

## **BRAZILIAN DIAMONDS LIMITED**

**Suite 910, 475 Howe Street  
Vancouver, British Columbia V6C 2B3**

### **INFORMATION CIRCULAR**

as at July 27, 2009

**This Information Circular is furnished in connection with the solicitation of proxies by the management of BRAZILIAN DIAMONDS LIMITED (the “Company”) for use at the annual and special meeting (the “Meeting”) of its shareholders to be held on Monday, August 31, 2009 at the time and place and for the purposes set forth in the accompanying notice of the Meeting.**

In this Information Circular, references to “the Company”, “we” and “our” refer to Brazilian Diamonds Limited. “Shares” means the common shares in the capital of the Company. “Beneficial Shareholders” means shareholders who do not hold Shares in their own name and “intermediaries” refers to brokers, investment firms, clearing houses and similar entities that own securities on behalf of Beneficial Shareholders.

Copies of documents incorporated herein by reference may be obtained by a Shareholder upon request without charge from the Corporate Secretary of the Company at Suite 910, 475 Howe Street, Vancouver, BC V6C 2B3, telephone 604.689.2599. These documents are also available through the Internet on SEDAR, which can be accessed at [www.sedar.com](http://www.sedar.com).

A Renewal Annual Information Form dated March 31, 2009 referred to herein as filed with the securities commissions or similar regulatory authority in British Columbia and Ontario is specifically incorporated by reference into, and forms an integral part of, this information circular.

### **GENERAL PROXY INFORMATION**

#### **Solicitation of Proxies**

The solicitation of proxies will be primarily by mail, but proxies may be solicited personally or by telephone by directors, officers and regular employees of the Company. The Company will bear all costs of this solicitation. We have arranged for intermediaries to forward the meeting materials to beneficial owners of the Shares held of record by those intermediaries and we may reimburse the intermediaries for their reasonable fees and disbursements in that regard.

#### **Appointment of Proxyholders**

The individuals named in the accompanying form of proxy (the “Proxy”) are officers and/or directors of the Company. **If you are a shareholder entitled to vote at the Meeting, you have the right to appoint a person or company other than either of the persons designated in the Proxy, who need not be a shareholder, to attend and act for you and on your behalf at the Meeting. You may do so either by inserting the name of that other person in the blank space provided in the Proxy or by completing and delivering another suitable form of proxy.**

The only methods by which you may appoint a person as proxy are submitting a proxy by mail, hand delivery or fax.

### **Voting by Proxyholder**

The persons named in the Proxy will vote or withhold from voting the Shares represented thereby in accordance with your instructions on any ballot that may be called for. If you specify a choice with respect to any matter to be acted upon, your Shares will be voted accordingly. The Proxy confers discretionary authority on the persons named therein with respect to:

- (a) each matter or group of matters identified therein for which a choice is not specified, other than the appointment of an auditor and the election of directors,
- (b) any amendment to or variation of any matter identified therein, and
- (c) any other matter that properly comes before the Meeting.

**In respect of a matter for which a choice is not specified in the Proxy, the persons named in the Proxy will vote the Shares represented by the Proxy for the approval of such matter.**

### **Registered Shareholders**

If you are a registered shareholder, you may wish to vote by proxy whether or not you attend the Meeting in person. If you submit a proxy, you must complete, date and sign the Proxy, and then return it to the Company's transfer agent, Computershare Investor Services Inc. by fax within North America at 1-866-249-7775, outside North America at (416) 263-9524, or by mail or by hand delivery at 9th Floor, 100 University Avenue, Toronto, Ontario, M5J 2Y1, not less than 48 hours (excluding Saturdays, Sundays and holidays) before the Meeting or the adjournment thereof at which the Proxy is to be used.

### **Beneficial Shareholders**

The following information is of significant importance to shareholders who do not hold Shares in their own name. Beneficial Shareholders should note that the only proxies that can be recognized and acted upon at the Meeting are those deposited by registered shareholders (those whose names appear on the records of the Company as the registered holders of Shares).

If Shares are listed in an account statement provided to a shareholder by a broker, then in almost all cases those Shares will not be registered in the shareholder's name on the records of the Company. Such Shares will more likely be registered under the names of the shareholder's broker or an agent of that broker. In the United States, the vast majority of such Shares are registered under the name of Cede & Co. as nominee for The Depository Trust Company (which acts as depository for many U.S. brokerage firms and custodian banks), and in Canada, under the name of CDS & Co. (the registration name for The Canadian Depository for Securities Limited, which acts as nominee for many Canadian brokerage firms).

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

There are two kinds of beneficial owners - those who object to their name being made known to the issuers of securities which they own (called OBOs for Objecting Beneficial Owners) and those who do not object to the issuers of the securities they own knowing who they are (called NOBOs for Non-Objecting Beneficial Owners). Up until September 2002, Issuers (including the Directors and Officers of the Company) had no knowledge of the identity of any of their beneficial owners including NOBOs. Subject to the provision of National Instrument 54-101,

Communication with Beneficial Owners of Securities of Reporting Issuers, however, after September 1, 2002 issuers could request and obtain a list of their NOBOs from intermediaries via their Transfer Agents. Prior to September 1, 2004 issuers could obtain this NOBO list and use it for specific purposes connected with the affairs of the Company except for the distribution of proxy-related materials directly to NOBOs. This was stage one of the implementation of the Instrument. Effective for shareholder meetings taking place on or after September 1, 2004 issuers can obtain and use this NOBO list for distribution of proxy-related materials directly (not via Broadridge) to NOBOs. This is stage two of the implementation of the Instrument.

This year, the Company has decided to take advantage of those provisions of National Instrument 54-101 that permit it to directly deliver proxy-related materials to its NOBOs. As a result NOBOs can expect to receive a scannable Voting Instruction Form (VIF) from our Transfer Agent, Computershare Investor Services Inc. These VIFs are to be completed and returned to Computershare in the envelope provided. In addition, Computershare provides both telephone voting and internet voting as described on the VIF itself which contain complete instructions. Computershare will tabulate the results of the VIFs received from NOBOs and will provide appropriate instructions at the Meeting with respect to the Shares represented by the VIFs they receive.

***If you are a Beneficial Shareholder:***

You should carefully follow the instructions of your broker or intermediary in order to ensure that your Shares are voted at the Meeting.

