

SCORPIO GOLD CORPORATION.
Suite 511 - 475 Howe Street
Vancouver, B.C.
V6C 2C3

INFORMATION CIRCULAR

(Containing information as at May 9, 2011 unless indicated otherwise)

SOLICITATION OF PROXIES

This Management Information Circular (“Information Circular”) is furnished in connection with the solicitation of proxies by the management of Scorpio Gold Corporation. (the “Company” or “Corporation”) for use at the Annual General and Special Meeting of Shareholders of the Company (and any adjournment thereof) to be held on Friday, June 10, 2011 (the “Meeting”) at the time and place and for the purposes set forth in the accompanying Notice of Meeting. While it is expected that the solicitation will be primarily by mail, proxies may be solicited personally or by telephone by the regular employees of the Company at nominal cost. All costs of solicitation by management will be borne by the Company.

The contents and the sending of this Information Circular have been approved by the directors of the Company.

APPOINTMENT OF PROXYHOLDER

The individuals named in the accompanying form of proxy are Peter Hawley, the Chief Executive Officer of the Company and Gilbert Comtois, the Chief Financial Officer. **A SHAREHOLDER WISHING TO APPOINT SOME OTHER PERSON (WHO NEED NOT BE A SHAREHOLDER) TO REPRESENT THE SHAREHOLDER AT THE MEETING HAS THE RIGHT TO DO SO, EITHER BY STRIKING OUT THE NAMES OF THOSE PERSONS NAMED IN THE ACCOMPANYING FORM OF PROXY AND INSERTING THE DESIRED PERSON’S NAME IN THE BLANK SPACE PROVIDED IN THE FORM OF PROXY OR BY COMPLETING ANOTHER FORM OF PROXY.** A proxy will not be valid unless the completed form of proxy is received by **COMPUTERSHARE INVESTOR SERVICES INC.,** , Proxy Dept, 100 University Avenue, 9th Floor, Toronto, Ontario, M5J 2Y1, at least 48 hours (excluding Saturdays, Sundays and holidays) before the time for holding the Meeting or any adjournment thereof. Proxies delivered after that time will not be accepted.

REVOCAION OF PROXIES

A shareholder who has given a proxy may revoke it by an instrument in writing executed by the shareholder or by the shareholder’s attorney authorized in writing or, where the shareholder is a corporation, by a duly authorized officer or attorney of the corporation, and delivered to the registered office of the Company, at Suite 511 – 475 Howe Street, Vancouver, British Columbia, V6C 2C3 at any time up to and including the last business day preceding the day of the Meeting, or if adjourned, any reconvening thereof, or to the Chairman of the Meeting on the day of the Meeting or, if adjourned, any reconvening thereof or in any other manner provided by law. A revocation of a proxy does not affect any matter on which a vote has been taken prior to the revocation.

ADVICE TO BENEFICIAL SHAREHOLDERS

Only registered shareholders or duly appointed proxyholders are permitted to vote at the Meeting. Shareholders who do not hold their shares in their own name (referred to herein as “Beneficial Shareholders”) are advised that only proxies from shareholders of record can be recognized and voted at the Meeting. Beneficial Shareholders who complete and return an instrument of proxy must indicate thereon the person (usually a brokerage house) who holds their shares as a registered shareholder. Every intermediary (broker) has its own mailing procedure, and provides its own return instructions, which should be carefully followed. The instrument of proxy supplied to Beneficial Shareholders is identical to that provided to registered shareholders. However, its purpose is limited to instructing the registered shareholder how to vote on behalf of the Beneficial Shareholder.

If common shares are listed in an account statement provided to a shareholder by a broker, then in almost all cases those common shares will not be registered in such shareholder's name on the records of the Company. Such common shares will more likely be registered under the name of the shareholder's broker or an agent of that broker. In Canada, the vast majority of such shares are registered under the name of CDS & Co. (the registration name for The Canadian Depository for Securities, which company acts as nominee for many Canadian brokerage firms). Common shares held by brokers or their nominees can only be voted (for or against resolutions) upon the instructions of the Beneficial Shareholder. Without specific instructions, brokers/nominees are prohibited from voting shares for their clients. The directors and officers of the Company do not know for whose benefit the common shares registered in the name of CDS & Co. are held.

In accordance with National Instrument 54-101 of the Canadian Securities Administrators, the Company has distributed copies of the Notice of Meeting, this Information Circular and the Proxy to the clearing agencies and intermediaries for onward distribution to Beneficial Shareholders. Applicable regulatory policy requires intermediaries/brokers to seek voting instructions from Beneficial Shareholders in advance of shareholders' meetings unless the Beneficial Shareholders have waived the right to receive meeting materials. Every intermediary/broker has its own mailing procedures and provides its own return instructions, which should be carefully followed by Beneficial Shareholders in order to ensure that their common shares are voted at the Meeting. Often the form of proxy supplied to a Beneficial Shareholder by its broker is identical to the form of proxy provided by the Company to the registered shareholders. However, its purpose is limited to instructing the registered shareholder how to vote on behalf of the Beneficial Shareholder. Should a Beneficial Shareholder receiving such a form wish to vote at the Meeting, the Beneficial Shareholder should strike out the names of the Management Proxyholders named in the form and insert the Beneficial Shareholder's name in the blank provided. The majority of brokers now delegate responsibility for obtaining instructions from clients to Broadridge. Broadridge typically applies a special sticker to the proxy forms, mails those forms to the Beneficial Shareholders and asks Beneficial Shareholders to return the proxy forms to Broadridge. Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of common shares to be represented at the Meeting. **A Beneficial Shareholder receiving a proxy with a Broadridge sticker on it cannot use that proxy to vote common shares directly at the Meeting - the proxy must be returned to Broadridge well in advance of the Meeting in order to have the common shares voted.**

All references to shareholders in this Information Circular and the accompanying form of Proxy and Notice of Meeting are to shareholders of record unless specifically stated otherwise.

VOTING OF PROXIES

SHARES REPRESENTED BY PROPERLY EXECUTED PROXIES IN FAVOUR OF PERSONS DESIGNATED IN THE ENCLOSED FORM OF PROXY WILL BE VOTED **FOR** ALL MATTERS TO BE VOTED ON AT THE MEETING AS SET OUT IN THIS INFORMATION CIRCULAR OR WITHHELD FROM VOTING IF SO INDICATED ON THE FORM OF PROXY.

The common shares represented by proxies will, on any poll where a choice with respect to any matter to be acted upon has been specified in the form of proxy, be voted in accordance with the specification made.

SUCH COMMON SHARES WILL ON A POLL BE VOTED **IN FAVOUR** OF EACH MATTER FOR WHICH NO CHOICE HAS BEEN SPECIFIED OR WHERE BOTH CHOICES HAVE BEEN SPECIFIED BY THE SHAREHOLDER.

The enclosed form of proxy when properly completed and delivered and not revoked confers discretionary authority upon the person appointed proxy thereunder to vote with respect to amendments or variations of matters identified in the Notice of Meeting, and with respect to other matters which may properly come before the Meeting. In the event that amendments or variations to matters identified in the Notice of Meeting are properly brought before the Meeting or any further or other business is properly brought before the Meeting, it is the intention of the persons designated in the enclosed form of proxy to vote in accordance with their best judgment on such matters or business. At the

time of the printing of this Information Circular, the management of the Company knows of no such amendment, variation or other matter which may be presented to the Meeting.

