

**SARAMA**  
RESOURCES LTD



**NOTICE OF MEETING  
AND  
MANAGEMENT INFORMATION  
AND PROXY CIRCULAR**

For the Annual General and  
Special Meeting to be held on June 5, 2012

**SARAMA RESOURCES LTD.**

**NOTICE OF ANNUAL GENERAL AND SPECIAL MEETING**  
to be held June 5, 2012

**NOTICE IS HEREBY GIVEN** that the Annual General and Special Meeting (the “**Meeting**”) of the shareholders of Sarama Resources Ltd. (the “**Company**”) will be held at Suite 2200 HSBC Building, 885 West Georgia Street, Vancouver, British Columbia on Tuesday, June 5, 2012 at 9:00 a.m., Vancouver time, for the following purposes:

1. to place before the Meeting the financial statements of the Company for the financial year ended December 31, 2011, together with the report of the auditors thereon;
2. to appoint PricewaterhouseCoopers as auditors for the for the ensuing year and to authorize that the auditor’s remuneration be fixed by the Board of Directors;
3. to elect the directors of the Company for the ensuing year;
4. to approve the existing stock option plan of the Company in accordance with the policies of the TSX Venture Exchange; and
5. to transact such other business as may properly come before the Meeting.

The Board of Directors has fixed the close of business (Vancouver time) on April 30, 2012 as the record date for determining shareholders who are entitled to receive notice of and to vote at the Meeting. No person who becomes a shareholder of the Company after the record date will be entitled to vote or act at the Meeting or any adjournment thereof.

Accompanying this Notice of Meeting are: (i) the consolidated financial statements of the Company for the fiscal year ended December 31, 2011, together with the auditor’s report thereon, and the related management’s discussion and analysis; (ii) the Company’s Management Information and Proxy Circular (the “**Information Circular**”); (iii) a form of proxy; and (iv) a financial statement request form. The accompanying Information Circular provides information relating to the matters to be addressed at the Meeting and is deemed to form part of this Notice of Meeting. Copies of any documents to be considered, approved, ratified and adopted or authorized at the Meeting will be available for inspection at the registered and records office of the Company at 1600 – 925 West Georgia Street, Vancouver, British Columbia V6C 3L2, during normal business hours up to June 5, 2012, being the date of the Meeting, as well as at the Meeting.

If you are a registered shareholder and are unable to attend the Meeting in person, in order for your proxy to be valid and your votes to be counted, you must date, execute and return the accompanying form of proxy to the Company, c/o Equity Financial Trust Company, 200 University Avenue, Suite 400, Toronto, Ontario M5H 4H1 (Attn: Proxy Department), not later than noon (Toronto time) on Friday, June 1, 2012, or if the Meeting is adjourned, not later than 48 hours (excluding Saturdays and holidays) before the time for holding the adjourned meeting. If you are a non-registered shareholder and receive these materials through your broker or another intermediary, please complete and return the materials in accordance with the instructions provided to you by your broker or other intermediary. If you are a non-registered shareholder and do not complete and return the materials in accordance with such instructions, you may lose the right to vote at the Meeting.

DATED at Vancouver, British Columbia, this 1<sup>st</sup> day of May, 2012.

BY ORDER OF THE BOARD OF DIRECTORS

*(signed) Andrew Dinning*

ANDREW DINNING  
President and Chief Executive Officer

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## **SARAMA RESOURCES LTD.**

### **INFORMATION CIRCULAR**

Dated as of the 1<sup>st</sup> day of May, 2012.

### **SOLICITATION OF PROXIES**

This Information Circular is furnished in connection with the solicitation of proxies by the management of Sarama Resources Ltd. (the “**Company**”) for use at the Annual General and Special Meeting of the holders (the “**shareholders**”) of common shares (the “**Shares**”) of the Company to be held on June 5, 2012 (the “**Meeting**”) at 9.00 a.m. (Vancouver time) at Suite 2200 HSBC Building, 885 West Georgia Street, Vancouver, British Columbia or at any adjournment or postponement thereof for the purposes set forth in the accompanying Notice of Meeting. While it is expected that the solicitation of proxies will be primarily by mail, proxies may also be solicited by telephone or in person with all of the costs of such solicitation being borne by the Company. All costs of solicitation by directors, officers and regular employees of the Company will be borne by the Company.

### **VOTING OF PROXIES AND APPOINTMENT OF PROXY HOLDER**

The form of proxy accompanying this Information Circular confers discretionary authority upon the proxy nominee with respect to any amendments or variations to matters identified in the Notice of Meeting and any other matters that may properly come before the Meeting. As at the date of this Information Circular, management is not aware of any such amendments or variations, or of other matters to be presented for action at the Meeting.

**If the instructions in a proxy given to management are certain, the Shares represented by proxy will be voted or withheld from voting in accordance with the instructions of the shareholder on any poll as specified in the proxy with respect to the matter to be acted on. If a choice is not so specified with respect to any such matter, the Shares represented by a proxy given to management are intended to be voted: (i) in favour of the stock option resolution referred to in the enclosed form of proxy; (ii) for the election of the nominee directors named in the proxy; and (iii) for the appointment of PricewaterhouseCoopers as the auditor. The persons named in the enclosed form of proxy are directors or officers of the Company. A registered shareholder has the right to appoint a person (who need not be a shareholder) to attend and act for him or her and on his or her behalf at the Meeting other than the persons designated in the form of proxy and may exercise such right by inserting the name in full of the desired person in the blank space provided in the form of proxy and striking out the names now designated.**

**A proxy will not be valid for use at the Meeting or any adjournment or postponement thereof unless the completed form of proxy is completed and delivered to the offices of Equity Financial Trust Company (“Equity”), 200 University Avenue, Suite 400, Toronto, Ontario M5H 4H1 (Attn: Proxy Department), not later than noon (Toronto time) on Friday, June 1, 2012, or if the Meeting is adjourned, not later than 48 hours (excluding Saturdays and holidays) before the time for holding the adjourned meeting. Late proxies may be accepted by the Chairman of the Meeting in his discretion, and the Chairman is under no obligation to accept or reject any particular late proxy.**

## REVOCATION OF PROXIES

In addition to revocation in any other manner permitted by law, a shareholder who has given a proxy may revoke it by an instrument in writing executed by the shareholder or by his or her attorney authorized in writing or, where the shareholder is a corporation, by a duly authorized officer or attorney of the corporation. To be valid, an instrument of revocation must be received at the registered office of the Company by fax at (604) 669-1620 or by mail or by hand at Suite 2200 HSBC Building, 885 West Georgia Street, Vancouver, British Columbia V6C 3E8, at any time up to and including the last business day preceding the day of the Meeting or any adjournment thereof, or provided to the Chairman of the Meeting on the day fixed for the Meeting or any adjournment thereof by not later than the time fixed for commencement of such Meeting. A revocation of a proxy does not affect any matter on which a vote has been taken prior to the revocation.

## INFORMATION FOR NON-REGISTERED SHAREHOLDERS

The information set forth in this section is of significant importance to many of our shareholders as a substantial number of shareholders do not hold their Shares in their own names.

This Information Circular and the accompanying materials are being sent to registered shareholders and unregistered shareholders, that is shareholders of the Company who hold Shares through a broker, agent, nominee or other intermediary (collectively, the “**Beneficial Shareholders**”). Beneficial Shareholders should note that only proxies deposited by shareholders whose names appear on the share register of the Company will be recognized and acted upon at the Meeting. If your Shares are listed in an account statement provided to you by a broker, then, in almost all cases, those Shares will not be registered in the your name on the records of the Company and you are a Beneficial Shareholder. Such Shares will more likely be registered under the name of an intermediary, typically your broker or an agent of that broker. In Canada, the vast majority of such shares are registered under the name of CDS & Co. (the registration name for CDS Clearing and Depository Services Inc.), which company acts as a nominee for many Canadian brokerage firms. Shares held by brokers (or their agents or nominees) on behalf of a broker’s client may only be voted (for or against resolutions) in accordance with instructions received from the Beneficial Shareholder. Without specific instructions, brokers and their agents and nominees are prohibited from voting shares for Beneficial Shareholders.

Beneficial Shareholders fall into two categories – those who object to their identity being known to the issuers of securities which they own (“**Objecting Beneficial Owners**”, or “**OBOs**”) and those who do not object to their identity being made known to the issuers of the securities they own (“**Non-Objecting Beneficial Owners**”, or “**NOBOs**”). Subject to the provisions of National Instrument 54-101 – *Communication with Beneficial Owners of Securities of a Reporting Issuer* (“**NI 54-101**”), issuers may request and obtain a list of their NOBOs from intermediaries via their transfer agent.