The form of proxy supplied to you by your broker will be similar to the Proxy provided to registered shareholders by the Company. However, its purpose is limited to instructing the intermediary on how to vote on behalf on your behalf. Most brokers now delegate responsibility for obtaining instructions from clients to Broadridge Financial Solutions Inc. (“Broadridge”) in the United States and in Canada. Broadridge mails a voting instruction form in lieu of a Proxy provided by the Company. The voting instruction form will name the same persons as the Company’s Proxy to represent you at the Meeting. You have the right to appoint a person (who need not be a Beneficial Shareholder of the Company), other than the persons designated in the voting instruction form, to represent you at the Meeting. To exercise this right, you should insert the name of the desired representative in the blank space provided in the voting instruction form. The completed voting instruction form must then be returned to Broadridge by mail or facsimile or given to Broadridge by phone or over the internet, in accordance with Broadridge’s instructions. Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of Shares to be represented at the Meeting. **If you receive a voting instruction form from Broadridge, you cannot use it to vote Shares directly at the Meeting - the voting instruction form must be completed and returned to Broadridge, in accordance with its instructions, well in advance of the Meeting in order to have the Shares voted.**

Although as a Beneficial Shareholder may not be recognized directly at the Meeting for the purposes of voting Shares registered in the name of your broker, you may attend at the Meeting as proxyholder for your broker and vote your Shares in that capacity. If you wish to attend at the Meeting and indirectly vote your Shares as proxyholder for your broker, you should enter your own name in the blank space on the voting instruction form provided to you and return the same

to your broker in accordance with the instructions provided by such broker, well in advance of the Meeting.

Alternatively, you can request in writing that your broker send you a legal proxy which would enable you or your nominee to attend at the Meeting and vote your Shares.

### **Registered Shareholders**

Registered Shareholders may wish to vote by proxy whether or not they are able to attend the Meeting in person. Registered Shareholders electing to submit a proxy may do so by:

- (a) completing, dating and signing the enclosed form of proxy and returning it to the Company's transfer agent, Computershare Investor Services Inc., by fax within North America at 1-866-249-7775, outside North America at (416) 263-9524, or by mail or by hand to the 9th Floor, 100 University Avenue, Toronto, Ontario, M5J 2Y1;
- (b) using a touch-tone phone to transmit voting choices to a toll free number. Registered shareholders must follow the instructions of the voice response system and refer to the enclosed proxy form for the toll free number, the holder's account number and the proxy access number; or
- (c) using the internet through the website of the Company's transfer agent at [www.computershare.com/ca/proxy](http://www.computershare.com/ca/proxy). Registered Shareholders must follow the instructions that appear on the screen and refer to the enclosed proxy form for the holder's account number and the proxy access number;

in all cases ensuring that the proxy is received at least 48 hours (excluding Saturdays, Sundays and holidays) before the Meeting or the adjournment thereof at which the proxy is to be used.

### **Revocation of Proxies**

In addition to revocation in any other manner permitted by law, a registered shareholder who has given a proxy may revoke it by:

- (a) executing a proxy bearing a later date or by executing a valid notice of revocation, either of the foregoing to be executed by the registered shareholder or the registered shareholder's authorized attorney in writing, or, if the shareholder is a corporation, under its corporate seal by an officer or attorney duly authorized, and by delivering the proxy bearing a later date to Computershare Investor Services Inc. or at the address of the registered office of the Company at 1500 Royal Centre, 1055 West Georgia Street, P. O. Box 11117, Vancouver, British Columbia, V6E 4N7, at any time up to and including the last business day that precedes the day of the Meeting or, if the Meeting is adjourned, the last business day that precedes any reconvening thereof, or to the chairman of the Meeting on the day of the Meeting or any reconvening thereof, or in any other manner provided by law, or
- (b) personally attending the Meeting and voting the registered shareholder's Shares.

A revocation of a proxy will not affect a matter on which a vote is taken before the revocation.

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

No director or executive officer of the Company, or any person who has held such a position since the beginning of the last completed financial year end of the Company, nor any nominee for election as a director of the Company, nor any associate or affiliate of the foregoing persons, has any substantial or material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted on at the Meeting other than the election of directors, the appointment of the auditor and as set out herein.

## **VOTING SECURITIES AND PRINCIPAL HOLDERS OF VOTING SECURITIES**

The Board of Directors of the Company has fixed Monday, July 27, 2009 as the record date (the "Record Date") for determination of persons entitled to receive notice of the Meeting. Only shareholders of record at the close of business on the Record Date who either attend the Meeting personally or complete, sign and deliver a form of proxy in the manner and subject to the provisions described above will be entitled to vote or to have their Shares voted at the Meeting.

As of the Record Date there were 194,370,722 Shares without par value issued and outstanding, each carrying the right to one vote. No group of shareholders has the right to elect a specified number of directors, nor are there cumulative or similar voting rights attached to the Shares.

To the knowledge of the directors and executive officers of the Company, the only persons or corporations that beneficially owned, directly or indirectly, or exercised control or direction over, Shares carrying more than 10% of the voting rights attached to all outstanding Shares of the Company as at the Record Date are:

<b>Shareholder Name</b>	<b>Number of Shares Held</b>	<b>Percentage of Issued Shares</b>
George Robinson	32,847,211	16.89%

Notes:

The above information was supplied to the Company by the shareholders and from the insider reports available at [www.sedi.com](http://www.sedi.com).

## **VOTES NECESSARY TO PASS RESOLUTIONS**

A simple majority of affirmative votes cast at the Meeting is required to pass the resolutions described herein except for the resolution to delist the Company from AIM which requires a special resolution under the *BC Business Corporations Act* by three-quarters of the votes cast at the Meeting, and the resolution to approve the consolidation of the Company's common shares on a 10 for 1 basis, which requires an ordinary resolution under the *BC Business Corporation Act* by two-thirds of the votes cast at the Meeting, which under AIM rules requires that such resolution be approved by three quarters of the votes cast at the Meeting. If there are more nominees for election as directors or appointment of the Company's auditor than there are vacancies to fill, those nominees receiving the greatest number of votes will be elected or appointed, as the case may be, until all such vacancies have been filled. If the number of nominees for election or appointment is equal to the number of vacancies to be filled, all such nominees will be declared elected or appointed by acclamation.

