Fraser Atkinson, John Veltheer and Darrell Elliott, whereby the Company granted 90,000 options to each person respectively, in consideration for their services as directors and/or NEOs of the Company. Each option is exercisable into one Common Share at the exercise price of \$0.10 expiring on August 31, 2015.

On April 30, 2011, the Company entered into an Employment Agreement with Christopher Ecclestone wherein Mr Ecclestone became the Company's Chief Executive Officer and President. Pursuant to the terms of the Employment Agreement, Mr Ecclestone was to be paid an annual salary of \$75,000 and granted 300,000 options on the date that the Qualifying Transaction was approved by the Exchange.

On May 3, 2011, the Company completed the Qualifying Transaction in accordance with the policies of the Exchange. In connection with the completion of the Qualifying Transaction, the following changes in management became effective:

- Christopher Ecclestone was appointed as a director of the Company and his appointment as CEO and President became effective with the approval of the Qualifying Transaction;
- Alexander Helmel (who remained a director) resigned as the Company's President, Secretary and Chief Executive Officer;
- John Veltheer (who remained a director) resigned as Vice President of the Company;
- Roger Flowerdew was appointed Secretary of the Company; and
- Darrell Elliot resigned as a director of the Company but remained a strategic consultant to the Company.

In addition the Company granted 1,024,100 incentive stock options to the Company's management, directors and a consultant. The incentive stock options have an exercise price of \$0.26 per Common Share and expire on May 4, 2016.

On June 24, 2011, the Company terminated Mr Ecclestone's employment as the Company's Chief Executive Officer and President with immediate effect. Mr Helmel was re-appointed the Company's Chief Executive Officer and President.

On July 5, 2011, the Company appointed Dr Lee Groat as the founding member of the Company's Advisory Board. The Company granted Dr Groat 50,000 incentive stock options exercisable at a price of \$0.26 per common shares expiring on July 5, 2016.

Option-Based Awards

In accordance with Policy 4.4 of the TSX Venture Exchange (the "Exchange"), the Company adopted the Stock Option Plan (the "Plan") in the form attached as Schedule "A" to this Information Circular, subject to Shareholder and Exchange approval. The Plan complies with the requirements of Exchange Policy 4.4 for Tier 2 issuers. Under the Plan, the Board may from time to time, in its discretion, and in accordance with Exchange requirements, grant to directors, officers and consultants to the Issuer non-transferable options to purchase Common Shares. Such options may be exercisable for a period of up to 10 years from the date of grant. The Company may also grant options to consultants and employees of the Company. Until the completion of the

Qualifying Transaction, the number of Common Shares reserved for issuance pursuant to the Plan will not exceed 10% of the issued and outstanding Common Shares. The number of Common Shares reserved for issuance to any individual director or officer will not exceed five percent (5%) of the issued and outstanding Common Shares and the number of Common Shares reserved for issuance to all consultants will not exceed two percent (2%) of the issued and outstanding Common Shares. Options may be exercised for 90 days following cessation of the optionee's position with the Company, unless an optionee was engaged in investor relations activities on behalf of the Company, in which case the options may only be exercised for 30 days following the optionee's ceasing such position. If the cessation of office, directorship or consulting arrangement was by reason of death, the options may be exercised within a maximum period of one year after such death, subject to the expiry date of such options. Option prices are determined based on the market price of the Common Shares on the date of grant in accordance with the policies of the Exchange.

The purpose of the Plan is to advance the interests of the Company by encouraging the directors, officers, employees and consultants of the Company to acquire shares in the Company, thereby increasing their proprietary interest in the Company, encouraging them to remain associated with the Company and furnishing them with additional incentive in their efforts on behalf of the Company in the conduct of their affairs. The Company has no equity incentive plans other than the Plan at this time. The size of stock option grants to NEOs is dependent on each officer's level of responsibility, authority and importance to the Company and the degree to which such officer's long-term contribution to the Company will be key to its long-term success.

Summary Compensation Table

Particulars of compensation paid to each NEO in the two most recently completed financial years since the Company's incorporation on December 17, 2009, are set out in the summary compensation table below.

Name and Principal Position	Year	Salary (\$)	Share-based Awards ⁽²⁾ (\$)	Option-based Awards ⁽³⁾ (\$)	Non-equity Incentive Plan Compensation ⁽¹⁾ (\$)		Pension Value (\$)	All Other Compensation (\$)	Total Compensation (\$)
					Annual Incentive Plans	Long-term Incentive Plans			
Alexander Helmel President, Chief Executive Officer and Director ⁽⁴⁾	2011	Nil	Nil	\$6,753 ⁽⁶⁾	Nil	Nil	Nil	Nil	\$6,753
	2010	Nil	Nil	Nil	Nil	Nil	Nil	Nil	N/A
Roger Flowerdew Chief Financial Officer, Secretary and Director ⁽⁵⁾	2011	Nil	Nil	\$6,753 ⁽⁶⁾	Nil	Nil	Nil	Nil	\$6,753
	2010	Nil	Nil	Nil	Nil	Nil	Nil	Nil	N/A

⁽¹⁾ "Non-equity Incentive Plan Compensation" includes all compensation under an incentive plan or portion of an incentive plan that is not an equity incentive plan.

⁽²⁾ "Share-based Awards" means an award under an equity incentive plan of equity-based instruments that do not have option-like features, including, for greater certainty, common shares, restricted shares, restricted share units, deferred share units, phantom shares, phantom share units, common share equivalent units, and stock.

⁽³⁾ "Option-based Awards" 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.

⁽⁴⁾ Alexander Helmel was appointed as director of the Company on December 18, 2009 and Chief Executive Officer and President of the Company on December 21, 2009. Mr Helmel resigned as Chief Executive Officer and President of the Company on May 3, 2011 and was reappointed Chief Executive Officer and President of the Company on June 24, 2011.

⁽⁵⁾ Roger Flowerdew was appointed Chief Financial Officer, Secretary and a director of the Company on December 18, 2009.

