

BRAZILIAN DIAMONDS LIMITED
Suite 910, 475 Howe Street
Vancouver, British Columbia V6C 2B3
Tel: 604.689.2599
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NOTICE OF ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS

The annual and special meeting (the "Meeting") of Shareholders of **Brazilian Diamonds Limited** (the "Company") will be held at the offices of the Company, Suite 910, 475 Howe Street, Vancouver, British Columbia on Thursday, July 29, 2010 at 10:00 a.m., local time, for the following purposes:

1. To receive and consider the report of the directors, the financial statements for its fiscal period ended December 31, 2009 and the report of the auditor of the Company thereon.
2. To fix the number of directors of the Board of the Company at five.
3. To elect directors of the Company for the ensuing year.
4. To appoint Davidson & Company LLP, as the auditors of the Company for the ensuing year and to authorize the directors to fix the auditor's remuneration.
5. To re-approve the Company's 10% rolling stock option plan.
6. To approve, by special resolution, the disposition of all of the shares of Mineracao do Sul Ltda., which includes the assets of the Canastra Project (the "Disposition Resolution"), as more particularly set out in the accompanying Information Circular.
7. To approve, by special resolution, consolidation of the Company's common shares on an up to 5 for 1 basis.
8. To approve, by special resolution, a change of name of the Company to such name as may be chosen by the board of directors and as shall be acceptable to the Registrar of Companies and the other applicable regulatory authorities.
9. To consider any permitted amendment to or variation of any matter identified in this Notice and to transact such other business as may properly come before the Meeting or any adjournment thereof. Management is not currently aware of any other matters that could come before the Meeting.

An Information Circular accompanies this Notice. The Information Circular contains details of matters to be considered at the Meeting.

Shareholders of the Company have the right to dissent in respect of the Disposition Resolution and, if the Disposition Resolution is passed, to be paid the fair value of their Shares (the "Shares"). This dissent right is described in the Circular. Failure to comply strictly with the requirements set forth in section 242 of the British Columbia Business Corporations Act may result in the loss of any right of dissent. Beneficial holders of Shares registered in the name of a broker, custodian, nominee or other intermediary who wish to

dissent should be aware that only the registered holders of such Shares are entitled to dissent. Accordingly, a beneficial owner of Shares desiring to exercise the right of dissent must make arrangements for the Shares beneficially owned such holder to be registered in the holder's name prior to the time the written objection to the resolution approving the arrangement is required to be received by the Company or, alternatively, make arrangements for the registered holder of the Shares to dissent on the beneficial owner's behalf.

Shareholders who are unable to attend the Meeting in person and who wish to ensure that their Shares will be voted at the Meeting are requested to complete, date and sign the enclosed form of proxy or complete another suitable form of proxy and deliver it by fax, by hand or by mail in accordance with the instructions set out in the form of proxy and in the Information Circular.

Shareholders who plan to attend the Meeting must follow the instructions set out in the form of proxy and in the Information Circular to ensure that their shares will be voted at the Meeting.

DATED at Vancouver, British Columbia, this 23rd day of June, 2010.

BY ORDER OF THE BOARD

Kenneth Judge
Chairman

BRAZILIAN DIAMONDS LIMITED

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

INFORMATION CIRCULAR

as at June 22, 2010

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 Thursday, July 29, 2010 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.

The Company’s Audit Committee Charter is filed on SEDAR at www.sedar.com and is specifically incorporated by reference into, and forms an integral part of, this Information Circular. 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.

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. 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 Tuesday, June 22, 2010 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 19,437,074 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:

Shareholder Name	Number of Shares Held	Percentage of Issued Shares
George Robinson	3,284,721	16.89%

Notes:

The above information was supplied to the Company by the shareholders and from the insider reports available at 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 resolutions to: (i) dispose of all of the shares of Mineracao do Sul Ltda. ("MdS"), which includes the assets of the Canastra Project; (ii) effect an up to 5 for 1 share consolidation; and (iii) change of name of the Company, all of which require special resolutions under the *BC Business Corporations Act* by two-thirds 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 June 22, 2010.

Name, Position and Country of Residence	Occupation, Business or Employment ⁽¹⁾	Period a Director of The Company	Shares Beneficially Owned, Controlled ⁽¹⁾
KENNETH P. JUDGE Chairman & Director MONACO	Chairman of the Company; Chief Executive Officer of Hamilton Capital Partners Limited since 1999. Director of Corporate Development for Gulfsands Petroleum Inc. Self-employed corporate lawyer.	February 14, 2001	793,697 ⁽²⁾
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)	166,396 ⁽³⁾
FRANCIS JOHNSTONE Director ENGLAND	Mining Consultant	March 15, 1999	136,396 ⁽⁴⁾
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 ⁽⁵⁾

Name, Position and Country of Residence	Occupation, Business or Employment ⁽¹⁾	Period a Director of The Company	Shares Beneficially Owned, Controlled ⁽¹⁾
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 ⁽⁶⁾

