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**MANAGEMENT INFORMATION CIRCULAR**  
for the  
**ANNUAL AND SPECIAL MEETING OF THE SHAREHOLDERS**  
to be held on Monday, March 1, 2010

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February 3, 2010

**CARLISLE GOLDFIELDS LIMITED**  
**Toronto, Ontario**

**NOTICE OF THE ANNUAL AND SPECIAL MEETING  
OF SHAREHOLDERS TO BE HELD ON MARCH 1, 2010**

**NOTICE HAS BEEN GIVEN** that an annual and special meeting (the “**Meeting**”) of the shareholders of Carlisle Goldfields Limited (the “**Corporation**”) will be convened on Monday, March 1, 2010 at 9:30 a.m. (Toronto time) at the offices of Sheldon Huxtable Professional Corporation, legal counsel to the Corporation, located at 180 Dundas Street West, Suite 1801, Toronto, Ontario M5G 1Z8 for the following purposes:

- 1. to receive and consider the audited comparative financial statements of the Corporation for the years ended August 31, 2008 and August 31, 2009, together with the auditors’ report thereon;**
- 2. to consider and, if deemed advisable, to pass, with or without variation, a resolution to re-appoint Palmer Reed, Chartered Accountants, as auditors of the Corporation and to authorize the directors to fix the auditors’ remuneration and the terms of their engagement;**
- 3. to elect the directors for the forthcoming year;**
- 4. to consider and, if deemed advisable, to pass, with or without variation, a resolution amending the Corporation’s stock option plan (the “Stock Option Plan”) to increase the aggregate number of common shares (the “Shares”) of the Corporation which may be issued and sold under the Stock Option Plan to the greater of 6,800,000 or 10% of the issued and outstanding Shares at the time of grant; and**
- 5. to transact such other business as may properly come before the Meeting or any adjournment thereof.**

The details of the matters proposed to be put before the Meeting are set forth in the Circular accompanying this notice of meeting (the “**Notice**”), which is supplemental to and expressly made a part of this Notice. The close of business on January 29, 2010 has been fixed as the record date for the Meeting, being the date for the determination of the registered holders of Shares in the capital of the Corporation entitled to receive notice of and vote at the Meeting and any adjournments thereof.

**Shareholders who are unable to attend the meeting are requested to complete, date and sign the enclosed form of proxy or other appropriate form of proxy and return it to the registrar and transfer agent of the corporation, Equity Transfer & Trust Company at 200 University Avenue, Suite 400, Toronto, Ontario M5H 4H1, by mail, in person or by facsimile at (416) 361-0470, such that it is received at least 48 hours (excluding Saturdays, Sundays and statutory holidays in the Province of Ontario) prior to the commencement of the meeting or any adjournment thereof, in default of which it may be treated as invalid, although the Chairman of the meeting has the discretion to accept proxies filed less than 48 hours prior to the commencement of the meeting, or any adjournment thereof. In order to be represented by proxy, shareholders must complete and submit the enclosed form of proxy or other appropriate form of proxy.**

**DATED** at Toronto, Ontario as of the 3rd day of February, 2010.

**BY ORDER OF THE DIRECTORS**

*“Bruce Reid”*

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Bruce Reid  
President and Chief Executive Officer

**CARLISLE GOLDFIELDS LIMITED  
MANAGEMENT INFORMATION CIRCULAR**

**As of February 3, 2010**

**This management information circular (the “Circular”) is furnished in connection with the solicitation of proxies by management of Carlisle Goldfields Limited (the “Corporation” or “Carlisle”) for use at the annual and special meeting of shareholders of the Corporation (the “Meeting”) to be held on Monday, March 1, 2010 at 9:30 a.m. (Toronto time) at the offices of Sheldon Huxtable Professional Corporation, legal counsel to the Corporation, located at 180 Dundas Street West, Suite 1801, Toronto, Ontario M5G 1Z8, and at all adjournments thereof for the purposes set out in the accompanying notice of meeting.**

Unless otherwise stated, the information in this Circular is given as of February 3, 2010.

Terms within this Circular commencing with capitalized letters are terms which are defined within the text of this Circular. In this Circular, unless otherwise specified, all dollar amounts are expressed in Canadian dollars.

**SOLICITATION OF PROXIES**

This Circular is furnished in connection with the solicitation of proxies by management of the Corporation for use at the Meeting to be held on Monday, March 1, 2010, at 9:30 a.m. (Toronto time) at the offices of Sheldon Huxtable Professional Corporation, legal counsel to the Corporation, located at 180 Dundas Street West, Suite 1801, Toronto, Ontario M5G 1Z8, and at all adjournments thereof for the purposes set out in the accompanying Notice of Meeting.

It is expected that the solicitation will be made primarily by mail, but proxies may also be solicited personally by directors, officers or regular employees of the Corporation. Such persons will not receive any extra compensation for such activities. The Corporation may pay brokers or other persons holding common shares (the “Shares”) in their own names, or in the names of nominees, for their reasonable expenses for sending proxies and the Circular to beneficial owners of Shares and obtaining proxies therefor. **The solicitation of proxies by this Circular is being made by or on behalf of the management of the Corporation.** The cost of any such solicitation will be borne by the Corporation.

**REGISTERED SHAREHOLDERS**

If you are a registered shareholder, you can vote your Shares at the Meeting in person or by proxy. If you wish to vote in person at the Meeting and are certain that you will be able to attend the Meeting, do not complete or return the form of proxy included with this Circular. Your vote can be cast by you in person and counted at the Meeting. If you do not wish to attend the Meeting or do not wish to vote in person, or you are not certain that you will be able to attend the Meeting, complete and deliver the form of proxy in accordance with the instructions given below.

**APPOINTMENT OF PROXYHOLDERS**

A form of proxy is enclosed and, if it is not your intention to be present in person at the Meeting, you are asked to sign, date and return the form of proxy provided. The persons named in the enclosed form of proxy are directors or officers of the Corporation. **If you are a shareholder entitled to vote at the Meeting, you have the right to appoint a person or a company (who need not be a shareholder of the Corporation), other than the persons designated in the enclosed form of proxy, to attend and**

**vote for you at the Meeting.** Such right may be exercised by striking out the names of the persons designated in the enclosed form of proxy and by inserting in the blank space provided for that purpose the name of the person or company to be appointed or by completing another proper form of proxy. It is important to ensure that any other person or company that you appoint is attending the Meeting and is aware that he or she or it has been appointed to vote your Shares. Proxyholders should, upon arrival at the Meeting, present themselves to a representative of the scrutineers at the Meeting.

The form of proxy must be executed by the shareholder or his or her attorney duly authorized in writing or, if the shareholder is a corporation, by instrument in writing executed (under corporate seal if so required by the rules and laws governing the corporation) by a duly authorized signatory of such corporation. If the form of proxy is executed by a duly authorized attorney or authorized signatory of the shareholder, the proxy should reflect such person's capacity following his or her signature and should be accompanied by the appropriate instrument evidencing such person's qualifications and authority to act (unless such has been previously filed with the Corporation or the Corporation's transfer agent, Equity Transfer & Trust Company).

### **Depositing Proxies**

Proxies to be exercised at the Meeting must be received by the registrar and transfer agent of the Corporation, Equity Transfer & Trust Company by mail or by hand delivery at 200 University Avenue, Suite 400, Toronto, Ontario, M5H 4H1, or by facsimile at (416) 361-0470, Attention: Proxy Department, at least forty-eight (48) hours (excluding Saturdays, Sundays and statutory holidays in the Province of Ontario) prior to the commencement of the Meeting or any adjournment thereof, in default of which they may be treated as invalid, although the Chairman of the Meeting has the discretion to accept proxies filed less than forty-eight (48) hours prior to the commencement of the Meeting or any adjournment thereof.

A proxy is valid only at the meeting in respect of which it is given or any adjournment of that meeting.

### **NON-REGISTERED OR BENEFICIAL SHAREHOLDERS**

Your Shares may not be registered in your name but in the name of an intermediary (which is usually a bank, trust company, securities dealer or stock broker, or trustee or administrator of self administered registered savings plans, registered retirement savings funds, registered education savings plans and similar plans, or a clearing agency in which an intermediary participates) or in the name of a nominee. If your Shares are listed in an account statement provided to you by a broker, then it is likely that those Shares will not be registered in your name but under the broker's name or under the name of an agent of the broker. In Canada, the vast majority of such shares are registered under the name of CDS & Co. (the registration name for The Canadian Depository for Securities Limited which acts as the nominee for many Canadian brokerage firms) and, in the United States, under the name of Cede & Co. (the registration name for The Depository Trust Company, which acts as depository for many United States brokerage firms and custodian banks).

If your Shares are registered in the name of an intermediary or a nominee, you are a non-registered or beneficial shareholder (a "**beneficial shareholder**"). Beneficial shareholders should be aware that only shareholders whose names appear on the share register of the Corporation, or the persons they appoint as their proxies, are entitled to vote at the Meeting. The purpose of the procedures described below is to permit non-registered shareholders to direct the voting of the Shares they beneficially own. There are two (2) categories of beneficial shareholders. Beneficial shareholders who have provided instructions to an intermediary that they do not object to the intermediary disclosing ownership information about them are considered to be Non-Objecting Beneficial Owners ("**NOBOs**").

Beneficial shareholders who have objected to an intermediary providing ownership information or have not advised that they do not so object are Objecting Beneficial Owners (“**OBOs**”).

The Corporation has distributed copies of this Circular, the accompanying form of proxy and the Notice of Meeting (collectively, the “**Meeting Materials**”) either directly to registered shareholders and to the NOBOs or to intermediaries for distribution to NOBOs together with the intermediary’s form of proxy or voting instruction form. The Corporation has also distributed copies of the Meeting Materials to intermediaries for distribution to the OBOs. Unless you have waived your rights to receive the Meeting Materials, the Corporation is required to deliver them to you as a beneficial shareholder of the Corporation and to seek your instructions as to how to vote your Shares.

The Meeting Materials are being sent to both registered and beneficial shareholders of the Corporation. If you are a non-registered owner and if the Corporation or its transfer 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 Shares on your behalf.

If the Corporation or transfer agent has sent these materials directly to you, as a beneficial shareholder, the Corporation (and not the intermediary holding Shares on your behalf) has assumed responsibility for (i) delivering these materials to the beneficial shareholder; and (ii) executing the beneficial shareholder’s proper voting instructions.

If you are a beneficial shareholder who has received these proxy-related materials directly from the Corporation or its transfer agent, please return your voting instructions as specified in the request for voting instructions.

## **VOTING PROCEDURES AND EXERCISE OF DISCRETION BY PROXY HOLDERS**

### **For Beneficial Shareholders**

Brokers or agents can only vote the Shares of the Corporation if instructed to do so by the beneficial shareholder.

