



Victoria Gold Corp  
Notice of Annual and Special  
Meeting of Shareholders and  
Management Proxy Circular

Victoria Gold Corp.'s Annual and Special Meeting of the holders of common shares will be held on Thursday, August 19, 2010 at 10:00 a.m. (Eastern Daylight Time) at the Toronto Board of Trade, 3rd Floor Ketchum Room, 1 First Canadian Place, Toronto, Ontario. Shareholders may exercise their rights by attending the Meeting or by completing a Form of Proxy.

YOUR VOTE AS A SHAREHOLDER IS IMPORTANT



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**VICTORIA GOLD CORP.**  
80 Richmond Street West, Suite 303  
Toronto, Ontario  
M5H 2A4

**NOTICE OF ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS**

**NOTICE IS HEREBY GIVEN** that the annual and special meeting (the “Meeting”) of the shareholders of Victoria Gold Corp. (the “Company”) will be held at the Toronto Board of Trade, 3<sup>rd</sup> Floor Ketchum Room, 1 First Canadian Place, Toronto, Ontario at 10:00 a.m. (Toronto time) on Thursday, August 19, 2010, for the following purposes:

1. to receive the audited consolidated financial statements of the Company for the financial year ended February 28, 2010 (with comparative statements relating to the preceding fiscal period), together with the report of the auditor thereon;
2. to appoint the auditor of the Company for the ensuing year and to authorize the directors of the Company to fix the remuneration of the auditor;
3. to fix the number of directors of the Company at six for the ensuing year;
4. to elect directors of the Company for the ensuing year;
5. to consider, and if deemed advisable, to pass, with or without variation, a resolution approving the stock option plan of the Company;
6. to consider, and if deemed advisable, to pass, with or without variation, a resolution approving the adoption of the Shareholder Rights Plan; and
7. to transact such other business as may properly be brought before the Meeting or any adjournment thereof.

Particulars of the foregoing matters are set forth in the accompanying management information circular. A copy of the audited consolidated financial statements of the Company as at and for the year ended February 28, 2010 and the report of the auditor of the Company thereon, also accompanies this notice of the Meeting. The directors of the Company have fixed the close of business on July 12, 2010, as the record date for the determination of the shareholders of the Company entitled to receive notice of the Meeting.

DATED at Toronto, Ontario this 22<sup>nd</sup> day of July, 2010.

BY ORDER OF THE BOARD

(Signed) Chad Williams  
President, Chief Executive Officer & Director

**Shareholders who are unable to attend the Meeting in person are requested to complete, date, sign and return the accompanying form of proxy in the enclosed return envelope. All instruments appointing proxies to be used at the Meeting or at any adjournment thereof must be deposited with Computershare Investor Services Inc., 8th floor, 100 University Avenue, Toronto, Ontario M5J 2Y1, not later than 5:00 p.m. (Toronto time) on the last business day preceding the date of the Meeting or any adjournment thereof or with the chairman of the Meeting prior to the commencement of the Meeting or any adjournment thereof.**

**VICTORIA GOLD CORP.**  
80 Richmond Street West, Suite 303  
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**MANAGEMENT INFORMATION CIRCULAR**  
**GENERAL PROXY INFORMATION**

**Solicitation of Proxies**

**This management information circular (this “Management Information Circular”) is furnished in connection with the solicitation of proxies by the management and the directors of Victoria Gold Corp. (the “Company”) for use at the annual and special meeting of the shareholders of the Company (the “Meeting”) to be held at the Toronto Board of Trade, 3<sup>rd</sup> Floor Ketchum Room, 1 First Canadian Place, Toronto, Ontario at 10:00 a.m. (Toronto time) on Thursday, August 19, 2010 and at all adjournments thereof for the purposes set forth in the accompanying notice of the Meeting (the “Notice of Meeting”).** The solicitation of proxies will be made primarily by mail and may be supplemented by telephone or other personal contact by the directors, officers and employees of the Company. Directors, officers and employees of the Company will not receive any extra compensation for such activities. The Company may also retain, and pay a fee to, one or more professional proxy solicitation firms to solicit proxies from the shareholders of the Company in favour of the matters set forth in the Notice of Meeting. The Company may pay brokers or other persons holding common shares of the Company (“Common Shares”) in their own names, or in the names of nominees, for their reasonable expenses for sending proxies and this Management Information Circular to beneficial owners of Common Shares and obtaining proxies therefrom. The cost of the solicitation will be borne by the Company.

No person is authorized to give any information or to make any representation other than those contained in this Management Information Circular and, if given or made, such information or representation should not be relied upon as having been authorized by the Company. The delivery of this Management Information Circular shall not, under any circumstances, create an implication that there has not been any change in the information set forth herein since the date hereof.

Unless otherwise stated, the information set out in this Management Information Circular is as of July 22<sup>nd</sup>, 2010.

**Non-Registered Shareholders**

Only registered shareholders of the Company or the persons they appoint as their proxies are entitled to attend and vote at the Meeting. In many cases, however, Common Shares beneficially owned by a person (a “Non-Registered Shareholder”) are registered either:

- (a) in the name of an intermediary (an “Intermediary”) with whom the Non-Registered Shareholder deals in respect of the Common Shares (Intermediaries include, among others, banks, trust companies, securities dealers or brokers, trustees or administrators of a self-administered registered retirement savings plan, registered retirement income fund, registered education savings plan and similar plans); or

- (b) in the name of a clearing agency (such as The Canadian Depository for Securities Limited, in Canada, and the Depository Trust Company, in the United States) of which the Intermediary is a participant.

In accordance with the requirements of National Instrument 54-101 of the Canadian Securities Administrators, the Company has distributed copies of the Notice of Meeting, this Management Information Circular and its form of proxy (collectively the “Meeting Materials”) to the Intermediaries and clearing agencies for onward distribution to Non-Registered Shareholders. Intermediaries are required to forward the Meeting Materials to Non-Registered Shareholders unless the Non-Registered Shareholders have waived the right to receive such materials. Intermediaries often use service companies to forward the Meeting Materials to Non-Registered Shareholders. Generally, Non-Registered Shareholders who have not waived the right to receive Meeting Materials will either:

- (a) be given a voting instruction form **which is not signed by the Intermediary** and which, when properly completed and signed by the Non-Registered Shareholder and **returned to the Intermediary or its service company**, will constitute voting instructions (often called a “voting instruction form”) which the Intermediary must follow. Typically, the voting instruction form will consist of a one page pre-printed form. Sometimes, instead of the one page pre-printed form, the voting instruction form will consist of a regular printed proxy form accompanied by a page of instructions which contains a removable label with a bar-code and other information. In order for the form of proxy to validly constitute a voting instruction form, the Non-Registered Shareholder must remove the label from the instructions and affix it to the form of proxy, properly complete and sign the form of proxy and submit it to the Intermediary or its service company in accordance with the instructions of the Intermediary or its service company; or
- (b) be given a form of proxy **which has already been signed by the Intermediary** (typically by a facsimile, stamped signature), which is restricted as to the number of Common Shares beneficially owned by the Non-Registered Shareholder but which is otherwise not completed by the Intermediary. Because the Intermediary has already signed the form of proxy, this form of proxy is not required to be signed by the Non-Registered Shareholder when submitting the proxy. In this case, the Non-Registered Shareholder who wishes to submit a proxy should properly complete the form of proxy and deposit it with Computershare Investor Services Inc., 8th floor, 100 University Avenue, Toronto, Ontario M5J 2Y1.

In either case, the purpose of these procedures is to permit Non-Registered Shareholders to direct the voting of the Common Shares they beneficially own. Should a Non-Registered Shareholder who receives either a voting instruction form or a form of proxy wish to attend the Meeting and vote in person (or have another person attend and vote on behalf of the Non-Registered Shareholder), the Non-Registered Shareholder should strike out the names of the persons named in the form of proxy and insert the Non-Registered Shareholder’s (or such other person’s) name in the blank space provided or, in the case of a voting instruction form, follow the directions indicated on the form. **In either case, Non-Registered Shareholders should carefully follow the instructions of their Intermediaries and their service companies, including those directions regarding when and where the voting instruction form or the proxy is to be delivered.**

#### **Appointment and Revocation of Proxies**

**The persons named in the form of proxy accompanying this Management Information Circular are directors and/or officers of the Company. A shareholder of the Company has the right to appoint a**

**person (who need not be a shareholder), other than the persons whose names appear in such form of proxy, to attend and act for and on behalf of such shareholder at the Meeting and at any adjournment thereof. Such right may be exercised by either striking out the names of the persons specified in the form of proxy and inserting the name of the person to be appointed in the blank space provided in the form of proxy, or by completing another proper form of proxy and, in either case, delivering the completed and executed proxy to Computershare Investor Services Inc. in time for use at the Meeting in the manner specified in the Notice of Meeting.**

A registered shareholder of the Company who has given a proxy may revoke the proxy at any time prior to use by: (a) depositing an instrument in writing, including another completed form of proxy, executed by such registered shareholder or by his or her attorney authorized in writing or by electronic signature or, if the registered shareholder is a corporation, by an officer or attorney thereof properly authorized, either (i) at the principal office of the Company, 80 Richmond Street West, Suite 303, Toronto, Ontario M5H 2A4, at any time prior to 5:00 p.m. (Toronto time) on the last business day preceding the day of the Meeting or any adjournment thereof, (ii) with Computershare Investor Services Inc., 8th floor, 100 University Avenue, Toronto, Ontario M5J 2Y1, at any time prior to 5:00 p.m. (Toronto time) on the last business day preceding the day of the Meeting or any adjournment thereof, or (iii) with the chairman of the Meeting on the day of the Meeting or any adjournment thereof; (b) transmitting, by telephone or electronic means, a revocation that complies with paragraph (i), (ii) or (iii) above and that is signed by electronic signature, provided that the means of electronic signature permits a reliable determination that the document was created or communicated by or on behalf of such shareholder or by or on behalf of his or her attorney, as the case may be; or (c) in any other manner permitted by law including attending the Meeting in person.