⁽⁶⁾ The options granted were granted pursuant to the Plan. The Company uses the Black-Scholes option pricing model for determining fair value of stock options issued at grant date. The Black-Scholes option valuation is determined using the expected life of the stock option, expected volatility of the Company's common share price, expected dividend yield, and risk-free interest rate. The key

assumptions are as follows: risk free interest rate of 2.16%, expected life of 5 years, expected stock price volatility of 100%; expected dividend yield of 0%

Narrative Discussion

Other than as set forth in the foregoing, no NEO of the Company has received, during the most recently completed financial year, compensation pursuant to:

- (a) any standard arrangement for the compensation of NEOs for their services in their capacity as NEOs, including any additional amounts payable for committee participation or special assignments;
- (b) any other arrangement, in addition to, or in lieu of, any standard arrangement, for the compensation of NEOs in their capacity as NEOs; or
- (c) any arrangement for the compensation of NEOs for services as consultants or expert.

No compensation was paid to NEOs during the year ended March 31, 2011. Subsequent to the closing of the Company's Qualifying Transaction, the Company entered into agreements with Messrs. Helmel and Flowerdew pursuant to which the Company has agreed to pay each of them compensation of \$5,000 per month for their provision of services as CEO and CFO, respectively.

Incentive Plan Awards

An "incentive plan" is any plan providing compensation that depends on achieving certain performance goals or similar conditions within a specified period. An "incentive plan award" means compensation awarded, earned, paid, or payable under an incentive plan.

Outstanding Share-Based Awards and Option-Based Awards

The following table sets forth all option and share-based awards granted to NEOs that were outstanding as of March 31, 2011, including awards granted before the year ended March 31, 2011.

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 (\$)
Alexander Helmel ⁽¹⁾⁽²⁾	90,000	\$0.10	August 27, 2015	\$14,400 ⁽⁵⁾	N/A	N/A
Roger Flowerdew ⁽³⁾⁽⁴⁾	90,000	\$0.10	August 27, 2015	\$14,400 ⁽⁵⁾	N/A	N/A

⁽¹⁾ Alexander Helmel was appointed as director of the Company on December 18, 2009 and Chief Executive Officer and President of the Company on December 21, 2009. Mr Helmel resigned as Chief Executive Officer and President of the Company on May 3, 2011 and was reappointed Chief Executive Officer and President of the Company on June 24, 2011.

⁽²⁾ Subsequent to the year ended March 31, 2011, Alexander Helmel was granted 127,800 stock options, each exercisable into one Common Share at the exercise price of \$0.26 expiring on May 3, 2016.

⁽³⁾ Roger Flowerdew was appointed Chief Financial Officer, Secretary and a director of the Company on December 19, 2009.

⁽⁴⁾ Subsequent to the year ended March 31, 2011, Roger Flowerdew was granted 165,400 stock options, each exercisable into one Common Share at the exercise price of \$0.26 expiring on May 3, 2016.

⁽⁵⁾ Based on the difference between the closing price of the Common Shares on the Exchange on November 29, 2010, being the last day of trading of the Common Shares on the Exchange in the year ended March 31, 2011 prior to the imposition of a trading halt of

the Common Shares in connection with the Company's Qualifying Transaction, of \$0.26 and the stock option exercise price, of \$0.10, multiplied by the number of Common Shares under option.

Incentive Plan Awards – Value Vested or Earned During the Year

The following table sets forth details of the value vested or earned for all incentive plan awards during the year ended March 31, 2011 by NEOs.

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 (\$)
Alexander Helmel President, Chief Executive Officer and Director ⁽¹⁾⁽²⁾	Nil ⁽⁵⁾	N/A	N/A
Roger Flowerdew Chief Financial Officer, Secretary and Director ⁽³⁾⁽⁴⁾	Nil ⁽⁵⁾	N/A	N/A

⁽¹⁾ Alexander Helmel was appointed as director of the Company on December 18, 2009 and Chief Executive Officer and President of the Company on December 21, 2009. Mr Helmel resigned as Chief Executive Officer and President of the Company on May 3, 2011 and was reappointed Chief Executive Officer and President of the Company on June 24, 2011.

⁽²⁾ Subsequent to the year ended March 31, 2011, Alexander Helmel was granted 127,800 stock options, each exercisable into one Common Share at the exercise price of \$0.26 expiring on May 3, 2016.

⁽³⁾ Roger Flowerdew was appointed Chief Financial Officer, Secretary and a director of the Company on December 19, 2009.

⁽⁴⁾ Subsequent to the year ended March 31, 2011, Roger Flowerdew was granted 165,400 stock options, each exercisable into one Common Share at the exercise price of \$0.26 expiring on May 3, 2016.

⁽⁵⁾ All of these options vested on August 27, 2010, however, the first trade in the Common Shares on the Exchange upon completion of the Company's initial public offering did not occur until August 31, 2010. The exercise price for these options was set at the same price as the price per Common Share issued in connection with the Company's initial public offering.

Narrative Discussion

For a summary of the material provisions of the Plan, pursuant to which all option-based awards are granted to NEOs, please see below under the heading "Particulars of Matters to Be Acted Upon – Approval of Stock Option Plan".

There was no re-pricing of stock options under the Plan or otherwise during the Company's most recently completed financial year ended March 31, 2011.

Pension Plan Benefits

The Company does not have a pension plan that provides for payments or benefits to the NEOs at, following, or in connection with retirement.

Defined Benefits Plans

The Company does not have a pension plan that provide for payments or benefits at, following, or in connection with retirement, excluding defined contribution plans.

Defined Contribution Plans

The Company does not have a pension plan that provides for payments or benefits at, following or in connection with retirement, excluding defined benefit plans.

Deferred Compensation Plans

The Company does not have any deferred compensation plan with respect to any NEO.

Termination and Change of Control Benefits

As at the year ended March 31, 2011, the Company has no plan or arrangement whereby any NEO may be compensated in the event of that NEOs resignation, retirement or other termination of employment, or in the event of a change of control of the Company or a change in the NEOs responsibilities following such a change of control.

