

# VELOCITY

## Minerals Ltd.

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### MANAGEMENT INFORMATION CIRCULAR

containing information as at March 16, 2009 unless otherwise noted

#### SOLICITATION OF PROXIES

##### Solicitation of Proxies by Management

This Management Information Circular (“Circular”) is being furnished in connection with the solicitation of proxies by the management of Velocity Minerals Ltd. (the “Company”) for use at the Annual General Meeting of the shareholders of the Company to be held on Wednesday, April 22, 2009 (the “Meeting”) at the time and place and for the purposes set forth in the accompanying Notice of Meeting and any adjournment thereof.

##### Cost and Manner of Solicitation

While it is expected that the solicitation will be primarily by mail, proxies may be solicited personally or by telephone, facsimile or electronically by the directors and regular employees of the Company or other proxy solicitation services. In accordance with National Instrument 54-101 *Communication with Beneficial Owners of Securities of a Reporting Issuer* (“NI 54-101”), arrangements have been made to forward proxy solicitation materials to the beneficial owners of Common Shares of the Company. All costs of solicitation will be borne by the Company.

#### APPOINTMENT AND REVOCATION OF PROXIES

##### Appointment of Proxy

A shareholder entitled to vote at the Meeting may, by means of a properly completed, executed and deposited proxy, appoint a proxyholder or one or more alternate proxyholders, who need not be shareholders of the Company, to attend and act at the Meeting for the shareholder and on the shareholder’s behalf.

The individuals named in the enclosed form of proxy are Kenneth Richard Holmes, Chairman of the Company and Donald Barry Lee, the Chief Financial Officer of the Company (the “**Management Designees**”). **A SHAREHOLDER DESIRING TO APPOINT SOME OTHER PERSON, WHO NEED NOT BE A SHAREHOLDER, TO REPRESENT HIM OR HER AT THE MEETING, HAS THE RIGHT TO DO SO, EITHER BY INSERTING SUCH PERSON’S NAME IN THE BLANK SPACE PROVIDED IN THE FORM OF PROXY AND STRIKING OUT THE NAMES OF THE MANAGEMENT DESIGNEES OR BY COMPLETING ANOTHER PROPER FORM OF PROXY.** A proxy will not be valid unless the completed, dated and executed form of proxy is deposited with Computershare Investor Services Inc., not less than 48 hours (excluding Saturdays, Sundays and holidays) before the time for holding the Meeting (by 10:00 a.m. Pacific Time on April 20, 2009) or any adjournment thereof. **Proxies may be sent to Computershare Investors Services Inc. using one of the following methods:**

<b>BY MAIL:</b>	Computershare Investor Services Inc. 9th Floor, 100 University Avenue Toronto, Ontario M5J 2Y1
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**OR IF YOU HAVE A HOLDER ID AND HOLDER CODE ON THE FACE OF THE PROXY OR VOTING INSTRUCTION FORM, YOU ARE ALTERNATIVELY ABLE TO VOTE:**

<b>BY TELEPHONE:</b>	1-866-732-VOTE (8683); or
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<b>BY INTERNET:</b>	<a href="http://www.investorvote.com">www.investorvote.com</a>
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### **Revocation of Proxy**

A shareholder who has given a proxy may revoke it by an instrument in writing duly executed by the shareholder or by his attorney authorized in writing or, where the shareholder is a corporation, by a duly authorized officer or attorney of the corporation, and delivered either to the registered office of the Company, 2800 Park Place, 666 Burrard Street, Vancouver, British Columbia, V6C 2Z7, at any time up to and including the last business day preceding the day of the Meeting, or if adjourned, any reconvening thereof, or in any other manner provided by law. A revocation of a proxy does not affect any matter on which a vote has been taken prior to the revocation.

In addition, a proxy may be revoked by a shareholder executing another form of proxy bearing a later date and depositing the same at the offices of Computershare Investor Services Inc. within the time period and in the manner set out under the heading “**Appointment of Proxy**” above or by the shareholder personally attending the Meeting, withdrawing his or her proxy and voting the shares.

### **Voting of Proxies and Exercise of Discretion by Proxyholders**

Unless a poll is called for or required by law, voting at the Meeting will be by a show of hands. Common Shares represented by a properly completed, executed and deposited proxy will be voted on any poll and, where a choice with respect to any matter to be acted upon has been specified in the form of proxy, the shares will be voted (or withheld from voting, as the case may be) in accordance with the specification so made.

**IF A CHOICE WITH RESPECT TO ANY MATTER IS NOT CLEARLY SPECIFIED IN THE PROXY, THE MANAGEMENT DESIGNEES WILL VOTE THE SHARES REPRESENTED BY THE PROXY FOR EACH MATTER.**

**The enclosed form of proxy when properly completed, executed and deposited and not revoked confers discretionary authority upon the person appointed proxy thereunder to vote with respect to amendments or variations of matters identified in the accompanying Notice of Meeting, and with respect to other matters which may properly come before the Meeting.** In the event that amendments or variations to matters identified in the Notice of Meeting are properly brought before the Meeting or any further or other business is properly brought before the Meeting, it is the intention of the Management Designees to vote in accordance with their best judgment on such matters or business. At the date of this Circular, management knows of no such amendment, variation or other matter which may be presented to the Meeting.

### **Advice to Beneficial Holders of Common Shares**

Only registered holders of Common Shares of the Company or the persons they validly appoint as their proxies are permitted to vote at the Meeting. However, in many cases, Common Shares beneficially owned by a person (a “**Non-Registered Holder**”) are registered either: (i) in the name of an intermediary (an “**Intermediary**”) (including banks, trust companies, securities dealers or brokers and trustees or administrators of self-administered RRSP’s, RRIF’s, RESP’s and similar plans) that the Non-Registered Holder deals with in respect of the shares, or (ii) in the name of a clearing agency (such as the Canadian Depository for Securities Limited) of which the Intermediary is a participant.

*Distribution to Non-Objecting Beneficial Owners (“NOBO”)*

In accordance with the requirements of the Canadian Securities Administrators and NI 54-101, the Company will have caused its agent to distribute copies of the Notice of Meeting and this Circular (collectively, the “**meeting materials**”) as well as a voting instruction form directly to those Non-Registered Holders who have provided instructions to an Intermediary that such Non-Registered Holder does not object to the Intermediary disclosing ownership information about the beneficial owner.

*These securityholder materials are being sent to both registered and non-registered owners of the securities. If you are a non-registered owner, and the Company or its agent has sent these materials directly to you, your name and address and information about your holdings of securities, have been obtained in accordance with applicable securities regulatory requirements from the intermediary holding on your behalf.*

*By choosing to send these materials to you directly, the Company (and not the intermediary holding on your behalf) has assumed responsibility for (i) delivering these materials to you, and (ii) executing your proper voting instructions. Please return your voting instructions as specified in the request for voting instruction form enclosed with NOBO’s mailings.*

The meeting materials distributed by the Company’s agent to NOBOs include a voting instruction form. Please carefully review the instructions on the voting instruction form for completion and deposit.

*Distribution to Objecting Beneficial Owners (“OBO”)*

In addition, the Company will have caused its agent to deliver copies of the meeting materials to the clearing agencies and Intermediaries for onward distribution to those Non-Registered Shareholders who have provided instructions to an intermediary that the beneficial owner objects to the intermediary disclosing ownership information about the beneficial owner.