A Non-Registered Shareholder who has submitted a proxy may revoke it by contacting the Intermediary through which the Non-Registered Shareholder's Common Shares are held and following the instructions of the Intermediary respecting the revocation of proxies.

### **Exercise of Discretion by Proxies**

The Common Shares represented by an appropriate form of proxy will be voted on any ballot that may be conducted at the Meeting, or at any adjournment thereof, in accordance with the instructions thereon. **In the absence of instructions, such Common Shares will be voted for each of the matters referred to in the Notice of Meeting.**

**The enclosed form of proxy, when properly completed and signed, confers discretionary authority upon the persons named therein to vote on any amendments to or variations of the matters identified in the Notice of Meeting and on other matters, if any, which may properly be brought before the Meeting or any adjournment thereof.** At the date hereof, management of the Company knows of no such amendments or variations or other matters to be brought before the Meeting. However, if any other matters which are not now known to management of the Company should properly be brought before the Meeting, or any adjournment thereof, the Common Shares represented by such proxy will be voted on such matters in accordance with the judgment of the person named as proxy therein.

### **Signing of Proxy**

The form of proxy must be signed by the shareholder of the Company or the duly appointed attorney of the shareholder of the Company authorized in writing or, if the shareholder of the Company is a corporation, by a duly authorized officer of such corporation. A form of proxy signed by the person acting as attorney of the shareholder of the Company or in some other representative capacity, including an officer of a corporation which is a shareholder of the Company, should indicate the capacity in which

such person is signing and should be accompanied by the appropriate instrument evidencing the qualification and authority to act of such person, unless such instrument has previously been filed with the Company. A shareholder of the Company or his or her attorney may sign the form of proxy or a power of attorney authorizing the creation of a proxy by electronic signature provided that the means of electronic signature permits a reliable determination that the document was created or communicated by or on behalf of such shareholder or by or on behalf of his or her attorney, as the case may be.

## VOTING SECURITIES AND PRINCIPAL HOLDERS THEREOF

### Description of Share Capital

The Company is authorized to issue an unlimited number of Common Shares. Each Common Share entitles the holder of record thereof to one vote per Common Share at all meetings of the shareholders of the Company. As at the close of business on July 21<sup>st</sup>, 2010, there were 234,092,761 Common Shares outstanding.

### Record Date

The directors of the Company have fixed July 12, 2010 as the record date for the determination of the shareholders of the Company entitled to receive notice of the Meeting. Shareholders of the Company of record at the close of business on July 12, 2010 will be entitled to vote at the Meeting and at all adjournments thereof.

### Ownership of Securities of the Company

As at July 22, 2010, to the knowledge of the directors and officers of the Company, no person or Company beneficially owns, directly or indirectly, or exercises control or direction over, voting securities of the Company carrying more than ten per cent of the voting rights attached to any class of voting securities of the Company, except the following:

Name	Number of Common Shares Owned	Percentage of Issued and Outstanding Common Shares
Kinross Gold Corporation (“ <b>Kinross</b> ”) (including certain affiliates thereof) 25 York Street 17th Floor Toronto, Ontario M5J 2V5	46,625,628	19.9%

The directors and officers of the Company own or control, directly or indirectly, in the aggregate, 5,179,856 Common Shares, representing approximately 2.6 per cent of the outstanding Common Shares as at July 22, 2010.

## STATEMENT OF EXECUTIVE COMPENSATION

### *Compensation Discussion and Analysis*

#### *Objectives of Compensation Policy*

The objectives of the Company's executive compensation policy are to:

- attract, retain and motivate executives critical to the success of the Company;
- provide fair, competitive and cost effective compensation programs to its executives;
- link the interests of management with those of the holders of Common Shares; and
- provide rewards for outstanding corporate and individual performance.

The following principles guide the Company's overall compensation philosophy:

- compensation is determined on an individual basis by the need to attract and retain talented, entrepreneurial, high-achievers;
- calculating total compensation is set with reference to the market for similar jobs in similar locations;
- an appropriate portion of total compensation is variable and linked to achievements, both individual and corporate;
- the Company supports reasonable expenses in order that employees continuously maintain and enhance their skills; and
- all compensation and compensation policies shall be fully and plainly disclosed.

#### *Compensation Committee*

The compensation committee of the Company ("Compensation Committee"), consisting of Messrs. Agro, Harvey and McInnis, is responsible for determining the compensation to be paid to the officers and directors of the Company, and for reviewing the Chief Executive Officer's recommendations respecting the compensation of consultants to the Company to ensure such compensation reflects the responsibilities and risks associated with each position. While determining the compensation of the Named Executive Officers ("NEOs") is subjective, the directors of the Company, as a whole, will consider, among other things: (i) providing fair and competitive compensation compared to the remuneration paid by a peer group of companies comprised of Alexco Resource Corp., AuEx Ventures Inc., Andina Minerals Inc. and Queenston Mining Inc., among others (the "Peer Companies") which are similarly placed within the same business as the Company; (ii) balancing the interests of the NEOs and the shareholders of the Company; and (iii) rewarding performance with respect to operations in general.

The directors of the Company, as a whole, are responsible for, among other things: (i) reviewing corporate goals and objectives relevant to the NEO's compensation and evaluating the NEO's performance in light of those corporate goals and objectives; (ii) reviewing the compensation of the other consultants to, and the non-executive directors of, the Company; (iii) reviewing the Company's stock

option plan and (iv) any executive compensation disclosure prior to the Company publicly disclosing such information. When reviewing the compensation of consultants to the Company, the directors of the Company, as a whole, consider the following objectives: (i) to engage individuals critical to the growth and success of the Company; (ii) to reward performance of individuals by recognizing their contributions to the Company's growth and achievements; and (iii) to compensate individuals based on their performance and, to the extent applicable, on similar compensation for companies at a comparable state of development.

### ***Compensation Philosophy and Process***

The Compensation Committee reviews the executive total compensation package (base pay, incentive pay, option awards, benefits, and perquisites) annually and makes a recommendation to the Board.

#### *Incentive Compensation*

Executive officers of the Company are eligible to receive option awards and cash bonuses. Option awards, whose value is derived from increases or decreases in the Company's share price, are intended to provide incentives to attain longer term growth and performance objectives and enhance shareholder value. Cash bonuses are intended to reflect shorter term (usually annual) accomplishments.

#### *Elements of Compensation*

The following are significant elements of compensation paid to the Company's officers:

- base salary;
- annual incentive compensation (bonuses); and
- long-term incentive compensation in the form of stock options.

#### *Base Salary*

Base salary is the principal component of an executive officer's compensation package and it is an important component of the compensation strategy for the executives of the Company. The Company is continuing to experience rapid growth. The success of the Company in continuously delivering value for shareholders is largely determined by the quality and consistency of the Company's strategy and how well the Company can execute on its exploration and development plans. In this regard, it is very important to ensure that its base salary compensation programs are designed to attract, motivate and retain the executives required for this crucial phase of development for the company. Base salary levels take into account the officers' individual responsibilities, experience, performance and contribution toward enhancing shareholder value.

Annual base salaries are established using internal surveys of average base salaries paid to officers of the Peer Companies. The Company believes the type, mix and quantum of compensation paid to its Named Executive Officers (as defined below) is consistent with that of the Peer Companies based on its assessment of the compensation provided to similar executives at the Peer Companies and taking into account the fact that the Company is in the exploration and development stage and currently has no revenues.

Annual Incentive Compensation

The determination of annual incentives for each of the Named Executive Officers is subjective and relies on board discussion and analysis without any written objectives. However, the board will primarily consider two factors, namely, the Company's performance, including long-term share price, and the senior officers' contribution to that performance. Considerations when gauging individual executive performance include actual achievements and results relative to the annual strategic plan and the board approved budget.

The bonus amounts awarded to Chad Williams, John McConnell, Marty Rendall and Raul Madrid within the financial year ended February 28, 2010 were approved by the board of directors of the Company after an examination and consideration of various subjective factors. Specifically, the board of directors considered the following contributions made by such individuals:

***Chad Williams:***

- Completion and negotiation of material acquisitions
  - closed the acquisition of Stratagold Corporation
- Completion of capital raising transactions
  - completed financings in excess of C\$ 26,000,000
- Recruitment of key employees
  - including John McConnell, Executive VP and Mark Ayranto, VP Corporate Development
- Advancement of material mineral projects
  - commenced a technical report and pre-feasibility study on the Eagle Gold Project which were completed post year-end
  - commenced a preliminary assessment and technical report on the Cove Gold Project, Helen Zone which was completed shortly after year-end
- Increased awareness of the Company within both retail and institutional markets
  - as shown by a significant increase in trading volumes of the Company
  - increased institutional coverage

***John McConnell:***

- Completion and negotiation of material acquisitions
  - closed the acquisition of Stratagold Corporation
- Recruitment of key employees
  - including John Goyman, VP Nevada Projects and Mike Padula, Project Manager, Eagle Gold Project
- Advancement of material mineral projects
  - commenced a technical report and pre-feasibility study on the Eagle Gold Project which were completed post year-end

- commenced a preliminary assessment and technical report on the Cove Gold Project, Helen Zone which was completed shortly after year-end
- Increased awareness of the Company within both retail and institutional markets
  - as shown by a significant increase in trading volumes of the Company
- Continued positive exploration results
  - at the Cove and Santa Fe Projects located in Nevada and the Eagle Project located in Yukon Territory

***Marty Rendall:***

- Completion and negotiation of material acquisitions
  - closed the acquisition of Stratagold Corporation
- Capital raising transactions
  - completed financings in excess of C\$ 26 million
- Assumption of increased administrative responsibilities
  - completed the integration of the Gateway Gold Corp., StrataGold Corporation and Victoria Gold Corp's administrative functions
- Enhancing financial reporting and ongoing IFRS implementation responsibilities

***Raul Madrid:***

- Continued positive exploration results
  - at the Cove and Santa Fe Projects located in Nevada

**Stock Options**

The stock option plan (the "Plan") was approved by the shareholders of the Company on July 22, 2009. The Plan has been established to provide incentive to qualified parties to increase their proprietary interest in the Company and thereby encourage their continuing association with the Company. The Plan is administered by the directors of the Company. The Plan provides that options will be issued to directors, officers, employees and consultants of the Company or a subsidiary of the Company. The Plan is a "rolling maximum" stock option plan that provides that the number of common shares issuable under the Plan, together with all of the Company's other previously established or proposed share compensation arrangements, may not exceed 10% of the total number of issued and outstanding Common Shares.