Every broker or agent has its own mailing procedure and provides its own instructions. Typically, a beneficial shareholder will be given a voting instruction form which must be completed and signed by the beneficial shareholder in accordance with the instructions provided by the intermediary. The purpose of this form is to seek instructions from the beneficial shareholder on how to vote on behalf of or otherwise represent the beneficial shareholder. A beneficial shareholder cannot use this form to vote or otherwise represent Shares in person at the Meeting. If you are a beneficial shareholder, you must follow the instructions provided by the intermediary in order to ensure that your Shares are voted or otherwise represented at the Meeting.

The majority of brokers now delegate responsibility for obtaining instructions from clients to Broadridge Financial Solutions, Inc. (“**Broadridge**”) in Canada and in the United States. Broadridge mails a voting instruction form in lieu of a proxy provided by the Corporation. The voting instruction form will name the same persons as the Corporation’s form of proxy to represent you at the Meeting. You have the right to appoint a person (who need not be a beneficial shareholder of the Corporation) other than the persons designated in the voting instruction form to represent you at the Meeting. To exercise this right, you should insert the name of your desired representative in the blank space provided in the voting instruction form. The completed voting instruction form must then be returned to Broadridge by mail or facsimile or otherwise, in accordance with Broadridge’s instructions.

Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of the Shares to be represented at the Meeting. If you receive a voting instruction form from Broadridge, you cannot use it to vote Shares directly at the Meeting – the instruction form must be returned to Broadridge, in accordance with its instructions, well in advance of the Meeting in order to have the Shares voted or otherwise represented at the Meeting.

Occasionally, a beneficial shareholder may be given a proxy that has already been signed by the intermediary. This form of proxy is restricted to the number of Shares owned by the beneficial shareholder but is otherwise not completed. This form of proxy does not need to be signed by you. In this case, you can complete and deliver the form of proxy as described above under the heading “*Registered Shareholders*”.

**Beneficial shareholders should carefully follow the instructions of their intermediary on the forms they receive, including those regarding when and where the form of proxy or voting instruction form is to be delivered, and contact their intermediaries promptly if they need assistance.**

#### ***Objecting Beneficial Owners – OBOs***

If you are an OBO, you cannot use the mechanisms described above for registered shareholders and must follow the instructions provided by the intermediary in order to ensure that your Shares are voted or otherwise represented at the Meeting. Please refer to the narrative above for non-registered or beneficial owners.

#### ***Non-Objecting Beneficial Owners – NOBOs***

If you, as a NOBO, receive the Corporation’s form of proxy signed by the registered holder, you may complete and deliver the form of proxy as described above under the heading “*Registered Shareholders*”. If you, as a NOBO, receive the intermediary’s voting instruction form, follow the instructions provided by the intermediary with respect to completing the form in order to ensure that your Shares are voted or otherwise represented at the Meeting.

#### ***Beneficial Shareholders – Attendance at Meeting***

Although as a beneficial shareholder you may not be recognized directly at the Meeting for the purposes of voting Shares registered in the name of your broker or other intermediary, you may attend at the Meeting as proxyholder for your broker or other intermediary and vote your Shares in that capacity. If you wish to attend at the Meeting and indirectly vote your Shares as proxyholder for your broker or other intermediary, you should enter your own name in the blank space on the voting instruction form provided to you and return the same to your broker or other intermediary in accordance with the instructions provided by your broker or intermediary, well in advance of the Meeting.

Alternatively, you can request in writing that your broker or other intermediary send you a legal proxy which would enable you, or a person designated by you, to attend at the Meeting and vote your Shares.

#### **Voting of Shares by Proxy**

The proxyholders named in the accompanying form of proxy shall and will vote the Shares represented thereby on any ballot in accordance with the shareholder’s direction set forth in the form of proxy. **In the absence of such direction, the Shares represented thereby will be voted in favour of (i) the re-**

**appointment of the auditors, (ii) the election of management's nominees for directors named in this Circular, and (iii) the amendment to the stock option plan (the "Stock Option Plan") of the Corporation, all as discussed herein.**

An intermediary may not vote, or give a proxy authorizing another person to vote, except in accordance with voting instructions received from the non-registered shareholder who beneficially owns the Shares.

### **Exercise of Discretion by Proxyholders**

The enclosed instrument of proxy confers discretionary authority upon the management designees, or other persons named as proxy, with respect to amendments to or variations of matters identified in the Notice of Meeting and any other matters which may properly come before the Meeting or any adjournments thereof. At the date of this Circular, management of the Corporation is not aware of any amendments to, or variations of, or other matters which may come before the Meeting other than the matters referred to in the Notice of Meeting. In any such event, the management designees intend to vote in accordance with their judgment on such matters.

### **REVOCATION OF PROXIES AND VOTING INSTRUCTION FORMS**

Any registered shareholder who executes and returns a proxy may revoke it (to the extent that it has not been exercised): (i) by depositing a written statement to that effect signed by the shareholder or his, her or its attorney duly authorized in writing at the office of the registrar and transfer agent, Equity Transfer & Trust Company, by mail or by hand delivery at 200 University Avenue, Suite 400, Toronto, Ontario, M5H 4H1, or by facsimile at (416) 361-0470, Attention: Proxy Department, not later than 9:30 a.m. (Toronto time) on Thursday, February 25, 2010; (ii) by depositing such written statement with the Chairman of the Meeting on the day of the Meeting or any adjournment thereof at any time prior to a vote being taken in reliance on such proxy; or (iii) in any other manner permitted by law.

A registered shareholder who has revoked a proxy may submit another proxy by delivering another properly executed form of proxy bearing a later date and depositing it as described above under the heading "*Depositing Proxies*".

A beneficial shareholder may revoke a voting instruction or a waiver of the right to receive the Meeting Materials or a waiver of the right to vote given to an intermediary at any time by written notice to the intermediary, except that an intermediary is not required to act on any such revocation that is not received by the intermediary well in advance of the Meeting.

### **RECORD DATE**

The close of business on January 29, 2010 has been fixed as the record date (the "**Record Date**") for the determination of holders of Shares entitled to receive notice of the Meeting and any adjournment thereof. Accordingly, only shareholders of record on the Record Date are entitled to vote at the Meeting and any adjournments thereof.

### **VOTING SECURITIES, VOTING AT MEETINGS AND QUORUM**

The voting securities of the Corporation consist of an unlimited number of Shares. As of the date of this Circular, 66,108,491 Shares were issued and outstanding. The Corporation will prepare, or cause to be prepared, a list of shareholders (the "**Shareholders List**") entitled to receive notice of the Meeting not later than ten (10) days after the Record Date. At the Meeting, the holders of Shares shown on the

Shareholders List will be entitled to one (1) vote per Share shown opposite their names on the Shareholders List.

Unless otherwise required by law, every question coming before the Meeting will be determined by a majority of votes duly cast on the matter.

Proxies returned by intermediaries as “non-votes” because the intermediary has not received instructions from the beneficial shareholder with respect to the voting of certain Shares or, under applicable regulatory rules, the intermediary does not have the discretion to vote those Shares on one (1) or more of the matters that come before the Meeting, will be treated as not entitled to vote on any such matter and will not be counted as having been voted in respect of any such matter. Shares represented by such intermediary “non-votes” will, however, be counted in determining whether there is a quorum.

Any two (2) persons present at the opening of the meeting who are entitled to vote thereat either as shareholders or proxyholders, representing collectively not less than five percent (5%) of the outstanding Shares of the Corporation entitled to be voted at the meeting constitute a quorum for the Meeting.

### **PRINCIPAL HOLDERS OF VOTING SECURITIES**

To the knowledge of the directors or executive officers of the Corporation, the only person or corporation who beneficially owns or controls or directs, directly or indirectly, voting securities carrying ten percent (10%) or more of the voting rights attached to the voting securities of the Corporation is as follows:

<b>Name</b>	<b>Number of Shares Owned or Controlled or Directed, Directly or Indirectly</b>	<b>Percentage of Outstanding Shares Owned or Controlled or Directed, Directly or Indirectly</b>
Joe Dwek Management Consultants Inc.	8,605,772 <sup>(1)</sup>	13.02%

Notes:

(1) Information obtained from reports filed on the System for Electronic Disclosure by Insiders (“SEDI”) at [www.sedi.ca](http://www.sedi.ca).

As at the date of this Circular, the directors and officers of the Corporation own or control, directly or indirectly, in the aggregate, 12,985,000 Shares which represents approximately 19.6% of the issued and outstanding Shares of the Corporation.

### **PARTICULARS OF MATTERS TO BE ACTED UPON AT THE MEETING**

#### **1. Financial Statements**

The audited comparative financial statements of the Corporation for the years ended August 31, 2009 and August 31, 2008, together with the report of the auditors thereon, and the 2009 and 2008 annual management discussion and analysis, will be presented to the shareholders at the Meeting for their consideration.

## 2. Appointment of Auditors

Shareholders will be requested to re-appoint Palmer Reed, Chartered Accountants, as auditors of the Corporation to hold office until the next annual meeting of shareholders and to authorize the directors to fix their remuneration and the terms of their engagement. Palmer Reed was first appointed as the auditor of the Corporation effective December 22, 2009.

**To be approved, the resolution requires the affirmative vote of a majority of the votes cast on the resolution. Proxies received in favour of management will be voted in favour of the re-appointment of Palmer Reed as auditors of the Corporation to hold office until the next annual meeting of shareholders and the authorization of the directors to fix the auditors' remuneration and terms of engagement, unless the shareholder has specified in a proxy that his, her or its Shares are to be withheld from voting in respect thereof.**

Palmer Reed, Chartered Accountants, were appointed as auditors of the Corporation by Carlisle's board of directors (the "**Board**") on or about December 22, 2009 to fill the vacancy created by the resignation of PKF Hill LLP, Chartered Accountants. PKF Hill LLP resigned as auditors of the Corporation prior to the expiry of their term in office. The Board accepted the resignation of PKF Hill LLP as auditors of the Corporation and approved the appointment of Palmer Reed, Chartered Accountants, as the Corporation's successor auditors.

In order to effect the change of auditors discussed above, the Corporation filed a change of auditors reporting package (the "**Reporting Package**") on the System for Electronic Document Analysis Retrieval ("**SEDAR**") on December 30, 2009. The Reporting Package was prepared and filed in accordance with the requirements of Section 4.11 of National Instrument 51-102 – *Continuous Disclosure Obligations* ("**NI 51-102**"), and consists of a Change of Auditor Notice, a Letter from the Former Auditor and a Letter from the Successor Auditor, all dated December 22, 2009.

The Reporting Package is incorporated by reference in its entirety into this Circular. The full text of the Reporting Package is available on SEDAR at [www.sedar.com](http://www.sedar.com) or, alternatively, the Corporation will, upon request, promptly provide a copy of the Reporting Package free of charge to any securityholder of the Corporation.

## 3. Election of Directors

The Articles of the Corporation provide that the Corporation shall have a minimum of one (1) and a maximum of ten (10) directors. The Board has the authority to fix the number of directors between one (1) and ten (10). The number of directors had previously been fixed by the Board at five (5). The current directors are Carl McGill, Steven Mintz, Bruce Reid, Donald Alexander Sheldon and Frank C. Smeenk. The terms of office of each director will expire on the date of the Meeting. All five (5) current directors of the Corporation will be standing for re-election at the Meeting.

