



**CENTURY IRON MINES CORPORATION**

**NOTICE OF ANNUAL AND SPECIAL MEETING**

**AND**

**INFORMATION CIRCULAR**

**August 28, 2012**

**SHAREHOLDERS OF CENTURY IRON MINES CORPORATION:** These materials are important and require your immediate attention. They require you to make important decisions. If you are in doubt as to how to make such decisions, please contact your financial, legal, or other professional advisors. **If you have any questions or require more information with regard to voting your shares of Century Iron Mines Corporation, please contact Michael Skutezky, Corporate Secretary, at 416-977-3188.**



**CENTURY IRON MINES CORPORATION**

Suite 602, 170 University Avenue  
Toronto, Ontario, Canada M5H 3B3  
Telephone: 416-977-3188 / Facsimile: 416-977-8002

August 28, 2012

Dear Shareholders:

You are cordially invited to attend the annual general and special meeting (the "Meeting") of Century Iron Mines Corporation (the "Company") to be held at The Albany Club, 91 King Street East, Toronto, Ontario, Canada on Wednesday, September 26, 2012 at 4:30 p.m. (Toronto time).

The items of business to be considered and voted upon at the Meeting are described in the accompanying Notice of Annual and Special Meeting of Shareholders and Information Circular. One of the business items is the election of directors.

This year, the Hon. John Reynolds, P.C., a current member of the Company's Board of Directors, is unable to stand for re-election as a director of the Company due to his professional commitments. Mr. Reynolds has made valuable contributions to the Company as a member of the Company's Board of Directors, and as a member of the Governance and Nominating Committee, Audit Committee, and Compensation Committee of the Board of Directors.

In view of Mr. Reynolds pending departure, I would like to introduce to you a new nominee for our board of directors: Jacques Gauthier. Mr. Gauthier is a senior executive with solid experience acquired as President and Chief Executive Officer of one of Canada's larger private producers of electricity and a North American leader in the production of energy from wood residue. A passionate, committed leader and excellent negotiator, Mr. Gauthier has demonstrated great skill in strategic, operational and financial planning throughout his career. These skills have, in turn, contributed to the creation and development of major energy projects in both Canada and the United States.

Your participation in the affairs of the Company is very important to the Company. Whether or not you plan to attend the Meeting, I encourage you to exercise your right to vote, which can easily be done by completing and submitting your enclosed proxy in accordance with the instructions set forth in the accompanying form of proxy and Information Circular.

You will also have the opportunity to ask questions and to meet several of the directors and members of the executive management of the Company.

All of our public documents are available under the Company's profile on SEDAR at [www.sedar.com](http://www.sedar.com). We also encourage you to access either SEDAR or our website at [www.centuryiron.com](http://www.centuryiron.com) during the year for continuous disclosure items, including news releases and investor presentations.

We look forward to seeing you at the Meeting.

Yours sincerely,

(signed) "*Sandy Chim*"

Sandy Chim  
President and Chief Executive Officer



## CENTURY IRON MINES CORPORATION

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Telephone: 416-977-3188 / Facsimile: 416-977-8002

### NOTICE OF ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS

**NOTICE IS HEREBY GIVEN** that the annual and special meeting (the “**Meeting**”) of shareholders of Century Iron Mines Corporation (the “**Company**”) will be held at The Albany Club, 91 King Street East, Toronto, Ontario, Canada on Wednesday, September 26, 2012 at 4:30 p.m. (Toronto time) for the following purposes:

1. to receive the audited consolidated financial statements of the Company for the latest completed financial year, together with the report of the auditors (the “**Financial Statements**”);
2. to elect the directors of the Company for the ensuing year;
3. to appoint PricewaterhouseCoopers LLP, Chartered Accountants, as auditors of the Company for the ensuing year at a remuneration to be fixed by the directors;
4. to consider, and if deemed advisable, to pass a resolution to approve amendments to the Company’s stock option plan;
5. to consider any permitted amendment to or variation of any matter identified in this Notice; and
6. to transact such other business as may properly come before the Meeting or any adjournment thereof.

The Financial Statements have been filed under the Company’s profile on SEDAR at [www.sedar.com](http://www.sedar.com) in accordance with the Company’s continuous disclosure obligations and will be presented to shareholders at the Meeting.

The accompanying Information Circular provides information relating to the matters to be addressed at the Meeting and is incorporated into this Notice. The Company does not anticipate that any other matters will be addressed; however, any permitted amendment to or variation of any matter identified in this Notice may properly be considered at the Meeting or any adjournment thereof. The Meeting may also consider the transaction of such other business as may properly come before the Meeting or any adjournment thereof.

**Registered shareholders are entitled to vote at the Meeting either in person or by proxy. Regardless of whether a shareholder plans to attend the Meeting in person, each shareholder is encouraged to please complete, date, and sign the enclosed form of proxy and deliver it in accordance with the instructions set out in the form of proxy and Information Circular.**

**All non-registered shareholders who plan to attend the Meeting must follow the instructions set out in the Voting Instruction Form and in the Information Circular to ensure that such shareholders' shares will be voted at the Meeting. If you hold your shares in a brokerage account, you are not a registered shareholder.**

**DATED** at Toronto, Ontario this 28<sup>th</sup> day of August, 2012.

**BY ORDER OF THE BOARD**

(signed) "*Sandy Chim*"

Sandy Chim  
President and Chief Executive Officer

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EXHIBIT "A"- TERMS OF REFERENCE FOR THE  
BOARD OF DIRECTORS

EXHIBIT "B" - AMENDED STOCK OPTION PLAN



## CENTURY IRON MINES CORPORATION

Suite 602, 170 University Avenue  
Toronto, Ontario, Canada M5H 3B3  
Telephone: 416-977-3188 / Facsimile: 416-977-8002

### INFORMATION CIRCULAR

(unless otherwise specified, information is as of August 28, 2012)

This Information Circular is furnished in connection with the solicitation of proxies by the management of Century Iron Mines Corporation (the “**Company**”) for use at the annual and special meeting (the “**Meeting**”) of the Company (and any adjournment thereof) to be held on September 26, 2012 at the time and place and for the purposes set forth in the accompanying Notice of Meeting.

In this Information Circular, references to the “**Company**”, “**we**” and “**our**” refer to the Company. “**Shares**” means common shares without par value in the capital of the Company. “**Beneficial Shareholders**” means shareholders who do not hold shares in their own name and “**intermediaries**” refers to brokers, investment firms, clearing houses and similar entities that own securities on behalf of Beneficial Shareholders.

The board of directors of the Company (the “**Board**”) has approved the contents and the sending of this Information Circular. All dollar amounts referred to herein are expressed in Canadian dollars unless otherwise indicated.

## GENERAL PROXY INFORMATION

### Solicitation of Proxies

The solicitation of proxies will be primarily by mail, but proxies may be solicited personally or by telephone by directors, officers and regular employees of the Company. The Company will bear all costs of this solicitation. We have arranged for intermediaries to forward the meeting materials to Beneficial Shareholders whose shares are held as of record by those intermediaries and we may reimburse the intermediaries for their reasonable fees and disbursements in that regard.

### Appointment of Proxyholders

Sandy Chim and Michael Skutezky, the individuals named in the accompanying form of proxy (the “**Proxy**”) as proxyholders, are officers and/or directors of the Company. **If you are a shareholder entitled to vote at the Meeting, you have the right to appoint a person or company other than either of the persons designated in the Proxy, who need not be a shareholder, to attend and act for you on your behalf at the Meeting. You may do so either by inserting the name of that other person in the blank space provided in the Proxy or by completing and delivering another suitable form of proxy.**

## Voting by Proxyholder

The persons named in the Proxy will vote or withhold from voting the shares represented thereby in accordance with your instructions on any ballot that may be called for. If you specify a choice with respect to any matter to be acted upon, your shares will be voted accordingly. The Proxy confers discretionary authority on persons named therein with respect to:

- (a) each matter or group of matters identified therein for which a choice is not specified, other than the appointment of an auditor and the election of directors;
- (b) any amendment to or variation of any matter identified therein; and
- (c) any other matter that properly comes before the Meeting.