Stock options tie officers' compensation to increases in the value of the common shares of the Company, and therefore provide an incentive to enhance shareholder value. Grants of stock options are based on three factors:

- the employee's performance;
- the employee's level of responsibility within the Company; and
- the number and exercise price of options previously issued to the employee.

Long-term incentives for officers and key employees are provided through stock options granted under the Plan.

Long-term incentives are an integral part of the compensation strategy of the Company. The internal compensation survey, described above, compares the number of options issued to the Company's executive officers relative to the companies surveyed. A further basis of comparison is the number of options held as a percentage of shares outstanding. Based on these findings, the Company believes that the options issued to the executives of the Company are generally in line with industry averages. Currently, the maximum number of options permitted to be granted under the terms of the Plan is 10% of the number of shares outstanding. Absent other circumstances, the Compensation Committee's policy is to recommend to award stock options that vest over a period of 18 months in order to maximize the incentive value and to enhance the ability of the Company to retain key individuals.

In connection with the evaluation of management's performance conducted near the end of each fiscal year, the Compensation Committee makes a recommendation in respect of the number of options to be granted to officers and directors of the Company. If such recommendation is deemed acceptable to the board of directors of the Company, the board of directors of the Company approves the grant of the options and such grant becomes effective with an exercise price which is also determined by the Compensation Committee.

The Plan, as implemented and followed by the Compensation Committee, provides for the granting of stock options that vest over 18 months to achieve the objective of aligning management's long-term interests with that of shareholders and to retain key management responsible for executing the operational plan of the Company and building a producing gold company by advancing the projects currently held by the Company as well as the acquisition of new projects.

### ***Report on Executive Compensation***

The Compensation Committee meets as required, but, in any event, meets at least four times per year. The Compensation Committee reviews management compensation policies and benefits, monitors management succession planning and conducts an annual review of the overall condition and quality of the Company's human resources. In addition, the Compensation Committee has the specific mandate to review and approve executive compensation. In carrying out its mandate, the Compensation Committee assesses on an annual basis the performance of the Chief Executive Officer against established objectives.

### ***Summary Compensation Table for Named Executive Officers***

The following table sets out the compensation for services in all capacities to the Company in respect of (a) the chief executive officer and chief financial officer of the Company, and (b) the most highly compensated individuals, other than the chief executive officer and chief financial officer and whose total compensation for the financial year ended February 28, 2010 exceeded \$150,000. The compensation paid to such individuals (collectively, the "Named Executive Officers") is set out, in each case, for services rendered during the financial year ended February 28, 2010 and February 28, 2009.

Unless otherwise noted, none of the persons depicted in the table received any share-based awards, non-equity long-term incentive plan compensation or deferred compensation earnings during the years shown.

Name and Principal Position	Fiscal Year Ending Feb. 28 <sup>(1)</sup>	Salary (\$)	Share-based awards (\$)	Option-based awards (\$) <sup>(2)</sup>	Non-Equity Incentive Plan Compensation		Pension Value (\$)	All Other Compensation (\$)	Total Compensation (\$)
					Annual Incentive Plans (\$) <sup>(5)</sup>	Long-Term Incentive Plans (\$) <sup>(6)</sup>			
(a)	(b)	(c)	(d)	(e)	(f1)	(f2)	(g)	(h)	(i)
Chad Williams President, Chief Executive Officer and Director	2010	254,167	Nil	312,900	125,000	Nil	Nil	Nil	692,067
	2009	250,000	Nil	63,500	50,000	Nil	Nil	Nil	363,500
John McConnell Executive, Vice President <sup>(3)</sup>	2010	254,167	Nil	223,500	100,000	Nil	Nil	Nil	577,667
	2009	39,773	Nil	Nil	Nil	Nil	Nil	Nil	39,773
Marty Rendall Chief Financial Officer	2010	163,333	Nil	134,100	60,000	Nil	Nil	Nil	357,433
	2009	151,667	Nil	38,100	33,261 <sup>(4)</sup>	Nil	Nil	Nil	223,028
Raul Madrid Vice President, Exploration	2010	177,689	Nil	111,750	47,448	Nil	Nil	Nil	336,887
	2009	176,884	Nil	38,100	43,208	Nil	Nil	Nil	258,192

**Notes:**

- (1) Financial years ended February 28, 2010 and February 28, 2009.
- (2) For the purpose of the above table and for accounting purposes, the Company has determined the value of option awards made during any specific financial year using the Black-Scholes option valuation model at the time of the option grant. The fair value of the options granted for the year ended February 28, 2010 was based on the Black-Scholes option pricing model, using the following assumptions:

Risk-free interest rate	<b>2.32%</b>
Dividend Yield	<b>Nil</b>
Volatility Factor	<b>101%</b>
Expected life	<b>4.4 Years</b>
- (3) Mr. McConnell was appointed Executive Vice-President on January 5, 2009.
- (4) An amount equal to \$8,261 of the \$33,261 paid in 2009 represents a signing bonus paid to Mr. Rendall over a six month period. The signing bonus was in recognition of relocation expenses incurred by Mr. Rendall. The remaining \$25,000 represents a cash bonus paid to Mr. Rendall for the financial year ending February 28, 2009.
- (5) The amount represents the cash bonus paid to the Named Executive Officer.
- (6) The long term incentive plan (“LTIP”) means any plan providing compensation intended to motivate performance over a period greater than one financial year. LTIPs do not include option or stock appreciation rights plans or plans for compensation through shares or units that are subject to restrictions on resale. The Company did not grant any LTIP compensation during the recently completed fiscal year ended February 28, 2010.
- (7) Mr. Williams and Mr. McConnell are also directors of the Company. All of Mr. Williams’ and Mr. McConnell’s compensation for the years ended February 28, 2009 and February 28, 2010 were paid in respect of their roles as officers of the Company and not in respect of their capacity as directors of the Company.

***Employment Contracts/Termination Arrangements***

Except as set out below, there is no employment contract between the Company or any of its subsidiaries and a Named Executive Officer. There is no compensatory plan or arrangement, including payments to be received from the Company or any of its subsidiaries, with respect to the Named Executive Officers.

An employment agreement dated August 1, 2009, between Mr. Chad Williams, President and Chief Executive Officer and the Company (the “Williams Agreement”) was approved by the board of directors of the Company. The Williams Agreement commenced on August 1, 2009 and provides for, among other

things, an annual base salary of \$250,000, subsequently increased to \$275,000. Mr. Williams' base salary and performance is reviewed on an annual basis and he may be entitled to an annual performance bonus of up to 100% of his annual base salary at the discretion of the board of directors of the Company. For a period of time after the end of Mr. Williams' employment with the Company, Mr. Williams is bound by a non-competition clause that provides, among other things, that Mr. Williams may not perform services for any business that competes with the Company. Mr. Williams may terminate his employment upon six weeks written notice to the Company. The Company may terminate Mr. Williams' employment at any time for just cause, in which event, the Company is not obligated to provide Mr. Williams with any payments except for amounts owing to Mr. Williams at the time of such termination. Upon termination of Mr. Williams' employment with the Company for any reason other than cause, which is unrelated to a "change of control" of the Company (as defined in the Williams Agreement), Mr. Williams, is entitled to a payment equal to twenty-four months of his annual base salary and to a *pro rata* bonus entitlement. In the event of a termination without cause, including termination by the Executive, after a "change of control" of the Company (as defined in the Williams Agreement), he is entitled to a payment equal to twenty-four months of his annual base salary plus a lump sum payment of an amount equal to two times the average incentive bonus earned by Mr. Williams during the two fiscal years immediately preceding his termination.

An employment agreement dated January 5, 2009, between Mr. John McConnell, Executive Vice-President and the Company (the "McConnell Agreement") was approved by the board of directors of the Company. The McConnell Agreement commenced on January 5, 2009 and provides for, among other things, an annual base salary of \$250,000, subsequently increased to \$275,000. Mr. McConnell's base salary and performance is reviewed on an annual basis and he may be entitled to an annual performance bonus of up to 100% of his annual base salary at the discretion of the board of directors of the Company. For a period of time after the end of Mr. McConnell's employment with the Company, Mr. McConnell is bound by a non-competition clause that provides, among other things, that Mr. McConnell may not perform services for any business that competes with the Company. Mr. McConnell may terminate his employment upon six weeks written notice to the Company. The Company may terminate Mr. McConnell's employment at any time for just cause, in which event, the Company is not obligated to provide Mr. McConnell with any payments except for amounts owing to Mr. McConnell at the time of such termination. Upon termination of Mr. McConnell's employment with the Company for any reason other than cause, which is unrelated to a "change of control" of the Company (as defined in the McConnell Agreement), Mr. McConnell, is entitled to a payment equal to twenty-four months of his annual base salary and to a *pro rata* bonus entitlement. In the event of a termination of Mr. McConnell without cause, including termination by Mr. McConnell, after a "change of control" of the Company (as defined in the McConnell Agreement), he is entitled to a payment equal to twenty-four months of his annual base salary plus a *pro-rata* bonus entitlement.