Securities regulatory policies require brokers and other intermediaries to seek voting instructions from Beneficial Shareholders in advance of shareholders’ meetings. Each broker or intermediary has its own mailing procedures and provides its own return instructions to clients, which should be carefully followed by Beneficial Shareholders in order to ensure that their Shares are voted at the Meeting. Often the form of proxy supplied to a Beneficial Shareholder by its broker is identical to the form of proxy provided by the Company to the registered shareholders. However, its purpose is limited to instructing the registered shareholder (i.e. the broker or agent of the broker) how to vote on behalf of the Beneficial Shareholder.

Pursuant to NI 54-101, issuers may obtain and use the NOBO list for distribution of proxy-related materials directly to such NOBOs. If you are a Beneficial Shareholder, and the Company or its agent has sent these materials directly to you, your name, address and information about your holdings of Shares

have been obtained in accordance with applicable securities regulatory requirements from the intermediary holding the Shares on your behalf.

The majority of brokers now delegate responsibility for obtaining instructions from clients to Broadridge Financial Solutions, Inc. (“**Broadridge**”). Broadridge typically applies a special sticker to the proxy forms or alternatively, prepares a machine-readable voting instruction form, mails those forms to the Beneficial Shareholders and asks Beneficial Shareholders to return the forms to Broadridge, or otherwise communicate voting instructions to Broadridge (by way of the internet or telephone, for example). Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of Shares to be represented at the Meeting. If you are a Beneficial Shareholder and receive a proxy with a Broadridge sticker on it, or a Broadridge voting instruction form, you cannot use that proxy or form to vote Shares directly at the Meeting. You must return the voting instruction form to Broadridge (or must communicate instructions respecting the voting of your Shares to Broadridge) well in advance of the Meeting in order to have your Shares voted at the Meeting on your behalf.

Accordingly, each Beneficial Shareholder should:

- (a) carefully review the voting information form and voting procedures that the shareholder’s broker, agent, nominee or other intermediary has furnished with this Information Circular; and
- (b) provide instructions as to the voting of the shareholder’s Shares in accordance with those voting procedures.

Although Beneficial Shareholders may not be recognized directly at the Meeting for the purposes of voting Shares registered in the name of his or her broker, a Beneficial Shareholder may attend the Meeting as proxyholder for the registered shareholder and vote the Shares in that capacity. Beneficial shareholders who wish to attend the Meeting and indirectly vote their Shares as proxyholder for the registered shareholder should enter their own names in the blank space on the voting instruction form provided to them and return the same to their broker (or the broker’s agent) in accordance with the instructions provided by such broker. Beneficial Shareholders who have questions or concerns regarding any of these procedures may also contact their broker, agent, nominee or other intermediary. It is recommended that inquiries of this kind be made well in advance of the Meeting.

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

#### **VOTING SHARES AND PRINCIPAL HOLDERS THEREOF**

As at April 30, 2012, there were 51,513,312 outstanding fully paid and non-assessable Shares without par value in the capital of the Company. Our board of directors (the “**Board**” or the “**Board of Directors**”) has fixed April 30, 2012 as the record date for the determination of registered shareholders entitled to receive notice of and to vote at the Meeting and at any adjournment or postponement thereof. Each Share outstanding on the record date carries the right to one vote. The Company will arrange for the preparation of a list of the registered holders of its Shares on such record date. Each shareholder named in the list will be entitled to one vote at the Meeting for each Share shown opposite such shareholder’s name.

To the knowledge of our directors and executive officers, and based upon our review of the records maintained by Equity, electronic filings with the System for Electronic Document Analysis and Retrieval (“**SEDAR**”) and insider reports filed with the System for Electronic Disclosure by Insiders, as at April 30, 2012, there are no shareholders who beneficially own, control or direct, directly or indirectly, Shares carrying more than 10% of the voting rights attached to all outstanding Shares.

## ELECTION OF DIRECTORS

Our articles provide that the number of directors to be elected will be the number determined by ordinary resolution, which is currently fixed at four. Each director elected will hold office until the next annual general meeting of the Company or until his successor is elected or appointed, unless his office is earlier vacated in accordance with our articles, or the provisions of the *Business Corporations Act* (British Columbia).

We propose to nominate for election as directors at the Meeting the persons listed in the table below. Each proposed nominee is a continuing director and has consented to be named in this Information Circular and to serve as director if elected. The persons named below will be presented for election at the Meeting as management's nominees and the persons named in the accompanying form of proxy intend to vote for the election of these nominees. Management does not contemplate that any of the proposed nominees will be unable to serve as a director; however, if for any reason any of the proposed nominees do not stand for election or are unable to serve as such, the Shares represented by properly executed proxies given in favour of management's nominee(s) may be voted by the person designated in the enclosed form of proxy, in their discretion, in favour of another nominee.

The following table, including the notes thereto, gives information with respect to each person proposed to be nominated for election as a director, including their province or state and country of residence, position with the Company, present and past principal occupation or employment for the past five years, the date of first appointment as a director and the number of Shares beneficially owned, controlled or directed, directly or indirectly, by such person as at May 1, 2012.

Name, Position, Province/State and Country of Residence <sup>(1)</sup>	Principal Occupation and Occupation During the Past 5 Years <sup>(1)</sup>	Director Since	Number of Shares Beneficially Owned, Controlled or Directed <sup>(2)</sup>
Andrew Dinning Director, President and Chief Executive Officer Western Australia, Australia	President & Chief Executive Officer of the Company; formerly the President and Chief Operating Officer and a Director of Moto Goldmines Limited	April 8, 2010	5,068,967
T. Sean Harvey <sup>(3)(4)</sup> Director, Non-Executive Chairman Ontario, Canada	Businessman and independent director; serves as a director with various public mining companies	April 8, 2010	2,534,483
L. Simon Jackson <sup>(3)(4)</sup> Director British Columbia, Canada	President, Sirocco Mining Inc. formerly, the Vice President - Corporate Development of Red Back Mining Inc.	April 8, 2010	788,664
William S. Turner <sup>(3)(4)</sup> Director Western Australia, Australia	Corporate director; formerly President and Chief Executive Officer of Anvil Mining Limited	September 6, 2011	250,000

Notes:

- (1) The information as to the residency and principal occupation, not being within the knowledge of the Company, has been furnished by the respective directors individually.
- (2) The information as to Shares beneficially owned, or controlled or directed, directly or indirectly, not being within the knowledge of the Company, has been furnished by the respective directors individually.
- (3) Member of the Audit Committee.
- (4) Member of the Compensation and Corporate Governance Committee.

The following directors are currently directors of other reporting issuers (or the equivalent) in Canada or foreign jurisdictions:

<u>Director</u>	<u>Name of Reporting Issuer</u>
T. Sean Harvey	Allied Gold Mining plc (TSX, ASX, LSE), Andina Minerals Inc. (TSXV), Serabi Gold plc (TSX, AIM), Victoria Gold Corp. (TSXV), Perseus Mining Limited (TSX, ASX), Azimuth Resources Limited (ASX)
William S. Turner	White Star Resources Ltd (ASX)

## EXECUTIVE COMPENSATION

### *Compensation Discussion and Analysis*

Our executive compensation philosophy is to provide suitable compensation for executives that is equitable and competitive and reflects individual achievement. Consistent with this philosophy, our compensation arrangements are designed to:

- attract and retain highly qualified individuals who are able to carry out our business objectives;
- motivate the executive officers to meet and exceed operating targets and long-term strategic goals; and
- align the interests of executive officers with shareholders' interests and with the execution of our business strategy.

When used in this section, “**Named Executive Officers**” or “**NEO**”, means our Chief Executive Officer (the “**CEO**”), our Chief Financial Officer (the “**CFO**”), our Vice President - Exploration and our Vice President – Corporate Development .

For the financial year ended December 31, 2011, the Named Executive Officers of the Company were as follows: Andrew Dinning, President and CEO; Nicholas Longmire, CFO; Paul Schmiede, Vice President – Corporate Development; and Jack Hamilton, Vice President – Exploration.

The Company reports in United States dollars. Unless otherwise noted, all compensation described in this statement is awarded to, earned by, paid to, or payable to an NEO in either Canadian dollars or Australian dollars. Unless otherwise noted, all compensation amounts have been converted into United States dollars at the following Bank of Canada annual average rates:

Fiscal 2011:	C\$0.9891	=	US\$1.00
	A\$0.9691	=	US\$1.00

All references to “**C\$**”, “**\$**” or “**dollars**” in this Information Circular refer to Canadian dollars unless otherwise indicated. References to “**US\$**” or “**U.S. dollars**” refer to United States dollars. References to “**A\$**” refers to Australian dollars.