**In respect of a matter for which a choice is not specified in the Proxy, the persons named in the Proxy will vote the shares represented by the Proxy in favour of each matter identified on the Proxy and for the nominees of management for directors and auditors as identified in the Proxy, as applicable.**

## Registered Shareholders

If you are a registered shareholder, you may wish to vote by proxy whether or not you attend the Meeting in person. If you submit a proxy, you must complete, date and sign the Proxy and return it to the Company's transfer agent, Equity Financial Trust Company ("**Equity**"). Registered shareholders who elect to submit a Proxy may do so online at [www.voteproxyonline.com](http://www.voteproxyonline.com), by fax at 416-595-9593, or by mail to 200 University Avenue, Suite 400, Toronto, Ontario M5H 4H1, in all cases in accordance with the instructions provided by Equity in the enclosed proxy materials and ensuring that the Proxy is received at least 48 hours (excluding Saturdays, Sundays and holidays) before the Meeting or any adjournment thereof at which the Proxy is to be used.

## *Beneficial Shareholders*

**The information in this section is of significant importance to shareholders who do not hold shares in their own name.** Beneficial Shareholders should note that the only proxies that can be recognized and acted upon at the Meeting are those deposited by registered shareholders (those whose names appear on the records of the Company as the registered holders of shares) or as set out in the following disclosure.

If shares are listed in an account statement provided to a shareholder by a broker, then in almost all cases those shares will not be registered in the shareholder's name on the records of the Company. Such shares will more likely be registered under the names of the shareholder's broker or an agent of that broker (an "**intermediary**"). 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 nominee for many Canadian brokerage firms), and in the United States, under the name of Cede & Co. as nominee for The Depository Trust Company (which acts as depository for many U.S. brokerage firms and custodian banks).

Intermediaries are required to seek voting instructions from Beneficial Shareholders in advance of shareholders' meetings. Every intermediary has its own mailing procedures and provides its own return instructions to clients.

There are two kinds of Beneficial Shareholders: those who object to their name being made known to the issuers of securities which they own (referred to as "**OBOs**" for "**Objecting Beneficial Owners**") and those who do not object to the issuers of the securities they own knowing who they are (referred to as "**NOBOs**" for "**Non-Objecting Beneficial Owners**").

## *Non-Objecting Beneficial Owners*

The Company is taking advantage of those provisions of National Instrument 54-101 – *Communication with Beneficial Owners of Securities of a Reporting Issuer* of the Canadian Securities Administrators, which permit the Company to deliver proxy-related materials directly to its NOBOs. As a result, NOBOs can expect to receive a scannable Voting Instruction Form ("**VIF**") from Equity. These VIFs are to be completed and returned to Equity as set out in the instructions



provided on the VIF. Equity will tabulate the results of the VIFs received from NOBOs and will provide appropriate instructions at the Meeting with respect to the shares represented by the VIFs it receives.

This Information Circular, with related material, is being sent to both registered and non-registered owners of the shares of the Company. If you are a non-registered owner, and the Company or its agent has sent these materials directly to you, your name and address and information about your shares have been obtained in accordance with applicable securities regulatory requirements from the intermediary who holds your shares on your behalf.

By choosing to send these materials to you directly, the Company (and not the intermediary holding your shares on your behalf) has assumed responsibility for (i) delivering these materials to you, and (ii) executing your proper voting instructions. Please return your VIF as specified in your request for voting instructions that you receive.

### ***Objecting Beneficial Owners***

Beneficial Shareholders who are OBOs should carefully follow the instructions of their broker or intermediary in order to ensure that their shares are voted at the Meeting.

The form of proxy that will be supplied by your broker will be similar to the Proxy provided to registered shareholders by the Company. However, its purpose is limited to instructing the intermediary how to vote your shares on your behalf. Most brokers delegate responsibility for obtaining instructions from clients to Broadridge Financial Solutions, Inc. (“**Broadridge**”) in the United States and in Canada. Broadridge will mail a VIF in lieu of a Proxy provided by the Company. The persons named in the VIF to represent your shares at the Meeting will be the same as those named to represent the registered shareholders in the Company’s Proxy. You have the right to appoint a person (who need not be a Beneficial Shareholder of the Company) other than any of the persons designated in the VIF to represent your shares at the Meeting and that person may be you. To exercise this right, insert the name of your desired representative (which may be you) in the blank space provided in the VIF. The completed VIF must then be returned to Broadridge by mail or facsimile or given to Broadridge by phone or over the internet, in accordance with Broadridge’s instructions. Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of shares to be represented at the Meeting and the appointment of any shareholder’s representative. **If you receive a VIF from Broadridge, the VIF must be returned to Broadridge, in accordance with its instructions, well in advance of the Meeting in order to have your shares voted at the Meeting, or to have an alternative representative duly appointed to attend and to vote your shares at the Meeting.**

### **Notice to Shareholders in the United States**

The solicitation of proxies involves securities of an issuer located in Canada and is being effected in accordance with the corporate laws of Canada and securities laws of the provinces of Canada. The proxy solicitation rules under the United States Securities Exchange Act of 1934, as amended, are not applicable to the Company or this solicitation, and this solicitation has been prepared in accordance with the disclosure requirements of the securities laws of the provinces of Canada. Shareholders should be aware that disclosure requirements under the securities laws of the provinces of Canada differ from the disclosure requirements under United States securities laws.

The enforcement by Shareholders of civil liabilities under United States federal securities laws may be affected adversely by the fact that the Company is incorporated under the *Canada Business Corporations Act* (“**CBCA**”), as amended, certain of its directors and its executive officers are residents of Canada and countries other than the United States, and all of the assets of the Company and a substantial portion of the assets of such persons are located outside the United States. Shareholders may not be able to sue a foreign company or its officers or directors in a foreign court for violations of United States federal securities laws. It may be difficult to compel a foreign company and its officers and directors to subject themselves to a judgment by a United States court.

## **Revocation of Proxies**

In addition to revocation in any other manner permitted by law, a registered shareholder who has given a proxy may revoke it by:

- (a) executing a proxy bearing a later date or by executing a valid notice of revocation, either of the foregoing to be executed by the registered shareholder or the registered shareholder's authorized attorney in writing, or, if the registered shareholder is a corporation, under its corporate seal by an officer or attorney duly authorized, and by delivering the proxy bearing a later date to Equity or at the offices of the Company at Suite 602, 170 University Avenue, Toronto, Ontario, Canada M5H 3B3, at any time up to and including the last business day that precedes the day of the Meeting or, if the Meeting is adjourned, the last business day that precedes any reconvening thereof, or to the chairman of the Meeting on the day of the Meeting or any reconvening thereof, or in any other manner provided by law, or
- (b) personally attending the Meeting and voting the registered shareholder's shares.

A revocation of a proxy will not affect a matter on which a vote is taken before the revocation.

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

To the best of our knowledge, except as otherwise disclosed herein, no director or executive officer of the Company, nor any person who has held such a position since the beginning of the last completed financial year of the Company, nor any proposed nominee for election as a director of the Company, nor any associate or affiliate of the foregoing persons, has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted on at the Meeting other than the election of directors or the appointment of auditors and the approval of amendments to the Company's stock option plan, all as set out herein.

## **RECORD DATE, VOTING SECURITIES AND PRINCIPAL HOLDERS OF VOTING SECURITIES**

### **Record Date and Outstanding Shares**

The Board has fixed August 7, 2012 as the record date (the "**Record Date**") for determination of persons entitled to receive notice of and to vote at the Meeting. Only shareholders of record at the close of business on the Record Date who either attend the Meeting personally or complete, sign and deliver a Proxy in the manner and subject to the provisions described above will be entitled to vote or to have their shares voted at the Meeting.

As of the date of this Information Circular, the common shares of the Company are listed for trading on the Toronto Stock Exchange (the "**TSX**"). The Company is authorized to issue an unlimited number of common shares without par value. As of the Record Date, there were 94,864,071 common shares without par value issued and outstanding, each carrying the right to one vote. The Company is also authorized to issue an unlimited number of preferred shares without par value in one or more series on such terms as may be determined by the Board for each series. There were no preferred shares issued and outstanding as at August 28, 2012. No group of shareholders has the right to elect a specified number of directors, nor are there cumulative or similar voting rights attached to the shares.