The following table sets forth certain information concerning management's nominees for election as directors, including the approximate number of Shares of the Corporation beneficially owned or controlled, directly or indirectly, by each of them, based upon information furnished by them to management of the Corporation.

Name of Proposed Nominee, Province and Country of Residence	Principal Occupation for Past Five (5) Years	Office or Position Held and Year First Elected a Director	Number of Shares of the Corporation Beneficially Owned, Directly or Indirectly, or Over Which Control and Direction Are Exercised <sup>(3)</sup>
Carl McGill, Ontario, Canada	Self-employed consultant; Vice-President (since January 28, 2010) and, prior thereto, President (2008 to 2010), Carlisle Goldfields Limited; prior thereto, self-employed consultant	Director since September 28, 2006; President and CEO of the Corporation from July 2, 2008 to January 28, 2010; Vice-President, Corporate Development since January 28, 2010	985,000 Shares
Steven Mintz, Ontario, Canada	Chartered Accountant; President, St. Germain Capital Corp., a Toronto-based consulting company	Director since July 31, 2009; Chief Financial Officer and Secretary Treasurer from August 6, 2009 to January 28, 2010	Nil
Bruce Reid <sup>(1)(2)</sup> , Ontario, Canada	Self-employed consultant; Chief Executive Officer of U.S. Silver Corporation, a mining exploration and development company (2006 to 2008); Vice-President of Mining Investments Banking of Research Capital Corporation (2003 to 2007); Director of Patricia Mining Corp., a gold exploration and development company (2002 to 2008)	Director since July 31, 2009; President and Chief Executive Officer since January 28, 2010	5,000,000
Donald Alexander Sheldon <sup>(1)</sup> , Ontario, Canada	Executive Officer and Lawyer of Sheldon Huxtable Professional Corporation, a law firm (from April 2005 to present); Partner and Lawyer of Sheldon Huxtable, a law firm (September 1996 to March 2005); President and Chief Executive Officer (from January 2003 to October 2009) and Director (since May 2002) of MetalCORP Limited, a mineral exploration company	Director since July 31, 2009; Chief Financial Officer and Chief Administrative Officer since January 28, 2010	5,000,000

Name of Proposed Nominee, Province and Country of Residence	Principal Occupation for Past Five (5) Years	Office or Position Held and Year First Elected a Director	Number of Shares of the Corporation Beneficially Owned, Directly or Indirectly, or Over Which Control and Direction Are Exercised <sup>(3)</sup>
Frank C. Smeenk <sup>(1)(2)</sup> , Ontario, Canada	President and Chief Executive Officer of KWG Resources Inc., a mineral exploration company	Director since July 31, 2009	Nil

Notes:

- (1) Member of the audit committee of the Board (the “**Audit Committee**”).
- (2) Member of the compensation committee of the Board (the “**Compensation Committee**”).
- (3) The information as to Shares beneficially owned, not being within the knowledge of the Corporation, has been obtained from SEDI or furnished by the proposed directors individually.

Directors will be elected by the affirmative vote of a majority of the votes cast on the resolution and will hold office until the next annual meeting of shareholders or until the directors' respective successors are duly elected or appointed. **The persons named in the accompanying form of proxy intend to vote the Shares represented thereby for the election of the nominees named above as directors of the Corporation, unless the shareholder has specified in the proxy that the Shares represented thereby are to be withheld from voting in respect thereof. Management has no reason to believe that any of the nominees named above will be unable or unwilling to serve as a director, but if that should occur for any reason prior to the Meeting, the persons named in the accompanying form of proxy shall have the right to vote for another nominee in such proxyholder’s discretion, unless the proxy withholds authority to vote for the election of directors.**

#### ***Corporate Cease Trade Orders, Bankruptcies and Insolvencies***

To the knowledge of the Corporation, none of the foregoing nominees for director of the Corporation is, at the date of this Circular, or has been, within ten (10) years before the date of this Circular, a director, chief executive officer or chief financial officer of any company (including the Corporation) that,

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

To the knowledge of the Corporation, none of the foregoing nominees for director of the Corporation (a) is, at the date of this Circular, or has been, within ten (10) years before the date of this Circular, a director or executive officer of any company (including the Corporation), that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets, or (b) has, within the ten (10) years before the date of this 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 other than Carl McGill, who filed a proposal under the *Bankruptcy and Insolvency Act* (Canada) to compromise certain personal debts. Mr. McGill's commitments under the proposal were withdrawn and discontinued. However, Mr. McGill subsequently settled with his creditors.

### ***Penalties and Sanctions***

Other than as follows, to the knowledge of the Corporation, no nominee for director of the Corporation 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.

*Frank C. Smeenk.* On June 8, 1999, MacDonald Oil Exploration Ltd. ("**MacDonald Oil**") commenced a share exchange takeover bid offering under the provisions of the *Canada Business Corporations Act* for the shares of Bresea Resources Ltd. ("**Bresea**") (the "**Offer**"). Thirty-five minutes prior to the Offer's expiry on July 12, 1999, the Ontario and Alberta Securities Commissions (the "**Commissions**") issued temporary orders to cease trading in the shares of Bresea and the consideration to be paid for some 22 million Bresea shares previously tendered to the Offer. At a joint hearing of the Commissions convened on August 11, 1999, the Commissions issued orders (the "**Orders**") in both Alberta and Ontario that trading cease by MacDonald Oil in the shares of Bresea and the consideration to have been paid for them by MacDonald Oil until, among other things, all such Bresea shares were returned to or withdrawn by their prior holders. All of the Bresea shares were returned or withdrawn. Mr. Smeenk was, at the time of the Orders' effect, an officer and director of MacDonald Oil.

In consequence of the Orders, MacDonald Oil was unable to satisfy its auditor as to the value of its investment in the Offer, prior to the time for filing its subsequent annual financial statements. Its application to the Ontario Securities Commission ("**OSC**") for leave to therefore extend the time for filing was declined by the issue of a 15-day temporary order on February 2, 2000 which was dissolved on its expiry by the issuer's timely filings in the interim. Mr. Smeenk was made a party to the temporary order as a then-current insider of the issuer.

Mr. Smeenk and MacDonald Oil (and other persons) entered into a settlement agreement with the OSC dated January 8, 2001 whereunder the parties agreed to the settlement of proceedings initiated by the OSC in respect of instances of non-compliance by Mr. Smeenk and MacDonald Oil (and others) with filing, disclosure and trading requirements under Ontario securities laws. The terms of the settlement provided that, *inter alia*, (i) each of the respondents would be reprimanded by the OSC; (ii) Mr. Smeenk would make a payment of \$5,000 to the OSC in respect of the OSC's costs; (iii) commencing March 21, 2001, Mr. Smeenk would cease trading in any securities acquired by him after the date of the settlement for a period of one (1) year; and (iv) Mr. Smeenk could continue as a director and as executive vice-president of MacDonald Oil but would be prohibited, for a period of two years, from assuming the responsibilities of certain of MacDonald Oil's other offices, or acting as the Chair of its Board or of any of its board committees.

Final orders to cease trading in the shares of MacDonald Oil were issued by the OSC on January 24, 2002, by the British Columbia Securities Commission on January 25, 2002 and by the Quebec Securities Commission on February 4, 2002. Mr. Smeenk continues to be a director and officer of MacDonald Oil.

#### 4. Amendment to the Stock Option Plan

The Corporation presently has in place a “rolling” Stock Option Plan, first implemented in 2006 whereby the Corporation is authorized to grant stock options of up to ten percent (10%) of its issued and outstanding Shares, from time to time.

Further details regarding the Stock Option Plan are found below under the heading “*Summary of Terms and Conditions of the Stock Option Plan*”. A copy of the Stock Option Plan may be obtained from the Corporation, at 180 Dundas Street West, Suite 1801, Toronto, Ontario M5G 1Z8.

Due to the recent election of directors, appointment of officers and retaining of various consultants, and the need for the Corporation to provide incentives to such individuals for the services that they provide to the Corporation, effective January 29, 2010, the Board of the Corporation granted an aggregate of 6,800,000 stock options to various directors, officers and consultants subject, among other things, to any necessary shareholder approvals. All such options are exercisable at \$0.10 per Share and have a term expiring on January 29, 2015 or such earlier date as may be determined by the terms of the Stock Option Plan.

Based on the issued and outstanding Shares of the Corporation at the end of the day on January 29, 2010, the aforementioned option grants exceed 10% of the issued and outstanding Shares of the Corporation by approximately 189,151 options. As a result, the shareholders will be asked to approve the following resolution:

**“BE IT RESOLVED THAT** the Stock Option Plan of the Corporation be and it is hereby amended to increase the aggregate number of shares of the Corporation which may be issued and sold under the Stock Option Plan to the greater of: (i) 6,800,000; or (ii) 10% of the issued and outstanding shares at the time of grant, and that the Board be and are hereby authorized, without further shareholder approval, to make such changes to the existing Stock Option Plan as may be required or approved by regulatory authorities.”

**To be approved, the resolution requires the affirmative vote of a majority of the votes cast on the resolution. Proxies received in favour of management will be voted in favour of amending the Stock Option Plan, unless the shareholder has specified in a proxy that his, her or its Shares are to be withheld from voting in respect thereof.**

#### 5. Other Business

While management of the Corporation is not aware of any other matter to be acted upon at the Meeting other than the appointment of auditors, the election of directors and amending the Stock Option Plan, if any other matter properly comes before the meeting, **it is intended that the proxies hereby solicited will be exercised upon any other matter or proposal in accordance with the discretion of the persons authorized to act thereunder.**

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

Due to the recent election of directors and appointment of executive officers and the need for the Corporation to provide incentives to such individuals for the services that they provide to the Corporation, effective January 29, 2010, the Board of the Corporation granted an aggregate of 5,700,000 stock options to such directors and executive officers subject, among other things, to any necessary shareholder approvals. All such options are exercisable at \$0.10 per share and have a term

expiring on January 29, 2015 or such earlier date as may be determined by the terms of the Stock Option Plan.

## **COMPENSATION DISCLOSURE AND RELATED MATTERS**

The purpose of this section of the Circular is to disclose all compensation paid, payable, awarded, granted, given or otherwise provided, directly or indirectly, by the Corporation to each Named Executive Officer (as defined herein) in accordance with Form 51-102F6 – *Statement of Executive Compensation*, which applies to financial years ending on or after December 31, 2008. The stated objective of Form 51-102F6 is to provide insight into executive compensation as a key aspect of the overall stewardship and governance of a corporation and to help investors understand how decisions about executive compensation are made.