### ***Compensation and Corporate Governance Committee***

The Company's Compensation and Corporate Governance Committee was formed by the Board of Directors to assist the Board in discharging the Board's oversight responsibilities relating to the Company's remuneration policies and practices, the overall remuneration strategy and the award of stock options.

The members of the Compensation and Corporate Governance Committee are Messrs. Harvey, Jackson and Turner, each of whom are "independent" for the purposes of National Instrument 58-101 – *Disclosure of Corporate Governance Practices* ("NI 58-101"). All members of our Compensation and Corporate Governance Committee have extensive experience either in management or serving on the board of directors of various public mining companies.

The compensation responsibilities of the Compensation and Corporate Governance Committee include the following:

- (a) reviewing and approving corporate goals and objectives relevant to CEO compensation, evaluating the CEO's performance in light of those corporate goals and objectives, and recommending to the Board the CEO's compensation level based on this evaluation, including salary, incentives, benefits and other perquisites;
- (b) reviewing and recommending to the Board the compensation, including salary, incentives, benefits and other perquisites, of all directors and executive officers, except for the CEO;
- (c) reviewing and approving professional indemnity and liability insurance for directors and senior management;
- (d) reviewing succession plans for senior management; and
- (e) reviewing all executive compensation disclosure before the Company publicly discloses this information.

The Compensation and Corporate Governance Committee meets not less than twice annually. The Compensation and Corporate Governance Committee also reviews the skills, areas of expertise, backgrounds, independence and qualifications of the members of the Board.

### ***Compensation Review Process***

#### ***Chief Executive Officer ("CEO")***

Our Compensation and Corporate Governance Committee periodically reviews and approves corporate goals and objectives relevant to the CEO's compensation and evaluates the CEO's performance in light of those corporate goals and objectives. Given the very early stage of the Company and its rapid growth, our Compensation and Corporate Governance Committee has at this point set broad corporate goals and objectives which will become more specific as the Company's direction becomes more defined.

Our Compensation and Corporate Governance Committee recommends to the Board the CEO's compensation, including salary, incentives, benefits and other perquisites, based on this evaluation.

## *Directors and Executive Officers*

Our Compensation and Corporate Governance Committee reviews and recommends to the Board the compensation, including salary, incentives, benefits and other perquisites, of all directors and executive officers.

### ***Elements of Executive Compensation***

A combination of fixed and variable compensation is used to motivate executives to achieve overall corporate goals. The compensation of Named Executive Officers for the financial year ended December 31, 2011 included annual compensation in the form of base salary, pension scheme contributions and long term compensation in the form of stock options. To date, no specific formulae have been developed to assign a specific weighting to these components.

Each element of the total targeted compensation is reviewed on an annual basis by the Compensation and Corporate Governance Committee for each Named Executive Officer, to ensure that the incentives are designed and implemented to align compensation with short-term and long-term key corporate objectives and performance by the relevant Named Executive Officer.

### *Base Salary*

Base Salary is the fixed element of compensation that is payable to each Named Executive Officer for performing his or her position-specific duties. The amount of base salary for each Named Executive Officer is determined on an individual basis by the need to attract and retain highly qualified individuals who are able to carry out our business objectives. While base salary is intended to fit into the Company's overall compensation objectives by serving to attract and retain talented executive officers, the size of the Company and the nature and stage of its business also impacts the level of base salary.

The salary of each Named Executive Officer is determined by our Board and our Compensation and Corporate Governance Committee in light of each individual's experience and performance as well as through an assessment of the contribution of each Named Executive Officers to the Company. Consideration is generally given to the compensation levels in companies similar to the Company.

It is anticipated that as we continue to grow in size and complexity, compensation will be set with reference to the market for similar jobs in peer group companies and an appropriate portion of total compensation will be variable and linked to the performance of both individual and corporate objectives. It is also anticipated that short-term performance based financial incentives such as bonuses will be implemented and determined through the compensation review process performance objectives and specific.

Currently, our compensation program does not include the award of short-term performance based financial incentives such as bonuses. Named Executive Officers are eligible for annual cash bonuses at the discretion of our Compensation and Corporate Governance Committee. A bonus was approved in February 2012 to named executive officers and members of the management team in recognition of their efforts in preparing and successfully finalising the Initial Public Offering of the Company.

### *Pensions*

For the Named Executive Officers who are residents of Australia, we are obligated by Australian law to contribute 9% of the base salary of each to a registered superannuation fund. As part of our compensation

program, each Named Executive Officer, who is an Australian resident, receives ten percent of the base salary to his or her superannuation fund, 1% above what is legally required.

#### *Option Based Awards*

Our long term incentive awards consist of stock options granted pursuant to the Stock Option Plan. Our Compensation and Corporate Governance Committee believes that granting stock options to executive officers aligns the interests of the executive officers with our shareholders by linking a component of executive compensation to the longer term performance of our Shares. We emphasize stock options in executive compensation as they allow the NEOs to share in corporate results in a manner that is relatively cost effective despite the effects of treating stock options as a compensation expense. Our Compensation and Corporate Governance Committee provides recommendations to our Board with respect to option grants to NEOs. The number of stock options is generally commensurate to the appropriate level of base compensation for each level of responsibility. In order to determine the number of options to grant to an executive officer, our Compensation and Corporate Governance Committee and Board will also consider a number of factors, including position and length of service, recommendations by senior executive officers and previous grants of options to the executive officer.

The Stock Option Plan is administered by our Board, which will designate, from time to time, the recipients of options and the terms and conditions of each grant, in each case in accordance with applicable securities laws and stock exchange requirements. The exercise price of the options will be no lower than the closing price per Share on the TSX Venture Exchange (the “TSXV”) for the last day Shares were traded prior to the date of the grant, or such other minimum price as may be required by the TSXV.

Our Board does not engage in a formal evaluation of the implications of the risks associated with our compensation policies and practices. However, our Board periodically reviews at least once annually the risks, if any, associated with our compensation policies and practices at such time.

We employ a compensation model which ensures that an adequate portion of overall compensation for our NEOs is “at risk” and only realized through the performance of the Company over both the short-term and longer-term. With respect to the longer-term component of executive compensation, options granted under the our Stock Option Plan, option grants are generally priced above market-value at the time of grant and the number of stock options granted is based on a fixed annual dollar amount using the then applicable Black-Scholes value per option granted. Therefore, the realization of value from the long-term incentive component of the executive compensation program is largely aligned with longer-term appreciation in shareholder value.

Further, all elements of executive compensation are discretionary. As a result, it is less likely that an executive officer would take inappropriate or excessive risks at the expense of the Company or the shareholders that would be beneficial to their short-term compensation when their long-term compensation might be put at risk from their actions. Due to our organizational structure, our Board is able closely monitor executive performance such that any risks associated with our compensation policies and practices may be promptly identified and mitigated.

We have not adopted a formal policy forbidding our directors or officers from purchasing financial instruments that are designed to hedge or offset a decrease in market value of equity securities granted as compensation or held, directly or indirectly, by our directors or officers. We are not, however, aware of any of our directors or officers having entered into this type of transaction.

## Summary Compensation Table

The following table sets out information concerning the compensation to be paid by us to our Named Executive Officers for the most recently completed financial year.

Name and principal position	Year	Salary US\$	Share-based awards	Option-based awards <sup>(3)(4)</sup> US\$	Non-equity incentive plan compensation		Pension value <sup>(1)</sup> US\$	All other compensation US\$	Total compensation US\$
					Annual incentive plans	Long term incentive plans			
Andrew Dinning <sup>(5)</sup> <i>President and Chief Executive Officer (\$)</i>	2011	170,605	-	171,852	-	-	17,060	-	359,517
Nicholas Longmire <sup>(2)(6)</sup> <i>Chief Financial Officer (\$)</i>	2011	85,983	-	144,306	-	-	8,598	54,903	293,790
Paul Schmiede <i>Vice President – Corporate Development (\$)</i>	2011	206,360	-	154,667	-	-	20,636	-	381,663
Jack Hamilton <sup>(5)</sup> <i>Vice President – Exploration (\$)</i>	2011	151,653	-	137,482	-	-	-	-	289,135

### Notes:

- (1) We are required by applicable law in Australia to an annual contribution to the nominated superannuation funds of Australian employees of 9% of gross annual salary. Subject to the prevailing legislation, employees are able to elect a higher rate at which the Company contributes. The Company contributes to superannuation funds of Australian resident NEOs at a rate of 10% of base salary per year in addition to the base salary. The Company does not provide defined benefit plans or other pension entitlements for any of its employees.
- (2) This compensation relates to fees paid to Mr. Longmire's consulting firm for consulting services received up to and including July 31, 2011. The consulting fee was paid in Australian dollars and the amount disclosed above has been converted to US dollars.
- (3) Includes all options issued as at December 31, 2011.
- (4) Option-based awards represent the fair market value of incentive stock options awarded during the year. The calculation of fair market value is based on the Black-Scholes option pricing model. The Company selected the Black-Scholes model because it is widely used in estimating option based compensation values by Canadian public companies. The fair value for options granted May 12, 2011 was estimated assuming a risk-free interest rate of 1%, no dividend yield, expected life of 5 years and an expected price volatility of 100%. The fair value for options granted July 28, 2011 was estimated assuming a risk-free interest rate of 1.5%, no dividend yield, expected life of 2.5 years and an expected price volatility of 110%.
- (5) During the first six months of 2011, Messrs. Dinning and Hamilton accepted a 50% reduction in their respective annual salaries.
- (6) Mr. Longmire joined the Company on August 1, 2011 and the figure in the above table represents his *pro rata* salary for 2011.