Subsequent to the year ended March 31, 2011, the Company entered into an employment agreement with Chris Ecclestone. The employment agreement became effective on the date that the Company's Qualifying Transaction was approved by the Exchange. On June 24, 2011 the Company terminated Mr. Ecclestone's employment as the Company's Chief Executive Officer and President without cause. Upon his termination, Mr. Ecclestone received a payment equal to three months salary in accordance with the terms of his employment agreement. Stock options granted to Mr. Ecclestone in connection with the completion of the Company's Qualifying Transaction will terminate as of September 24, 2011.

Director Compensation

Director Compensation Table

The following table sets forth the details of all compensation provided to the Company's directors, other than the NEOs, during the Company's most recently completed financial year.

Name	Fees earned (\$)	Share-based awards (\$)	Option-based awards (\$)	Non-equity incentive plan compensation (\$)	Pension value (\$)	All other compensation (\$)	Total (\$)
Fraser Atkinson ⁽¹⁾	nil	N/A	\$6,753 ⁽⁴⁾	N/A	N/A	nil	\$6,753
John Veltheer ⁽²⁾	nil	N/A	\$6,753 ⁽⁴⁾	N/A	N/A	nil	\$6,753
Darrell Elliott ⁽³⁾	nil	N/A	\$6,753 ⁽⁴⁾	N/A	N/A	nil	\$6,753

⁽¹⁾ Fraser Atkinson has been Chairman of the Board and a director of the Company since December 18, 2009.

⁽²⁾ John Veltheer has been a director of the Company since December 18, 2009.

⁽³⁾ Darrell Elliott resigned as a director of the Company on May 3, 2011.

⁽⁴⁾ The options granted were granted pursuant to the Plan. The Company uses the Black-Scholes option pricing model for determining fair value of stock options issued at grant date. The Black-Scholes option valuation is determined using the expected life of the stock option, expected volatility of the Company's common share price, expected dividend yield, and risk-free interest rate. The key assumptions are as follows: risk free interest rate of 2.16%, expected life of 5 years, expected stock price volatility of 100%; expected dividend yield of 0%

Narrative Discussion

Other than as set forth in the foregoing, no director of the Company who is not an NEO has received, during the most recently completed financial year, compensation pursuant to:

- (a) any standard arrangement for the compensation of directors for their services in their capacity as directors, including any additional amounts payable for committee participation or special assignments;

- (b) any other arrangement, in addition to, or in lieu of, any standard arrangement, for the compensation of directors in their capacity as directors; or
- (c) any arrangement for the compensation of directors for services as consultants or experts.

No compensation was paid to directors during the year ended October 31, 2010. Subsequent to the closing of the Company's Qualifying Transaction, the Company entered into agreements with each of Messrs. Veltheer and Atkinson pursuant to which the Company has agreed to pay Mr. Veltheer compensation of \$6,000 per month and Mr. Atkinson compensation of \$5,000 per month for their services as directors of the Company.

Outstanding Share-Based Awards and Option-Based Awards for Directors

The following table sets forth all option and share-based awards granted to the Company's directors, other than the NEOs, that were outstanding as of March 31, 2011, including awards granted before the period ended March 31, 2011.

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 (\$)
Fraser Atkinson ⁽¹⁾⁽²⁾	90,000	\$0.10	August 27, 2015	\$14,400 ⁽⁷⁾	N/A	N/A
John Veltheer ⁽³⁾⁽⁴⁾	90,000	\$0.10	August 27, 2015	\$14,400 ⁽⁷⁾	N/A	N/A
Darrell Elliott ⁽⁵⁾⁽⁶⁾	90,000	\$0.10	August 27, 2015	\$14,400 ⁽⁷⁾	N/A	N/A

⁽¹⁾ Fraser Atkinson has been Chairman of the Board and a director of the Company since December 18, 2009.

⁽²⁾ Subsequent to the year ended March 31, 2011, Fraser Atkinson was granted 187,800 stock options exercisable into one Common Share at the exercise price of \$0.26 expiring on May 3, 2016.

⁽³⁾ John Veltheer has been a director of the Company since December 18, 2009.

⁽⁴⁾ Subsequent to the year ended March 31, 2011, John Veltheer was granted 218,000 stock options exercisable into one Common Share at the exercise price of \$0.26 expiring on May 3, 2016.

⁽⁵⁾ Darrell Elliott resigned as a director of the Company on May 3, 2011.

⁽⁶⁾ Subsequent to the year ended March 31, 2011, Darrell Elliott was granted 25,000 stock options exercisable into one Common Share at the exercise price of \$0.26 expiring on May 3, 2016.

⁽⁷⁾ Based on the difference between the closing price of the Common Shares on the Exchange on November 29, 2010, being the last day of trading of the Common Shares on the Exchange in the year ended March 31, 2011 prior to the imposition of a trading halt of the Common Shares in connection with the Company's Qualifying Transaction, of \$0.26 and the stock option exercise price, of \$0.10, multiplied by the number of Common Shares under option.

Incentive Plan Awards – Value Vested or Earned During the Year

The following table sets forth details of the value vested or earned for all incentive plan awards during the year ended March 31, 2011 by directors.

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 (\$)
Fraser Atkinson ⁽¹⁾⁽²⁾	nil ⁽⁷⁾	N/A	N/A
John Veltheer ⁽³⁾⁽⁴⁾	nil ⁽⁷⁾	N/A	N/A
Darrell Elliott ⁽⁵⁾⁽⁶⁾	nil ⁽⁷⁾	N/A	N/A

- (1) Fraser Atkinson has been Chairman of the Board and a director of the Company since December 18, 2009.
- (2) Subsequent to the year ended March 31, 2011, Fraser Atkinson was granted 187,800 stock options exercisable into one Common Share at the exercise price of \$0.26 expiring on May 3, 2016.
- (3) John Veltheer has been a director of the Company since December 18, 2009.
- (4) Subsequent to the year ended March 31, 2011, John Veltheer was granted 218,000 stock options exercisable into one Common Share at the exercise price of \$0.26 expiring on May 3, 2016
- (5) Darrell Elliott resigned as a director of the Company on May 3, 2011.
- (6) Subsequent to the year ended March 31, 2011, Darrell Elliott was granted 25,000 stock options exercisable into one Common Share at the exercise price of \$0.26 expiring on May 3, 2016.
- (7) All of these options vested on August 27, 2010, however, the first trade in the Common Shares on the Exchange upon completion of the Company's initial public offering did not occur until August 31, 2010. The exercise price for these options was set at the same price as the price per Common Share issued in connection with the Company's initial public offering.