- (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 (“Hamilton”). While Mr. Judge has no beneficial interest in these Shares, he is a consultant advisor and designated representative of Hamilton. In addition, Hamilton holds 60,000 options entitling it to purchase up to 60,000 Shares of the Company at a price of \$4.10 per Share expiring April 5, 2011.
- (3) 136,396 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 60,000 options entitling him to purchase up to 60,000 Shares of the Company at a price of \$4.10 per Share expiring April 5, 2011.
- (4) These Shares are held indirectly through Rock Capital. In addition, Mr. Johnstone holds: (i) 30,000 options entitling him to purchase up to 30,000 Shares of the Company at a price of \$4.10 per Share expiring April 5, 2011; and (ii) 15,000 options entitling him to purchase up to 15,000 Shares of the Company at a price of \$2.50 per Share expiring July 12, 2011.
- (5) Mr. Byron holds 30,000 options entitling him to purchase up to 30,000 Shares of the Company at a price of \$2.50 per Share expiring July 12, 2012.
- (6) Mr. Cowan holds: (i) 30,000 options entitling him to purchase up to 30,000 Shares of the Company at a price of \$4.10 per Share expiring April 5, 2011; and (iii) 15,000 options entitling him to purchase up to 15,000 Shares of the Company at a price of \$2.50 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.

INFORMATION CONCERNING THE COMPANY’S AUDIT COMMITTEE AND EXTERNAL AUDITOR

The Company’s audit committee has various responsibilities as set forth in National Instrument 52-110 made under securities legislation, among such responsibilities being a requirement that the audit committee establish a written charter that sets out its mandate and responsibilities.

The Audit Committee's Charter

The Company's Audit Committee Charter is filed on SEDAR at www.sedar.com and is specifically incorporated by reference into, and form an integral part of, this Information Circular. 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.

Composition of the Audit Committee

The following are the current members of the Committee:

Kenneth Judge*	Not Independent ^①	Financially literate ^①
Mike Byron	Independent ^①	Financially literate ^①
Francis Johnstone	Independent ^①	Financially literate ^①

* Kenneth Judge is the Chairman of the Company and is therefore not considered independent.

① As defined by National Instrument 52-110 ("NI 52-110").

The Company proposes to appoint Francis Johnstone, Kenneth Judge and Mike Byron as the members of the Committee following the Meeting.

Relevant Education and Experience

For information on the education and experience of the members of the Audit Committee please see details under the heading "Directors and Officers" referred to herein.

Pre-Approval Policies and Procedures

All services to be performed by the Company's independent auditor must be approved in advance by the Audit Committee. The Audit Committee has considered whether the provision of services other than audit services is compatible with maintaining the auditors' independence and has adopted a policy governing the provision of these services. This policy requires the pre-approval by the Audit Committee of all audit and non-audit services provided by the external auditor, other than any de minimus non-audit services allowed by applicable law or regulation.

External Auditor Service Fees (By Category)

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

<i>Financial Year Ended</i>	<i>Audit Fees</i>	<i>Audit Related Fees</i>	<i>Tax Fees</i>	<i>All Other Fees</i>
Dec 31, 2009	\$54,570	Nil	Nil	Nil
Dec 31, 2008	\$75,000	Nil	Nil	Nil

Exemption

As a "venture issuer" as defined in National Instrument 52-110, the audit committee of the Company relies on the exemption set forth in section 6.1 of NI 52-110 with respect to Part 3 (Composition of the Audit Committee) and Part 5 (Reporting Obligations) of NI 52-110.

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

Stephen Fabian
Kenneth Judge
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 2009.

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

Name of Director

Name of Company

Kenneth Judge

Alto Ventures Ltd.
Minera IRL Limited
Gulfsands Petroleum plc
Carnarvon Petroleum Ltd.

David Cowan

Alto Ventures Ltd.
Forum Uranium Corp.
Gulfsands Petroleum plc
Tres-Or Resources
Reva Resource
Chelsea Minerals

Mike Byron

Merc International Minerals Inc.
Brionor Resources Inc.

Francis Johnstone

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, resigned as the Corporation's auditors effective January 7, 2010 and Davidson & Company LLP, Chartered Accountants, were appointed by the directors as the auditors of the Corporation. Attached to this Management Proxy Circular as Schedule A is the Change of Auditor Package as required by National Instrument 51-102. At the Meeting, shareholders will be asked to pass a resolution appointing Davidson & Company, Chartered Accountants, as the auditors of the Company until the close of the next annual general meeting of the Corporation, at a remuneration to be fixed by the directors.

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 and Kenneth Judge, Chairman of the Board of Directors of the Company are each a “Named Executive Officer” (“NEO”) of the Company for the purposes of the following disclosure.

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, 2009, 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. See "Particulars of Matters to be Acted Upon."