Intermediaries are required to forward the meeting materials to OBOs unless an OBO has waived his or her right to receive them. Intermediaries often use service companies such as Broadridge (formerly ADP) to forward the meeting materials to OBOs. Generally, those OBOs who have not waived the right to receive meeting materials will either:

- (a) 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 shares beneficially owned by the OBO, but which is otherwise uncompleted. This form of proxy need not be signed by the OBO. In this case, the OBO who wishes to submit a proxy should properly complete the form of proxy and deposit it with Computershare Investor Services Inc., with respect to the Common Shares beneficially owned by such OBO, in accordance with the instructions under “**Appointment of Proxy**” above; **OR**
- (b) more typically, be given a voting registration form which is not signed by the Intermediary and which, when properly completed and signed by the OBO and returned to the Intermediary or its service company, will constitute authority and instructions (often called a “**proxy authorization form**”) which the Intermediary must follow. Typically, the proxy authorization form will consist of a one page pre-printed form. Sometimes, instead of the one page pre-printed form, the proxy authorization form will consist of a regular printed proxy form accompanied by a page of instructions which contains a removable label containing a bar-code or other information. In order for the form of proxy to validly constitute a proxy authorization form, the OBO 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.

In either case, the purpose of this procedure is to permit the OBO to direct the voting of the shares he or she beneficially owns.

**Should a Non-Registered Holder who receives one of the above forms wish to vote at the Meeting in person, the Non-Registered Holder should strike out the names of the persons named in the form and insert the Non-**

**Registered Holder's name in the blank space provided. In either case, Non-Registered Holders should carefully follow the instructions, including those regarding when and where the proxy or proxy authorization form is to be delivered.**

### **VOTING SECURITIES AND PRINCIPAL HOLDERS THEREOF**

#### **Voting Securities**

The Company's authorized share structure consists of unlimited Common Shares without par value and unlimited number of Preferred shares without par value. As at March 16, 2009, the Company had 29,082,833 Common Shares issued and outstanding as fully paid and non-assessable, each Common share carrying the right to one vote. No other shares of any other class are issued or outstanding. The Common Shares are the only shares entitled to be voted at the Meeting, and holders of Common Shares, are entitled to one vote for each Common share held.

#### **Record Date**

The record date for the determination of shareholders entitled to receive notice of the Meeting has been fixed as the close of business on Monday, March 16, 2009 (the "**Record Date**").

Any shareholder of record at the Record Date who either personally attends the Meeting or who has deposited a properly completed and executed form of proxy in the manner and subject to the provisions described above and which has not been revoked shall be entitled to vote or to have his or her shares voted at the Meeting or any adjournment(s) thereof.

#### **Principal Holders**

To the knowledge of the Company's directors and executive officers, as at March 16, 2009, the only persons or companies who beneficially own, directly or indirectly, or exercise control or direction over Common Shares of the Company carrying more than 10% of the voting rights attached to all outstanding Common Shares of the Company are:

<b><u>Name</u></b>	<b><u>No. of Shares</u></b>	<b><u>Percentage</u></b>
Velocity Resources Canada Ltd.	6,000,000	20.63%
Jae Jo Song	3,000,000	10.31%
MineralFields Group	3,333,333	11.46%

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

Other than as disclosed elsewhere in this Circular, none of the directors or executive officers of the Company, no proposed nominee for election as a director of the Company, none of the persons who have been directors or executive officers of the Company since the commencement of the Company's last completed financial year and no associate or affiliate or any of the foregoing persons has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted upon at the Meeting other than the election of directors or the appointment of auditors.

## EXECUTIVE COMPENSATION

For the purposes of this Circular:

- (a) “**Acquisition**” means the acquisition by the Company of all the issued and outstanding common shares and warrants of Velocity Exploration Ltd. completed on May 6, 2008. The Acquisition was approved by the shareholders at the Annual and Special General Meeting of shareholders held on March 19, 2008;
- (b) “**Board**” means the board of directors of the Company;
- (c) “**Chief Executive Officer**” or “**CEO**” of the Company means each individual who served as Chief Executive Officer of the Company or acted in a similar capacity during the most recently completed financial year;
- (d) “**Chief Financial Officer**” or “**CFO**” of the Company means each individual who served as Chief Financial Officer of the Company or acted in a similar capacity during the most recently completed financial year;
- (e) “**executive officer**” of the Company means an individual who is
  - (i) a chair, vice-chair or president;
  - (ii) a vice-president in charge of a principal business unit, division or function including sales, finance or production; or
  - (iii) performing a policy-making function in respect of the Company;
- (f) “**long-term incentive plan**” or “**LTIP**” means a plan providing compensation intended to motivate performance over a period greater than one financial year. LTIPs do not include option or SAR plans or plans for compensation through shares or units that are subject to restrictions on resale;
- (g) “**Named Executive Officers**” or “**NEOs**” means:
  - (i) each CEO;
  - (ii) each CFO;
  - (iii) each of the Company’s three most highly compensated executive officers, other than the CEO and CFO, who were serving as executive officers at the end of the most recently completed financial year and whose total salary and bonus exceeded \$150,000; and
  - (iv) any additional individuals for whom disclosure would have been provided under (iii) except that the individual was not serving as an officer of the Company at the end of the most recently completed financial year-end;
- (h) “**options**” includes all options, share purchase warrants and rights granted by the Company or its subsidiaries as compensation for employment services or office. An extension of an option or replacement grant is a grant of a new option. Also, options includes any grants made to a NEO by a third party or a non-subsidiary affiliate of the Company in respect of services to the Company or a subsidiary of the Company; and
- (i) “**stock appreciation right**” or “**SAR**” means a right, granted by the Company or any of its subsidiaries as compensation for employment services or office to receive cash or an issue or

transfer of securities based wholly or in part on changes in the trading price of publicly traded securities.

### Summary of Compensation

The following table sets forth all compensation paid by the Company and/or its subsidiaries for the three most recently completed financial years in respect of the individuals who were Named Executive Officers as at June 30, 2008. The Company had no other executive officers whose total salary and bonus exceeded \$150,000 during those financial years.

**Summary Compensation Table**

NEO  Name and Principal Position (a)	Year (b)	Annual Compensation			Long Term Compensation			All Other Compensation
		Salary (\$) (c)	Bonus (\$) (d)	Other Annual Compensation (\$) (e)	Awards		Payouts	All Other Compensation (\$) (i)
					Securities Under Options/ SARs Granted (#) (f)	Shares or Units Subject to Resale Restrictions (\$) (g)	LTIP Payouts (\$) (h)	
<b>GREGORY LEIGH LYONS</b> <i>Former President &amp; CEO<sup>(1)</sup></i>	2008 2007 2006	NIL <sup>(2)</sup> NIL <sup>(2)</sup> NIL <sup>(2)</sup>	NIL NIL NIL	NIL NIL NIL	NIL NIL NIL	NIL NIL NIL	NIL NIL NIL	NIL NIL NIL
<b>DAVID J. BOWES</b> <i>Former President &amp; CEO<sup>(3)</sup></i>	2008 2007 2006	NIL <sup>(2)</sup> N/A N/A	NIL N/A N/A	NIL N/A N/A	NIL N/A N/A	NIL N/A N/A	NIL N/A N/A	NIL N/A N/A
<b>STEPHEN GERALD DIAKOW</b> <i>CEO &amp; President<sup>(4)</sup></i>	2008 2007 2006	\$24,000 N/A N/A	NIL N/A N/A	NIL N/A N/A	200,000 <sup>(5)</sup> N/A N/A	NIL N/A N/A	NIL N/A N/A	NIL N/A N/A
<b>DONALD ROSS GETTY</b> <i>Former CFO<sup>(6)</sup> &amp; Secretary</i>	2008 2007 2006	\$9,000 N/A N/A	NIL N/A N/A	NIL N/A N/A	500,000 <sup>(7)</sup> N/A N/A	NIL N/A N/A	NIL N/A N/A	NIL N/A N/A