An employment agreement dated August 1, 2009, between Mr. Marty Rendall, Chief Financial Officer and the Company (the "Rendall Agreement") was approved by the board of directors of the Company. The Rendall Agreement commenced on August 1, 2009 and provides for, among other things, an annual base salary of \$160,000, subsequently increased to \$180,000. Mr. Rendall's base salary and performance is reviewed on an annual basis and he may be entitled to an annual performance bonus of up to 100% of his annual base salary at the discretion of the board of directors of the Company. For a period of time extending for twelve months after the end of Mr. Rendall's employment with the Company, Mr. Rendall is bound by a non-competition clause that provides, among other things, that Mr. Rendall may not perform services for any businesses that competes with the Company. Mr. Rendall may terminate his employment upon six weeks written notice to the Company. The Company may terminate Mr. Rendall's employment at any time for just cause, in which event, the Company is not obligated to provide Mr. Rendall with any payments except for amounts owing to Mr. Rendall at the time of such termination. Upon termination of Mr. Rendall's employment with the Company for any reason other than cause, which

is unrelated to a “change of control” of the Company (as defined in the Rendall Agreement), Mr. Rendall is entitled to a payment equal to eighteen months of his annual base salary and to a pro rata bonus entitlement. In the event of a termination without cause, including termination by Mr. Rendall, after a “change of control” of the Company (as defined in the Rendall Agreement), Mr. Rendall is entitled to a payment equal to eighteen months of his annual base salary plus a lump sum payment of an amount equal to two times the average incentive bonus earned by Mr. Rendall during the two fiscal years immediately preceding his termination.

If a severance payment triggering event had occurred on February 28, 2010, the severance payments that would be payable to each of the Named Executive Officers would have been approximately as follows:

<b>Name</b>	<b>Termination by the Company for any reason other than cause and unrelated to “change of control” of the Company (\$)</b>	<b>Termination by the Company without cause after a “change of control” of the Company (\$)</b>
Chad Williams	570,833	725,000
John McConnell	566,667	566,667
Marty Rendall	370,000	445,000
Total	1,507,500	1,736,667

### *Incentive Plan Awards*

The following table sets forth certain information, in relation to the Named Executive Officers, regarding option-based awards outstanding for the financial year ended February 28, 2010. None of the persons depicted in the table held any share-based awards as at February 28, 2010. In-the-money values were calculated using the closing price of the Company on February 28, 2010 of \$0.99 per share.

<b>Name</b>	<b>Option-Based Awards</b>				<b>Share-Based Awards</b>	
	<b>Number of Securities Underlying Unexercised Options (#)</b>	<b>Option Exercise Price (\$)</b>	<b>Option Expiration Date</b>	<b>Value of Unexercised In-the-Money Options (\$)</b>	<b>Number of Shares or Units of Shares That Have not Vested (#)</b>	<b>Market or Payout Value of Share-Based Awards That Have not Vested (\$)</b>
(a)	(b)	(c)	(d)	(e)	(f)	(g)
Chad Williams	700,000 500,000 1,500,000	0.70 0.21 0.60	Dec. 18, 2014 Dec. 17, 2013 Aug. 20, 2012	1,178,000	Nil	Nil
John McConnell	500,000 880,000 200,000	0.70 0.21 0.60	Dec. 18, 2014 Dec. 17, 2013 Aug. 20, 2012	889,400	Nil	Nil
Marty Rendall	300,000 300,000 300,000	0.70 0.21 0.70	Dec. 18, 2014 Dec. 17, 2013 Oct. 23, 2012	408,000	Nil	Nil
Raul Madrid	250,000 300,000 400,000 200,000	0.70 0.21 0.70 0.74	Dec. 18, 2014 Dec. 17, 2013 Oct. 23, 2012 April 20, 2011	472,500	Nil	Nil

The following table sets forth certain information, in relation to the Named Executive Officers, regarding the value vested or earned in connection with incentive plan awards during the financial year of the Company ended February 28, 2010. None of the persons depicted in the table was granted an award pursuant to any non-equity incentive plan, nor did any such person hold any share-based awards, the value of which vested during the year ended February 28, 2010.

Name	Option-Based Awards - Value Vested During the Year (\$)	Share-Based Awards – Value Vested During the Year (\$)	Non-Equity Incentive Plan Compensation – Value Earned During the Year (\$)
(a)	(b)	(c)	(d)
Chad Williams	70,863	Nil	Nil
John McConnell	83,818	Nil	Nil
Marty Rendall	85,763	Nil	Nil
Raul Madrid	99,619	Nil	Nil

### *Pension Plans*

The Company does not provide retirement benefits for directors or officers.

### *Director Compensation Table*

The following table sets out all amounts of compensation provided to the directors of the Company (excluding directors who were also a Named Executive Officer) for the financial year ended February 28, 2010.

Name <sup>(2)</sup>	Fees Earned (\$)	Share-based awards (\$)	Option-based awards (\$) <sup>(1)</sup>	Non-equity incentive plan compensation (\$)	Pension Value (\$)	All Other Compensation (\$)	Total (\$)
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)
T. Sean Harvey	37,000	Nil	55,875	Nil	Nil	Nil	92,875
Hugh Agro (3)	11,792	Nil	76,750	Nil	Nil	Nil	88,542
Michael McInnis	24,917	Nil	55,875	Nil	Nil	Nil	80,792
Leendert Krol(4)	13,685	Nil	76,750	Nil	Nil	Nil	90,435

#### **Notes:**

- (1) For the purpose of the above table and for accounting purposes, the Company has determined the value of option awards made during any specific financial year using the Black-Scholes option valuation model at the time of the grant. The fair value of the options granted for the year ended February 28, 2010 was based on the Black-Scholes option pricing model, using the following assumptions:

Risk-free interest rate	<b>2.32%</b>
Dividend Yield	<b>Nil</b>
Volatility Factor	<b>101%</b>
Expected life	<b>4.4 Years</b>

- (2) Mr. Chad Williams and Mr. John McConnell were Named Executive Officers and directors of the Company during the year ended February 28, 2010. Mr. Williams and Mr. McConnell did not receive compensation for their services as directors.
- (3) Mr. Hugh Agro, has been a director of the Company since July 31, 2007. Prior to September 2009, Mr. Agro served on the board of directors of the Company as the nominee of Kinross and, as such, did not

receive fees for so acting. Mr. Agro ceased serving in such capacity as the nominee of Kinross in September 2009 but continued to serve as a member of the board of directors of the Company. Mr. Agro has thus received fees for serving as a director of the Company since September 15, 2010.

- (4) Mr. Leendert Krol has been a member of the board of directors of the Company member since July 22, 2009.

T. Sean Harvey, Hugh Agro, Leendert Krol and Michael McInnis, each non-executive directors of the Company, are paid a retainer fee of \$15,000 per annum and \$500 for each board of directors and/or committee meeting attended. In addition, T. Sean Harvey receives annual payments in the amount of (i) \$5,000 for acting as Chairman of the board of directors of the Company, (ii) \$5,000 for acting as Chairman of the audit committee of the board of directors of the Company (the “Audit Committee”), and (iii) \$2,500 for acting as Chairman of the Compensation Committee of the board of directors of the Company. Michael McInnis receives annual payments in the amount of (i) \$2,500 for acting as a member of the Audit Committee, and (i) \$1,000 for acting as a member of the Technical Committee. Hugh Agro receives an annual payment of \$2,500 for acting as a member of the Audit Committee. Leendert Krol receives an annual payment of \$2,500 for acting as Chairman of the Technical Committee. Directors of the Company who are not also officers of the Company are also entitled to receive compensation to the extent that they provide services (other than in their capacity as a director) to the Company at rates that would be charged by such directors for such services to arm’s length parties.

The Company has no pension plan or other arrangement for non-cash compensation to the other directors, except incentive stock options.

#### ***Director Incentive Plan Awards***

The following table sets forth certain information, in relation to the directors, regarding share-based and option-based awards outstanding as of the end of the financial year of the Company ended February 28, 2010.

