



aureus mining

AUREUS MINING INC.

NOTICE OF ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS

AND

MANAGEMENT INFORMATION CIRCULAR

MAY 14, 2012

AUREUS MINING INC.

**79 Wellington Street West, Suite 2300
Toronto, Ontario M5K 1H1**

NOTICE OF ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS

NOTICE IS HEREBY GIVEN that an annual and special meeting of the shareholders (the “**Meeting**”) of Aureus Mining Inc. (the “**Company**”) will be held at 20 Southampton Street, London, WC2E 7QH, United Kingdom, on Friday, June 15, 2012 at 11:00 a.m. (London, UK time), for the following purposes:

1. to receive the audited consolidated financial statements of the Company for the financial year ended December 31, 2011 together with the report of the auditors thereon;
2. to elect directors;
3. to appoint the auditors of the Company for the ensuing year and to authorise the directors to fix their remuneration;
4. to consider, and if thought advisable, pass a resolution to approve, ratify and confirm the by-laws of the Company;
5. to consider, and if thought advisable, pass a resolution to approve, ratify and confirm the Company’s shareholder rights plan dated as of March 13, 2012 between the Company and Computershare Investor Services Inc. as rights agent; and
6. to transact such further or other business as may properly come before the meeting or any adjournment or adjournments thereof.

Accompanying this Notice is the management information circular of the Company dated as of May 14, 2012 (the “**Information Circular**”), a form of proxy (the “**Form of Proxy**”), form of instruction (if applicable) and a financial statements request form (if applicable). The Information Circular provides further information relating to the matters to be addressed at the Meeting.

The record date for the determination of shareholders entitled to receive notice of the Meeting (the “**Record Date**”) is at the close of business on May 8, 2012. Only shareholders whose names have been entered in the register of shareholders at the close of business on the Record Date will be entitled to receive notice of and to vote at the Meeting.

Shareholders are entitled to vote at the meeting either in person or by proxy. Those who are unable to attend the meeting are requested to read, complete, sign and mail the enclosed Form of Proxy in accordance with the instructions set out in the Form of Proxy and in the Information Circular accompanying this Notice. Please advise the Company of any change in your mailing address.

DATED at London, United Kingdom, this 14 day of May, 2012.

BY ORDER OF THE BOARD OF DIRECTORS

(Signed) “David Reading”

David Reading
President and Chief Executive Officer

INFORMATION CIRCULAR

(Containing information as at May 14, 2012 unless indicated otherwise)

This management information circular (the “Information Circular”) is furnished in connection with the solicitation of proxies by the management of Aureus Mining Inc. (the “Company”) for use at the annual and special meeting (the “Meeting”) of shareholders (the “Shareholders”) of the Company (and any adjournment thereof) to be held at 20 Southampton Street, London, WC2E 7QH, United Kingdom, on Friday, June 15, 2011 at 11:00 a.m. (London, UK time) for the purposes set forth in the accompanying notice of meeting (the “Notice of Meeting”).

GENERAL PROXY INFORMATION

Solicitation of Proxies

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. In accordance with National Instrument 54-101 - *Communication with Beneficial Owners of Securities of a Reporting Issuer*, arrangements have been made with brokerage houses and other intermediaries, clearing agencies, custodians, nominees and fiduciaries to forward solicitation materials to the beneficial owners of the common shares of the Company (the “**Common Shares**”) held of record by such persons, and the Company may reimburse such persons for reasonable fees and disbursements incurred by them in so doing. The cost hereof 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 and Revocation of Proxies

The individuals named in the accompanying form of proxy (the “**Form of Proxy**”) are the Non-Executive Chairman and President and Chief Executive Officer of the Company, respectively (the “**Management Proxyholders**”). **A SHAREHOLDER WISHING TO APPOINT SOME OTHER PERSON (WHO NEED NOT BE A SHAREHOLDER OF THE COMPANY) TO REPRESENT HIM OR HER 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 PROPER FORM OF PROXY.** The completed Form of Proxy will not be valid unless it is received by Computershare Investor Services Inc., 9th Floor, 100 University Avenue, Toronto, Ontario, Canada M5J 2Y1, in the case of Shareholders whose Common Shares are registered in Canada, not less than 48 hours (excluding Saturdays, Sundays and holidays) before the time for holding the Meeting or any adjournment thereof, or delivered to the Chairman of the Meeting prior to the commencement of the Meeting.

In addition to any other manner permitted by law, a proxy may be revoked before it is exercised by instrument in writing executed in the same manner as a proxy and deposited at the registered office of the Company at any time up to and including the last business day preceding the day of the Meeting, or any adjournment thereof, at which the proxy is to be used or with the Chairman of the Meeting on the day of the Meeting, or any adjournment thereof, and thereupon the proxy is revoked.

A Shareholder attending the Meeting has the right to vote in person and, if he or she does so, his or her proxy is nullified with respect to the matters such person votes upon and any subsequent matters thereof to be voted

upon at the Meeting or any adjournment thereof. 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 Common Shares in their own name (referred to herein as “**Beneficial Shareholders**”) are advised that only proxies from Shareholders of record can be recognised and voted at the Meeting. Beneficial Shareholders who complete and return a Form 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.

If the 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 Common Shares are registered under the name of CDS & Co. (the registration name for the Canadian Depository for Securities, which acts as nominee and custodian 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 - *Communication with Beneficial Owners of Securities of a Reporting Issuer*, the Company has distributed copies of the Notice of Meeting, this Information Circular and the Form of Proxy to the clearing agencies and intermediaries for onward distribution to non-registered 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 Shareholders. Should a non-registered Shareholder receiving such a form wish to vote at the Meeting, the non-registered Shareholder should strike out the names of the Management Proxyholders named in the form and insert the non-registered Shareholder’s name in the blank provided. All references to Shareholders in this Information Circular and the accompanying Form of Proxy and Notice of Meeting are to registered Shareholders unless specifically stated otherwise.

Holders of depositary interests (the “**Depositary Interests**”) shall be invited to attend the Meeting by Computershare Company Nominees Limited in its capacity as custodian for the Depositary Interests and on behalf of the Company. If you are a holder of Depositary Interests in the Company, please fill in the Form of Instruction provided and return such form of instruction (the “**Form of Instruction**”) to Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol, BS99 6ZY, United Kingdom, not less than 72 hours (excluding weekends and holidays) before the time for holding the Meeting or any adjournment thereof. The completion and return of the Form of Instruction will not preclude you from attending the Meeting and voting in person if you so wish. Should you wish to attend the meeting and/or vote at the Meeting please notify Computershare Investor Services PLC in writing at the address above or email !UKALLDITeam2@computershare.co.uk.

In all cases, Beneficial Shareholders should carefully follow the instructions of their intermediary, including those regarding when, where and by what means the voting instruction form or proxy form must be delivered.

Voting of Proxies

All Common Shares represented by properly executed proxies will be voted or withheld from voting (including the voting on any ballot) in accordance with the instructions of the Shareholder, and if the Shareholder specifies a choice with respect to any matter to be acted upon at the Meeting, the Common Shares represented by the proxy shall be voted in accordance with such specification.

IF NO CONTRARY INSTRUCTIONS ARE INDICATED OR IF NO CHOICE HAS BEEN PROVIDED WITH RESPECT TO MATTERS WHICH ARE ADDRESSED BY THE NOTICE OF MEETING AND THIS INFORMATION CIRCULAR, THE COMMON SHARES REPRESENTED BY PROXIES WILL BE VOTED IN FAVOUR OF ALL MATTERS SET OUT IN THE NOTICE OF MEETING.

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 THEREOF

Authorised Capital: an unlimited number of Common Shares without par value

Issued and Outstanding: 119,140,988⁽¹⁾ Common Shares without par value

(1) As of May 14, 2012

Only Shareholders and Depositary Interest holders of record at the close of business on Tuesday, May 8, 2012 (the “**Record Date**”) who either personally attend the Meeting or who have completed and delivered a Form of Proxy or a Form of Instruction in the manner and subject to the provisions described above shall be entitled to vote or to have their Common Shares voted at the Meeting.

On a show of hands, every individual who is present as a Shareholder or as a representative of one or more corporate Shareholders, or who is holding a Form of 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 his name on the list of Shareholders, which is available for inspection during normal business hours at Computershare Investor Services Inc., 3rd Floor, 510 Burrard Street, Vancouver, British Columbia, Canada V6C 3B9 and will be available at the Meeting.

To the best of the knowledge of the directors and officers of the Company, no person or company beneficially owns or controls or directs, directly or indirectly more than 10% of the voting rights attached to all outstanding Common Shares of the Company.

MATTERS TO BE CONSIDERED AT THE MEETING

Presentation of Financial Statements

The Company's audited consolidated financial statements for the financial period ended December 31, 2011 and the report of the auditors thereon will be submitted to the Meeting. Receipt at the Meeting of the auditors' report and the Company's audited consolidated financial statements for the financial period ended December 31, 2011 will not constitute approval or disapproval of any matters referred to therein.

Election of Directors

The board of directors of the Company (the "**Board**") currently consists of six directors. 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. Except as indicated below, each director elected will hold office until the next annual meeting of shareholders or until his successor is elected or appointed, unless his office is earlier vacated in accordance with the by-laws of the Company or with the provisions of the *Canada Business Corporations Act* ("**CBCA**").

THE PERSONS NAMED IN THE ENCLOSED FORM OF PROXY INTEND TO VOTE FOR THE ELECTION OF EACH OF THE SIX NOMINEES LISTED BELOW, UNLESS THE SHAREHOLDER HAS SPECIFIED THAT THE COMMON SHARES REPRESENTED BY SUCH PROXY ARE TO BE WITHHELD FROM VOTING IN RESPECT THEREOF.

The following table sets out the names of management's nominees for election as directors, the province or state and country in which each is ordinarily resident, all offices of the Company now held by each of them, if any, their principal occupation, or employment during the past five years, the period of time for which each has been a director of the Company, and the number of voting securities of the Company beneficially owned or controlled or directed, directly or indirectly, by each of them, as at the date hereof.

Name, Province or State, Resident Country, Position(s) with Company	Principal Occupation	Date First Appointed as a Director	Number of Common Shares Beneficially Owned, Controlled or Directed, Directly and Indirectly, and Percentage of Class Held ⁽¹⁾
READING, David J. Kent, United Kingdom President, Chief Executive Officer and a Director	Chief Executive Officer of the Company, since February 2011; Non-Executive Director of Rio Novo Gold Inc., since January 2010; Non-Executive Director of Afferro, November 2010 to December 2011; Chief Executive Officer of European Goldfields Limited, September 2004 to October 2009.	February 1, 2011	258,334 (0.22%)

Name, Province or State, Resident Country, Position(s) with Company	Principal Occupation	Date First Appointed as a Director	Number of Common Shares Beneficially Owned, Controlled or Directed, Directly and Indirectly, and Percentage of Class Held ⁽¹⁾
NETHERWAY, David G. ⁽²⁾⁽⁴⁾ Johannesburg, Republic of South Africa Independent Chairman	Non-Executive Independent Chairman of the Company, since February 2011; Non-Executive Independent Chairman of Afferro, since October 2009; Independent Chairman of Kilo Goldmines Ltd., since July 2011; Chairman of Altus Strategies Limited, since July 2007; Non-Executive Director of Crusader Resources Ltd., since July 2011; Non-Executive Director of Gryphon Minerals Limited, since October 2010; Non-Executive Director of Altus Resource Capital Limited, since April 2009; Non-Executive Director of Altus Global Gold Limited, since October 2011; Non- Executive Chairman of GMA Resources Ltd., from December 2005 to January 2012; Chief Executive Officer of Shield Mining Limited, June 2006 to October 2010; Non- Executive Director of KazakhGold Group Ltd., October 2005 to March 2010; Non-Executive Director of Orezone Resources Inc., September 2002 to February 2009; Non- Executive Director of Equigold Resources NL, April 2006 to June 2008 and Independent Chairman of African Aura Resources Limited, December 2005 to October 2009.	February 1, 2011	139,595 (0.12%)

Name, Province or State, Resident Country, Position(s) with Company	Principal Occupation	Date First Appointed as a Director	Number of Common Shares Beneficially Owned, Controlled or Directed, Directly and Indirectly, and Percentage of Class Held ⁽¹⁾
CABRITA DA SILVA , Luis G. ⁽²⁾⁽³⁾ Kent, United Kingdom Non-Executive Director	President and Chief Executive Officer of Afferro, an iron ore exploration and development company in sub-Saharan Africa, since October 2007; Non-Executive Director of the Company, since February 2011; Non-Executive Director of Stellar Diamonds plc, February 2010 to present; Chief Financial Officer of Afferro, February 2007 to October 2007; Non-Executive Director of Stellar Diamonds Limited, May 2007 to February 2010; Director, Group Audit in Asia, Lafarge SA, February 2005 to January 2007.	February 1, 2011	74,826 (0.06%)
BEATTY , David M. ⁽⁴⁾ Ontario, Canada Non-Executive Director	Chief Executive Officer of Rio Novo Gold Inc., an emerging gold company, since January 2010; Chairman of Rio Verde Minerals Corp., since December 2010; Deputy Chairman-Investment Banking Metals & Mining and Managing Director of Thomas Weisel Partners, January 2008 to January 2010; Co-founder, Deputy Chairman and Managing Director of Westwind Partners Inc., January 2002 to January 2008.	February 1, 2011	50,000 (0.04%)
MARTIN , Jean-Guy ⁽²⁾⁽³⁾ Montreal, Quebec Non-Executive Director	Retired Senior Partner at PricewaterhouseCoopers (PwC) LLP (Canada) and Independent Corporate Director since June 2011; Senior Partner at PwC, August 1976 to June 2011.	June 3, 2011	Nil
REYNOLDS , Adrian J. ⁽³⁾⁽⁴⁾ Cape Town, Republic of South Africa Non-Executive Director	Independent Non-Executive Chairman of Digby Wells Environmental, since September 2011; Self-employed consultant in Geology, Mining and Environmental, since March 2009; Non-Executive Director of Mkango Resources Ltd, since June 2011; General Manager-Technical for Randgold Resources Limited, September 1997 to February 2009.	April 4, 2011	Nil

Notes:

- (1) This information not being within the knowledge of the Company, has been furnished by the respective directors individually.
- (2) Member of the Audit Committee.
- (3) Member of the Corporate Governance and Human Resources Committee.
- (4) Member of the Compensation Committee.

The Company's management does not contemplate that any of its nominees will be unable to serve as a director. If any vacancies occur in the slate of nominees listed above before the Meeting, then the proxyholders named in the accompanying Form of Proxy intend to exercise discretionary authority to vote the shares represented by proxy for the election of any other persons as directors.

Corporate Cease Trade Orders and Bankruptcies

No proposed director of the Company is, as at the date of this Information Circular, or has been, within 10 years prior to the date hereof, 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.

No proposed director of the Company is, as at the date hereof, or has been within 10 years prior to the date hereof, 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.

Personal Bankruptcies

No proposed director of the Company or any personal holding company of such person has been, within the 10 years prior to the date hereof, 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.

Penalties or Sanctions

No proposed director of the Company or any personal holding company of such person 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) or any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable securityholder in deciding whether to vote for a director.

Appointment of Auditors

BDO LLP, the current auditors of the Company, have been the auditors of the Company since April 5, 2011. At the Meeting, Shareholders will be requested to re-appoint BDO LLP as the Company's auditors to hold office until the next annual meeting of Shareholders or until a successor is appointed, and to authorise the Board to fix the auditors' remuneration.

THE PERSONS NAMED IN THE ENCLOSED FORM OF PROXY INTEND TO VOTE FOR THE REAPPOINTMENT OF BDO LLP, CHARTERED ACCOUNTANTS, AS AUDITORS OF THE COMPANY, TO HOLD OFFICE UNTIL THEIR SUCCESSOR IS APPOINTED AND TO AUTHORISE THE DIRECTORS TO FIX THEIR REMUNERATION, UNLESS THE SHAREHOLDER HAS SPECIFIED THAT THE COMMON SHARES REPRESENTED BY SUCH PROXY ARE TO BE WITHHELD FROM VOTING IN RESPECT THEREOF.

Approval of the By-Laws of the Company

On February 1, 2011, the Board passed a resolution approving By-Law No. 1 of the Company, being the by-law relating generally to the transaction of the business and affairs of the Company. Section 103(2) of the CBCA provides that a by-law made by the directors must be submitted to shareholders at the next meeting of shareholders, and the shareholders may, by ordinary resolution, confirm, reject or amend the by-law.

The text of By-Law No. 1 is set out in Exhibit "A" of Appendix "A" of this Information Circular.

Shareholders will be asked at the Meeting to vote on a resolution, the text of which is contained in Appendix "A" to this Information Circular (the "**By-Law Resolution**") to approve, confirm and ratify By-Law No. 1.

THE PERSONS NAMED IN THE ENCLOSED FORM OF PROXY TEND TO VOTE FOR THE BY-LAW RESOLUTION, UNLESS THE SHAREHOLDER HAS SPECIFIED THAT THE COMMON SHARES REPRESENTED BY SUCH PROXY ARE TO BE VOTED AGAINST SUCH RESOLUTION.

Approval of Shareholder Rights Plan

On March 13, 2012, the Board implemented a shareholder rights plan (the "**Rights Plan**") with immediate effect. A summary of the terms and conditions of the Rights Plan is contained in Exhibit "A" of Appendix "B" of this Information Circular. A copy of the Rights Plan is available on the SEDAR profile of the Company at www.sedar.com.

To continue to have a shareholder rights plan for the Company beyond the termination of the Meeting, Shareholders will be asked at the Meeting to vote on a resolution, the text of which is contained in Appendix "B" to this Information Circular (the "**Rights Plan Resolution**"), to approve, ratify and confirm the adoption of the Rights Plan on the terms and conditions set out therein.

The Rights Plan was not adopted in response to or in anticipation of any pending or threatened take-over bid. It is not intended to and will not prevent a take-over of the Company. The Rights Plan does not reduce the duty of the Board to act honestly, in good faith and in the best interests of the Company, and to act on that basis if any offer is made, nor does the Rights Plan alter the proxy mechanisms to change the Board, create dilution on the initial issue of the rights or change the way in which Common Shares trade.

Purpose of the Rights Plan

The objectives of the Rights Plan are to ensure, to the extent possible, that all shareholders of the Company are treated equally and fairly in connection with any initiative to acquire control of the Company. The Rights Plan is intended: (i) to prevent, to the extent possible, a creeping take-over of the Company (i.e. the acquisition of effective control through a number of purchases over time) by requiring that any take-over offer is made to all shareholders and cannot be completed unless shareholders holding a majority of the outstanding shares (other than those held by the offeror and related parties) accept the offer; (ii) to provide the Company with additional time to consider or pursue alternatives including those to maximise shareholder value in the event an unsolicited take-over bid is made for all or a portion of the outstanding shares of the Company; and (iii) to discourage certain discriminatory and coercive aspects of take-overs.

Take-over acquisitions may be structured to be discriminatory or coercive and may be initiated at a time when the Board will have a difficult time preparing an adequate response to the take-over initiative. Accordingly, take-overs do not always result in shareholders receiving equal or fair treatment or full or maximum value for their investment.

The purpose of the Rights Plan is to address the following concerns that are widely held to be inherent in the provisions of current legislation governing take-over bids in Canada:

(a) Time

Canadian securities laws permit a take-over bid to remain open for a minimum of only 35 days, a period of time which the Board believes is insufficient for the directors to evaluate a take-over bid, explore, develop and pursue alternatives which it believes are preferable to the take-over bid or which could maximise shareholder value, and make reasoned recommendations to the shareholders. The Rights Plan provides that a Permitted Bid (as defined in the Rights Plan) must be open for a period which is no earlier than 60 days (or such shorter period of time as may be permitted by the Board) after the offer date of the take-over bid and, additionally, for a further period of 10 business days after the offeror publicly announces that outstanding Voting Shares and Convertible Securities (each as defined in the Rights Plan) held by Independent Shareholders (as defined in the Rights Plan) representing more than 50% of the aggregate of (A) then outstanding Voting Shares and (B) Voting Shares issuable upon the exercise of Convertible Securities have been deposited or tendered and not withdrawn and have previously been taken up or are taken up at the same time. Accordingly, the Rights Plan discourages discriminatory, coercive or unfair take-overs of the Company and gives the Board time if, in the circumstances, the Board determines it is appropriate to take such time, to consider and pursue alternatives in the event an unsolicited take-over bid is made.