Notes:

- (1) Gregory Leigh Lyons ceased to act as CEO and President of the Company on December 12, 2007. David J. Bowes was appointed CEO and President on December 12, 2007.
- (2) The Company did not pay any compensation to its Named Executive Officers or other executive officers.
- (3) David J. Bowes ceased to act as CEO and President of the Company on March 19, 2008 when Stephen Gerald Diakow was appointed CEO and President.
- (4) Stephen Gerald Diakow was appointed CEO and President of the Company on March 19, 2008.
- (5) Options granted on March 19, 2008 exercisable until March 19, 2013 at \$0.50 per share. The options were granted under the Company's Stock Option Plan adopted on March 19, 2008 (the "Plan"). See "Option/Stock Appreciation Rights Grants" below for particulars of grants.
- (6) Donald Ross Getty was appointed CFO and Secretary of the Company on March 19, 2008 and ceased to act as CFO of the Company on September 8, 2008, when Donald Barry Lee was appointed CFO.
- (7) Options granted on March 19, 2008 exercisable until March 19, 2013 at \$0.50 per share. The options were granted under the Plan. See "Option/Stock Appreciation Rights Grants" below for particulars of grants.

### Long-Term Incentive Plan Awards

The Company does not have a long term incentive plan for the Company's Named Executive Officers.

**Option/Stock Appreciation Rights Grants**

*Option/SAR Grants During the Financial Year Ended June 30, 2008*

The following table sets forth particulars of stock options granted by the Company to the Named Executive Officers during the financial year ended June 30, 2008:

<b>NEO Name</b>	<b>Securities Under Options/SARs Granted (#)</b>	<b>Percent of Total Options/SARs Granted to Employees in Financial Year</b>	<b>Exercise or Base Price (\$/Security)</b>	<b>Market Value of Securities Underlying Options/SARs on the Date of Grant (\$/Security)</b>	<b>Expiration Date</b>
<b>GREGORY LEIGH LYONS</b> <i>Former CEO</i>	-	-	-	-	-
<b>DAVID J. BOWES</b> <i>Former CEO</i>	-	-	-	-	-
<b>STEPHEN GERALD DIAKOW</b> <i>President &amp; CEO</i>	200,000 <sup>(1)</sup>	8.70% <sup>(2)</sup>	\$0.50	\$0.50 <sup>(3)</sup>	March 19, 2013
<b>DONALD ROSS GETTY</b> <i>Former CFO</i>	500,000 <sup>(1)</sup>	21.74% <sup>(2)</sup>	\$0.50	\$0.50 <sup>(3)</sup>	March 19, 2013

Notes:

- (1) These options were granted to the Named Executive Officers on March 19, 2008 under the Plan.
- (2) A total of 2,300,000 options were issued pursuant to the Plan for the financial year ended June 30, 2008 (2,000,000 options were issued on May 19, 2008 to the directors and officers of the Company and 300,000 options were issued to Brighton Management Inc. on May 20, 2008 pursuant to an Investor Relations Agreement).
- (3) The options were granted on March 19, 2008 when trading of the Company's Common Shares was halted. Trading of the Company's Common Shares was halted on May 20, 2006 and remained halted until its shares were de-listed from the NEX Board of the TSX Venture Exchange on May 16, 2008 and posted and listed for trading on the Toronto Stock Exchange (the "TSX") on May 20, 2008 pending regulatory reviews of proposed qualifying transactions. Accordingly, the Board assigned a fair market value of \$0.50 to the securities underlying the options, such value being equal to the deemed price of units, consisting of one common share and one warrant, issued to shareholders of Velocity Exploration Ltd. in connection with the Acquisition on May 6, 2008.

The foregoing options were granted by the Board under the Plan based upon the recommendations of the Board and following approval of the Plan on March 19, 2008. Under the terms of the Plan, options terminate on the earliest of (1) the termination date specified in an option certificate (2) the date of an optionee's termination (where the optionee is terminated for cause) or such later date determined by the Board, so long as the date is no later than the termination date specified in an option certificate; and (3) 90 days after termination (where the optionee is terminated for a reason other than disability, death or cause) but only to the extent that such optionee was entitled to exercise options as of the date of termination, or such later date determined by the Board, so long as the date is no later than the termination date specified in an option certificate. In the case of the death of the optionee, an optionee's qualified successor may exercise options by the earlier of one year following the date of death or the expiry date of the option.

*Aggregated Option/SAR Exercises During the Financial Year Ended June 30, 2008 And Financial Year-End Option/SAR Values*

No options and no SARs were exercised by the Named Executive Officers during the financial year ended June 30, 2008. The following table sets forth details of the value of unexercised stock options on an aggregate basis held by the Named Executive Officers for the financial year-ended June 30, 2008:

NEO Name	Securities Acquired on Exercise (#)	Aggregate Value Realized (\$)	Unexercised Options/SARs at FY-End (#) Exercisable/ Unexercisable	Value of Unexercised in the Money-Options/SARs at FY-End (\$) Exercisable/ Unexercisable
<b>GREGORY LEIGH LYONS</b> <i>Former CEO</i>	N/A	N/A	N/A	N/A
<b>DAVID J. BOWES</b> <i>Former CEO</i>	N/A	N/A	N/A	N/A
<b>STEPHEN GERALD DIAKOW</b> <i>President &amp; CEO</i>	N/A	N/A	200,000 <sup>(1)</sup> (exercisable)	N/A <sup>(2)</sup>
<b>DONALD ROSS GETTY</b> <i>Former CFO</i>	N/A	N/A	500,000 <sup>(3)</sup> (exercisable)	N/A <sup>(2)</sup>

Notes:

- (1) Option to purchase 200,000 Common Shares at \$0.50 per share exercisable until March 19, 2013.
- (2) Based on the closing price of the Company's shares on the Toronto Stock Exchange on March 16, 2009 of \$0.155 per share, the stock options were not in-the-money.
- (3) Option to purchase 500,000 Common Shares at \$0.50 per share exercisable until March 19, 2013.

**Option and SAR Repricings**

During the financial year ended June 30, 2008, the Company has not repriced downward any stock options or SARs held by the Named Executive Officers or by any other executive officers of the Company.

**Defined Benefit or Actuarial Plan Disclosure**

The Company and its subsidiaries do not have any defined benefit or actuarial plan for the Named Executive Officers.

**Termination of Employment, Change in Responsibilities and Employment Contracts**

The following summarizes the arrangements that were in existence at June 30, 2008 with respect to Named Executive Officers:

*Gregory Leigh Lyons and David J. Bowes*

The Company had no arrangement in respect of compensation paid to Gregory Leigh Lyons and David J. Bowes, former CEOs, in the financial year ended June 30, 2008. They received no compensation from the Company for their services as the executive officers of the Company or on termination.