### **Principal Holders of Common Shares of the Company**

To the knowledge of the directors and executive officers of the Company, the only persons or companies that beneficially own, or control or direct, shares carrying 10% or more of the voting rights attached to all outstanding shares of the Company as at August 28, 2012 are:

<u>Shareholder name</u>	<u>Number of shares held<sup>(1)</sup></u>	<u>Percentage of issued shares<sup>(2)</sup></u>
WISCO International Resources Development & Investment Limited	23,197,768	24.45%
Century (Netherlands) Enterprises Coöperatie U.A. <sup>(3)</sup>	49,882,078	52.58%

Notes:

- (1) Information obtained from the insider reports available under the Company's profile on SEDI at www.sedi.ca.
- (2) Based on 94,864,071 common shares of the Company outstanding at August 28, 2012.
- (3) Century (Netherlands) Enterprises Coöperatie U.A. ("**Century Coop**") is a cooperative with exclusion of liability incorporated under the laws of the Netherlands and domiciled in the Netherlands. Purple Star Holdings Limited, a BVI holding company of which Ben Koon (David) Wong, a director of the Company, is a controlling shareholder, indirectly owns approximately 49.5% of the shares of Century Coop. Thriving Century Limited, a BVI holding company of which Sandy Chim, President and Chief Executive Officer and a director of the Company, is a controlling shareholder, indirectly owns approximately 30.6% of the shares of Century Coop. Earnlead Investments Ltd., a BVI holding company of which Hua Bai, a director of the Company, is a controlling shareholder, indirectly owns approximately 10% of the shares of Century Coop.

## **FINANCIAL STATEMENTS**

The audited consolidated financial statements of the Company for the most recently completed financial year and the report of the auditor thereon will be placed before shareholders at the Meeting for their consideration. No formal action will be taken at the Meeting to approve the financial statements. If any shareholder has questions regarding such financial statements, such questions may be brought forward at the Meeting.

## **VOTES NECESSARY TO PASS RESOLUTIONS**

A simple majority of affirmative votes cast at the Meeting is required to pass the resolutions described herein. If there are more nominees for election as directors or appointment of the Company's auditor than there are vacancies to fill, those nominees receiving the greatest number of votes will be elected or appointed, as the case may be, until all such vacancies have been filled. If the number of nominees for election or appointment is equal to the number of vacancies to be filled, all such nominees will be declared elected or appointed by acclamation.

## **ELECTION OF DIRECTORS**

The Articles of the Company currently provide that the number of directors of the Company will be a minimum of three and a maximum of fifteen. The Board has fixed the number of directors at eleven in accordance with the By-laws of the Company.

The term of office of each of the current directors will end at the conclusion of the Meeting. Unless a director's office is vacated earlier in accordance with the provisions of the CBCA, each director elected at the Meeting will hold office until the conclusion of the next annual meeting of the Company, or if no director is then elected, until a successor is elected.

### **Nominees for Election**

The directors of the Company have determined that the number of directors for the ensuing year will be eleven. With the exception of Jacques Gauthier, all of the nominees for election at the Meeting are currently directors of the Company. All nominees have agreed to stand for election. If, however, one or more of them should become unable to stand for election, it is likely that one or more other persons would be nominated for election at the Meeting.

In connection with the closing of the Qualifying Transaction of the Company on May 18, 2011 (the “**Qualifying Transaction**”), and further to the concurrent equity investment in the Company by WISCO International Resources Development & Investment Limited (“**WISCO**”), the Company entered into an investment agreement with WISCO (the “**Investment Agreement**”) which provides that, if WISCO owns 10% or more of the outstanding shares of the Company on a non-diluted basis, WISCO will have the right to nominate, after consultation with the Company, a number of directors of the Company at each meeting of shareholders of the Company at which directors are to be elected. The number of directors that may be nominated by WISCO pursuant to the terms of the Investment Agreement will be determined from time to time based on (a) the percentage of the common shares of the Company held by WISCO, and (b) the number of directors comprising the board of directors of the Company from time to time, with the product rounded down to the nearest whole number of directors. On the basis of WISCO’s current equity interest in the Company and the number of directors proposed for election at the Meeting, WISCO currently has the right to designate two individuals as nominees. Zhong Xiang Kuang and Wei Ke Peng, current members of the board, are proposed by WISCO for re-election at the Meeting.

The following disclosure sets out (a) the names of management’s eleven nominees for election as directors, (b) their major offices and positions with the Company and any significant affiliates each nominee now holds, (c) their principal occupation, business or employment, (d) the period of time during which each has been a director of the Company, and (e) the number of shares beneficially owned by each, directly or indirectly, or over which each exercised control or direction, as at August 28, 2012. For each nominee’s principal occupation, business or employment for the five preceding years, see “Election of Directors – Principal Occupation, Business or Employment of Nominees.”

Unless authority to do so with respect to one or more directors is withheld, the persons designated as proxyholders in the accompanying Proxy intend to vote the Shares represented by such Proxy, properly executed **FOR** the election of each of the nominees set forth in the following disclosure. The Company’s management does not contemplate that any of the nominees will be unable to serve as a director, but if that should occur for any reason prior to the Meeting, it is intended that discretionary authority will be exercised by the persons named in the accompanying Proxy to vote any proxy for the election of any other person or persons in place of any nominee or nominees unable to serve.

<u>Nominee name, position with the Company and residency</u>	<u>Occupation, business or employment</u>	<u>Period as a director of the Company</u>	<u>Common shares beneficially owned, controlled or directed<sup>(1)</sup></u>
Marcel Aubut Director and Chairman of the Board Québec City, Québec, Canada	Partner of Heenan Blaikie LLP	Since September 29, 2011	Nil
Sandy Chim, C.A. Director, President and Chief Executive Officer Hong Kong, PRC	President and Chief Executive Officer of the Company	Since May 18, 2011	3,400 <sup>(3)</sup>
Paul Murphy <sup>(9),(10),(11)</sup> Director Toronto, Ontario, Canada	Businessman	Since May 18, 2011	Nil <sup>(4)</sup>
Ben Koon (David) Wong Director Hong Kong, PRC	Director of Prosperity Minerals Holdings Limited	Since May 18, 2011	Nil <sup>(2)</sup>
Hua Bai Director and Vice President, China Operations Beijing, PRC	Businessman	Since May 18, 2011	Nil <sup>(5)</sup>
Hon. Maurice Strong, P.C. Director Toronto, Ontario, Canada	Businessman	Since May 18, 2011	Nil <sup>(6)</sup>

<b>Nominee name, position with the Company and residency</b>	<b>Occupation, business or employment</b>	<b>Period as a director of the Company</b>	<b>Common shares beneficially owned, controlled or directed<sup>(1)</sup></b>
Howard Bernier <sup>(8),(9),(10)</sup> Director Repentigny, Québec, Canada	Businessman	Since May 18, 2011	Nil <sup>(7)</sup>
Zhong Xiang Kuang Director Hubei, PRC	President and Director of WISCO International Resources Development & Investment Limited	Since May 18, 2011	Nil <sup>(11)</sup>
Wei Ke Peng Director Hubei, PRC	Deputy General Manager, Overseas Mineral Resources Division, Wuhan Iron & Steel (Group) Corporation	Since May 18, 2011	Nil <sup>(12)</sup>
Jionghui Wang Director Beijing, PRC	Assistant President, China Minmetals Corporation, General Manager, Minmetals Exploration & Development Co., Ltd.	Since September 29, 2011	Nil <sup>(13)</sup>
Jacques Gauthier Proposed director Montreal, Québec, Canada	Senior Vice President, Dessau Inc. and President and Chief Executive Officer, LVM, a subsidiary of Dessau Inc.	n/a	Nil