VOTING SHARES AND PRINCIPAL HOLDERS

Authorized Capital: Unlimited common shares without par value

Issued and Outstanding: 100,924,853 common shares without par value

Only shareholders of record at the close of business on May 6, 2011, (the "Record Date") who either personally attend the Meeting or who have completed and delivered a form of proxy in the manner and subject to the provisions described above shall be entitled to vote or to have their shares voted at the Meeting.

On a show of hands, every individual who is present and is entitled to vote as a shareholder or as a representative of one or more corporate shareholders, or who is holding a proxy on behalf of a shareholder who is not present at the Meeting, will have one vote, and on a poll every shareholder present in person or represented by a proxy and every person who is a representative of one or more corporate shareholders, will have one vote for each common share registered in the shareholder's name on the list of shareholders, which is available for inspection during normal business hours at Computershare Investor Services Inc., 510 Burrard Street, Vancouver, British Columbia and will be available at the Meeting.

To the knowledge of the directors and senior officers of the Company, no person beneficially owns, directly or indirectly, or exercises control or direction over shares carrying more than 10% of the voting rights attached to all outstanding shares of the Company, except the following:

Name	No. of Shares Beneficially Owned, Controlled or Directed, Directly or Indirectly	Percentage of Outstanding Shares
Scorpio Mining Corporation	19,761,538	19.6%
Sentry Select Capital Inc.	18,988,065	18.8%

ELECTION OF DIRECTORS

The Board of Directors presently consists of six directors and it is intended to determine the number of directors at five for the ensuing year. Shareholder approval will be sought at the Meeting to determine the number of directors at five.

The term of office of each of the present directors expires at the Meeting. The persons named below will be presented for election at the Meeting as management's nominees and the persons named in the accompanying form of proxy intend to vote for the election of these nominees. Management does not contemplate that any of these nominees will be unable to serve as a director. Each director elected will hold office until the next annual general meeting of the Company or until his successor is elected or appointed, unless his office is earlier vacated in accordance with the Articles of the Company, or with the provisions of the *Business Corporations Act* (British Columbia).

The following table and notes thereto sets out the names of each person proposed to be nominated by management for election as a director, the municipality in which he or she is ordinarily resident, all offices of the Company now held by him or her, his or her principal occupation or employment during the past five years if such nominee is not presently an elected director, the period of time for which he or she has been a director of the Company, and the number of common shares of the Company beneficially owned by him or her, directly or indirectly, or over which he or she exercises control or direction, as at the date hereof.

Name, Position, Province or State and Country of Residence⁽¹⁾	Principal Occupation and if not at Present an Elected Director, Occupation during the past 5 years	Previous Service as a Director	Number of Shares owned⁽²⁾
Peter J. Hawley⁽⁴⁾ President, Chief Executive Officer and Director Quebec, Canada	Chairman and Chief Executive Officer of Scorpio Gold Corporation, a mineral exploration and development company.	June 11, 2009	58,140 common
Brian Lock⁽³⁾⁽⁵⁾ Director British Columbia, Canada	Businessman and principal of Proton Management Corporation, an engineering and construction company.	June 11, 2009	127,000 common
Luc Pelchat⁽³⁾⁽⁵⁾ Director Nuevo Leon, Mexico	Businessman involved with projects in the construction industry in Mexico.	June 11, 2009	Nil
David Smalley⁽³⁾⁽⁴⁾ Director British Columbia, Canada	Solicitor and partner at Fraser and Company LLP.	June 11, 2009	33,333 common
Andrew Lee Smith⁽⁴⁾⁽⁵⁾ Director British Columbia, Canada	Professional Geologist and President Iron Mask Explorations Ltd., a geological management firm.	May 29, 2006	219,333 common

- (1) The information as to country of residence and principal occupation, not being within the knowledge of the Corporation, has been furnished by the respective directors individually.
- (2) The information as to shares beneficially owned or over which a director exercises control or direction, not being within the knowledge of the Corporation, has been furnished by the respective directors individually.
- (3) Denotes member of Audit Committee.
- (4) Denotes members of the Nomination and Corporate Governance Committee.
- (5) Denotes members of the Compensation Committee.

Cease Trade Orders, Bankruptcies, Penalties or Sanctions

Other than set out below, no proposed director of the Company is, as at the date of this Information Circular, or was within 10 years before the date of this Information Circular, a director, chief executive officer or chief financial officer of any company (including the Company), that:

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

Brian Lock is a director of Biomax Technologies Inc. and of Brainium Technologies Inc., (formerly known as NTS Computer Systems Ltd.) which are each the subject of a cease trade order issued in 2002 due to failure to file financial statements, and both cease trade orders are still in effect.

No proposed director of the Company:

- (a) is, as at the date of this Information Circular, or has been within the 10 years before the date of this Information Circular, a director or executive officer of any company (including the Company) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or
- (b) has, within 10 years before the date of this Information Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the proposed director.

No proposed director of the Company has been subject to:

- (a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or
- (b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable security holder in deciding whether to vote for a proposed director.

STATEMENT OF EXECUTIVE COMPENSATION

During the most recent fiscal year ended December 31, 2010, the Corporation had five Named Executive Officers.

"NEO's" means:

- (a) the Chief Executive Officer ("CEO") of the Corporation;
- (b) the Chief Financial Officer ("CFO") of the Corporation;
- (c) each of the Corporation's three most highly compensated executive officers, or the three most highly compensated individuals acting in a similar capacity, other than the CEO and the CFO, at the end of the most recently completed fiscal year and whose total compensation was, individually more than \$150,000 as determined in accordance with subsection 1.3(6) of Form, 51-102F6 – Statement of Executive Compensation; and
- (d) any individuals who would be an NEO under paragraph (c) above, but for the fact that the individual was neither an executive officer of the Corporation nor acting in a similar capacity, at the end of the fiscal year.

The following table sets forth the compensation awarded, paid to or earned by the Corporation's Named Executive Officers during the fiscal years ended December 31, 2010 and 2009.

SUMMARY COMPENSATION TABLE

Name and principal position	Year	Salary (\$)	Non-equity discretionary annual incentive plan (\$)	Share-based award (\$)	Option-based award ⁽¹⁾ (\$)	All other compensation (\$)	Total compensation (\$)
Peter J. Hawley Chief Executive Officer	2010 2009 ⁽²⁾	120,000 61,384	Nil Nil	Nil Nil	149,495 193,477	Nil Nil	269,495 254,861
Gilbert Comtois Chief Financial Officer	2010 2009 ⁽²⁾	80,000 40,461	Nil Nil	Nil Nil	104,646 74,414	Nil Nil	184,646 114,875
Ed Falk Chief Geologist	2010 2009 ⁽⁴⁾	168,342 ⁽³⁾ N/A	Nil N/A	Nil N/A	74,747 N/A	Nil N/A	243,089 N/A
Robert Todd Former Mine Manager	2010 2009 ⁽⁴⁾	150,642 ⁽⁵⁾ N/A	Nil N/A	Nil N/A	149,495 N/A	Nil N/A	300,137 N/A
Chris Zerga Mine Manager	2010 2009 ⁽⁴⁾	84,788 ⁽⁶⁾ N/A	Nil N/A	Nil N/A	89,697 N/A	Nil N/A	174,485 N/A

- (1) The fair value of option-based awards is determined in accordance with Section 3870 of the CICA Handbook. The Corporation uses the Black-Scholes model to estimate fair value of stock options annually granted and is determined by multiplying the number of stock options granted by their value following this method. This value is equal to the accounting value established in accordance with generally accepted accounting principles and according to the following assumptions for options granted in 2010:

Expected dividend yield	Nil%
Expected stock price volatility	133%
Risk free interest rate	2.26%
Expected life	4 years
Forfeiture rate	3.45%

- (2) Messrs. Hawley and Comtois were appointed CEO & CFO, respectively, on June 11, 2009.
- (3) Salary was converted from United States (“US”) dollars to Canadian dollars using the rate of 1.0237 prevailing during the period during which the NEO was paid.
- (4) Messrs. Falk, Todd and Zerga were not NEO’s during the fiscal year ended December 31, 2009.
- (5) Salary was converted from US dollars to Canadian dollars using the rate of 1.0355 prevailing during the period during which the NEO was paid.
- (6) Salary was converted from US dollars to Canadian dollars using the rate of 1.0253 prevailing during the period during which the NEO was paid.