*Stephen Gerald Diakow*

The Company engaged Stephen Gerald Diakow to act as President and CEO of the Company, effective March 19, 2008 for a monthly salary of \$8,000. Stephen Gerald Diakow devotes approximately 70% of his time to the management of the business of the Company. The Company has not entered into an Employment Agreement with Stephen Gerald Diakow and accordingly, no provision has been made regarding periodic payments or instalments in the event of the resignation, retirement or termination, change of control of the Company or a change in Stephen Gerald Diakow's responsibilities following a change of control.

*Donald Ross Getty*

The Company engaged Donald Ross Getty to act as Chief Financial Officer of the Company, effective March 19, 2008 for a monthly salary of \$2,500 for part-time services. Donald Ross Getty resigned as Chief Financial Officer, effective September 8, 2008. The Company made no other payments to Donald Ross Getty in his capacity as Chief Financial Officer other than payment of his monthly salary.

The criteria used to determine the amount payable to the Named Executive Officers of the Company was based on industry standards and the Company's financial circumstances.

The Company has no compensatory plan, contract or arrangement with the Named Executive Officers to compensate them in the event of:

- (a) the resignation, retirement or any other termination of the Named Executive Officers' employment with the Company and its subsidiaries;
- (b) a change of control of the Company or any of its subsidiaries; or
- (c) a change in the Named Executive Officers' responsibilities following a change of control,

where, in respect of the above-noted Named Executive Officers, the value of such compensation exceeds \$100,000.

**Composition of the Compensation Committee**

While the Company does not have a formal Compensation Committee, the Board periodically reviews the compensation issues for all of the executive officers. All executive compensation is approved by the Board. The Board presently consists of eight directors including three independent directors. All of them are being nominated for election for the ensuing year. Please see "**Disclosure of Corporate Governance Practices**" below.

**Report on Executive Compensation**

When determining the compensation of its executive officers, the Board considers the objectives of: (i) recruiting and retaining the executives critical to the success of the Company and the enhancement of shareholder value; (ii) providing fair and competitive compensation; (iii) balancing the interests of management and shareholders of the Company; and (iv) rewarding performance, both on an individual basis and with respect to the business in general. In order to achieve these objectives, the compensation paid to executive officers consists of three components:

- (a) base salary;
- (b) bonus; and
- (c) long-term incentive in the form of stock options granted in accordance with the policies of the Toronto Stock Exchange ("**TSX**").

The Board also considers the individual's performance, tenure and experience, the performance of the Company overall, any retention concerns, the individual's historical compensation and the compensation of the individual's peers in the Company. There is no mandatory framework that determines which of these additional factors may be more or less important, and the emphasis placed on any of these additional factors may vary among the executive officers.

### *Base Salary*

In the Board's view, paying base compensation that is competitive in the market in which the Company operates is the first step to attracting and retaining talented, qualified and effective executives. The base salary of each particular executive officer is determined by an assessment by the Board of such executive officer's performance, a consideration of competitive compensation levels in companies similar to the Company and a review of the performance of the Company as a whole and the role such executive officer played in such company performance.

During the financial year ended June 30, 2008 the Named Executive Officers were paid a base salary in accordance with the terms of their arrangements with the Company.

### *Bonus*

Bonuses are performance based short-term financial incentives and will be paid based on certain indicators such as personal performance, team performance and/or Company financial performance. Bonus levels will be determined by level of position of the executive officer with the Company.

Because of market conditions, bonuses were not paid to the Named Executive Officers for their services in 2008.

### *Long-Term Incentive*

It is the compensation philosophy of the Company to provide a market based blend of base salaries, bonuses and, to a lesser extent, an equity incentive component in the form of options. The Company believes that these long-term incentives promote ownership of the Company and serve to align the interests of management with the interests of the Company's shareholders. The Company provides this long-term incentive by granting stock options to executive officers in accordance with the policies of the TSX. On March 19, 2008, the Board approved a 10% "rolling" stock option plan, which was approved by the shareholders of the Company at its Annual and Special General Meeting of shareholders held on March 19, 2008. Any options granted permit executive officers to acquire Common Shares at an exercise price equal to the market value at the time of grant of the option. The objective of granting options is to encourage executive officers to acquire an ownership interest in the Company over a period of time, which acts as a financial incentive for such executive officer to consider the long-term interests of the Company and its shareholders.

When determining the number of stock options to be granted to an executive officer, the Board takes into account the number and terms of outstanding stock options and vesting provisions when determining whether or not new stock option grants should be made to such executive officer.

During the financial year ended June 30, 2008, the Board granted stock options to executive officers of the Company. Please see "**Option/Stock Appreciation Rights Grants**" above for particulars.

### *CEO Compensation*

The components of the CEO's compensation are the same as those that apply to all of the executive officers of the Company, namely base compensation, performance bonuses and long-term incentives in the form of stock options. The general compensation philosophy of the Company for executive officers is to provide a level of compensation that is competitive within the North American marketplace and that will attract and retain individuals with the experience and qualifications necessary for the Company to be successful, and to provide long-term incentive compensation which aligns the interest of executives with those of the shareholders and provide long-term incentives to members of senior management whose actions have a direct and identifiable impact on the performance of the Company and who have had a material responsibility for long-range strategy development and implementation.

In establishing the CEO's compensation, the Board reviews salaries paid to other executive officers in the Company, salaries paid to other CEO's in the industry for companies of similar size and stage of development and the CEO's contribution to the affairs of the Company and makes decisions with respect to the CEO compensation.

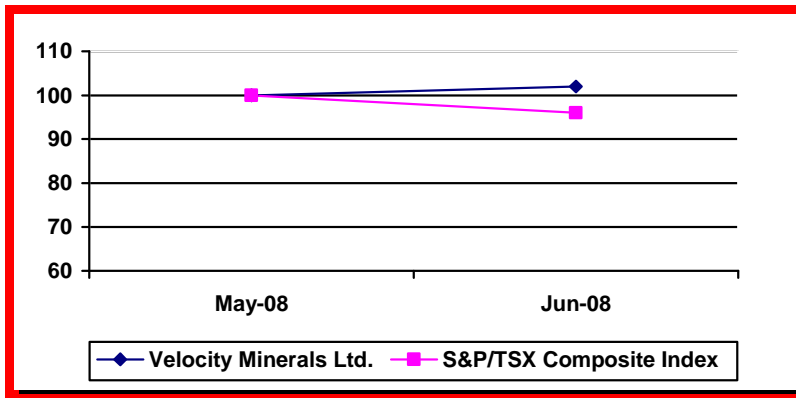
See “**Summary Compensation Table**” above for particulars on the remuneration of the CEO and other Named Executive Officers.

The Board periodically reviews the terms of reference for the Company’s CEO, reviews corporate goals and objectives relevant to the compensation of the CEO, leads the annual CEO review/evaluation process, determines CEO’s compensation based on the result of the CEO’s evaluation, determines if any agreements between the Company and the CEO, including those addressing retirement, termination of employment or other special circumstances, as appropriate are necessary.

### Performance Graph

The following chart compares the percentage change in the cumulative total shareholder return on the Common Shares of the Company against the cumulative total shareholder return of the S&P/TSX Composite Index for the period from May 20, 2008 to June 30, 2008, assuming a \$100 initial investment with all dividends reinvested. The Company’s Common Shares were listed and posted for trading on the TSX on May 20, 2008, following completion of the Acquisition.