### Incentive Plan Awards

A total of 2,925,000 options have been granted to our directors and executive officers during the year ended December 31, 2011. The remaining options available to be issued under the Stock Option Plan will be used to retain our current directors, officers, employees and attract new directors, officers, employees and consultants.

### *Outstanding Share and Option Based Awards Table*

The following table summarizes for each NEO the number of options granted under the Stock Option Plan that are outstanding as at December 31, 2011.

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 (\$)
Andrew Dinning <i>President and Chief Executive Officer</i>	500,000	0.75	May 12, 2016	N/A	Nil	Nil
Nicholas Longmire <i>Chief Financial Officer</i>	100,000	0.75	May 12, 2016	N/A	Nil	Nil
	225,000	1.00	July 28, 2016	N/A		
Paul Schmiede <i>Vice President – Corporate Development</i>	450,000	0.75	May 12, 2016	N/A	Nil	Nil
Jack Hamilton <i>Vice President – Exploration</i>	400,000	0.75	May 12, 2016	N/A	Nil	Nil

### *Value Vested or Earned During the Year*

The following table summarizes for each NEO the value of all option-based awards that vested during the financial year ended December 31, 2011. The value vested during the year, represents the cumulative excess of the closing market price over the stock option grant price on the vesting date for all stock options that vested during 2011, whether or not they were exercised by the NEO.

Name	Option-based awards – Value vested during the year (\$)	Share-based awards – Value earned during the year (\$)	Non-equity incentive plan compensation – Value earned during the year (\$)
Andrew Dinning	Nil	Nil	Nil
Nicholas Longmire	Nil	Nil	Nil
Paul Schmiede	Nil	Nil	Nil
Jack Hamilton	Nil	Nil	Nil

### **Termination and Change of Control Benefits**

We have entered into employment contracts with our CEO and CFO. Each of the employment contracts sets forth certain instances where payments and other obligations arise upon termination of employment and/or upon a change of control.

Andrew Dinning serves as our CEO. Through an employment contract between Mr. Dinning and the Company dated 1 July, 2011, Mr. Dinning is paid a base salary of C\$225,000 per annum and a

superannuation contribution of 10% of the base salary. Mr. Dinning may terminate his employment upon giving the Company six months' written notice and the Company may require Mr. Dinning to immediately cease his duties and to terminate his employment at any time during the six month period upon paying Mr. Dinning's salary and other compensation and benefits to which he is entitled until the date of termination.

Nicholas Longmire serves as our CFO. Through an employment contract between Mr. Longmire and the Company dated August 1, 2011, Mr. Longmire is paid a base salary of A\$200,000 and a superannuation contribution of 10% of the base salary. Mr. Longmire may terminate his employment upon giving the Company three months' written notice and the Company may require Mr. Longmire to immediately cease his duties and to terminate his employment at any time during the three month period upon paying Mr. Longmire's salary and other compensation and benefits to which he is entitled to the date of termination.

The Company may terminate each of the forgoing employment agreements at any time without cause by giving, in the case of Mr. Dinning, six months' working notice and in the case of Mr. Longmire, three months' working notice or by immediately terminating their employment and continuing to pay the NEO his salary during the notice period and continuing to provide the NEO with specified employee benefits (the "**NEO Benefits**") to the extent that the Company is able to provide the NEO Benefits and only to the extent the NEO is not receiving comparable benefits from another employer. If the Company is unable to continue the NEO Benefits due to the terms of such benefit plans, the Company will pay to the NEO, during the notice period, an amount equal to the Company's cost of providing the NEO Benefits to the NEO when he was an employee.

Any benefits to be paid to an NEO on termination of his employment contract may be subject to the requirement to obtain shareholder approval of the payment of the benefit(s).

The NEO Benefits for Mr. Dinning include: (a) four weeks annual vacation leave; (b) reimbursement for all reasonable expenses for travel and other business expenses actually and properly incurred by Mr. Dinning in connection with his duties under his employment contract; (c) utilization of the office and accommodation made available by the Company to Mr. Dinning when visiting the Company's projects; (d) reimbursement for all reasonable expenses incurred during the execution of Mr. Dinning's duties, subject to approval, including annual membership of professional institutions and national and international flight clubs and professional development activities approved by the Company; (e) in the event that the principal employment location changes from Perth, Western Australia, reasonable and receipted relocation costs, mutually agreed allowance (if the change in principal employment location increases the cost of living for Mr. Dinning), and six return business class flights per year to Perth for Mr. Dinning and his partner; (f) in the event that Mr. Dinning's employment returns to Perth or if he is, at the time of termination, employed outside of Perth, payment for his reasonable and receipted repatriation costs; (g) standard medical coverage, long term disability, life insurance and other employee benefits as the Company provides from time to time to other employees in a position similar to Mr. Dinning's; (h) payment of full salary during absences due to personal illness or injury or to provide care or support to a member of the NEO's immediate family or household member ("**Carer's Leave**"), up to a maximum of 10 days per annum; (i) an additional two days unpaid Carer's Leave.

The NEO Benefits for Mr. Longmire include: (a) four weeks annual vacation leave; (b) 12 weeks paid long service leave after 10 years of continuous service and on a pro rata basis after seven years of continuous service, based on 1.2 weeks per annum; (c) reimbursement for all reasonable expenses for business related travel and other business expenses actually and properly incurred by Mr. Longmire in connection with his duties under his Employment Contract; (d) in the event that the principal employment location changes from Perth, relocation costs for a period of up to six months and one return economy

class flight per year to Perth for Mr. Longmire, his partner and immediate dependents and in the event that Mr. Longmire's employment returns to Perth or if he is terminated, repatriation costs; (e) reasonable financial and taxation planning advice if the Company changes Mr. Longmire's principal employment location on a full time basis; (f) the possibility, at the Company's discretion, of standard medical coverage, long term disability, life insurance and other employee benefits as the Company provides from time to time to other employees of the Company in a position similar to Mr. Longmire's; (g) payment of full salary during absences due to personal illness or injury or Carer's Leave, up to a maximum of 10 days per annum; (h) an additional two days unpaid Carer's Leave.

In general, pursuant to the employment contracts, a change of control occurs upon the happening of any of the following: (a) any change in direct or indirect ownership of the voting shares and/or convertible securities of the Company as a result of or following which an acquirer beneficially owns, directly or indirectly, or exercises control or direction over shares and/or convertible securities of the Company that would entitle the holders thereof to cast more than 50% of the votes attaching to all shares of the Company that may be cast to elect directors; (b) the acquisition by any third party of all or substantially all of the assets of the Company; (c) a merger of the Company with or into one or more other companies or other entities (other than entities controlled by the Company): (i) where the members of the Board immediately prior to the merger do not constitute a majority of the directors or other governing body of the surviving or continuing entity; (ii) that results in the securityholders of the parties to the merger other than the Company owning, directly or indirectly, securities of the continuing entity that entitle the holders thereof to cast more than 50% of the votes attaching to all the securities of the continuing entity that may be cast to elect its directors or other governing body; or (iii) that has been designated by resolution of the directors of the Company as a change of control prior to the consummation of the merger.

In the event of a change of control or, if within two years following a change of control there is a "Change of Employment" (as defined below), the NEO will have the option to resign by giving the Company written notice, in the case of Mr. Dinning, within six months and in the case of Mr. Longmire, not less than one month, after the date of the change of control or Change of Employment. In that case, or if the Company terminates the NEO's employment without cause within two years after a change of control, the Company will pay, in the case of Mr. Dinning, severance of two years annual base salary and in the case of Mr. Longmire, one year's annual base salary, within 10 days after the effective date of the resignation or termination and all of the NEO's options will be deemed to have vested immediately prior to the effective date of the resignation or termination and will thereafter be exercisable in accordance with the provisions of the stock option plan in effect at the time of grant and any amendments from time to time.