Summary Compensation Table

The compensation paid/accrued to the NEOs during the Company's most recently completed financial year of December 31, 2009 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	\$138,000	Nil	Nil	Nil	Nil	Nil	Nil	\$138,000
Kerry Beamish Chief Financial Officer	Nil	Nil	Nil	Nil	Nil	Nil	\$19,400	\$19,400
Kenneth Judge Chairman	Nil	Nil	Nil	Nil	Nil	Nil	\$117,000	\$117,000

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, 2009, 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	60,000	\$4.10	April 5, 2011	N/A	Nil	N/A
Kerry Beamish Chief Financial Officer	17,500	\$2.50	July 12, 2012	N/A	Nil	N/A
	15,000	\$4.10	April 5, 2011	N/A	Nil	N/A
Kenneth Judge Chairman	60,000	\$4.10	April 5, 2011	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, 2009, 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

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, 2009.

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 2009, \$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, 2009 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

The following table sets out all option-based awards and share-based awards outstanding as at December 31, 2009, 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	30,000	\$4.10	April 5, 2011	N/A	Nil	N/A
	15,000	\$2.50	July 12, 2012	N/A	Nil	N/A
Mike Byron	30,000	\$2.50	July 12, 2012	N/A	Nil	N/A
David Cowan	15,000	\$2.50	July 12, 2012	N/A	Nil	N/A
	30,000	\$4.10	April 5, 2011	N/A	Nil	N/A

The following table sets out the value vested or earned under incentive plans during the year ended December 31, 2009, 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 August 31, 2009. 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, 2009:

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	400,000	\$3.37	1,543,707
Equity compensation plans not approved by securityholders	Nil	Nil	Nil
Total	400,000	\$3.37	1,543,707

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

During the year ended December 31, 2009, the Company paid/accrued consulting fees of \$117,000 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 a consultant advisor and designated representative of Hamilton.

The Company engages HRG Management Ltd (“HRG”) at a monthly fee of \$13,400 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. As of today’s date the Company has paid \$241,000 in fees to HRG.

As at December 31, 2009, the Company owed \$150,000 (2008 - \$32,000) to Itapiruba Internacional Ltda., a company associated with Hamilton and Kenneth Judge, with accrued interest based on the monthly interest rate of the standard Brazilian CDB bank rate for Banco Itau payable on demand.

As at December 31, 2009, the Company owed \$56,000 (2008 - \$Nil) to Hamilton with accrued interest based on prime rate plus 1% and with no repayment terms.

On November 4, 2005, the Company entered into an agreement with Hidefield Gold plc (“Hidefield”) pursuant to which the Company sold its 50% interest in the Cata Preta Joint Venture for consideration comprising 2,500,000 new common shares of Hidefield. The agreement also granted the Company a 5% net profits interest royalty and 20% of the net proceeds received by Hidefield through future joint ventures, leases, or outright sale of any of the mineral licenses The Company had previously written down the carrying value of the Cata Preta property to \$Nil. During the year ended December 31, 2009, the Cata Preta property was sold and the Company received a 5% net profits interest royalty of \$53,000 (US\$50,000). The Company also received 20% of the net proceeds initially received on the sale of the Cata Preta property and recorded a gain of \$210,000. At March 31, 2010, the Company recorded an amount of \$127,000 (US\$120,000) as receivable from Hidefield from the future receipt of net proceeds on the sale of the Cata Preta property.

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, 2009, 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

Disposition of Assets

The Company's wholly owned subsidiary, Mineracao do Sul Ltda. ("MdS"), has entered into a Heads of Agreement with Qualimarcas Comercio E. Exportacao de Cereais Ltda. and Socios Quotistas de Mineracao do Sul Ltda. (collectively the "Vendors") wherein MdS has agreed to sell and the Vendors have agreed to purchase all of the shares of MdS which includes the assets of the Canastra Project (the "Disposition").

The cash consideration for the sale of Mineracao do Sul is for a total of R\$1.100.000 (US\$640,000). As of the date of this Information Circular, the Vendors have made a deposit of R\$100.000 and are now conducting their due diligence. A further R\$1.000.000 will be paid on the closing of the transaction.

The proceeds of this transaction will be used to repay Company debt and to provide working capital to fund the Company's efforts to pursue new opportunities.

The Company received conditional approval from the TSX Venture Exchange to the Disposition by letter dated June 3, 2010. Further, as the Disposition constitutes a disposition of substantially all of the undertaking of the Company, the British Columbia Business Corporations Act requires that the Disposition be authorized by a special resolution of the shareholders of the Company. Notwithstanding shareholder approval to the Disposition is sought and obtained at the Meeting, there are no assurances that the Disposition will be proceeded with. The form of special resolutions to be considered by shareholders at the meeting is as follows:

"BE IT RESOLVED BY SPECIAL RESOLUTION THAT:

1. the Heads of Agreement, the actions of the directors and officers of the Company in approving the Disposition and in executing and delivering the Heads of Agreement, and the transactions contemplated by it, including without limitation the Disposition, are hereby authorized, approved, ratified and confirmed;
2. the board of directors of the Company, without further notice to or approval of the shareholders of the Company may decide not to proceed with the Disposition or otherwise give effect to this special resolution at any time prior to the Disposition becoming effective; and
3. any one director or officer of the Company is hereby authorized to execute and deliver all such documents, agreements and instruments, under seal or otherwise, and to do all such other acts and things necessary to effect the foregoing transactions as such director may determine appropriate."