## ELECTION OF DIRECTORS

The size of the board of directors of the Company is currently determined at five. Shareholders will therefore be asked to approve an ordinary resolution that the number of directors elected be fixed at five.

The term of office of each of the current directors will end at the conclusion of the Meeting. Unless the director's office is earlier vacated in accordance with the provisions of the *Business Corporations Act* (British Columbia) ("BCA"), each director elected will hold office until the conclusion of the next annual general meeting of the Company, or if no director is then elected, until a successor is elected.

The following table sets out the names of management's nominees for election as directors, all major offices and positions with the Company and any of its significant affiliates each now holds, each nominee's principal occupation, business or employment, the period of time during which each has been a director of the Company and the number of Shares of the Company beneficially owned by each, directly or indirectly, or over which each exercised control or direction, as at July 27, 2009.

Name, Position and Country of Residence	Occupation, Business or Employment <sup>(1)</sup>	Period a Director of The Company	Shares Beneficially Owned or Controlled <sup>(1)</sup>
KENNETH P. JUDGE Chairman & Director MONACO	Chairman of the Company; Chief Executive Officer of Hamilton Capital Partners Limited since 1999. Self-employed corporate lawyer.	February 14, 2001	7,936,973 <sup>(2)</sup>
STEPHEN L. FABIAN CEO & Director BRAZIL	Director of the Company since July 16, 2007; President of the Company March 15, 1999 to July 16, 2007; previously Investment Banker with Rock Capital Partners Ltd. from 1996 to 1999.	March 15, 1999 (previously August 15, 1997 to September 21, 1998)	1,663,964 <sup>(3)</sup>
FRANCIS JOHNSTONE Director ENGLAND	Mining Consultant	March 15, 1999	1,363,964 <sup>(4)</sup>
MIKE BYRON Director CANADA	Current President, CEO and Director of Merc International Minerals Inc. Former President, CEO and Director of Ginguro Exploration Inc. from June 2006 to March 2009, former Vice-President, Exploration for Lake Shore Gold Corp. from April 2003 to May 2006.	June 22, 2007	Nil <sup>(5)</sup>

Name, Position and Country of Residence	Occupation, Business or Employment <sup>(1)</sup>	Period a Director of The Company	Shares Beneficially Owned or Controlled <sup>(1)</sup>
DAVID COWAN Director CANADA	Partner with Lang Michener LLP, Barristers & Solicitors since January 2006 and Associate Counsel from February 2003 to December 2005; formerly Partner with Clark Wilson, Barristers & Solicitors, from 1991 to January, 2003.	January 24, 2001	Nil <sup>(6)</sup>

- (1) The information as to principal occupation, business or employment and shares beneficially owned or controlled is not within the knowledge of the management of the Company and has been furnished by the respective nominees.
- (2) These Shares are held by Hamilton Capital Partners Limited and are indirectly controlled by Mr. Judge. In addition, Hamilton holds: (i) 1,200,000 options entitling it to purchase up to 1,200,000 Shares at a price of \$0.45 per Share expiring October 26, 2009; and (ii) 600,000 options entitling it to purchase up to 600,000 Shares of the Company at a price of \$0.41 per Share expiring April 5, 2011.
- (3) 1,363,964 of these Shares are held by Rock Capital Partners Limited ("Rock Capital"), a company owned as to 50% each by Mr. Fabian and Francis Johnstone. In addition, Mr. Fabian holds: (i) 1,000,000 options entitling him to purchase up to 1,000,000 Shares of the Company at a price of \$0.45 per Share expiring October 26, 2009; and (ii) 600,000 options entitling him to purchase up to 600,000 Shares of the Company at a price of \$0.41 per Share expiring April 5, 2011.
- (4) These Shares are held indirectly through Rock Capital. In addition, Mr. Johnstone holds: (i) 200,000 options entitling him to purchase up to 200,000 Shares of the Company at a price of \$0.45 per Share expiring October 26, 2009; and (ii) 300,000 options entitling him to purchase up to 300,000 Shares of the Company at a price of \$0.41 per Share expiring April 5, 2011.
- (5) Mr. Byron holds 300,000 options entitling him to purchase up to 300,000 Shares of the Company at a price of \$0.25 per Share expiring July 12, 2012.
- (6) Mr. Cowan holds: (i) 200,000 options entitling him to purchase up to 200,000 Shares of the Company at a price of \$0.45 per Share expiring October 26, 2009; (ii) 300,000 options entitling him to purchase up to 300,000 Shares of the Company at a price of \$0.41 per Share expiring April 5, 2011; and (iii) 150,000 options entitling him to purchase up to 150,000 Shares of the Company at a price of \$0.25 per Share expiring July 12, 2012.

As at the date hereof, the members of the audit committee are Francis Johnstone, Mike Byron and Kenneth Judge.

As at the date hereof, the members of the compensation committee are Francis Johnstone, Mike Byron and Kenneth Judge.

## AUDIT COMMITTEE

### The Audit Committee's Charter

For the text of the audit committee charter please see Schedule A to the Company's Renewal Annual Information Circular dated March 31, 2009 which is filed on SEDAR at [www.sedar.com](http://www.sedar.com) and which is specifically incorporated by reference into, and forms an integral part of, this information circular.

### Composition of the Audit Committee

For information on the composition of the audit committee please see page 20 of the Company's Renewal Annual Information Circular dated March 31, 2009 which is filed on SEDAR at [www.sedar.com](http://www.sedar.com) and which is specifically incorporated by reference into, and forms an integral part of, this information circular.

### **Relevant Education and Experience**

For information on the relevant education and experience of the members of the audit committee please see page 21 of the Company's Renewal Annual Information Circular dated March 31, 2009 which is filed on SEDAR at [www.sedar.com](http://www.sedar.com) and which is specifically incorporated by reference into, and forms an integral part of, this information circular.

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

For information on the external auditor service fees please see page 21 of the Company's Renewal Annual Information Circular dated March 31, 2009 which is filed on SEDAR at [www.sedar.com](http://www.sedar.com) and which is specifically incorporated by reference into, and forms an integral part of, this information circular.

### **Exemption**

The Company is relying on the exemption in section 6.1 of NI 52-110 Audit Committees.