**Notes:**

- (1) The number of shares beneficially owned, controlled or directed, directly or indirectly, by the above nominees for directors, is based on information furnished by the nominees and from insider reports available under the Company's profile on SEDI at [www.sedi.ca](http://www.sedi.ca).
- (2) Purple Star Holdings Limited, a privately-held BVI company of which Mr. Wong is a controlling shareholder, owns approximately 49.5% of the shares of Century Coop which owns 49,882,078 common shares of the Company representing approximately 52.58% of the issued and outstanding common shares of the Company. Mr. Wong holds options to purchase 260,000 common shares of the Company at an exercise price of \$2.92 per common share, which options vest as to one-third on the date of grant, May 18, 2011, and on each of the next two anniversaries thereof and expire on May 18, 2016. See "Director Compensation – Director Incentive Plan Awards". In addition Mr. Wong holds options to purchase 60,000 common shares of the Company at an exercise price of \$2.92 per common share, which options vest as to one-third on the date of grant, July 18, 2012, and on each of the next two anniversaries thereof and expire on July 18, 2017.
- (3) Thriving Century Limited, a privately-held BVI company of which Mr. Chim is a controlling shareholder, indirectly owns approximately 30.6% of the shares of Century Coop which owns 49,882,078 common shares of the Company representing approximately 52.58% of the issued and outstanding common shares of the Company. In addition, Mr. Chim holds options to purchase 900,000 common shares of the Company at an exercise price of \$2.92 per common share, which options vest as to one-third on the date of grant, May 18, 2011, and on each of the next two anniversaries thereof and expire on May 18, 2016. See "Director Compensation – Director Incentive Plan Awards". In addition Mr. Chim holds options to purchase 400,000 common shares of the Company at an exercise price of \$2.92 per common share, which options vest as to one-third on the date of grant, July 18, 2012, and on each of the next two anniversaries thereof and expire on July 18, 2017.
- (4) Mr. Murphy holds options to purchase 220,000 common shares of the Company at an exercise price of \$2.92 per common share, which options vest as to one-third on the date of grant, May 18, 2011, and on each of the next two anniversaries thereof and expire on May 18, 2016. See "Director Compensation – Director Incentive Plan Awards". In addition Mr. Murphy holds options to purchase 85,000 common shares of the Company at an exercise price of \$2.92 per common share, which options vest as to one-third on the date of grant, July 18, 2012, and on each of the next two anniversaries thereof and expire on July 18, 2017.
- (5) Earnlead Investments Ltd., a privately-held BVI company of which Mr. Bai is a controlling shareholder, indirectly owns approximately 10% of the shares of Century Coop which owns 49,882,078 common shares of the Company representing approximately 52.58% of the issued and outstanding common shares of the Company. Mr. Bai holds options to purchase 180,000 common shares of the Company at an exercise price of \$2.92 per common share, which options vest as to one-third on the date of grant, May 18, 2011, and on each of the next two anniversaries thereof and expire on May 18, 2016. See "Director Compensation – Director Incentive Plan Awards". In addition Mr. Bai holds options to purchase 200,000 common shares of the Company at an exercise price of \$2.92 per common share, which options vest as to one-third on the date of grant, July 18, 2012, and on each of the next two anniversaries thereof and expire on July 18, 2017.
- (6) Mr. Strong, P.C. holds options to purchase 220,000 common shares of the Company at an exercise price of \$2.92 per common share, which options vest as to one-third on the date of grant, May 18, 2011, and on each of the next two anniversaries thereof and expire on May 18, 2016. See "Director Compensation – Director Incentive Plan Awards". In addition Mr. Strong holds

options to purchase 60,000 common shares of the Company at an exercise price of \$2.92 per common share, which options vest as to one-third on the date of grant, July 18, 2012, and on each of the next two anniversaries thereof and expire on July 18, 2017.

- (7) Mr. Bernier holds options to purchase 180,000 common shares of the Company at an exercise price of \$2.92 per common share, which options vest as to one-third on the date of grant, May 18, 2011 and on each of the next two anniversaries thereof, and expire on May 18, 2016. See “Director Compensation – Director Incentive Plan Awards”. In addition Mr. Bernier holds options to purchase 60,000 common shares of the Company at an exercise price of \$2.92 per common share, which options vest as to one-third on the date of grant, July 18, 2012, and on each of the next two anniversaries thereof and expire on July 18, 2017.
- (8) Member of Governance and Nominating Committee.
- (9) Member of the Audit Committee.
- (10) Member of the Compensation Committee.
- (11) Mr. Kuang is President and Director of WISCO and a nominee of WISCO. WISCO holds 23,197,768 common shares of the Company representing approximately 24.45% of the issued and outstanding shares of the Company. Mr. Kuang holds options to purchase 180,000 common shares at an exercise price of \$2.92 per common share, which options vest as to one-third on the date of grant, May 18, 2011, and on each of the next two anniversaries thereof and expire on May 18, 2016. See “Director Compensation – Director Incentive Plan Awards”. In addition Mr. Kuang holds options to purchase 60,000 common shares of the Company at an exercise price of \$2.92 per common share, which options vest as to one-third on the date of grant, July 18, 2012, and on each of the next two anniversaries thereof and expire on July 18, 2017.
- (12) Mr. Peng is Deputy General Manager in the Overseas Mineral Resources Division of Wuhan Iron & Steel (Group) Corporation, the parent of WISCO and a nominee of WISCO. WISCO holds 23,197,768 common shares of the Company representing approximately 24.45% of the issued and outstanding shares of the Company. Mr. Peng holds options to purchase 180,000 common shares at an exercise price of \$2.92 per common share, which options vest as to one-third on the date of grant, May 18, 2011, and on each of the next two anniversaries thereof and expire on May 18, 2016. See “Director Compensation – Director Incentive Plan Awards”. In addition Mr. Peng holds options to purchase 60,000 common shares of the Company at an exercise price of \$2.92 per common share, which options vest as to one-third on the date of grant, July 18, 2012, and on each of the next two anniversaries thereof and expire on July 18, 2017.
- (13) Mr. Wang is the Assistant President of China Minmetals Corporation and the General Manager of Minmetals Exploration & Development Co., Ltd. Minmetals Exploration & Development (Luxembourg) Limited S.à r.l., an affiliate of China Minmetals Corporation, holds 4,641,410 common shares of the Company representing approximately 4.89% of the issued and outstanding shares of the Company. In addition Mr. Wang holds options to purchase 60,000 common shares of the Company at an exercise price of \$2.92 per common share, which options vest as to one-third on the date of grant, July 18, 2012, and on each of the next two anniversaries thereof and expire on July 18, 2017.

## **Principal Occupation, Business or Employment of Nominees**

### ***Marcel Aubut – Director and Chairman of the Board***

Marcel Aubut, O.C., O.Q., Q.C., Ad.E., is a partner with Heenan Blaikie LLP and has been a corporate lawyer for more than thirty years. He is the former President and Chief Executive Officer of Trans-Canada Productions Ltd. and founding President of Québec Metro High Tech Park. Mr. Aubut has been involved with numerous companies and boards including, among others, Atomic Energy of Canada, Olymel L.P. (Olybro), Æterna Zentaris Inc., Boralex Power Income Fund, Triton Electronik, Whole Foods Market Canada, Hydro-Québec (Executive Committee), Purolator Courier Ltd., Tremblant Resort, Cinar Inc., Investors Group Inc., Transforce Inc., Intra Continental Insurers Ltd., Boréal Assurances Agricoles Inc., Entreprises Premier CDN Ltée, Les Industries Amisco Ltée, Donohue Matane Inc., Innovatech Québec, Textile Dionne. He has also presided over the establishment of numerous industrial projects in the greater region of Québec City. Mr. Aubut received the Medal of the National Assembly of Québec in 1981 and was appointed Queen’s Counsel in 1986. That same year he became Member of the Order of Canada. Mr. Aubut was elevated to the rank of Officer of the Order of Canada in 1993.

### ***Sandy Chim, C.A. – Director, President and Chief Executive Officer***

Sandy Chim is a director and the President and Chief Executive Officer of the Company. He is currently a director of Prosperity Minerals Holdings Limited, an iron ore operator, real estate developer, and cement investment holding company operating in China, and a director of Augyva Mineral Resources Inc. and Sage Gold Inc., which are listed on the TSX Venture Exchange (“TSXV”). Mr. Chim is a member of the Supervisory Board of Anhui Chaodong Cement Co. Limited, a public company listed on the Shanghai Stock Exchange, and a founding partner at Chim & Seto LLP, a chartered accounting firm in Canada. Mr. Chim received a Bachelor of Commerce degree from the University of New South Wales and an M.B.A. from York University. Mr. Chim is a Member of the Institute of Chartered Accountants of Ontario and the

Institute of Chartered Secretaries and Administrators in Canada, and a Fellow Member of the Hong Kong Institute of Certified Public Accountants.

***Paul Murphy – Lead Director***

Paul Murphy has significant industry experience gained as a former Audit and Assurance Group Partner and former national leader for the Canadian mining industry group of PricewaterhouseCoopers LLP. After working for over thirty years with the firm, Mr. Murphy retired from PricewaterhouseCoopers LLP in May 2010. Mr. Murphy is the former Leader for the Western Hemisphere Mining Centre of Excellence and has worked almost exclusively in the resource industries for the past thirty years. His professional experience includes financial reporting controls, operational effectiveness, International Financial Reporting Standards and SEC reporting issues, financing, valuation and taxation as they pertain to the mining sector. For several years, Mr. Murphy oversaw a technical mining practice which certified financial completion tests and reviewed ore reserves for mines financed by Canadian and foreign banking syndicates. Mr. Murphy has been qualified as a Chartered Accountant since 1975 and holds a Bachelor of Commerce degree from Queen's University.