The board of directors of the Company have concluded that the Disposition as described herein is in the best interests of the Company and recommends that shareholders approve the Disposition. 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.

RIGHT OF DISSENT

As indicated in the Notice of Meeting, a shareholder is entitled to dissent and be paid by the Company the fair value of his Shares in accordance with section 245 of the British Columbia Business Corporations Act (the “BCBCA”) if such shareholder dissents from the Disposition and otherwise complies with the procedure set out in section 242 of the BCBCA and the Disposition Resolution is passed the Meeting. **The statutory provisions dealing with the right of dissent are technical and complex. Any shareholder who wishes to exercise his Dissent Right should seek his own legal advice, as failure to comply strictly with the provisions of section 242 of the BCBCA may prejudice such shareholder’s right of dissent. The relevant provisions of the BCBCA are set out in Schedule D hereto.**

In order for a shareholder to dissent (a “Dissenting Shareholder”), a written objection (an “**Objection Notice**”) to the Disposition Resolution must be received by the Company, to the attention of the President, at its head office, Suite 910, 475 Howe Street, Vancouver, BC V6C 2B3, by no later than 48 hours before the time of the Meeting. A vote against the Disposition Resolution, an abstention, or the execution of a proxy to vote against the Disposition Resolution, does not constitute an Objection Notice.

A Dissenting Shareholder may only dissent under section 242 with respect to all the Shares held by such Dissenting Shareholder or held on behalf of any one beneficial owner and registered in the Dissenting Shareholder’s name. A shareholder is not entitled to dissent with respect to his shares if he votes any of his Shares in favour of the Disposition Resolution. **Beneficial owners of Shares registered in the name of a broker, custodian, nominee or other intermediary who wish to dissent should be aware that only registered Shareholders are entitled to dissent. Accordingly, a beneficial owner of Shares desiring to exercise the Dissent Right must make dispositions for the Shares beneficially owned by such Shareholder to be registered in his name prior to the time the Objection Notice is required to be received, or alternatively, make dispositions for the registered Shareholder to dissent on the beneficial holder’s behalf.**

A Dissenting Shareholder who has complied with the provisions of section 242, or the Company, may apply to the Court for an order requiring such Dissenting Shareholder’s Shares to be purchased, fixing the price and terms of the purchase and sale or ordering that they may be determined by arbitration, and the Court may make such order and such consequential orders or directions as the Court considers appropriate. There is no obligation on the Company to make application to the Court. The Dissenting Shareholder will be entitled to receive the fair value of the Shares held by such holder as of the day before the Meeting or such later date on which the Special Resolution to authorize the Disposition is passed.

A Dissenting Shareholder ceases to have any rights as a Shareholder, other than the right to be paid the fair value of the securities in the amount agreed to between the Company and the Dissenting Shareholder or in the amount of the judgment, as the case may be, on the earliest of the Effective Date, the making of an agreement between the Company and the Dissenting Shareholder as to the payment to be made for the Dissenting Shareholder’s securities, and the pronouncement of the order of the Court fixing the fair value of the securities. Until any of the foregoing events occurs, the Shareholder may withdraw the Dissenting Shareholder’s dissent, or the Company may rescind the Disposition Resolution and in either event, proceedings under Section 191 shall be discontinued.

Strict Compliance with Dissent Provisions Required

The above summary does not purport to provide a comprehensive statement of the procedures to be followed by a Dissenting Shareholder who seeks payment of the fair value of his Shares. Section 242 of the BCBCA requires strict adherence to the procedures established therein and failure to do so may result in the loss of all rights dissent. **Accordingly, each Shareholder who might desire to exercise the right of dissent and appraisal should carefully consider and comply with the relevant provisions of the BCBCA dealing with dissent, and consult his own legal advisor. The full text of sections 237 -247 of the BCBCA is set out in Schedule D hereto.**

In circumstances where more than 5% of shareholders exercise their right of dissent the Company reserves the right to not proceed with the Disposition.

Re-Approval of Stock Option Plan

The Company has in place a stock option plan (the “Plan”) which was approved by Shareholders at the Company’s Annual and Special Meeting held on August 31, 2009. It is a requirement of the TSX Venture Exchange (the “Exchange”) that each company listed on the Exchange have a stock option plan, and a company with a “rolling plan” must seek shareholder approval to such plan each year to ensure compliance with their policies. Accordingly, shareholders will be asked to re-approve the 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). The Plan has the following terms:

Material Terms of the New Plan

The following is a summary of the material terms of the 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 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. Management of the Company recommends that the Shareholders approve the following resolution:

"RESOLVED THAT, subject to regulatory approval:

1. the Company's 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 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 Plan shall, for the purpose of calculating the number of stock options that may be granted under the Plan, be treated as options granted under the 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 Plan will be available for inspection at the Meeting.

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

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 five (5) pre-consolidated Common Shares for one (1) post-consolidated Common Share without par value.

As at June 22, 2010 there were 19,437,074 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 five (5) pre-consolidated Common Shares for one (1) post-consolidated Common Share, a total of 3,887,414 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 special 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 five (5) 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 as special resolution 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 19,437,074 are issued, on the basis of up to five (5) 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.