Narrative Discussion

For a summary of the material provisions of the Plan, pursuant to which all option-based awards are granted to the Company's directors, please see below under the heading "Particulars of Matters to Be Acted Upon – Approval of Stock Option Plan".

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The following table sets forth details of the Company's compensation plans under which equity securities of the Company are authorized at the end of the Company's most recently completed financial year.

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights⁽¹⁾	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 (a))
Equity compensation plans approved by security holders	N/A	N/A	N/A ⁽¹⁾
Equity compensation plans not approved by security holders	450,000	\$0.10	210,000
Total	450,000	\$0.10	210,000⁽¹⁾

(1) Subsequent to the year ended March 31, 2011, the Company granted stock options to each of Fraser Atkinson (187,500), Alex Helm (127,800), Roger Flowerdew (165,400), John Veltheer (218,000), Darrell Elliott (25,000) Christopher Ecclestone (300,000) and Lee Groat (50,000). Each option is exercisable into one Common Share at the exercise price of \$0.26 expiring on May 3, 2016.

(2) Based on 6,600,000 Common Shares issued and outstanding as of March 31, 2011.

For a summary of the material provisions of the Plan, pursuant to which all option-based awards are granted to the Company's directors, please see below under the heading "Particulars of Matters to Be Acted Upon – Approval of Stock Option Plan". A copy of the Plan is attached as Schedule "A" to this Information Circular.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

Other than as disclosed below, no informed person of the Company, proposed director of the Company or any associate or affiliate of any informed person or proposed director of the Company has had any material interest,

direct or indirect, in any transaction since the beginning of the Company's most recently completed financial year or in any proposed transaction which has materially affected or would materially affect the Company.

"Informed person" means

- (a) a director or executive officer of the Company;
- (b) a director or executive officer of a person or company that is itself an informed person or subsidiary of the Company;
- (c) any person or company who beneficially owns, or controls or directs, directly or indirectly, voting securities of the Company or a combination of both carrying more than 10 percent of the voting rights attached to all outstanding voting securities of the Company other than voting securities held by the person or company as underwriter in the course of a distribution of it; and
- (d) the Company has purchased, redeemed or otherwise acquired any of its securities, for so long as it holds any of its securities.

Subsequent to the most recently completed financial year, the Company did not enter into any transactions with Informed Persons.

APPOINTMENT OF AUDITOR

At the Meeting, Shareholders will be asked to vote for the appointment of Dale Matheson Carr-Hilton Labonte LLP, Chartered Accountants, to serve as auditor of the Company for the fiscal year ending March 31, 2012, at a remuneration to be fixed by the Board.

Dale Matheson Carr-Hilton Labonte LLP was first appointed as auditor of the Company January 26, 2010.

Management recommends the appointment of Dale Matheson Carr-Hilton Labonte LLP, Chartered Accountants, to serve as auditor of the Company for the fiscal year ending March 31, 2012.

AUDIT COMMITTEE DISCLOSURE

Audit Committee

The Audit Committee's role is to act in an objective, independent capacity as a liaison between the auditors, management and the Board and to ensure the auditors have the ability to consider and discuss governance and audit issues with parties not directly responsible for operations. Applicable securities laws require the Company, as a venture issuer, to disclose certain information relating to the Company's audit committee and its relationship with the Company's independent auditors.

Audit Committee Charter

The following Audit Committee Charter was adopted by the Company's Board and Audit Committee:

1. MANDATE

The audit committee will assist the board of directors of the Corporation (the "Board") in fulfilling its financial oversight responsibilities. The committee will review and consider, in consultation with the Corporation's external auditors, the financial reporting process, the system of internal control over financial reporting, and the audit process. In performing its duties, the audit committee will maintain effective working relationships with the Board, management, and the external auditors. To effectively perform his or her role, each committee

member must obtain an understanding of the principal responsibilities of committee membership as well as the Corporation's business, operations and risks.

2. COMPOSITION

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

2.1 Independence

A majority of the members of the audit committee must be "independent" (as defined in Sec. 1.4 of National Instrument 52-110 (Audit Committees)) ("NI 52-110").

2.2 Expertise of Committee Members

A majority of the members of the audit committee must be "financially literate" (as defined in Sec. 1.6 of NI 52-110) or must become financially literate within a reasonable period of time after his or her appointment to the committee. At least one member of the committee must have accounting or related financial management expertise.

3. MEETINGS

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

4. ROLES AND RESPONSIBILITIES

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

4.1 External Audit

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

- (a) recommend to the Board the external auditor to be nominated for the purpose of preparing or issuing an auditor's report or performing other audit, review or attestation services for the Corporation;
- (b) review (by discussion and enquiry) the external auditors' proposed audit scope and approach;
- (c) review the performance of the external auditors and recommend to the Board the appointment or discharge of the external auditors;
- (d) review and recommend to the Board the compensation to be paid to the external auditors;
- (e) review and confirm the independence of the external auditors by reviewing the non-audit services provided and the external auditors' assertion of their independence in accordance with professional standards; and
- (f) review and approve the Corporation's hiring policies regarding partners and employees, and former partners and employees, of the present and former external auditor of the Corporation.

4.2 *Internal Control*

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

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

4.3 *Financial Reporting*

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

General

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

Annual Financial Statements

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

Interim Financial Statements

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

Release of Financial Information

- (h) where reasonably possible, review and approve all public disclosure, including news releases, containing financial information, prior to its release to the public. An audit committee must be satisfied that adequate procedures are in place for the review of the Corporation's public disclosure of financial information extracted or derived from the Corporation's financial statements, and must periodically assess the adequacy of those procedures.

4.4 *Non-Audit Services*

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

Delegation of Authority

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

De-Minimis Non-Audit Services

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

Pre-Approval Policies and Procedures

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

4.5 *Other Responsibilities*

The audit committee shall:

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

- (f) review and update this Charter and receive approval of changes to this Charter from the Board.