Compensation Discussion and Analysis

The Company’s executive compensation program is administered by the Compensation Committee comprised of three independent directors of the Board of Directors. The Compensation Committee has, as part of its mandate, the responsibility for reviewing recommendations from management for subsequent approval by the Board of Directors with respect to the appointment and remuneration of executive officers of the Company. The Committee also monitors the performance of the Company’s executive officers and reviews the design and competitiveness of the Company’s executive compensation plans.

Composition of Compensation Committee

The Compensation Committee of the Board of Directors is comprised of Brian Lock, Luc Pelchat and Andrew Lee Smith, all independent directors of the Board of Directors and none of whom is or was during the most recently completed fiscal year ended December 31, 2010, an officer or employee of the Company or any of its subsidiaries.

Executive Compensation Program

While the Board of Directors has not adopted a written program concerning the compensation of NEOs, it has developed a consistent approach relating to executive compensation. The objective in the determination of executive compensation is the need to provide total compensation packages that will:

- ensure external competitiveness by developing and maintaining compensation levels that reflect current market rates of pay;
- promote pay-for-performance levels that reward consistently high performance levels;
- provide the Company with the resources to recruit and retain a highly capable work force; and
- establish incentives to develop and achieve performance targets that maximize the success and value of the Company to the benefit of the shareholders and other stakeholders.

The Company's executive compensation program is based on a pay for performance philosophy. It is designed to retain, encourage, compensate and reward employees on the basis of individual and corporate performance, both in the short and the long-term. The Compensation Committee reviews and recommends to the Board of Directors base salaries based on a number of factors enabling the Company to compete for and retain executives critical to the Company's long term success. Incentive compensation in the form of cash bonuses is directly tied to corporate and individual performance. Share ownership opportunities through stock options are provided to align the interests of executive officers with the longer term interests of shareholders. Independent consultants may be retained on an as needed basis by the Company to assess the executive compensation program.

Compensation for the NEO's, as well as for executive officers of the Company as a whole, consists of a base salary, along with annual incentive compensation in the form of consideration for a discretionary annual bonus, and a longer term incentive in the form of stock options granted. The Compensation attempts to pay competitively in the aggregate as well as deliver an appropriate balance between annual compensation (base salary and discretionary cash bonuses) and long-term compensation (stock options). The relative portions of annual compensation and long-term incentives for the CEO and President are intended to provide a significant portion of the executive's compensation through long-term incentives.

In determining specific compensation amounts for the NEOs, the Compensation Committee considers factors such as experience, individual performance, length of service, role in achieving corporate objectives, positive production, exploration and development results, stock price, and compensation compared to other employment opportunities for executives. As an executive officer's level of responsibility increases, a greater percentage of total compensation is based on performance (as opposed to base salary and standard employee benefits) and the mix of total compensation shifts towards annual bonuses and in particular stock options, thereby increasing the mutuality of interest between executive officers and shareholders. The Company does not have precise criteria or formulas to determine global remuneration of NEO's and uses its senior officers and Board of Director's experience and knowledge of the market to do so. The Company's compensation program is designed to reward the success of the Company in achieving its technical and financial objectives. The Company operates in a volatile market and the following elements of the compensation package are required to provide the motivation to NEO's and other employees and achieve retention of the Company's skilled people in such market.

Base Salary

Senior management of the Company make recommendations to the Compensation Committee, as applicable, as to base salaries for officers and employees at all levels of the Company based on assigned responsibilities, the performance of each of the officers and employees as well as the overall financial performance of the Company and other reviews of market data available for other mining companies of a similar size. The level of base salary for each employee within a specified range is determined by the level of past performance, as well as by the level of responsibility, the importance of the position to the Company and market factors. The NEO's employment contracts will be reviewed periodically and adjusted as a result of the economic situation in which the Company finds itself, subject to acceptance of the NEO's.

Annual Bonus

The Board of Directors determines on a discretionary basis, incentive awards or bonuses to be paid by the Company to the executive officers of the Company, in respect of a fiscal year, following advice from the Compensation Committee. The CEO determines, on a discretionary basis, bonuses to be paid by the Company to all other eligible employees and consultants of the Company in respect of a fiscal year. Corporate performance is assessed by reference to a number of factors including the Company's progress towards budgeted milestones, corporate efficiency and success in enhancing shareholder value relative to peer companies. Individual performance is measured by reviewing personal performance and other significant factors, such as level of responsibility and importance of the position to the Company. The individual performance factor allows the Company to recognize and reward those individuals whose efforts have particularly assisted the Company to attain its corporate performance objectives.

Stock Options

The Company has a stock option plan (the "Plan") for officers, directors, employees and consultants of the Company, prepared in compliance with the policies of the TSX Venture Exchange (the "Exchange") and approved by the Company's shareholders which is administered by the Compensation Committee. The purpose of the Plan is to improve the Company's long-term financial success by closely aligning the participants' personal interests with those of the Company's shareholders.

Subject to the provisions of the Plan, the Company may grant stock options that entitle the holders to purchase in total up to a maximum of 10% of the issued and outstanding share capital of the Company at the time the options are granted. As the Company grows, stock options provide participants with a reward for the long-term contribution of NEO's, employees and consultants towards the growth and success of the Company. The Company's practice is to grant such number of stock options in order to stay close to the authorized maximum of options outstanding by issuing incremental options every year and granting options to new NEO's or employees depending on the circumstances. Options help in retaining NEO's and employees during difficult economic periods when salaries and bonuses are restricted by necessity. The Compensation Committee considers such factors as individual performance, the significance of individual contribution to the success of the Company, experience and length of service in determining the amounts of options awarded. Previous grants of stock options are taken into account when stock options are granted. As of the date of this information circular, the Plan provides the Company with the ability to grant stock options to purchase up to 10,924,853 common shares (10% of shares currently issued and outstanding) of which 5,678,666 stock options are outstanding as at May 9, 2011. During the fiscal year ended December 31, 2010, the Company granted an aggregate of 950,000 stock options to the NEO's. These options have a five year term and are vested immediately.

The Board of Directors has determined to create a new stock option plan (the "2011 Plan"), which complies with recent amendments to the *Income Tax Act* (Canada) requiring withholding tax to be remitted by the Company to the Canada Revenue Agency upon the exercise of options (the "Withholding Tax Amendments") and reflects current Exchange policies and, in the event the Company lists its shares on the Toronto Stock Exchange (the "TSX") in the future, the TSX policies.