(b) Pressure to Tender

A shareholder may feel compelled to tender to a take-over bid which the shareholder considers to be inadequate because, if it fails to tender, the shareholder may be left with illiquid or minority discounted shares. The Rights Plan contains a shareholder approval mechanism in the Permitted Bid definition, which is that no Voting Shares may be taken up and paid for under the bid unless outstanding Voting Shares and Convertible Securities held by Independent Shareholders representing more than 50% of the aggregate of (A) then outstanding Voting Shares and (B) Voting Shares issuable upon the exercise of Convertible Securities have been deposited or tendered and not withdrawn and have previously been or are taken up at the same time. By requiring a Permitted Bid to remain open for acceptance for a further period of 10 business days following public announcement that outstanding Voting Shares and Convertible Securities held by Independent Shareholders have been taken up as aforesaid, a shareholder's decision to accept a bid is separated from the decision to tender, lessening concern about undue pressure to tender to the bid.

(c) *Unequal Treatment of Shareholders*

Under current Canadian securities legislation, an offeror may obtain control or effective control of the Company without paying full value, without obtaining shareholder approval and without treating all of the shareholders equally. For example, an offeror could acquire blocks of shares by private agreement from one or a small group of shareholders at a premium to market price which is not shared with the other shareholders. In addition, a person could slowly accumulate shares through stock exchange acquisitions which may result, over time, in an acquisition of control or effective control without paying a control premium or without sharing of any control premium among all shareholders fairly. Under the Rights Plan, if a take-over bid is to qualify as a Permitted Bid, all offers to acquire the Company's outstanding Voting Shares or Convertible Securities that would result in the offeror owning 20% or more of the Voting Shares beneficially must be made to all shareholders on the books of the Company for all of the Voting Shares held by them.

Effect of the Rights Plan

It is not the intention of the Board members to entrench themselves or avoid a bid for control that is fair and in the best interests of shareholders. For example, shareholders may tender to a bid which meets the Permitted Bid criteria without triggering the Rights Plan, regardless of the acceptability of the bid to the Board. Furthermore, even in the context of a bid that does not meet the Permitted Bid criteria, the Board must act honestly and in good faith with a view to the best interests of the Company. Additionally, Canadian securities regulators recognise that shareholder rights plans serve a legitimate purpose. The Board believes that the dominant effect of the Rights Plan will be to enhance shareholder value, ensure equal treatment of all Independent Shareholders in the context of an acquisition of control, and lessen the pressure upon a shareholder to tender to a bid.

Confirmation by Shareholders

If the Rights Plan Resolution is approved at the Meeting, the Shareholder Rights Plan Agreement dated as of March 13, 2012 between the Company and Computershare Investor Services Inc. will continue beyond the termination of the Meeting and will expire at the close of business on the date on which the annual meeting of shareholders to be held in 2015 terminates, subject to earlier termination or expiration of the rights as set out in the Rights Plan. If the Rights Plan Resolution is not approved at the Meeting, the rights and the Rights Plan will terminate. The Company reserves the right to alter any terms of the Rights Plan at any time prior to the Meeting in the event that the Board determines, in light of subsequent developments, that to do so is in the best interests of the Company and its shareholders.

Under the terms of the Rights Plan, the Rights Plan Resolution must be passed by a majority of the votes cast thereon by all shareholders. In addition, under TSX requirements, the Rights Plan Resolution must be passed by a majority of the votes cast thereon by (a) all shareholders, and (b) all shareholders, without giving effect to any votes cast by (i) any shareholder that, directly or indirectly, on its own or in concert with others, holds or exercises control over more than 20% of the outstanding Voting Shares, if any, and (ii) the associates, affiliates and insiders of any person referred to in (i) above. At the date of this Information Circular, the Company believes that all shareholders are entitled to vote in respect of the Rights Plan Resolution.

Shareholders will be asked at the Meeting to consider, and, if considered advisable, to adopt the Rights Plan Resolution to approve the Rights Plan described above. The text of the Rights Plan Resolution to be considered by Shareholders is attached to this Information Circular as Appendix "A".

Recommendation of the Board

The Board has concluded that the Rights Plan is in the best interests of the Company and its shareholders. Accordingly, the Board unanimously recommends that the shareholders ratify, confirm and approve the Rights Plan by voting FOR the Rights Plan Resolution at the Meeting.

THE PERSONS NAMED IN THE ENCLOSED FORM OF PROXY INTEND TO VOTE FOR THE RIGHTS PLAN RESOLUTION, UNLESS THE SHAREHOLDER HAS SPECIFIED THAT THE COMMON SHARES REPRESENTED BY SUCH PROXY ARE TO BE VOTED AGAINST SUCH RESOLUTION.

STATEMENT OF EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

The purpose of this Compensation Discussion and Analysis is to provide information about the Company's executive compensation philosophy, objectives, and processes and to discuss compensation decisions relating to the Company's executive officers. The Company's executive compensation program is available as appropriate to its NEOs. A "NEO" is defined by applicable securities legislation to mean each of the following individuals, namely: (i) the President and Chief Executive Officer of the Company; (ii) the Chief Financial Officer of the Company; (iii) each of the Company's three most highly compensated executive officers, or the three most highly compensated individuals acting in a similar capacity, other than the Chief Executive Officer and the Chief Financial Officer, at the end of the most recently completed financial year whose total compensation was, individually, more than \$150,000 for that financial year; and (iv) each individual who would be a NEO under (iii) above but for the fact that the individual was neither an executive officer of the Company nor acting in a similar capacity, at the end of the most recently completed financial year-end.

As of the date hereof, the only NEOs of the Company are David Reading, Paul Thomson, Martin White and Bevan Metcalf, being the President and Chief Executive Officer, Chief Financial Officer, Chief Operating Officer and Former Chief Financial Officer of the Company, respectively.

Compensation Committee

The Board has established a Compensation Committee comprised of Messrs. Netherway (Chairman), Beatty and Reynolds, each of whom is a non-executive director of the Company and "independent" within the meaning of National Instrument 58-101 - *Disclosure of Corporate Governance Practices* ("NI 58-101"). All of the members of the Compensation Committee have had direct experience in matters of executive compensation that is relevant to their responsibilities as members of such committee by virtue of their respective professions and long-standing involvement with public companies and matters of executive compensation. In addition, each member of the Compensation Committee keeps abreast on a regular basis of trends and developments affecting executive compensation.

The Compensation Committee's responsibilities include: (i) determining and agreeing with the Board the framework or broad policy for the compensation of the Company's President and Chief Executive Officer, the Chairman of the Board, the executive directors, the officers, the Company's secretary and such other executive officers as it is designated to consider; (ii) ensuring that the executive directors and officers are fairly rewarded for their individual contributions to the overall performance of the Company; (iii) determining all elements of the compensation of the executive directors and officers; and (iv) demonstrating to the Company's shareholders that the compensation of the executive directors and officers is set by a

committee of the Board, whose members have no personal interest in the outcome of the Compensation Committee's decision and who will have appropriate regard to the interests of the shareholders.

The Compensation Committee takes into account all factors it deems necessary when determining the Company's compensation policy, the objective of which shall be to ensure that executive officers and management are provided with appropriate incentives to encourage enhanced performance and are, in a fair and responsible manner, rewarded for their individual contributions to the success of the Company.

The Company does not anticipate making any significant changes to its compensation policies and practices in 2012.

Compensation Process

The Board relies on the knowledge and experience of the members of the Compensation Committee to set appropriate levels of compensation for executive officers. Neither the Company nor the Board currently has any contractual arrangement with any executive compensation consultant who has a role in determining or recommending the amount or form of executive officer compensation. The Compensation Committee reviews the various elements of the NEOs' compensation in the context of the total compensation package (including salary, benefits and awards under the Option Plan) and recommends and approves the NEOs' compensation packages.

The Compensation Committee has considered the risk implications of the Company's compensation policies and practices and has concluded that they are appropriate for the Company's industry and stage of business and that there is no appreciable risk associated with such policies and practices as such policies and practices do not have the potential of encouraging an executive officer or other applicable individual to take on any undue risk or to otherwise expose the Company to inappropriate or excessive risks. Furthermore, although the Company does not have in place any specific prohibitions preventing a NEO or a director from purchasing financial instruments, including, for greater certainty, prepaid variable forward contracts, equity swaps, collars, or units of exchange funds, that are designed to hedge or offset a decrease in market value of options or other equity securities of the Company granted in compensation or held directly or indirectly, by the NEO or director, the Company is unaware of the purchase of any such financial instruments by any NEO or director.

During 2011, the Company did not retain a compensation consultant or advisor to assist the Board or Compensation Committee in determining compensation for the Company's executive officers and directors.

Compensation Program - Principles and Objectives

The primary goal of the Company's executive compensation program is to attract, motivate and retain top quality individuals at the executive level. The program is designed to ensure that the compensation provided to the Company's executive officers is determined with regard to the Company's business strategy and objectives and financial resources, and with the view of aligning the financial interests of the executive officers with the financial interests of the Company's shareholders.

Compensation Program - Design and Analysis of Compensation Decisions

Standard compensation arrangements for the Company's executive officers are composed of the following elements, which are linked to the Company's compensation and corporate objectives as follows:

Compensation Element	Link to Compensation Objectives	Link to Corporate Objectives
Base Salary and/or Consulting Fees	Attract and retain	Competitive pay ensures access to skilled employees necessary to achieve corporate objectives.
Stock Options	Motivate and reward, align interests with shareholders	Long-term incentives motivate and reward executive officers to increase shareholder value by the achievement of long-term corporate strategies and objectives.

Performance and Compensation

The use of traditional performance standards is considered by the Compensation Committee in the evaluation of corporate or NEO performance. The compensation of executive officers is also based, in part, on trends in the mining industry as well as the achievement of the Company's business objectives. The Company has not yet established any quantifiable criteria with respect to base compensation payable or the amount of equity compensation granted to NEOs but has used the following international salary surveys entitled "Life in the Boardroom - 2011 AIM Chairman and NED Survey" and "2009 AusIMM Remuneration and Employment Survey Report", to ensure the salaries of its key executives are competitive with mineral resource companies operating at a similar stage of development.

Base Salaries and Consulting Fees

Base salaries for the NEOs are reviewed annually and set to be comparative with industry levels. In addition, in its annual review of base salaries, the Compensation Committee has regard to the contributions made by the respective NEOs, how their compensation levels relate to compensation packages that would be available to such officers from other employment opportunities, commercially available salary survey data and information publicly disclosed by some of the Company's competitors and sector peers. This process enables the Company to establish base salaries which attract and retain highly qualified and experienced individuals. Other than set out herein, the base salaries of the NEOs are not determined based on benchmarks, performance goals or specific formulae.

The only base annual compensation arrangements for the NEOs as at the date hereof is £268,750 payable to David Reading as the President and Chief Executive Officer, £161,250 payable to Paul Thomson as the Chief Financial Officer and £150,500 payable to Dr. Martin White as Chief Operating Officer.

Options

The grant of Options pursuant to the Option Plan (as defined herein) is an integral component of the compensation arrangements of the executive officers of the Company. The Board believes that the grant of Options to executive officers and Common Share ownership by such officers serves to motivate such officers to strive towards achievement of the Company's long-term strategic objectives, which benefits all the Company's shareholders.

Executive Compensation

Summary Compensation Table

The Company was incorporated on February 1, 2011 and, prior to April 13, 2011, did not carry on operations. Therefore, the following table provides a summary of the compensation earned by the NEOs for services rendered in all capacities during the fiscal year ended December 31, 2011 only.

Name and principal position	Year	Salary (US\$)	Share-based awards (US\$)	Option-based awards ¹ (US\$)	Non-equity incentive plan compensation (US\$)		Pension value (US\$)	All other compensation (US\$)	Total compensation (US\$)
					Annual incentive plans	Long-term incentive plans			
David Reading President and Chief Executive Officer	2011	323,017	–	635,922	100,256	–	28,217	10,981	1,098,393
Paul Thomson⁽¹⁾ Chief Financial Officer	2011	80,205	–	269,510	20,049	–	–	–	369,764
Bevan Metcalf⁽¹⁾ Former Chief Financial Officer	2011	–	–	63,592	–	–	–	–	63,592
Dr. Martin White Chief Operating Officer	2011	180,890	–	63,592	56,144	–	–	–	300,626

Note:

(1) Mr. Metcalf resigned as the Chief Financial Officer of the Company effective as of September 1, 2011. Mr. Thomson replaced Mr. Metcalf as the Chief Financial Officer of the Company on September 1, 2011.

Incentive Plan Awards

The Board believes that the grant of Options to executive officers and Common Share ownership by such officers will serve to motivate such officers to strive towards achievement of the Company's long-term strategic objectives, which will benefit all the Company's shareholders. Options are awarded to the Company's employees based on determinations by the Board. Decisions with respect to Option grants are based upon the individual's level of responsibility and their contribution towards the Company's goals and objectives, and may be awarded in recognition of the achievement of a particular goal or extraordinary service. In determining whether to make any new grants of Options, the Board considers the overall number of Options that are outstanding relative to the number of outstanding Common Shares, previous Option grants as well as the size of such grants.

The following table provides details regarding the outstanding option and share-based awards held by NEOs as at December 31, 2011.

Name and principal position	Option-based awards					Share-based awards		
	Option grant date	Number of securities underlying unexercised options	Option exercise price (C\$)	Option expiration date	Value of unexercised in-the-money options (C\$)	Number of shares or units that have vested	Market or payout value of share-based awards not vested (C\$)	Market or payout value of vested share-based awards not paid out or distributed (C\$)
David Reading President and Chief Executive Officer	Apr 13, 2011 ⁽²⁾	200,000	0.90	Nov 1, 2015	30,000	–	–	–
	Apr 13, 2011 ⁽²⁾	150,000	1.09	Jan 10, 2016	–	–	–	–
	May 23, 2011	1,000,000	1.55	May 23, 2016	–	–	–	–
Paul Thomson ⁽¹⁾ Chief Financial Officer	Sept 1, 2011	300,000	1.42	Sept 1, 2016	–	–	–	–
Bevan Metcalf ⁽¹⁾ Former Chief Financial Officer	Apr 13, 2011 ⁽²⁾	43,750	0.64	Jan 17, 2013	17,938	–	–	–
	Apr 13, 2011 ⁽²⁾	46,875	0.32	Jan 19, 2014	34,219	–	–	–
	Apr 13, 2011 ⁽²⁾	70,000	0.49	Jan 13, 2015	39,200	–	–	–
	Apr 13, 2011 ⁽²⁾	70,000	0.50	May 13, 2015	38,500	–	–	–
	Apr 13, 2011 ⁽²⁾	90,000	1.09	Jan 10, 2016	–	–	–	–
	Apr 13, 2011 ⁽²⁾	100,000	1.55	May 23, 2016	–	–	–	–
Dr. Martin White Chief Operating Officer	Apr 13, 2011 ⁽²⁾	40,000	0.90	Nov 1, 2015	6,000	–	–	–
	Apr 13, 2011 ⁽²⁾	90,000	1.09	Jan 10, 2016	–	–	–	–
	May 23, 2011	100,000	1.55	May 23, 2016	–	–	–	–

Notes:

(1) Mr. Metcalf resigned as the Chief Financial Officer of the Company effective as of September 1, 2011. Mr. Thomson replaced Mr. Metcalf as the Chief Financial Officer of the Company on September 1, 2011.
(2) Pursuant to an arrangement (the “**Arrangement**”) under Division 5 of Part 9 of the *Business Corporations Act* (British Columbia), whereby certain assets (including gold and diamond assets of Afferro Mining Inc. (formerly African Aura Mining Inc.)) (“**Afferro**”) were transferred to the Company, each stock option of Afferro outstanding immediately prior to the effective time of the Arrangement was exchanged for one new stock option of Afferro and one Option.

Refer to “Securities Authorised for Issuance under Equity Compensation Plans” below for details regarding the Option Plan.

The following table provides details regarding outstanding option-based awards, share-based awards and non-equity incentive plan compensation relating to the NEOs, which vested and/or was earned during the year ended December 31, 2011.

Name and principal position	Option-based awards - value vested during the year (US\$)	Share-based awards - value vested during the year (US\$)	Non-equity incentive plan compensation - value earned during the year (US\$)
David Reading President and Chief Executive Officer	–	–	100,256
Paul Thomson ⁽¹⁾ Chief Financial Officer	–	–	20,049
Bevan Metcalf ⁽¹⁾ Former Chief Financial Officer	–	–	–
Dr. Martin White Chief Operating Officer	–	–	56,144

Note:

(1) Mr. Metcalf resigned as the Chief Financial Officer of the Company effective as of September 1, 2011. Mr. Thomson replaced Mr. Metcalf as the Chief Financial Officer of the Company on September 1, 2011.

Termination and Change of Control

Other than as described below, there are no agreements, compensation plans, contracts or arrangements whereby a NEO is entitled to receive payments from the Company in the event of the resignation, retirement or other termination of the NEO's employment with the Company, change of control of the Company or a change in the NEO's responsibilities.

Pursuant to a services agreement dated February 7, 2011, between the Company and David Reading, Mr. Reading as the Chief Executive Officer of the Company is entitled to an annual salary of £250,000, a contribution to his pension policy equal to a maximum of 10% of his annual salary, the reimbursement of his annual medical insurance and a discretionary bonus to be paid in cash, Common Shares or Options. Mr. Reading was granted an initial 1,000,000 Options on May 23, 2011 in accordance with the Option Plan. Mr. Reading's services with the Company are terminable without cause on 12 months' notice by either Mr. Reading or the Company. In the event that the Company terminates the agreement without cause, Mr. Reading is entitled to receive in addition to the 12 month notice period or payment in lieu of such notice or additional period, one year's basic salary. Mr. Reading's services agreement provides upon a Change of Control of the Company and Mr. Reading's notice to terminate the services agreement, for the payment of 24 months basic salary plus the cash equivalent of the benefit of pension contributions, permanent health and life insurance and other benefits he would be entitled to receive. If a Change of Control takes place, Mr. Reading may give written notice to the Company at any time during the period commencing with the change of control and the 180th day following the Change of Control which will have the effect of terminating the agreement with the Company. The services agreement also contains certain restrictions relating to confidentiality, intellectual property and conflicts of interest and post termination restrictions on hiring the Company's staff and competition for 12 months following Mr. Reading's departure from the Company.

Pursuant to a services agreement dated September 1, 2011, between the Company and Paul Thomson, Mr. Thomson, as the Chief Financial Officer of the Company is entitled to an annual salary of £150,000 and a discretionary bonus to be paid in cash, Common Shares or Options. Mr. Thomson was granted an initial 300,000 Options on September 1, 2011 in accordance with the Option Plan. Mr. Thomson's services with the Company are terminable without cause on six months' notice by either Mr. Thomson or the Company. In the event that the Company terminates the agreement without cause, Mr. Thomson is entitled to receive payment in lieu of notice or any unexpired period of such notice. Mr. Thomson's services agreement provides upon a Change of Control of the Company and Mr. Thomson's notice to terminate the services agreement, for the payment of 12 months basic salary plus any outstanding and unpaid salary and accrued vacation up to and including the termination date and payment of a bonus calculated on a pro rata basis up to the termination date, provided that all applicable bonus conditions have been satisfied. If a Change of Control takes place, Mr. Thomson may give written notice to the Company at any time during the period commencing with the change of control and the 180th day following the Change of Control which will have the effect of terminating the agreement with the Company. The services agreement also contains certain restrictions relating to confidentiality, intellectual property and conflicts of interest and post-termination restrictions on hiring the Company's staff and competition for 12 months following Mr. Thomson's departure from the Company.