A Change of Employment will arise where following a change of control: (a) there is a change in the NEO's (a material change in the case of Mr. Dinning's) position or duties, responsibilities, title or office; (b) a reduction of the NEO's remuneration or benefits or any failure to increase the remuneration or benefits in a manner consistent with past or present practices; (c) a move in the NEO's principal employment location other than as contemplated in his employment contract; or (d) a determination that as a result of the change of control, the NEO's status or responsibility in the Company or its subsidiaries has been diminished or the NEO is being effectively prevented from carrying out his duties and responsibilities as they existed prior to the change of control.

Mr. Dinning is entitled to receive reasonable and receipted repatriation costs if his employment is terminated by the Company while he is employed by the Company outside of Perth. Mr. Longmire is entitled to receive repatriation costs if his employment is terminated by the Company.

The table below sets out the estimated incremental payments, payables and benefits due to each of the NEOs for termination on a change of control assuming termination on December 31, 2011.

Name	Base Salary \$	Option-Based Awards \$	All Other Compensation \$	Total \$
Andrew Dinning	C\$225,000	-	-	C\$225,000
Nicholas Longmire	A\$200,000	-	-	A\$200,000

### Compensation of Directors

The compensation for each of our non-management directors is \$36,000 per year. In addition, the Chairman of the Board is paid \$24,000 annually and the chairman of the Audit Committee is paid \$5,000 annually. We also reimburse directors for out-of-pocket expenses for attending meetings. Directors are also eligible to participate in our Stock Option Plan.

#### *2011 Director Compensation Table*

The following table sets out all amounts of compensation for non-management directors for the financial year ended December 31, 2011.

Name	Fees earned \$	Option-based awards <sup>(2)</sup> \$	Non-equity incentive plan compensation \$	Pension value \$	All other compensation \$	Total Compensation \$
T. Sean Harvey <sup>(1)(2)</sup>	15,165	68,741	Nil	Nil	Nil	83,906
L. Simon Jackson <sup>(2)</sup>	9,099	51,556	Nil	Nil	Nil	60,655
William Turner <sup>(2)</sup>	9,099	61,076	Nil	Nil	Nil	70,175

Notes:

- (1) Messrs. Harvey's directors fees include an amount of \$6,066 as services for his role of Chairman of the Board.
- (2) Messrs. Harvey, Jackson and Turner's directors fees are paid quarterly in arrears. The director's contracts of engagement are denominated in C\$ but have been presented in US\$ for the purposes of this information circular. References to options granted under the Stock Option Plan are based on the grant date fair value of the applicable awards. The calculation of fair market value is based on the Black-Scholes option pricing model. The Company selected the Black-Scholes model because it is widely used in estimating option based compensation values by Canadian public companies. The fair value for options granted May 12, 2011 was estimated assuming a risk-free interest rate of 1%, no dividend yield, expected life of 5 years and an expected price volatility of 100%. The fair value for options granted July 28, 2011 was estimated assuming a risk-free interest rate of 1.5%, no dividend yield, expected life of 2.5 years and an expected price volatility of 110%.
- (3) Mr. Dinning receives no compensation that relates to his role as a director of the Company.

### Insurance Coverage and Company Indemnification

Our directors and officers are insured under our directors and officers insurance policy. The aggregate coverage amount applicable to those insured directors and officers under the policy is \$10 million subject to a deductible in certain cases. The Board is comfortable with this level of coverage. Our articles also provide for the indemnification by us of our directors from and against eligible penalties and costs in respect of any eligible proceedings, subject to certain limitations.

We have entered into contractual indemnities in favour of each of our directors and officers. The indemnities provide, to the full extent allowed by law, that we shall indemnify and save harmless each director or officer, his or her heirs and legal representatives, from and against any and all judgments, penalties or fines awarded or imposed in, or an amount paid in settlement of, an eligible proceeding,



including reasonable and actually incurred costs, charges and expenses related to such proceedings (“**indemnifiable costs**”), sustained or incurred by the director or officer by reason of the director or officer being or having been a director or officer of, or holding or having held a position equivalent to that of a director or officer of, the Company or an associated company; however, we will not indemnify a director or officer if (i) in relation to the subject matter of the eligible proceeding, the director or officer did not act honestly and in good faith with a view to the best interests of the Company or an associated company, or if (ii), in the case of an eligible proceeding other than a civil proceeding, the director or officer did not have reasonable grounds for believing that the conduct of the director or officer in respect of which the proceeding was brought was lawful. The indemnities also provide that indemnifiable costs may be paid, upon the request of the indemnified party, by the Company before the final disposition of the relevant proceedings, with the agreement that, if it is ultimately determined that the indemnified party was not entitled to be so indemnified, such amounts shall be refunded to the Company.

### **EQUITY COMPENSATION PLAN**

The following table provides information regarding compensation plans under which securities of the Company are authorized for issuance in effect as at December 31, 2011:

<b>Plan Category</b>	<b>Number of securities to be issued upon exercise of outstanding options, warrants and rights<sup>(1)</sup> Number</b>	<b>Weighted-average exercise price of outstanding options, warrants and rights C\$</b>	<b>Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in the first column)<sup>(2)</sup> #</b>
Equity Compensation Plans Approved By Shareholders	2,925,000	0.79	2,226,331
Equity Compensation Plans Not Approved By Shareholders	Nil	Nil	Nil
Total	2,925,000	0.79	2,226,331

**Notes:**

- (1) Represents Shares issuable under the Stock Option Plan as at December 31, 2011. Additional information can be found under the headings “Compensation Discussion & Analysis” and “Approval of the Stock Option Plan”.
- (2) The Company is authorized, under the Stock Option Plan, to issue up to 10% of the number of issued and outstanding Shares on a non-diluted basis at any time. The number of Shares available for future issuance under the Stock Option Plan as at December 31, 2011 includes Shares that have not previously been reserved for an option grant and Shares underlying unexercised options that have expired or were terminated.

### **APPROVAL OF THE STOCK OPTION PLAN**

Our Board adopted a stock option plan on May 12, 2011 (the “**Stock Option Plan**”) for the benefit of our executive officers, directors, employees and consultants (“**Eligible Persons**”). The purpose of the Stock Option Plan is to provide Eligible Persons with an opportunity to purchase Shares and to benefit from the appreciation in the value of such Shares and to provide an increased incentive for those individuals to contribute to our future growth, success and prosperity, thus enhancing the value of our Shares for the benefit of all of our shareholders and increasing our ability to attract and retain skilled and motivated individuals. Our Board has the authority to determine the directors, executive officers, employees and consultants to whom options will be granted, the number of options to be granted to each person and the price at which Shares may be purchased pursuant to options granted under the Stock Option Plan, subject to the terms and conditions set forth in the Stock Option Plan.

Pursuant to the policies of the TSXV, all stock option plans that reserve for issuance up to 10% (instead of a fixed number) of a listed company’s shares need to be approved by its shareholders on an annual

basis. The Stock Option Plan must be approved by an ordinary resolution passed by a majority of the votes cast by holders of Shares present or represented by proxy at the Meeting. At the Meeting, the shareholders will be asked to vote to approve the Stock Option Plan.

### ***Summary of the Stock Option Plan***

#### *Maximum Number of Shares*

The Stock Option Plan provides that the maximum number of Shares that may be issued under options granted under the Stock Option Plan is equal to 10% of the issued and outstanding Shares. Unless we have received disinterested shareholder approval, the maximum number of Shares that may be issued to any individual in any twelve month period under the Stock Option Plan may be no more than 5% of the issued and outstanding Shares. This restriction is reduced to 2% in the case of consultants and individuals providing investor relations services.

#### *Exercise Price, Exercise and Blackout Periods*

The exercise price for each option is fixed by our Board at the time of the grant in compliance with the Stock Option Plan, applicable law, and the policies of the TSXV, which state that the exercise price will be no less than the Discounted Market Price (as defined in the TSXV Corporate Finance Manual – Policy 1.1 – *Interpretation*). The exercise price is denominated in Canadian dollars. Options will be exercisable in whole or in part, and from time to time, at any time following the date of grant and prior to the expiry of their term, but provided that if an option expires during a black-out period, or within two days of the expiry of a black-out period, then the option shall remain exercisable until the period ending ten business days after the end of such black-out period. Options cannot be granted for a term exceeding ten years. Options granted shall vest, and become exercisable, according to the terms in the Stock Option Plan and any additional terms of any option agreement, all as determined by our Board in its discretion.