On May 9, 2011 the Board of Directors approved the adoption of the 2011 Plan , which will be effective upon receipt of shareholder approval and approval of the Exchange and will replace and supersede the existing Plan. Upon such approvals, all 5,678,666 currently outstanding stock options granted under the Plan (representing 5.62% of the issued and outstanding common shares of the Company as at the date hereof) will be considered to be continued and outstanding under the 2011 Plan.

The shareholders of the Company will be asked at the Meeting to approve the adoption of the 2011 Plan. See “Particulars of Matters to be Acted On”.

Long-Term Incentive Plan Awards

Long-term incentive plan awards ("LTIP") means "any plan providing compensation intended to serve as an incentive for performance to occur over a period longer than one fiscal year whether performance is measured by reference to financial performance of the Corporation or an affiliate, or the price of the Corporation's shares but does not include option or stock appreciation rights plans or plans for compensation through restricted shares or units". The Corporation has not granted any LTIP's during the fiscal year ended December 31, 2010.

Stock Appreciation Rights

Stock appreciation rights ("SAR's") means a right, granted by an issuer or any of its subsidiaries as compensation for services rendered or in connection with office or employment, to receive a payment of cash or an issue or transfer of securities based wholly or in part on changes in the trading price of the Company's shares. No SAR's were granted to or exercised by the Named Executive Officers or directors during the fiscal year ended December 31, 2010.

Outstanding Share-based awards and option-based awards

The following table sets forth information concerning all awards to NEO's outstanding as of the fiscal year ended December 31, 2010.

Name	Number of securities underlying unexercised option⁽¹⁾ (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options⁽²⁾ (\$)
Peter J. Hawley Chief Executive Officer	250,000 650,000	0.75 0.44	March 11, 2015 ⁽¹⁾ June 10, 2014 ⁽¹⁾	Nil 182,000
Gilbert Comtois Chief Financial Officer	175,000 250,000	0.75 0.44	March 11, 2015 ⁽¹⁾ June 10, 2014 ⁽¹⁾	Nil 70,000
Ed Falk Chief Geologist	125,000	0.75	March 11, 2015 ⁽¹⁾	Nil
Robert Todd Former Mine Manager	250,000	0.75	March 11, 2015 ⁽³⁾	Nil
Chris Zerga Mine Manager	150,000	0.75	March 11, 2015 ⁽¹⁾	Nil

(1) Stock options have fully vested

(2) “In-the-Money Options” means the excess of the market value of the Company’s shares on December 31, 2010 over the exercise price of the Options. The closing price of the Company’s shares on the TSX Venture Exchange on December 31, 2010 was \$0.72.

(3) These options expired on January 6, 2011.

The Company has not granted any share-based awards.

Incentive Plan Awards-Value Vested or Earned During the Year

The following table sets out the aggregate dollar value that would have been realized by the NEOs if the options under the option-based awards had been exercised by the NEOs on the vesting date during the most recently completed fiscal year ended December 31, 2010.

Name	Option-based awards-Value vested during the year⁽¹⁾⁽²⁾	Share-based awards-Value vested during the year⁽³⁾	Non-equity incentive plan compensation-Value earned during the year⁽⁴⁾
	(\$)	(\$)	(\$)
Peter J. Hawley Chief Executive Officer	Nil	Nil	Nil
Gilbert Comtois Chief Financial Officer	Nil	Nil	Nil
Ed Falk Chief Geologist	Nil	Nil	Nil
Robert Todd Former Mine Manager	Nil	Nil	Nil
Chris Zerga Mine Manager	Nil	Nil	Nil

- (1) Calculated using the difference between the exercise price and the fair value of the common shares of the Company immediately before the vesting date. No options were exercised by the NEOs during the fiscal year ended December 31, 2010.
- (2) Options vested on the date of grant.
- (3) No share-based awards were granted during the fiscal year ended December 31, 2010.
- (4) No non-equity incentive plan compensation was awarded during the fiscal year ended December 31, 2010.

Defined Benefit or Actuarial Plan Disclosure

The Company does not provide retirement benefits for its directors or officers other than as referred to herein.

If Peter J. Hawley as the CEO terminates his employment agreement after the CEO reaches the age of 65, the Company shall pay the CEO a retirement fee equal to six months of his then annual base salary, plus one month of his then annual base salary for each full year of service or employment or part thereof provided to the Company from and after July 1, 2009. See “Termination, Change of Control Benefits and Employment Contracts of NEOs – Peter J. Hawley” for more details.

If Gilbert Comtois as the CFO terminates his employment agreement after the CFO reaches the age of 65, the Company shall pay the CFO a retirement fee equal to six months of his then annual base salary, plus one month of his then annual base salary for each full year of service or employment or part thereof provided to the Company from and after July 1, 2009. See “Termination, Change of Control Benefits and Employment Contracts of NEOs – Gilbert Comtois” for more details.

Termination, Change of control benefits and Employment Contracts of NEOs

The Company has the following arrangements in respect of remuneration received or that may be received by the Named Executive Officers in the Company's most recently completed fiscal year ended December 31, 2010 in respect of compensating such officers in the event of termination of employment (as a result of resignation, retirement, change of control, etc.) or a change in responsibilities following a change of control.

Peter J. Hawley

Pursuant to an employment agreement (the "Hawley Agreement") between the Company and Peter J. Hawley, the Company's Chairman and CEO, dated effective January 1, 2010, the CEO receives a current annual base salary of \$120,000 per year for providing management and technical services to the Company as its CEO.

If the Company terminates the Hawley Agreement without cause upon 10 calendar days notice, the Company will then pay to the CEO an amount equal to three times his then current base salary and an amount equal to twelve months of his group health insurance and other benefit plan costs. In the event of the CEO's death or disability, the CEO will be paid for a period of one month and thereafter, in the case of incapacity, the CEO will be paid 80% of his then annual base salary until the group disability carrier grants or denies the CEO's disability claim. If the CEO terminates the Hawley Agreement after the CEO reaches the age of 65, the Company shall pay the CEO a retirement fee equal to six months of his then annual base salary, plus one month of his then annual base salary for each full year of service or employment or part thereof provided to the Company from and after July 1, 2009. If the Company terminates the employment of the CEO within 120 days of a change of control of the Company, the CEO shall receive three times his then-current annual base salary, together with payment of an amount equal to 12 months of the CEO's group health insurance and other benefit plan costs. If the CEO resigns within 120 days following a change of control of the Company, the CEO shall receive two and a half times his then-current annual base salary, together with payment of an amount equal to 12 months of his group health insurance and other benefit plan costs. If the CEO is terminated without cause or is terminated or resigns following a change in control, the Company will engage the CEO as a consultant for a one year period on an if, as and when required basis at daily compensation rates consistent with CEO's compensation prior to termination or resignation with the result that CEO's stock options will, unless otherwise exercised or terminated, continue for such one year period.

Gilbert Comtois

Pursuant to an employment agreement (the "Comtois Agreement") between the Company and Gilbert Comtois, the CFO, dated effective January 1, 2010, the CFO receives a current annual base salary of \$80,000 per year for providing services as CFO.

If the Company terminates the Comtois Agreement without cause upon 10 calendar days notice, the Company will then pay to the CFO an amount equal to two times his then current base salary and an amount of eight months of his group health insurance and other benefit plan costs. In the event of the CFO's death or disability, the CFO will be paid for a period of one month and thereafter, in the case of incapacity, the CFO will be paid 80% of his then annual base salary until the group disability carrier grants or denies the CFO's disability claim. If the CFO terminates the Comtois Agreement after the CFO reaches the age of 65, the Company shall pay the CFO a retirement fee equal to six months of his then annual base salary, plus one month of his then annual base salary for each full year of service or employment or part thereof provided to the Company from and after July 1, 2009.