Pursuant to a services agreement dated April 13, 2011, between the Company and Martin White, Mr. White as the Chief Operating Officer of the Company is entitled to an annual salary of £140,000 and a discretionary bonus to be paid in cash, Common Shares or Options. Mr. White was granted an initial 100,000 Options on May 23, 2011 in accordance with the Option Plan. Mr. White's services with the Company are terminable without cause on six months' notice by either Mr. White or the Company. In the event that the Company

terminates the agreement without cause, Mr. White is entitled to receive payment in lieu of notice or any unexpired period of such notice. Mr. White's services agreement provides upon a Change of Control of the Company and Mr. White's notice to terminate the services agreement, for the payment of 12 months basic salary plus any outstanding and unpaid salary and accrued vacation up to and including the termination date and payment of a bonus calculated on a pro rata basis up to the termination date, provided that all applicable bonus conditions have been satisfied. If a Change of Control takes place, Mr. White may give written notice to the Company at any time during the period commencing with the change of control and the 180th day following the Change of Control which will have the effect of terminating the agreement with the Company. The services agreement also contains certain restrictions relating to confidentiality, intellectual property and conflicts of interest and post-termination restrictions on hiring the Company's staff and competition for 12 months following Mr. White's departure from the Company.

For the purposes of the above-mentioned services agreements, a "**Change of Control**" means the occurrence of any one or more of the following events: (i) less than 50% of the Board being composed of Continuing Directors (as defined below); (ii) the Company shall not be the surviving entity in a merger, amalgamation or other reorganisation (or survives only as a subsidiary of an entity other than a previously wholly-owned subsidiary of the Company); (iii) any person, entity or group of persons or entities acting jointly or in concert (an "**Acquiror**") acquires or acquires control (including, without limitation, the right to vote or direct the voting) of voting securities of the Company which, when added to the voting securities of the Company owned of record or beneficially by the Acquiror or which the Acquiror has the right to vote or in respect of which the Acquiror has the right to direct the voting, would entitle the Acquiror and/or associates and/or affiliates of the Acquiror (as such terms are defined in the Act) to cast or to direct the casting of 35% or more of the votes attached to all of the Company's outstanding voting securities which may be cast to elect directors of the Company or the successor corporation (regardless of whether a meeting has been called to elect directors); (iv) the shareholders of the Company approve all necessary resolutions required to permit any person to accomplish the result set forth in subparagraph (iii) even if the securities have not yet been issued to or transferred to that person; (v) the Company shall sell or otherwise transfer, including by way of the grant of a leasehold interest or joint venture interest (or one or more subsidiaries of the Company shall sell or otherwise transfer, including without limitation by way of the grant of a leasehold interest or joint venture interest) property or assets (A) aggregating more than 35% of the consolidated assets (measured by either book value or fair market value) of the Company and its subsidiaries as at the end of the most recently completed financial year of the Company or (B) which during the most recently completed financial year of the Company generated, or during the then current financial year of the Company are expected to generate, more than 35% of the consolidated operating income or cash flow of the Company and its subsidiaries, to any other person or persons (other than one or more affiliates of the Company), in which case the Change of Control shall be deemed to occur on the date of transfer of the assets representing one dollar more than 35% of the consolidated assets in the case of clause (A) or 35% of the consolidated operating income or cash flow in the case of clause (B), as the case may be; (vi) the shareholders of the Company approve all necessary resolutions required to permit any person to accomplish the result set forth in subparagraph (v); or (vii) in the event the Company: (a) becomes insolvent or generally not able to pay its debts as they become due; (b) admits in writing its inability to pay its debts generally or makes a general assignment for the benefit of creditors; (c) institutes or has instituted against it any proceeding seeking (A) to adjudicate it as bankrupt or insolvent; (B) liquidation, winding-up, reorganisation, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy, insolvency, reorganisation or relief of debtors including any plan or compromise or arrangement or other corporate proceeding involving or affecting its creditors; (C) the entry of an order for the relief or the appointment of a receiver, trustee or other similar official for it or for any substantial part of its properties and assets, and in the case of any such proceeding instituted against it (but not instituted by it), either the proceeding remains undismissed or unstayed for a period of 30 days, or any of the actions sought in such proceeding (including the entry of an order for relief against it or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its properties and assets) occurs; or (d) takes any corporate action to authorise any

of the above actions. “**Continuing Director**” shall mean: (i) an individual who is a member of the Board as of February 7, 2011; or (ii) an individual who becomes a member of the Board subsequent to February 7, 2011 with the agreement of at least a majority of Continuing Directors who are members of the Board at the date that individual became a member of the Board.

The following table shows the estimated compensation where Mr. Reading is terminated without cause, or following a change in control as if the termination occurred on December 31, 2011. The underlying payments are based on a salary figure denominated in Pounds Sterling which has been translated to US dollars at the average rate for 2011 of US\$1.604.

Name and Principal Position	Termination without cause (US\$)	Termination change in control (US\$)
David Reading President and Chief Executive Officer	401,025	880,446
Paul Thomson Chief Financial Officer	–	240,615
Martin White Chief Operating Officer	–	224,574

Director Compensation

The non-executive Chairman receives an annual retainer of £50,000 and all other non-executive directors receive an annual retainer of £35,000 for general directors’ duties and meeting attendance. Directors are reimbursed for all reasonable out-of-pocket expenses incurred in attending Board meetings, committee meetings and shareholder meetings and otherwise incurred in carrying out their duties as directors of the Company. Directors are entitled to a sum equivalent to two times their annual retainer upon a Change of Control. Directors are also eligible to participate in the Option Plan.

The Board determines the level of compensation for the Company’s directors. The Board reviews directors’ compensation as needed, taking into account time commitment, risks and responsibilities to ensure that the amount of compensation adequately reflects the responsibilities and risks of being a director and makes adjustments as deemed necessary.

Executive officers of the Company who also act as directors are not entitled to additional compensation for services rendered as directors of the Company. See “Executive Compensation - Summary Compensation Table” above for details regarding compensation of the Company’s Chief Executive Officer.

Director Compensation Table

The following compensation table sets out the compensation paid to each of the Company's non-executive directors in the year ended December 31, 2011.

Name	Fees earned (US\$)	Share-based awards (US\$)	Option-based awards (US\$)	Non-equity incentive plan compensation (US\$)		Pension value (US\$)	All other compensation (US\$)	Total (US\$)
				Annual incentive plans	Long-Term Incentive Plans			
David Netherway	60,154	–	190,777	-	-	–	–	250,931
Luis da Silva	42,108	–	127,184	-	-	–	–	169,292
David Beatty	42,108	–	127,184	-	-	–	–	169,292
Jean-Guy Martin	31,917	–	163,523	-	-	–	–	195,440
Adrian Reynolds	42,108	–	127,184	-	-	–	–	169,292

Incentive Plan Awards

The following table provides details regarding the outstanding option and share-based awards held by directors as at December 31, 2011.

Name	Option-based awards					Share-based awards		
	Option grant date	Number of securities underlying unexercised options	Option exercise price (C\$)	Option expiration date	Aggregate value of unexercised in-the-money options (C\$)	Number of shares or units of shares that have not vested	Market or payout value of share-based awards that have not vested (C\$)	Market or payout value of vested share-based awards not paid out or distributed (C\$)
David Netherway	Apr 13, 2011 ⁽¹⁾	300,000	0.49	Jan 13, 2015	168,000	–	–	-
	Apr 13, 2011 ⁽¹⁾	200,000	0.50	May 13, 2015	110,000	–	–	-
	Apr 13, 2011 ⁽¹⁾	68,687	0.16	Jun 1, 2015	61,131	–	–	-
	Apr 13, 2011 ⁽¹⁾	68,687	0.33	Dec 1, 2015	49,455	–	–	-
	Apr 13, 2011 ⁽¹⁾	68,687	0.50	Dec 1, 2015	37,778	–	–	-
	Apr 13, 2011 ⁽¹⁾	300,000	1.09	Jan 10, 2016	–	–	–	-
	May 23, 2011	300,000	1.55	May 23, 2016	–	–	–	-
Apr 13, 2011 ⁽¹⁾	49,062	0.91	Jun 28, 2017	6,869	–	–	-	
Luis da Silva	Apr 13, 2011 ⁽¹⁾	75,000	0.73	Mar 16, 2012	24,000	–	–	-
	Apr 13, 2011 ⁽¹⁾	75,000	0.64	Jan 17, 2013	30,750	–	–	-
	Apr 13, 2011 ⁽¹⁾	187,500	0.32	Jan 19, 2014	136,875	–	–	-
	Apr 13, 2011 ⁽¹⁾	220,000	0.49	Jan 13, 2015	123,200	–	–	-
	Apr 13, 2011 ⁽¹⁾	200,000	0.50	May 13, 2015	110,000	–	–	-
	Apr 13, 2011 ⁽¹⁾	400,000	1.09	Jan 10, 2016	–	–	–	-
May 23, 2011	200,000	1.55	May 23, 2016	–	–	–	-	
David Beatty	May 23, 2011	200,000	1.55	May 23, 2016	–	–	–	-
Jean-Guy Martin	Aug 18, 2011	200,000	1.27	Aug 18, 2016	–	–	–	-
Adrian Reynolds	May 23, 2011	200,000	1.55	May 23, 2016	–	–	–	-

Note:

(1) Pursuant to the Arrangement, each stock option of Afferro outstanding immediately prior to the effective time of the Arrangement was exchanged for one new stock option of Afferro and one Option.

The following table provides details regarding the outstanding option and share-based awards vested and exercisable by directors during the year ended December 31, 2011.

Name	Option-based awards - value vested during the year (US\$)	Share-based awards - value vested during the year (US\$)	Non-equity incentive plan compensation - value earned during the year (US\$)
David Netherway	–	–	–
Luis da Silva	–	–	–
David Beatty	–	–	–
Jean-Guy Martin	–	–	–
Adrian Reynolds	–	–	–

SECURITIES AUTHORISED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

Equity Compensation Plan Information

The following table sets forth information as at December 31, 2011, with respect to the Company's compensation plans under which securities of the Company are authorised for issuance.

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 first column)
Equity compensation plans approved by securityholders	9,866,434	0.95	7,808,036
Equity compensation plans not approved by securityholders	–	–	–
Total	9,866,434	0.95	7,808,036

The Option Plan

Purpose and Administration

The purpose of the Option Plan is to attract and retain, and develop and increase the interest of, certain persons in the growth and development of the Company by providing them with the opportunity to acquire a proprietary interest in the Company through the grant of Options.

Under the Option Plan, Options may be granted to “eligible persons”. The term “eligible persons” includes, subject to all applicable laws, directors, officers, employees and consultants of the Company or any person or company controlled by the Company, any employee of a company providing management or administrative consulting services to the Company, and certain “permitted assigns” of the foregoing persons, including: (i) a trustee, custodian, or administrator acting on behalf of, or for the benefit of, such person; (ii) a personal holding corporation of such person; (iii) an RRSP or an RRIF established for the benefit of such person; (iv) a spouse of such person; (v) a trustee, custodian, or administrator acting on behalf, or for the benefit, of the spouse of such person; (vi) a personal holding corporation of the spouse of such person; or (vii) an RRSP or an RRIF established for the benefit of the spouse of such person.

The Option Plan must be administered by the Board and may, in the Board's discretion, be administered by a committee appointed by the Board for that purpose.

Option Grants

The aggregate number of Common Shares which may be issued under the Option Plan shall not exceed 15.0% of the aggregate number of Common Shares issued and outstanding (calculated on a non-diluted basis) from time to time. As of the date hereof, the Company has outstanding 119,140,988 Common Shares and, accordingly, up to a maximum of 17,871,148 Common Shares (being 15.0% of the issued and outstanding Common Shares) are able to be reserved for issuance pursuant to Options (of which 10,589,998 Options are currently outstanding).

Any Option granted under the Option Plan which has been exercised shall again be available for subsequent grant under the Option Plan, effectively resulting in a re-loading of the number of Common Shares available for grant under the Option Plan. Any Common Shares subject to an Option granted under the Option Plan, which for any reason is surrendered, cancelled or terminated or expires without having been exercised, shall again be available for subsequent grant under the Option Plan.

The number of Common Shares (i) issued to insiders of the Company, within any one-year period, and (ii) issuable to insiders of the Company, at any time, under the Option Plan, or when combined with all of the Company's other security-based compensation arrangements, as applicable, shall not exceed 10.0% of the Company's total issued and outstanding Common Shares.

Pricing

The purchase price per Common Share subject to each Option granted in the future shall be determined by the Board (or committee appointed by the Board). Such price shall not be lower than the closing market price on the TSX, or another stock exchange where the majority of the trading volume and value of the Common Shares occurs, on the trading day immediately preceding the date of the grant, or if not so traded, the average between the closing bid and asked prices thereof as reported for the trading day immediately preceding the date of the grant; provided that if the Common Shares have not traded on the TSX or another stock exchange for an extended period of time, the "market price" will be the fair market value of the Common Shares at the time of grant, as determined by the Board (or committee appointed by the Board). The Board (or committee appointed by the Board) may determine that the price per Common Share subject to an Option may escalate at a specified rate dependent upon the date on which such option may be exercised.

Term of Options

Options shall not be granted for a term exceeding ten years. Options may be exercised by an Eligible Person in whole at any time, or in part from time to time, during the term of the Option, subject to the provisions of the Option Plan. Generally, Options granted under the Option Plan may not be assigned or otherwise transferred by an optionee other than to certain other "eligible persons" and "permitted assigns" or pursuant to a will or by the laws of descent and distribution. However, pursuant to the amendment provision of the Option Plan, the Board has the authority to amend the assignability and transferability provisions of the Option Plan generally or any Options granted to any optionee.

Options granted under the Option Plan may vest at the discretion of the Board (or committee appointed by the Board).

If the termination date of an Option falls during or within three trading days of a blackout period, during which the policies, as applicable, of the Company prevent certain persons from trading in the securities of the Company, the expiry date for such option will be extended for an additional period expiring on the tenth (10th) trading day following the end of the blackout period.

Amendment of the Option Plan

The terms of the Option Plan may be amended by the Board without the consent of the Company's shareholders, including, but not limited to, amendments relating to: (a) complying with the requirements of any applicable regulatory authority; (b) complying with the rules, policies and notices of the TSX or of any stock exchange on which the Company's securities are listed; (c) altering, extending or accelerating the terms and conditions of vesting of any Options; (d) extending the term of Options held by a person other than a person who, at the time of the extension, is an insider of the Company; (e) determining, subject to all applicable regulatory requirements, that the provisions of the Option Plan concerning the effect of termination of a participant's status as an "eligible person" shall not apply to a participant for any reason acceptable to the Board; (f) accelerating the expiry date of any Options; (g) amending the definitions contained within the Option Plan; (h) amending the categories of persons who are "eligible persons" and entitled to be granted Options pursuant to the Option Plan; (i) allowing the grant of short-term financial assistance to participants for the purpose of exercising Options granted under the Option Plan, subject to compliance with all applicable regulatory requirements; (j) authorising the addition or modification of a cashless exercise feature, payable in cash or Common Shares, which provides for a full deduction of the number of underlying securities from the Option Plan reserve; (k) the assignability or transferability of Options; (l) amending or modifying the mechanics of exercise of Options; and (m) amendments of a "housekeeping" nature, including, without limitation, amending the wording of any provisions of the Option Plan for the purpose of clarifying the meaning of existing provisions or to correct or supplement any provision of the Option Plan that is inconsistent with any other provision of the Option Plan. The Board may not, however, without the approval of the Company's shareholders make amendments relating to: (i) a reduction in the price or extension of the term of Options granted to an insider of the Company; (ii) an increase in the fixed percentage of the issued and outstanding Common Shares issuable under the Option Plan; (iii) any amendment to remove to exceed the limitation on the number or percentage of Options that may be issued, or made issuable, to insiders of the Company; and (iv) changes to the amendment provisions of the Option Plan.

The Board may terminate the Option Plan at any time.

Early Termination

In the event of the death of an optionee prior to the expiry date of an Option, such option may be exercised by the legal representatives of such person at any time up to and including the date which is the first anniversary of the date of death of such person or the expiry date of such Option, whichever is the earlier, after which such Option shall in all respects cease and terminate. In the event an optionee resigns as an employee or officer of the Company or a person or company controlled by the Company, or resigns, is removed or otherwise ceases to be a member of the Board or a board of a person or company controlled by the Company (other than upon the death of such person), all Options granted to such optionee which are then outstanding (whether vested or unvested) shall cease and terminate 90 days after such resignation, removal or other cessation of the term of office of the optionee (or notice thereof) (or such later date on or before the expiry date of the Option as the Board or committee appointed by the Board in its sole discretion may determine). In the event an optionee (a) is an employee or officer of the Company or a person or company controlled by the Company and is discharged by reason of a wilful and substantial breach of such person's employment duties, or (b) is a consultant to the Company and the agreement or engagement between the Company and such consultant is terminated by either party, all Options granted to such person under the Option Plan which are then outstanding (whether vested or unvested) shall cease and terminate upon the date of notice of such discharge or termination (or such later date on or before the expiry date of the Option as the Board or committee appointed by the Board in its sole discretion may determine). In the event of a termination of employment or engagement of an optionee other than in the event of death or in the circumstances set out above, such person may exercise each Option then held by such person at any time up

to and including the 90th day (or such later date as the Board or committee appointed by the Board in its sole discretion may determine) following the effective date upon which the person ceases to be an “eligible person” or the expiry date of such Option, whichever is earlier, after which the Option shall in all respects cease and terminate.

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

Aggregate Indebtedness

As at the date hereof, no directors, executive officers or employees of the Company or its subsidiaries and no former directors, executive officers or employees of the Company or its subsidiaries are indebted to the Company or its subsidiaries, nor are any such persons indebted to any other entity where such indebtedness is the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Company or its subsidiaries.

Indebtedness of Directors and Executive Officers under Securities Purchase and Other Programs

No person who is, or at any time during the most recently completed financial year was, a director or executive officer of the Company, no proposed nominees for election as a director of the Company and no associate of any such director, executive officer or proposed director, is, or at any time since the beginning of the most recently completed financial year has been, indebted to the Company or any of its subsidiaries, or to any other entity where such indebtedness to that other entity is the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Company or its subsidiaries, in respect of any security purchase program or other program.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

No informed person or any proposed director of the Company, or any of the associates or affiliates of those persons, has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any transaction since the commencement of the Company’s most recently completed financial year or in any proposed transaction which has, in either case, materially affected or would materially affect the Company or any of its subsidiaries, except as otherwise described in this Information Circular.

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

INTEREST OF CERTAIN PERSONS IN MATTERS TO BE ACTED UPON

Other than as disclosed herein, no person who has been a director or executive officer of the Company at any time since the beginning of its most recently completed financial year, no proposed director and no associate or affiliate of any of the foregoing persons has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted upon at the Meeting, except as disclosed in this Information Circular.

MANAGEMENT CONTRACTS

Other than as disclosed herein, there are no management functions of the Company or its subsidiaries which are to any substantial degree performed by a person or company other than the directors or senior officers of the Company or its subsidiaries (or private companies controlled by them, either directly or indirectly).

CORPORATE GOVERNANCE PRACTICES

The Board and management of the Company recognise that effective corporate governance practices are fundamental to the long-term success of the Company. Sound corporate governance contributes to shareholder value through increased confidence. The Board and management are therefore committed to maintaining a high standard of corporate governance and compliance with National Policy 58-201 - *Corporate Governance Guidelines* (the “**Guidelines**”), which establishes the basis for effective corporate governance. NI 58-101 requires that corporations disclose their approach to corporate governance with reference to the Guidelines. The Company’s approach is outlined below.

Board of Directors

Duties and Responsibilities of the Board

The duties and responsibilities of the Board are to: (a) provide entrepreneurial leadership of the Company within a framework of prudent and effective controls which enable risks to be identified, assessed, managed and mitigated; (b) set and approve the Company’s strategy and objectives, operating plans, key transactions, material contracts and budgets; (c) ensure that the necessary financial and human resources are in place for the Company to meet its objectives and review management performance; (d) set the Company’s values and standards and ensure that its obligations to its shareholders and others are understood and met; (e) ensure stewardship in the financial affairs of the Company; and (f) ensure effective communication as it relates to the Company and its business with all stakeholders, including shareholders, employees, the public and other interested parties.

Although the Board does not have a written mandate, in the discharge of its responsibilities, the Board oversees and reviews directly or through its committees, the following matters: (a) the strategic planning process of the Company; (b) an annual operating and capital budget and a business plan for the Company; (c) identification of the principal risks to the Company’s business and ensuring the implementation of appropriate systems to manage these risks; (d) succession planning, including appointing, training and monitoring senior management; and (e) a communications policy for the Company to facilitate communications with investors and other interested parties.