4.6 Reporting Responsibilities

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

5. RESOURCES AND AUTHORITY OF THE AUDIT COMMITTEE

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

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

6. GUIDANCE – ROLES & RESPONSIBILITIES

The audit committee should consider undertaking the actions described in the following guidance, which is intended to provide the audit committee members with additional guidance on fulfilment of their roles and responsibilities on the committee:

6.1 Internal Control

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

6.2 Financial Reporting

General

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

Annual Financial Statements

- (a) review the annual financial statements and determine whether they are complete and consistent with the information known to committee members, and assess whether the financial statements

reflect appropriate accounting principles in light of the jurisdictions in which the Corporation reports or trades its shares;

- (b) pay attention to complex and/or unusual transactions such as restructuring charges and derivative disclosures;
- (c) focus on judgmental areas such as those involving valuation of assets and liabilities, including, for example, the accounting for and disclosure of loan losses; warranty, professional liability; litigation reserves; and other commitments and contingencies;
- (d) consider management's handling of proposed audit adjustments identified by the external auditors; and
- (e) ensure that the external auditors communicate all required matters to the committee.

Interim Financial Statements

- (a) be briefed on how management develops and summarizes interim financial information, the extent to which the external auditors review interim financial information;
- (b) meet with management and the auditors, either telephonically or in person, to review the interim financial statements; and
- (c) to gain insight into the fairness of the interim statements and disclosures, obtain explanations from management on whether:
 - (i) actual financial results for the quarter or interim period varied significantly from budgeted or projected results;
 - (ii) changes in financial ratios and relationships of various balance sheet and operating statement figures in the interim financials statements are consistent with changes in the Corporation's operations and financing practices;
 - (iii) generally accepted accounting principles have been consistently applied;
 - (iv) there are any actual or proposed changes in accounting or financial reporting practices;
 - (v) there are any significant or unusual events or transactions;
 - (vi) the Corporation's financial and operating controls are functioning effectively;
 - (vii) the Corporation has complied with the terms of loan agreements, security indentures or other financial position or results dependent agreement; and
 - (viii) the interim financial statements contain adequate and appropriate disclosures.

6.3 Compliance with Laws and Regulations

- (a) periodically obtain updates from management regarding compliance with this policy and industry "best practices";
- (b) be satisfied that all regulatory compliance matters have been considered in the preparation of the financial statements; and

- (c) review the findings of any examinations by securities regulatory authorities and stock exchanges.

6.4 Other Responsibilities

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

Composition of Audit Committee

The members of the Company's Audit Committee are:

Roger Flowerdew	Not Independent ⁽¹⁾	Financially literate ⁽²⁾
Fraser Atkinson	Independent ⁽¹⁾	Financially literate ⁽²⁾
John Veltheer	Independent ⁽¹⁾	Financially literate ⁽²⁾

⁽¹⁾ A member of an audit committee is independent if the member has no direct or indirect material relationship with the Company, which could, in the view of the Board, reasonably interfere with the exercise of a member's independent judgment. Roger Flowerdew is not independent, as he is the Chief Financial Officer of the Company.

⁽²⁾ An individual is financially literate if he has the ability to read and understand a set of financial statements that present a breadth of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Company's financial statements.

Relevant Education and Experience

Roger Flowerdew obtained his Bachelor of Arts from Simon Fraser University in 1980 and has been a Chartered Accountant since 1982. He has served on the board of directors and the audit and/or finance committees of a number of public and private companies.

Fraser Atkinson obtained his Bachelor of Commerce from the University of British Columbia in 1980 and has been a Chartered Accountant since 1982. He served as a partner at KPMG, LLP for 14 years until 2002 and has served on the boards of directors and the audit committees of a number of public and private companies.

John Veltheer obtained his Bachelor of Science in Chemistry (Honours) from Queens University in 1988 and his Ph.D. (Chemistry) from the University of British Columbia in 1993. Dr. Veltheer has served on the board of directors and audit committees of a number of public and private companies.

Audit Committee Oversight

At no time since the commencement of the Company'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.

Reliance on Certain Exemptions

At no time since the commencement of the Company's most recently completed financial year 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 has adopted specific policies and procedures for the engagement of non-audit services as set out in the Audit Committee Charter of the Company.

External Auditor Service Fees

In the following table, “audit fees” are fees billed by the Company’s external auditor for services provided in auditing the Company’s annual financial statements for the subject year. “Audit-related fees” are fees not included in audit fees that are billed by the auditor for assurance and related services that are reasonably related to the performance of the audit review of the Company’s financial statements. “Tax fees” are fees billed by the auditor for professional services rendered for tax compliance, tax advice and tax planning. “All other fees” are fees billed by the auditor for products and services not included in the foregoing categories.

The aggregate fees billed by the Company’s external auditor in the last two fiscal years ended March 31, 2011 and March 31, 2010 by category, are as follows:

Financial Year Ending	Audit Fees	Audit Related Fees	Tax Fees	All Other Fees
March 31, 2011	\$13,500	\$5,500	\$nil	\$nil
March 31, 2010	\$12,000	\$nil	\$750	\$nil

Exemption

The Company is relying on the exemption provided by section 6.1 of NI 52-110, which provides that the Company, as a venture issuer, is not required to comply with Part 3 (*Composition of the Audit Committee*) and Part 5 (*Reporting Obligations*) of NI 52-110.

MANAGEMENT CONTRACTS

As of the date of this Information Circular, the Company is not a party to any management contracts.

CORPORATE GOVERNANCE

Pursuant to National Instrument 58-101 *Disclosure of Corporate Governance Practices*, the Company is required to disclose its corporate governance practices with respect to the corporate governance guidelines (the “Guidelines”) adopted in National Policy 58-201. These Guidelines are not prescriptive, but have been used by the Company in adopting its corporate governance practices. The Company’s approach to corporate governance is set out below.

Board of Directors

The Board facilitates its exercise of independent supervision over the Company’s management through frequent meetings or unanimous consent resolutions of the Board. The Board is comprised of four (4) directors consisting of Alexander Helm, Roger Flowerdew, Fraser Atkinson and John Veltheer. The Board has no formal procedures designed to facilitate the exercise of independent supervision over management, relying instead on the integrity of the individual members of its management team to act in the best interests of the Company.