In the event that the Company relocates its administrative office outside Val d'Or, Quebec, the CFO may resign within 30 days following the announcement of the relocation, in which event the CFO will be entitled to be paid two times his then current annual base salary in a lump sum payment, together with payment of an amount equal to six months of the CFO's group health insurance and other benefit plan costs. If the Company terminates the employment of the CFO within 120 days of a change of control of the Company, the CFO shall receive two times his then-current annual base salary, together with payment of an amount equal to eight months of the CFO's group health insurance and other benefit plan costs. If the CFO resigns within 120 days following a change of control of the Company, the CFO shall receive one and a half times his then-current annual base salary, together with payment of an amount equal to six months of his group health insurance and other benefit plan costs. If the CFO is terminated without cause or is terminated or resigns following a change in control, the Company will engage the CFO as a consultant for a one year period on an if, as and when required basis at daily compensation rates consistent with CFO's compensation prior to termination or resignation with the result that CFO's stock options will, unless otherwise exercised or terminated, continue for such one year period.

Director Compensation

The Company compensated its directors in their capacities as such for the financial year ended December 31, 2010. Incentive stock options may be granted to the Company's directors from time to time.

The following table discloses the particulars of the compensation provided to the directors of the Company (not including the Named Executive Officers) during the financial year ended December 31, 2010.

Name	Fees Earned	Share-based Awards	Option-based Awards ⁽¹⁾	Non-equity Incentive Plan Compensation	Pension value	All other Compensation	Total
	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
Brian Lock	9,000	Nil	89,697	Nil	Nil	Nil	98,697
Luc Pelchat	9,000	Nil	89,697	Nil	Nil	Nil	98,697
David Smalley	9,000	Nil	89,697	Nil	Nil	Nil	98,697
Andrew Lee Smith	9,000	Nil	89,697	Nil	Nil	Nil	98,697
Lisa Riley ⁽²⁾	1,500	Nil	Nil	Nil	Nil	Nil	1,500

- (1) The fair value of option-based awards is determined in accordance with Section 3870 of the CICA Handbook. The Corporation uses the Black-Scholes model to estimate fair value of stock options annually granted and is determined by multiplying the number of stock options granted by their value following this method. This value is equal to the accounting value established in accordance with generally recognized accounting principles and according to the following assumptions:

Expected dividend yield	Nil %
Expected stock price volatility	133%
Risk free interest rate	2.26%
Expected life	4 years

- (2) Lisa Riley was appointed a director of the Corporation on November 20, 2010.

Outstanding share-based awards and option based awards

The following table sets forth information concerning all awards outstanding as of December 31, 2010 to directors of the Company. This includes awards granted in prior years.

Name	Number of Securities Underlying Unexercised Options ⁽¹⁾	Option Exercise Price	Option Expiration Date	Value of unexercised in-the-money Options ⁽²⁾
		(\$)		(\$)
Brian Lock	150,000	0.75	March 11, 2015	Nil
	400,000	0.44	June 10, 2014	112,000
Luc Pelchat	150,000	0.75	March 11, 2015	Nil
	400,000	0.44	June 10, 2014	112,000
David Smalley	150,000	0.75	March 11, 2015	Nil
	400,000	0.44	June 10, 2014	112,000
	33,333	0.33	June 17, 2012	13,000
Andrew Lee Smith	150,000	0.75	March 11, 2015	Nil
	400,000	0.44	June 10, 2014	112,000
	33,333	0.33	June 17, 2012	13,000

- (1) All outstanding stock options have fully vested.
(2) "In-the-Money Options" means the excess of the market value of the Company's shares on December 31, 2010 over the exercise price of the Options. The closing price of the Company's shares on the TSX Venture Exchange on December 31, 2010 was \$0.72.

The Company has not granted any share-based awards during the fiscal year ended December 31, 2010.

Incentive Plan Awards-Value Vested or Earned During the Year

The following table sets out the aggregate dollar value that would have been realized by the directors of the Company if the options under the option-based award had been exercised on the vesting date during the most recently completed fiscal year ended December 31, 2010.

Name	Option-based awards-Value Vested during the year ⁽¹⁾⁽²⁾	Share-based awards-Value vested during the year ⁽³⁾	Non-equity incentive plan compensation-Value earned during the year ⁽¹⁾
	(\$)	(\$)	(\$)
Brian Lock	Nil	Nil	Nil
Luc Pelchat	Nil	Nil	Nil
David Smalley	Nil	Nil	Nil
Andrew Lee Smith	Nil	Nil	Nil

- (1) Calculated using the difference between the exercise price and the fair value of the common shares of the Company immediately before the vesting date. No options were exercised by Directors during 2010.
- (2) Options vested on the date of grant.
- (3) No share-based awards were granted during the fiscal year ended December 31, 2010.
- (4) No non-equity incentive plan compensation was awarded during the fiscal year ended December 31, 2010.

RELATED PARTY TRANSACTIONS

Scorpio Mining Corporation was the parent company of the Company throughout 2009 and until March 10, 2010. Since that date, Scorpio Mining Corporation has had a significant influence over the Company.

During the year ended December 31, 2010, Scorpio Mining Corporation invoiced the Company for management fees for a total amount of \$128,400 for the use of Scorpio Mining Corporation's office facilities and staff.

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

At no time during the Company's last completed financial year ended December 31, 2010, was any director, executive officer, employee, proposed management nominee for election as a director of the Company nor any associate of any such director, executive officer, or proposed management nominee of the Company or any former director, executive officer or employee of the Company or any of its subsidiaries indebted to the Company or any of its subsidiaries was indebted to another entity where such indebtedness is or has been the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Company or any of its subsidiaries, other than routine indebtedness.

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The following table provides information regarding compensation plans under which securities of the Company are authorized for issuance in effect as of the Company's most recently completed financial year ended December 31, 2010.

Plan Category	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))
	(a)	(b)	(c)
Equity Compensation Plans Approved By Shareholders (Stock Option Plan)	5,753,666	\$0.58	2,122,836
Equity Compensation Plans Not Approved By Shareholders	N/A	N/A	N/A
Total:	5,753,666	\$0.58	2,122,836

Refer to “Statement of Executive Compensation – Stock Options” for a brief description of the Plan. The Shareholders of the Company will be asked at the Meeting to approve the adoption of a new stock option plan which will replace and supersede the Plan. Refer to “Particulars of Other Matters to be Acted Upon.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

Other than set forth in this information circular, there are no material interests, direct or indirect, of any informed person of the Company, any proposed director of the Company, or any associate or affiliate of any informed person or proposed director since the commencement of the Company’s most recently completed financial year or in any proposed transaction which has materially affected or would materially affect the Company.

MANAGEMENT CONTRACTS

Management functions of the Company are not performed, to any substantive degree, by a person or persons other than the directors or senior officers of the Company.

APPOINTMENT OF AUDITORS

At the Annual General Meeting of the Company held June 15, 2010, shareholders approved the appointment of Deloitte & Touche, Chartered Accountants as auditors to hold office until the next annual general meeting of shareholders or until the firm of is removed from office or resigns as provided by the Company’s Articles. Unless such authority is withheld, the persons named in the accompanying proxy intend to vote for the appointment of Deloitte & Touche LLP, Chartered Accountants as auditors of the Company and to authorize the directors to fix their remuneration.