While the Company’s Common Shares were publicly traded prior to May 20, 2008, the Company is of the opinion that a comparison of the yearly percentage change in the cumulative total shareholder return on the Common Shares of the Company prior to May 20, 2008 would be of no value given that (1) the Company was initially established as a CPC (as defined in TSX Venture Exchange Policy 2.4 (“**Policy 2.4**”)) and prior to completing the Acquisition, did not conduct business operations of any kind other than identifying and evaluating properties or businesses with a view to completing a Qualifying Transaction (as defined in Policy 2.4); and (2) trading of the Company’s Common Shares was halted between August 16, 2006 and May 20, 2008. The performance as set out in the graph does not necessarily indicate future price performance.



### Compensation of Directors

None of the directors of the Company, other than the Named Executive Officers of the Company (the “**Other Directors**”) has received, during the most recently completed financial year, compensation from the Company and its subsidiaries pursuant to:

- (a) any standard compensation arrangements for services as directors of the Company or its subsidiaries, including any additional amounts payable for committee participation or special assignments;
- (b) any other arrangement for services as directors of the Company or its subsidiaries; and
- (c) any other arrangement for services as consultants or experts of the Company or its subsidiaries.

other than \$24,000 which was paid as consulting fees to a company of which Kenneth Richard Holmes is the President.

The following table sets forth particulars of stock options granted by the Company to the Other Directors during the financial year ended June 30, 2008:

<u>Name of Director</u>	<u>Date of Grant</u>	<u>Number of Shares</u>	<u>Exercise Price</u>	<u>Expiry Date</u>
Donald Barry Lee	March 19, 2008	200,000	\$0.50	March 19, 2013
Kenneth Richard Holmes	March 19, 2008	200,000	\$0.50	March 19, 2013
Daniel George Kostiuk	March 19, 2008	200,000	\$0.50	March 19, 2013
John Robert Hope	March 19, 2008	500,000	\$0.50	March 19, 2013
Garry John Payie	March 19, 2008	200,000	\$0.50	March 19, 2013

### **SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS**

The following table sets forth details of the Company's compensation plans under which equity securities of the Company are authorized for issuance at June 30, 2008:

#### **Equity Compensation Plan Information**

<u>Plan Category</u>	<u>Number of securities to be issued upon exercise of outstanding options, warrants and rights</u>	<u>Weighted-average exercise price of outstanding options, warrants and rights</u>	<u>Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))</u>
	(a)	(b)	(c)
Equity compensation plans approved by securityholders <sup>(1)</sup>	2,300,000	\$0.50	608,283
Equity compensation plans not approved by securityholders	Nil	N/A	N/A
Total	2,300,000		608,283

Notes:

<sup>(1)</sup> The Company adopted a 10% "rolling" stock option plan under the policies of the TSX on March 19, 2008. See "Material Features of the Stock Option Plan" below for a description of the material features of this equity compensation plan. The Company has no other form of compensation plan under which equity securities of the Company are authorized for issuance to employees or non-employees in exchange for consideration in the form of goods and services.

#### **Material Features of the Stock Option Plan**

##### *Adoption of Plan*

On March 19, 2008, the Board adopted a new stock option plan ("Plan") in a form compatible with the rules of the TSX. The Plan was approved by the shareholders of the Company at the Annual and Special General Meeting of

shareholders of shareholders held on March 19, 2008. The Plan is a 10% “rolling” stock option plan under which options may be granted from time to time to purchase an aggregate of up to a maximum of 10% of the issued capital of the Company at the time of grant of any stock options.

#### *Outstanding Options*

As of March 16, 2009, there are options outstanding to purchase an aggregate of 2,300,000 Common Shares, representing approximately 79.08% of the options available to be granted under the Plan and 7.91% of the issued and outstanding Common Shares of the Company. There were no amendments during the financial year ended June 30, 2008 to the terms of previously granted options.

#### *Purpose of the Plan*

The principal purposes of the Plan are to provide the Company with the advantages of the incentive inherent in share ownership on the part of employees, officers, directors, and consultants responsible for the continued success of the Company; to create in those persons a proprietary interest in, and a greater concern for, the welfare and success of the Company; to encourage such individuals to remain with the Company; and to attract new employees, officers, directors and consultants to the Company.

#### *General Description/TSX Policies*

A copy of the Plan is available online at the Sedar website [www.sedar.com](http://www.sedar.com). The following is a brief description of the principal terms of the Plan, which description is qualified in its entirety by the terms of the Plan:

1. The aggregate number of Common Shares reserved for issuance upon the exercise of options granted under the Plan, together with any shares reserved for granting new options under the Plan, cannot exceed 10% of the number of the Common Shares issued and outstanding on a rolling basis as at the date of the grant of an option is effective. As at March 16, 2009, 10% of the Company’s issued capital is 2,908,283 Common Shares. For greater certainty, in the event options are exercised, the Company may grant an equivalent number of new options under the Plan and the Company may continue to grant options under the Plan as its issued capital increases.
2. The exercise price of stock options may not be less than the last closing price of the Common Shares of the Company on the TSX immediately prior to the time of the grant of an option.
3. The grant of stock options under the Plan is subject to the limitation that the aggregate of: (a) the number of Common Shares issuable to insiders (including their associates), at any time; and (b) the number of Common Shares issued to insiders (including their associates), within any one year period under the Plan, or when combined with all of the Company’s other security based compensation arrangements, cannot exceed 10% of the issued and outstanding Common Shares of the Company.
4. Stock Options may be granted under the Plan by the Board based on the recommendation of the Compensation Committee (the “**Committee**”), or if no such committee is appointed, the Board itself, to any employee, officer, director or consultant of the Company or a related entity as defined in the Plan, any related entity of such persons as defined in the Plan, and individuals employed by a person providing management services to the Company (hereinafter referred to as “**optionees**”), as permitted by applicable securities laws.
5. The term for exercise of options issued under the Plan is to be determined by the Board or the Committee and no maximum term has been set in the Plan. Notwithstanding the expiry date of an option set by the Board or the Committee, the expiry date will be adjusted without being subject to the discretion of the Board or the Committee, if any, to take into account any blackout period imposed on the optionee by the Company. If the expiry date falls within a blackout period, then the expiry date will be the close of business on the tenth business day after the end of such blackout period. Alternatively, if the expiry date falls up to 10 business days after the end of a blackout period, the expiry date will be extended by the difference between 10 business days minus the number of business days that the expiry date exceeds the blackout period.