Alexander Helm is not independent as he is the President and Chief Executive Officer of the Company. Roger Flowerdew is not independent as he is the Chief Financial Officer and Secretary of the Company.

Directorships

Name of Director	Names of Other Reporting Issuers
Alexander Helmelt	Giyani Gold Corp. (Exchange) since April 6, 2010; Network Exploration Ltd. (Exchange) since March 2006
Roger Flowerdew	Nil
Fraser Atkinson	Oakmont Capital Corp (Exchange) since February, 2011; Grizzly Discoveries Inc. (Exchange) since March 2011; Equus Total Return, Inc. (NYSE) since May 2010; Versatile Systems Inc. (Exchange & AIM) since November, 2003
John Veltheer	Nil

(1) "Exchange" means TSX Venture Exchange

(2) "NYSE" means New York Stock Exchange

(3) "AIM" means Alternative Investment Market of the London Stock Exchange

Board Mandate

The Board is responsible for the conduct of the Company's affairs generally. The Board is responsible for reviewing and approving the Company's operating plans and budgets as presented by management. The Board is responsible for identifying the principal risks of the Company's business and for ensuring these risks are effectively monitored and mitigated to the extent practicable. Succession planning, including the recruitment, supervision, compensation and performance assessment of the Company's senior management personnel also falls within the ambit of the Board's responsibilities. The Board is responsible for ensuring effective communication by the Company with its Shareholders and the public and for ensuring that the Company adheres to all regulatory requirements with respect to the timeliness and content of its disclosure. In keeping with its overall responsibility for the stewardship of the financial affairs of the Company, the Board created an Audit Committee that is responsible for the integrity of the Company's internal control and management information systems.

The Board is responsible for approving annual operating plans recommended by management. Board consideration and approval is also required for all material contracts and business transactions and all debt and equity financing proposals.

The Board delegates to management responsibility for meeting defined corporate objectives, implementing approved strategic and operating plans, carrying on the Company's business in the ordinary course, managing the Company's cash flow, evaluating new business opportunities, recruiting staff and complying with applicable regulatory requirements.

The Board believes the Company is well served and the independence of the Board from management is not compromised. The Board does not have, and does not consider it necessary under the circumstances to have, any formal structures or procedures in place to ensure that the Board can function independently of management. The Board believes that its current composition is sufficient to ensure that the Board can function independently of management.

Position Descriptions

The Chief Executive Officer and the Board have not, to date, developed a formal, documented position description for the Chief Executive Officer and to define the limit of management's responsibilities. The Board is currently of the view that the respective corporate governance roles of the Board and management are clear and that the limits to management's responsibility and authority are reasonably well defined.

Orientation and Continuing Education

New directors to the Board are provided with access to recent publicly filed documents of the Company, all reports and the Company's internal financial information, access to management, experts and consultants, and a summary of significant corporate and securities responsibilities.

Board members are encouraged to communicate with management, auditors and technical consultants, to keep themselves current with industry trends and developments and changes in legislation with management's assistance and to attend related industry seminars and visit the Company's operations. Board members have full access to the Company's records.

Ethical Business Conduct

The Board has found that the fiduciary duties placed on individual directors by the Company's governing corporate legislation and the common law and the restrictions placed by applicable corporate legislation on an individual director's participation in decisions of the Board in which the director has an interest have been sufficient to ensure that the Board operates independently of management and in the best interests of the Company.

Nomination of Directors

The Board is responsible for identifying individuals qualified to become new Board members and recommending to the Board new director nominees for the next annual meeting of Shareholders.

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

Compensation

The Board is responsible for determining compensation for the directors of the Company to ensure it reflects the responsibilities and risks of being a director of a public company.

Other Board Committees

The Board has no other committees, other than the Audit Committee.

Assessments

Due to the minimal size of the Company's Board, no formal policy has been established to monitor the effectiveness of the directors, the Board and its committees.

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

Except as otherwise disclosed herein, no director or executive officer of the Company, who was a director or executive officer since the beginning of the Company's last financial year, each proposed nominee for election as a director of the Company, or any associate or affiliates of any such directors, executive officers or nominees, has any material interest, direct or indirect, by way of beneficial ownership of Common Shares or other securities of the Company or otherwise, in any matter to be acted upon at the Meeting other than the election of directors, the appointment of auditors or the approval of the Plan.

PARTICULARS OF MATTERS TO BE ACTED UPON

Approval of Stock Option Plan

The Company is seeking approval from shareholders to approve the Stock Option Plan (the “Plan”) at the Meeting. The purpose of the Plan is to advance the interests of the Company by encouraging the directors, officers, employees and consultants of the Company to acquire shares in the Company, thereby increasing their proprietary interest in the Company, encouraging them to remain associated with the Company and furnishing them with additional incentive in their efforts on behalf of the Company in the conduct of their affairs. The Company has no equity incentive plans other than the Plan at this time. The size of stock option grants to NEOs is dependent on each officer’s level of responsibility, authority and importance to the Company and the degree to which such officer’s long-term contribution to the Company will be key to its long-term success.

The Plan is a “rolling” stock option plan, whereby the aggregate number of shares reserved for issuance under the Plan, including any other plan or agreement of the Company, shall not exceed ten (10%) percent of the total number of issued Common Shares (calculated on a non-diluted basis) at the time an option is granted. Pursuant to the Plan, the Board may from time to time, in its discretion, and in accordance with Exchange requirements, grant to directors, officers and consultants to the Issuer non-transferable options to purchase Common Shares. Such options may be exercisable for a period of up to 10 years from the date of grant. The number of Common Shares reserved for issuance to any individual director or officer will not exceed five percent (5%) of the issued and outstanding Common Shares and the number of Common Shares reserved for issuance to all consultants will not exceed two percent (2%) of the issued and outstanding Common Shares. Options may be exercised for 90 days following cessation of the optionee’s position with the Company, unless an optionee was engaged in investor relations activities on behalf of the Company, in which case the options may only be exercised for 30 days following the optionee’s ceasing such position. If the cessation of office, directorship or consulting arrangement was by reason of death, the options may be exercised within a maximum period of one year after such death, subject to the expiry date of such options. Option prices are determined based on the market price of the Common Shares on the date of grant in accordance with the policies of the Exchange.