## **CORPORATE GOVERNANCE**

Canadian securities regulatory policy as reflected in National Instrument 58-101 requires that reporting issuers must disclose on an annual basis their approach to corporate governance. National Instrument 58-201 provides regulatory staff guidance as to ideal governance practices (other than for audit committees), although such guideline is not prescriptive. Disclosure of the Company's approach to corporate governance in the context of these two instruments (together the "Policies") is set out below.

### **Board of Directors**

#### **Independent**

Francis Johnstone  
Mike Byron

#### **Non-Independent**

Kenneth Judge  
Stephen Fabian  
David Cowan

Stephen Fabian is considered not to be an independent director as he is the President of the Company and thus a member of the management of the Company. Kenneth Judge is considered not to be independent as he provides consulting services to the Company, while David Cowan is considered not to be independent as he, through his law firm Lang Michener, provides legal services to the Company.

The Chairman of the Company, Kenneth Judge, is not independent nor does the Company have an independent lead director. The independent directors do however meet as a group as deemed necessary.

All members of the Board of directors have been in attendance either in person or by conference call at all two board meetings held during 2008.

Members of the Board are also directors of the following public companies:

<b>Name of Director</b>	<b>Name of Company</b>
Kenneth Judge	Alto Ventures Ltd. Hidefield Gold plc Block Shield Corporation Gulfsands Petroleum plc Carnarvon Petroleum Ltd.
David Cowan	Alto Ventures Ltd. Forum Uranium Corp. Gulfsands Petroleum plc Tres-Or Resources
Mike Byron	Merc International Minerals Inc.
Francis Johnstone	Hidefield Gold plc Ridge Mining plc Sunrise Diamonds plc

### **Mandate of the Board of Directors**

The Board has overall responsibility for the stewardship of the Company, including responsibility for (i) adoption of a strategic planning process, (ii) identification of the principal risks of the Company's business and ensuring the implementation of appropriate systems to manage these risks, (iii) succession planning, including appointing, training and monitoring senior management, (iv) implementation of the communication policy for the Company, and (v) the integrity of the Company's internal control and management information systems.

Long-term strategies with respect to the Company's operations are developed by senior management of the Company and considered and, if appropriate, adopted by the Board. The strategies are reviewed and updated as required.

The Board has the responsibility to identify the principal risks of the Company's business and has committed, with management, to establish and maintain systems and procedures to ensure that these risks are monitored. These systems and procedures include the effective management of the Company's assets and financial resources, and ensuring compliance with all regulatory obligations.

The Board is responsible for the supervision of senior management to ensure that the operations of the Company are conducted in accordance with objectives set by the Board. All appointments of senior management are approved by the Board. As part of the Company's planning process, succession planning for senior management positions is reviewed and discussed.

The Company's communications system ensures that all material issues relating to the Company are adequately communicated to shareholders and other stakeholders. The system includes provision of annual and quarterly reports and press releases.

The Company, through its audit committee, reviews compliance of financial reporting with accounting principles and appropriate internal controls. The audit committee meets annually with the Company's external auditors.

### **Position Description**

The Board has not developed written position descriptions for the chair, the CEO or the chair of any board committee and looks to generally accepted industry standards as adequately delineating the roles and responsibilities of such persons. Given the relative size of the Company, the board and the management of the Company, it is felt this is sufficient.

### **Orientation and Continuing Education**

The Board does not take any formal steps to orient new directors or to provide continuing education for its directors. There has in recent years been little change to the Board and as such a formal orientation process for new directors was felt unnecessary. Further, the board is comprised of sophisticated individuals, the majority of whom serve on boards of other public companies and thus the Board has relied on information internal processes to ensure that directors maintain the skill and knowledge necessary to meet their obligations as directors.

### **Ethical Business Conduct**

The Board has adopted a written code of ethical business conduct for its directors, officers and employees which code is available on SEDAR. Given the small size of the Company's management and staff, the Board has felt it unnecessary to implement any formal process to monitor compliance with the code and is satisfied that the senior management of the Company take adequate steps to ensure compliance with the code and encourage and promote a culture of ethical business conduct.

The Board follows the requirements of the BC Business Corporations Act as to the obligations of interested Board members in any transactions and agreements, and also provides an opportunity in appropriate circumstances for non-interested directors to seek independent counsel on issues relating to conflicts.

### **Nomination of Directors**

The Board does not have a nominating committee but rather deals with the process of identifying new candidates informally. Given the relative size of the Board and the infrequency of changes in recent years the Board is satisfied that its current practices are acceptable.

### **Compensation**

The Board has a Compensation Committee comprised of majority of independent directors. The Compensation Committee assumes responsibility for reviewing and monitoring the compensation for the senior management of the Company and the Board.

### **Assessments**

There is no formal process for regular assessment of the board, its committees and individual directors. Rather the board informally assesses performance through ongoing dialogue amongst board members.

### **Conclusions**

The Board of Directors of the Company believes that the Board and its committees follow effective corporate governance practices in the context of the resource exploration and development business of the Company. The Board will continue to periodically review its

practices as they relate to corporate governance and it will make such changes as appear warranted by its review.

### **APPOINTMENT OF AUDITOR**

PricewaterhouseCoopers LLP, Chartered Accountants, Vancouver, British Columbia, will be nominated at the Meeting for reappointment as auditor of the Company at a remuneration to be fixed by the directors. PricewaterhouseCoopers LLP was first appointed auditor of the Company on July 23, 1987.

### **COMPENSATION OF EXECUTIVE OFFICERS**

#### **Named Executive Officers**

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

Stephen Fabian, Chief Executive Officer, Kerry Beamish, Chief Financial Officer, Kenneth Judge, Chairman of the Board of Directors and Homero Silva, Former President of the Company are each a “Named Executive Officer” (“NEO”) of the Company for the purposes of the following disclosure. Mr. Silva resigned as president of the Company effective July 15, 2008.

#### **Compensation Discussion and Analysis**

This report has been prepared by the Compensation Committee. The Compensation Committee is currently comprised of Francis Johnstone, Mike Byron and Kenneth Judge. The Compensation Committee assumes responsibility for reviewing and monitoring the compensation for the senior management of the Company and as part of that mandate determines the compensation of the President and Chief Executive Officer, the Chief Financial Officer and the Chairman.