6. Under the terms of the Plan, options terminate on the earliest of (1) the termination date specified in an option certificate (2) the date of an optionee's termination (where the optionee is terminated for cause) or such later date determined by the Board, so long as the date is no later than the termination date specified in an option certificate; and (3) 90 days after termination (where the optionee is terminated for a reason other than disability, death or cause) but only to the extent that such optionee was entitled to exercise options as of the date of termination, or such later date determined by the Board, so long as the date is no later than the termination date specified in an option certificate. In the case of the death of the optionee, an optionee's qualified successor may exercise options by the earlier of one year following the date of death or the expiry date of the option.
7. The Board, taking into account the recommendations of the Committee, if any, shall have the complete discretion to set or vary the terms of any vesting schedule for each option granted, including, without limitation, discretion to allow full and immediate vesting upon the grant of an option, permit partial vesting in stated percentage amounts based on the length of the term of such option, and to permit full vesting after a stated period of time has passed from the date of grant.
8. The Plan does not contemplate a stock option being transformed into a stock appreciation right.
9. Except as provided otherwise in the Plan or by applicable securities laws, the stock options are non-assignable and non-transferable. In the case of the death of an optionee, the options pass to an optionee's Qualified Successor. "Qualified Successor" means a person who is entitled to ownership of an option upon the death of an optionee, pursuant to a will or the applicable laws of descent and distribution upon death. In the event of death of an optionee, such optionee's options shall be exercisable by the Qualified Successor until the earlier of one year following the date of death of the optionee and the expiry date of the option. In addition, if the employment of an optionee is terminated by reason of the optionee's disability, such optionee's options may be exercised by such optionee or a guardian until the earlier of one year following the date of termination of service of such optionee and the expiry date of the option, or such later date determined by the Board, so long as the date is no later than the termination date specified in an option certificate.
10. If there is a material alteration in the capital structure of the Company resulting from a recapitalization, stock split, reverse stock split, stock dividend, or otherwise, the proportionate interest of optionees shall, to the extent practicable, be maintained as before the occurrence of such event.
11. In the event of a reorganization (as defined in the Plan) in which the Company is not the surviving or acquiring entity or the Company becomes a wholly-owned subsidiary, the acquiring entity shall be required to assume each option granted under the Plan, substitute another option of equivalent value therefor or distribute property or cash in accordance with the value optionees would have received had they exercised their options immediately prior to the applicable record date.
12. In the event of a reorganization (as defined in the Plan) in which the Company is the surviving entity, an optionee's right to receive Common share of the Company on the exercise of an option shall be converted into the right to receive such securities, property or cash which the optionee would have received upon such reorganization if the optionee had exercised his or her option immediately prior to the applicable record date.
13. If a Change in Control (as defined in the Plan) of the Company occurs, at the discretion of the Committee, if any, or the Board, all options will become immediately exercisable, notwithstanding any contingent vesting provisions to which such options may have otherwise been subject. To the extent possible, the Committee, if any, or the Board shall give notice to optionees not less than 30 days prior to the consummation of a Change in Control.
14. If a *bona fide* takeover bid (as defined in the British Columbia *Securities Act*) is made for the Common Shares of the Company, optionees will be entitled to exercise any options they hold, notwithstanding any vesting provisions to which such option may have otherwise been subject, so as to permit the optionee to tender the Common Shares received upon exercise of the options to the takeover bid. If such shares are not

taken up by the offeror, they may be returned to the Company and reinstated as unissued shares and the option shall be reinstated.

15. If any options are surrendered, terminated or otherwise expire without being exercised, in whole or in part, new options may be granted covering the Common Shares not purchased under such lapsed options.
16. If required by the TSX, Disinterested Shareholder Approval (as defined in the Plan) is required to reduce an option's price or extend an option's term with respect to options held by Insiders or their Associates.
17. The Plan provides that shareholder approval (or, when required, disinterested shareholder approval), is required to amend the Plan in order to:
  - (a) increase the fixed maximum number or percentage of Common Shares which may be issued under the Plan;
  - (b) materially increase the benefits accruing to participants under the Plan;
  - (c) add any form of financial assistance; or
  - (d) make any amendment to a financial assistance provision which is more favourable to participants under the Plan.

For greater certainty, the Board may make any amendment to the terms of the Plan other than as described in (a) to (d) above without obtaining shareholder approval, including the following types of amendments:

- (e) amendments made for the purpose of correcting typographical errors, clarifying ambiguities or matters of interpretation, or updating statutory or regulatory references;
- (f) the addition of a deferred or restricted share unit or any other provision which results in participants receiving securities while no cash consideration is received by the Company, including a "cashless exercise" feature, payable in cash or shares; or
- (g) amendments for the purpose of complying with the requirements of any applicable regulatory authority or responding to legal or regulatory changes.

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

During the financial year ended June 30, 2008, no director, executive officer, officer, proposed management nominee for election as a director of the Company nor any of their respective associates or affiliates, is, or has been at any time since the beginning of the last completed financial year, indebted to the Company or any subsidiary, nor has any such person been indebted to any other entity where such indebtedness is a subject of a guarantee, support agreement, letter of credit or similar arrangement or understanding, provided by the Company.

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

For the purposes of this 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, or controls or directs, directly or indirectly, voting securities of the Company or a combination of both carrying more than 10% of the voting rights attached to all outstanding voting securities of the Company other than voting securities held by the person or company as underwriter in the course of a distribution; and

- (d) the Company if it has purchased, redeemed or otherwise acquired any of its own securities, for so long as it holds any of its securities.

Other than as previously disclosed in the Annual Information Form for the year ended June 30, 2008 (a copy of which is available on SEDAR at [www.sedar.com](http://www.sedar.com) or request from the Company free of charge), to the knowledge of management of the Company, 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 material transaction since the commencement of the Company's last completed financial year or in any proposed transaction, which, in either case, has materially affected or will materially affect the Company or any of its subsidiaries.

#### **APPOINTMENT OF AUDITORS**

The shareholders of the Company will be asked at the Meeting to vote for the appointment of Davidson & Company LLP, Chartered Accountants, as auditors of the Company for the ensuing year. **Unless such authority is withheld, the Management Designees, if named as proxy, intend to vote the Common Shares represented by any such proxy in favour of a resolution appointing Davidson & Company LLP, Chartered Accountants, as auditors for the Company for the ensuing year,** to hold office until the close of the next annual general meeting of shareholders or until the firm of Davidson & Company LLP, Chartered Accountants is removed from office or resigns. Davidson & Company LLP, Chartered Accountants, have been the auditors of the Company since July 22, 2008.

#### **MANAGEMENT CONTRACTS**

No management functions of the Company are performed by persons other than the directors or executive officers of the Company.

#### **AUDIT COMMITTEE AND RELATIONSHIP WITH AUDITOR**

National Instrument 52-110 *Audit Committees* ("NI 52-110") requires the Company to disclose annually in its Annual Information Form certain information required by NI 52-110F1 including the constitution of its audit committee and its relationship with its independent auditors. Such information can be found in page 20 to 22 of the Annual Information Form of the Company for the financial year ended June 30, 2008, and the full text of the Company's Audit Committee Charter can be found at p. 20-21 of the Company's Annual Information Form for the financial year ended June 30, 2008, both of which documents are available online at [www.sedar.com](http://www.sedar.com). Copies will be provided free of charge to any securityholder of the Company upon request.

#### **DISCLOSURE OF CORPORATE GOVERNANCE PRACTICES**

National Instrument 58-101 *Disclosure of Corporate Governance Practices* ("NI 58-101"), requires issuers to disclose their governance practices in accordance with that instrument. A discussion of the Company's governance practices within the context of NI 58-101 is set out below:

##### **1. Board of Directors**

As of the date of this Circular, the Company has :

- (a) three independent directors:

Daniel George Kostiuk,  
Garry John Payie  
Kwon Youb Yoon

- (b) four directors who are not independent because they are executive officers of the Company:

Kenneth Richard Holmes - Chairman  
Stephen Gerald Diakow - President & CEO  
Donald Barry Lee - CFO  
Donald Ross Getty - Secretary

(c) one director who is not independent because he has received consulting fees:

John Robert Hope.

As of the date of this Circular, the Board consists of a majority of directors who are not independent. The independent directors may meet in an executive session on the day of a scheduled Board meeting.

The following directors are directors of other reporting issuers as listed:

Donald Barry Lee:

Lagasco Corp. (NEX),  
Canadian Phoenix Resources Corp. (TSXV)  
BOE Capital Corp. (TSXV)  
Serrano Energy Ltd.