***Ben Koon (David) Wong – Director***

Ben Koon (David) Wong is Chairman and Chief Executive Officer of Prosperity Mineral Holdings Limited ("Prosperity Minerals"), an iron ore operator, real estate developer, and cement investment holding company operating in China and listed on the AIM market of the London Stock Exchange. Mr. Wong is also Chairman of Prosperity International Holdings (H.K.) Limited, the parent company of Prosperity Minerals which is listed on the Hong Kong Stock Exchange. He is also a legal representative of Anhui Chaodong Cement Co. Limited, listed on the Shanghai Stock Exchange, in which Prosperity Minerals is the single largest shareholder with a holding of a 33.06% interest. Mr. Wong's professional career spans over thirty years and includes more than twenty years of experience in cement and iron ore trading specifically.

***Hua Bai – Director***

Hua Bai is a businessman in China who has over twenty years of investment and commercial experience covering various enterprises in China. Mr. Bai is currently a director of Sage Gold Inc., a Canadian exploration and development company listed on the TSXV, the CEO and director of Infinis Energy Hong Kong, President and CEO of Deep Sea Energy Investment Ltd., and the Chairman of DSM Potash Corporation. Mr. Bai has a degree in architecture.

***Hon. Maurice Strong, P.C. – Director***

The Honourable Maurice Strong, P.C. has over thirty years of experience at higher levels in business, and with government and international organizations. Mr. Strong has held numerous positions with international organizations. His past appointments include Under Secretary General and Special Advisor to the Secretary General of the United Nations; Senior Advisor to the President, World Bank; President, Power Corporation of Canada; Chairman and Chief Executive Officer, Ontario Hydro; Member, International Advisory Board, Toyota Motor Corporation; and Vice-Chairman, Chicago Climate Exchange. Mr. Strong is a Member of the Queen's Privy Council of Canada, has received Honorary Doctorates from 53 universities in Canada, the United States, Europe and Asia, and has held numerous academic appointments, including visiting professorship at the University of Ottawa (2004) and honorary professorship at the University of Peking (Beijing) 2006.

***Howard Bernier – Director***

Howard Bernier is a professional Metallurgical Engineer and a consultant to entities involved in the iron ore industry focused on developing iron ore properties in the Province of Québec and Brazil. He has served as a consultant and officer to various public companies, as the resident manager of Wabush Mines in Sept-Îles, Québec, and most recently as Chief Operating Officer of Consolidated Thompson Iron Mines Limited. Mr. Bernier's professional career, spanning some thirty-five years, has included all aspects of copper smelting and refining and iron pellet production, shipping and international metal sales. Mr. Bernier is a past member of the American Institute of Mining and Metallurgical and Petroleum Engineers and the Canadian Institute of Mining and Metallurgy. Mr. Bernier holds a B.Sc. (Engineering) from the École Polytechnique de Montréal, Québec. Mr. Bernier is a member of the Order of Engineers of Québec.

***Zhong Xiang Kuang – Director***

Zhong Xiang Kuang is the President and Director of WISCO. He has extensive experience in iron ore resources development and investment in both domestic and foreign markets. In the past five years, Professor Kuang also served as President and Director of Wuhan Iron & Steel Group Minerals Co. Ltd. and as President of WISCO Group Resource Development Department. Professor Kuang holds a Bachelor's and a Master's degree in Mining Engineering from Wuhan University of Science and Technology. He is a senior mining engineer at the professor level and has also been awarded a special government allowance for experts from the State Council of the People's Republic of China.

***Wei Ke Peng – Director***

Wei Ke Peng currently serves as Deputy General Manager in the Overseas Mineral Resources Division of Wuhan Iron & Steel (Group) Corporation, the parent company of WISCO. He is a senior engineer and has over 20 years of experience in the iron and steel industry. Prior to his current appointment, he was the Chief Executive Officer of WISCO Brazil Metallurgy Investment Ltd. From 1987 to 1990, Mr. Peng attended at the Chongqing University of Science and Technology majoring in steelmaking and from 2002 to 2006, he attended at the Huazhong University of Science and Technology majoring in computer and application. Mr. Peng also holds a Master of Business Administration degree from Wright State University.

***Jionghui Wang – Director***

Jionghui Wang is a professor-level senior engineer, research fellow and national labor model. Currently, he is the Assistant President of China Minmetals Corporation, General Manager of Mineral Resources Division, and General Manager of Minmetals Exploration & Development Co., Ltd. Mr. Wang is also an executive director of the China Association of Mining Economy, an executive director of the China Association of Mining Right Appraisers and the Chairman of the presidium of China Mining Association.

***Jacques Gauthier – Proposed Director***

Mr. Gauthier is the Senior Vice President of Dessau Inc. and the President and Chief Executive Officer at LVM, a soil and materials engineering subsidiary of Dessau Inc. that employs 1,500 people. From 2004 to 2009, Mr. Gauthier was the Senior Vice President and Chief Operating Officer of Kruger Energy Inc., where a new division dedicated to the development of renewable energy was set up under the leadership of Mr. Gauthier. Previously, Mr. Gauthier held positions as the President, Chief Executive Officer, Chief Operating Officer and Executive Vice President at various times during his career at Boralex Inc., a producer of renewable and green energy and a pioneer in natural gas cogeneration and Cascades, a pulp and paper company with locations in Canada, the US and Europe. Mr. Gauthier holds a Bachelor of Laws from the University of Sherbrooke and is a member of the Bar of the Province of Quebec.

**Cease Trade Orders, Bankruptcies, Penalties and Sanctions**

To the Company's knowledge, except as set out below, no proposed director is, as at the date of this Information Circular, or has been, within 10 years before the date of this Information Circular, a director, chief executive officer, or chief financial officer of any company (including the Company) that was subject to a cease trade order or an order similar to a cease trade order, or an order that denied the Company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days:

- (a) that was issued while the proposed director was acting in the capacity as director, chief executive officer or chief financial officer; or
- (b) that was issued after the proposed director ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer.

To the Company's knowledge, except as set out below, no proposed director is, as at the date of this Information Circular, or has been, within 10 years before the date of this Information Circular, a director or executive officer of any company



(including the Company) that, while that person was acting in that capacity, or within a year of 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.

To the Company's knowledge, except as disclosed below, as of the date of this Information Circular, no proposed director 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 shareholder in deciding whether to vote for a proposed director.

On August 8, 2005, Prosperity International Holdings (H.K.) Limited, a company of which Ben Koon (David) Wong is a director and Chairman, was found by The Stock Exchange of Hong Kong Limited to have breached its rules by failing to despatch and publish its annual accounts for the year ended March 31, 2003 in time, for failing to announce and publish a circular on time and failing to obtain prior independent shareholder approval for certain transactions conducted during the period from September 12, 2002 to November 26, 2002.

In August 2010, AAER Inc., a company of which Jacques Gauthier is a director, AAER USA Inc. and Wind-Smart LLC, North American manufacturers of reliable, megawatt-sized wind turbines, filed a motion to the Superior Court of Quebec (Commercial Division) of the District of Bedford to obtain protection under the Companies' Creditors Arrangement Act (CCAA). The order rendered the same day confirmed the appointment of Samson Bélair/Deloitte & Touche Inc. as Monitor. AAER Inc. has been subjected to a court decision for the approval of a proposed agreement for that purpose.

To the Company's knowledge, no proposed director has, within ten years before the date of this Information 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.

### **Conflicts of Interest**

Conflicts of interest may arise as a result of the directors of the Company also holding positions as directors or officers of other companies. Some of the directors and proposed directors of the Company have been and will continue to be engaged in the identification and evaluation of assets, businesses and companies on their own behalf and on behalf of other companies, and situations may arise where the directors and officers of the Company are involved with companies in direct competition with the Company. Conflicts, if any, will be subject to the procedures and remedies provided under the CBCA. Directors who are in a position of conflict will abstain from voting on any matters relating to the conflicting matter.

## **CORPORATE GOVERNANCE**

### **Corporate Governance**

Corporate governance refers to the policies and structure of the board of directors of a company, whose members are elected by and accountable to the shareholders of the Company. Corporate governance encourages establishing a reasonable degree of independence of the board of directors from executive management and the adoption of policies to ensure the board of directors recognizes the principles of good management. The Board believes that good corporate governance improves corporate performance and benefits all shareholders and is committed to sound corporate governance practices.