Name Change

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 change the name of the Company to such name as may be chosen by the Board of Directors and as shall be acceptable to the Registrar of Companies and the other applicable regulatory authorities.

Shareholders of the Company will be asked to approve a special resolution authorizing the board to change the name, 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 by special resolution that:

- (a) the Company be and is hereby authorized and approved to change the name of the Company to such name as may be chosen by the Board of Directors and as shall be acceptable to the Registrar of Companies and the other regulatory authorities;
- (b) 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.”

ADDITIONAL INFORMATION

Additional information relating to the Company is on 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.

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.

SCHEDULE A – CHANGE OF AUDITOR PACKAGE

BRAZILIAN DIAMONDS LIMITED
#910, 475 Howe Street
Vancouver, BC V6C 2B3

NOTICE OF CHANGE OF AUDITOR

TO: PricewaterhouseCoopers LLP, Chartered Accountants
AND TO: Davidson & Company, Chartered Accountants

NOTICE IS HEREBY GIVEN that, on the advice of the Audit Committee of the Company, the Board of Directors of the Company resolved as of January 7, 2010 that:


- (a) The resignation of PricewaterhouseCoopers LLP, Chartered Accountants, ("PWC") as of January 7, 2010, as auditor of the Company be accepted, and
- (b) Davidson & Company, Chartered Accountants, be appointed as auditor of the Company effective as of January 7, 2010, to hold office until the next annual meeting at a remuneration to be fixed by the directors.

In accordance with National Instrument 51-102 ("NI 51-102") we confirm that:

- (a) PWC resigned as auditor of the Company at the request of the Company;
- (b) PWC, has not expressed any reservation in its reports for the two most recently completed fiscal years of the Company, nor for the period from the most recently completed period for which PWC issued an audit report in respect of the Company and the date of this Notice;
- (c) the resignation of PWC and appointment of Davison & Company as auditor of the Company were considered and approved by the Audit Committee of the Company;
- (d) in the opinion of the Board of Directors of the Company, no "reportable event" as defined in NI 51-102 has occurred in connection with the audits of the two most recently completed fiscal years of the Company, nor any period from the most recently completed period for which PWC issued an audit report in respect of the Company and the date of this Notice; and
- (e) the Notice has been reviewed by the Audit Committee and the Board of Directors.

Dated as at January 7, 2010.

BRAZILIAN DIAMONDS LIMITED

Per: 
Kerry Beamish
Chief Financial Officer

January 13, 2010

British Columbia Securities Commission
9th Floor, 701 West Georgia Street
Vancouver, BC V7Y 1L2

Davidson & Company LLP
1200 – 609 Granville Street
PO Box 10372
Vancouver, BC V7Y 1G6

Brazilian Diamonds Limited
475 Howe Street, Suite 910
Vancouver, BC V6C 2B3

Dear Sirs:

We have read the statements made by Brazilian Diamonds Limited in the attached copy of Change of Auditor Notice dated January 7, 2010, which we understand will be filed pursuant to Section 4.11 of the National Instrument 51-102.

We agree with the statements in the Change of Auditor Notice dated January 7, 2010.

Yours very truly,

Signed *PricewaterhouseCoopers LLP*

Chartered Accountants

January 7, 2010

British Columbia Securities Commission

PO Box 10142, Pacific Centre
12th Floor, 701 West Georgia Street
Vancouver, BC
V7Y 1L2

Alberta Securities Commission

4th Floor, 300 - 5th Avenue S.W.
Calgary, AB
T2P 3C4
Dear Sirs:

Re: Brazilian Diamonds Limited (the "Company")
Notice Pursuant to NI 51-102 - Change of Auditor

As required by the National Instrument 51-102 and in connection with our proposed engagement as auditor of the Company, we have reviewed the information contained in the Company's Notice of Change of Auditor, dated January 7, 2010, and agree with the information contained therein, based upon our knowledge of the information relating to the said notice and of the Company at this time.

Yours very truly,



DAVIDSON & COMPANY LLP

Chartered Accountants

cc: TSX Venture Exchange



SCHEDULE B
DISSENT RIGHTS UNDER THE BUSINESS CORPORATIONS ACT (BRITISH COLUMBIA)

Sections 237 to 247 of the *Business Corporations Act* (British Columbia)

Definitions and application

237 (1) In this Division:

“**dissenter**” means a shareholder who, being entitled to do so, sends written notice of dissent when and as required by section 242;

“**notice shares**” means, in relation to a notice of dissent, the shares in respect of which dissent is being exercised under the notice of dissent;

“**payout value**” means,

(a) in the case of a dissent in respect of a resolution, the fair value that the notice shares had immediately before the passing of the resolution,

(b) in the case of a dissent in respect of an arrangement approved by a court order made under section 291 (2) (c) that permits dissent, the fair value that the notice shares had immediately before the passing of the resolution adopting the arrangement, or

(c) in the case of a dissent in respect of a matter approved or authorized by any other court order that permits dissent, the fair value that the notice shares had at the time specified by the court order,

excluding any appreciation or depreciation in anticipation of the corporate action approved or authorized by the resolution or court order unless exclusion would be inequitable.