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

Other than as set forth in this Information Circular, no person who has been a director or executive officer of the Company at any time since the beginning of the last financial year ended December 31, 2010, nor any proposed nominee for election as a director of the Company, nor any associate or affiliate of any of the foregoing, has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted upon other than the election of directors or the approval of the Stock Option Plan.

AUDIT COMMITTEE

Under National Instrument 52-110 – Audit Committees (“NI 52-110”), companies are required to provide disclosure with respect to their audit committee including the text of the audit committee’s charter, composition of the audit committee and the fees paid to the external auditor. Accordingly, the Company provides the following disclosure with respect to its audit committee:

Composition of the Audit Committee

The current members of the Audit Committee and following the election of the directors pursuant to this Information Circular, the following will be the members of the Audit Committee:

Brian Lock	Independent ⁽¹⁾	Financially literate ⁽²⁾
David Smalley (Chair)	Independent ⁽¹⁾	Financially literate ⁽²⁾
Luc Pelchat	Independent ⁽¹⁾	Financially literate ⁽²⁾

- (1) A member of an audit committee is independent if the member has no direct or indirect material relationship with the Company which could, in the view of the Board, reasonably interfere with the exercise of a member’s independent judgment.
- (2) An individual is financially literate if he has the ability to read and understand a set of financial statements that present a breadth of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Company’s financial statements.

The Audit Committee’s Charter

A. PURPOSE

The overall purpose of the Audit Committee (the "Committee") is to ensure that the Corporation's management has designed and implemented an effective system of internal financial controls, to review and report on the integrity of the consolidated financial statements and related financial disclosure of the Corporation and to review the Corporation's compliance with regulatory and statutory requirements as they relate to financial statements, taxation matters and disclosure of financial information.

B. COMPOSITION, PROCEDURES AND ORGANIZATION

1. The Committee shall consist of at least three members of the Board of Directors (the "Board").
2. The Board, at its organizational meeting held in conjunction with each annual general meeting of the shareholders, shall appoint the members of the Committee for the ensuing year. The Board may at any time remove or replace any member of the Committee and may fill any vacancy in the Committee.
3. Unless the Board shall have appointed a chair of the Committee, the members of the Committee shall elect a chair and a secretary from among their number.
4. The quorum for meetings shall be a majority of the members of the Committee, present in person or by telephone or other telecommunication device that permits all persons participating in the meeting to speak and to hear each other.
5. The Committee shall have access to such officers and employees of the Corporation and to the Corporation's external auditors, and to such information respecting the Corporation, as it considers to be necessary or advisable in order to perform its duties and responsibilities.
6. Meetings of the Committee shall be conducted as follows:
 - (a) the Committee shall meet at least four times annually at such times and at such locations as may be requested by the chair of the Committee. The external auditors or any member of the Committee may request a meeting of the Committee;

- (b) the external auditors shall receive notice of and have the right to attend all meetings of the Committee; and
 - (c) management representatives may be invited to attend all meetings except private sessions with the external auditors.
7. The internal auditors and the external auditors shall have a direct line of communication to the Committee through its chair and may bypass management if deemed necessary. The Committee, through its chair, may contact directly any employee in the Corporation as it deems necessary, and any employee may bring before the Committee any matter involving questionable, illegal or improper financial practices or transactions.

C. ROLES AND RESPONSIBILITIES

1. The overall duties and responsibilities of the Committee shall be as follows:
- (a) to assist the Board in the discharge of its responsibilities relating to the Corporation's accounting principles, reporting practices and internal controls and its approval of the Corporation's annual and quarterly consolidated financial statements and related financial disclosure;
 - (b) to establish and maintain a direct line of communication with the Corporation's internal and external auditors and assess their performance;
 - (c) to ensure that the management of the Corporation has designed, implemented and is maintaining an effective system of internal financial controls; and
 - (d) to report regularly to the Board on the fulfilment of its duties and responsibilities.
2. The duties and responsibilities of the Committee as they relate to the external auditors shall be as follows:
- (a) to recommend to the Board a firm of external auditors to be engaged by the Corporation, and to verify the independence of such external auditors;
 - (b) to review and approve the fee, scope and timing of the audit and other related services rendered by the external auditors;
 - (c) review the audit plan of the external auditors prior to the commencement of the audit;
 - (d) to review with the external auditors, upon completion of their audit:
 - (i) contents of their report;
 - (ii) scope and quality of the audit work performed;
 - (iii) adequacy of the Corporation's financial and auditing personnel;
 - (iv) co-operation received from the Corporation's personnel during the audit;
 - (v) internal resources used;
 - (vi) significant transactions outside of the normal business of the Corporation;
 - (vii) significant proposed adjustments and recommendations for improving internal accounting controls, accounting principles or management systems; and
 - (viii) the non-audit services provided by the external auditors;

- (e) to discuss with the external auditors the quality and not just the acceptability of the Corporation's accounting principles; and
 - (f) to implement structures and procedures to ensure that the Committee meets the external auditors on a regular basis in the absence of management.
3. The duties and responsibilities of the Committee as they relate to the Corporation's internal auditors are to:
- (a) periodically review the internal audit function with respect to the organization, staffing and effectiveness of the internal audit department;
 - (b) review and approve the internal audit plan; and
 - (c) review significant internal audit findings and recommendations, and management's response thereto.
4. The duties and responsibilities of the Committee as they relate to the internal control procedures of the Corporation are to:
- (a) review the appropriateness and effectiveness of the Corporation's policies and business practices which impact on the financial integrity of the Corporation, including those relating to internal auditing, insurance, accounting, information services and systems and financial controls, management reporting and risk management;
 - (b) review compliance under the Corporation's business conduct and ethics policies and to periodically review these policies and recommend to the Board changes which the Committee may deem appropriate;
 - (c) review any unresolved issues between management and the external auditors that could affect the financial reporting or internal controls of the Corporation; and
 - (d) periodically review the Corporation's financial and auditing procedures and the extent to which recommendations made by the internal audit staff or by the external auditors have been implemented.
5. The Committee is also charged with the responsibility to:
- (a) review the Corporation's quarterly statements of earnings, including the impact of unusual items and changes in accounting principles and estimates and report to the Board with respect thereto;
 - (b) review and approve the financial sections of:
 - (i) the annual report to shareholders;
 - (ii) the annual information form;
 - (iii) annual and interim MD&A;
 - (iv) prospectuses;
 - (v) news releases discussing financial results of the Corporation; and
 - (vi) other public reports of a financial nature requiring approval by the Board,and report to the Board with respect thereto;

- (c) review regulatory filings and decisions as they relate to the Corporation's consolidated financial statements;
- (d) review the appropriateness of the policies and procedures used in the preparation of the Corporation's consolidated financial statements and other required disclosure documents, and consider recommendations for any material change to such policies;
- (e) review and report on the integrity of the Corporation's consolidated financial statements;
- (f) review the minutes of any audit committee meeting of subsidiary companies;
- (g) review with management, the external auditors and, if necessary, with legal counsel, any litigation, claim or other contingency, including tax assessments that could have a material effect upon the financial position or operating results of the Corporation and the manner in which such matters have been disclosed in the consolidated financial statements;
- (h) review the Corporation's compliance with regulatory and statutory requirements as they relate to financial statements, tax matters and disclosure of financial information; and
- (i) develop a calendar of activities to be undertaken by the Committee for each ensuing year and to submit the calendar in the appropriate format to the Board of Directors following each annual general meeting of shareholders.