The Board also has the mandate to assess the effectiveness of the Board as a whole and the contribution of individual directors.

Composition of the Board

The Board is currently comprised of Messrs. Reading, Netherway, da Silva, Beatty, Martin and Reynolds. All of the Company’s current directors are considered “independent” (as that term is defined in NI 58-101) other than Mr. Reading, as he is the President and Chief Executive Officer of the Company.

The Board believes that it functions independently of management. To enhance its ability to act independently of management, the Board reviews its procedures from time to time to ensure that it can function independently of management. Mr. Netherway, the Non-Executive Chairman of the Board, is an independent director and provides leadership to the other independent directors, as required. If and when

conflicts arise on the Board, interested parties are precluded from voting on matters in which they may have an interest. In light of the suggestions contained in the Guidelines, the Board convenes meetings of independent directors, at which non-independent directors and members of management are not in attendance, as deemed necessary.

Since the beginning of the Company’s financial year ended December 31, 2011 until the date hereof, the Board, its Audit Committee, its Compensation Committee and its Corporate Governance and Human Resources Committee (the “**Corporate Governance Committee**”) met 11, 4, 1 and 1 times, respectively.

The following is the record of attendance for each director at Board, Audit Committee, Compensation Committee and Governance Committee meetings since the beginning of the Company’s financial year ended December 31, 2011 until the date hereof:

Director	Board Meetings (11)	Audit Committee Meetings (4)	Compensation Committee Meetings (1)	Corporate Governance Committee Meetings (1)
David Reading	11	N/A	N/A	N/A
David Netherway	10	3	1	N/A
Luis da Silva	11	4	N/A	1
David Beatty	9	N/A	1	N/A
Jean-Guy Martin	7	4	N/A	1
Adrian Reynolds	8	N/A	1	1

Nomination of Directors

Responsibility for indentifying new candidates to join the Board belongs to the Board as a whole and the Corporate Governance Committee. In connection with the nomination or appointment of individuals as directors, the Board considers: (i) the competencies and skills necessary for the Board, as a whole, to possess; (ii) the competencies and skills necessary for each director to possess; (iii) the competencies and skills that each new director nominee will bring to the Company; and (iv) whether or not each new director nominee can devote sufficient time and resources to his or her duties as a member of the Board. The Board will also review on a periodic basis the size and composition of the Board to ensure that an appropriate number of independent directors sit on the Board.

Directorships

The following directors of the Company are also presently directors of other reporting issuers (or the equivalent) as follows:

<u>Name of Director</u>	<u>Name of Issuer</u>
David Reading	Rio Novo Gold Inc.
David Netherway	Afferro Mining Inc. Kilo Goldmines Ltd. Gryphon Minerals Limited Crusader Resources Ltd. Altus Resource Capital Limited Altus Global Gold Limited

<u>Name of Director</u>	<u>Name of Issuer</u>
Luis da Silva	Afferro Mining Inc. Stellar Diamonds plc
David Beatty	Rio Novo Gold Inc. Rio Verde Minerals Development Corp.
Adrian Reynolds	Mkango Resources Ltd.

Position Descriptions

The Board has not yet developed written position descriptions for the Chairman of the Board and the chairman of each committee of the Board, as the Board feels that the individuals in these positions have a sufficient understanding of their respective responsibilities. Each of the committees of the Board has a charter which outlines the responsibilities of that particular committee. The Chairman of each of the Board committees is responsible for ensuring that the respective committee operates in accordance with its charter and leads the meetings of that committee. The Non-Executive Chairman of the Company is responsible for assisting with the development of the objectives and strategies of the Company and leading the meetings of the Board, as necessary.

The responsibilities and duties of David Reading, as the President and Chief Executive Officer of the Company, are outlined in his service agreement with the Company and include (i) devoting substantially all of his time, attention and ability to the duties of his appointment and such other duties as may be reasonably necessary to perform the duties of Chief Executive Officer of the Company; (ii) faithfully and diligently performing those duties and exercising such powers consistent with them which are assigned to or vested in him from time to time; (iii) obeying all lawful and reasonable direction of the Board; (iv) using his best endeavours to promote, develop and extend the business and the interest of the Company and its subsidiaries, associated companies or holdings companies, as applicable; (v) keeping the Board fully informed by reports of the business and affairs of the Company and providing such explanations as the Board may require; (vi) not at any time making any untrue or misleading statement relating to the Company and its subsidiaries, associated companies or holding companies, as applicable; and (vii) promptly disclosing to the Board certain information that comes into his possession.

Orientation and Continuing Education

The Company currently does not have in place a formal orientation and education program for new Board members. As new directors join the Board, management provides these individuals with information about the Company, including its corporate plan and strategic direction, and an outline of the general duties and responsibilities entailed in carrying out their role as directors. Information about the Company's projects is available to Board members, who are also encouraged to visit the Company's project sites as appropriate. The members of the Board are experienced professionals in their respective areas of business and are to receive regular updates at Board meetings regarding developments in the exploration and mining industry, the state of the Company's projects, and the political situation in the countries in which the Company operates. Each director shares with the other members of the Board his experiences in the areas in which he has strong professional knowledge and has unlimited access to the Chief Executive Officer of the Company and its other executives and members of management to seek required clarifications regarding the technical aspects of operations of the Company's projects throughout the different stages of development and operation.

Ethical Business Conduct

The Company has adopted a Code of Business Conduct (the “Code”), which is available on SEDAR at www.sedar.com under the Company’s profile.

The Code provides that the Company’s officers, directors and employees are required to act with honesty and integrity and to avoid any relationships or activities that might create, or appear to create, a conflict between personal interests and the interests of the Company. The Company is committed to providing a healthy and safe workplace in compliance with applicable laws, rules and regulations. The Code affirms the Company’s commitment to foster a work environment in which all individuals are treated with dignity and respect.

The Board takes reasonable steps to monitor and audit compliance with the Code. Managers are responsible for communicating the values and principles set forth in the Code to employees. Any violations (including potential violations of the Code) are to be promptly reported to the Board or the Chief Financial Officer. The Code confirms that there will not be any reprisals against an individual who does so in good faith.

In circumstances where a director or executive officer has a material interest in a transaction or an agreement which the Company is considering entering into, the individual is required to fully disclose his or her interest therein and interested members of the Board are precluded from voting on matters in which they may have an interest.

Assessments

The Board does not conduct any formal evaluation of the performance and effectiveness of the members of the Board, the Board as a whole or any committee of the Board. However, the Corporate Governance Committee is responsible for assessing, at least annually, the composition and effectiveness of the Board as a whole, its committees and the contribution of individual directors. Where appropriate, the Corporate Governance Committee is responsible for making recommendations that sitting directors be removed or not re-appointed. In connection with the re-election of directors and the identification of any new nominees, the Corporate Governance Committee reviews annually the qualification of existing directors.

Other Committees

Corporate Governance and Human Resources Committee

The Corporate Governance Committee has been established and is comprised of Messrs. Reynolds (Chairman), da Silva and Martin, each of whom is a non-executive director of the Company and “independent” within the meaning of NI 58-101. The primary duties and responsibilities of the Corporate Governance Committee include: (i) developing the Company’s approach to corporate governance issues; (ii) proposing new candidates for directorship; (iii) evaluating the efficiency of the Board, its committees and their respective chairmen, and each director; and (iv) performing such other duties and responsibilities as may be consistent with its charter. The Corporate Governance Committee also assists the Board in fulfilling its responsibilities with respect to hiring, evaluation, compensation and succession planning for senior management and other employees.

Audit Committee

The members of the Audit Committee are: Jean-Guy Martin (Chairman), David Netherway and Luis da Silva, each of whom is “independent” and “financially literate” as such terms are defined under Canadian securities laws. A detailed description of the Audit Committee together with a copy of the Audit Committee

Charter as required by Form 52-110F1 of Multilateral Instrument 52-110 - *Audit Committees*, is included in the Company's annual information form dated March 23, 2012 and filed on SEDAR at www.sedar.com.

ANY OTHER MATTERS

Management of the Company knows of no matters to come before the meeting other than those referred to in the Notice of Meeting accompanying this Information Circular. **HOWEVER, IF OTHER MATTERS WHICH ARE NOT KNOWN TO THE MANAGEMENT SHOULD PROPERLY COME BEFORE THE MEETING, THE ACCOMPANYING PROXY WILL BE VOTED ON SUCH MATTERS IN ACCORDANCE WITH THE BEST JUDGMENT OF THE PERSONS VOTING THE PROXY.**

ADDITIONAL INFORMATION

Additional information relating to the Company can be found on SEDAR at www.sedar.com. Financial information is provided in the Company's comparative financial statements and related management's discussion and analysis for the year ended December 31, 2011, which can be found on SEDAR and the Company's website at www.aureus-mining.com. To request copies of the Company's financial statements and related management's discussion and analysis, please contact the Company Secretary at: L.V. Conseil Institutionnels, 1405 Henri-Bourassa Ouest, bureau 203, Montreal (Québec), Canada H3M 3B2.

APPROVAL

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

DATED this 14 day of May, 2012.

AUREUS MINING INC.

(Signed) "David Reading"

David Reading

President and Chief Executive Officer

APPENDIX “A”

AUREUS MINING INC. (the “Company”)

RESOLUTION TO APPROVE BY-LAW NO. 1

“BE IT RESOLVED AS AN ORDINARY RESOLUTION THAT:

1. By-Law No. 1 approved by the board of directors of the Company on February 1, 2011 is hereby approved, confirmed and ratified;
2. By-Law No. 1 of the Company made by the board of directors of the Company on February 1, 2011 is hereby approved and confirmed as a by-law relating generally to the transaction of the business and affairs of the Company; and
3. any director or officer of the Company be and is hereby authorised, instructed and empowered, acting for, in the name of and on behalf of the Company, to do or to cause to be done all such other acts and things in the opinion of such director or officer as may be necessary or desirable in order to fulfill the intent of this resolution, such determination to be conclusively evidenced by the taking of any such actions.”

**EXHIBIT “A”
BY-LAWS
OF
AUREUS MINING INC.**

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BY-LAWS

By-laws relating generally to the conduct of
the affairs of

AUREUS MINING INC.

BE IT ENACTED AND IT IS HEREBY ENACTED as the by-laws of Aureus Mining Inc. (hereinafter called the "Corporation") as follows:

1. INTERPRETATION

1.1 Definitions. In these by-laws of the Corporation, unless the context otherwise specifies or requires:

- (a) "Act" means the Canada Business Corporations Act, R.S.C. 1985, c. C-44 as from time to time amended and every statute that may be substituted therefor and, in the case of such substitution, any references in the by-laws of the Corporation to provisions of the Act shall be read as references to the substituted provisions therefor in the new statute or statutes;
- (b) "Regulations" means the Regulations under the Act as published or from time to time amended and every regulation that may be substituted therefor and, in the case of such substitution, any references in the by-laws of the Corporation to provisions of the Regulations shall be read as references to the substituted provisions therefor in the new regulations;
- (c) "by-laws" means any by-laws of the Corporation from time to time in force and effect;
- (d) "registered owner" or "registered holder" when used with respect to a share in the authorized capital of the Corporation means the person registered in the register of shareholders or a branch register of shareholders in respect of such share;
- (e) "shareholder" means those persons defined as such in the Act and includes any person who owns shares in the capital of the Corporation and whose name is entered in the register of shareholders or a branch register of shareholders;
- (f) "writing", "in writing" and like expressions include all modes of representing, or reproducing and recording words in visible form, including: printing; lithographing; typewriting; and photostatic, electrostatic and mechanical copying;
- (g) all terms which are contained in the by-laws of the Corporation and which are defined in the Act or the Regulations shall have the meanings given to such terms in the Act or the Regulations; and
- (h) the singular shall include the plural and the plural shall include the singular; the masculine shall include the feminine; and the word "person" shall include bodies corporate, corporations, companies, partnerships, syndicates, trusts and any number or aggregate of persons.

2. DIRECTORS

2.1 Number. The number of directors shall, subject to the articles of the Corporation and any unanimous shareholder agreement, be fixed by the directors or if not so fixed, shall be the number of directors elected or continued as directors at the immediately preceding annual meeting of the Corporation. The business and affairs of the Corporation shall be managed by a board of directors of whom at least twenty-five percent shall be resident Canadians and of whom, if the Corporation is or becomes a reporting issuer under the securities laws of a province of Canada, at least two shall not be officers or employees of the Corporation or any affiliate of the Corporation.

2.2 Election and Removal. At each annual meeting of the Corporation, all the directors shall retire and the shareholders entitled to vote thereat shall elect a board of directors consisting of the number of directors for the time being fixed pursuant to the by-laws.

2.3 Retiring. A retiring director shall be eligible for re-election.

2.4 No Meeting. Where the Corporation fails to hold an annual meeting in accordance with the Act, the directors then in office shall be deemed to have been elected or appointed as directors on the last day on which the annual meeting could have been held pursuant to the Act and the by-laws and they may hold office until other directors are appointed or elected or until the day on which the next annual meeting is held, whichever shall first occur.

2.5 Continued. If at any meeting at which there should be an election of directors the places of any of the retiring directors are not filled by such election, such of the retiring directors who are not re-elected as may be requested by the newly-elected directors shall, if willing to do so, continue in office to complete the number of directors for the time being fixed pursuant to the by-laws until further new directors are elected at a general meeting convened for the purpose. If any such election or continuance of directors does not result in the election or continuance of the number of directors for the time being fixed pursuant to the by-laws, such number shall be fixed at the number of directors actually elected or continued in office.

2.6 Casual Vacancy. The remaining directors or director shall have the power from time to time to appoint any person as a director to fill any casual vacancy occurring in the board of directors.

2.7 Additional Directors. Between successive annual meetings the directors shall have power to appoint one or more additional directors but the number of additional directors shall not be more than one-third of the number of directors elected or appointed at the last annual meeting. Any director so appointed shall hold office only until the next following annual meeting of the Corporation, but shall be eligible for election at such meeting and, so long as he is an additional director, the number of directors shall be increased accordingly.

2.8 Alternate Directors. Any director may by instrument in writing delivered to the Corporation appoint any person to be his alternate to act in his place at meetings of the directors at which he is not present unless the directors shall have reasonably disapproved the appointment of such person as an alternate director and shall have given notice to that effect to the director appointing the alternate director within a reasonable time after delivery of such instrument to the Corporation. Every such alternate shall be entitled to notice of meetings of the directors and to attend and vote as a director at a meeting at which the person appointing him is not personally present, and, if he is a director, to have a separate vote on behalf of the director he is representing in addition to his own vote. A person may be appointed as an alternate for more than one director and shall have a separate vote for each director so represented. A director may at any time in writing by instrument, telegram, telex, facsimile or any method of transmitting legibly recorded messages delivered

to the Corporation revoke the appointment of an alternate appointed by him. The remuneration payable to such an alternate shall be payable out of the remuneration of the director appointing him.

2.9 Vacation of Office. The office of a director shall ipso facto be vacated: (a) if he becomes bankrupt or suspends payments of his debts generally or compromises with his creditors or makes an authorized assignment or is declared insolvent; (b) if he is found to be a mentally incompetent person; or (c) if by notice in writing to the Corporation he resigns his office.

2.10 Ceasing. A director ceases to hold office when he:

- (a) dies;
- (b) resigns his office by notice in writing delivered to the Corporation;
- (c) is convicted of an indictable offence and the other directors shall have resolved to remove him;
- (d) ceases to be qualified to act as a director pursuant to the Act; or
- (e) is removed in accordance with the Act and this by-law.

2.11 Resignation. Every resignation of a director becomes effective at the time a written resignation is delivered to the Corporation or at the time specified in the resignation, whichever is later.

2.12 Removal. Subject to the Act, the Corporation may by ordinary resolution remove any director before the expiration of his period of office and may by an ordinary resolution appoint another person in his stead.

2.13 Powers. Subject to the Act, and any unanimous shareholders agreement, the directors shall manage or supervise the management of the affairs and business of the Corporation and shall have the authority to exercise all such powers of the Corporation as are not, by the Act or by the articles or by-laws, required to be exercised by the Corporation in general meeting.

2.14 Attorney. The directors may from time to time by power of attorney or other instrument under seal appoint any person to be the attorney of the Corporation for such purposes, and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the directors under these by-laws and excepting the powers of the directors relating to the constitution of the Board and of any of its committees and the appointment or removal of officers and the power to declare dividends) and for such period, with such remuneration and subject to such conditions as the directors may think fit, and any such appointment may be made in favour of any of the directors or any of the shareholders of the Corporation or in favour of any corporation, or of any of the shareholders, directors, nominees or managers of any corporation, firm or joint venture and any such power of attorney may contain such provisions for the protection or convenience of persons dealing with such attorney as the directors think fit. Any such attorney may be authorized by the directors to sub delegate all or any of the powers, authorities and discretions for the time being vested in him.

2.15 Committee of Directors. The directors may appoint from among their number a committee of directors and subject to the Act may delegate to such committee any of the powers of the directors.

2.16 Shareholder Qualification. A director shall not be required to hold a share in the capital of the Corporation as qualification for his office but shall be qualified as required by the Act to become or act as a director. Any director who is not a shareholder shall be deemed to have agreed to be bound by the provisions

of the articles and by-laws of the Corporation to the same extent as if he were a shareholder of the Corporation.

3. MEETING OF DIRECTORS

3.1 Place of Meeting. Meetings of the board of directors and of a committee of directors (if any) may be held within or outside of Canada.

3.2 Call. A director may, and the Secretary or an Assistant Secretary upon request of a director shall, call a meeting of the board at any time. Reasonable notice shall be given for any meeting specifying the place, day and hour of such meeting and shall be given by mail, postage prepaid, addressed to each of the directors and alternate directors at his address as it appears on the books of the Corporation or by leaving it at his usual business or residential address or by telephone, telex, facsimile, email or any method of transmitting legibly recorded messages. Accidental omission to give notice of a meeting of directors to, or by the non-receipt of notice by, any director shall not invalidate the proceedings at that meeting.

3.3 Waive Notice. Any director of the Corporation may file with the Secretary a document executed by him waiving notice of any past, present or future meeting or meetings of the directors being, or required to have been, sent to him and may at any time withdraw such waiver with respect to meetings held thereafter. After the filing of such waiver with respect to future meetings, and until such waiver is withdrawn, no notice of any meeting of the directors need be given to such director or, unless the director otherwise requires in writing to the Secretary, to his alternate director, and all meetings of the directors so held shall be deemed not to be improperly called or constituted by reason of notice not having been given to such director or alternate director.

3.4 No Notice. It shall not be necessary to give notice of a meeting of directors to any director or alternate director if such meeting is to be held immediately following a general meeting at which such director shall have been elected or is the meeting of directors at which such director is appointed.

3.5 Chair. The Chairman of the Board, if any, or in his absence any Vice-Chairman or the President, shall preside as chairman at every meeting of the directors, or if neither the Chairman of the Board, Vice-Chairman nor the President is present within fifteen minutes of the time appointed for holding the meeting or is willing to act as chairman, or, if the Chairman of the Board, if any, any Vice-Chairman and the President have advised the Secretary that they will not be present at the meeting, the directors present shall choose one of their number to be chairman of the meeting. With the consent of the meeting, the solicitor of the Corporation may act as chairman of a meeting of the directors.

3.6 Vacancy. The directors may act notwithstanding any vacancy in their body, but, if and so long as their number is reduced below the number fixed pursuant to the by-laws of the Corporation as the necessary quorum of directors, the directors may act for the purpose of increasing the number of directors to that number, or to summon a special meeting of the Corporation, but for no other purpose. If the directors fail to call a meeting or if there are no directors then in office, the meeting may be called by any shareholder.

3.7 Defect. Subject to the provisions of the Act, all acts done at any meeting of the directors or of a committee of directors, or by any person acting as a director, shall, notwithstanding that it be afterwards discovered that there was some defect in the qualification, election or appointment of any such directors or of the members of such committee or person acting as aforesaid, or that they or any of them were disqualified, be as valid as if every such person had been duly elected or appointed and was qualified to be a director.

3.8 Quorum. The board of directors may from time to time fix the quorum required for the transaction of business at a meeting of the board of directors and until so fixed the quorum will be a majority of the then current number of directors, or if the number of directors is fixed at one, shall be one director.