(2) This Division applies to any right of dissent exercisable by a shareholder except to the extent that

(a) the court orders otherwise, or

(b) in the case of a right of dissent authorized by a resolution referred to in section 238 (1) (g), the court orders otherwise or the resolution provides otherwise.

Right to dissent

238 (1) A shareholder of a company, whether or not the shareholder’s shares carry the right to vote, is entitled to dissent as follows:

(a) under section 260, in respect of a resolution to alter the articles to alter restrictions on the powers of the company or on the business it is permitted to carry on;

(b) under section 272, in respect of a resolution to adopt an amalgamation agreement;

(c) under section 287, in respect of a resolution to approve an amalgamation under Division 4 of Part 9;

(d) in respect of a resolution to approve an arrangement, the terms of which arrangement permit dissent;

- (e) under section 301 (5), in respect of a resolution to authorize or ratify the sale, lease or other disposition of all or substantially all of the company's undertaking;
- (f) under section 309, in respect of a resolution to authorize the continuation of the company into a jurisdiction other than British Columbia;
- (g) in respect of any other resolution, if dissent is authorized by the resolution;
- (h) in respect of any court order that permits dissent.

(2) A shareholder wishing to dissent must

- (a) prepare a separate notice of dissent under section 242 for
 - (i) the shareholder, if the shareholder is dissenting on the shareholder's own behalf, and
 - (ii) each other person who beneficially owns shares registered in the shareholder's name and on whose behalf the shareholder is dissenting,
- (b) identify in each notice of dissent, in accordance with section 242 (4), the person on whose behalf dissent is being exercised in that notice of dissent, and
- (c) dissent with respect to all of the shares, registered in the shareholder's name, of which the person identified under paragraph (b) of this subsection is the beneficial owner.

(3) Without limiting subsection (2), a person who wishes to have dissent exercised with respect to shares of which the person is the beneficial owner must

- (a) dissent with respect to all of the shares, if any, of which the person is both the registered owner and the beneficial owner, and
- (b) cause each shareholder who is a registered owner of any other shares of which the person is the beneficial owner to dissent with respect to all of those shares.

Waiver of right to dissent

239 (1) A shareholder may not waive generally a right to dissent but may, in writing, waive the right to dissent with respect to a particular corporate action.

(2) A shareholder wishing to waive a right of dissent with respect to a particular corporate action must

- (a) provide to the company a separate waiver for
 - (i) the shareholder, if the shareholder is providing a waiver on the shareholder's own behalf, and
 - (ii) each other person who beneficially owns shares registered in the shareholder's name and on whose behalf the shareholder is providing a waiver, and
- (b) identify in each waiver the person on whose behalf the waiver is made.

(3) If a shareholder waives a right of dissent with respect to a particular corporate action and indicates in the waiver that the right to dissent is being waived on the shareholder's own behalf, the shareholder's right to dissent with respect to the particular corporate action terminates in respect of the shares of which the shareholder is both the registered owner and the beneficial owner, and this Division ceases to apply to

(a) the shareholder in respect of the shares of which the shareholder is both the registered owner and the beneficial owner, and

(b) any other shareholders, who are registered owners of shares beneficially owned by the first mentioned shareholder, in respect of the shares that are beneficially owned by the first mentioned shareholder.

(4) If a shareholder waives a right of dissent with respect to a particular corporate action and indicates in the waiver that the right to dissent is being waived on behalf of a specified person who beneficially owns shares registered in the name of the shareholder, the right of shareholders who are registered owners of shares beneficially owned by that specified person to dissent on behalf of that specified person with respect to the particular corporate action terminates and this Division ceases to apply to those shareholders in respect of the shares that are beneficially owned by that specified person.

Notice of resolution

240 (1) If a resolution in respect of which a shareholder is entitled to dissent is to be considered at a meeting of shareholders, the company must, at least the prescribed number of days before the date of the proposed meeting, send to each of its shareholders, whether or not their shares carry the right to vote,

(a) a copy of the proposed resolution, and

(b) a notice of the meeting that specifies the date of the meeting, and contains a statement advising of the right to send a notice of dissent.

(2) If a resolution in respect of which a shareholder is entitled to dissent is to be passed as a consent resolution of shareholders or as a resolution of directors and the earliest date on which that resolution can be passed is specified in the resolution or in the statement referred to in paragraph (b), the company may, at least 21 days before that specified date, send to each of its shareholders, whether or not their shares carry the right to vote,

(a) a copy of the proposed resolution, and

(b) a statement advising of the right to send a notice of dissent.

(3) If a resolution in respect of which a shareholder is entitled to dissent was or is to be passed as a resolution of shareholders without the company complying with subsection (1) or (2), or was or is to be passed as a directors' resolution without the company complying with subsection (2), the company must, before or within 14 days after the passing of the resolution, send to each of its shareholders who has not consented to, or voted in favour of, the resolution, whether or not their shares carry the right to vote,

- (a) a copy of the resolution,
- (b) a statement advising of the right to send a notice of dissent, and
- (c) if the resolution has passed, notification of that fact and the date on which it was passed.