#### *Philosophy and Objectives*

The compensation program for the senior management of the Company is designed to ensure that the level and form of compensation achieves certain objectives, including:

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

In compensating its senior management, the Company has employed a combination of base salary, bonus compensation and equity participation through its stock option plan.

#### *Base Salary*

In the view of the Compensation Committee, paying base salaries which are competitive in the markets in which the Company operates is a first step to attracting and retaining talented, qualified and effective executives. Competitive salary information on companies earning

comparable revenues in a similar industry is compiled from a variety of sources, including surveys conducted by independent consultants and national and international publications.

#### *Cash Incentive Compensation*

The Company's primary objective is to aim to achieve certain strategic objectives and milestones. The Compensation Committee approves executive bonus compensation dependent upon the Company meeting those strategic objectives and milestones and sufficient cash resources being available for the granting of bonuses. There were no bonuses paid to any of the Named Executive Officers during the most recently completed fiscal year.

#### *Equity Participation*

The Compensation Committee believes that encouraging its executives and employees to become shareholders is the best way of aligning their interests with those of its shareholders. Equity participation is accomplished through the Company's stock option plan. Stock options are granted to senior executives taking into account a number of factors, including the amount and term of options previously granted, base salary and bonuses and competitive factors. Options are generally granted to senior executives which vest immediately.

Given the evolving nature of the Company's business, the Compensation Committee continues to review and redesign the overall compensation plan for senior management so as to continue to address the objectives identified above.

#### *Compensation of the Named Executive Officers*

The compensation of each of the Named Executive Officers is approved annually by the Compensation Committee. Base cash compensation and variable cash compensation levels are based on market survey data provided to the Compensation Committee by independent consultants.

Annually, the Compensation Committee reviews the grants of stock options. During the year ended December 31, 2008, the Company did not grant options to any of the Named Executive Officers.

This Compensation Discussion and Analysis was completed by the Compensation Committee of the Company.

#### **Option-Based Awards**

The Company has in place a stock option plan which was established to provide incentive to qualified parties to increase their proprietary interest in the Company and thereby encourage their continuing association with the Company. Management proposes stock option grants to the board of directors based on such criteria as performance, previous grants, and hiring incentives. All grants require approval of the board of directors. The stock option plan is administered by the directors of the Company and provides that options will be issued to directors, officers, employees or consultants of the Company or a subsidiary of the Company. As the Company has moved from the Toronto Stock Exchange to the TSX Venture Exchange, the board of directors approved the adoption of a new stock option plan which more accurately reflects the current policies of the TSX Venture Exchange, which plan is subject to regulatory and shareholder approval. See "Particulars of Matters to be Acted Upon."

## Summary Compensation Table

The compensation paid to the NEOs during the Company's most recently completed financial year of December 31, 2008 is as set out below and expressed in Canadian dollars unless otherwise noted:

Name and principal position	Salary (\$)	Share-based awards (\$)	Option-based awards (\$)	Non-equity incentive plan compensation (\$)		Pension value (\$)	All other compensation (\$)	Total compensation (\$)
				Annual incentive plans	Long-term incentive plans			
Stephen Fabian, Chief Executive Officer	\$126,000	Nil	Nil	Nil	Nil	Nil	Nil	\$126,000
Kerry Beamish Chief Financial Officer	Nil	Nil	Nil	Nil	Nil	Nil	\$19,400	\$19,400
Kenneth Judge Chairman	Nil	Nil	Nil	Nil	Nil	Nil	\$152,000	\$152,000
Homero Silva <sup>(1)</sup> Former President	\$110,755	Nil	Nil	Nil	Nil	Nil	Nil	\$110,775

Notes:

- (1) Mr. Silva resigned as President of the Company on July 15, 2008.
- (2) Mr. Judge accrued directors fees of \$25,000 as Chairman of the Board and an audit committee member fee of \$3,000 in the financial year ended December 31, 2008. During the year ended December 31, 2008 the Company paid and accrued consulting fees of \$124,000 to Hamilton Capital Partners Limited. Kenneth Judge is also the Chief Executive Officer and a director.

There were no long term incentive plans in place for any Named Executive Officer of the Company during the most recently completed financial year.

## Incentive Plan Awards

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

The following table sets out all option-based awards and share-based awards outstanding as at December 31, 2008, for each NEO:

Name	Option-based Awards				Share-based Awards	
	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date(s)	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 (\$)
Stephen Fabian, Chief Executive Officer	600,000	\$0.41	April 5, 2011	N/A	Nil	N/A
	1,000,000	\$0.45	Oct. 26, 2009	N/A	Nil	N/A
Kerry Beamish, Chief Financial Officer	175,000	\$0.25	July 12, 2012	N/A	Nil	N/A
	150,000	\$0.41	April 5, 2011	N/A	Nil	N/A
Kenneth Judge, Chairman	600,000	\$0.41	April 5, 2011	N/A	Nil	N/A
	1,200,000	\$0.45	Oct. 26, 2009	N/A	Nil	N/A

Incentive Plan Awards – Value Vested or Earned During the Year

The following table sets out the awards value vested or earned under incentive plans during the year ended December 31, 2008, for each NEO:

Name	Option-based awards – Value vested during the year (\$)	Share-based awards – Value vested during the year (\$)	Non-equity incentive plan compensation – Value earned during the year (\$)
Stephen Fabian, Chief Executive Officer	N/A	N/A	N/A
Kerry Beamish Chief Financial Officer	N/A	N/A	N/A
Kenneth Judge Chairman	N/A	N/A	N/A
Homero Silva <sup>(1)</sup> Former President	N/A	N/A	N/A

Notes:

- (1) Homero Silva resigned as President of the Company on July 15, 2008.

See “Securities Authorized Under Equity Compensation Plans” for further information on the Company’s Share Option Plan.

No share options were re-priced on behalf of the Named Executive Officers during the financial year ended December 31, 2008.

The Company does not have a pension plan under which benefits are determined primarily by final compensation (or average final compensation) and years of service.

**Termination and Change of Control Benefits**

There are no compensatory plan(s) or arrangement(s), with respect to the Named Executive Officer resulting from the resignation, retirement or any other termination of employment of the officer’s employment or from a change of the Named Executive Officer’s responsibilities following a change in control.