3.9 Meetings by Telephone or Electronic Conference. A director may participate in a meeting of the board or of any committee of the directors by means of conference telephones or other communications facilities by means of which all directors participating in the meeting can hear each other. A director participating in a meeting in accordance with this by-law shall be deemed to be present at the meeting and to have so agreed and shall be counted in the quorum therefor and be entitled to speak and vote thereat.

3.10 Voting. The directors may meet together for the dispatch of business, adjourn and otherwise regulate their meetings, as they think fit. Questions arising at any meeting shall be decided by a majority of votes. In case of an equality of votes the chairman shall not have a second or casting vote. Meetings of the board held at regular intervals may be held at such place, at such time and upon such notice (if any) as the board may by resolution from time to time determine.

3.11 Resolution in Lieu of Meeting. Notwithstanding any of the foregoing provisions of this by-law, a resolution consented to in writing, whether by document, telegram, telex, facsimile or any method of transmitting legibly recorded messages, by all of the directors or their alternates shall be as valid and effectual as if it had been passed at a meeting of the directors duly called and held. Such resolution may be in two or more counterparts which together shall be deemed to constitute one resolution in writing. Such resolution shall be filed with the minutes of the proceedings of the directors and shall be effective on the date stated thereon or on the latest day stated on any counterpart. A resolution may be consented to by a director or alternate director who has an interest in the subject matter of the resolution provided that he has otherwise complied with the provisions of the articles, by-laws and the Act.

3.12 Seconds. No resolution proposed at a meeting of directors need be seconded, and the chairman of any meeting may move or propose a resolution.

4. REMUNERATION OF DIRECTORS

4.1 Remuneration. The remuneration of the directors may from time to time be determined by the directors or, if the directors so decide, by ordinary resolution of the shareholders. Such remuneration may be in addition to any salary or other remuneration paid to any director in his capacity as officer or employee of the Corporation. The directors shall be reimbursed for reasonable travelling, hotel and other expenses they incur in and about the business of the Corporation and if any director shall perform any professional or other services for the Corporation that in the opinion of the directors are outside the ordinary duties of a director or shall otherwise be specially occupied in or about the Corporation's business, he may be paid a remuneration to be fixed by the board, or, at the option of such director, by the Corporation in general meeting, and such remuneration may be either in addition to, or in substitution for any other remuneration that he may be entitled to receive. The directors on behalf of the Corporation, unless otherwise determined by ordinary resolution, may pay a gratuity or pension or allowance on retirement to any director who has held any office or position with the Corporation or to his spouse or dependants and may make contributions to any fund and pay premiums for the purchase or provision of any such gratuity, pension or allowance.

5. SUBMISSION OF CONTRACTS OR TRANSACTIONS TO SHAREHOLDERS FOR APPROVAL

5.1 Ratification. The board of directors in its discretion may submit any contract, act or transaction for approval or ratification at any annual meeting of the shareholders or at any special meeting of the shareholders called for the purpose of considering the same and, subject to the Act, any such contract, act or

transaction that shall be approved or ratified or confirmed by a resolution passed by a majority of the votes cast at any such meeting (unless any different or additional requirement is imposed by the Act or by the Corporation's articles or any other by-law) shall be as valid and as binding upon the Corporation and upon all the shareholders as though it had been approved, ratified or confirmed by every shareholder of the Corporation.

6. FOR THE PROTECTION OF DIRECTORS AND OFFICERS

6.1 Conflicts. In supplement of and not by way of limitation upon any rights conferred upon directors by the Act, it is declared that no director shall be disqualified from his office or vacate his office by reason of holding any office or place of profit under the Corporation or under any body corporate in which the Corporation shall be a shareholder or by reason of being otherwise in any way directly or indirectly interested or contracting with the Corporation either as vendor, purchaser or otherwise or being concerned in a contract or arrangement made or proposed to be entered into with the Corporation in which he is in any way directly or indirectly interested either as vendor, purchaser or otherwise, nor shall any director be liable to account to the Corporation or any of its shareholders or creditors for any profit arising from any such office or place of profit; and, subject to the Act, no contract or arrangement entered into by or on behalf of the Corporation in which any director shall be in any way directly or indirectly interested shall be avoided or voidable and no director shall be liable to account to the Corporation or any of its shareholders or creditors for any profit realized by or from any such contract or arrangement by reason of any fiduciary relationship.

7. INDEMNITIES TO DIRECTORS AND OFFICERS

7.1 Indemnity. Subject to the Act, the Corporation may indemnify a director or officer or former director or officer of the Corporation or of a corporation of which the Corporation is or was a shareholder or creditor and the heirs and legal representatives of any such person against all costs, charges and expenses, including an amount paid to settle an action or satisfy a judgment, reasonably incurred by him or them in respect of any civil, criminal or administrative action or proceeding to which he is or they are made a party by reason of his being or having been a director or officer of the Corporation or a director or officer of such corporation, including any action brought by the Corporation or any such corporation. Each director or officer of the Corporation on being elected or appointed shall be deemed to have contracted with the Corporation on the terms of the foregoing indemnity.

7.2 Failure. The failure of a director or officer of the Corporation to comply with the provisions of the Act or of the articles or the by-laws shall not invalidate any indemnity to which he is entitled under the by-laws.

7.3 Insurance. The directors may cause the Corporation to purchase and maintain insurance for the benefit of any person who is or was serving as a director, officer, employee or agent of the Corporation or as a director, officer, employee or agent of any corporation of which the Corporation is or was a shareholder and his heirs or personal representatives, against any liability incurred by him as such director, officer, employee or agent.

8. OFFICERS

8.1 Appointment. The board of directors shall annually or as often as may be required appoint such officers of the Corporation as are deemed advisable, which may include a Chairman of the Board, a Vice-Chairman of the Board, a Managing Director, a President, a Chief Executive Officer, one or more Vice-Presidents, a Secretary, a Treasurer, one or more Assistant Secretaries and/or one or more Assistant Treasurers. A director may be appointed to any office of the Corporation but none of the officers except the Chairman of the Board, the Vice-Chairman of the Board and the Managing Director need be a member of the

board of directors. Two or more of the aforesaid offices may be held by the same person. In case and whenever the same person holds the offices of Secretary and Treasurer he may, but need not be, known as the Secretary-Treasurer. The board of directors may from time to time appoint any other officers and agents as it shall deem necessary who shall have such authority and shall perform such duties as may from time to time be prescribed by the board of directors.

8.2 Vacancies. If the office of any officer of the Corporation shall be or become vacant by reason of death, resignation, disqualification or otherwise, the directors by resolution shall, in the case of the President, and may, in the case of any other office, appoint a person to fill such vacancy.

8.3 Remuneration and Removal. The fact that any officer or employee is a director or shareholder of the Corporation shall not disqualify him from receiving remuneration in his role as an officer or employee as may be determined by the board of directors. All officers, in the absence of agreement to the contrary, shall be subject to removal by resolution of the board of directors at any time, with or without cause.

8.4 Powers and Duties. All officers shall sign such contracts, documents or instruments in writing as require their respective signatures and shall respectively have and perform all powers and duties incident to their respective offices and such other powers and duties respectively as may from time to time be assigned to them by the board of directors.

8.5 Duties may be Delegated. In case of the absence or inability to act of any officer of the Corporation, or for any other reason that the board of directors may deem sufficient, the board of directors may delegate all or any of the powers of such officer to any other officer or to any director for the time being.

8.6 Chairman of the Board. The Chairman of the Board (if any) shall, when present, preside at all meetings of the board of directors, the executive committee of directors (if any) and the shareholders.

8.7 Vice-Chairman of the Board. If the Chairman of the Board is absent or is unable or refuses to act, the Vice-Chairman of the Board (if any) shall, when present, preside at all meetings of the board of directors, the executive committee of directors (if any) and the shareholders.

8.8 Managing Director. The Managing Director shall be a resident Canadian and shall exercise such powers and have such authority as may be delegated to him by the board of directors in accordance with the Act.

8.9 President. Unless the Board determines otherwise, the President shall be the Chief Executive Officer of the Corporation. He shall be vested with and may exercise all the powers and shall perform all the duties of the Chairman of the Board and/or Vice-Chairman of the Board if none be appointed or if the Chairman of the Board and the Vice-Chairman of the Board are absent or are unable or refuse to act; provided, however, that unless he is a director he shall not preside as chairman at any meeting of directors or of the executive committee of directors (if any) or, subject to paragraph 9.9 of this by-law, at any meeting of shareholders.

8.10 Vice-President. The Vice-President or, if more than one, the Vice-Presidents, in order of seniority, shall be vested with all the powers and shall perform all the duties of the President in the absence or inability or refusal to act of the President; provided, however, that a Vice-President who is not a director shall not preside as chairman at any meeting of directors or of the executive committee of directors (if any) or, subject to paragraph 9.9 of this by-law, at any meeting of shareholders.

8.11 Secretary. The Secretary shall give or cause to be given notices for all meetings of the board of directors, the executive committee of directors (if any) and the shareholders when directed to do so and shall

have charge of the minute books of the Corporation and, subject to the provisions of this by-law, of the records (other than accounting records) referred to in the Act.

8.12 Treasurer. Subject to the provisions of any resolution of the board of directors, the Treasurer shall have the care and custody of all the funds and securities of the Corporation and shall deposit the same in the name of the Corporation in such bank or banks or with such other depository or depositories as the board of directors may direct. He or she shall keep or cause to be kept the accounting records referred to in the Act. He or she may be required to give such bond for the faithful performance of his duties as the board of directors in its uncontrolled discretion may require but no director shall be liable for failure to require any such bond or for the insufficiency of any such bond or for any loss by reason of the failure of the Corporation to receive any indemnity thereby provided.

8.13 Assistant Secretary and Assistant Treasurer. The Assistant Secretary or, if more than one, the Assistant Secretaries in order of seniority, and the Assistant Treasurer or, if more than one, the Assistant Treasurers in order of seniority, shall respectively perform all the duties of the Secretary and the Treasurer, respectively, in the absence or inability or refusal to act of the Secretary or the Treasurer, as the case may be.

8.14 General Manager or Manager. The board of directors may from time to time appoint one or more General Managers or Managers and may delegate to him or them full powers to manage such matters and duties as by law must be transacted or performed by the board of directors and/or by the shareholders and to employ and discharge agents and employees of the Corporation or may delegate to him or them any lesser authority. A General Manager or Manager shall conform to all lawful orders given to him by the board of directors of the Corporation and shall at all reasonable times give to the directors or any of them all information they may require regarding the affairs of the Corporation. Any agent or employee appointed by a General Manager or Manager shall be subject to discharge by the board of directors.

8.15 Conflicts. Every officer of the Corporation who holds any office or possesses any property whereby, whether directly or indirectly, duties or interests might be created in conflict with his duties or interests as an officer of the Corporation shall, in writing, disclose to the President the fact and the nature, character and extent of the conflict in accordance with the provisions of the Act.

9. SHAREHOLDERS' MEETINGS

9.1 Annual Meeting. Subject to the Act and the Articles, the annual meeting of the shareholders shall be held on such day in each year and at such time as the directors may by resolution determine at any place within North America, Europe or Africa or, if all the shareholders entitled to vote at such meeting so agree, at a location outside of North America, Europe or Africa.

9.2 Special Meetings. Subject to the Act and the Articles, special meetings of the shareholders may be convened by order of the board of directors at any date and time and at any place within North America, Europe or Africa or, if all the shareholders entitled to vote at such meeting so agree, outside North America, Europe or Africa.

9.3 Meetings by Telephone or Electronic Conference. A shareholder may participate in a meeting of the shareholders by means of telephonic, electronic or other communication facility that permits all participants to communicate adequately with each other during the meeting if the Corporation makes available such a communication facility. A person participating in a meeting by such means in accordance with this bylaw shall be deemed to be present at the meeting and to have so agreed and shall be entitled to vote by means of telephonic, electronic or other communication facility that the Corporation has made available for that purpose.

9.4 Notice. A notice stating the day, hour and place of meeting shall be given by serving such notice on such persons as are entitled by law or under this by-law to receive such notice from the Corporation in the manner specified in paragraphs 15.1 or 15.2 of this by-law or in such manner as may be prescribed by the directors, not less than twenty-one days or more than fifty days (in each case exclusive of the day on which the notice is delivered or sent and of the day for which notice is given) before the day of the meeting. Notice of a meeting at which special business is to be transacted shall state: (a) the nature of that business in sufficient detail to permit the shareholder to form a reasoned judgment thereon; and (b) the text of any special resolution to be submitted to the meeting. Except as otherwise provided by the Act, where any special business at a general meeting includes considering, approving, ratifying, adopting or authorizing any document or the execution thereof or the giving of effect thereto, the notice convening the meeting shall, with respect to such document, be sufficient if it states that a copy of the document or proposed document is or will be available for inspection by shareholders at the registered office or records office of the Corporation or at some other place designated in the notice during usual business hours up to the date of such general meeting.

9.5 Waiver of Notice. A shareholder and any other person entitled to attend a meeting of shareholders may in any manner waive notice or reduce the period of notice of a meeting of shareholders and attendance of any such person at a meeting of shareholders shall constitute a waiver of notice of the meeting except where such person attends a meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not lawfully called.

9.6 Omission of Notice. The accidental omission to give notice of any meeting or any irregularity in the notice of any meeting or the non-receipt of any notice by any shareholder or shareholders, director or directors or the auditor of the Corporation shall not invalidate any resolution passed or any proceedings taken at any meeting of shareholders.

9.7 Votes. Subject to the Act, every question submitted to any meeting of shareholders shall be decided in the first instance by a show of hands unless (before or on the declaration of the result of the show of hands) a poll is directed by the Chairman or a shareholder or proxyholder entitled to vote at the meeting has demanded a ballot and in the case of an equality of votes the chairman of the meeting shall on a show of hands or on a ballot not have a second or casting vote in addition to the vote or votes to which he may be otherwise entitled as a member or proxyholder and this provision shall apply notwithstanding the Chairman is interested in the subject matter of the resolution.

9.8 Declaration. At any meeting, unless a ballot is demanded, a declaration by the chairman of the meeting that a resolution has been carried or carried unanimously or by a particular majority or lost or not carried by a particular majority shall be conclusive evidence of the fact.

9.9 Chair. The Chairman of the Board, if any, or in his absence the President of the Corporation or in his absence a Vice President of the Corporation, if any, shall be entitled to preside as chairman at every meeting of shareholders of the Corporation. Notwithstanding the foregoing, with the consent of the meeting, which consent may be expressed by the failure to object of any person present and entitled to vote, the solicitor of the Corporation may act as chairman of the meeting of shareholders. If at any meeting of shareholders neither the Chairman of the Board nor President nor a Vice President is present within fifteen minutes after the time appointed for holding the meeting or is willing to act as chairman, the Directors present, shall choose someone of their number, or the solicitor of the Corporation, to be chairman. If all the Directors present, and the solicitor of the Corporation, decline to take the chair or fail to so choose or if no Director be present, the persons present and entitled to vote shall choose some person in attendance, who need not be a shareholder, to be chairman.

9.10 Ballot. A ballot may be demanded either before or after any vote by a show of hands by any person entitled to vote at the meeting. No poll may be demanded on the election of the chairman. If at any meeting a ballot is demanded on the question of adjournment it shall be taken forthwith without adjournment. If at any meeting a ballot is demanded on any other question or as to the election of directors, the vote shall be taken by ballot in such manner and either at once, later in the meeting or after adjournment as the chairman of the meeting directs but in no event later than seven days after the meeting. The result of a ballot shall be deemed to be the resolution of the meeting at which the ballot was demanded. Any business other than that upon which the poll has been demanded may be proceeded with pending the taking of the poll. A demand for a ballot may be withdrawn.

9.11 Determination. In the case of any dispute as to the admission or rejection of a vote, whether by show of hands or on a poll, the chairman shall determine the same, and his determination made in good faith is final and conclusive.

9.12 Action. Unless the Act, the articles or the by-laws otherwise provide, any action to be taken by a resolution of the shareholders may be taken by an ordinary resolution.

9.13 Votes. Subject to any special voting rights or restrictions attached to any class of shares and the restrictions on joint registered holders of shares:

- (a) on a show of hands:
 - (i) every shareholder who is present in person and entitled to vote shall have one vote; and
 - (ii) a proxyholder duly appointed by a holder of a share who would have been entitled to vote shall have one vote; and
- (b) on a poll, every shareholder shall have one vote for each share of which he is the registered holder and may exercise such vote either in person or by proxy.

9.14 Not Registered. Any person who is not registered as a shareholder but is entitled to vote at any meeting in respect of a share, may vote the share in the same manner as if he were a shareholder; but, unless the directors have previously admitted his right to vote at that meeting in respect of the share, he shall satisfy the directors of his right to vote the share before the time for holding the meeting, or adjourned meeting, as the case may be, at which he proposes to vote.

9.15 Corporate Representative. Any corporation not being a subsidiary which is a shareholder of the Corporation may by resolution of its directors or other governing body authorize such person as it thinks fit to act as its representative at any general meeting or class meeting. The person so authorized shall be entitled to exercise in respect of and at such meeting the same powers on behalf of the corporation which he represents as that corporation could exercise if it were an individual shareholder of the Corporation personally present, including, without limitation, the right, unless restricted by such resolution, to appoint a proxyholder to represent such corporation, and shall be counted for the purpose of forming a quorum if present at the meeting. Evidence of the appointment of any such representative may be sent to the Corporation in writing by written instrument, telegram, telex, facsimile or any method of transmitting legibly recorded messages. Notwithstanding the foregoing, a corporation being a shareholder may appoint a proxyholder.

9.16 Unsound Mind. A shareholder of unsound mind entitled to attend and vote, in respect of whom an order has been made by any court having jurisdiction, may vote, whether on a show of hands or on a poll, by

his committee or curator bonis or other person in the nature of a committee or curator bonis appointed by that court, and any such committee or curator bonis, or other person may appoint a proxyholder. The chairman may require such proof of such appointment as he sees fit.

9.17 Joint Registered Holders. In the case of joint registered holders of a share, the vote of the senior who exercises a vote, whether in person or by proxyholder, shall be accepted to the exclusion of the votes of the other joint registered holders; and for this purpose, seniority shall be determined by the order in which the names stand in the register of shareholders. Several legal personal representatives of a deceased shareholder whose shares are registered in his sole name shall, for the purpose of this by-law, be deemed joint registered holders.

9.18 Proxyholders. A shareholder holding more than one share in respect of which he is entitled to vote shall be entitled to appoint one or more (but not more than five) proxyholders to attend, act and vote for him on the same occasion. If such a shareholder should appoint more than one proxyholder for the same occasion he shall specify the number of shares each proxyholder shall be entitled to vote. A shareholder may also appoint one or more alternate proxyholders to act in the place and stead of an absent proxyholder.

9.19 Proxyholders. Any person, having attained the age of majority, may act as proxyholder whether or not he is entitled on his own behalf to be present and to vote at the meeting at which he acts as proxyholder. The proxy may authorize the person so appointed to act as proxyholder for the appointor for the period, at any meeting or meetings, and to the extent permitted by the Act.

9.20 Proxyholder. A person appointed by proxy need not be a shareholder.

9.21 Proxies. A proxy shall be in writing under the hand of the appointor or of his attorney duly authorized in writing, or, if the appointor is a corporation, either under the seal of the corporation or under the hand of a duly authorized officer or attorney of that corporation.

9.22 Deposit of Proxies. Unless the directors fix some other time by which proxies must be deposited, a proxy and the power of attorney or other authority, if any, under which it is signed, or a notarially certified copy thereof, shall be deposited at the registered office of the Corporation or at such other place as is specified for that purpose in the notice convening the meeting or form of proxy, not less than 48 hours (excluding Saturdays and holidays) before the time for holding the meeting in respect of which the person named in the instrument is appointed.