Name	Option-Based Awards				Share-Based Awards	
	Number of Securities Underlying Unexercised Options (#)	Option Exercise Price (\$)	Option Expiration Date	Value of Unexercised In-the-Money Options (\$)	Number of Shares or Units of Shares That Have not Vested (#)	Market or Payout Value of Share-Based Awards That Have not Vested (\$)
(a)	(b)	(c)	(d)	(e)	(f)	(g)
T. Sean Harvey	125,000 200,000 200,000	0.70 0.21 0.60	Dec. 18, 2014 Dec. 17, 2013 Aug. 20, 2012	270,250	Nil	Nil
Hugh Agro	50,000 200,000	0.70 0.38	Dec. 18, 2014 Sept. 21, 2014	60,250	Nil	Nil
Michael McInnis <sup>(1)</sup>	125,000 200,000	0.70 0.21	Dec. 18, 2014 Dec. 17, 2013	192,250	Nil	Nil
Leendert Krol <sup>(2)</sup>	50,000 200,000	0.70 0.38	Dec. 18, 2014 Sept. 21, 2014	60,250	Nil	Nil

**Notes:**

- (1) In addition to the options granted by the Company, Mr. McInnis also held 950,000 options (consisting of 325,000 options with an exercise price of \$0.20 per option, 225,000 options with an exercise price of \$0.17 per option and 400,000 option with an exercise price of \$0.30 per option) of Gateway Gold Corp., which became exercisable to acquire 475,000 Common Shares of the Company at exercise prices between \$0.34 and \$0.60 per Common Share and expiry dates between April 27, 2012 and September 29, 2013, in connection with the acquisition of Gateway Gold Corp. by the Company.
- (2) In addition to the options granted by the Company, Mr. Krol also held 200,000 options of StrataGold Corporation with an exercise price of \$0.20 per option which became exercisable to acquire 24,980 Common Shares of the Company at a price of \$1.60 per Common Share and an expiry date of March 3, 2013, in connection with the acquisition of StrataGold Corporation by the Company.

The following table sets forth certain information, in relation to the directors of the Company, regarding the value vested or earned in connection with incentive plan awards during the financial year of the Company ended February 28, 2010.

<b>Name</b>	<b>Option-Based Awards – Value Vested During the Year (\$)</b>	<b>Share-Based Awards – Value Vested During the Year (\$)</b>	<b>Non-Equity Incentive Plan Compensation – Value Earned During the Year (\$)</b>
(a)	(b)	(c)	(d)
T. Sean Harvey	19,684	Nil	Nil
Hugh Agro	17,791	Nil	Nil
Michael McInnis	19,684	Nil	Nil
Leendert Krol	17,791	Nil	Nil

### EQUITY COMPENSATION PLAN INFORMATION

The following table sets forth, as of February 28, 2010, information concerning securities authorized for issue under equity compensation plans of the Company.

Plan Category	Number of Securities to be Issued Upon Exercise of Outstanding Options.	Weighted Average Exercise Price of Outstanding Options	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans
Equity compensation plans previously approved by security holders	13,081,722 <sup>(1)</sup>	\$0.64	9,086,303
Equity compensation plans not previously approved by security holders	-	-	-
Total	13,081,722	\$0.64	9,086,303

**Notes:**

- (1) This number represents options granted directly by the Company, as well options which were assumed by the Company in connection with the acquisition of Gateway Gold Corp. and StrataGold Corporation.

### INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

None of the directors or executive officers of the Company or any of its subsidiaries has been indebted to the Company (other than routine indebtedness) as at the end of the most recently completed financial year, or within thirty days before the date hereof.

### INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

For the purposes of this management information circular, “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, directly or indirectly, voting securities of the Company or who exercises control or direction over 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 if it has purchased, redeemed or otherwise acquired any of its own securities, for so long as it holds any of its securities.

No informed person, no proposed director of the Company and no associate or affiliate of any such informed person or proposed director, has any material interest, direct or indirect, in any transaction since the commencement of the Company’s most recently completed financial year or in any proposed

transaction, which has materially affected or would materially affect the Company or any of its subsidiaries.

## **BUSINESS OF THE MEETING**

### **1. Financial Statements and Auditors' Report Thereon**

At the meeting, shareholders will have placed before them the financial statements for the most recently completed financial year and the auditor's report thereon.

### **2. Appointment of Auditor**

Unless such authority is withheld, the persons named in the accompanying proxy intend to vote for the reappointment of PricewaterhouseCoopers LLP, Chartered Accountants, as auditors of the Company and to authorize the directors to fix their remuneration. PricewaterhouseCoopers LLP were first appointed auditors of the Company on June 11, 1997.

### **3. Determination of the Number of Directors**

The Articles of the Company provide that the board of directors of the Company consists of not less than three. The Company currently has six directors. The shareholders of the Company will be asked to consider and, if thought advisable, to approve and adopt a resolution, in the form set out below, fixing the number of directors to be elected at the Meeting at six.

The Company's major shareholder, Kinross, has requested a seat on the Company's board of directors. It is the Company's desire to fulfill this request after the August 19, 2010 Annual General Meeting once Kinross and the Company decide on a nominee. At that time, it is expected that the Company's board of directors will consist of seven directors.

**BE IT RESOLVED** as a special resolution that:

- (a) the number of directors of the Company and the number of directors to be elected at this annual and special meeting of shareholders shall be fixed at six.

### **4. Election of Directors**

At the Meeting, shareholders of the Company will be asked to elect six directors for the ensuing year. The persons named in the form of proxy accompanying this Management Information Circular intend to vote for the election of the nominees whose names are set forth below, unless the shareholder of the Company who has given such proxy has directed that the Common Shares represented by such proxy be withheld from voting in respect of the election of directors of the Company. Management of the Company does not contemplate that any of the nominees will be unable to serve as a director of the Company for the ensuing year, however, if that should occur for any reason prior to the Meeting or any adjournment thereof, the persons named in the form of proxy accompanying this Management Information Circular have the right to vote for the election of the remaining nominees and may vote for the election of a substitute nominee in their discretion. Each director elected will hold office until the close of the first annual meeting of the shareholders of the Company following his or her election unless his or her office is earlier vacated in accordance with the Articles of the Company or the provisions of the *Business Corporation Act* (British Columbia).

The following table sets forth certain information regarding the nominees, their position with the Company, their principal occupation or employment during the last five years, the dates upon which the nominees became directors of the Company and the approximate number of Common Shares beneficially owned by them, directly or indirectly, or over which control or direction is exercised by them as of July 22, 2010:

<b>Name, Position and Municipality of Residence</b>	<b>Principal Occupation</b>	<b>Date Became Director</b>	<b>Voting Securities Owned or Controlled<sup>(1)</sup></b>
<b>Chad Williams</b> President and Chief Executive Officer, Director Ontario, Canada	<i>President and Chief Executive Officer of the Company since August, 2007. Managing Director, Blackmont Capital Inc. from August 2004 to August 2007. Managing Partner, Westwind Partners Inc. from August 2002 to August 2004.</i>	July 31, 2007	2,465,633 Common Shares
<b>Hugh A. Agro</b> <sup>(2)(4)</sup> Director Ontario, Canada	<i>Businessman since September 2009. Senior strategic roles at Kinross Gold Corporation from April 2005 to September 2009, most recently held the position of Executive Vice-President, Strategic Development. Vice President, Corporate Development, of Placer Dome Canada from May 2004 to April 2005. Principal of Senator Capital Partners from April 2001 to April 2004.</i>	July 31, 2007	725,000 Common Shares
<b>T. Sean Harvey</b> <sup>(2)(3)(4)</sup> Director Ontario, Canada	<i>Businessman since May 2006. President and Chief Executive Officer of Orvana Minerals Corp. from April 2005 until April 2006. President and Chief Executive Officer of Atlantico Gold Inc. from April 2003 to January 2004. President and Director of TVX Gold Inc. from April 2001 to January 2003.</i>	July 31, 2007	150,000 Common Shares
<b>John McConnell</b> <sup>(3)(5)</sup> Executive Vice-President, Director British Columbia, Canada	<i>Executive Vice-President of the Company since January 2009. Chief Operating Officer, Strategic Resource Acquisition Corp. from July 2008 to July 2009. President and Chief Executive Officer of Western Keltic Mines Inc. from April 2006 to March, 2008. Vice President, De Beers Canada — NWT Project from September 2000 to March 2006.</i>	July 31, 2007	947,500 Common Shares
<b>Michael McInnis</b> <sup>(2)(4)(5)</sup> Director	<i>Chief Executive Officer, President and director of Riverstone Resources Inc.</i>	December 19, 2008	446,000 Common Shares

British Columbia, Canada      *since January 1996.  
President, Chief Executive Officer and  
director of Gateway Gold Corp. from  
2003 to 2008.*

**Leendert Krol**<sup>(5)</sup>      *Held the position of VP Exploration for*      July 22, 2009      NIL  
Director      *Newmont from 1994 until he retired in*  
Colorado, USA      *2001.*

**Notes:**

- (1) The information as to the number of voting securities beneficially owned or over which control or direction is exercised has been furnished by the respective nominee.
- (2) Denotes member of Audit Committee.
- (3) Denotes member of Corporate Governance Committee.
- (4) Denotes member of Compensation Committee.
- (5) Denotes member of Technical Committee.

*Cease Trade Orders or Bankruptcies*

No proposed director of the Company is, as at the date hereof, or has been, within the ten years prior to the date hereof, a director, chief executive officer or chief financial officer, of any company (including the Company) that:

- (a) while that person was acting in the capacity was the subject of a cease trade order or similar 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; or
- (b) was the subject of a cease trade or similar 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 of such company 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:

- (a) is at the date hereof, or has been within 10 years before the date hereof, a director or executive officer of any corporation 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 manager or trustee appointed to hold its assets, other than:
  - (i) John McConnell, who was Chief Operating Officer of Strategic Resource Acquisition Corp. ("SRA"), a company that, on January 15, 2009, announced that it had filed for protection from its creditors under Chapter 11 of the Bankruptcy Code (United States) (on January 2, 2009, Mr. McConnell resigned from his position with SRA effective January 15, 2009).

- (b) or has, within 10 years before 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 has:

- (a) been subject to 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) been subject to any other penalties or sanctions imposed by a court or regulatory body, including a self-regulatory body, that would be likely to be considered important to a reasonable shareholder making a decision about whether to vote for the proposed director.