**Director Compensation**

Each director of the Company was paid or accrued an annual director’s fee of \$12,000. The Chairman was paid and accrued an annual fee of \$25,000. The members of the audit committee are also compensated with an additional \$1,000 per special meeting attended. In 2008, \$4,000 was paid to each member of the audit committee.

The compensation provided to the directors, excluding a director who is included in disclosure for an NEO, for the Company’s most recently completed financial year of December 31, 2008 is:

Name	Fees earned (\$)	Share-based awards (\$)	Option-based awards (\$)	Non-equity incentive plan compensation (\$)	Pension value (\$)	All other compensation (\$)	Total (\$)
Francis Johnstone	\$12,000	Nil	Nil	Nil	Nil	\$4,000	\$16,000
Mike Byron	\$12,000	Nil	Nil	Nil	Nil	\$4,000	\$16,000
David Cowan	\$12,000	Nil	Nil	Nil	Nil	Nil	\$12,000
Roger Morton <sup>1</sup>	\$3,000	Nil	Nil	Nil	Nil	\$1,000	\$4,000

<sup>1</sup> Roger Morton resigned as a director effective March 14, 2008.

The following table sets out all option-based awards and share-based awards outstanding as at December 31, 2008, for each director, excluding a director who is already set out in disclosure for a NEO for the Company:

Name	Option-based Awards				Share-based Awards	
	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options (\$)	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested (\$)
Francis Johnstone	300,000	\$0.41	April 5, 2011	N/A	Nil	N/A
Mike Byron	200,000	\$0.45	Oct. 26, 2009	N/A	Nil	N/A
David Cowan	300,000	\$0.25	July 12, 2012	N/A	Nil	N/A
	150,000	\$0.25	July 12, 2012	N/A	Nil	N/A
	300,000	\$0.41	April 5, 2011	N/A	Nil	N/A
	200,000	\$0.45	Oct. 26, 2009	N/A	Nil	N/A

The following table sets out the value vested or earned under incentive plans during the year ended December 31, 2008, for each director, excluding a director who is already set out in disclosure for a NEO for the Company:

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 (\$)
Francis Johnstone	N/A	N/A	N/A
Mike Byron	N/A	N/A	N/A
David Cowan	N/A	N/A	N/A

## SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The only equity compensation plan which the Company has in place is the Plan which was previously approved by shareholders on June 12, 2008. As the Company has moved from the Toronto Stock Exchange (the “TSX”) to the TSX Venture Exchange (“TSXV”), the board of directors of the Company approved the adoption of a new stock option plan which more accurately reflects the current policies of the TSXV, which plan is subject to regulatory and shareholder approval. See “Particulars of Matters to be Acted Upon.”

The Plan has been established to provide incentive to qualified parties to increase their proprietary interest in the Company and thereby encourage their continuing association with the Company. The Plan is administered by the directors of the Company. The Plan provides that options will be issued to directors, officers, employees or consultants of the Company or a subsidiary of the Company. All options expire on a date not later than ten years after the date of grant of such option. See “Particulars of Matters to be Acted Upon”. The following table sets out equity compensation plan information as at the end of the financial year ended December 31, 2008:

**Equity Compensation Plan Information**

	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted-average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))
Plan Category	(a)	(b)	(c)
Equity compensation plans approved by securityholders	6,950,000	\$0.39	12,487,072
Equity compensation plans not approved by securityholders	Nil	Nil	Nil
Total	6,950,000	\$0.39	12,487,072

**INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS**

Other than as set out above, no directors, proposed nominees for election as directors, senior officers or their respective associates or affiliates, or other management of the Company were indebted to the Company as of the date hereof.

**INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS**

Effective March 12, 2008 Hamilton Capital Partners Limited (“Hamilton”), a company with which Kenneth Judge, the Chairman of the Company, is associated, purchased 2,000,000 ordinary shares in Hidefield Gold plc (“Hidefield”) held by BSG Investments Inc. (“BSG”), a wholly owned subsidiary of the Company, at price of 4.75p per share for a total consideration of £95,000. Mr. Judge is also the Chairman of Hidefield.

During the year ended December 31, 2008, the Company paid/accrued consulting fees of \$124,000 to Hamilton Capital Partners Limited (“Hamilton”). Hamilton currently provides corporate finance consulting services to the Company pursuant to a consulting contract between the Company and Hamilton dated June 24, 2005. Kenneth Judge, the Chairman of the Company, is also the Chief Executive Officer and a director of Hamilton

The Company engages HRG Management Ltd (“HRG”) at a monthly fee of \$18,400 to provide the office administration, accounting, corporate secretarial, investor relations, chief financial officer and related services to the Company. HRG is a management company that provides shared office space and staff to certain other public companies on a cost recovery basis. The Company share directors and officers in common with HRG. Kenneth Judge, the Company’s Chairman, is also the President and a director of HRG. Stephen Fabian, the Company’s CEO, is also a director of HRG. As of today’s date the Company has paid \$245,000 in fees to HRG.

Other than as disclosed above, to the knowledge of management of the Company, no informed person or nominee for election as a director of the Company had any interest in any material transaction during the year ended December 31, 2008, or has any interest in any material transaction in the current year other than as set out herein.

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

None of the directors or executive officers of the Company, nor any person who has held such a position since the beginning of the last completed financial year end of the Company, nor any proposed nominee for election as a director of the Company, nor any associate or affiliate of the foregoing persons, has any substantial or material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted on at the Meeting other than the election of directors and as otherwise set out herein.

## **MANAGEMENT CONTRACTS**

Except as set out herein, there are no management functions of the Company which are to any substantial degree performed by a person or company other than the directors or senior officers of the Company.

The Company entered into a management services agreement dated March 1, 2004 with Stephen Fabian, a Named Executive Officer and Massif Limited, a company in which Stephen L. Fabian is interested. Pursuant to the terms of the agreement, Massif is to provide management services to the Company in consideration for the Company paying a monthly management fee of US\$9,000. The agreement has a 12 month term unless extended or earlier terminated by either party pursuant to the terms of the agreement. The agreement was renewed for a term of one year at a monthly management fee of US\$10,000.

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

### **Consolidation of Common Shares**

The Board wishes to be in a position during the ensuing year, if it considers it to be in the best interests of the Company, to effect a consolidation of the Company's issued share capital on the basis of up to ten (10) pre-consolidated Common Shares for one (1) post-consolidated Common Share without par value.