9.23 Deposit of Proxies. In addition to any other method of depositing proxies provided for in the by-laws, the directors may by resolution make regulations relating to the depositing of proxies at any place or places and fixing the time for depositing the proxies. If the Corporation is or becomes a reporting issuer under the securities laws of a province of Canada, the time so fixed shall not exceed 48 hours (excluding Saturdays and holidays) preceding the meeting or adjourned meeting specified in the notice calling a meeting of shareholders and providing for particulars of such proxies to be sent to the Corporation or any agent of the Corporation in writing or by letter, telegram, telex, facsimile or any method of transmitting legibly recorded messages so as to arrive before the commencement of the meeting or adjourned meeting at the office of the Corporation or of any agent of the Corporation appointed for the purpose of receiving such particulars and providing that proxies so deposited may be acted upon as though the proxies themselves were deposited as required by this Part.

9.24 Death or Incapacity. A vote given in accordance with the terms of a proxy is valid notwithstanding the previous death or incapacity of the shareholder giving the proxy or the revocation of the proxy or of the authority under which the form of proxy was executed or the transfer of the share in respect of which the proxy is given, provided that no notification in writing of such death, incapacity, revocation or transfer shall

have been received at the registered office of the Corporation or by the chairman of the meeting or adjourned meeting for which the proxy was given before the vote was taken.

9.25 Retain Ballots. Every ballot cast upon a poll and every proxy appointing a proxyholder who casts a ballot upon a poll shall be retained by the Secretary for such period and be subject to such inspection as the Act may provide.

9.26 Votes on Poll. On a poll a person entitled to cast more than one vote need not, if he votes, use all his votes or cast all the votes he uses in the same way.

9.27 Determinations. The chairman of the meeting may determine whether or not a proxy, deposited for use at such meeting, which may not strictly comply with the requirements of this Part as to form, execution, accompanying documentation, time of filing, or otherwise, shall be valid for use at such meeting and any such determination made in good faith shall be final, conclusive and binding upon such meeting.

9.28 Form of Proxy. Subject to the provisions of Part IV of the Regulations, a proxy may be in the following form or in any other form that the directors or the chairman of the meeting shall approve or accept:

“The undersigned shareholder of _____ hereby appoints, _____, of _____ or failing him, _____, of _____ as the nominee of the undersigned to attend, act and vote for the undersigned and on behalf of the undersigned at the _____ meeting of the shareholders of the said corporation to be held on the _____ day of _____, _ _ and at any adjournment or adjournments thereof in the same manner, to the same extent and with the same powers as if the undersigned were present at the said meeting or such adjournment or adjournments thereof.

DATED this _____ day of _____, ___.

Signature of Shareholder

9.29 Revocation. Every proxy may be revoked by an instrument in writing:

- (a) executed by the shareholder giving the same or by his attorney authorized in writing or, where the shareholder is a corporation, by a duly authorized officer or attorney of the corporation; and
- (b) delivered either at the registered office of the Corporation at any time up to and including the last business day preceding the day of the meeting, or any adjournment thereof at which the proxy is to be used, or to the chairman of the meeting on the day of the meeting or any adjournment thereof before any vote in respect of which the proxy is to be used shall have been taken,

or in any other manner provided by law.

9.30 Adjournment. The chairman of any meeting may and shall, if so directed by the meeting, adjourn the same from time to time to a fixed time and place and no notice of such adjournment need to be given to the shareholders unless the meeting is adjourned by one or more adjournments for an aggregate of thirty days or more in which case notice of the adjourned meeting shall be given as for an original meeting. Any

business may be brought before or dealt with at any adjourned meeting for which no notice is required which might have been brought before or dealt with at the original meeting in accordance with the notice calling the same.

9.31 Seconds. No motion proposed at a general meeting need be seconded and the chairman may propose a motion.

9.32 Quorum. Save as herein otherwise provided, a quorum for a meeting of shareholders shall be two shareholders, or two proxyholders representing shareholders, or any combination thereof, holding in the aggregate not less than 5% of the issued shares entitled to be voted at the meeting. If there is only one shareholder the quorum is one person present and being, or representing by proxy, such shareholder. The directors, the Secretary or, in his absence, an Assistant Secretary, and the solicitor of the Corporation shall be entitled to attend at any meeting of shareholders but no such person shall be counted in the quorum or be entitled to vote at any meeting of shareholders unless he shall be a shareholder or proxyholder entitled to vote thereat.

9.33 Quorum. If within half an hour from the time appointed for a meeting of shareholders a quorum is not present, the meeting, if convened upon requisition by the shareholders shall be dissolved. In any other case, it shall stand adjourned to a day, time and place as determined by the Chairman, but may not transact any other business. If at the adjourned meeting a quorum is not present within half an hour from the time appointed for the meeting, the person or persons present and being, or representing by proxy, a shareholder or shareholders entitled to attend and vote at the meeting shall be a quorum.

9.34 Opening Quorum. No business other than the election of the chairman or the adjournment of the meeting shall be transacted at any general meeting unless a quorum of shareholders entitled to attend and vote is present at the commencement of the meeting, but the quorum need not be present throughout the meeting.

9.35 Resolution in lieu of Meeting. Notwithstanding any of the foregoing provisions of this by-law, a resolution in writing signed by all the shareholders entitled to vote on that resolution at a meeting of the shareholders is, subject to the Act, as valid as if it had been passed at a meeting of the shareholders. Such resolution may be in two or more counterparts which together shall be deemed to constitute one resolution in writing. Such resolution shall be filed with the minutes of the proceedings of the shareholders and shall be effective on the date stated thereon or on the latest day stated on any counterpart.

9.36 Class Meetings. Unless the Act, the articles or by-laws otherwise provide, the provisions of this by-law relating to meetings shall apply with the necessary changes, and so far as they are applicable, to a class meeting of shareholders holding a particular class of shares.

10. SHARES

10.1 Allotment and Issuance. Subject to the provisions of the Act, the shares shall be under the control of the directors who may, subject to the rights of the holders of the shares of the Corporation for the time being outstanding, issue, allot, sell or otherwise dispose of, and/or grant options on or otherwise deal in, shares authorized but not outstanding, and outstanding shares held by the Corporation, at such times, to such persons (including directors), in such manner, upon such terms and conditions and at such price or for such consideration, as the directors, in their absolute discretion, may determine.

10.2 Fully Paid. No share may be issued until it is fully paid and the Corporation shall have received the full consideration therefor in cash, property or past services actually performed for the Corporation. The value of property or services for the purposes of this by-law shall be the value determined by the directors by

resolution to be, in all circumstances of the transaction, the fair market value thereof, and the full consideration received for a share issued by way of dividend shall be the amount declared by the directors to be the amount of the dividend.

10.3 Discounts. Subject to the Act, the Corporation or the directors on behalf of the Corporation, may pay a commission or allow a discount to any person in consideration of his subscribing or agreeing to subscribe, whether absolutely or conditionally, for any shares, debentures, share rights, warrants or debenture stock in the Corporation, or procuring or agreeing to procure subscriptions, whether absolutely or conditionally, for any such shares, debentures, share rights, warrants or debenture stock, provided that the rate of the commission and discount shall not in the aggregate exceed 25 per cent of the amount of the subscription price of such shares. The Corporation may also pay such brokerage fees as may be lawful.

10.4 Certificates. Every shareholder is entitled, without charge, to one certificate representing the share or shares of each class or series held by him; provided that, in respect of a share or shares held jointly by several persons, the Corporation shall not be bound to issue more than one certificate, and delivery of a certificate for a share to one of several joint registered holders or to his duly authorized agent shall be sufficient delivery to all; and provided further that the Corporation shall not be bound to issue certificates representing redeemable shares, if such shares are to be redeemed within one month of the date on which they were allotted. Any share certificate may be sent through the mail by prepaid mail to the shareholder entitled thereto, and neither the Corporation nor any transfer agent shall be liable for any loss occasioned to the shareholder owing to any such share certificate so sent being lost in the mail or stolen.

10.5 Certificates. Every share certificate issued by the Corporation shall be in such form as the directors approve and shall comply with the Act.

10.6 Replacement Certificates. If a share certificate:

- (a) is worn or defaced, the directors shall, upon production to them of the said certificate and upon such other terms, if any, as they may think fit, order the said certificate to be cancelled and shall issue a new certificate in lieu thereof;
- (b) is lost, stolen or destroyed, then, upon proof thereof to the satisfaction of the directors and upon such indemnity, if any, as the directors deem adequate being given, a new share certificate in lieu thereof shall be issued to the person entitled to such lost, stolen or destroyed certificate; or
- (c) represents more than one share and the registered owner thereof surrenders it to the Corporation with a written request that the Corporation issue in his name two or more certificates each representing a specified number of shares and in the aggregate representing the same number of shares as the certificate so surrendered, the Corporation shall cancel the certificate so surrendered and issue in lieu thereof certificates in accordance with such request.

There shall be paid to the Corporation such sum as the directors may from time to time fix, for each certificate to be issued under this by-law.

10.7 Trust. Except as required by law, statute or the by-laws, no person shall be recognized by the Corporation as holding any share upon any trust, and the Corporation shall not be bound by or compelled in any way to recognize (even when having notice thereof) any equitable, contingent, future or partial interest in any share or in any fractional part of a share or (except only as by law, statute or the by-laws provided or as

ordered by a court of competent jurisdiction) any other rights in respect of any share except an absolute right to the entirety thereof in its registered holder.

10.8 Two Names. The certificate representing shares registered in the name of two or more persons shall be delivered to the person first named on the register of shareholders.

10.9 Purchase or Redemption of Shares. Subject to the Act, the articles and the special rights and restrictions attached to any class of shares of the Corporation, the Corporation may, by a resolution of the directors and in compliance with the Act, purchase or redeem any of its shares in accordance with the special rights and restrictions attaching thereto. No such purchase or redemption shall be made if the Corporation is insolvent at the time of the proposed purchase or redemption or if the proposed purchase or redemption would render the Corporation insolvent. Subject to the Act, any shares purchased or redeemed by the Corporation may be sold or, if cancelled, reissued by it, but while such shares are held by the Corporation, it shall not exercise any vote in respect of such shares and no dividend or other distribution shall be paid or made thereon. If the Corporation proposes at its option to purchase or redeem some but not all of the shares of any class or series, the directors may, subject to the special rights and restrictions attached to such shares, decide the manner in which the shares to be purchased or redeemed shall be selected and such purchase or redemption may or may not be made pro rata among every shareholder holding any such shares as the directors may determine.

10.10 Signatures. Subject to the Act, the signature of the Chairman of the Board, the Vice-Chairman of the Board, the Managing Director, the President, a Vice-President or any other director or officer of the Corporation may be printed, engraved, lithographed or otherwise mechanically reproduced upon certificates for shares of the Corporation. Certificates so signed shall be deemed to have been manually signed by the Chairman of the Board, the Vice-Chairman of the Board, the Managing Director, the President, the Vice-President, the director or the officer whose signature is so printed, engraved, lithographed or otherwise mechanically reproduced thereon and shall be as valid to all intents and purposes as if they have been signed manually. Where the Corporation has appointed a registrar, transfer agent, branch registrar or branch transfer agent for the shares (or for the shares of any class or classes) of the Corporation, the signature of the Secretary or Assistant Secretary may also be printed, engraved, lithographed or otherwise mechanically reproduced on certificates representing the shares (or the shares of the class or classes in respect of which any such appointment has been made) of the Corporation and when countersigned by or on behalf of a registrar, transfer agent, branch registrar or branch transfer agent, such certificates so signed shall be as valid to all intents and purposes as if they had been signed manually. A share certificate containing the signature of a person which is printed, engraved, lithographed or otherwise mechanically reproduced thereon may be issued notwithstanding that the person has ceased to be an officer of the Corporation and shall be as valid as if he were an officer at the date of its issue.

11. TRANSFER OF SECURITIES

11.1 Transfer of Shares. Subject to the restrictions, if any, set forth in the articles and the by-laws, any shareholder may transfer any of his shares by instrument in writing executed by or on behalf of such shareholder and delivered to the Corporation or its transfer agent. The instrument of transfer of any share of the Corporation shall be in the form, if any, on the back of the Corporation's share certificates or in such other form as the directors may from time to time approve or accept. If the directors so determine, each instrument of transfer shall be in respect of only one class of share. Except to the extent that the Act may otherwise provide, the transferor shall be deemed to remain the holder of the shares until the name of the transferee is entered in the register of shareholders or a branch register of shareholders in respect thereof.

11.2 Signature. The signature of the registered owner of any shares, or of his duly authorized attorney, upon an authorized instrument of transfer shall constitute a complete and sufficient authority to the

Corporation, its directors, officers and agents to register, in the name of the transferee as named in the instrument of transfer, the number of shares specified therein or, if no number is specified, all the shares of the registered owner represented by share certificates deposited with the instrument of transfer. If no transferee is named in the instrument of transfer, the instrument of transfer shall constitute a complete and sufficient authority to the Corporation, its directors, officers and agents to register, in the name of the person on whose behalf any certificate for the shares to be transferred is deposited with the Corporation for the purpose of having the transfer registered, the number of shares if specified in the instrument of transfer or, if no number is specified, all the shares represented by all share certificates deposited with the instrument of transfer.

11.3 Transferee. Neither the Corporation nor any director, officer or agent thereof shall be bound to enquire into the title of the person named in the form of transfer as transferee, or, if no person is named therein as transferee, of the person on whose behalf the certificate is deposited with the Corporation for the purpose of having the transfer registered or be liable to any claim by such registered owner or by any intermediate owner or holder of the certificate or of any of the shares represented thereby or any interest therein for registering the transfer, and the transfer, when registered, shall confer upon the person in whose name the shares have been registered a valid title to such shares.

11.4 Instrument of Transfer. Every instrument of transfer shall be executed by the transferor and left at the registered office of the Corporation or at the office of its transfer agent or registrar for registration together with the share certificate for the shares to be transferred and such other evidence, if any, as the directors or the transfer agent or registrar may require to prove the title of the transferor or his right to transfer the shares and the right of the transferee to have the transfer registered. All instruments of transfer, where the transfer is registered, shall be retained by the Corporation or its transfer agent or registrar and any instrument of transfer, where the transfer is not registered, shall be returned to the person depositing the same together with the share certificate which accompanied the same when tendered for registration.

11.5 Fees. There shall be paid to the Corporation in respect of the registration of any transfer such sum, if any, as the directors may from time to time determine.

11.6 Restriction on Transfers. Notwithstanding any other provision of the by-laws, while the Corporation is, or becomes a corporation which is not a reporting issuer under the securities laws of a province of Canada, then no shares shall be transferred and entered on the register of shareholders without the previous consent of the directors expressed by a resolution of the board and the directors shall not be required to give any reason for refusing to consent to any such proposed transfer. The consent of the board required by this by-law may be in respect of a specific proposed trade or trades or trading generally, whether or not over a specified period of time, or by specific persons or with such other restrictions or requirements as the directors may determine.

11.7 Transmission of Shares. In the case of the death of a shareholder, the survivor or survivors, where the deceased was a joint registered holder, and the legal personal representative of the deceased, where he was the sole holder, shall be the only persons recognized by the Corporation as having any title to his interest in the shares. Before recognizing any legal personal representative the directors may require him to deliver to the Corporation the original or a court-certified copy of a grant of probate or letters of administration in British Columbia or such other evidence and documents as the directors consider appropriate to establish the right of the personal representative to such title to the interest in the shares of the deceased shareholder.

11.8 Death or Bankruptcy. Upon the death or bankruptcy of a shareholder, his personal representative or trustee in bankruptcy, although not a shareholder, shall have the same rights, privileges and obligations that attach to the shares formerly held by the deceased or bankrupt shareholder if the documents required by

the Act shall have been deposited with the Corporation. This by-law does not apply on the death of a shareholder with respect to shares registered in his name and the name of another person in joint tenancy.

11.9 Death or Bankruptcy. Any person becoming entitled to a share in consequence of the death or bankruptcy of a shareholder shall, upon such documents and evidence being produced to the Corporation as the Act requires, or who becomes entitled to a share as a result of an order of a Court of competent jurisdiction or a statute, has the right either to be registered as a shareholder in his representative capacity in respect of such share, or, if he is a personal representative, instead of being registered himself, to make such transfer of the shares as the deceased or bankrupt person could have made; but the directors shall, as regards a transfer by a personal representative or trustee in bankruptcy, have the same right, if any, to decline or suspend registration of a transferee as they would have in the case of a transfer of a share by the deceased or bankrupt person before the death or bankruptcy.

11.10 Transfer Agent and Registrar. The directors may from time to time by resolution appoint or remove one or more transfer agents and/or branch transfer agents and/or registrars and/or branch registrars (which may or may not be the same individual or body corporate) for the securities issued by the Corporation in registered form (or for such securities of any class or classes) and may provide for the registration of transfers of such securities (or such securities of any class or classes) in one or more places and such transfer agents and/or branch transfer agents and/or registrars and/or branch registrars shall keep all necessary books and registers of the Corporation for the registering of such securities (or such securities of the class or classes in respect of which any such appointment has been made). In the event of any such appointment in respect of the shares (or the shares of any class or classes) of the Corporation, all share certificates issued by the Corporation in respect of the shares (or the shares of the class or classes in respect of which such appointment has been made) of the Corporation shall be countersigned by or on behalf of one of the said transfer agents and/or branch transfer agents or by or on behalf of one of the said registrars and/or branch registrars, if any.

11.11 Securities Registrars. A central securities register of the Corporation shall be kept at the registered office of the Corporation or at such other office or place in Canada as may from time to time be designated by resolution of the board of directors and a branch securities register or registers may be kept at such office or offices of the Corporation or other place or places, either in or outside Canada, as may from time to time be designated by resolution of the directors.

11.12 Shareholder Indebted to the Corporation. If so provided in the articles or by-laws of the Corporation, the Corporation has a lien on a share registered in the name of a shareholder or his legal representative for a debt of that shareholder to the Corporation. By way of enforcement of such lien the directors may refuse to permit the registration of a transfer of such share.

12. DIVIDENDS

12.1 Dividends. The directors may from time to time declare and authorize payment of such dividends, if any, as they may deem advisable and need not give notice of such declaration to any shareholder. No dividend shall be paid otherwise than out of funds and/or assets properly available for the payment of dividends and a declaration by the directors as to the amount of such funds or assets available for dividends shall be conclusive. The Corporation may pay any such dividend wholly or in part by the distribution of specific assets, and in particular by paid up shares, bonds, debentures or other securities of the Corporation or any other corporation, or in any one or more such ways as may be authorized by the Corporation or the directors, and where any difficulty arises with regard to such a distribution the directors may settle the same as they think expedient, and in particular may fix the value for distribution of such specific assets or any part thereof, and may determine that cash payments in substitution for all or any part of the specific assets to which any shareholders are entitled shall be made to any shareholders on the basis of the value so fixed to

adjust the rights of all parties, and may vest any such specific assets in trustees for the persons entitled to the dividend as may seem expedient to the directors.

12.2 Payment Date. Any dividend declared on shares of any class by the directors may be made payable on such date as is fixed by the directors.

12.3 Declaration. Subject to the rights of shareholders (if any) holding shares with specific rights as to dividends, all dividends on shares of any class shall be declared and paid according to the number of such shares held.

12.4 Funds. The directors may, before declaring any dividend, set aside out of the funds properly available for the payment of dividends such sums as they think proper as a reserve or reserves, which shall, at the discretion of the directors, be applicable for meeting contingencies, or for equalizing dividends, or for any other purpose to which such funds of the Corporation may be properly applied, and pending such application may, at the like discretion, either be employed in the business of the Corporation or be invested in such investments as the directors may from time to time think fit. The directors may also, without placing the same in reserve, carry forward such funds which they think prudent not to divide.

12.5 Joint Holders. If several persons are registered as joint holders of any share, any one of them may give an effective receipt for any dividend, bonus or other moneys payable in respect of the share.

12.6 No Interest. No dividend shall bear interest against the Corporation. Where the dividend to which a shareholder is entitled includes a fraction of a cent, such fraction shall be disregarded in making payment thereof and such payment shall be deemed to be payment in full.

12.7 Delivery. Any dividend, bonus or other moneys payable in cash in respect of shares may be paid by cheque or warrant sent through the post directed to the registered address of the holder, or in the case of joint holders, to the registered address of that one of the joint holders who is first named on the register, or to such person and to such address as the holder or joint holders may direct in writing. Every such cheque or warrant shall be made payable to the order of the person to whom it is sent. The mailing of such cheque or warrant shall, to the extent of the sum represented thereby (plus the amount of any tax required by law to be deducted) discharge all liability for the dividend, unless such cheque or warrant shall not be paid on presentation or the amount of tax so deducted shall not be paid to the appropriate taxing authority.