The complete text of the Plan is attached as Schedule “A” to this Information Circular.

At the Meeting, the Shareholders will be asked to approve the following ordinary resolution:

“BE IT RESOLVED, AS AN ORDINARY RESOLUTION THAT:

1. The Company’s Stock Option Plan, a copy of which is attached as Schedule “A” to the Company’s Information Circular dated August 5, 2011 be and is hereby approved, confirmed and ratified, subject to the acceptance of the Plan by the TSX Venture Exchange (the “Exchange”);
2. The Board of Directors be authorized in their absolute discretion to administer the Plan in accordance with its terms and conditions; and
3. Any one director or officer of the Company be and is hereby authorized and directed to do all such acts and things and to execute and deliver under the corporate seal of the Company or otherwise all such deeds, documents, instruments and assurances as in his opinion may be necessary or desirable to give effect to the foregoing resolutions, including, without limitation, making any changes to the Plan required by the Exchange or applicable securities regulatory authorities and to complete all transactions in connection with the implementation of the Plan.”

It is the intention of the persons named in the enclosed instrument of proxy, if not expressly directed otherwise in such instrument of proxy, to vote such proxies FOR the ordinary resolution to approve the Plan. An ordinary resolution is a resolution passed by the Shareholders of the Company at a general meeting by a simple majority of the votes cast in person or by proxy.

Management of the Company recommends that Shareholders vote in favour of the above ordinary resolution.

ADDITIONAL INFORMATION

Additional information about the Company can be obtained free of charge through the SEDAR website at www.sedar.com. Shareholders may also contact Alex Helmel, CEO & President, at Suite 830 - 1100 Melville Street, Vancouver, British Columbia V6E 4A6, Telephone: 604-681-7822, Facsimile: 604-628-9875, to request copies of the Company's financial statements and the related Management's Discussion and Analysis (the "MD&A"). Financial information is provided in the Company's comparative financial statements and MD&A for its financial year ended March 31, 2011 and comparisons thereto.

APPROVAL OF THE BOARD OF DIRECTORS

The contents of this Information Circular have been approved, and the delivery of it to each Shareholder of the Company entitled thereto and to the appropriate regulatory agencies, has been authorized by the Board.

Dated at Vancouver, British Columbia, the 8th day of August, 2011.

ON BEHALF OF THE BOARD

RARA TERRA MINERALS CORP.

“Alexander Helmel”

Alexander Helmel
President, Chief Executive Officer and Director

SCHEDULE A

RARA TERRA MINERALS CORP. STOCK OPTION PLAN

1. PURPOSE

The purpose of the Stock Option Plan (the “**Plan**”) of Rara Terra Capital Corp., a body corporate incorporated under the *Business Corporations Act* (British Columbia) (the “**Company**”), is to advance the interests of the Company by encouraging the directors, officers, employees and consultants of the Company to acquire shares in the Company, thereby increasing their proprietary interest in the Company, encouraging them to remain associated with the Company and furnishing them with additional incentive in their efforts on behalf of the Company in the conduct of their affairs.

2. ADMINISTRATION AND GRANTING OF OPTIONS

The Plan shall be administered by the Board of Directors of the Company or, if appointed, by a special committee of directors appointed from time to time by the Board of Directors of the Company, subject to approval by the Board of Directors of the Company (such committee or, if no such committee is appointed, the Board of Directors of the Company, is hereinafter referred to as the “**Committee**”) pursuant to rules of procedure fixed by the Board of Directors.

The Committee may from time to time designate bona fide directors, officers, employees or consultants of the Company (the “**Participants**”) to whom options to purchase common shares of the Company (each, an “**Option**”) may be granted and the number of common shares to be optioned to each, provided that the total number of common shares to be optioned shall not exceed the number provided in Clauses 3 and 4 hereof. The Company represents that Participants who are granted Options will be bona fide directors, officers, employees or consultants of the Company at the time of grant.

3. SHARES SUBJECT TO PLAN

Subject to adjustment as provided in Clause 12 hereof, for so long as the Company is a CPC (as defined in the policies of the TSX Venture Exchange), the maximum number of shares to be reserved for issuance under the Plan shall not exceed that number which is equal to 10% of the shares to be outstanding at the closing of the Company’s initial public offering on the TSX Venture Exchange. Thereafter, subject to adjustment as provided in Section 12 hereof, the maximum aggregate number of shares to be reserved for issuance and delivered upon the exercise of all Options granted under the Plan shall not exceed the maximum number of shares permitted under the rules of any stock exchange on which the common shares are then listed or other regulatory body having jurisdiction. If any Option granted hereunder shall expire or terminate for any reason without having been exercised in full, the unpurchased shares subject thereto shall again be available for the purpose of this Plan.

4. NUMBER OF OPTIONED SHARES

The number of shares subject to an Option to a Participant, other than a Consultant (as defined in the policies of the TSX Venture Exchange) and an Employee (as defined in the policies of the TSX Venture Exchange) conducting Investor Relations Activities (as defined in the policies of TSX Venture Exchange) shall be determined by the Committee, but no Participant, where the Company is listed on any stock exchange, shall be granted an Option which exceeds the maximum number of shares permitted under any stock exchange on which the common shares are then listed or other regulatory body

having jurisdiction, which maximum number of shares is presently an amount equal to 5% of the then issued and outstanding shares of the Company (on a non-diluted basis) in any 12 month period.

The maximum number of shares subject to an Option to a Participant who is a Consultant is presently limited to an amount equal to 2% of the then issued and outstanding shares of the Company (on a non-diluted basis) in any 12 month period.

The number of options granted to all persons in aggregate who are employed to perform Investor Relations Activities is presently limited to an amount equal to 2% of the then issued and outstanding shares of the Company (on a non-diluted basis) in any 12 month period, provided that such Options vest in stages over a 12 month period with no more than 1/4 of the Options vesting in any 3 month period.