During the most recently completed financial year ended August 31, 2009, the following individuals were the Named Executive Officers of the Corporation:

- Carl McGill was President, CEO and acting CFO; and
- Steve Mintz was CFO and Secretary / Treasurer

### **Compensation Discussion and Analysis**

#### *Overview*

The Compensation Discussion and Analysis describes, in accordance with NI 51-102, the compensation paid, payable, awarded, granted, given or otherwise provided, directly or indirectly, by the Corporation, to each Named Executive Officer. Disclosure is required to be made in relation to each Named Executive Officer. Named Executive Officer means each of the following individuals: (a) a CEO; (b) a CFO; (c) each of the three (3) most highly compensated executive officers, or the three (3) most highly compensated individuals acting in a similar capacity, other than the CEO and CFO, at the end of the most recently completed financial year whose compensation was, individually, more than \$150,000 for that financial year; and (d) each individual who would have been a Named Executive Officer under (c) but for the fact that the individual was neither an executive officer of the Corporation, nor acting in a similar capacity, at the end of that financial year.

The philosophy of the compensation committee of the Board (the “**Compensation Committee**”) is to determine the level of compensation in respect of the Corporation’s executive officers with a view to providing such executives with a competitive compensation package.

#### *Objectives of the Compensation Program*

The objectives of the compensation program of the Corporation (the “**Compensation Program**”) are:

- to reward individual contributions in light of overall business results;
- to align the interests of the executives with the interests of the shareholders;
- to provide executive officers with competitive compensation packages that encourage a long-term commitment to the Corporation’s objectives; and
- to attract and retain the key executives necessary for the Corporation’s long-term success.

### ***Purpose of the Compensation Program***

The Compensation Program is designed to reward the performance and achievements of the Named Executive Officers and to encourage executive to further the development of the Corporation for the subject financial year.

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

Total compensation (“**Total Compensation**”) represents the combined value of fixed compensation and performance-based variable incentive compensation, comprising: base salary or fees paid to a management services company, as applicable, short-term incentives in the form of the potential for an incentive award or bonus and long-term incentives in the form of stock options.

The allocation of Total Compensation value to these different compensation elements is not based on a formula, but rather is intended to reflect the Compensation Committee’s discretionary assessment of an executive officer’s past contribution and ability to contribute to future short and long-term business results.

#### **(a) Base Salary or Consulting Fees**

The base salary of each Named Executive Officer is reviewed annually and is the fixed portion of each Named Executive Officer’s Total Compensation. It is designed to provide income certainty and to attract and retain executives. In determining the base level of compensation for its executives, the Compensation Committee places weight on the following factors: the particular responsibilities related to the position; salaries or fees paid by companies of similar size and stage of development in the mineral exploration and development industry; the level of experience of the executive and overall performance; and the time which the executive is required to devote to the Corporation in fulfilling his or her responsibilities.

#### **(b) Short-term Incentives**

The cash incentive or bonus is a short-term incentive that is intended to reward each executive officer for his or her individual contribution and performance of personal objectives in the context of overall corporate performance. The cash bonus is designed to motivate executives to achieve personal business objectives, to be accountable for their relative contribution to the Corporations’ performance, as well as to attract and retain executives. In determining compensation and, in particular, bonuses, the Compensation Committee considers factors over which the executive can exercise control, such as meeting budget targets established by the controlling costs, taking successful advantage of business opportunities and enhancing the competitive and business prospects of the Corporation.

#### **(c) Long-term Incentives**

Long-term incentive compensation is provided through the granting of stock options. This incentive arrangement is designed to motivate executives to achieve longer-term sustainable business results, align their interests with those of the shareholders, attract and retain executives and reduce the cash compensation that the Corporation would otherwise have to pay. In establishing the number of incentive stock options to be granted to the Named Executive Officers and the directors, reference is made to the number of stock options granted to officers and directors of other companies of a similar size. The Compensation Committee and the Board also consider previous grants of options and the overall number of options that are outstanding relative to the number of outstanding Shares in determining whether to make any new grants of options and the size and terms of any such grants, as well as the level of effort,

time, responsibility, ability, experience and level of commitment and potential for contributions of the officer or director in determining the level of incentive stock option compensation.

### ***Determination of Compensation***

Rather than strictly applying formulas and weightings to forward-looking performance objectives, which may lead to unintended consequences for compensation purposes, the Compensation Committee exercises its discretion and uses sound judgment in making compensation determinations. For this reason, the Compensation Committee does not measure performance using any pre-set formulas in determining compensation awards for Named Executive Officers.

The Compensation Committee's assessment of corporate performance is based on a number of qualitative and quantitative factors including execution of on-going projects and transactions, operational performance and progress on key growth initiatives. Additionally, in establishing the levels of base salary and the award of stock options, the Compensation Committee takes into consideration an executive's responsibilities, length of service and levels of compensation provided by industry competitors. Named Executive Officers do not automatically receive any particular award based on the Compensation Committee's determination of the overall performance of the Corporation, but rather the determination establishes the background for the Compensation Committee's subsequent review of the Named Executive Officers' individual performance.

### **Option-based Awards**

#### ***Stock Options***

##### **(a) Stock Option Granting Process**

The Compensation Committee makes recommendations to the Board regarding individual stock option awards for all recipients. The Named Executive Officers do not engage in discussions with the Compensation Committee or the Board regarding his or her own stock option grants. The Compensation Committee deliberates and considers relevant market data and other information in order to determine the Named Executive Officers' stock option grants.

The Board reviews the appropriateness of the stock option grant recommendations from the Compensation Committee for all eligible participants and accepts or adjusts these recommendations. The Board is responsible for approving all individual stock option grants, including those for executive officers and directors.

##### **(b) Stock Option Plan Amendments**

The Board or a committee of the Board duly appointed for the purpose of administering the Stock Option Plan may amend or discontinue the Stock Option Plan at any time, subject to the prior approval of the appropriate regulatory authority, if applicable.

For further information regarding the Stock Option Plan, see "*Summary of Terms and Conditions of the Stock Option Plan*".

### **Summary Compensation Table**

The table below details all of the compensation paid, payable, awarded, granted, given or otherwise provided, directly or indirectly, for the fiscal year ended August 31, 2009, to the Named Executive

Officers of the Corporation. Total compensation encompasses, as applicable, regular salary, dollar amount of option awards, non-equity incentive plan compensation which would include discretionary and non-discretionary bonuses, pension value with compensatory amounts for both defined and non-defined contribution retirement plans, and all other compensation which could include perquisites, tax gross-ups, premiums for certain insurance policies, payments resulting from termination, resignation, retirement or a change in control and all other amounts not reported in another column.

Name and principal position	Fiscal Year Ended August 31	Salary (\$)	Share-based awards (\$)	Option-based awards (\$)	Non-equity incentive plan compensation (\$)		Pension value (\$)	All other compensation (\$)	Total compensation (\$)
					Annual Incentive Plans	Long-term incentive plans			
<b>Carl McGill</b> President, CEO and acting CFO <sup>(1)</sup>	2009	142,000	N/A	N/A	N/A	N/A	N/A	25,000 <sup>(3)</sup>	167,000
<b>Steven Mintz</b> CFO and Secretary / Treasurer <sup>(2)</sup>	2009	5,000	N/A	N/A	N/A	N/A	N/A	10,000 <sup>(4)</sup>	15,000

Notes:

- (1) Carl McGill was the President and CEO of the Corporation until January 28, 2010. Mr. McGill also served as the acting CFO of the Corporation until August 6, 2009. Prior to August 6, 2009, Mr. McGill was paid at a rate of \$12,000 per month for his services as CEO. Commencing August 6, 2009, he was paid at the rate of \$10,000 per month for his services as CEO.
- (2) Steven Mintz served as the CFO and Secretary / Treasurer of the Corporation from August 6, 2009 to January 28, 2010. Commencing August 6, 2009, he was paid at the rate of \$5,000 per month for his services as CFO.
- (3) On August 6, 2009, Carl McGill was awarded (i) a bonus of \$15,000 with the intention to make the bonus convertible into securities of the Corporation at a later date; and (ii) compensation of \$10,000 for serving as a director of the Corporation with the intention to make such compensation convertible into securities of the Corporation at a later date.
- (4) As compensation for serving as a director of the Corporation, Steven Mintz was awarded \$10,000 with the intention to make such compensation convertible into securities of the Corporation at a later date.

### Outstanding Share-Based Awards and Option-Based Awards

The following table sets forth information concerning all option-based and share-based awards granted to the Named Executive Officers that were granted before, and remain outstanding as of, the end of the most recently completed financial year ended August 31, 2009.

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 (\$) <sup>(1)</sup>	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested (\$)
<b>Carl McGill</b> President, CEO and acting CFO <sup>(1)</sup>	300,000 <sup>(2)</sup>	\$0.305	April 16, 2012	Nil	Nil	Nil
<b>Steven Mintz</b> CFO and Secretary / Treasurer <sup>(3)</sup>	Nil	N/A	N/A	Nil	Nil	Nil

Notes:

- (1) Carl McGill was the President and CEO of the Corporation until January 28, 2010. Mr. McGill also served as the acting CFO of the Corporation until August 6, 2009.
- (2) For the purposes of calculating the value of unexercised “in-the-money options” at the financial year end, the exercise price of each option was subtracted from the last known closing price for the Shares of the Corporation traded on the TSX. None of the outstanding options held by Carl McGill was “in-the-money” as at August 31, 2009.
- (3) Steven Mintz served as the CFO and Secretary / Treasurer of the Corporation from August 6, 2009 to January 28, 2010.

### Incentive Plan Awards – Value Vested or Earned During the Year

The following table provides information regarding the value on pay-out or vesting of incentive plan awards for the Named Executive Officers for the financial year ended August 31, 2009.

Name	Option-based awards – Value vested during the year (\$)	Share-based awards – Value vesting during the year (\$)	Non-equity incentive plan compensation – Value earned during the year (\$)
<b>Carl McGill</b> President, CEO and acting CFO <sup>(1)</sup>	NIL	N/A	N/A
<b>Steven Mintz</b> CFO and Secretary / Treasurer <sup>(1)</sup>	NIL	N/A	N/A

Notes:

- (1) Carl McGill was the President and CEO of the Corporation until January 28, 2010. Mr. McGill also served as the acting CFO of the Corporation until August 6, 2009. Steven Mintz served as the CFO and Secretary / Treasurer of the Corporation from August 6, 2009 to January 28, 2010.

## Pension Plan Benefits

The Corporation does not have any pension plans that provide for payments of benefits at, following or in connection with retirement or provide for retirement or deferred compensation plans for the Named Executive Officers or directors.

## Termination and Change of Control Benefits

There are no contracts, agreements, plans or arrangements that provide for payments to the Named Executive Officers at, following or in connection with any termination, resignation, retirement, change in control of the Corporation or change in the Named Executive Officers' responsibilities.

Until August 6, 2009, the Corporation had an unwritten arrangement with Carl McGill to pay him \$12,000 per month for his services as President, CEO and CFO. On August 6, 2009, the Corporation revised its arrangements with Carl McGill whereby the Corporation agreed to pay Mr. McGill \$10,000 per month for his services as President and CEO of the Corporation. Mr. McGill's appointment as the President and CEO of the Corporation ended on January 28, 2010 at which time he was appointed Vice-President, Corporate Development. No understanding between the Corporation and Mr. McGill was entered into with respect to termination benefits or severance or change of control payments.