#### *Transferability and Cancellation of Options*

Options granted pursuant to the Stock Option Plan are non-transferable and non-assignable, other than upon death in accordance with the Stock Option Plan. If a participant ceases to be an Eligible Person, the participant's options will be exercisable as follows: (a) in the event of death, disability or retirement in accordance with our normal retirement policy, options that have vested prior to death, disability or retirement and held by such Eligible Person may continue to be exercised up to one year following the death, disability or retirement, but not beyond the normal expiry of the term of the option; (b) in the event of early retirement, voluntary resignation or termination other than for cause, options that have vested prior to early retirement, voluntary resignation or termination and held by such Eligible Person may continue to be exercised up to one year following the earlier of (i) when employment ceased due to early retirement, voluntary resignation or termination, or (ii) the date of delivery of written notice of early retirement, voluntary resignation or termination, but in both cases not beyond the normal expiry of the term of the option; and (c) in the event of termination for cause, unexercised options, vested or not, are immediately cancelled and thereafter are of no force or effect. In any of these events, if any options at such time are not vested, such options shall be cancelled unless our Board determines otherwise in its discretion.

#### *Amendments and Certain Corporate Events*

Our Board may amend the Stock Option Plan or any option issued pursuant to the Stock Option Plan without shareholder approval in certain circumstances including (i) to change the vesting provisions of the Stock Option Plan or any option, (ii) to change the termination provisions of any option that does not

entail an extension beyond the original expiry date, and (iii) to change the Eligible Persons under the Stock Option Plan. Most other amendments to the Stock Option Plan or options granted pursuant to the Stock Option Plan require the approval of shareholders or the TSXV, or both.

If a bona fide offer is made to our shareholders to acquire their Shares and the Board becomes aware that more than 50% of the issued Shares have or will become vested in the offeror, then all issued options will become vested and exercisable. Any such options exercised as a result of the offer must be tendered. If our Board concludes that a change of control has occurred and that the replacement of the majority of the Board is imminent, or our Board becomes aware that any person or corporation not already entitled has become entitled to more than 50% of the issued Shares, then all issued options will become vested and exercisable.

The following table sets forth the number of options to purchase Shares outstanding as at December 31, 2011:

Common Shares Under Options Granted	Exercise or Base Price (\$/Common Share)	Grant Date	Expiration Date
2,475,000 <sup>(1)</sup>	0.75	May 12, 2011	May 12, 2016
450,000 <sup>(1)</sup>	1.00	July 28, 2011	July 28, 2016

Notes:

(1) All Options fully vested on the date of grant.

### ***Shareholder Approval***

The policies of the TSXV require that the Stock Option Plan be approved by an ordinary resolution passed by a majority of the votes cast by holders of Shares present or represented by proxy at the Meeting.

Shareholders will be asked at the Meeting to consider and, if deemed advisable, to pass, with or without variation, the ordinary resolution in the form set forth below:

“IT IS RESOLVED THAT:

1. Subject to the Company receiving TSX Venture Exchange and any other regulatory approvals, if so required, the Stock Option Plan as described in the management information circular dated the 1<sup>st</sup> day of May, 2012 is hereby approved and all unallocated entitlements issuable pursuant to the Stock Option Plan are hereby approved and authorized for issuance until the Company’s next annual general meeting.”

**The Board of Directors has determined that the approval of the Stock Option Plan is in the best interest of the Company and its shareholders and recommends that shareholders of the Company vote FOR the resolution approving the Stock Option Plan. Unless directed otherwise, the persons named in the accompanying proxy intend to vote FOR the resolution approving the Stock Option Plan.**

## APPOINTMENT OF AUDITOR

The directors propose to appoint PricewaterhouseCoopers, Chartered Accountants, as Auditor of the Company to hold office until the next annual general meeting of the Company. The remuneration of the Auditor is fixed by the directors.

PricewaterhouseCoopers were first appointed Auditor of the Company on June 21, 2011. **Unless otherwise instructed, the persons named in the accompanying proxy intend to vote FOR the re-appointment of PricewaterhouseCoopers, Chartered Accountants, as Auditor of the Company, and to authorize the directors to fix their remuneration.**

## CORPORATE GOVERNANCE

Corporate governance relates to the activities of our Board, the members of which are elected by and are accountable to the shareholders, and takes into account the role of the individual members of management who are appointed by our Board and who are charged with the day to day management of the Company. Our Board is committed to sound corporate governance practices which are both in the interest of its shareholders and contribute to effective and efficient decision-making. National Policy 58-201 – *Corporate Governance Guidelines* (“NP 58-201”) establishes corporate governance guidelines which apply to all public companies. In light of these guidelines, we have instituted our own corporate governance practices, the disclosure of which is set out in accordance with NI 58-101.

### *Board of Directors*

Our Board is responsible for the stewardship and the general supervision of the management of the business and for acting in the best interests of the Company and its shareholders. Our Board is composed of four directors being Messrs. Dinning, Harvey, Jackson and Turner. Of these directors, Messrs. Harvey, Jackson and Turner are “independent” within the meaning of NI 58-101 as none of them is an executive officer or employee of the Company or party to any material contract with the Company and none of them will receive remuneration from the Company other than directors’ fees and grants of stock options. Mr. Dinning is not independent as he is the President and CEO of the Company.

### *Other Directorships*

The following directors are currently directors of other reporting issuers (or the equivalent) in Canada or foreign jurisdictions:

<u>Director</u>	<u>Name of Reporting Issuer</u>
T. Sean Harvey	Allied Gold Mining plc (TSX, ASX, LSE), Andina Minerals Inc. (TSXV), Serabi Gold plc (TSX, AIM), Victoria Gold Corp. (TSXV), Perseus Mining Limited (TSX, ASX), Azimuth Resources Ltd (ASX)
William S. Turner	White Star Resources Ltd (ASX)

### *Orientation and Continuing Education*

We do not have a formal orientation and education program for new directors. Upon joining our Board, each director is provided with an orientation program regarding the role of our Board, its committees and its directors, and the nature and operation of our current and past business. New directors are also provided with a copy of our Audit Committee Charter and our Compensation and Corporate Governance Committee Charter. Our Board encourages directors to participate in continuing education opportunities

in order to ensure that the directors may maintain or enhance their skills and abilities as directors, and maintain a current and thorough understanding of our business.

### ***Ethical Business Conduct***

We have adopted a written Code of Business Conduct and Ethics (the “**Code**”) for our directors, officers and employees. Written copies of the Code may be obtained from us upon request. Our Board promotes compliance by asking employees, officers and directors to verify, from time to time, their understanding and compliance with the Code and employees, officers and directors are required to inform the Chief Executive Officer of any changes in their holdings or matters that might be, or appear to be, non-compliant with the Code. If any potential conflict of interest arises and the individual involved is an employee, the individual must immediately notify the Chief Executive Officer in writing and no further action may be taken unless authorized in writing by the Chief Executive Officer. If such individual is an officer or director of the Company, the Chairman of the Company as well as the Chief Executive Officer must be notified immediately, or if the conflict is concerning the Chairman, the Chief Executive Officer must be notified immediately in writing and no further action may be taken until authorized in writing by the Chairman and the Chief Executive Officer or the Chief Executive Officer, as the case may be.

### ***Compensation and Nomination of Directors***

Our Compensation and Corporate Governance Committee is responsible for, among other things, determining director compensation, approving officer compensation, approving the Company’s compensation policy with respect to base, incentives, benefits and other perquisites, identifying and recommending potential candidates for the Board, evaluating the performance of the Board, committees and directors, and developing, and monitoring the effectiveness of, the Company’s approach to corporate governance. Our Compensation and Corporate Governance Committee is also responsible for succession planning for senior management.

Our Compensation and Corporate Governance Committee meets frequently, but not less than twice annually. Our Compensation and Corporate Governance Committee reviews the skills, areas of expertise, backgrounds, independence and qualifications of the members of the Board. As required, our Compensation and Corporate Governance Committee shall identify and, if advisable, recommend to the Board for approval, potential candidates for nomination or appointment to the Board having regard to the results of their review. Our Compensation and Corporate Governance Committee is responsible for recommending the slate of nominees for election by the shareholders at the annual meeting.

### ***Other Board Committees***

We do not currently have any Board committees other than the Audit Committee and the Compensation and Corporate Governance Committee.

## **AUDIT COMMITTEE**

The primary function of the audit committee of the Board (the “**Audit Committee**”) is to assist the Board in fulfilling its financial reporting and controls responsibilities to our shareholders. In accordance with National Instrument 52-110 – *Audit Committees* (“**NI 52-110**”), information with respect to our Audit Committee is contained below. The full text of the Audit Committee Charter, as passed unanimously by our Board, is attached to this Information Circular as Appendix “A”.

### ***Composition of the Audit Committee***

The Audit Committee is composed of Messrs. L. Simon Jackson (Chairman), T. Sean Harvey and William S. Turner, all of whom are independent directors and all of whom are financially literate, within the meaning of NI 52-110.