(4) Nothing in subsection (1), (2) or (3) gives a shareholder a right to vote in a meeting at which, or on a resolution on which, the shareholder would not otherwise be entitled to vote.

Notice of court orders

241 If a court order provides for a right of dissent, the company must, not later than 14 days after the date on which the company receives a copy of the entered order, send to each shareholder who is entitled to exercise that right of dissent

- (a) a copy of the entered order, and
- (b) a statement advising of the right to send a notice of dissent.

Notice of dissent

242 (1) A shareholder intending to dissent in respect of a resolution referred to in section 238 (1) (a), (b), (c), (d), (e) or (f) must,

- (a) if the company has complied with section 240 (1) or (2), send written notice of dissent to the company at least 2 days before the date on which the resolution is to be passed or can be passed, as the case may be,
- (b) if the company has complied with section 240 (3), send written notice of dissent to the company not more than 14 days after receiving the records referred to in that section, or
- (c) if the company has not complied with section 240 (1), (2) or (3), send written notice of dissent to the company not more than 14 days after the later of
 - (i) the date on which the shareholder learns that the resolution was passed, and
 - (ii) the date on which the shareholder learns that the shareholder is entitled to dissent.

(2) A shareholder intending to dissent in respect of a resolution referred to in section 238 (1) (g) must send written notice of dissent to the company

- (a) on or before the date specified by the resolution or in the statement referred to in section 240 (2) (b) or (3) (b) as the last date by which notice of dissent must be sent, or
- (b) if the resolution or statement does not specify a date, in accordance with subsection (1) of this section.

(3) A shareholder intending to dissent under section 238 (1) (h) in respect of a court order that permits dissent must send written notice of dissent to the company

(a) within the number of days, specified by the court order, after the shareholder receives the records referred to in section 241, or

(b) if the court order does not specify the number of days referred to in paragraph (a) of this subsection, within 14 days after the shareholder receives the records referred to in section 241.

(4) A notice of dissent sent under this section must set out the number, and the class and series, if applicable, of the notice shares, and must set out whichever of the following is applicable:

(a) if the notice shares constitute all of the shares of which the shareholder is both the registered owner and beneficial owner and the shareholder owns no other shares of the company as beneficial owner, a statement to that effect;

(b) if the notice shares constitute all of the shares of which the shareholder is both the registered owner and beneficial owner but the shareholder owns other shares of the company as beneficial owner, a statement to that effect and

(i) the names of the registered owners of those other shares,

(ii) the number, and the class and series, if applicable, of those other shares that are held by each of those registered owners, and

(iii) a statement that notices of dissent are being, or have been, sent in respect of all of those other shares;

(c) if dissent is being exercised by the shareholder on behalf of a beneficial owner who is not the dissenting shareholder, a statement to that effect and

(i) the name and address of the beneficial owner, and

(ii) a statement that the shareholder is dissenting in relation to all of the shares beneficially owned by the beneficial owner that are registered in the shareholder's name.

(5) The right of a shareholder to dissent on behalf of a beneficial owner of shares, including the shareholder, terminates and this Division ceases to apply to the shareholder in respect of that beneficial owner if subsections (1) to (4) of this section, as those subsections pertain to that beneficial owner, are not complied with.

Notice of intention to proceed

243 (1) A company that receives a notice of dissent under section 242 from a dissenter must,

(a) if the company intends to act on the authority of the resolution or court order in respect of which the notice of dissent was sent, send a notice to the dissenter promptly after the later of

- (i) the date on which the company forms the intention to proceed, and
 - (ii) the date on which the notice of dissent was received, or
 - (b) if the company has acted on the authority of that resolution or court order, promptly send a notice to the dissenter.
- (2) A notice sent under subsection (1) (a) or (b) of this section must
- (a) be dated not earlier than the date on which the notice is sent,
 - (b) state that the company intends to act, or has acted, as the case may be, on the authority of the resolution or court order, and
 - (c) advise the dissenter of the manner in which dissent is to be completed under section 244.

Completion of dissent

- 244 (1) A dissenter who receives a notice under section 243 must, if the dissenter wishes to proceed with the dissent, send to the company or its transfer agent for the notice shares, within one month after the date of the notice,
- (a) a written statement that the dissenter requires the company to purchase all of the notice shares,
 - (b) the certificates, if any, representing the notice shares, and
 - (c) if section 242 (4) (c) applies, a written statement that complies with subsection (2) of this section.
- (2) The written statement referred to in subsection (1) (c) must
- (a) be signed by the beneficial owner on whose behalf dissent is being exercised, and
 - (b) set out whether or not the beneficial owner is the beneficial owner of other shares of the company and, if so, set out
 - (i) the names of the registered owners of those other shares,
 - (ii) the number, and the class and series, if applicable, of those other shares that are held by each of those registered owners, and
 - (iii) that dissent is being exercised in respect of all of those other shares.
- (3) After the dissenter has complied with subsection (1),
- (a) the dissenter is deemed to have sold to the company the notice shares, and
 - (b) the company is deemed to have purchased those shares, and must comply with section 245, whether or not it is authorized to do so by, and despite any restriction in, its memorandum or articles.