The Corporation entered into an unwritten arrangement with Steven Mintz on August 6, 2009 whereby the Corporation agreed to pay Mr. Mintz \$5,000 per month for his services as CFO and Secretary / Treasurer of the Corporation. Mr. Mintz' appointment as the CFO and Secretary / Treasurer of the Corporation ended on January 28, 2010. No understanding between the Corporation and Mr. Mintz was entered into with respect to termination benefits or severance or change of control payments.

Under the terms of the Stock Option Plan, if any optionee who is a service provider shall cease to be a service provider for the Corporation for any reason (whether or not for cause), the optionee may, but only within the period of ninety (90) days, or thirty (30) days if the service provider is an individual engaged to provide services that promote the purchase or sale of the issued securities, next succeeding such cessation and in no event after the expiry date of the optionee's option, exercise the optionee's option unless such period is extended in the event of the death of an optionee during the currency of the optionee's option.

## Director Compensation Table

The following table sets forth information concerning the annual and long-term compensation in respect of the directors of the Corporation, other than the Named Executive Officers, during the financial year ended August 31, 2009. For details of the compensation for Carl McGill and Steven Mintz, the Named Executive Officers who are also directors of the Corporation, see disclosure in the "Summary Compensation Table".

Name	Fees Earned (\$)	Share-based awards (\$)	Option-based awards (\$)	Non-equity incentive plan compensation (\$)	Pension value (\$)	All other compensation (\$)	Total (\$)
Bruce Reid <sup>(1)</sup>	\$10,000	N/A	N/A	N/A	N/A	\$15,000 <sup>(5)</sup>	\$25,000 <sup>(5)</sup>
Donald Alexander Sheldon <sup>(1)</sup>	\$10,000 <sup>(6)</sup>	N/A	N/A	N/A	N/A	0 <sup>(6)</sup>	\$10,000 <sup>(6)</sup>

Frank C. Smeenk <sup>(1)</sup>	\$10,000 <sup>(7)</sup>	N/A	N/A	N/A	N/A	0	\$10,000 <sup>(7)</sup>
Stephen Mlot <sup>(2)</sup>	0	N/A	N/A	N/A	N/A	0	0
Paul Ankcorn <sup>(3)</sup>	0	N/A	N/A	N/A	N/A	0	0
Jeffrey Peckitt <sup>(4)</sup>	0	N/A	N/A	N/A	N/A	0	0

Notes:

- (1) Appointed as a director of the Corporation on July 31, 2009.
- (2) Stephen Mlot's term as a director of the Corporation ended in July, 2009.
- (3) Paul Ankcorn resigned as a director of the Corporation in June, 2009.
- (4) Jeffrey Peckitt served as a director of the Corporation until July 31, 2009.
- (5) On or about August 6, 2009, Bruce Reid was awarded (i) a bonus of \$15,000 with the intention to make the bonus convertible into securities of the Corporation at a later date; and (ii) compensation of \$10,000 for serving as a director of the Corporation with the intention to make such compensation convertible into securities of the Corporation at a later date.
- (6) Donald Alexander Sheldon is a member of a corporation which provided services to the Corporation during the fiscal year-ended August 31, 2009 for fees. During the fiscal year-ended August 31, 2009, fees in the amount of \$104,072 were charged by his law firm for time spent by various members of that firm on legal matters for the Corporation. As compensation for serving as a director of the Corporation, on or about August 6, 2009, Donald Alexander Sheldon (or a personal services corporation designated by him) was awarded compensation of \$10,000 with the intention to make such compensation convertible into securities of the Corporation at a later date.
- (7) As compensation for serving as a director of the Corporation, Frank C. Smeenk was awarded compensation of \$10,000 with the intention to make such compensation convertible into securities of the Corporation at a later date.

### Material Factors Necessary to Understand Director Compensation

Directors of the Corporation do not receive any compensation for attending meetings of the directors, meetings of the Audit Committee, meetings of the Compensation Committee or meetings of the shareholders of the Corporation. The directors are eligible to be granted stock options, as described below under the heading "Summary of Terms and Conditions of the Stock Option Plan".

### Outstanding Share-Based Awards and Option-Based Awards

The following table shows all outstanding share-based and option-based awards held by each director (other than the two (2) directors who were also Named Executive Officers and for whom the identical information is shown on the comparable table for Named Executive Officers set out above) as at August 31, 2009.

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 (\$) <sup>(1)</sup>	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested
Bruce Reid	Nil	Nil	Nil	Nil	Nil	Nil

Donald Alexander Sheldon	Nil	Nil	Nil	Nil	Nil	Nil
Frank C. Smeenk	Nil	Nil	Nil	Nil	Nil	Nil
Stephen Mlot	Nil	Nil	Nil	Nil	Nil	Nil
Paul Ankcorn	Nil	Nil	Nil	Nil	Nil	Nil
Jeffrey Peckitt <sup>(2)</sup>	300,000	\$0.305	April 16, 2012	Nil	Nil	Nil

Notes:

- (1) For the purposes of calculating the value of unexercised “in-the-money options” at the financial year end, the exercise price of each option was subtracted from the last known closing price for the Shares of the Corporation traded on the TSX. None of the outstanding options was “in-the-money” on August 31, 2009.
- (2) Mr. Peckitt’s term as a director ended July 31, 2009 and, under the terms of the Corporation’s stock option plan, his options expired 90 days thereafter.

#### **Incentive Plan Awards – Value Vested or Earned During the Year**

The following table provides information regarding the value on pay-out or vesting of incentive plan awards for each director (other than the directors who are also a Named Executive Officers and for whom the identical information appears on the comparable table for Named Executive Officers set out above) for the financial year ended August 31, 2009.

<b>Name</b>	<b>Option-based awards – Value vested during the year (\$)</b>	<b>Share-based awards – Value vesting during the year (\$)</b>	<b>Non-equity incentive plan compensation – Value earned during the year (\$)</b>
Bruce Reid	Nil	Nil	N/A
Donald Alexander Sheldon	Nil	Nil	N/A
Frank C. Smeenk	Nil	Nil	N/A
Stephen Mlot	Nil	Nil	N/A
Paul Ankcorn	Nil	Nil	N/A
Jeffrey Peckitt	Nil	Nil	N/A

## Directors and Officers Liability Insurance

At August 31, 2009, the Corporation maintained \$5,000,000 of group liability insurance for the protection of the directors and officers of the Corporation. In the fiscal year ended August 31, 2009, the Corporation paid an annual premium of \$17,280 for such policy. There is a deductible of \$25,000 per claim.

## SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS.

### Equity Compensation Plan Information

The following table sets out information as at August 31, 2009 with respect to the Corporation's Stock Option Plan, which was the only compensation plan under which equity securities of the Corporation are authorized for issuance to employees or non-employees such as directors and consultants. For further information regarding the Stock Option Plan, see the section immediately below entitled "Summary of Terms and Conditions of the Stock Option Plan".

	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted-average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))
Plan Category	(a)	(b)	(c)
Equity compensation plans approved by securityholders	600,000	\$0.305	4,294,849
Equity compensation plans not approved by securityholders	N/A	N/A	N/A
<b>Total</b>	600,000	\$0.305	4,294,849

### Summary of Terms and Conditions of the Stock Option Plan

The following is a summary of the principal terms of the Stock Option Plan, the purpose of which is to authorize the grant to service providers of the Corporation of options to purchase Shares and thus benefit the Corporation by enabling it to attract, retain and motivate service providers by providing them with the opportunity, through stock options, to participate in appreciation of the Share price.

Under the terms of the Stock Option Plan, the Board may, at its discretion, grant options to purchase Shares to directors, officers, consultants and employees of the Corporation, provided that: (i) the aggregate number of shares of the Corporation which may be issued and sold under the Stock Option Plan will not exceed ten percent (10%) of the issued and outstanding Shares at the time of grant; (ii) the total number of Shares which may be reserved for issuance to any one (1) individual under the Stock Option Plan during any one (1) year period shall not exceed five percent (5%) of the issued and outstanding Shares at the time of grant; (iii) the maximum number of Shares which may be reserved for issuance to insiders may not exceed ten percent (10%) of the outstanding Shares at the date of the grant (on a non-diluted basis); (iv) the maximum number of Shares which may be issued to any one (1) insider, together with any other previously established or proposed share compensation arrangements, in any one (1) year period is ten percent (10%) of the outstanding Shares; (v) the maximum number of Shares which may be issued to any one (1) insider and his or her associates under the Stock Option Plan, together

with any other previously established or proposed share compensation arrangements, within a one (1) year period shall be five percent (5%) of the outstanding Shares at the time of the grant (on a non-diluted basis); (vi) the maximum number of Shares which may be reserved for issuance to any one (1) consultant in any twelve (12) month period under the Stock Option Plan, any other employer stock option plans or options for services, shall be no more than two percent (2%) of the Shares issued and outstanding at the time of the grant (on a non-diluted basis); and (vii) the maximum number of Shares which may be reserved for issuance to investor relations employees, being individuals engaged to provide services that promote the purchase or sales of the issued securities in any twelve (12) month period under the Stock Option Plan, any other employer stock option plans or options for services, shall be no more than an aggregate of two percent (2%) of the Shares issued and outstanding at the time of the grant (on a non-diluted basis).

Options issued under the Stock Option Plan may be exercised during a period that cannot exceed five (5) years and are subject to earlier termination upon the optionee ceasing to be an employee, consultant, director and/or officer of the Corporation, or upon the retirement, or death of any optionee. In the event of the death of an optionee, his or her personal legal representative may, within the period of one (1) year next succeeding the optionee's death, exercise the options of such optionee or that portion thereof in respect of which the optionee had not previously exercised his or her options and in respect of which he or she was entitled to exercise his options at the date of his or her death. If any optionee who is a service provider ceases to be a service provider for the Corporation for any reason (whether or not for cause), such optionee may, within the period of ninety (90) days thereafter, or thirty (30) days if the service provider is an investor relations employee, exercise the optionee's option but in no event after the expiry date of the optionee's option.

Options granted under the Stock Option Plan are non-transferable and non-assignable.

The Board or a committee of the Board duly appointed for the purpose of administering the Stock Option Plan may amend or discontinue the Stock Option Plan at any time, subject to the prior approval of the appropriate regulatory authority.

Options to purchase 6,800,000 Shares were granted effective January 29, 2010 under the Stock Option Plan and are currently outstanding and unexercised, subject to, among other things, any necessary shareholder approvals.

## **LOANS TO DIRECTORS AND EXECUTIVE OFFICERS**

No loan has been granted by the Corporation to any director, executive officer, nor any person related to them. No director, executive officer, nor any one of them, is indebted to the Corporation.

## **CORPORATE GOVERNANCE AND OTHER MATTERS**

### **General**

The directors of the Corporation believe that good corporate governance improves corporate performance and benefits all shareholders. The Canadian Securities Administrators ("CSA") have adopted National Policy 58-201 *Corporate Governance Guidelines* ("NP 58-201"), which provides non-prescriptive guidelines on corporate governance practices for issuers such as the Corporation. In addition, the CSA have implemented National Instrument 58-101 *Disclosure of Corporate Governance Practices* ("NI 58-101"), which prescribes certain disclosure by the Corporation of its corporate governance practices. This disclosure is presented below.