12.8 Surplus. Notwithstanding anything contained in the by-laws, the directors may from time to time capitalize any undistributed surplus on hand of the Corporation and may from time to time issue as fully paid and non-assessable any unissued shares, or any bonds, debentures or debt obligations of the Corporation as a dividend representing such undistributed surplus on hand or any part thereof.

12.9 Fractions. Notwithstanding any other provisions of the by-laws, should any dividend result in any shareholders being entitled to a fractional part of a share of the Corporation, the directors shall have the right to pay such shareholders in place of that fractional share, the cash equivalent thereof calculated on the price or consideration for which such shares were or were deemed to be issued, and shall have the further right and complete discretion to carry out such distribution and to adjust the rights of the shareholders with respect thereon on as practical and equitable a basis as possible including the right to arrange through a fiscal agent or otherwise for the sale, consolidation or other disposition of those fractional shares on behalf of those shareholders of the Corporation.

13. VOTING SHARES AND SECURITIES IN OTHER COMPANIES

13.1 Voting Other Securities. All of the shares or other securities carrying voting rights of any other body corporate held from time to time by the Corporation may be voted at any and all meetings of shareholders, bondholders, debenture holders or holders of other securities (as the case may be) of such other body corporate and in such manner and by such person or persons as the board of directors of the Corporation shall from time to time determine. The proper signing officers of the Corporation may also from time to time execute and deliver for and on behalf of the Corporation proxies and/or arrange for the issuance of voting certificates and/or other evidence of the right to vote in such names as they may determine without the necessity of a resolution or other action by the board of directors.

14. INFORMATION AVAILABLE TO SHAREHOLDERS

14.1 Information. Except as provided by the Act, no shareholder shall be entitled to discovery of any information respecting any details or conduct of the Corporation's business which in the opinion of the directors it would be inexpedient in the interests of the Corporation to communicate to the public.

14.2 Inspection. The directors may from time to time, subject to rights conferred by the Act, determine whether and to what extent and at what time and place and under what conditions or regulations the documents, books and registers and accounting records of the Corporation or any of them shall be open to the inspection of shareholders and no shareholder shall have any right to inspect any document or book or register or accounting record of the Corporation except as conferred by statute or authorized by the board of directors or by a resolution of the shareholders.

15. NOTICES

15.1 Electronic Communication. The Corporation may send any notice or other document or information pursuant to these by-laws and acts and other rules and regulations applicable to the Corporation to a shareholder by publishing that notice or other document or information on a website where:

- (a) the shareholder has consented in writing (or is taken to have agreed in accordance with the acts and other rules and regulations applicable to the Corporation) to him having access to the notice or document or information on a website (instead of it being sent to him);
- (b) the notice or document is one to which that agreement applies;
- (c) the shareholder is notified in writing, of:
 - (i) the publication of the notice or document on a website;
 - (ii) the address of that website; and
 - (iii) the place on that website where the notice or document may be accessed, and how it may be accessed.

15.2 All Other Communication. In the event that the shareholder does not provide written consent to electronic communication pursuant to paragraph 15.1 of this by-law, any notice or other document required by the Act, the Regulations, the articles or the by-laws to be sent to any shareholder or director or to the auditor shall be delivered personally or sent by prepaid mail, fax, email, cable, telegram or telex to any such shareholder at his latest address as shown in the records of the Corporation or its transfer agent and to any such director at his latest address as shown in the records of the Corporation or in the last notice filed under

section 106 or 113 of the Act, and to the auditor at his business address; provided always that notice may be waived or the time for the notice may be waived or abridged at any time with the consent in writing of the person entitled thereto. If a notice or document is sent to a shareholder by prepaid mail in accordance with this paragraph and the notice or document is returned on three consecutive occasions because the shareholder cannot be found, it shall not be necessary to send any further notices or documents to the shareholder until he informs the Corporation in writing of his new address.

15.3 Shares Registered in More than One Name. All notices or other documents with respect to any shares registered in more than one name shall be given to whichever of such persons is named first in the records of the Corporation and any notice or other document so given shall be sufficient notice or delivery to all the holders of such shares.

15.4 Persons Becoming Entitled by Operation of Law. Subject to the Act, every person who by operation of law, transfer or by any other means whatsoever shall become entitled to any share or shares shall be bound by every notice or other document in respect of such share or shares which, previous to his name and address being entered in the records of the Corporation, shall be duly given to the person or person from who he derives his title to such share or shares.

15.5 Deceased Shareholders. Subject to the Act, any notice or other document delivered or sent by post, fax, email, cable, telegram or telex or left at the address of any shareholder as the same appears in the records of the Corporation shall, notwithstanding that such shareholder be then deceased, and whether or not the Corporation has notice of his decease, be deemed to have been duly served in respect of the shares held by such shareholder (whether held solely or with any other person or persons) until some other person be entered in his stead in the records of the Corporation as the holder or one of the holders thereof and such service shall for all purposes be deemed a sufficient service of such notice or document on his heirs, executors or administrators and on all persons, if any, interested with him in such shares.

15.6 Signature to Notices. The signature of any director or officer of the Corporation to any notice or document to be given by the Corporation may be written, stamped, typewritten or printed or partly written, stamped, typewritten or printed.

15.7 Computation of Time. Where a given number of days' notice or notice extending over a period is required to be given under any provisions of the articles or by-laws of the Corporation the day of service or posting of the notice or document shall, unless it is otherwise provided, be counted in such number of days or other period.

15.8 Proof of Service. With respect to every notice or other document sent by post it shall be sufficient to prove that the envelope or wrapper containing the notice or other document was properly addressed as provided in paragraph 15.1 of this by-law and put into a post office or into a letter box. A certificate of an officer of the Corporation in office at the time of the making of the certificate or of a transfer officer of any transfer agent or branch transfer agent of shares of any class of the Corporation as to facts in relation to the sending or delivery of any notice or other document to any shareholder, director, officer or auditor or publication of any notice or other document shall be conclusive evidence thereof and shall be binding on every shareholder, director, officer or auditor of the Corporation as the case may be.

15.9 Record Dates. The directors may fix in advance a date, which shall not be more than the maximum number of days permitted by the Act, preceding the date of any meeting of shareholders, including class and series meetings, or of the payment of any dividend or to participate in a liquidation distribution or of the proposed taking of any other proper action requiring the determination of shareholders, as the record date for the determination of the shareholders entitled to notice of, or to attend and vote at, any such meeting and any adjournment thereof, or entitled to receive payment of any such dividend or for any other proper purpose

and, in such case, notwithstanding anything elsewhere contained in the by-laws, only shareholders of record on the date so fixed shall be deemed to be shareholders for the purposes aforesaid.

15.10 Record Date. Where no record date is so fixed for the determination of shareholders as provided in the preceding by-law, the record date of the determination of shareholders entitled to receive notice of a meeting of shareholders shall be:

- (a) at the close of business on the day immediately preceding the day on which the notice is given; or
- (b) if no notice is given, the day on which the meeting is held; and

the record date for the determination of shareholders for any purpose other than to establish a shareholders' right to receive notice of a meeting or to vote shall be at the close of business on the day on which the directors pass the resolution relating thereto.

16. CHEQUES, DRAFTS AND NOTES

16.1 Cheques. All cheques, drafts or orders for the payment of money and all notes and acceptances and bills of exchange shall be signed by such officer or officers or person or person, whether or not officers of the Corporation, and in such manner as the board of directors may from time to time designate by resolution.

17. CUSTODY OF SECURITIES

17.1 Custody. All shares and securities owned by the Corporation may be lodged (in the name of the Corporation) with a chartered bank or trust company or in a safety deposit box or, if so authorized by resolution of the board of directors, with such other depositaries or in such other manner as may be determined from time to time by the board of directors.

17.2 Nominees. All share certificates, bonds, debentures, notes or other obligations belonging to the Corporation may be issued or held in the name of a nominee or nominees of the Corporation (and if issued or held in the name of more than one nominee shall be held in the names of the nominees jointly with the right of survivorship) and shall be endorsed in blank with endorsement guaranteed in order to enable transfer to be completed and registration to be effected.

18. EXECUTION OF INSTRUMENTS

18.1 Execution. Contracts, documents or instruments in writing requiring the signature of the Corporation may be signed by:

- (a) any two officers who have been appointed by the board of directors;
- (b) any two directors; or
- (c) any one officer who has been appointed by the board of directors and any one director,

and all contracts, documents and instruments in writing so signed shall be binding upon the Corporation without any further authorization or formality. The board of directors shall have power from time to time by resolution to appoint any director or directors, officer or officers, or any person or persons, on behalf of the Corporation either to sign contracts, documents and instruments in writing generally or to sign specific contracts, documents or instruments in writing.

18.2 Seal. The corporate seal (if any) of the Corporation may be affixed to contracts, documents and instruments in writing signed as aforesaid or by any officer or officers, person or persons, appointed as aforesaid by resolution of the board of directors, but any such contract, document or instrument is not invalid merely because the corporate seal is not affixed thereto.

18.3 Definition. The term “contracts, documents or instruments in writing” as used in this by-law shall include deeds, mortgages, hypothecs, charges, conveyances, transfers and assignments of property real or personal, immovable or movable, agreements, releases, receipts and discharges for the payment of money or other obligations, conveyances, transfers and assignments of shares, share warrants, stocks, bonds, debentures or other securities and all paper writings.

18.4 Securities. In particular without limiting the generality of the foregoing:

- (a) the Chairman of the Board, the Vice-Chairman of the Board, the Managing Director, the President or a Vice-President together with the Secretary or the Treasurer, or
- (b) any two directors; or
- (c) any director or directors, officer or officers, or any person or person, on behalf of the Corporation appointed from time to time by resolution of the board of directors;

shall have authority to sell, assign, transfer, exchange, convert or convey any and all shares, stocks, bonds, debentures, rights, warrants or other securities owned by or registered in the name of the Corporation and to sign and execute (under the seal of the Corporation or otherwise) all assignments, transfers, conveyances, powers of attorney and other instruments that may be necessary for the purpose of selling, assigning, transferring, exchanging, converting or conveying any such shares, stocks, bonds, debentures, rights, warrants or other securities.

18.5 Signatures. The signature or signatures of the Chairman of the Board, the Vice-Chairman of the Board, the Managing Director, the President, the Chief Executive Officer, a Vice-President, the Secretary, the Treasurer, an Assistant Secretary or an Assistant Treasurer or any director of the Corporation and/or of any other officer or officers, person or persons, appointed as aforesaid by resolution of the board of directors may, if specifically authorized by resolution of the directors, be printed, engraved, lithographed or otherwise mechanically reproduced upon any contracts, documents or instruments in writing or bonds, debentures or other securities of the Corporation executed or issued by or on behalf of the Corporation and all contracts, documents or instruments in writing or bonds, debentures or other securities of the Corporation on which the signature or signatures of any of the foregoing officers or persons authorized as aforesaid shall be so reproduced pursuant to special authorization by resolution of the directors shall be deemed to have been manually signed by such officers or persons whose signature or signatures is or are so reproduced and shall be as valid to all intents and purposes as if they had been signed manually and notwithstanding that the officers or persons whose signature or signatures is or are so reproduced may have ceased to hold office at the date of the delivery or issue of such contracts, documents or instruments in writing or bonds, debentures or other securities of the Corporation.

19. FINANCIAL YEAR

19.1 Year End. The financial year of the Corporation shall terminate on such date in each year as the directors may from time to time by resolutions determine.

20. BORROWING

20.1 Borrowing. Subject to the provisions of the Act, the directors may from time to time authorize the Corporation to:

- (a) borrow money on the credit of the Corporation;
- (b) issue, resell, sell or pledge debt obligations of the Corporation;
- (c) give a guarantee on behalf of the Corporation to secure performance of an obligation of any person;
- (d) mortgage, charge, hypothecate, pledge or otherwise create a security interest on all or any property of the Corporation, owned or subsequently acquired to secure any obligation of the Corporation; and
- (e) give financial assistance to any person, directly or indirectly, by way of loan, guarantee, the provision of security or otherwise.

20.2 The directors may make any bonds, debentures or other debt obligations issued by the Corporation by their terms assignable free from any equities between the Corporation and the person to whom they may be issued or any other person who lawfully acquires them by assignment, purchase or otherwise.

20.3 The directors may authorize the issue of any bonds, debentures or other debt obligations of the Corporation at a discount, premium or otherwise and with special or other rights or privileges as to redemption, surrender, drawings, allotment of or conversion into or exchange for shares, attending and voting at general meetings of the Corporation and otherwise as the directors may determine at or before the time of issue.

20.4 The Corporation shall keep or cause to be kept at its registered office in accordance with the Act a register of its debentures and a register of debentureholders, which registers may be combined, and, subject to the provisions of the Act, may keep or cause to be kept one or more branch registers of its debentureholders at such place or places as the directors may from time to time determine and the directors may by resolution, regulation or otherwise make such provisions as they think fit respecting the keeping of such branch registers.

20.5 Every bond, debenture or other debt obligation of the Corporation shall be signed manually by at least one director or officer of the Corporation or by or on behalf of a trustee, registrar, branch registrar, transfer agent or branch transfer agent for the bond, debenture or other debt obligations appointed by the Corporation or under any instrument under which the bond, debenture or other debt obligation is issued and any additional signatures may be printed or otherwise mechanically reproduced thereon and, in such event, a bond, debenture or other debt obligation so signed is as valid as if signed manually notwithstanding that any person whose signature is so printed or mechanically reproduced shall have ceased to hold the office that he is stated on such bond, debenture or other debt obligation to hold at the date of the issue thereof.

20.6 The Corporation shall keep or cause to be kept a register of its indebtedness to every director or officer of the Corporation or an associate of any of them in accordance with the provisions of the Act.

21. DISCLOSURE OF INTEREST OF DIRECTORS

21.1 Conflicts. A director who is in any way, directly or indirectly, interested in an existing or proposed contract or transaction with the Corporation or who holds any office or possesses any property whereby, directly or indirectly, a duty or interest might be created to conflict with his duty or interest as a director shall declare the nature and extent of his interest in such contract or transaction or of the conflict or potential conflict with his duty and interest as a director, as the case may be, in accordance with the provisions of the Act.

21.2 A director shall not vote in respect of any such contract or transaction with the Corporation in which he is interested and if he shall do so his vote shall not be counted, but he shall be counted in the quorum present at the meeting at which such vote is taken. Subject to the provisions of the Act, the prohibitions contained in this by-law shall not apply to:

- (a) any contract or transaction relating to a loan to the Corporation, the repayment of all or part of which a director or a specified corporation or a specified firm in which he has an interest has guaranteed or joined in guaranteeing;
- (b) any contract or transaction made, or to be made, with or for the benefit of an affiliated corporation of which a director is a director or officer;
- (c) any contract by a director to subscribe for or underwrite shares or debentures to be issued by the Corporation or a subsidiary of the Corporation, or any contract, arrangement or transaction in which a director is, directly or indirectly interested if all the other directors are also, directly or indirectly interested in the contract, arrangement or transaction;
- (d) determining the remuneration of the directors in that capacity;
- (e) purchasing and maintaining insurance to cover directors against liability incurred by them as directors; or
- (f) the indemnification of any director by the Corporation.

These exceptions may from time to time be suspended or amended to any extent approved by the Corporation in general meeting and permitted by the Act, either generally or in respect of any particular contract or transaction or for any particular period.

21.3 The interest of a director in any matter described in this by-law or otherwise shall not affect such director's alternate director and such alternate director may be counted in a quorum and may vote upon such matter notwithstanding disqualification of the director, nor shall a disqualification of an alternate director affect the ability of a director to be counted in a quorum or to vote on a matter in which such director's alternate director shall be disqualified.

21.4 A director may hold any office or position with the Corporation, other than the office of auditor of the Corporation, in conjunction with his office of director for such period and on such terms, as to remuneration or otherwise, as the directors may determine and no director or intended director shall be disqualified by his office from contracting with the Corporation either with regard to his tenure of any such other office or position or as vendor, purchaser or otherwise, and, subject to compliance with the provisions of the Act, no contract or transaction entered into by or on behalf of the Corporation in which a director is in any way interested shall be liable to be voided by reason thereof.

21.5 Subject to compliance with the provisions of the Act, a director or his firm may act in a professional capacity for the Corporation and he or his firm shall be entitled to remuneration for professional services as if he were not a director.

21.6 A director may be or become a director or other officer or employee of, or otherwise interested in, any corporation or firm in which the Corporation may be interested as a shareholder or otherwise, and, subject to compliance with the provisions of the Act, such director shall not be accountable to the Corporation for any remuneration or other benefits received by him as director, officer or employee of, or from his interest in, such other corporation or firm.

ENACTED by resolution of the Board of Directors on the 1st day of February, 2011.

Director

AND CONFIRMED by the Shareholders in accordance with the provisions of the Canada Business Corporations Act on the _____ day of _____, 2012.

Director

APPENDIX “B”

AUREUS MINING INC. (the “Company”)

RESOLUTION TO APPROVE THE SHAREHOLDER RIGHTS PLAN

“BE IT RESOLVED AS AN ORDINARY RESOLUTION THAT:

1. the shareholder rights plan of the Company created by the Shareholder Rights Plan Agreement dated as of March 13, 2012 between the Company and Computershare Investor Services Inc., substantially on the terms described in Exhibit “A” hereto, be implemented, and the Rights Plan, which issues shareholder protection rights to holders of Common Shares that are outstanding at the Record Time (as defined in the Rights Plan) on the terms set out in the Rights Plan, and continues the issuance of rights thereafter to holders of newly issued Voting Shares (as defined in the Rights Plan) until the termination or expiration of the Rights Plan, be and is hereby approved, ratified and confirmed; and
2. any director or officer of the Company be and is hereby authorized, instructed and empowered, acting for, in the name of and on behalf of the Company, to do or to cause to be done all such other acts and things in the opinion of such director or officer as may be necessary or desirable in order to fulfill the intent of this resolution, such determination to be conclusively evidenced by the taking of any such actions.”

EXHIBIT “A”

SUMMARY OF RIGHTS PLAN

The summary is qualified in its entirety by, and is subject to, the full text of the Shareholder Rights Plan Agreement dated effective as of March 13, 2012 between Aureus Mining Inc. and Computershare Investor Services Inc. (the “**Rights Plan**”). A complete copy of the Rights Plan is available upon request. Shareholders wishing to receive a copy of the Rights Plan should make their request by telephone at +44(0) 20 7257 2930, by email at info@aureus-mining.com or by mail to Aureus Mining Inc., 20 Southampton Street, London, WC2E 7QH, United Kingdom, Attention: Paul Thomson. A copy of the Rights Plan is also filed on SEDAR at www.sedar.com.

The following is a summary of the terms and conditions of the Rights Plan. All capitalised terms where used in this summary without definition have the meanings attributed to them in the Rights Plan.

(a) Issuance of Rights

Under the Rights Plan, the Rights were issued as at the “**Record Time**” of 5:00 p.m. (Toronto time) on March 13, 2012 (the “**Effective Date**”) on the terms set out in the Rights Plan to holders of each Common Share outstanding as at the Record Time and to holders of each “**Voting Share**” (which includes the Common Shares and any other shares in or interests of the Company entitled to vote generally in the election of directors) issued thereafter and prior to the Separation Time (as defined below), subject to the earlier termination or expiration of the Rights as set out in the Rights Plan.

(b) Exercise Price

Until the Separation Time, the exercise price (“**Exercise Price**”) of each Right is three times the market price, from time to time, of the Common Shares. From and after the Separation Time, the Exercise Price is three times the market price, as at the Separation Time, per Common Share. The Exercise Price is subject to adjustment as set out in the Rights Plan.

On a Flip-In Event (as defined below) occurring, the Exercise Price will be for such number of Common Shares as have an aggregate market price equal to twice the Exercise Price, subject to any anti-dilution adjustments.

(c) Term

The Rights Plan took effect on the Effective Date, and will expire at the time and on the date that the annual meeting of shareholders to be held in 2015 terminates, subject to earlier termination or expiration of the Rights as set out in the Rights Plan.