Donald Ross Getty:

Euro Resources S.A. (TSX)  
Nationwide Recourse Inc. (TSXV)  
West Isle Energy Inc. (TSXV)  
Capital Reserve Canada (OTCBB)

Kenneth Richard Holmes:

Confederation Minerals Ltd. (TSXV)

The independent directors of the Board do not hold regularly scheduled meetings at which non-independent directors and members of management are not in attendance. The Board holds meetings as required, at which the opinion of the independent directors is sought and duly acted upon for all material matters relating to the Company. The chairman of the Board, Kenneth Richard Holmes, is not an independent director. The independent directors may meet in an executive session on the day of a scheduled Board meeting.

Since the beginning of the most recently completed financial year, the Board has held one meeting, at which all directors are present. The Board approved all other matters by way of written consent resolution.

## **2. Board Mandate**

The Company has not adopted a written mandate. The Board delineates its role and responsibilities as follows:

- develop, monitor and, where appropriate, modify the Company's strategic plan;
- review and, where appropriate, approve the financial and business goals and objectives, major corporate actions and internal controls of the Company;
- regularly monitor the effectiveness of management policies and decisions;
- select, evaluate and compensate the CEO and other senior officers and review management succession planning;
- assess major risks facing the Company and review options for their mitigation;

- ensure that the Company's business is conducted with the highest standards of ethical conduct and in conformity with applicable laws and regulations;
- review, with input from the Audit Committee, the financial performance and financing reporting of the Company and assess the scope, implementation and integrity of the Company's internal control systems;
- appoint the officers of the Company, ensuring that they are of the calibre required for their roles and planning their succession as appropriate from time to time; and
- establish and oversee committees of the Board as appropriate, approve their mandates and approve any compensation of their members.

### **3. Position Description**

The Board has not developed written position descriptions for the chair and the chair of each board committee. The role of the chairman of the Board is to preside over all meetings of the Board, serve as a liaison with independent directors, consult regarding agendas and information sent to the Board and notify other Board members regarding any legitimate shareholder concerns of which he becomes aware. The chair of each committee, in consultation with each committee member, will determine the frequency and length of committee meetings and will develop the committee's agenda.

The Board and CEO have not developed a written position description for the CEO. The directors are kept fully informed of management actions that have a material impact on the operation and performance of the Company. All material contracts and agreements are put before the Board for approval and/or ratification. The Board has charged the CEO with the responsibilities for the day to day running of the Company and to propose strategic direction, policies and financial goals for the review, consideration and approval of the Board.

### **4. Orientation and Continuing Education**

The CFO is responsible for providing an orientation for new directors. Director orientation and on-going training will include presentations by senior management to familiarize directors with the Company's strategic plans, its significant financial, accounting and risk management issues, its compliance programs, its principal officers and its internal and independent auditors.

The CFO is responsible for periodically providing materials to all directors on subjects relevant to their duties as directors of the Company. The directors attend conferences and seminars relevant to their particular expertise.

### **5. Ethical Business Conduct**

The Company has not adopted a written code for its directors, officers and employees. Each director, officer and employee is expected to comply with relevant corporate and securities laws, and with the *Corporate Disclosure Policy*, the *Insider Trading Policy* and the *Whistle Blower Policy* adopted by the Board.

Under corporate law, the directors are required to disclose to the Board (and to any applicable committee) any financial interest or personal interest in any contract or transaction that is being considered by the Board or committee for approval that they or an associate may have. The interested director shall abstain from voting on the matter and, in most cases, should leave the meeting while the remaining directors discuss and vote on such matter. Disclosed conflicts of interest must be documented in the minutes of the meeting.

The Board has instructed the Company to circulate the Company's *Corporate Disclosure Policy*, *Insider Trading Policy* and *Whistle Blower Policy* to all officers and employees of the Company and, where appropriate, to third parties with a connection to the Company.

### **6. Nomination of Directors**

When a Board vacancy occurs or an increase in the size of the Board is contemplated, the directors will recommend qualified individuals for nomination to the Board. The directors will take into account the mix of director characteristics and diverse experiences, perspectives and skills appropriate for the Company.

The Board has not appointed a separate nominating committee to be responsible to propose and assess potential new directors. Three of the directors are independent of management of the Company which encourages an objective nomination process.

## **7. Compensation**

The Board assesses performance and determine the remuneration of its senior officers. The Board also administers the Plan. The Board may grant options to directors of the Company as well as determine director's fees, if any, from time to time. Directors may also be compensated in cash and/or equity for their expert advice and contribution towards the success of the Company. The form and amount of such compensation will be evaluated by the Board, which will be guided by the following goals: (i) compensation should be commensurate with the time spent by directors in meeting their obligations and reflective of the compensation paid by companies similar in size and business to the Company; and (ii) the structure of the compensation should be simple, transparent and easy for shareholders to understand. Shareholders will be given the opportunity to vote on all new or substantially revised equity compensation plans for directors as required by regulatory policies.

The Board does not have a compensation committee. The Board conducts reviews with regard to directors' compensation once a year and the Board as a whole is responsible for determining compensation for the directors and officers of the Company. To make its recommendation on directors' compensation, the Board takes into account the types of compensation and the amounts paid to directors of comparable publicly traded Canadian companies and aligns the interests of directors with the return to shareholders. The Board decides the compensation of the Company's executive officers, based on industry standards and the Company's financial situation. No compensation consultant or advisor has been retained since the beginning of the Company's most recently completed financial year.

## **8. Other Board Committees**

The Board also has a Corporate Governance Committee. The primary functions of this committee are to suggest changes to the Board; to review whether any director who has a change of employer or primary occupation or whose occupational responsibilities are substantially changed from when the director was elected to the Board (excluding retirement) should resign as a director and make the appropriate recommendations to the Board considering whether or not the new occupation of the director is consistent with the specific rationale for originally selecting that individual as a director of the Company; to review critically each director's continuation on the Board every year, to establish a process for the evaluation of the performance of the Board and each of its committees and such other tasks as may be assigned to the committee by the Board from time to time.

## **9. Assessments**

Assessments are not regularly conducted for the Board, committees, or individual directors. The assessment of the performance of the Board is determined by the Board and the chairman of the Board based on the expertise, contributions and participation of individual directors in meetings of the Board and its committees. Committee chairmen are responsible for the evaluation of the effectiveness and performance of the committee members.

## **ELECTION OF DIRECTORS**

As of March 16, 2009, the Board consists of eight directors and eight directors are being nominated for election for the ensuing year.

The term of office of each of the present eight directors expires at the Meeting. **The eight persons named below will be presented for election at the Meeting as management's nominees and unless such authority is withheld, the Management Designees intend to vote for the election of these nominees.** Management does not contemplate that any of these nominees will be unable to serve as a director. Each director elected will hold office until the next annual general meeting of the Company or until his or her successor is elected or appointed, unless his or her office is earlier vacated in accordance with the Articles of the Company, or with the provisions of the *Business Corporations Act* ( British Columbia). No class of shareholders of the Company has the right to elect a specified number of directors or to accumulate their votes for directors.

As of March 16, 2009, the members of the Audit Committee are Daniel George Kostiuk (Chair), John Robert Hope and Garry John Payie. The Board has also appointed a Corporate Governance Committee which consists of Kenneth Richard Holmes (Chair), John Robert Hope and Donald Barry Lee. The Company does not have an Executive Committee of its Board.