## The Directors of the Corporation

There are currently five (5) directors of the Corporation: Carl McGill, Steven Mintz, Bruce Reid, Donald Alexander Sheldon and Frank C. Smeenk. Frank C. Smeenk is independent for the purposes of NI 58-101. Bruce Reid is not independent since he is the President and CEO of the Corporation. Donald Alexander Sheldon is not independent since he is the CFO of the Corporation. Carl McGill is not independent since he served as President and CEO of the Corporation within the last three (3) years. Steven Mintz is not independent since he served as the CFO of the Corporation within the last three (3) years.

To facilitate the directors of the Corporation functioning independent of management, the following structures and processes are in place:

- two of the directors are not members of management; the exceptions are Steven Mintz and Frank C. Smeenk;
- when appropriate, members of management, including the President and CEO, are not present for the discussion and determination of certain matters at meetings of the Board and committees of the Board; and
- the President and CEO's compensation is to be considered, in his absence, by the Compensation Committee and such committee's recommendation subsequently presented to the other directors of the Corporation for consideration, with the applicable officer declaring his conflict of interest and absents himself from determination of the issue.

## Directorships

Certain of the directors are also directors of other reporting issuers, as follows:

Director	Other Reporting Issuers
Donald Alexander Sheldon	MetalCORP Limited Greentree Gas & Oil Ltd. GoldTrain Resources Inc. Champion Minerals Inc. Crown Minerals Inc.
Bruce Reid	KWG Resources Inc. Debuts Diamonds Inc. Fletcher Nickel Inc. Noravena Resources Inc. Chrysalis Capital VI Inc.
Frank C. Smeenk	Debuts Diamonds Inc. MacDonald Oil Exploration Ltd. KWG Resources Inc.
Steven Mintz	Brownstone Ventures Inc. Pounder Venture Capital Corp.

## **Meetings of the Directors**

The Board holds regular meetings to review the business and affairs of the Corporation and to make any decisions relating thereto. The directors of the Corporation believe that they function independently of management. To enhance its ability to act independently of management, the Board reviews its procedures on an ongoing basis to ensure that it can function independently of management. The independent directors of the Corporation meet, as required, without management present. When conflicts do arise, interested parties are precluded from voting on matters in which they may have an interest. In light of the suggestions contained in NP 58-201, the Board convenes, as deemed necessary, meetings of the independent directors at which non-independent directors and members of management are not in attendance.

The directors of the Corporation believe that the foregoing steps are sufficient to enable it to exercise independent judgment in carrying out its responsibilities.

## **Independence of Chair**

The Chair, Bruce Reid, is a director of the Corporation and is not “independent” as defined in NI 58-101 due to his position as the Corporation’s President and CEO. There is presently no lead director who is an “independent” director. Currently, the directors are satisfied that they exercise their responsibilities for independent oversight of management. The ability to establish *ad hoc* committees comprised solely of independent directors provides the directors with the ability to meet independently of management whenever deemed necessary or appropriate and the chair of each such *ad hoc* committee provides the leadership for such committee.

## **Mandate of the Board**

The mandate of the Board is to supervise the management of the business and affairs of the Corporation and to act in the best interests of the Corporation. The Board discharges its responsibilities either directly or through the Audit Committee or Compensation Committee. The Board approves all significant decisions that affect the Corporation before they are implemented and is ultimately responsible for the approval and implementation of the Corporation’s strategic plan. The text of the Board’s mandate is set out as Appendix “A” to this Circular.

## **Position Descriptions**

Written position descriptions have not been developed for the Chair of the Board or for the Chair of the Audit Committee or the Compensation Committee, nor has a written position description been developed for the CEO. The directors of the Corporation believe that formulating such position descriptions is generally more appropriate for companies of significantly larger size and complexity than the Corporation and which may have significantly larger boards of directors.

With respect to management’s responsibilities, generally, any matters of material substance to the Corporation are submitted to the directors for, and are subject to, their approval. Such matters include those matters which must by law be approved by the Board (such as share issuances) and other matters of material significance to the Corporation, including any debt or equity financings, investments, acquisitions and divestitures, and the incurring material expenditures or legal commitments. The directors and/or the Audit Committee also reviews and/or approves the Corporation’s major communications with shareholders and the public including the annual management information circular and annual information form, as may be required, advisable or appropriate. The specific corporate objectives which the CEO is responsible for meeting (aside from the overall objective of

enhancing shareholder value) are, in the Corporation's case, typically related to the advancement, growth, management and financing of the Corporation and its exploration projects and matters ancillary thereto.

### **Orientation and Continuing Education of the Directors**

Given the size of the Corporation and the in-depth experience of its directors, the Corporation has not deemed it necessary to develop a formal process of orientation for new directors. However, the directors conduct a discussion of the business of the Corporation at its meetings to ensure that new directors are provided with an overview of the Corporation's operations. From time to time, corporate officers and legal, financial and other experts are invited to attend Board of Director's meetings to describe matters in their areas of expertise.

Directors are entitled to attend seminars that they determine necessary to keep themselves up-to-date with current issues relevant to their services as directors of the Corporation.

### **Ethical Business Conduct**

The directors of the Corporation have adopted a written Code of Business Conduct and Ethics (the "Code") that applies to all directors, officers and employees of the Corporation. A copy of the Code can be obtained from the Corporation's legal counsel located at 180 Dundas Street West, Suite 1801, Toronto, Ontario M5G 1Z8. The directors are responsible for monitoring compliance with the Code. To facilitate this, the Code encourages all Corporation personnel to promptly report any problems or concerns and any actual or potential violations of the Code to the Chair. Concerns or complaints can be reported on an anonymous basis in writing to the Chair. A waiver of the Code will be granted only in exceptional circumstances and only by the directors.

To ensure that directors exercise independent judgment in considering transactions and agreements in respect of which a director or executive officer has a material interest, the Code encourages directors and executive officers who have a material interest in any transaction that the Corporation proposes to enter into, to disclose, in writing, such interest to the Chair.

The directors of the Corporation encourage and promote an overall culture of ethical business conduct by promoting compliance with applicable laws, rules and regulations, providing guidance to employees, officers and directors to help them recognize and deal with ethical issues, promoting a culture of open communication, honesty and accountability and ensuring awareness of disciplinary action for violations of ethical conduct.

### **Nomination of Directors**

The directors of the Corporation have not appointed a formal nominating committee. However any director is free to recommend additional directors, as required, and the Board will consider such recommendations as a whole. Until a committee is formed, the Board as a whole will be responsible for assessing its effectiveness, the committees of the Board and the contribution of individual directors, taking into account the competencies and skills that the Board as a whole should possess as well as the competencies and skills that each director should possess.

The directors identify new candidates for nomination as directors through the following process: (a) the directors review the current composition of the Board and the skills and competencies of the existing members; (b) the directors identify the skills and competencies desired for the Board in general compared to those of the existing directors; (c) the directors seek candidates who have demonstrated

strengths in the desired skills and competencies; (d) the directors review the skills and competencies of the candidates and (e) the directors nominate for election the selected candidate. An objective nomination process is encouraged by having all of the independent directors fully participate in this process.

### **Other Board Committees**

The Audit Committee and the Compensation Committee are the only standing committees of the Board. For more information regarding the Audit Committee, see “*Audit Committee*”.

### **Assessment of Directors, the Board and Board Committees**

Based upon the Corporation’s size, its current state of development and the number of individuals serving as directors, the directors consider a formal process for assessing regularly the effectiveness and contribution of the directors, as a whole, its committee or individual directors to be unnecessary at this time. In light of the fact that the directors and the Audit Committee meet on numerous occasions during each year, each director has significant opportunity to assess other directors. The directors plan to continue evaluating their own effectiveness on an *ad hoc* basis.

## **AUDIT COMMITTEE**

### **Audit Committee Charter**

The text of the charter of the Audit Committee is attached as Appendix “B” hereto.

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

The Audit Committee is comprised of Donald Alexander Sheldon, Bruce Reid and Frank C. Smeenk, all of whom are financially literate. Frank C. Smeenk is independent within the meaning of National Instrument 52-110 *Audit Committees* (“**NI 52-110**”), while Donald Alexander Sheldon and Bruce Reid are not independent, since they each serve as executive officers of the Corporation.

### **Relevant Education and Experience**

Each Audit Committee member possesses certain education and experience which is relevant to the performance of his responsibilities as an Audit Committee member and, in particular, education or experience which provides the member with one (1) or more of the following: an understanding of the accounting principles used by the Corporation to prepare its financial statements; the ability to assess the general application of such accounting principles in connection with the accounting for estimates, accruals and reserves; experience preparing, auditing, analyzing or evaluating financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the Corporation’s financial statements, or experience actively supervising one or more individuals engaged in such activities; and an understanding of internal controls and procedures for financial reporting.

Donald Alexander Sheldon has served as a director of the Corporation since July 31, 2009, and has concurrently held the position of CFO and Chief Administrative Officer since January 28, 2010. He has been involved in the active supervision of individuals who engaged in the preparation, analysis and evaluation of the Corporation’s financial statements, and possesses an understanding of internal controls and procedures for financial reporting. He has also had experience as an officer and as a director of numerous other mining and mineral exploration companies, as well as companies in other

sectors of the economy, including experience in the preparation, analysis and evaluation of financial statements comparable to the breadth and complexity of the Corporation's financial statements. For further information about Mr. Sheldon, see "*Election of Directors*".

Bruce Reid has served as a director of the Corporation since July 31, 2009 and has the expertise to understand and evaluate financial statements that are prepared using Canadian GAAP, the principles applied to natural resources companies' financial statements and the internal controls required to accurately report the Corporation's financial position. He has also had experience with other mining and mineral exploration companies, including until recently as President and a director of US Silver Corporation and currently as a director of KWG Resources Inc. and Fletcher Nickel Inc. For further information about Mr. Reid, see "*Election of Directors*".

Frank C. Smeenk has served as a director of the Corporation since July 31, 2009 and has the expertise to understand and evaluate financial statements that are prepared using Canadian GAAP, the principles applied to natural resources companies' financial statements and the internal controls required to accurately report the Corporation's financial position. He has also had experience with other mining and mineral exploration companies, including currently as President of KWG Resources Inc. and Fletcher Nickel Inc. and a director of KWG Resources Inc. and Debuts Diamonds Inc. For further information about Mr. Smeenk, see "*Election of Directors*".

### **Audit Committee Oversight**

At no time since the commencement of the Corporation's most recently completed financial year has a recommendation of the Audit Committee to nominate or compensate an external auditor not been accepted by the Board.

### **Reliance on Certain Exemptions**

The Corporation has relied on the exemption provided under Section 3.5 of NI 52-110 *Death, Disability or Resignation of Member* as a result of the resignation of Mr. Ankcorn in June, 2009.