Notwithstanding the foregoing, if the Rights Plan is not ratified, confirmed and approved at a special meeting of shareholders to be held not later than the date that is six months after the Effective Date, the Rights and the Rights Plan will terminate.

(d) Trading of Rights

Until the Separation Time, the Rights will be evidenced by the certificates representing the associated Voting Shares and will be transferable only together with the associated Voting Shares. After the Separation Time, separate certificates evidencing the Rights will be mailed to holders of record of Voting Shares as of the Separation Time and Voting Shares issued on conversion of Convertible Securities after the Separation Time and prior to the Expiration Time, promptly after such conversion (other than to any shareholder or group of shareholders making a take-over bid) as of the Separation Time and such separate Rights certificates alone will evidence the Rights. Subject to regulatory acceptance and to the Company complying with the requirements of the TSX, the Rights will be listed on the TSX.

(e) **Separation Time**

The Rights are not exercisable and do not trade separately from their associated Voting Shares until the “**Separation Time**”. The “Separation Time” is the close of business on the tenth trading day after the earliest of (i) the Stock Acquisition Date, which is the first date of public announcement of facts indicating that a person has become an Acquiring Person (as defined below); (ii) the date of the commencement of, or first public announcement of the current intention of any person (other than the Company or any subsidiary of the Company) to commence, a take-over bid (other than a Permitted Bid or a Competing Permitted Bid, each as defined below); and (iii) the date upon which a Permitted Bid or a Competing Permitted Bid ceases to be one. The Separation Time can also be such later date as may from time to time be determined by the Board of Directors.

(f) **Acquiring Person**

An “**Acquiring Person**” is a person who is the Beneficial Owner (as defined below) of 20% or more of the then outstanding Voting Shares. Excluded from the definition of Acquiring Person are the Company and its subsidiaries and any person who becomes the Beneficial Owner of 20% or more of the then outstanding Voting Shares as a result of one or any combination of a Voting Share Reduction, a Permitted Bid Acquisition, an Exempt Acquisition, a Convertible Security Acquisition or a Pro Rata Acquisition. In general:

- (i) a “**Voting Share Reduction**” means an acquisition or a redemption by the Company of Voting Shares and/or Convertible Securities which, by reducing the number of Voting Shares and/or Convertible Securities outstanding, increases the percentage of Voting Shares Beneficially Owned by any person;
- (ii) a “**Permitted Bid Acquisition**” means an acquisition by a person of Voting Shares and/or Convertible Securities made pursuant to a Permitted Bid or a Competing Permitted Bid;
- (iii) an “**Exempt Acquisition**” means an “**Exempt Acquisition**” means an acquisition by a Person of Voting Shares and/or Convertible Securities (i) in respect of which the Board of Directors has waived the application of the Rights Plan, (ii) pursuant to a dividend reinvestment acquisition, (iii) pursuant to a distribution of Voting Shares and/or Convertible Securities made by the Company (A) to the public pursuant to a prospectus; or (B) by way of a private placement, provided that all necessary stock exchange approvals to such private placement have been obtained and such private placement complies with the terms and conditions of such approvals, or (iv) pursuant to an amalgamation, merger, arrangement or other statutory procedure requiring shareholder approval;
- (iv) a “**Convertible Security Acquisition**” means an acquisition of Voting Shares by a person upon the purchase, exercise, conversion or exchange of Convertible Securities acquired or received by such person pursuant to a Permitted Bid Acquisition, an Exempt Acquisition or a Pro Rata Acquisition; and
- (v) a “**Pro Rata Acquisition**” means an acquisition by a person of Voting Shares and/or Convertible Securities as a result of a stock dividend, a stock split or a rights offering issued on the same pro rata basis to all the holders of Voting Shares and/or Convertible Securities of the same class or series.

Also excluded from the definition of Acquiring Person are underwriters or banking or selling group members acting in connection with a distribution of securities and any “**Grandfathered Person**” (generally, any person who is the Beneficial Owner of 20% or more of the then outstanding Voting Shares at the Record Time). To the Company’s knowledge, there are no Grandfathered Persons.

(g) **Beneficial Ownership**

In general, a person is deemed to “**Beneficially Own**” securities actually held by others in circumstances where those holdings are or should be grouped together for purposes of the Rights Plan. Included are holdings by the person’s “**Affiliates**” (generally, a person that controls, is controlled by, or is under common control with a specified person) and “**Associates**” (generally, relatives sharing the same residence). Also included are securities that the person or any of the person’s Affiliates or Associates has the right to acquire within 60 days (other than customary agreements with and

between underwriters and banking group or selling group members with respect to a distribution of securities and other than pursuant to pledges of securities in the ordinary course of business).

A person is also deemed to Beneficially Own any securities that are Beneficially Owned (as described above) by any other person with which, and in respect of which security, such person is acting jointly or in concert. A person is acting jointly or in concert with any other person who is a party to an agreement, commitment, arrangement or understanding with the first person for the purpose of acquiring or offering to acquire Voting Shares and/or Convertible Securities.

(h) Exclusions from the Definition of Beneficial Ownership

The definition of “**Beneficial Ownership**” contains several exclusions whereby a person is not considered to Beneficially Own a security. There are exemptions from the deemed Beneficial Ownership provisions for institutional shareholders acting in the ordinary course of business and the performance of their duties. These exemptions apply to: (i) an investment manager (“**Manager**”) which holds securities in the performance of the Manager’s duties for the account of any other person (a “**Client**”); (ii) a licensed trust company (“**Trust Company**”) acting as trustee or administrator or in a similar capacity for the estates of deceased or incompetent persons (each an “**Estate Account**”) or in relation to other accounts (each an “**Other Account**”); (iii) a person established by statute (a “**Statutory Body**”), the ordinary business or activity of which includes the management of investment funds for employee benefit plans, retirement plans and insurance plans (other than insurance plans administered by insurance companies) of various public bodies; and (iv) the administrator (“**Administrator**”) of one or more pension funds or plans (a “**Plan**”) registered under applicable law. The foregoing exemptions apply only so long as the Manager, Trust Company, Administrator or Plan is not then making or has not then publicly announced an intention to make a take-over bid, other than pursuant to a distribution by the Company or by means of ordinary market transactions. Also, a person will not be deemed to “**Beneficially Own**” a security because such person: (i) is a Client of the same Manager, an Estate Account or an Other Account of the same Trust Company, or a Plan with the same Administrator as another person or Plan on whose account the Manager, Trust Company or Administrator, as the case may be, holds such security; or (ii) is a Client of a Manager, Estate Account, Other Account or Plan, and the security is owned at law or in equity by the Manager, Trust Company, Administrator or Plan, as the case may be.

A person will not be deemed to “**Beneficially Own**” any securities that are the subject of a Permitted Lock-Up Agreement. A “**Permitted Lock-Up Agreement**” is an agreement (the “**Lock-Up Agreement**”) between a person and one or more holders of Voting Shares and/or Convertible Securities (each a “**Locked-Up Person**”) pursuant to which such Locked-Up Person agrees to deposit or tender Voting Shares and/or Convertible Securities to a take-over bid (the “**Lock-Up Bid**”) made or to be made by the person or any of such person’s Affiliates or Associates or any other person with which, and in respect of which security, such person is acting jointly or in concert, provided that:

- (i) the terms of such Lock-Up Agreement are publicly disclosed and a copy is made available to the public (including the Company) not later than the date of the Lock-Up Bid or, if the Lock-Up Bid has been made prior to the date on which such Lock-Up Agreement is entered into, not later than the date of such Lock-Up Agreement (or, if such date is not a business day, on the business day next following such date);
- (ii) the Lock-Up Agreement permits such Locked-Up Person to terminate its obligation to deposit or tender to or not to withdraw Voting Shares and/or Convertible Securities from the Lock-Up Bid, and to terminate any obligation with respect to the voting of such securities, in order to deposit or tender such securities to another take-over bid or to support another transaction:
 - (1) where the price or value of the consideration per Voting Share or Convertible Security offered under such other take-over bid or transaction:
 - (A) exceeds the price or value of the consideration per Voting Share and/or Convertible Security offered under the Lock-Up Bid; or
 - (B) exceeds by as much as or more than a specified amount (the “**Specified Amount**”) the price or value of the consideration per Voting Share or Convertible Security at

which the Locked-Up Person has agreed to deposit or tender Voting Shares and/or Convertible Securities to the Lock-Up Bid, provided that such Specified Amount is not greater than 7% of the price or value of the consideration per Voting Share or Convertible Security offered under the Lock-Up Bid; and

- (2) if the number of Voting Shares or Convertible Securities offered to be purchased under the Lock-Up Bid is less than 100% of the Voting Shares or Convertible Securities held by Independent Shareholders, where the price or value of the consideration per Voting Share or Convertible Security offered under such other take-over bid or transaction is not less than the price or value of the consideration per Voting Share or Convertible Security offered under the Lock-Up Bid and the number of Voting Shares and/or Convertible Securities to be purchased under such other take-over bid or transaction:
 - (A) exceeds the number of Voting Shares and/or Convertible Securities that the Offeror has offered to purchase under the Lock-Up Bid; or
 - (B) exceeds by as much as or more than a specified number (the “**Specified Number**”) the number of Voting Shares or Convertible Securities that the Offeror has offered to purchase under the Lock-Up Bid, provided that the Specified Number is not greater than 7% of the number of Voting Shares or Convertible Securities offered to be purchased under the Lock-Up Bid;

and for greater certainty, such Lock-Up Agreement may contain a right of first refusal or require a period of delay to give the Offeror under the Lock-Up Bid an opportunity to match the higher price, value or number in such other take-over bid or transaction, or other similar limitation on a Locked-Up Person’s right to withdraw Voting Shares from the Lock-Up Agreement, so long as the limitation does not preclude the exercise by the Locked-Up Person of the right to withdraw Voting Shares and/or Convertible Securities in sufficient time to deposit or tender to the other take-over bid or support the other transaction; and

- (iii) no “break-up” fees, “top-up” fees, penalties, expenses or other amounts that exceed in the aggregate the greater of:
 - (1) the cash equivalent of 2.5% of the price or value of the consideration payable under the Lock-Up Bid to a Locked-Up Person; and
 - (2) 50% of the amount by which the price or value of the consideration payable under another take-over bid or other transaction to a Locked-Up Person exceeds the price or value of the consideration that such Locked-Up Person would have received under the Lock-Up Bid,

shall be payable by a Locked-Up Person pursuant to the Lock-Up Agreement in the event that the Locked-Up Bid is not successfully concluded or if any Locked-Up Person fails to deposit or tender Voting Shares and/or Convertible Securities to the Lock-Up Bid or withdraws Voting Shares and/or Convertible Securities previously deposited or tendered thereto in order to deposit or tender to another take-over bid or support another transaction.

(i) Flip-In Event

A “**Flip-In Event**” occurs when any person becomes an Acquiring Person. If a Flip-In Event occurs prior to the Expiration Time that has not been waived by the Board of Directors (see “**Waiver**”, below), each Right (except for Rights Beneficially Owned or which may thereafter be Beneficially Owned by an Acquiring Person, or an Affiliate or Associate of an Acquiring Person, or any person acting jointly or in concert with an Acquiring Person or any Affiliate or Associate of such other person, or a transferee of any such person, which Rights will become null and void) shall constitute the right to purchase from the Company, on payment of the Exercise Price, Voting Shares having an

aggregate market price equal to twice the Exercise Price, for an amount in cash equal to the Exercise Price, subject to anti-dilution adjustments.

(j) Permitted Bid and Competing Permitted Bid

A take-over bid will not trigger a Flip-In Event if it is a Permitted Bid or Competing Permitted Bid. A “**Permitted Bid**” is a take-over bid made by an Offeror by way of a take-over bid circular to all holders of Voting Shares on the books of the Company (other than the Offeror) for all Voting Shares held by them, and which complies with the following additional provisions:

- (i) no Voting Shares and/or Convertible Securities shall be taken up or paid for pursuant to the take-over bid prior to the close of business on a date which is no earlier than 60 days (or such shorter period of time as may be permitted by the Board of Directors) following the offer date of the take-over bid;
- (ii) outstanding Voting Shares and Convertible Securities held by Independent Shareholders representing more than 50% of the aggregate of (A) then outstanding Voting Shares and (B) Voting Shares issuable upon the exercise of Convertible Securities, have been deposited or tendered and not withdrawn, and have previously been or are taken up at the same time;
- (iii) unless the take-over bid is withdrawn, Voting Shares and/or Convertible Securities may be deposited or tendered pursuant to the take-over bid at any time prior to the close of business on the date of first take-up or payment for Voting Shares and/or Convertible Securities and all Voting Shares and/or Convertible Securities deposited or tendered pursuant to the take-over bid may be withdrawn at any time prior to the close of business on such date; and
- (iv) in the event that (ii) is satisfied as at the date of first take-up or payment for Voting Shares and/or Convertible Securities under the take-over bid, the Offeror will make a public announcement of that fact and the take-over bid will remain open for deposits and tenders of Voting Shares and/or Convertible Securities for not less than 10 business days from the date of such public announcement.

provided, however, that a take-over bid shall not be a Permitted Bid if, at the commencement of the take-over bid, the Offeror or any of its Affiliates or Associates or their respective advisors or other representatives (including directors, officers, employees and agents) or any person acting jointly or in concert with any of them in connection with the take-over bid, possessed Confidential Information, unless such Persons shall have entered into a Confidentiality Agreement with the Company within three months prior to the commencement of the take-over bid and the standstill provision contained in such Confidentiality Agreement has no force and effect as at the commencement of the take-over bid.

A Competing Permitted Bid is a take-over bid that is made after a Permitted Bid or another Competing Bid has been made but prior to its expiry, termination or withdrawal and that satisfies all the requirements of a Permitted Bid as described above, except that a Competing Permitted Bid is required to remain open until a date that is no earlier than the later of (i) 35 days following the date of the take-over bid constituting the Competing Permitted Bid, and (ii) 60 days (or such shorter period of time as may be permitted by the Board of Directors) after the date on which the earliest Permitted Bid or Competing Permitted Bid which preceded the Competing Permitted Bid was made.

(k) Redemption

The Rights may be redeemed in certain circumstances:

- (i) *Redemption of Rights on Approval of Holders of Voting Shares and Rights.* The Board of Directors acting in good faith may, with the prior approval of the holders of Voting Shares or Rights, at any time prior to the occurrence of a Flip-In Event that has not been waived, elect to redeem all but not less than all of the outstanding Rights at a redemption price of \$0.00001 per Right (the “**Redemption Price**”), subject to adjustment for anti-dilution as provided in the Rights Plan.

If such redemption of Rights is proposed at any time prior to the Separation Time, such redemption or waiver shall be submitted for approval to the holders of Voting Shares. Such approval shall be deemed to have been given if the redemption or waiver is approved by the affirmative vote of a majority of the votes cast by Independent Shareholders.

If such redemption of Rights is proposed at any time after the Separation Time, such redemption shall be submitted for approval to the holders of Rights. Such approval shall be deemed to have been given if the redemption is approved by holders of Rights by a majority of the votes cast by the holders of Rights (other than Rights which are Beneficially Owned by any Person who would not qualify as an Independent Shareholder).

- (ii) *Deemed Redemption.* If a person who has made a Permitted Bid, a Competing Permitted Bid or an Exempt Acquisition in respect of which the Board of Directors has waived or has been deemed to have waived the application of the Rights Plan consummates the acquisition of the Voting Shares and/or Convertible Securities, the Board of Directors shall be deemed to have elected to redeem the Rights for the Redemption Price.
- (iii) *Redemption of Rights on Withdrawal or Termination of Bid.* Where a take-over bid that is not a Permitted Bid Acquisition expires, is withdrawn or otherwise terminates after the Separation Time and prior to the occurrence of a Flip-In Event, the Board of Directors may elect to redeem all the outstanding Rights at the Redemption Price. Upon the Rights being so redeemed, all the provisions of the Rights Plan shall continue to apply as if the Separation Time had not occurred and Rights Certificates had not been mailed, and the Separation Time shall be deemed not to have occurred and Rights shall remain attached to the outstanding Voting Shares.

(I) Waiver

The Board of Directors may waive the application of the Rights Plan in certain circumstances:

- (i) *Discretionary Waiver respecting Acquisition not by Take-over Bid Circular.* The Board of Directors acting in good faith may, with the prior approval of the holders of Voting Shares, at any time prior to the occurrence of a Flip-In Event that would occur by reason of an acquisition of Voting Shares and/or Convertible Securities otherwise than pursuant to a take-over bid made by means of a take-over bid circular sent to all holders of Voting Shares or by inadvertence when such inadvertent Acquiring Person has then reduced its holdings to below 20%, waive the application of the Rights Plan to such Flip-In Event. If the Board of Directors proposes such a waiver it shall extend the Separation Time to a date subsequent to the meeting of shareholders but not more than 10 business days thereafter.

If such waiver of Rights is proposed at any time prior to the Separation Time, such waiver shall be submitted for approval to the holders of Voting Shares. Such approval shall be deemed to have been given if the waiver is approved by the affirmative vote of a majority of the votes cast by Independent Shareholders.

If such waiver of Rights is proposed at any time after the Separation Time, such waiver shall be submitted for approval to the holders of Rights. Such approval shall be deemed to have been given if the waiver is approved by holders of Rights by a majority of the votes cast by the holders of Rights (other than Rights which are Beneficially Owned by any Person who would not qualify as an Independent Shareholder).

- (ii) *Discretionary Waiver respecting Acquisition by Take-over Circular and Mandatory Waiver of Concurrent Bids.* The Board of Directors may, prior to the occurrence of a Flip-In Event that would occur by reason of an acquisition of Voting Shares pursuant to a take-over bid made by means of a take-over bid circular sent to all holders of Voting Shares, waive the application of the Rights Plan to such a Flip-In Event, provided that if the Board of Directors waives the application of the Rights Plan

to such a Flip-In Event, the Board of Directors shall be deemed to have waived the application of the Rights Plan in respect of any other Flip-In Event occurring by reason of any such take-over bid made by means of a take-over bid circular sent to all holders of Voting Shares prior to the expiry of the take-over bid for which a waiver is, or is deemed to have been, granted.

- (iii) *Waiver of Inadvertent Acquisition.* The Board of Directors may waive the application of the Rights Plan in respect of the occurrence of any Flip-In Event if (i) the Board of Directors has determined that a person became an Acquiring Person under the Rights Plan by inadvertence and without any intent or knowledge that it would become an Acquiring Person; and (ii) the Acquiring Person has reduced its Beneficial Ownership of Voting Shares such that at the time of waiver the person is no longer an Acquiring Person.

(m) Anti-Dilution Adjustments

The Exercise Price of a Right, the number and kind of shares subject to purchase upon exercise of a Right, and the number of Rights outstanding, will be adjusted in certain events, including:

- (i) if the Company issues stock dividends, or if there is a subdivision or consolidation of the Common Shares, or an issuance of Common Shares or Convertible Securities in respect of, in lieu of, or in exchange for existing Common Shares; or
- (ii) if the Company fixes a record date for the distribution to all holders of Common Shares of certain rights, options or warrants to acquire Voting Shares or Convertible Securities, or for the making of a distribution to all holders of Voting Shares of evidences of indebtedness or assets (other than regular periodic cash dividends or stock dividends payable in Voting Shares) or rights or warrants.

(n) Supplements and Amendments

The Company may make changes to the Rights Plan prior to or after the Separation Time to correct any clerical or typographical error or to maintain the validity of the Rights Plan as a result of any change in any applicable legislation, rules or regulation without the approval of the holders of the Voting Shares or Rights. The Company may also make changes to the Rights Plan that the Board of Directors, acting in good faith, may deem necessary or desirable, at any time prior to the date on which shareholders of the Company convene a meeting of shareholders to consider and, if thought fit, confirm the Plan, without the approval of the holders of the Voting Shares or the Rights. The Company may, with the approval of the holders of Voting Shares, at any time prior to the Separation Time, make changes to amend, supplement, restate or rescind any of the provisions of the Rights Plan and the Rights (whether or not such action would materially adversely affect the interests of the holders of Rights generally). The Company may, with the approval of the holders of Rights, at any time after the Separation Time, make changes to amend, supplement, restate or rescind any of the provisions of the Rights Plan and the Rights (whether or not such action would materially adversely affect the interests of the holders of Rights generally).