As at July 27, 2009 there were 194,370,722 Common Shares in the capital of the Company issued and outstanding. Accordingly, if put into effect on the basis of the maximum authorized ratio of ten (10) pre-consolidated Common Shares for one (1) post-consolidated Common Share, a total of 19,437,072 Common Shares in the capital of the Company would be issued and outstanding following the said consolidation, assuming no other change in the issued capital. There is currently an unlimited number of authorized Common Shares and on effecting the consolidation there will continue to be an unlimited number of authorized Common Shares.

As set out in Section 83 of the *Business Corporations Act* (British Columbia) (the "BCA") if any fractional Common Shares result from the consolidation, each fractional Common Share remaining after conversion that is less than one-half of a Common Share must be cancelled and each fractional Common Share that is at least one-half of a Common Share must be changed to one whole Common Share.

Shareholders of the Company will be asked to approve a resolution authorizing the consolidation, subject to the further approval of the directors of the Company, of its current issued and outstanding Common Shares without par value on a basis of up to ten (10) pre-consolidated Common Shares for one (1) post-consolidated Common Share in its authorized

share structure, the text of which is set out below. To be effective the resolution must be passed by at least a two-thirds majority of the votes cast on the motion to approve the resolution.

“Resolved that:

- (a) subject to further approval of the board of directors of the Company, the issued share capital of the Company be altered by consolidating all of the issued and outstanding Common Shares without par value, of which 194,370,722 are issued, on the basis of up to ten (10) pre-consolidated Common Shares for one (1) post-consolidated Common Share;
- (b) any fractional Common Shares resulting from the consolidation of the Common Shares shall dealt with in accordance with the provisions of Section 83 of the BCA;
- (c) the board of directors of the Company is hereby authorized, at any time in its absolute discretion, to determine whether or not to proceed with the above resolutions without further approval, ratification or confirmation by the shareholders and to determine the actual ratio of any such consolidation without further approval, ratification or confirmation by the shareholders; and
- (d) upon the date determined by the directors, this resolution described herein shall be deposited at the Company’s records office.”

The resolution will not be effective unless and until deposited at the Company’s records office by direction of the Board.

The Board is in favour of the aforesaid resolution empowering it to effect a consolidation if deemed warranted, as it will provide the Company with increased flexibility to seek additional financing opportunities and strategic acquisitions.

**A share consolidation does not change a shareholder's proportionate interest in the Company.**

**The Board recommends you vote in favour of the above special resolution which will be effected under the existing Articles.**

A special resolution is a resolution passed by the shareholders of the Company at a general meeting by a two-thirds majority of the votes cast in person or by proxy.

### **Cancellation of Trading on AIM**

When the Company’s Shares were admitted to trading on AIM, the Company was hopeful that an active market for its Shares would evolve. This has not proved to be the case and the great majority of the trading in the Company’s Shares has been in Canada (TSX until June 22, 2009 and thereafter on the TSXV).

Due to the low volume in trading of the Company’s Shares on AIM compared to the regulatory and financial commitment required to maintain an AIM quotation, the Board considers it in the best interest of the Company to seek the cancellation of its Shares from trading on AIM. The relatively low profile of the Company and inactive trading on AIM do not, in the Board’s view, justify the costs and inconvenience of maintaining a second quotation on AIM.

The Board believes that shareholders currently trading or holding AIM-quoted Shares will not be materially prejudiced by the proposed cancellation of the AIM quotation, given that shareholders will continue to be able to trade their Shares on the TSXV. For those not familiar with the Canadian securities regulatory system, public information on the Company can be accessed through [www.sedar.com](http://www.sedar.com), an independent website on which all regulatory filings must be made.

On July 2, 2009 the Board approved the proposed cancellation of the Shares from trading on AIM and the submission of a resolution regarding the same to the shareholders of the Company.

The text of the special resolution to approve the cancellation of trading of the Shares on AIM is set out below:

**“WHEREAS**, due to the relatively low volume of trading in Shares on AIM, as compared to the high regulatory and financial commitments required to maintain an AIM quotation, the Board wishes to proceed with seeking the cancellation of the quotation of the Company’s Shares on AIM;

**BE IT RESOLVED AS A SPECIAL RESOLUTION THAT:**

1. the Company be and is hereby authorized and directed to cancel the quotation of the Company’s Shares on the AIM Market of the London Stock Exchange plc;
2. the Company be and is hereby authorized to prepare and file all such documents and make all such submissions as may be required to effect the foregoing resolution; and
3. any director or officer of the Company be and is hereby authorized and directed for and on behalf and in the name of the Company to execute, deliver and file all such documents and instruments and to do all such other acts and things as he may in his sole discretion consider necessary or desirable in connection with or to carry out the provisions of the foregoing resolutions, the authority for the execution of such documentation and the doing of such things to be conclusively evidenced thereby.”

**In order to be passed, in accordance with the AIM Rules for Companies, 75% of the votes cast at the Meeting in person or by proxy must be voted in favour of the resolution. Should the resolution be passed, it is anticipated that the cancellation of trading of the Company’s Shares on AIM will be effected on or about September 8, 2009.**

### **New Share Option Plan**

The Company presently has in place a share option plan (the “2008 Plan”) which was approved by shareholders at the Company’s Annual General Meeting held on June 12, 2008 (the “2008 Plan”). As the Company has moved from the Toronto Stock Exchange (the “TSX”) to the TSX Venture Exchange (“TSXV”), the board of directors of the Company approved the adoption of a new stock option plan which more accurately reflects the current policies of the TSXV. The Company therefore wishes to seek shareholder approval to adopt a new 2009 share option plan (the “New Plan”). Accordingly, shareholders will be asked to approve the New Plan consisting

of Shares of the Company's authorized but unissued Common Shares and will be limited to 10% of the issued Shares of the Company at the time of any granting of options (on a non-diluted basis).

*Material Terms of the New Plan*

The following is a summary of the material terms of the New Plan:

- (a) the Company may grant stock options to any one individual representing over 5% of the issued Shares in any 12 month period with the approval of disinterested shareholders;
- (b) the Company may alter the requirement for options granted to optionees to expire 90 days following the termination of the relationship between the optionee and the Company;
- (c) the Company may alter the requirement for options granted to persons performing Investor Relations Activities (as defined in the TSXV Policy) to expire 30 days following the termination of the relationship between the optionee performing Investor Relations Activities and the Company;
- (d) the Company may grant options having a term of up to 10 years; and
- (e) the options granted under the New Plan will not automatically be subject to vesting however the Company may impose vesting requirements on a case by case basis.