As of the date of this Information Circular, the Company has adopted corporate governance policies, including the following:

- Code of Business Conducts and Ethics;

- Disclosure, Confidentiality and Insider Trading Policy;
- Whistleblower Policy; and
- Disclosure Controls and Procedure Policy.

The Canadian Securities Administrators (the “CSA”) have adopted National Policy 58-201 – *Corporate Governance Guidelines*, which provides non-prescriptive guidelines on corporate governance practices for reporting issuers such as the Company. In addition, the CSA have implemented National Instrument 58-101 – *Disclosure of Corporate Governance Practices*, which prescribes certain disclosure by the Company of its corporate governance practices. This section sets out the Company’s approach to corporate governance and addresses the Company’s compliance with Form 58-101F1 – *Corporate Governance Disclosure*.

## Board of Directors

The Board of the Company facilitates its exercise of independent supervision over management by ensuring representation on the Board by directors who are independent of management and by promoting frequent interaction and feedback.

Directors are considered to be independent if they have no direct or indirect material relationship with the Company. A “material relationship” is a relationship which could, in the view of the Board, be reasonably expected to interfere with the exercise of a director’s independent judgment.

The Board has reviewed the relationship between each director and the Company with a view to determining independence. Based on that review, three of our ten directors are independent.

The following table sets out the Company’s independent and non-independent directors and the basis upon which the determination of independence was made:

<u>Name</u>	<u>Status of independence</u>	<u>Basis for determination of non-independence</u>
Marcel Aubut	Independent	Not applicable – no material relationship
Sandy Chim	Non-Independent	Mr. Chim is considered to have a material relationship with the Company because he currently serves as the President and Chief Executive Officer of the Company. Mr. Chim is also considered to have a material relationship with the Company because he is a controlling shareholder of Thriving Century Limited, a privately-held BVI company which indirectly owns approximately 30.6% of the common shares of Century Coop which owns approximately 52.58% of the issued and outstanding common shares of the Company.
Paul Murphy Lead Director <sup>(1),(2),(4),(5),(7)</sup>	Independent	Not applicable – no material relationship.
Ben Koon (David) Wong Chairman	Non-Independent	Mr. Wong is considered to have a material relationship with the Company because he is a controlling shareholder of Purple Star Holdings Limited, a privately-held BVI company which indirectly owns approximately 49.5% of the common shares of Century Coop which owns approximately 52.58% of the issued and outstanding shares of the Company.

<u>Name</u>	<u>Status of independence</u>	<u>Basis for determination of non-independence</u>
Hon. John Reynolds, P.C. <sup>(2),(3),(4),(5),(7),(8)</sup>	Independent	Not applicable – no material relationship.
Howard Bernier <sup>(2),(4),(5),(6),(7)</sup>	Independent	Not applicable – no material relationship.
Hon. Maurice Strong, P.C. <sup>(6),(7)</sup>	Non-Independent	Mr. Strong is considered to have a material relationship with the Company because he is a strategic advisor to Century Coop which owns approximately 52.58% of the issued and outstanding common shares of the Company.
Hua Bai	Non-Independent	Mr. Bai is considered to have a material relationship with the Company because he is a controlling shareholder of Earnlead Investments Ltd., a privately-held BVI company which indirectly owns approximately 10% of the common shares of Century Coop which owns approximately 52.58% of the issued and outstanding common shares of the Company.
Zhong Xiang Kuang	Non-Independent	Mr. Kuang is not considered independent of the Company as he is a director and General Manager of WISCO and is one of the nominees of WISCO on the Board. WISCO owns approximately 24.45% of the issued and outstanding shares of the Company.
Wei Ke Peng	Non-Independent	Mr. Peng is not considered independent of the Company as he is the Chief Executive Officer of an affiliate of WISCO and is one of the nominees of WISCO on the Board. WISCO owns approximately 24.45% of the issued and outstanding shares of the Company.
Jionghui Wang	Independent	Not applicable – no material relationship.

Notes:

- (1) Chair of the Audit Committee and Chair of the Compensation Committee.
- (2) Member of the Governance and Nominating Committee.
- (3) Chair of the Governance and Nominating Committee.
- (4) Member of the Audit Committee.
- (5) Member of the Compensation Committee.
- (6) Member of the Environmental Sustainability Committee.
- (7) Member of the Health and Safety Committee.
- (8) Mr. Reynolds will not be standing for re-election.

The independent directors periodically hold regularly scheduled meetings at which non-independent directors and members of management will not be in attendance. The board encourages independent board members to discuss all matters with other independent directors and non-independent directors and management in order that they are fully informed and apprised of all matters necessary to make objective decisions as directors.

### ***Exercise of Independence by the Board***

As disclosed above, management is of the opinion that the Chairman of the Board, Marcel Aubut, is independent. To provide leadership to the independent directors, the Board has appointed from among the independent directors Paul Murphy as the Lead Director. Mr. Murphy's appointment as Lead Director obtained unanimous approval of the independent directors.

The Lead Director's primary role is to provide leadership for the independent directors, assist in managing any conflicts between the Company and any controlling shareholder, to focus on enhancing the effectiveness of the Board and to help ensure that the Board functions in an independent and cohesive fashion. In addition, the Lead Director, through consultation with the Chairman of the Board, prepares agendas for meetings of the independent directors, ensures meetings of the independent directors are scheduled regularly, chairs such meetings and reports the results of such meetings to the Chairman of the Board, and where necessary, to the Chief Executive Officer. The Lead Director is responsible for ensuring that directors and management understand the independent role of the Board and the boundaries between the responsibilities of the Board and of management and for identifying and addressing impediments to the Board's ability to function independently of management. In circumstances of conflict by reason of the lack of independence of the Chairman of the Board, the Lead Director acts as the liaison between management and the Board to ensure the relationship between management and the Board are conducted in a professional and constructive manner. This includes ensuring that the boundaries between the Board and management are clearly understood and respected by both management and directors.

When warranted, the independent directors plan to meet, in the absence of management and non-independent directors, at the conclusion of scheduled Board meetings. In addition, where a matter under consideration at a Board meeting warrants it and to ensure that free and candid discussions can take place, the Chairman or Lead Director may request one or more members of management or non-independent directors to withdraw during the discussions of that matter. The Lead Director may also call meetings of independent directors at the request of any independent director or on his own initiative.

### **Directorships**

Certain of the directors of the Company are also directors of other reporting issuers. Other than as set out below and under "Corporate Governance – Inter-Locking Directorships", none of the directors of the Company serves on the board of directors of any other reporting issuer with any other director of the Company. The following table indicates which directors are also directors of other reporting issuers (or equivalent) in a Canadian jurisdiction or a foreign jurisdiction:

<b>Name</b>	<b>Name of reporting issuer</b>	<b>Name of Exchange or Market</b>	<b>Position</b>
Ben Koon (David) Wong	Prosperity International Holdings (H.K.) Limited	HKSE	Chairman and Executive Director
	Prosperity Minerals Holdings Limited	AIM	Chairman and Executive Director
Sandy Chim, C.A.	Sage Gold Inc.	TSXV	Director
	Augyva Mining Resources Inc.	TSXV	Chairman and Director
	Prosperity Minerals Holdings Limited	AIM	Director

<b>Name</b>	<b>Name of reporting issuer</b>	<b>Name of Exchange or Market</b>	<b>Position</b>
Paul Murphy	Continental Gold Limited	TSX	Director
	Alamos Gold Inc.	TSX	Director
Hua Bai	Sage Gold Inc.	TSXV	Director
Hon. John Reynolds, P.C. <sup>(1)</sup>	Asantae Holdings Corporation	TSXV	Director
	Oceanic Iron Ore Corp (formerly, Pacific Harbour Capital Ltd.)	TSXV	Director
	Astur Gold Corp.	TSXV	Director
	Kinetex Resources Corporation	TSXV	Director
	Eacom Timber Corporation	TSXV	Director
	Innovative Composites International Inc.	TSX	Director
	Encanto Potash Corp.	TSXV	Director
	Catalyst Copper Corp.	TSXV	Director
	Rusoro Mining Ltd.	TSXV	Director
	Calibre Mining Corp.	TSXV	Director
	Plains Creek Phosphate Corporation	TSX	Director
	Ecuador Capital Corp.	TSXV	Director
	Marcel Aubut	Aeterna Zentaris Inc.	TSX/NASDAQ
Atrium Innovations Inc.		TSX	Director
Boralex Power Income Fund		TSX	Director
Boralex Inc.		TSX	Director

Note:

(1) Mr. Reynolds will not be standing for re-election

### ***Inter-Locking Directorships***

Sandy Chim and Hua Bai are directors of the Company who serve together as directors on the board of Sage Gold Inc. Mr. Chim and Ben Koon (David) Wong are also directors of Prosperity Minerals Holdings Limited.