The Corporation has relied on the exemption provided under Section 3.6 of NI 52-110 *Temporary Exemption for Limited and Exceptional Circumstances*. The Corporation may rely on this exemption to the requirement that all members of the Audit Committee be "independent" for up to two (2) years.

### **Pre-Approval Policies and Procedures**

The Audit Committee has not adopted specific policies and procedures for the engagement of non-audit services. The Audit Committee meets and/or its individual members meet with the Corporation's auditors, independent of management, and have direct communication channels with the external auditors to discuss and review specified issues as appropriate.

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

The following table sets forth the aggregate fees billed to the Corporation by (i) PKF Hill LLP, for services rendered in the fiscal year ended August 31, 2008; and (ii) Palmer Reid, Chartered Accountants, for services rendered in the fiscal year ended August 31, 2009.

	<b>Fiscal Year ended August 31, 2009</b>	<b>Fiscal Year ended August 31, 2008</b>
	(\$)	(\$)
Audit fees	19,500	40,000
Audit-related fees	Nil	Nil
Tax fees	Nil	Nil
All other fees	Nil	Nil
<b>Total</b>	<b>19,500</b>	<b>40,000</b>

Notes:

- (1) PKF Hill LLP resigned as auditors of the Corporation prior to the expiry of their term in office. For further information concerning the change of auditors of the Corporation, see “*Appointment of Auditors*”.

### **Exemption**

The Corporation is a venture issuer as defined in MI 52-110 and is relying on the exemption in Section 6.1 of NI 52-110 relating to Part 3 (*Composition of Audit Committee*) and Part 5 (*Reporting Obligations*) of NI 52-110.

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

Management is not aware of any material interest, direct or indirect, of any “informed person” of the Corporation, insider of the Corporation, proposed director, or any associate or affiliate of any informed person or proposed director, in any transaction since the commencement of the Corporation’s most recently completed financial year or in any proposed transaction which has materially affected or would materially affect the Corporation, except as set out below or as otherwise disclosed in this Circular or as disclosed in the Corporation’s annual financial statements and management discussion and analysis for the year ended August 31, 2009. An “informed person” means (i) a director or executive officer of the Corporation or of a subsidiary of the Corporation, (ii) any person or company who beneficially owns, directly or indirectly, voting securities of the Corporation or who exercises control or direction over voting securities of the Corporation carrying more than ten percent (10%) of the voting rights attached to all outstanding voting securities of the Corporation, (iii) a director or officer of a company that is itself an informed person of the Corporation or of a subsidiary of the Corporation, and (iv) any person who has been a director or officer of the Corporation at any time since the beginning the Corporation’s last fiscal year. Information relating to management companies has been supplied by the applicable officers and directors.

Donald Alexander Sheldon is a member of a corporation which provides legal services to the Corporation and receives fees for those services. Fees have been charged by his corporation at standard rates for time spent by other members and staff of that law firm. Particulars of fees charged in 2009 by his law firm on legal matters for the Corporation may be found in the notes to the audited financial statements of the Corporation for the year ended August 31, 2009, available by accessing the Corporation’s profile on the SEDAR website at [www.sedar.com](http://www.sedar.com). As well, further information about the fees charges for legal services provided can be found under “*Director Compensation Table*”.

In or about November 2009, Donald Alexander Sheldon, a director of the Corporation, purchased a non-interest bearing convertible debenture (the “**Debenture**”) of the Corporation with a principal sum \$60,000 for \$70,000 from an arm’s length party (the “**Debenture Purchase**”). Shortly after the Debenture Purchase, Mr. Sheldon converted the principal sum of the Debenture in accordance with its terms into 2,000,000 Shares and 2,000,000 warrants of the Corporation and the warrants comprising such units were, shortly after the conversion, exercised, resulting in payment to the Corporation of \$100,000 and the issuance of 2,000,000 Shares in November, 2009.

On January 15, 2010, the Corporation closed the first tranche of private placement of units (“**Units**”), with each Unit consisting of one Share of the Corporation and one share purchase warrant (a “**Warrant**”) at a price of \$0.05 per Unit (the “**Private Placement**”). Each Warrant entitles the holder thereof to purchase one Share of the Corporation at a price of \$0.10 per Share at any time on or before January 15, 2011. In that tranche and a subsequent tranche two weeks later, the Corporation raised gross proceeds of \$619,000. Bruce Reid and Donald Alexander Sheldon, both directors of the Corporation and therefore “informed persons” as defined above, participated in the Private Placement, each purchasing 1,000,000 Units for subscription proceeds to the Corporation of \$50,000.

Due to the recent election of directors and appointment of executive officers and the need for the Corporation to provide incentives to such individuals for the services that they provide to the Corporation, effective January 29, 2010, the Board of the Corporation granted an aggregate of 5,700,000 stock options to such directors and executive officers subject, among other things, to any necessary shareholder approvals. All such options are exercisable at \$0.10 per share and have a term expiring on January 29, 2015 or such earlier date as may be determined by the terms of the Stock Option Plan.

#### **ADDITIONAL INFORMATION**

Additional information relating to the Corporation can be found on the SEDAR website at [www.sedar.com](http://www.sedar.com). Copies of this Circular and the audited comparative financial statements and management’s discussion and analysis (“**MD&A**”) for the most recently completed financial years ended August 31, 2008 and 2009 are available upon request and without charge, from the Corporation at 180 Dundas Street West, Suite 1801, Toronto, Ontario M5G 1Z8.

Financial information is provided in the Corporation’s comparative financial statements and MD&A for its most recently completed financial year ended August 31, 2009.

#### **APPROVAL BY THE DIRECTORS**

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

Dated the 3<sup>rd</sup> day of February, 2010.

*“Bruce Reid”*

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Bruce Reid  
President and CEO

## APPENDIX “A”

### CARLISLE GOLDFIELDS LIMITED

### BOARD OF DIRECTORS MANDATE

#### 1. Mandate

The board of directors (the “**Board**”) of Carlisle Goldfields Limited (the “**Company**”) is responsible for the stewardship of the Company and discharges such responsibility by supervising the management of the business and affairs of the Company, with a view to preserving and enhancing shareholder value.

#### 2. Expectations and Responsibilities of Directors

The Board expects that each director will, among other things:

- (a) act honestly, in good faith with a view to the best interests of the Company;
- (b) exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances;
- (c) commit the time and energy necessary to properly carry out his or her duties;
- (d) attend all Board and committee meetings, as applicable;
- (e) review in advance all meeting materials and otherwise adequately prepare for all Board and committee meetings, as applicable; and
- (f) keep all Board matters and discussions confidential except to other Board members and to management.

#### 3. Authority

The Board has the authority to delegate to individual members or committees of the Board where appropriate.

The Board shall have complete access to appropriate Company personnel in order to secure all information necessary to fulfill its duties.

#### 4. Composition

To the extent feasible, the Board shall be composed of a majority of “independent” directors as such term is defined under applicable securities legislation.

The Board shall appoint one director to act as a Chair of the Board. Where the Chair is not independent, an independent director may be appointed as “lead director”, to act as the effective leader of the Board and ensure that the Board’s agenda will enable it to successfully carry out its duties. If in any year the Board does not appoint a Chair or lead director, if applicable, the incumbent Chair and lead director, if applicable, will continue in office until a successor is appointed. If the Chair or lead director, if applicable, is absent from any meeting, the Board shall select one of the other directors present to preside at that meeting.

## **5. Meetings**

The Board shall meet at least four times per year, including at least once in each quarter to carry out its responsibilities under this Mandate, including a review of the business operations and financial results of the Company, and as many additional times as the Board deems necessary to carry out its duties. The Chair or lead director, if applicable, shall develop and set the Board's agenda, in consultation with other members of the Board and senior management.

Notice of the time and place of every meeting shall be given in writing to each director, at least 48 hours prior to the time fixed for such meeting, unless notice is waived.

A majority of the Board shall constitute a quorum. No business may be transacted by the Board except at a meeting of its members at which a quorum of the Board is present in person or by means of such telephonic, electronic or other communications facilities as to permit all persons participating in the meeting to communicate with each other simultaneously and instantaneously.

The Board may invite such officers and employees of the Company and advisors as it sees fit from time to time to attend meetings of the Board.

The Board shall meet without management present whenever the Board deems it appropriate.

The Board shall appoint a Secretary who need not be a director or officer of the Company. Minutes of the meetings of the Board shall be recorded and maintained by the Secretary and shall be subsequently presented to the Board for review and approval.

## **6. Board and Mandate Review**

The Board may conduct an annual review and assessment of its performance and effectiveness, as well as the effectiveness and contribution of each Board committee and each individual director, in such manner as it deems appropriate. Such an assessment will consider: (i) in the case of the Board or a Board committee, compliance with its respective mandate or charter; and (ii) in the case of an individual director, the applicable position description(s), as well as the competencies and skills each individual director is expected to bring to the Board.

The Board may also review and assess the adequacy of this mandate on an annual basis, taking into account all legislative and regulatory requirements applicable to the Board, as well as any guidelines recommended by securities regulatory authorities or the TSX Venture Exchange.

## **7. Duties and Responsibilities**

The Board is responsible for:

- (a) designating the offices of the Company, appointing such officers, specifying their duties and delegating to them the power to manage the day-to-day business and affairs of the Company, as the Board sees fit;
- (b) in consultation with the Compensation Committee, if constituted, reviewing the officers' performance and effectiveness;
- (c) in consultation with the Compensation Committee, if constituted, determining the compensation of the President and CEO;

- (d) acting in a supervisory role, such that any duties and powers not delegated to the officers of the Company remain with the Board and its committees;
- (e) to the extent feasible, satisfying itself as to the integrity of the CEO and other senior officers and that the CEO and other senior officers create a culture of integrity throughout the Company;
- (f) adopting and approving a strategic planning process and approving, on at least an annual basis, a strategic plan which takes into account, among other things, the opportunities and risks of the Company's business;
- (g) identifying the principal risks of the Company's business, and ensuring the implementation of appropriate systems to manage these risks;
- (h) supervising and assessing the performance and effectiveness of management of the Company on an ongoing basis;
- (i) succession planning, including appointing, training and monitoring senior management;
- (j) with the assistance of the Audit Committee, ensuring the integrity of the Company's internal control and management information systems;
- (k) developing the Company's approach to corporate governance, including developing a set of corporate governance principles and guidelines that are specifically applicable to the Company and appointing a committee of the Board to specifically oversee the implementation and monitoring of its Corporate Governance policies;
- (l) establishing procedures to ensure that the Company, through management, provides timely information to current and potential security holders and responds to their inquiries;
- (m) when deemed appropriate, developing clear positions descriptions for directors, including the Chair and each Board committee chair; and
- (n) when deemed appropriate, in conjunction with the CEO, developing a clear position description for the CEO, which includes delineating management's responsibilities and developing or approving the corporate goals and objectives the CEO is responsible for meeting.

## **8. Committees of the Board**

To assist it in discharging its responsibilities, the Board has established one standing committee of the Board: the Audit Committee. The Audit Committee shall be comprised of three "independent" directors who are "financially literate". The Board may establish other standing committees from time to time.