#### *Audit Committee*

Under National Instrument 52-110 – *Audit Committees* (“NI 52-110”), companies are required to provide disclosure with respect to their audit committee including the text of the audit committee’s charter, composition of the audit committee and the fees paid to the external auditor. Accordingly, the Company provides the following disclosure with respect to its audit committee. The full text of the charter of Audit Committee is set out in Schedule A attached to this Management Information Circular.

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

<b>Name</b>	<b>Independence</b>	<b>Financial Literacy<sup>(2)</sup></b>
T. Sean Harvey	Independent <sup>(1)</sup>	Financially literate
Hugh A. Agro	Independent <sup>(1)</sup>	Financially literate
Michael McInnis	Independent <sup>(1)</sup>	Financially literate

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

The mandate of the Audit Committee is to:

- review and recommend approval by the directors of the Company of annual and interim financial statements;

- review and recommend approval by the directors of the Company of annual and interim MD&A disclosure;
- review all public disclosure by the Company which contains financial information;
- recommend the appointment and the compensation of the external auditor of the Company;
- assess whether the internal controls are appropriate for the Company; and
- pre-approve all non-audit engagements of the external auditor of the Company.

Mr. Harvey has been a director and Chairman of the board of directors of the Company since 2007. Mr Harvey has two university degrees in economics, an MBA and a law degree and spent ten years working in the investment banking industry. For the last ten years, Mr. Harvey has held senior executive and board positions with various mining companies. Currently an independent businessman, Mr. Harvey was the President and Chief Executive Officer of Orvana Minerals Corp. (a company listed on the Toronto Stock Exchange (the “TSX”)) from 2005 until 2006. Previously, he was President and Chief Executive Officer of TVX Gold Inc. (a company listed on the TSX and the New York Stock Exchange (“NYSE”)) at the time of its sale to Kinross in 2003 and, subsequent to that, was President and Chief Executive Officer of Atlantico Gold Inc., a private company involved in the development of the Amapari Gold Project in Brazil which project was sold to Wheaton River Minerals Ltd. Mr. Harvey is a member of the audit committees of: (i) Perseus Mining Limited (a TSX listed company); (ii) Allied Gold Limited (a TSX listed company); and (iii) Andina Minerals Inc. (a TSXV listed company). Mr Harvey is the chairman of the audit committee of Allied Gold Limited. Mr. Harvey is an independent director of the Company for the purposes of NI 52-110.

Mr. Agro has been a director of the Company since 2007. Mr. Agro is a Professional Mining Engineer and holds an MBA in Finance from the University of British Columbia and London Business School and a B.Sc (Honours) in Mining Engineering from Queen’s University. Mr. Agro was employed by Kinross from 2005 to 2009, most recently in the position of Executive Vice-President, Strategic Development. Prior to his time at Kinross, Mr. Agro was Vice-President, Corporate Development of Placer Dome Inc. from 2004 until 2005 and was Principal of Senator Capital Partners from 2001 until 2004. Mr. Agro is an independent director of the Company for the purposes of NI 52-110.

Michael McInnis has been a director of the Company since December 2008, when the acquisition of Gateway Gold Corp. by the Company was completed. Mr. McInnis holds a Bachelor of Science (Hons) in Geology from the University of British Columbia. Prior to the acquisition of Gateway Gold Corp. by the Company, Mr. McInnis was Gateway Gold Corp.’s President and Chief Executive Officer. Mr. McInnis currently serves as director, President and Chief Executive Officer of Riverstone Resources Inc. Mr. McInnis also serves as a director of several other mining companies including Abacus Mining and Development Ltd., Canasil Resources and Redstar Gold Corp. Mr. McInnis is an independent director of the Company for the purposes of NI 52-110.

### ***External Auditor Disclosure***

#### *Audit Committee Oversight*

At no time since the commencement of the most recently completed financial year of the Company was a recommendation of the audit committee to nominate or compensate an external auditor not adopted by the directors of the Company.

### *Reliance on Certain Exemptions*

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

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

The aggregate fees paid to the external auditor of the Company in each of the last two financial years of the Company are as follows:

<b>Financial Year Ending</b>	<b>Audit Fees</b>	<b>Audit Related Fees</b>	<b>Tax Fees<sup>(1)</sup></b>	<b>All Other Fees<sup>(2)</sup></b>
February 28, 2010	\$66,500	Nil	\$23,500	\$73,500
February 28, 2009	\$44,600	Nil	\$10,215	\$64,681

#### **Notes:**

- (1) Tax Fees relate to the preparation of corporate income tax returns.
- (2) All Other Fees relate to fees for prospectus, due diligence, quarterly reviews and circular reviews associated with the acquisitions of Gateway Gold Corp. and StrataGold Corporation by the Company.

### *Exemption*

The Company is not required to comply with Part 3 (Composition of the Audit Committee) and Part 5 (Reporting Obligations) of NI 52-110 by virtue of the exemption contained in section 6.1 thereof.

### ***Corporate Governance Disclosure***

#### *Directors*

Chad Williams, the President and Chief Executive Officer of the Company, and John McConnell, the Executive Vice-President of the Company, are the only directors of the Company who are also members of management. Messrs. McInnis, Agro, Harvey and Krol are independent directors of the Company for the purpose of National Instrument 58-101 - Corporate Governance Practices. The independent directors of the Company meet on an as needed basis to discuss the performance of management. The salient items resulting from such discussions are then raised with management as soon as practicable.

The following directors of the Company are also directors of the following other reporting issuers:

<b>Name of Director of the Company</b>	<b>Other Reporting Issuers</b>
T. Sean Harvey	Andina Minerals Inc. Allied Gold Limited Perseus Mining Limited
Michael McInnis	Riverstone Resources Inc. Abacus Mining & Exploration Corp. Canasil Resources Inc. Redstar Gold Corp.
Leendert Krol	TriStar Gold Inc. Romarco Minerals Inc.
John McConnell	Takara Resources Inc. Hudson Resources Inc.

#### *Orientation and Continuing Education*

Messrs. Williams, Agro, Harvey and McConnell have been directors of the Company since July 31, 2007, while Messr. McInnis has been a director since December 19, 2008 and Messr. Krol has been a director since July 22, 2009. The Chief Executive Officer of the Company is responsible for providing an orientation and education program for new directors of the Company. When a new director is added, he or she will be given the opportunity to become familiar with the Company by meeting with the other directors and with the officers and representatives of the Company. As each director has a different skill set and professional background, orientation and training activities will be tailored to the particular needs and experience of each director.

#### *Ethical Business Conduct*

The Chief Executive Officer of the Company or the directors of the Company as a whole, as appropriate, from time to time, provide officers, directors and other representatives of the Company guidance in properly recognizing and resolving any legal or ethical issues that they may encounter while conducting the business of the Company.

#### *Nominations*

The directors of the Company have not appointed a nominating committee. Rather, the directors of the Company as a whole are responsible for identifying and recommending new candidates, having regard to the appropriate number of directors of the Company and the necessary competencies and skills of the

directors as a whole and of each director individually. New nominees should have a track record in general business management, special expertise in area of strategic interest to the Company and the ability to devote the time required.

#### *Compensation*

The Compensation Committee, consisting of Messrs. Agro, Harvey and McInnis are responsible for determining the compensation to be paid to the officers and directors of the Company, and for reviewing the Chief Executive Officer's recommendations respecting the compensation of consultants to the Company to ensure such compensation reflects the responsibilities and risks associated with each position. When determining the compensation of the Chief Executive Officer, the directors of the Company as a whole consider, among other things: (i) providing fair and competitive compensation compared to the remuneration paid by other reporting issuers similarly placed within the same business as the Company; (ii) balancing the interests of the Chief Executive Officer and the shareholders of the Company; and (iii) rewarding performance with respect to operations in general.

The directors of the Company, as a whole, are responsible for, among other things: (i) reviewing corporate goals and objectives relevant to the Chief Executive Officer's compensation and evaluating the Chief Executive Officer's performance in light of those corporate goals and objectives; (ii) reviewing the compensation of other consultants to, and the non-executive directors of the Company; (iii) reviewing the Company's stock option plan and (iv) any executive compensation disclosure prior to the Company publicly disclosing such information. When reviewing the compensation of consultants to the Company, the directors of the Company, as a whole, consider the following objectives: (i) to engage individuals critical to the growth and success of the Company; (ii) to reward performance of individuals by recognizing their contributions to the Company's growth and achievements; and (iii) to compensate individuals based on their performance and, to the extent applicable, on similar compensation for companies at a comparable state of development.

#### *Technical Committee*

The Technical, Environmental, Health and Safety Committee, consisting of Messrs. Krol, McConnell and McInnis are responsible for assisting the board of directors of the Company in: (a) fulfilling oversight responsibilities for the Company's establishment of health, safety and environmental policies for its exploration and mining operations; (b) reviewing long term technical risks and opportunities; (c) reviewing the technical and financial issues associated with new projects, acquisitions and dispositions; and (d) reviewing and approving mineral reserve and resource updates.

#### *Assessments*

The directors of the Company, as a whole, conduct a self-evaluation at least annually to assess the level of effectiveness of each director. In addition, the directors of the Company, as a whole, periodically consider the mix of skills and experience that directors bring to the Company to assess, on an ongoing basis, whether the directors of the Company have the necessary skills to perform their oversight function effectively.