### ***Record of Meeting Attendance***

Directors are expected to attend all meetings of the Board and the Board Committees of which they are members, to attend such meetings fully prepared, and to remain in attendance for the duration of the meeting. Where a director's absence from a meeting is unavoidable, the director is responsible for contacting the Chairman, the Chief Executive Officer or the Corporate Secretary of the Company as soon as possible for a briefing on the substantive elements of the meeting.

The Company completed its Qualifying Transaction on May 18, 2011, and each of the current members of the Board, except for Marcel Aubut and Jionghui Wang, have been directors of the Company since that time. Mr. Aubut and Mr. Wang were elected directors of the Company on September 29, 2011. The Company has held six Board meetings since the completion of the Qualifying Transaction, not including meetings of the committees of the Board or written consent resolutions of the Board. The record of attendance of directors at the meetings is as follows:

<b>Name</b>	<b>Board meetings attended</b>	<b>Percentage of board meetings attended (%)</b>
Ben Koon (David) Wong	6	100%
Sandy Chim	6	100%
Paul Murphy <sup>(1)</sup>	6	100%
Hon. John Reynolds, P.C. <sup>(1)(2)</sup>	6	100%
Howard Bernier <sup>(1)</sup>	6	100%
Hon. Maurice Strong, P.C.	5	83%
Hua Bai	6	100%
Wei Ke Peng	5	83%
Zhong Xiang Kuang	6	100%
Marcel Aubut <sup>(3)</sup>	3	50%
Jionghui Wang <sup>(4)</sup>	4	67%
Patrick Siu Ming Li <sup>(5)</sup>	1	17%

Notes:

- (1) In addition to the six meetings of the full Board, Mr. Murphy, Mr. Reynolds and Mr. Bernier also attended a meeting of the independent directors of the Company held on August 28, 2011.
- (2) Mr. Reynolds will not be standing for re-election.
- (3) Mr. Aubut became a director of the Company on September 29, 2011. Since he became a director, he has attended 60% of the Company's board meetings.

- (4) Mr. Wang became a director of the Company on September 29, 2011. Since he became a director, he has attended 80% of the Company's board meetings.
- (5) Mr. Li ceased to be a director of the Company on September 29, 2011.

## **Mandate and Charters**

The Board has developed and approved written terms of reference and guidelines for the Board, formal charters for each Committee and position descriptions for the Chairman of the Board, Board Committee Chairs, Lead Director and Chief Executive Officer.

A summary of the terms of reference of the Board and the responsibilities of each Board Committee is set out below.

### ***Terms of Reference of the Board of Directors***

The Board of the Company is responsible for the stewardship and overall management and direction of the Company. The Board is responsible for overseeing the conduct of the Company's business and supervising management, which is responsible for the day-to-day operation of the Company, and to act with a view towards the best interests of the Company. Specifically, among other things, the Board (in certain cases through the oversight of Board Committees) is responsible for the following matters:

- managing the affairs of the Board, including:
  - annually reviewing the skills and experience represented on the Board in light of the Company's strategic direction;
  - determining the composition and appointing members of the committees of the Board;
  - adopting committee charters;
  - assessing the adequacy and form of director compensation;
  - assuming responsibility for the Company's governance practices;
  - setting the terms of reference of the Board; and
  - establishing new director orientation and ongoing director education processes;
- human resource matters, including:
  - appointing the Chief Executive Officer, settling the Chief Executive Officer's responsibilities, authority and compensation;
  - monitoring and, at least annually, reviewing the Chief Executive Officer's performance against agreed-upon annual objectives;
  - reviewing employment contracts, termination and other special arrangements with executive officers; and
  - approving the Company's compensation strategy and philosophy;
- strategic planning, including:
  - participating with management in the development and annual approval of a strategic plan for the Company that takes into consideration, among other things, the risks and opportunities of the business;
  - directing management to develop, implement and maintain a reporting system that accurately measures the Company's performance against its business plans;

- approving annual capital and operating budgets that support the Company’s ability to meet its strategic objectives;
- approving the entering into, or withdrawing from, lines of business that are, or are likely to be, material to the Company; and
- approval of material acquisitions and divestitures;
- financial and corporate issues, including:
  - taking reasonable steps to ensure the implementation and integrity of the Company’s internal control and management information systems;
  - reviewing and approving release by management of any disclosure relating to the Company’s financial performance;
  - approving financings, the issuance and repurchase of shares, the issuance of debt securities and the listing of shares and other securities; and
  - approving the incurring of any material debt by the Company outside the ordinary course of business;
- business and risk management, including:
  - ensuring management identifies the principal risks of the Company’s business and implements appropriate systems to manage these risks;
  - approving any plans to hedge sales; and
  - evaluating and assessing information provided by management and others about the effectiveness of risk management systems;
- procedures and policies, including:
  - approving and monitoring, through management, compliance with all significant policies and procedures that govern the Company’s operations;
  - approving and acting as the guardian of the Company’s corporate values; and
  - directing management to ensure the Company operates at all times within applicable laws and regulations and to the highest ethical and moral standards.

A copy of the terms of reference for the Board, setting out its current mandate and the duties and responsibilities of its members, is attached as Exhibit “A” to this Information Circular.

### ***Audit Committee***

The Audit Committee is currently comprised of three directors, Paul Murphy (Chair), John Reynolds P.C., and Howard Bernier. The Board has determined that all of the members of the Audit Committee are considered to be independent under the applicable policies published by the TSX and National Instrument 52-110 – *Audit Committees*. Mr. Reynolds will not be standing for re-election as a director of the Company. The Board anticipates that it will appoint a new member of the Audit Committee to fill the vacancy left by Mr. Reynolds following the Meeting, and that this new member will be an independent director.

The Audit Committee is responsible for overseeing the policies and practices relating to integrity of financial and regulatory reporting, as well as internal controls to achieve the objectives of safeguarding of corporate assets, reliability of information and compliance with policies and laws. Within this mandate, the Audit Committee’s role is to support the Board in meeting its responsibilities to shareholders, review and enhance the independence of the external auditor, facilitate effective communication between management and the external auditor, provide a link between the external auditor and the Board, and increase the integrity and objectivity of financial reports and public disclosure.



The Audit Committee has full access to the external auditor and is responsible for approving the nomination, and establishing the independence, of the external auditor.

### ***Governance and Nominating Committee***

The Board has a Governance and Nominating Committee that is currently comprised entirely of independent directors. The members of the Governance and Nominating Committee are John Reynolds, P.C. (Chair), Paul Murphy and Howard Bernier. Mr. Reynolds will not be standing for re-election as a director of the Company. The Board anticipates that it will appoint a new member of the Governance and Nominating Committee to fill the vacancy left by Mr. Reynolds following the Meeting, and that this new member will be an independent director.

The Governance and Nominating Committee enhances the Company's performance by providing a focus on governance matters and assessing and making recommendations relating to effectiveness of the Board. The Governance and Nominating Committee is responsible for establishing and leading the process for identifying, recruiting, appointing, re-appointing and providing ongoing development for directors. As part of its mandate, the Committee, among other things, develops and reviews a long-term plan for Board composition, reviews the Board's relationship with management to ensure the Board functions independently, develops criteria for directors, recommends nominees for election as directors and for appointment to committees, and reviews and monitors orientation and education of directors.

### ***Compensation Committee***

The Company's Compensation Committee is currently comprised of three directors, Paul Murphy (Chair), John Reynolds, P.C., and Howard Bernier. All three members are considered to be independent members of the Board. Mr. Reynolds will not be standing for re-election as a director of the Company. The Board anticipates that it will appoint a new member of the Compensation Committee to fill the vacancy left by Mr. Reynolds following the Meeting, and that this new member will be an independent director.

All Compensation Committee members have direct experience that is relevant to their responsibilities in executive compensation as a result of their positions with other public companies and their experience in the resource industry. Mr. Murphy has worked almost exclusively in the resource industries for the past thirty years and has served on the board of other public companies. Mr. Reynolds has served on the board of numerous public companies and is currently a director of Eacom Timber Corporation, Encanto Potash Corp. and Catalyst Copper Corp., among others. Mr. Bernier has served as a consultant and officer to various public companies, as the resident manager of Wabush Mines in Sept-Îles, Québec, and most recently as Chief Operating Officer of Consolidated Thompson Iron Mines Limited. Mr. Bernier's professional career, spanning some thirty- five years, has included all aspects of copper smelting and refining and iron pellet production, shipping and international metal sales.