The following table sets out the names of the nominees for election as directors, the province and country in which each is ordinarily resident, all offices of the Company now held by each of them, their present principal occupation or employment, the period of time for which each has been a director of the Company, and the number of Common Shares of the Company or any of its subsidiaries beneficially owned by each, directly or indirectly, or over which control or direction is exercised, as of March 16, 2009:

<b>Name, Present Office and Province and Country of Residence<sup>(1)</sup></b>	<b>Present Principal Occupation or Employment<sup>(1)</sup></b>	<b>Date First Appointed as a Director</b>	<b>No. of Common Shares Beneficially Held or Controlled<sup>(1)(2)(3)</sup></b>
<b>KENNETH RICHARD HOLMES</b> <i>Director and Chairman</i> <i>British Columbia, Canada</i>	Lawyer; President of Primarius Capital Corporation (1997 to present) (private investment company)	March 19, 2008	666,666 <sup>(4),(5)</sup>
<b>JOHN ROBERT HOPE</b> <i>Director</i> <i>Alberta, Canada</i>	President of Velocity Resources Canada Ltd. (March 2003 to present) (private mineral exploration company)	March 19, 2008	957,994
<b>STEPHEN GERALD DIAKOW</b> <i>Director, President and CEO</i> <i>British Columbia, Canada</i>	Self-employed mining exploration contractor (January 1990 to present)	March 19, 2008	166,668 <sup>(5)</sup>
<b>DONALD ROSS GETTY</b> <i>Director and Secretary</i> <i>Alberta, Canada</i>	Sunnybank Investments Ltd. (January 1993 to present) (private investment company)	March 19, 2008	NIL
<b>DONALD BARRY LEE</b> <i>Director and CFO</i> <i>British Columbia, Canada</i>	President and Director of Lagasco Corp. (July 2006 to present) (oil & gas company); President & CEO of Equity One Capital Corporation (January 2005 to present) (private investment company)	September 17, 2007	78,000
<b>GARRY JOHN PAYIE</b> <i>Director</i> <i>British Columbia, Canada</i>	Consulting Geologist (P. Geo)	March 19, 2008	NIL
<b>DANIEL GEORGE KOSTIUK</b> <i>Director</i> <i>British Columbia, Canada</i>	Lawyer	March 19, 2008	NIL
<b>KWON YOUB YOON</b> <i>Director and Vice President of Business Development</i> <i>British Columbia, Canada</i>	President of ENT Capital Ltd. (February 2008 to present) (private investment company); Director Sang Hyun Trading Co. Ltd. (July 1992 to April 2007)	May 23, 2008	2,000,000 <sup>(6)</sup>

Notes:

- (1) The information as to place of residence, present principal occupation or employment, and the number of Common Shares beneficially owned or controlled is not within the knowledge of the management of the Company and has been furnished by the respective nominees.
- (2) None of the directors and their associates or affiliates beneficially own, directly or indirectly, or exercise control or direction over shares carrying more than 10% of the voting rights attached to all outstanding shares.

- (3) Does not include stock options to purchase Common Shares held by the directors as follows:

<u>Option Holder</u>	<u>Number of Shares</u>	<u>Exercise Price</u>	<u>Expiry Date</u>
Stephen Gerald Diakow	200,000	\$0.50	March 19, 2013
Donald Barry Lee	200,000	\$0.50	March 19, 2013
Donald Ross Getty	500,000	\$0.50	March 19, 2013
Kenneth Richard Holmes	200,000	\$0.50	March 19, 2013
Daniel George Kostiuik	200,000	\$0.50	March 19, 2013
John Robert Hope	500,000	\$0.50	March 19, 2013
Garry John Payie	200,000	\$0.50	March 19, 2013

- (4) These shares are held by Primarius Capital Corporation, a private holding company of which Kenneth Richard Holmes is President.  
(5) Does not include 3<sup>rd</sup> party options held as follows:

<u>Option Holder</u>	<u>Number of Options</u>	<u>Exercise Price</u>	<u>Expiry Date</u>
Primarius Capital Corporation	666,667	\$0.001	May 2, 2010
Stephen Gerald Diakow	166,665	\$0.001	May 2, 2010

- (6) These shares are held in the name of ENT Capital Ltd., a personal holding company of Kwon Youb Yoon.

### **Cease Trade Orders or Bankruptcies**

To the best knowledge of the management of the Company, no proposed director of the Company:

- (a) is, as at the date of the Circular, or has been, within 10 years before the date of the Circular, a director, chief executive officer or chief financial officer of any company (including the Company) that,
- (i) was subject to an order that was issued while the proposed director was acting in the capacity as director chief executive officer or chief financial officer; or
  - (ii) was subject to an order that was issued after the proposed director ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer;
- (b) is, as at the date of the Circular, or has been within 10 years before the date of the Circular, a director or executive officer of any company (including the Company) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or
- (c) has, within the 10 years before the date of the Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the proposed director.

### **Sanctions and Penalties**

To the best knowledge of the management of the Company, no proposed director of the Company has been subject to:

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

other than as previously disclosed in the Company's Annual Information Form for the year ended June 30, 2008 (a copy of which is available on SEDAR at [www.sedar.com](http://www.sedar.com) or request from the Company free of charge).

### **PARTICULARS OF MATTERS TO BE ACTED UPON**

#### **RECEIPT OF FINANCIAL STATEMENTS**

The Annual Financial Statements of the Company for the financial year ended June 30, 2008 and the auditors' report thereon, and the Interim Financial Statements of the Company for the periods ended September 30 and December 31, 2008 will be presented to the Meeting. Copies of the Financial Statements are available online at [www.sedar.com](http://www.sedar.com).

#### **FIX THE NUMBER OF DIRECTORS**

The shareholders of the Company will be asked to vote to fix the number of directors at eight. **Unless such authority is withheld, the Management Designees, if named as proxy, intend to vote the Common Shares represented by any such proxy in favour of a resolution fixing the number of directors of the Company at eight.**

#### **OTHER BUSINESS**

Management of the Company knows of no matter to come before the Meeting other than those referred to in the Notice of Meeting accompanying this Circular. **However, if any other matters properly come before the Meeting, it is the intention of the Management Designees to vote the same in accordance with their best judgment of such matters.**

#### **GENERAL**

**Unless otherwise directed, it is the intention of the Management Designees to vote proxies in favour of the resolutions set forth herein.** All ordinary resolutions require, for the passing of the same, a simple majority of the votes cast at the Meeting by the holders of Common Shares.

### **ADDITIONAL INFORMATION**

Additional information concerning the Company is available on SEDAR at [www.sedar.com](http://www.sedar.com). Financial information concerning the Company is provided in the Company's comparative financial statements and Management Discussion and Analysis for the financial year ended June 30, 2008 and for the periods ended September 30, 2008 and December 31, 2008.

Shareholders wishing to obtain a copy of the Company's consolidated Financial Statements and Management's Discussion & Analysis may contact the Company as follows:

Velocity Minerals Ltd.  
Suite 40 - 10551 Shellbridge Way  
Richmond, BC V6X 2W9  
Telephone: (604) 689-7411  
Facsimile: (604) 689-7412

[www.velocityminerals.com](http://www.velocityminerals.com)

**DIRECTORS' APPROVAL**

The contents of this Circular and its distribution to the shareholders of the Company have been approved by the Board.

**BY ORDER OF THE BOARD**

(signed) "*Stephen Gerald Diakow*"

President & CEO

Vancouver, BC  
March 16, 2009