### **5. Approval of Stock Option Plan**

Pursuant to Policy 4.4 of the Corporate Finance Manual of the TSX Venture Exchange ("TSXV") (the "Option Policy"), the Company is permitted to maintain a rolling stock option plan which reserves a percentage of the issued and outstanding shares of the Company for issuance pursuant to stock options. The Plan was previously approved by shareholders of the Company at a meeting duly held on July 17,

2008. In accordance with the Option Policy, rolling stock option plans must be approved by the shareholders on an annual basis. The Company is proposing to change the period of time after which option must expire following an optionee ceasing to be involved with the Company to one year from the current 90 days. For those optionees engaged in Investor Relations Activities, options will continue to expire within 30 days of the date on which the individual ceases to provide investor relation services to the Company. Other than the foregoing, the Company is not proposing to make any changes to the Plan that was approved by shareholders at the meeting thereof in July of 2008.

The following is a summary of the terms of the Plan.

The Plan provides for the grant of non-transferable options for the purchase of Common Shares to eligible participants. Subject to the requirements of the Plan, the directors of the Company have the authority to select those eligible participants to whom options will be granted and the number of Common Shares subject to options which may be granted. The exercise price of options granted cannot be lower than the higher of (i) the closing price of the Common Shares on the TSXV (or any applicable senior stock exchange if the Common Shares become listed on a senior stock exchange) on the trading day immediately preceding the day on which the option is granted, and (ii) the average closing price of the Common Shares on the TSXV (or any applicable senior stock exchange if the Common Shares become listed on a senior stock exchange) for the 5 days immediately preceding the day on which the option is granted, (provided that if there are no trades on such day then the last closing price within the preceding ten trading days will be used, and if there are no trades within such ten-day period, then the simple average of the bid and ask prices on the trading day immediately preceding the day of grant will be used). In any event, the exercise price per optioned share will not be less than \$0.10, being the minimum exercise price allowable under the Option Policy. Each option, unless sooner terminated pursuant to the provisions of the stock option plan, will expire on a date to be determined by the directors of the Company at the time the option is granted, which date cannot currently be later than five years from the date the option was granted. Options will remain in full force and effect and exercisable according to its terms until the optionee ceases to be involved with the Company, excluding death, after which time the option will expire within one year or, for those optionees engaged in investors relation activities, the options will expire within 30 days of the date on which the individual ceases to provide investor relation services to the Company. In the event of the death of an optionee, an option which remains exercisable may be exercised in accordance with the its terms by the person or persons to whom such optionee's rights under the option shall have passed under the optionee's will or pursuant to law, for a period not exceeding one year from the optionee's death. The total number of Common Shares reserved for issue pursuant to the stock option plan will be determined from time to time by the directors of the Company (or a committee thereof) but, in any case, cannot exceed ten per cent of the number of Common Shares then outstanding. In addition, the aggregate number of Common Shares at any time available for issue under the stock option plan to any one person cannot exceed five per cent of the number of Common Shares then outstanding, the aggregate number of Common Shares at any time available for issue under the stock option plan to any one person who is an insider (as such term is defined in the Securities Act (Ontario)) cannot exceed ten per cent of the number of Common Shares then outstanding and the aggregate number of Common Shares at any time available for issue under the stock option plan to any one consultant of the Company, or to all employees of the Company performing investor relations activities for the Company on an aggregate basis, cannot exceed two per cent of the number of Common Shares then outstanding.

If a take-over bid is made for the Common Shares, then the directors of the Company may permit all options outstanding which have limits on their exercise to become immediately exercisable in order to permit Common Shares issuable under such options to be tendered to such bid.

At the Meeting, shareholders will be asked to consider, and, if deemed advisable, to approve the following resolution in respect of the Plan:

**“BE IT RESOLVED AS AN ORDINARY RESOLUTION OF THE COMPANY THAT:**

1. the stock option plan of the Company, first approved by the shareholders of the Company on July 31, 2007, as more fully described in the Company’s Management Information Circular, be and is hereby renewed and approved as the stock option plan of the Company; and
2. any one director or officer of the Company is hereby authorized and directed, on behalf of the Company, to take all necessary steps and proceedings and to execute, deliver and file any and all declarations, agreements, documents and other instruments and do all such other acts and things that may be necessary or desirable to give effect to the foregoing resolution, including making all necessary filings with the TSX Venture Exchange.”

## **6. Approval of Shareholders Rights Plan**

The shareholders of the Company (the “Shareholders”) are asked to consider and, if thought advisable, pass an ordinary resolution approving the Shareholders Rights Plan of the Company (the “Shareholders Rights Plan Resolution”), the full text of which is set out below.

If the Shareholders Rights Plan Resolution is approved at the Meeting, the Shareholders Rights Plan (the “Shareholders Rights Plan”) will be put into effect as of the date of the approval of the Shareholders Rights Plan (the “Effective Date”). If the Shareholders Rights Plan Resolution is not approved, the Shareholders Rights Plan will not be put into effect.

### *Purpose of the Shareholders Rights Plan*

The purpose of the Shareholders Rights Plan is to provide the board of directors of the Company (the “Board of Directors”) and the Shareholders with sufficient time to properly consider any take-over bid made for the Company and to allow enough time for competing bids and alternative proposals to emerge. The Shareholders Rights Plan also seeks to ensure that all Shareholders are treated fairly in any transaction involving a change of control of the Company and that all Shareholders have an equal opportunity to participate in the benefits of a take-over bid. The Shareholders Rights Plan encourages potential acquirers to negotiate the terms of any offer for Common Shares with the Board of Directors or, alternatively, to make a Permitted Bid (as defined in the Shareholders Rights Plan) without the approval of the Board of Directors. The Shareholders Rights Plan addresses several concerns that are widely believed to be inherent in the provisions of current legislation governing take-over bids in Canada. These concerns are described in greater detail below.

### *Time to consider bid*

Under current securities legislation, the minimum period that a take-over bid must remain open for acceptance is 35 days. The Board of Directors is of the view that 35 days constitutes an insufficient amount of time to permit the Board of Directors and Shareholders to assess an offer, and to allow the Directors to negotiate with the offeror, solicit competing offers and otherwise try to maximize Shareholder value. The Shareholders Rights Plan gives the Board of Directors and Shareholders more time to consider a take-over bid by requiring an offeror to make a “Permitted Bid” if it wishes to proceed without negotiating with the Board of Directors and without triggering the Shareholders Rights Plan. In order to qualify as a Permitted Bid, the bid must meet certain minimum conditions. A Permitted Bid must be open for at least 60 days and must remain open for a further period of 10 business days after the offeror publicly announces that more than 50% of the outstanding Voting Shares (as defined in the Shareholders Rights Plan) held by Independent Shareholders (as defined below) have been deposited or tendered and not withdrawn. “Independent Shareholders” includes all holders of Voting Shares other than (i) a person (or a group of affiliated or associated persons) who has publicly announced that it has acquired beneficial ownership of 20% or more of the Common Shares (an “Acquiring Person”) (ii) any offeror making a take-over bid; (iii) any affiliate or associate of an Acquiring Person or offeror; (iv) persons acting “jointly or in concert” with an Acquiring Person; and (v) employee benefit, stock purchase or certain other plans or trusts for employees of the Company or its wholly-owned subsidiaries unless the beneficiaries of such plans or trusts direct the voting and tendering to a takeover bid of the Voting Shares.

### *Pressure to tender*

A shareholder may feel compelled to tender to a take-over bid which the shareholder considers to be inadequate because, in failing to tender, the shareholder may be left with illiquid or minority discounted

shares. This is particularly so in the case of a partial bid where the Acquiring Person or an offeror wishes to obtain a control position but does not wish to acquire all of the common shares of the Company. The Shareholders 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 more than 50% of the outstanding Voting Shares held by Independent Shareholders have been deposited or tendered and not withdrawn. In addition, a Permitted Bid must remain open for acceptance for a further period of 10 business days following public announcement that more than 50% of the outstanding Voting Shares have been deposited. The Shareholders Rights Plan therefore effectively separates a Shareholder's decision to accept a bid from the decision to tender, thereby lessening concern about undue pressure to tender to the bid.

#### *Unequal treatment of shareholders*

Under current securities legislation, an offeror may obtain control or effective control of a corporation without paying full value, without obtaining shareholder approval and without treating all shareholders equally. For example, an acquirer could acquire blocks of shares by private agreement from one or a small group of shareholders at a premium to market price, which premium is not shared by 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 fair sharing of any control premium among shareholders. Under the Shareholders Rights Plan, if it is to qualify as a Permitted Bid, any offer to acquire 20% or more of the Company's Voting Shares must be made to all holders of Voting Shares.

#### *How the Shareholders Rights Plan Works and Effect of the Shareholders Rights Plan*

If the Shareholders Rights Plan is approved, one right (a "Right") will be issued in respect of each Common Share issued on or about the Effective Date and prior to the Separation Time (as defined in the Shareholders Rights Plan). Notwithstanding the effectiveness of the Shareholders Rights Plan, the Rights are not exercisable until the Separation Time. Unless waived by the Board of Directors in the circumstances permitted by the Shareholders Rights Plan, the Separation Time would generally be the close of business on the tenth trading day after the earliest to occur of:

- (a) the first public announcement that a person or a group of affiliated or associated persons has acquired beneficial ownership of 20% or more of the outstanding Common Shares (becoming an Acquiring Person) other than as a result of, among other things (i) a reduction in the number of Common Shares outstanding, or (ii) a "Permitted Bid" or a "Competing Permitted Bid" (as defined under the Shareholders Rights Plan);
- (b) the date of commencement of, or the first public announcement of an intention of any person (other than the Company or any of its subsidiaries) to commence a take-over bid (other than a Permitted Bid or a Competing Permitted Bid) where the Common Shares that are subject to the bid together with the Common Shares beneficially owned by that person (including affiliates, associates and others acting jointly or in concert therewith) would constitute 20% or more of the outstanding Common Shares; and
- (c) the date upon which a Permitted Bid or a Competing Permitted Bid ceases to be such.