5. MAINTENANCE OF SUFFICIENT CAPITAL

The Company shall at times during the term of the Plan reserve and keep available such numbers of shares as will be sufficient to satisfy the requirements of the Plan.

6. PARTICIPATION

The Committee shall determine to whom Options shall be granted, the terms and provisions of the respective option agreements, the time or times at which such Options shall be granted and the number of shares to be subject to each Option. An individual who has been granted an Option may, if the individual is otherwise eligible, and if permitted by any stock exchange on which the common shares are then listed or other regulatory body having jurisdiction, be granted an additional Option or Options if the Committee shall so determine.

7. EXERCISE PRICE

The exercise price of the shares covered by each Option shall be determined by the Committee. The exercise price shall not be less than the price permitted by any stock exchange on which the common shares are then listed or other regulatory body having jurisdiction. Currently, the minimum exercise price as determined by the TSX Venture Exchange is not less than the Discounted Market Price (as defined by the TSX Venture Exchange).

8. DURATION OF OPERATION

Each Option and all rights thereunder shall be expressed to expire on the date set out in the option agreements and shall be subject to earlier termination as provided in Clauses 10 and 11.

9. OPTION PERIOD, CONSIDERATION AND PAYMENT

- 9.1 The option period (the “**Option Period**”) shall be a period of time fixed by the Committee, not to exceed the maximum period permitted by any stock exchange on which the common shares are then listed or other regulatory body having jurisdiction, which maximum period is presently 10 years from the date the Option is granted, provided that the Option Period shall be reduced with respect to any Option as provided in Clauses 11 and 12 covering cessation as a director, officer, employee or consultant of the Company or death of the Participant.

- 9.2 Except as set forth in Clauses 11 and 12, no Option may be exercised unless the Participant is, at the time of such exercise, a director, officer, employee or consultant of the Company.
- 9.3 The exercise of any Option will be contingent upon receipt by the Company at its head office of a written notice of exercise, specifying the number of shares with respect to which the Option is being exercised, accompanied by cash payment, certified cheque or bank draft for the full purchase price of such shares with respect to which the Option is exercised. No Participant or his legal representatives, legatees or distributees will be, or will be deemed to be, a holder of any shares subject to an Option under this Plan unless and until the certificates for such shares are issued to such persons under the terms of the Plan.

10. HOLD PERIOD

Share certificates issued on exercise of an Option shall be legended in all cases as may be required by applicable securities laws and the rules of the TSX Venture Exchange (the “**Exchange**”).

11. CEASING TO BE A DIRECTOR, OFFICER, EMPLOYEE OR CONSULTANT

If a Participant shall cease to be a director, officer, employee or consultant, as the case may be, of the Company for any reason (other than death), he may, but only within 90 days next succeeding his ceasing to be a director, officer, employee or consultant, exercise his Option to the extent that he was entitled to exercise it at the date of such cessation provided that, in the case of a Participant who is engaged in Investor Relations Activity on behalf of the Company, this 90 day period referenced herein shall be shortened to 30 days.

Nothing contained in the Plan, nor in any Option granted pursuant to the Plan, shall as such confer upon any Participant any right with respect to continuance as a director, officer, employee or consultant of the Company or of any affiliate.

12. DEATH OF A PARTICIPANT

In the event of the death of a Participant, the Option previously granted to him shall be exercisable only within the 12 months next succeeding such death and then only:

- (a) by the person or persons to whom the Participant’s rights under the Option shall pass by the Participant’s will or the laws of descent and distribution; and
- (b) if and to the extent that he was entitled to exercise the Option at the date of his death.

13. ADJUSTMENTS

Appropriate and proportional adjustments in the exercise price of the Options and in the number of Options granted or to be granted may be made by the Committee in its discretion to give effect to adjustments in the number of common shares of the Company resulting from subdivisions, consolidations or reclassification of the common shares of the Company, the payment of stock dividends by the Company or other relevant changes in the capital of the Company.

14. TRANSFERABILITY

All benefits, rights and Options accruing to the Participant in accordance with the terms and conditions of the Plan shall not be transferable or assignable unless specifically provided herein. During the lifetime of a Participant any benefits, rights and Options may only be exercised by the Participant.

15. AMENDMENT AND TERMINATION OF PLAN

The Committee may, at any time, suspend or terminate the Plan. The Board of Directors may, subject to such approvals as may be required under the rules of any stock exchange or which the common shares are then listed or other regulatory body having jurisdiction, also at any time amend or revise the terms of the Plan, PROVIDED that no such amendment or revision shall alter the terms of any Options theretofore granted under the Plan.

16. NECESSARY APPROVALS

The ability of the Options to be exercised and the obligation of the Company to issue and deliver shares in accordance with the Plan is subject to any approvals which may be required from the shareholders of the Company, any regulatory authority or stock exchange having jurisdiction over the securities of the Company. So long as it remains a policy of the Exchange, the Company will obtain disinterested shareholder approval for:

- (a) any reduction in the exercise price of the Option if the Participant is an insider of the Company at the time of the proposed amendment;
- (b) the grant to any Participant, if the Participant is an insider of the Company at the time of the grant, within a 12 month period, of a number of options exceeding 10% of the issued shares;
- (c) the issuance to any one Participant, if the Participant is an insider of the Company at the time of the grant, of a number of shares exceeding 10% of the issued shares; or
- (d) the grant of Options if the Plan, together with all of the Company's previously established and outstanding stock option plans or grants, could result at any time in the grant to insiders of the Company, within a 12 month period, of a number of Options exceeding 10% of the issued shares.

If any shares cannot be issued to the Participant for whatever reason, the obligation of the Company to issue such shares shall terminate and any Option exercise price paid to the Company will be returned to the Participant.

17. PRIOR PLANS

The Plan shall entirely replace and supersede any prior share option plans, if any, adopted by the Board of Directors of the Company or its predecessor companies.

18. EFFECTIVE DATE OF PLAN

The Plan has been adopted by the Board of Directors subject to the approval of any stock exchange on which the shares of the Company are to be listed or other regulatory body having jurisdiction and approval of the shareholders and, if so approved, the Plan shall become.