A copy of the Plan is available for review at the offices of the Company at Suite 910, 475 Howe Street, Vancouver, BC V6C 2B3.

*Shareholder Approval*

**An ordinary resolution requires the favourable vote of a simple majority of the votes cast in person or by proxy at the Meeting excluding votes attaching to Shares held by insiders. Therefore for the purposes of such approval a total of 9,600,937 Shares held by insiders will not be voted. Management of the Company recommends that the Shareholders approve the following resolution:**

"RESOLVED THAT, subject to regulatory approval:

- 1. the Company's New Plan be and it is hereby adopted and approved;
- 2. the board of directors be authorized to grant options under and subject to the terms and conditions of the New Plan, which may be exercised to purchase up to 10% of the issued Common Shares of the Company from time to time;
- 3. the board of directors be authorized to grant options representing in excess of 5% of the issued and outstanding Common Shares of the Company to any one individual within a 12 month period;
- 3. the outstanding stock options which have been granted prior to the implementation of the New Plan shall, for the purpose of calculating the number of stock options that may be granted under the New Plan, be treated as options granted under the New Plan; and
- 4. any one director or officer of the Company be authorized and directed to perform such acts and deeds and things and execute all such documents, agreements and other writings as may be required to give effect to the true intent of these resolutions."

A full copy of the New Plan will be available for inspection at the Meeting.

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

**Re-pricing of Stock Options**

The Company is proposing to re-price certain outstanding options granted under its stock option plan following the consolidation of the Company's issued share capital. The policies of the TSXV require disinterested shareholder approval of each reduction of the exercise price of a stock option granted to an Insider (as defined in the policies of the TSXV) prior to the Insider being entitled to exercise the option at the revised price. Particulars of the outstanding options to Insiders of the Company proposed to be re-priced by the Company are as follows:

<b>Name of Optionee</b>	<b>Grant Date</b>	<b>Expiry Date</b>	<b>Number of Shares</b>	<b>Original Exercise Price</b>
<b>Directors</b>				
Kenneth Judge	26-Oct-05	26-Oct-09	1,200,000	\$0.45
	5-Apr-06	5-Apr-11	600,000	\$0.41
Stephen Fabian	26-Oct-05	26-Oct-09	1,000,000	\$0.45
	5-Apr-06	5-Apr-11	600,000	\$0.41
Francis Johnstone	26-Oct-05	26-Oct-09	200,000	\$0.45
	5-Apr-06	5-Apr-06	300,000	\$0.41
	12-Jul-07	12-Jul-12	150,000	\$0.25
David Cowan	26-Oct-05	26-Oct-09	200,000	\$0.45
	5-Apr-06	5-Apr-11	300,000	\$0.41
	12-Jul-07	12-Jul-12	150,000	\$0.25
Mike Byron	12-Jul-07	12-Jul-12	300,000	\$0.25
<b>Officers</b>				
Kerry Beamish, CFO	5-Apr-06	5-Apr-11	150,000	\$0.41
	12-Jul-07	12-Jul-12	175,000	\$0.25
Jacqueline Collins, Secretary	5-Apr-06	5-Apr-11	50,000	\$0.41
	12-Jul-07	12-Jul-12	125,000	\$0.25
<b>TOTAL</b>			<b>5,300,000</b>	

Coincident with the re-pricing of the outstanding options to directors and officers described above, the Company proposes to re-price those outstanding options that were granted to employees and consultants at exercise prices of \$0.65, \$0.45, \$0.41 and \$0.25 per share, being an aggregate of 1,575,000 options. The re-pricing of these options to employees and consultants, who are not Insiders of the Company, does not require disinterested shareholder approval under the policies of the TSXV.

Management recommends that the disinterested shareholders approve the proposed re-pricing of these directors' and officers' options so that the options will again provide the intended incentive to management and employees of the Company.

It is intended that such options will be repriced following the consolidation of the Company's share capital based on the then market price of the Company's Shares on the TSXV, in accordance with the policies of the TSXV.

**Under the policies of the TSXV the repricing of the options held by insiders must be approved by a majority of votes cast at a meeting of shareholders excluding votes attaching to Shares held by insiders. Therefore for the purposes of such approval a total of 9,600,937 Shares held by insiders will not be voted. The proposed re-pricing is also subject to the approval of the TSXV.**

Accordingly, at the Meeting, disinterested shareholders will be asked to consider, and if thought fit, to pass the following resolution:

**“Resolved that the Company be authorized to amend options to purchase an aggregate of 5,300,000 Common Shares previously granted to certain directors and officers of the Company by reducing the exercise price of such options, on a post consolidated basis, to such price as shall be determined by the board of directors in accordance with the policies of the TSX Venture Exchange.”**

#### ADDITIONAL INFORMATION

Additional information relating to the Company is on [www.sedar.com](http://www.sedar.com). Financial information is provided in the Company's comparative financial statements and management discussion and analysis for its most recently completed financial year. The Company will provide to any person or company, upon request to the Secretary of the Company, one copy of any of the following documents:

- (a) the comparative financial statements of the Company filed with the applicable securities regulatory authorities for the Company's most recently completed financial year in respect to for which such financial statements have been issued, together with the report of the auditor, related management's discussion and analysis and any interim financial statements of the Company filed with the applicable securities regulatory authorities subsequent to the filing of the annual financial statements; and
- (b) the information circular of the Company filed with the applicable securities regulatory authorities in respect of the most recent annual meeting of shareholders of the Company which involved the election of directors.

Copies of the above documents will be provided free of charge to security holders of the Company. The Company may require the payment of a reasonable charge from any person or company who is not a security holder of the Company, who requests a copy of any such document. The foregoing documents are also available on Sedar at [www.sedar.com](http://www.sedar.com).

**OTHER MATTERS**

The Directors are not aware of any other matters which they anticipate will come before the Meeting as of the date of mailing of this Information Circular.

**APPROVAL OF DIRECTORS**

The contents of the Information Circular have been approved by the Board of Directors of the Company.