(4) Unless the court orders otherwise, if the dissenter fails to comply with subsection (1) of this section in relation to notice shares, the right of the dissenter to dissent with respect to those notice shares terminates and this Division, other than section 247, ceases to apply to the dissenter with respect to those notice shares.

(5) Unless the court orders otherwise, if a person on whose behalf dissent is being exercised in relation to a particular corporate action fails to ensure that every shareholder who is a registered owner of any of the shares beneficially owned by that person complies with subsection (1) of this section, the right of shareholders who are registered owners of shares beneficially owned by that person to dissent on behalf of that person with respect to that corporate action terminates and this Division, other than section 247, ceases to apply to those shareholders in respect of the shares that are beneficially owned by that person.

(6) A dissenter who has complied with subsection (1) of this section may not vote, or exercise or assert any rights of a shareholder, in respect of the notice shares, other than under this Division.

Payment for notice shares

245 (1) A company and a dissenter who has complied with section 244 (1) may agree on the amount of the payout value of the notice shares and, in that event, the company must

(a) promptly pay that amount to the dissenter, or

(b) if subsection (5) of this section applies, promptly send a notice to the dissenter that the company is unable lawfully to pay dissenters for their shares.

(2) A dissenter who has not entered into an agreement with the company under subsection (1) or the company may apply to the court and the court may

(a) determine the payout value of the notice shares of those dissenters who have not entered into an agreement with the company under subsection (1), or order that the payout value of those notice shares be established by arbitration or by reference to the registrar, or a referee, of the court,

(b) join in the application each dissenter, other than a dissenter who has entered into an agreement with the company under subsection (1), who has complied with section 244 (1), and

(c) make consequential orders and give directions it considers appropriate.

(3) Promptly after a determination of the payout value for notice shares has been made under subsection (2) (a) of this section, the company must

(a) pay to each dissenter who has complied with section 244 (1) in relation to those notice shares, other than a dissenter who has entered into an agreement with the company under subsection (1) of this section, the payout value applicable to that dissenter's notice shares, or

(b) if subsection (5) applies, promptly send a notice to the dissenter that the company is unable lawfully to pay dissenters for their shares.

- (4) If a dissenter receives a notice under subsection (1) (b) or (3) (b),
- (a) the dissenter may, within 30 days after receipt, withdraw the dissenter's notice of dissent, in which case the company is deemed to consent to the withdrawal and this Division, other than section 247, ceases to apply to the dissenter with respect to the notice shares, or
 - (b) if the dissenter does not withdraw the notice of dissent in accordance with paragraph (a) of this subsection, the dissenter retains a status as a claimant against the company, to be paid as soon as the company is lawfully able to do so or, in a liquidation, to be ranked subordinate to the rights of creditors of the company but in priority to its shareholders.
- (5) A company must not make a payment to a dissenter under this section if there are reasonable grounds for believing that
- (a) the company is insolvent, or
 - (b) the payment would render the company insolvent.

Loss of right to dissent

246 The right of a dissenter to dissent with respect to notice shares terminates and this Division, other than section 247, ceases to apply to the dissenter with respect to those notice shares, if, before payment is made to the dissenter of the full amount of money to which the dissenter is entitled under section 245 in relation to those notice shares, any of the following events occur:

- (a) the corporate action approved or authorized, or to be approved or authorized, by the resolution or court order in respect of which the notice of dissent was sent is abandoned;
- (b) the resolution in respect of which the notice of dissent was sent does not pass;
- (c) the resolution in respect of which the notice of dissent was sent is revoked before the corporate action approved or authorized by that resolution is taken;
- (d) the notice of dissent was sent in respect of a resolution adopting an amalgamation agreement and the amalgamation is abandoned or, by the terms of the agreement, will not proceed;
- (e) the arrangement in respect of which the notice of dissent was sent is abandoned or by its terms will not proceed;
- (f) a court permanently enjoins or sets aside the corporate action approved or authorized by the resolution or court order in respect of which the notice of dissent was sent;
- (g) with respect to the notice shares, the dissenter consents to, or votes in favour of, the resolution in respect of which the notice of dissent was sent;
- (h) the notice of dissent is withdrawn with the written consent of the company;
- (i) the court determines that the dissenter is not entitled to dissent under this Division or that the dissenter is not entitled to dissent with respect to the notice shares under this Division.

Shareholders entitled to return of shares and rights

247 If, under section 244 (4) or (5), 245 (4) (a) or 246, this Division, other than this section, ceases to apply to a dissenter with respect to notice shares,

- (a) the company must return to the dissenter each of the applicable share certificates, if any, sent under section 244 (1) (b) or, if those share certificates are unavailable, replacements for those share certificates,
- (b) the dissenter regains any ability lost under section 244 (6) to vote, or exercise or assert any rights of a shareholder, in respect of the notice shares, and
- (c) the dissenter must return any money that the company paid to the dissenter in respect of the notice shares under, or in purported compliance with, this Division.

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