Relevant Education and Experience

Brian Lock

Mr. Lock received a Higher National Certificate in Electrical Engineering from Durham College in England in 1971. Mr. Lock has over 30 years experience in the operations, feasibility, design engineering and construction of numerous precious metals and base metal mining projects around the world. Initially Mr. Lock held senior positions with a major international mining consortium and two major engineering companies, before, in 1985 forming and becoming President of Proton International Engineering Corporation, a Canadian engineering and construction company devoted to the development of small and medium sized mining projects. Mr. Lock has managed and/or served as a director of several Canadian public and private companies.

David Smalley

Mr. Smalley is a partner at Fraser and Company LLP in Vancouver, where he has practiced corporate and securities law since 1990. Mr. Smalley has been a director and officer of public companies for over 15 years.

Luc Pelchat

Mr. Pelchat has significant experience in business, human resources and financings in Canada, Mexico and Africa. Mr. Pelchat is also the founder of the Chamber of Commerce of Canada in the North of Mexico. Mr. Pelchat has over 15 years experience as an executive of various companies.

Audit Committee Oversight

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

Reliance on Certain Exemptions

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

Pre-Approval Policies and Procedures

The Audit Committee is authorized by the Board of Directors to review the performance of the Company's external auditors and approve in advance provision of services other than auditing and to consider the independence of the external auditors, including reviewing the range of services provided in the context of all consulting services bought by the Company. The Audit Committee is authorized to approve any non-audit services or additional work which the Chairman of the Audit Committee deems as necessary who will notify the other members of the Audit Committee of such non-audit or additional work.

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:

Financial Year Ending	Audit Fees	Audit Related Fees ⁽¹⁾	Tax Fees ⁽²⁾	All Other Fees ⁽³⁾
2010	\$65,000	\$5,908	\$19,500	-
2009	\$21,200	\$18,500	\$42,725	-

- (1) The aggregate fees billed for assurance and related services that are reasonably related to the performance of the audit or review of the Company's financial statements which are not included under the heading "Audit Fees".
- (2) The aggregate fees billed for professional services rendered for tax compliance, tax advice and tax planning.
- (3) The aggregate fees billed for products and services other than as set out under the headings "Audit Fees", "Audit Related Fees" and "Tax Fees".

CORPORATE GOVERNANCE DISCLOSURE

On June 30, 2005, National Instrument 58-101 - *Disclosure of Corporate Governance Practices* ("NI 58-01") and National Policy 58-201 - *Corporate Governance Guidelines* ("NP-58-201") came into force in every province and territory in Canada. In addition, the Company is subject to NI 52-110 which has been adopted in various Canadian provinces and territories and which prescribes certain requirements in relation to audit committees and defines the meaning of independence with respect to directors. These reflect current regulatory guidelines of the Canadian Securities Administrators ("CSA"). The Company's corporate governance practices are set out below.

Independence of Members of Board

The Company's Board of Directors consists of six directors, five of whom are independent based upon the tests for independence set forth in NI 52-110. Peter J. Hawley is not independent as he is the President and Chief Executive Officer of the Company. Brian Lock, Luc Pelchat, David Smalley, Andrew Lee Smith and Lisa Riley are independent.

Management Supervision by Board

The operations of the Company do not support a large Board of Directors and the Board has determined that the current size and constitution of the Board is appropriate for the Company's current stage of development. Independent supervision of management is accomplished through choosing management who demonstrate a high level of integrity and ability and having strong independent Board members. The independent directors are able to meet at any time without any members of management including the non-independent director being present.

Participation of Directors in Other Reporting Issuers

The participation of the directors in other reporting issuers is described in the following table.

<u>Name of Director</u>	<u>Names of Other Reporting Issuers the Director is a Director of</u>
Peter J. Hawley	Maxtech Ventures Inc. Abitex Resources Inc. Scorpio Mining Corporation
Brian Lock	Canaco Resources Inc. Castle Peak Mining Ltd. Brainium Technologies Inc. Biomax Technologies Inc.
Luc Pelchat	None
David W. Smalley	Priceless Piranha Capital Corp.
Andrew Lee Smith	True North Gems Inc. Canaco Resources Inc. Candente Gold Corp. Riata Resources Corp. Santos Resources Inc.

Orientation and Continuing Education

While the Company does not have formal orientation and training programs, new Board members are provided with:

1. access to recent, publicly filed documents of the Company, technical reports and the Company's internal financial information;
2. access to management and technical experts and consultants; and
3. a summary of significant corporate and securities law responsibilities.

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

Ethical Business Conduct

The Board does not currently have a written code of ethics but views good corporate governance as an integral component to the success of the Company and to meet responsibilities to shareholders. The primary steps taken by the Company to encourage and promote a culture of ethical business conduct is to conduct appropriate due diligence on proposed directors and ensure that proposed directors are of the highest ethical standards.

Nomination of Directors

The Company has a Nomination Committee which has the responsibility for identifying potential Board candidates. The Nomination Committee assesses potential Board candidates to fill perceived needs on the Board for required skills, expertise, independence and other factors. Members of the Board and representatives of the mineral exploration industry are consulted for possible candidates.

Compensation of Directors, the Chief Executive Officer and Other Key Officers

The Company has a Compensation Committee consisting of Brian Lock, Luc Pelchat and Andrew Lee Smith, all are independent directors, who have the responsibility for determining compensation for the directors and senior management.

To determine compensation payable, the Compensation Committee reviews compensation paid for the directors, Chief Executive Officer as well as other key officer positions, of companies of similar size and stage of development in the mineral exploration industry and determines an appropriate compensation reflecting the need to provide incentive and compensation for the time and effort expended by the directors and senior management while taking into account the financial and other resources of the Company. In setting compensation, the Compensation Committee annually reviews the performance of the key members of senior management in light of the Company's objectives and considers other factors that may have impacted the success of the Company in achieving its objectives.

Board Committees

The Company also has a Nomination and Corporate Governance Committee comprised of David Smalley, Peter Hawley and Andrew Lee Smith. The directors are involved as required in the operations of the Company and the size of the Company's operations does not at this time warrant a larger board of directors. The Board has determined that additional committees beyond the existing Audit Committee, Compensation Committee and Nomination and Corporate Governance Committee are not necessary at this stage of the Company's development.

Assessments

The Board does not consider that formal assessments would be useful at this stage of the Company's development. The Board conducts informal annual assessments of the Board's effectiveness, the individual directors and each of its committees. As part of the assessments, the Board or the individual committees may review its mandate and conduct reviews of applicable corporate policies.

PARTICULARS OF OTHER MATTERS TO BE ACTED UPON

STOCK OPTION PLAN

On May 9, 2011, the Board of Directors approved the adoption of the 2011 Plan, which, if approved by the shareholders of Company and the Exchange, will replace and supersede the Plan. The Company wishes to adopt the 2011 Plan in order to ensure compliance with the Withholding Tax Amendments and to reflect current Exchange policies and, in the event the Company lists its shares on the TSX in the future, the TSX policies. Completion of the adoption of the 2011 Plan requires shareholder approval and approval of the Exchange. All 5,678,666 currently outstanding stock options granted under the Plan (representing 5.62% of the issued and outstanding common shares of the Company as at the date hereof) will be considered to be continued and outstanding under the 2011 Plan.