### ***Relevant Education and Experience***

The education and experience of each Messrs. Jackson, Harvey and Turner that is relevant to the performance of his responsibilities as an audit committee member is set out below.

#### *L. Simon Jackson, FCA, B.Com*

Mr. Jackson was the CFO (May 2004 to September 2007) and then Vice President, Corporate Development (September 2007 to September 2010) of Red Back Mining Inc. (“**Red Back**”). Red Back operated gold mines in Ghana and Mauritania producing over 400,000 ounces of gold per year. While at Red Back, Mr. Jackson oversaw the financing, development and construction of that company’s mines. Mr. Jackson was responsible for Red Back’s aggressive merger and acquisition activity which culminated in the friendly takeover of Red Back by Kinross Gold Corporation in September 2010. Mr. Jackson is the Chairman of the Audit Committee and has been a director of both ASX and TSX listed companies. Mr. Jackson is a Fellow of the Institute of Chartered Accountants in Australia and has a Bachelor of Commerce from the University of Western Australia.

#### *T. Sean Harvey, B.A., M.A., L.L.B., M.B.A.*

Mr. Harvey has over 10 years investment banking and merchant banking experience, primarily focused on the basic industry (mining) sector and for the last 12 years has held senior executive and board positions with various mining companies. He is currently the Chairman of the Audit Committee of Allied Gold Mining plc and also a member of the Audit Committees of Perseus Mining Limited, Victoria Gold Corp., Andina Minerals Inc and Serabi Gold plc. Mr. Harvey was President and Chief Executive Officer of Orvana Minerals Corp. from 2005 to 2006. Previously, he was President and CEO of TVX Gold at the time of its sale to Kinross Gold Corporation in 2003 and, subsequent to that, was President and CEO of Atlantico Gold, a private company involved in the development of the Amapari Project in Brazil, which was sold to Wheaton River Minerals Ltd. (presently Goldcorp Inc.). Mr. Harvey also currently sits on the board of directors of several other mining companies. Mr. Harvey has an Honours B.A. in economics and geography and an M.A. in economics, both from Carleton University. He also has an LL.B from the University of Western Ontario and an M.B.A. from the University of Toronto. He is a member of the Law Society of Upper Canada.

#### *William S. Turner, B.Sc., M.Sc., M.B.A.*

Mr. Turner was a board member of Anvil Mining Limited from September 1996 to June 2011, and its President and Chief Executive Officer from June 2004 to July 2011. Prior to joining Anvil Mining Limited in 1995, he worked with Dominion Mining Limited over a period of 10 years as the General Manager – Indonesia and Special Projects Manager – Australia. Mr. Turner is the Chairman of the Compensation and Corporate Governance Committee. Mr. Turner has a Bachelor of Science (Geology and Mineralogy) from the University of Queensland, a Master of Science from James Cook University and an M.B.A. from Monash University.

### ***Audit Committee Oversight***

At no time since the commencement of our most recently completed financial year did our Board decline to adopt a recommendation of the Audit Committee to nominate or compensate an external auditor.

### ***Reliance on Certain Exemptions***

At no time since the commencement of our most recently completed financial year did we rely on (a) the exemption in section 2.4 of NI 52-110 (*De Minimis* Non-audit Services), or (b) an exemption from NI 52-110, in whole or in part, granted under Part 8 (Exemptions).

### ***Pre-Approval Policies and Procedures for Non-Audit Services***

As at the date of this Information Circular, the Audit Committee has not adopted any specific policies or procedures for the engagement of non-audit services.

### ***External Auditor Service Fees***

The aggregate fees billed for services rendered by our external auditor, PricewaterhouseCoopers, from incorporation on April 8, 2010 to December 31, 2011 were as follows:

<b>Fees</b>	<b>From Incorporation to December 31, 2010</b>	<b>Fiscal 2011</b>
Audit Fees For audit of our annual financial statements and review of our quarterly financial statements	\$23,837	\$85,331
Audit Related Fees Fees not included in Audit Fees that are billed by PricewaterhouseCoopers for assurance and related services that are reasonably related to the performance of the audit review of our financial statements	Nil	\$39,504
Tax Fees Fees billed by PricewaterhouseCoopers for professional services rendered for tax compliance, tax advice and tax planning	Nil	Nil
All Other Fees Fees billed by PricewaterhouseCoopers for products and services not included in the foregoing categories	Nil	Nil

### ***Exemption***

In respect of the financial year ended December 31, 2011, we are relying upon the exemption in Section 6.1 of NI 52-110 with respect to compliance with the requirements of Part 5 (Reporting Obligations) of NI 52-110.

## **INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS**

There is no indebtedness owing to the Company from any of our executive officer or directors or our former director or any subsidiary of ours or any associate of such person, including indebtedness that is the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by us or a subsidiary of ours.

## **INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS**

None of the informed persons of the Company, nor any proposed nominee for election as a director of the Company, nor any associate or affiliate of the foregoing persons, has any material interest, direct or indirect, in any transaction since the commencement of the Company's last completed financial year, or in any proposed transaction which in either case, has or will materially affect the Company, except as disclosed herein.

Applicable securities legislation defines, "informed person" to mean any of the following: (a) a director or executive officer of a reporting issuer; (b) a director or officer of a person or company that is itself an informed person or subsidiary of a reporting issuer; (c) any person or company who beneficially owns, directly or indirectly, voting securities of a reporting issuer or who exercises control or direction over voting securities of a reporting issuer or a combination of both carrying more than 10 percent of the voting rights attached to all outstanding voting securities of the reporting issuer other than voting securities held by the person or company as underwriter in the course of a distribution; and (d) a reporting issuer that has purchased, redeemed or otherwise acquired any of its securities, for so long as it holds any of its securities.

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

Other than as set forth in this Information Circular, no person who has been a director or executive officer of the Company at any time since the beginning of the Company's most recently completed financial year, no proposed nominee for election as a director of the Company and no associate or affiliate of any of the foregoing has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted at the Meeting, except for any interest arising from the ownership of Shares where the shareholder will receive no extra or special benefit or advantage not shared on a pro-rata basis by all holders of Shares.

## **OTHER MATTERS**

Our management is not aware of any other matters which will be brought before the Meeting other than those set forth in the Notice of Meeting. Should any other matters properly come before the Meeting, the Shares represented by the proxies solicited hereby will be voted on those matters in accordance with the best judgment of the persons voting such proxies.

## **ADDITIONAL INFORMATION**

Additional information regarding the Company and its business activities is available under the Company's profile on the SEDAR website located at [www.sedar.com](http://www.sedar.com). The Company's financial information is provided in the Company's audited consolidated financial statements and related management discussion and analysis for its most recently completed financial year and may be viewed on the SEDAR website at the location noted above. Shareholders of the Company may request copies of the Company's audited financial statements and related management discussion and analysis by contacting Mr. Nick Longmire ([info@saramaresources.com](mailto:info@saramaresources.com)).



**APPROVAL OF THE BOARD OF DIRECTORS**

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

DATED at Vancouver, British Columbia, this 1<sup>st</sup> day of May, 2012.

BY ORDER OF THE BOARD OF DIRECTORS

*(signed) Andrew Dinning*

ANDREW DINNING  
President and CEO

## APPENDIX “A”

### AUDIT COMMITTEE CHARTER

#### SARAMA RESOURCES LTD.

(the “Company”)

#### 1. Overall Purpose/Objectives

The Audit Committee (the “Committee”) will assist the board of directors of the Company (the “Board”) in fulfilling its financial reporting and controls responsibilities. The Committee will oversee 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, management, and the external auditors and monitor and enhance the independence of the auditors. The external auditor shall report directly to the Committee. 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 Committee to seek any information it requires directly from any employee or from any external party, to obtain outside legal or professional advice, to ensure the attendance of Company officers at meetings, as the Committee deems appropriate to fulfill its responsibilities. The Committee shall have full access to all of the Company’s books, records and facilities.
- 2.2. The Committee shall receive appropriate funding, as determined by the Committee, for payment of compensation to the external auditors and to any legal or other advisers employed by the Committee, and for payment of ordinary administrative expenses of the Committee that are necessary or appropriate in carrying out its duties.
- 2.3. The Committee may adopt policies and procedures for carrying out its responsibilities.

#### 3. Composition, Procedures and Organization

- 3.1. The Committee will be comprised of at least three members of the Board.
- 3.2. Except as permitted by all applicable legal and regulatory requirements:
  - (a) each member of the Committee shall be “independent” as defined in accordance with Canadian National Instrument 52-110 – *Audit Committees* (or any replacement or supplementary instrument or rule); and
  - (b) each member of the Committee shall be “financially literate” as defined in accordance with Canadian National Instrument 52-110 – *Audit Committees* (or any replacement or supplementary instrument or rule), which generally means that a member will have the ability to read and understand a set of financial statements that present a breadth and level 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.