After the Separation Time, each Right entitles the holder thereof to purchase one Common Share at the Exercise Price (as defined under the Shareholders Rights Plan). The initial Exercise Price under each Right in order to acquire a Common Share is three times the Market Price at the Separation Time. "Market Price" is defined as the average of the daily closing prices per share of such securities on each of

the 20 consecutive trading days through and including the trading day immediately preceding the Separation Time.

Following a transaction which results in a person becoming an Acquiring Person (a “Flip-in-Event”), the Rights entitle the holder thereof (other than a holder who is an Acquiring Person) to receive, upon exercise, such number of Common Shares which have an aggregate Market Price (as of the date of the Flip-In Event) equal to twice the then Exercise Price of the Rights. In such event, however, any Rights beneficially owned by an Acquiring Person (including affiliates, associates and others acting jointly or in concert therewith), or a transferee of any such person, will be void. A Flip-in-Event does not include acquisitions approved by the Board of Directors (to the extent permitted by the Shareholders Rights Plan) or acquisitions pursuant to a Permitted Bid or Competing Permitted Bid.

In the event of an unsolicited take-over bid or a bid that is not a Permitted Bid under the Shareholders Rights Plan, the Board of Directors believes that the effect of the Shareholders Rights Plan will be to enhance Shareholder value, ensure equal treatment of Shareholders in the context of an acquisition of control, and lessen the pressure on Shareholders to tender to a bid.

It is not the intention of the Board of Directors to entrench themselves or avoid a bid for control that is fair and in the best interest of Shareholders. For example, Shareholders may tender to a bid which meets the Permitted Bid criteria without triggering the Shareholders Rights Plan, regardless of the acceptability of the bid to the Board of Directors.

The Shareholders Rights Plan does not diminish or detract from the duty of the Board of Directors to act honestly, in good faith and in the best interests of the Company and its Shareholders, or to consider on that basis any take-over bid that is made, nor does the Shareholders Rights Plan alter the proxy mechanism to change the Board of Directors, create dilution on the initial issue of the rights, or change the way in which the Company’s Common Shares trade.

A copy of the Shareholders Rights Plan may be obtained on request without charge from the Chief Financial Officer of Victoria Gold Corp., 80 Richmond Street West, Suite 303, Toronto, Ontario, M5H 2A4.

*Form of Resolution and Vote Required*

In order to be effective, the Shareholders Rights Plan Resolution must be approved by not less than a majority of the votes cast by Shareholders present or represented by proxy at the Meeting. At the Meeting, the Shareholders will be asked to considered, and, if deemed advisable, to approve and adopt a resolution, in the form set out below, approving the Shareholders Rights Plan:

**“BE IT RESOLVED AS AN ORDINARY RESOLUTION OF THE COMPANY THAT:**

1. The adoption of the Shareholders Rights Plan Agreement between the Company and Computershare Investor Services Inc. is hereby approved; and
2. any one director or officer of the Company is hereby authorized and directed, on behalf of the Company, to take all necessary steps and proceedings and to execute, deliver and file any and all declarations, agreements, documents and other instruments and do all such other acts and things that may be necessary or desirable to give effect to the foregoing resolution, including making all necessary filings with the TSX Venture Exchange.”

*Directors' Recommendation*

The Board of Directors believes that the Shareholders Rights Plan will result in fair treatment to Shareholders, is in the best interest of the Company, is consistent with current best Canadian corporate practices and addresses institutional investor guidelines. **The Board of Directors therefore recommends that all Shareholders vote FOR the Shareholders Rights Plan Resolution. The persons whose name appears in the attached form of proxy:**

INTEND TO VOTE FOR THE SHAREHOLDERS RIGHTS PLAN RESOLUTION.

**ADDITIONAL INFORMATION**

Additional information relating to the Company can be found on SEDAR at [www.sedar.com](http://www.sedar.com). Further financial information is provided by the audited consolidated financial statements of the Company for the financial year ended February 28, 2010 and related management's discussion and analysis of results which accompany this Management Information Circular and have also been filed on SEDAR. Shareholders may also contact the **Chief Financial Officer of the Company by phone at (416) 866-8800 or by e-mail at [mrendall@vitgoldcorp.com](mailto:mrendall@vitgoldcorp.com)** to request a copy of these documents.

The Company will provide any shareholder of the Company, without charge, upon request to the Chief Executive Officer of the Company:

- (a) one copy of the comparative audited consolidated financial statements of the Company for the financial year ended February 28, 2010 together with the report of the auditor thereon;
- (b) one copy of the management's discussion and analysis for the financial year ended February 28, 2010; and
- (c) one copy of this Management Information Circular.

**APPROVAL**

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

DATED at Toronto, Ontario this 22nd day of July, 2010.

BY ORDER OF THE BOARD

(Signed) Chad Williams  
**President, Chief Executive Officer and Director**

## SCHEDULE A

### Audit Committee Charter

#### **1. Overall Purpose/Objectives**

The Audit Committee will assist the Board of Directors in fulfilling its responsibilities. The Audit Committee will review the financial reporting process, the system of internal control and management of financial risks, the audit process, and the Company's process for monitoring compliance with laws and regulations and its own code of business conduct. In performing its duties, the committee will maintain effective working relationships with the Board of Directors, management, and the external auditors and monitor the independence of those auditors. To perform his or her role effectively, each committee member will obtain an understanding of the responsibilities of committee membership as well as the Company's business, operations and risks.

#### **2. Authority**

2.1 The Board authorizes the audit committee, within the scope of its responsibilities, to seek any information it requires from any employee and from external parties, to obtain outside legal or professional advice, to set and pay the compensation for any advisors employed by the Audit Committee, to ensure the attendance of Company officers at meetings as appropriate and to communicate directly with the Company's external auditors.

#### **3. Organization**

##### Membership

3.1 The Audit Committee will be comprised of at least three members, a majority of which are not officers or employees of the Company.

3.2 The chairman of the Audit Committee will be nominated by the Audit Committee from the members of the Audit Committee which are not officers or employees of the Company, or a company associated or affiliated with the Company, from time to time.

3.3 A quorum for any meeting will be two members.

3.4 The secretary of the Audit Committee will be the Company secretary, or such person as nominated by the Chairman.

##### Attendance at Meetings

3.5 The Audit Committee may invite such other persons (e.g. the President or Chief Financial Officer) to its meetings, as it deems appropriate.

3.6 Meetings shall be held not less than four times a year. Special meetings shall be convened as required. External auditors may convene a meeting if they consider that it is necessary.

3.7 The proceedings of all meetings will be minuted.

#### **4. Roles and Responsibilities**

The Audit Committee will:

- 4.1 Gain an understanding of whether internal control recommendations made by external auditors have been implemented by management.
- 4.2 Gain an understanding of the current areas of greatest financial risk and whether management is managing these effectively.
- 4.3 Review significant accounting and reporting issues, including recent professional and regulatory pronouncements, and understand their impact on the financial statements.
- 4.4 Review any legal matters which could significantly impact the financial statements as reported on by the general counsel and meet with outside counsel whenever deemed appropriate.
- 4.5 Review the annual and quarterly financial statements including Management's Discussion and Analysis and annual and interim earnings press releases prior to public dissemination, including any certification, report, opinion, or review rendered by the external auditors and determine whether they are complete and consistent with the information known to committee members; determine that the auditors are satisfied that the financial statements have been prepared in accordance with generally accepted accounting principles.
- 4.6 Pay particular attention to complex and/or unusual transactions such as those involving derivative instruments and consider the adequacy of disclosure thereof.
- 4.7 Focus on judgmental areas, for example those involving valuation of assets and liabilities and other commitments and contingencies.
- 4.8 Review audit issues related to the Company's material associated and affiliated companies that may have a significant impact on the Company's equity investment.
- 4.9 Meet with management and the external auditors to review the annual financial statements and the results of the audit.
- 4.10 Evaluate the fairness of the interim financial statements and disclosures, and obtain explanations from management on whether:
  - (a) actual financial results for the interim period varied significantly from budgeted or projected results;
  - (b) generally accepted accounting principles have been consistently applied;
  - (c) there are any actual or proposed changes in accounting or financial reporting practices;
  - (d) there are any significant or unusual events or transactions which require disclosure and, if so, consider the adequacy of that disclosure; and
  - (e) review the external auditors' proposed audit scope and approach and ensure no unjustifiable restriction or limitations have been placed on the scope.
- 4.11 Review the performance of the external auditors and approve in advance provision of services other than auditing. Consider the independence of the external auditors, including reviewing the range of services provided in the context of all consulting services bought by the company. The Board authorizes

- 4.12 Make recommendations to the Board regarding the reappointment of the external auditors and the compensation to be paid to the external auditor.
- 4.13 Review any significant disagreement among management and the external auditors in connection with the preparation of the financial statements.
- 4.14 Review and approve the Company's hiring policies regarding partners, employees and former partners and employees of the present and former external auditors of the Company.
- 4.15 Establish a procedure for:
- (a) the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters; and
  - (b) the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls, or auditing matters.
- 4.16 Meet separately with the external auditors to discuss any matters that the committee or auditors believe should be discussed privately.
- 4.17 Endeavour to cause the receipt and discussion on a timely basis of any significant findings and recommendations made by the external auditors.
- 4.18 Ensure that the Board is aware of matters which may significantly impact the financial condition or affairs of the business.
- 4.19 Perform other functions as requested by the full Board.
- 4.20 If necessary, institute special investigations and, if appropriate, hire special counsel or experts to assist, and set the compensation to be paid to such special counsel or other experts.
- 4.21 Review and recommend updates to the charter; receive approval of changes from the Board.