The material terms of the 2011 Plan are as follows:

The 2011 Plan will be administered by the Board of Directors or a committee thereof, which will have full and final authority with respect to the granting of all stock options thereunder. A number of stock options equal to 10% of the outstanding common shares of the Company from time to time, inclusive of the 5,678,666 stock options of the Company currently outstanding, will be available to be granted pursuant to the 2011 Plan to such directors, officers,

employees or consultants of the Company and its subsidiaries, if any, as the Board of Directors or a committee thereof may from time to time designate.

For so long as the Company is listed on the Exchange, the number of common shares of the Company which may be reserved in any 12 month period for issuance to any one individual upon exercise of all options held by that individual may not exceed 5% of the issued and outstanding common shares of the Company, unless the Company has obtained disinterested shareholder approval, and the number of common shares which may be reserved in any 12 month period for issuance to any one employee or consultant engaged in investor relations activities may not exceed 2% of the issued and outstanding common shares of the Company. The 2011 Plan provides that, for so long as the Company is listed on the Exchange, stock options issued to consultants performing investor relations activities will vest in stages over 12 months with no more than 1/4 of the stock options vesting in any three month period. If the Company's common shares are in the future listed on the TSX, the number of common shares issuable to all insiders, at any time, under all share compensation arrangements of the Company cannot exceed 10% of the number of common shares that are outstanding immediately prior to the share issuance (the "Outstanding Issue"), and the number of common shares issued to insiders as a group, pursuant to the exercise of options granted under the 2011 Plan and all other share compensation arrangements, in any 12 month period, cannot exceed 10% of the Outstanding Issue

The exercise price of any stock options shall be determined by the Board of Directors or a committee thereof; however, the exercise price of stock options may not be less than the market value of the Company's common shares at the time the stock option is granted. "Market Value" will generally be the closing trading price of the Company's common shares on the Exchange or such other stock exchange upon which the common shares are listed on the trading day immediately preceding the date of the grant of the stock option. The term of any stock option shall be determined by the Board of Directors or a committee thereof at the time of grant but, subject to earlier termination in the event of dismissal for cause, termination other than for cause or in the event of death or disability, the term of any options granted under the 2011 Plan may not exceed ten years for so long as the Company is listed on the Exchange. The expiry date of outstanding stock options which would expire during a black-out period, or within 10 business days after the expiry of a black-out, will be extended for a period of time ending on the tenth business day after the expiry date of the black-out to provide an extension to the right to exercise such stock options; provided, however, that for so long as the Company is listed on the Exchange, the expiry date must not exceed the date which is ten years from the date of grant of such stock option. If desired by the Board of Directors or a committee thereof, stock options may be subject to vesting. In certain cases, the rules and policies of the Exchange require mandatory vesting.

Stock options are not to be transferable or assigned other than by will or other testamentary instrument or pursuant to laws of succession. Subject to certain exceptions, in the event that a director or officer ceases to hold office other than by reason of death or disability, stock options granted to such director or officer will expire 90 days after such director or officer ceases to hold office. However, the stock options shall terminate immediately on the date the optionee ceases to be a director of the Company as a result of: (a) ceasing to meet the qualifications set forth in the *Business Corporations Act* (British Columbia); (b) a special resolution passed by the shareholders of the Company removing the optionee as a director of the Company; or (c) by order of any securities regulatory body having jurisdiction to so order. Subject to certain exceptions, in the event that an employee or consultant of the Company ceases to act in that capacity other than by reason of death or disability, stock options granted to such employee or consultant will expire 90 days after such individual or entity ceases to act in that capacity. Stock options granted to optionees engaged in investor relations activities will expire 30 days after such optionees cease to perform such investor relations activities other than by reason of death or disability. In the event of death of an option holder or termination as a result of such option holder's disability, such option holder's stock options will expire on the earlier of the expiry date of such stock options and one year from the date of the death of the option holder or of the date of termination as a result of disability, as the case may be.

The Board of Directors or a committee thereof may, at any time, without further approval by the shareholders of the Company or the consent of the affected option holders, amend the 2011 Plan or any option granted hereunder to:

- (i) amend typographical, clerical and grammatical errors;
- (ii) reflect changes to applicable securities laws;

- (iii) include the addition of a cashless exercise feature, payable in cash or securities;
- (iv) ensure that the stock options granted under the 2011 Plan will comply with any provisions respecting the income tax and other laws in force in any country or jurisdiction of which an option holder to whom a stock option has been granted may from time to time be resident or a citizen; and
- (v) reduce the exercise price or extend the term of a stock option for an option holder who is not an insider of the Company.

The full text of the 2011 Plan is available upon request from the registered office of the Company.

In accordance with the rules and policies of the Exchange, the 2011 Plan must be approved by the shareholders of the Company. The approval of shareholders of the Company means the affirmative vote of a majority of the votes cast at the Meeting.

Accordingly, shareholders of the Company will be asked at the Meeting to approve the 2011 Plan by passing the following ordinary resolution, which requires an affirmative vote of a majority of the votes cast by shareholders at the Meeting:

“RESOLVED AS AN ORDINARY RESOLUTION that:

1. the new stock option plan (the “2011 Plan”) of the Company which provides for the Company to grant such number of stock options as is equal to 10% of the issued and outstanding common shares of the Company at the date of grant and conforms to the policies of the TSX Venture Exchange, as more particularly described in the Information Circular of the Company dated May 9, 2011, subject to any modifications by the TSX Venture Exchange, be and is hereby adopted as the 2011 Plan of the Company;
2. the Company be authorized to abandon or terminate all or any part of the 2011 Plan if the Board of Directors of the Company deems it appropriate and in the best interests of the Company to do so, subject to the approval of the TSX Venture Exchange; and
3. any one or more of the directors and officers of the Company be authorized and directed to perform all such acts, deeds and things and execute, under the seal of the Company or otherwise, all such documents and other writings as may be required to give effect to the true intent of these resolutions.”

Management of the Company recommends that shareholders vote in favour of the foregoing resolution, and the persons named in the enclosed form of proxy intend to vote for the approval of the foregoing resolution at the Meeting unless otherwise directed by the shareholders appointing them.

An ordinary resolution requires the approval of a simple majority (greater than 50%) of the votes cast by those shareholders of the Company who, being entitled to do so, vote in person or by proxy at a general meeting of the Company.

OTHER BUSINESS

The management of the Company is not aware of any other matters to come before the Meeting other than as set forth in the Notice of Meeting. If any other matter properly comes before the Meeting, it is the intention of the persons named in the Form of the Proxy to vote the shares represented in accordance with their best judgment on the matter.

ADDITIONAL INFORMATION

Additional information regarding the Company and its business activities is available on the SEDAR website located at www.sedar.com. The Company’s financial information is provided in the Company’s audited comparative

financial statements and related management discussion and analysis for its most recently completed financial year and any subsequent interim financial statements and may be viewed on the SEDAR website at the location noted above. Shareholders of the Company may request copies of the Company's financial statements and related management discussion and analysis by contacting Janet Horbulyk, Corporate Secretary, at Suite 511 - 475 Howe Street, Vancouver, British Columbia, V6C 2B3 (Phone: (604) 678-9639).

DATED at Vancouver, British Columbia this 9th day of May, 2011.

The Board of Directors of the Company have approved the content and sending of this Management Information Circular.

"Peter Hawley"

Peter Hawley, President