- 3.3. The Board, at its organizational meeting held in conjunction with each annual general meeting of the shareholders, will appoint the members of the Committee for the ensuing year. The Board may at any time fill any vacancy in the Committee.
- 3.4. The Committee shall elect from its members a Chairman. The Secretary shall be elected from its members, or shall be the Secretary, or the Assistant or Associate Secretary, of the Company.
- 3.5. Any member of the Committee may be removed or replaced at any time by the Board. A member shall cease to be a member of the Committee upon ceasing to be a director of the Company.
- 3.6. Meetings shall be held not less than quarterly. Special meetings shall be convened as required. The external auditors may convene a meeting if they consider that it is necessary.
- 3.7. The times and places where meetings of the Committee shall be held and the procedures at such meetings shall be as determined, from time to time, by the Committee.
- 3.8. Notice of each meeting of the Committee shall be given to each member of the Committee. Subject to the following, notice of a meeting shall be given orally or by letter, electronic mail, facsimile transmission or telephone not less than 48 hours before the time fixed for the meeting. Notice of regular meetings need state only the day of the week or month, the place and the hour at which such meetings will be held and need not be given for each meeting. Members may waive notice of any meeting.
- 3.9. The Committee will invite the external auditors, management and such other persons to its meetings as it deems appropriate. However, any such invited persons may not vote at any meetings of the Committee.
- 3.10. A meeting of the Committee may be held by telephone or by means of such other electronic or other communications facilities as permit all persons participating in the meeting to communicate adequately with each other during the meeting.
- 3.11. The majority of the Committee shall constitute a quorum for the purposes of conducting the business of the Committee. Notwithstanding any vacancy on the Committee, a quorum may exercise all of the powers of the Committee.
- 3.12. Any decision made by the Committee shall be determined by a majority vote of the members of the Committee present or by consent resolution in writing signed by each member of the Committee. A member will be deemed to have consented to any resolution passed or action taken at a meeting of the Committee unless the member dissents.
- 3.13. A record of the minutes of, and the attendance at, each meeting of the Committee shall be kept. The approved minutes of the Committee shall be circulated to the Board forthwith.

- 3.14. The Committee shall report to the Board on all proceedings and deliberations of the Committee at the first subsequent meeting of the Board, and at such other times and in such manner as the Board or the articles of the Company may require or as the Committee in its discretion may consider advisable.
- 3.15. The Committee will have access to such officers and employees of the Company and to such information respecting the Company, as it considers necessary or advisable in order to perform its duties and responsibilities.

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

The roles and responsibilities of the Committee are as follows.

- 4.1. Oversee the accounting and financial reporting processes of the Company and the audits of the financial statements of the Company.
- 4.2. Review the terms of reference and effectiveness of any internal audit process, and the working relationship between internal financial personnel and the external auditor.
- 4.3. Review the annual financial statements and the results of the audit with management and the external auditors prior to the release or distribution of such statements, and obtain an explanation from management of all significant variances between comparative reporting periods. Recommend the audited financial statements to the Board for approval.
- 4.4. Review the interim financial statements with management prior to the release or distribution of such statements, and obtain an explanation from management of all significant variances between comparative reporting periods. Recommend the interim financial statements to the Board for approval.
- 4.5. Assess the fairness of the financial statements and disclosures, and obtain explanations from management on whether:
  - (a) actual financial results for the financial 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; and
  - (d) there are any significant, complex and/or unusual events or transactions such as related party transactions or those involving derivative instruments and consider the adequacy of disclosure thereof.
- 4.6. Review all public disclosure referencing, containing or incorporating by reference the audited or unaudited financial statements, results or information before its public release and approval by the Board, including management's discussion and analysis, financial information contained in any prospectus, private placement offering document, annual report, annual information form, takeover bid circular, and any annual and interim earnings press releases, and determine whether they are complete and consistent with the information known to Committee members.

- 4.7. Determine whether the auditors are satisfied that the financial statements have been prepared in accordance with generally accepted accounting principles.
- 4.8. Focus on judgmental areas, for example those involving valuation of assets and liabilities and other commitments and contingencies.
- 4.9. 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.
- 4.10. Ascertain whether any significant financial reporting issues were discussed by management and the external auditor during the fiscal period and the method of resolution.
- 4.11. Review and resolve any significant disagreement between management and the external auditors in connection with the preparation of the financial statements.
- 4.12. Recommend to the Board the selection of the firm of external auditors to be proposed for election as the external auditors of the Company.
- 4.13. Review and approve the proposed audit plan and the external auditors' proposed audit scope and approach with the external auditor and management and ensure no unjustifiable restriction or limitations have been placed on the scope.
- 4.14. Explicitly approve, in advance, all audit and non-audit engagements of the external auditors; provided, however, that non-audit engagements may be approved pursuant to a pre-approval policy established by the Committee that: (i) is detailed as to the services that may be pre-approved, (ii) does not permit delegation of approval authority to the Company's management, and (iii) requires that the delegatee or management inform the Committee of each service approved and performed under the policy. Approval for minor non-audit services is subject to applicable securities laws.
- 4.15. If it so elects, delegate to one or more members of the Committee the authority to grant such pre-approvals. The delegatee's decisions regarding approval of services shall be reported by such delegatee to the full Committee at each regular Committee meeting.
- 4.16. Subject to the grant by the shareholders of the authority to do so, if required, review the appropriateness and reasonableness of the compensation to be paid to the external auditors and make a recommendation to the Board regarding such compensation.
- 4.17. Oversee and enhance the independence of the external auditors. Obtain from the external auditors a formal written statement delineating all relationships between the external auditors and the Company. Actively engage in a dialogue with the external auditors with respect to any disclosed relationships or services that impact the objectivity and independence of the external auditor.
- 4.18. 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.
- 4.19. Review the performance of the external auditors, and in the event of a proposed change of auditor, review all issues relating to the change, including the information to be

included in any notice of change of auditor as required under applicable securities laws, and the planned steps for an orderly transition.

- 4.20. Review the post-audit or management letter, containing the recommendations of the external auditor, and management's response and subsequent follow-up to any identified weakness.
- 4.21. Review with management its philosophy with respect to controlling corporate assets and information systems, the staffing of key functions and its plans for enhancements.
- 4.22. Gain an understanding of the current areas of greatest financial risk and whether management is managing these effectively.
- 4.23. Review the evaluation of internal controls and management information systems by the external auditor, and, if applicable, the internal audit process, together with management's response to any identified weaknesses and obtain reasonable assurance that the accounting systems are reliable and that the system of internal controls is effectively designed and implemented.
- 4.24. Gain an understanding of whether internal control recommendations made by external auditors have been implemented by management.
- 4.25. Satisfy itself that adequate controls and procedures are in place to allow the Chief Executive Officer and the Chief Financial Officer to certify financial statements and other disclosure documents as required by securities laws.
- 4.26. Review significant accounting and reporting issues, including recent professional and regulatory pronouncements, and understand their impact on the financial statements, reviewing with management and the external auditor where appropriate.
- 4.27. Review any legal matters which could significantly impact the financial statements as reported on by the Company's legal counsel and meet with outside counsel whenever deemed appropriate.
- 4.28. Obtain regular updates from management and the Company's legal counsel regarding compliance matters, as well as certificates from the Chief Financial Officer as to required statutory payments and bank covenant compliance and from senior operating personnel as to permit compliance.
- 4.29. Establish a procedure for the:
  - (a) confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters, and
  - (b) receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls, or auditing matters.
- 4.30. Meet separately with the external auditors to discuss any matters that the Committee or auditors believe should be discussed privately.

- 4.31. Endeavour to cause the receipt and discussion on a timely basis of any significant findings and recommendations made by the external auditors.
- 4.32. Ensure that the Board is aware of matters which may significantly impact the financial condition or affairs of the business.
- 4.33. Review and assess the adequacy of insurance coverage, including directors' and officers' liability coverage.
- 4.34. Perform other functions as requested by the full Board.
- 4.35. If it deems necessary, institute special investigations and, if it deems appropriate, hire special counsel or experts to assist, and set the compensation to be paid to such special counsel or other experts.

5. **General**

In addition to the foregoing, the Committee will:

- (a) assess the Committee's performance of the duties specified in this charter and report its finding(s) to the Board;
- (b) review and assess the adequacy of this charter at least annually and recommend any proposed changes to the Board for approval; and
- (c) perform such other duties as may be assigned to it by the Board from time to time or as may be required by any applicable stock exchanges, regulatory authorities or legislation.