Each committee shall have a written charter that clearly establishes the committee's purpose, responsibilities, member qualifications, member appointment and removal, structure and operations (including any authority to delegate to individual members and subcommittees), and manner of reporting to the Board. Each charter shall be reviewed by the Board (or a committee thereof) on at least an annual basis.

The Board is responsible for appointing directors to each of its committees in accordance with the charter for each committee.

## **9. Nomination of Directors**

The Board is responsible for nominating or appointing individuals as directors. Prior to nominating or appointing individuals as directors, the Board shall:

- (a) consider what competencies and skills the Board, as a whole, should possess;
- (b) assess what competencies and skills each existing director possesses (including the personality and other qualities of each director);
- (c) review the qualifications of candidates suggested by members of the Board, shareholders, management and others and assess what competencies and skills each new nominee will bring to the boardroom; and
- (d) consider the appropriate size of the Board, with a view to facilitating effective decision-making.

## **10. Orientation and Continuing Education**

The Board is responsible for ensuring that all new directors receive a comprehensive orientation enabling them to fully understand the role of the Board and its committees, as well as the contribution individual directors are expected to make, and the nature and operation of the Company's business.

The Board shall provide continuing education opportunities for all directors, so individuals may maintain or enhance their skills and abilities as directors, as well as to ensure that their knowledge and understanding of the Company's business remains current.

## **11. Code of Business Conduct and Ethics**

The Board is responsible for adopting and maintaining a written code of business conduct and ethics (the "**Code**") applicable to all directors, officers and employees of the Company and its subsidiaries. The Code shall constitute written standards that are reasonably designed to:

- (a) promote honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
- (b) promote avoidance of conflicts of interest, including disclosure to an appropriate person of any material transaction or relationship that reasonably could be expected to give rise to such a conflict;
- (c) promote full, fair, accurate, timely and understandable disclosure in reports and documents that the Company files with, or submits to, the securities regulators and in other public communications made by the Company;
- (d) promote compliance with applicable governmental laws, rules and regulations;
- (e) promote the prompt internal reporting to an appropriate person of violations of the Code;
- (f) promote accountability for adherence to the Code;
- (g) provide guidance to employees, officers and directors to help them recognize and deal with ethical issues;

- (h) provide mechanisms to report unethical conduct; and
- (i) help foster the Company's longstanding culture of honesty and accountability.

The Board is responsible for monitoring compliance with the Code. Any waivers from the Code shall be granted by the Board only.

## **12. Compensation Matters**

The Board is responsible for overseeing compensation matters (including compensation of officers and other senior management personnel and approving the Company's annual compensation budget) and to assist it with these responsibilities, the Board may establish a Compensation Committee. More specifically, the Board is responsible for approving:

- (a) the President and CEO's compensation level, after consideration of the evaluation conducted by and the recommendations of the Compensation Committee, if constituted; and
- (b) director compensation, incentive-compensation plans and equity-based plans, after consideration of the recommendations of the Compensation Committee, if constituted.

## APPENDIX “B”

### CARLISLE GOLDFIELDS LIMITED

#### AUDIT COMMITTEE CHARTER

##### **I. Mandate and Purpose of the Committee**

The Audit Committee (the “**Committee**”) of the board of directors (the “**Board**”) of Carlisle Goldfields Limited (the “**Company**”) is a standing committee of the Board whose primary function is to assist the Board in fulfilling its oversight responsibilities relating to:

- (a) the integrity of the Company’s financial statements;
- (b) the Company’s compliance with legal and regulatory requirements, as they relate to the Company’s financial statements;
- (c) the qualifications, independence and performance of the Company’s auditor;
- (d) internal controls and disclosure controls;
- (e) the performance of the Company’s internal audit function; and
- (f) performing the additional duties set out in this Charter or otherwise delegated to the Committee by the Board.

##### **II. Authority**

The Committee has the authority to:

- (a) engage and compensate independent counsel and other advisors as it determines necessary or advisable to carry out its duties; and
- (b) communicate directly with the Company’s auditor.

The Committee has the authority to delegate to individual members or subcommittees of the Committee.

##### **III. Composition and Expertise**

The Committee shall be composed of a minimum of three members, each whom is a director of the Company. Each Committee member must be “independent” and “financially literate” as such terms are defined in applicable securities legislation.

Committee members shall be appointed annually by the Board at the first meeting of the Board following each annual meeting of shareholders. Committee members hold office until the next annual meeting of shareholders or until they are removed by the Board or cease to be directors of the Company.

The Board shall appoint one member of the Committee to act as Chair of the Committee. If the Chair of the Committee is absent from any meeting, the Committee shall select one of the other members of the Committee to preside at that meeting.

#### **IV. Meetings**

The Committee shall meet at least four times per year and as many additional times as the Committee deems necessary to carry out its duties. The Chair shall develop and set the Committee's agenda, in consultation with other members of the Committee, the Board and senior management.

Notice of the time and place of every meeting shall be given in writing to each member of the Committee, at least 24 hours (excluding holidays) prior to the time fixed for such meeting. The Company's auditor shall be given notice of every meeting of the Committee and, at the expense of the Company, shall be entitled to attend and be heard thereat. If requested by a member of the Committee, the Company's auditor shall attend every meeting of the Committee held during the term of office of the Company's auditor.

A majority of the Committee shall constitute a quorum. No business may be transacted by the Committee except at a meeting of its members at which a quorum of the Committee is present in person or by means of such telephonic, electronic or other communications facilities as permit all persons participating in the meeting to communicate with each other simultaneously and instantaneously.

The Committee may invite such directors, officers and employees of the Company and advisors as it sees fit from time to time to attend meetings of the Committee.

The Committee shall meet without management present whenever the Committee deems it appropriate.

The Committee shall appoint a Secretary who need not be a director or officer of the Company. Minutes of the meetings of the Committee shall be recorded and maintained by the Secretary and shall be subsequently presented to the Committee for review and approval.

#### **V. Committee and Charter Review**

The Committee shall conduct an annual review and assessment of its performance, effectiveness and contribution, including a review of its compliance with this Charter. The Committee shall conduct such review and assessment in such manner as it deems appropriate and report the results thereof to the Board.

The Committee shall also review and assess the adequacy of this Charter on an annual basis, taking into account all legislative and regulatory requirements applicable to the Committee, as well as any guidelines recommended by regulators or the Toronto Stock Exchange and shall recommend changes to the Board thereon.

#### **VI. Reporting to the Board**

The Committee shall report to the Board in a timely manner with respect to each of its meetings held. This report may take the form of circulating copies of the minutes of each meeting held.

#### **VII. Duties and Responsibilities**

##### **(a) Financial Reporting**

The Committee is responsible for reviewing and recommending approval to the Board of the Company's annual and interim financial statements, MD&A and related news releases, before they are released.

The Committee is also responsible for:

- (i) being satisfied that adequate procedures are in place for the review of the Company's public disclosure of financial information extracted or derived from the Company's financial statements, other than the public disclosure referred to in the preceding paragraph, and for periodically assessing the adequacy of those procedures;
- (ii) engaging the Company's auditor to perform a review of the interim financial statements and receiving from the Company's auditor a formal report on the auditor's review of such interim financial statements;
- (iii) discussing with management and the Company's auditor the quality of generally accepted accounting principles ("GAAP"), not just acceptability of GAAP;
- (iv) discussing with management any significant variances between comparative reporting periods; and
- (v) in the course of discussion with management and the Company's auditor, identifying problems or areas of concern and ensuring such matters are satisfactorily resolved.

**(b) Auditor**

The Committee is responsible for recommending to the Board:

- (i) the auditor to be nominated for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for the Company; and
- (ii) the compensation of the Company's auditor.

The Company's auditor reports directly to the Committee. The Committee is directly responsible for overseeing the work of the Company's auditor engaged for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for the Company, including the resolution of disagreements between management and the Company's auditor regarding financial reporting.

**(c) Relationship with the Auditor**

The Committee is responsible for reviewing the proposed audit plan and proposed audit fees. The Committee is also responsible for:

- (i) establishing effective communication processes with management and the Company's auditor so that it can objectively monitor the quality and effectiveness of the auditor's relationship with management and the Committee;
- (ii) receiving and reviewing regular feedback from the auditor on the progress against the approved audit plan, important findings, recommendations for improvements and the auditor's final report;

- (iii) reviewing, at least annually, a report from the auditor on all relationships and engagements for non-audit services that may be reasonably thought to bear on the independence of the auditor; and
- (iv) meeting in camera with the auditor whenever the Committee deems it appropriate.

**(d) Accounting Policies**

The Committee is responsible for:

- (i) reviewing the Company's accounting policy note to ensure completeness and acceptability with GAAP as part of the approval of the financial statements;
- (ii) discussing and reviewing the impact of proposed changes in accounting standards or securities policies or regulations;
- (iii) reviewing with management and the auditor any proposed changes in major accounting policies and key estimates and judgments that may be material to financial reporting;
- (iv) discussing with management and the auditor the acceptability, degree of aggressiveness/conservatism and quality of underlying accounting policies and key estimates and judgments; and
- (v) discussing with management and the auditor the clarity and completeness of the Company's financial disclosures.

**(e) Risk and Uncertainty**

The Committee is responsible for reviewing, as part of its approval of the financial statements:

- (i) uncertainty notes and disclosures; and
- (ii) MD&A disclosures.

The Committee, in consultation with management, will identify the principal business risks and decide on the Company's "appetite" for risk. The Committee is responsible for reviewing related risk management policies and recommending such policies for approval by the Board. The Committee is then responsible for communicating and assigning to the applicable Board committee such policies for implementation and ongoing monitoring.

The Committee is responsible for requesting the auditor's opinion of management's assessment of significant risks facing the Company and how effectively they are managed or controlled.

**(f) Controls and Control Deviations**

The Committee is responsible for reviewing:

- (iii) the plan and scope of the annual audit with respect to planned reliance and testing of controls; and
- (iv) major points contained in the auditor's management letter resulting from control evaluation and testing.

The Committee is also responsible for receiving reports from management when significant control deviations occur.

**(g) Compliance with Laws and Regulations**

The Committee is responsible for reviewing regular reports from management and others (e.g. auditors) concerning the Company's compliance with financial related laws and regulations, such as:

- (i) tax and financial reporting laws and regulations;
- (ii) legal withholdings requirements;
- (iii) environmental protection laws; and
- (iv) other matters for which directors face liability exposure.

**VIII. Non-Audit Services**

All non-audit services to be provided to the Company or its subsidiary entities by the Company's auditor must be pre-approved by the Committee.

**IX. Submission Systems and Treatment of Complaints**

The Committee is responsible for establishing procedures for:

- (a) the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls, or auditing matters; and
- (b) the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.

**X. Hiring Policies**

The Committee is responsible for reviewing and approving the Company's hiring policies regarding partners, employees and former partners and employees of the present and former auditor of the Company.

Adopted by the Board on November 29, 2007