The mandate of the Compensation Committee is to establish a plan of continuity for management of the Company and to fulfil the Board's responsibilities relating to human resource and compensation matters for the directors and officers of the Company. In this regard, the Compensation Committee reviews and makes recommendations to the Board regarding the compensation philosophy and guidelines for the directors and officers of the Company. The Committee's responsibilities also include periodically reviewing compensation policies and guidelines relating to all employees, including salary and incentive policies and programs and material new benefit programs or material changes to existing benefit programs. The Committee leads periodic reviews of the Chief Executive Officer's and the Chairman of the Board's compensation, and is responsible for reporting the results of such review to the Board, and, with the assistance of the Chief Executive Officer, for reviewing compensation and performance of officers other than the Chief Executive Officer (and ultimately reporting to the Board on such review). The Committee also approves and reports to the Board on management succession plans.

### **Position Descriptions**

Set out below are brief descriptions of the mandate of certain positions. The Governance and Nominating Committee periodically reviews the responsibilities assigned to the Chairman, Lead Director and Board Committee Chairs. The Compensation Committee periodically reviews the responsibilities assigned to the Chief Executive Officer.

### ***The Chairman of the Board***

The Chairman's general mandate is to ensure the effective and independent conduct of the Board. The Chairman manages the affairs of the Board and monitors its effectiveness, sets agendas and manages meetings of the Board. The Chairman assists the Chief Executive Officer in executing his general mandate to implement the Company's strategic and operating plans and to enhance shareholder value.

### ***The Lead Director***

The Lead Director's general mandate is to plan and chair meetings of the independent directors without management representatives present. The Lead Director also works to identify and address impediments to the independent functioning of the Board, and acts as liaison between the Board and management when necessary.

### ***The Chief Executive Officer***

The Chief Executive Officer's general mandate is to implement the Company's strategic and operating plans and to enhance shareholder value. The Chief Executive Officer is responsible for the overall day-to-day management of the Company and the implementation of policies, and strategy of the Company.

### ***The Board Committee Chairs***

The general mandate of a Board Committee Chair is to plan and chair meetings of committee members to ensure the committee fulfils the duties and responsibilities delegated by the Board. The Chair of each Board Committee leads the committee in undertaking its duties and responsibilities, sets agendas for, and chairs, meetings, and ensures the committee is composed of members with the appropriate skills and experience.

### **Orientation and Continuing Education**

The Board is in the process of developing guidelines for the orientation of new directors. The Governance and Nominating Committee, in conjunction with the Chairman of the Board and the Chief Executive Officer, is responsible for ensuring that new directors are provided with an orientation and education program which includes: (i) written information about the duties and obligations of directors; (ii) the business and operations of the Company; (iii) documents from recent Board meetings; and (iv) opportunities for meetings and discussion with senior management and other directors. The particulars of orientation for each new director is tailored to each director's individual needs and areas of interest.

The Board recognizes the importance of ongoing director education. In order to ensure that our directors maintain the skill and knowledge necessary to meet their obligations as directors, the Governance and Nominating Committee will periodically canvas the directors to determine their training and education and needs and interests, and facilitate the presentation by outside experts to the Board or committees on matters of particular import or emerging significance.

### **Ethical Business Conduct**

The Company has adopted a Code of Business Conduct and Ethics that governs the behaviour of its directors, officers and employees. The Code sets out expectations for the conduct of the Company's business in accordance with all applicable laws, rules and regulations and the highest ethical standards. Employees are required to sign the Code when they are engaged. The Code also includes an acknowledgement, to be completed annually by each director and officer of the Company, that the individual has read the Code. Shareholders may obtain a copy of the Code of Business Conduct and Ethics by contacting Michael Skutezky, Corporate Secretary, at 416-977-3188.

Each director is responsible for ensuring that they individually comply with the terms of the Code, while the Board is responsible for ensuring that the directors, as a group, and all officers comply with the Code and the executive officers of the Company are responsible for ensuring compliance with the Code by employees.

The Board has in place a number of procedures designed to ensure that directors exercise independent judgement in a matter where a director or officer has a material interest. A director who has a real, perceived or potential conflict of interest regarding any particular matter under consideration should advise the Board, refrain from debate on the matter and abstain from any vote regarding that matter.

In addition to the Code of Business Conduct and Ethics, the Company has also adopted a Whistleblower Policy which complements and supports the Code. The Whistleblower Policy provides a mechanism for directors, officers, and employees of the Company or any subsidiary who believe that a violation of the Code has occurred or who have concerns regarding various matters (including financial statement disclosure issues, accounting matters, internal controls, fraud and misrepresentations) to report the violation or concerns. Where the reporting person does not wish to, or is not able to, discuss a concern with his or her immediate supervisor, reports may be submitted to the Corporate Secretary. Reports may be made anonymously. The Corporate Secretary undertakes an initial review of the matter and reports results to the Audit Committee, which then may take corrective and disciplinary actions if appropriate.

### **Nomination of Directors**

The Governance and Nominating Committee, which was appointed upon completion of the Qualifying Transaction in May, 2011, annually reviews the general and specific criteria for candidates to be considered for nomination as directors with a view to ensuring the composition of the Board provides the best mix of skills and experience to guide the long-term strategy and business operations of the Company. As part of this process, the Committee will consider the competencies and skills required by the Board as a whole and the particular competencies and skills that each current director possesses.

The review will take into account the diversity of background, skills and experience of the directors, being the key characteristics that the Committee believes are required for effective Board participation. All directors are encouraged to identify potential candidates for potential nomination.

The Committee will screen all prospective nominees and review their particular characteristics and skills against the identified criteria bearing in mind competencies and skills that may be lacking in the composition of the Board from time to time. Consideration will also be given to the perceived ability of a nominee to devote the time and effort needed to fulfilling his or her duties as a member of the Board.

### **Compensation**

The primary objective of the Company's executive compensation process is to enable the Company to attract, retain and inspire performance of management of a quality and nature that will enhance the sustainable profitability and growth of the Company. The Compensation Committee is responsible for reviewing and recommending the compensation philosophy and guidelines for the directors and officers of the Company. The Compensation Committee will periodically review director and officer compensation and may consult with the Governance and Nominating Committee, if appropriate, and the Compensation Committee will make recommendations to the Board for consideration and approval when it believes changes in compensation are warranted.

The principal components of the executive compensation awarded by the Company are a base salary, a potential short term annual incentive award, and long term incentives such as stock options.

The Company retained Roger Gurr & Associates, a third party compensation advisor (the "**Consultant**") to, among other things, assess executive compensation for the Company for the current year. The Consultant was originally retained in early 2011. In connection with this mandate, the Consultant prepared and delivered a compensation-related report to the Company in May 2011. The Consultant delivered a further compensation-related report to the Company dated March 21, 2012. The results of the report were reviewed by the Chairman of the Compensation Committee and recommended to the Board for approval.

For the financial years ended March 31, 2012 and 2011, the Company paid the Consultant \$31,900 and \$20,000, respectively, as detailed below:

<b>Nature of Services</b>	<b>Fees Paid to Consultant in Year Ended March 31, 2012</b>	<b>Fees Paid to Consultant in Year Ended March 31, 2011</b>
Executive Compensation-Related Fees <sup>(1)</sup> .....	\$26,000	\$20,000
All Other Fees <sup>(2)</sup> .....	5,900	Nil
<b>Total</b> .....	<b>\$31,900</b>	<b>\$20,000</b>

Notes:

(1) “Executive Compensation-Related Fees” include the aggregate fees billed by the Consultant for services related to determining compensation for the Company’s directors and executive officers.

(2) “All Other Fees” include the aggregate fees billed for all other services provided by the Consultant that are not Executive Compensation-Related Fees. These fees were incurred to assist the Company in determining the remuneration package for employees and consultants of the Company who are not directors or executive officers of the Company. Neither the Board nor the Compensation Committee was required to pre-approve these services.

Pursuant to the report of the Consultant and as recommended by the Compensation Committee, the Board adopted an updated compensation structure in July 2012 for the services of members of the Board and its various committees. For a discussion of the compensation structure, see “Director Compensation – Director Compensation”.

### **Corporate Disclosure Policy**

The Board has adopted a Disclosure, Confidentiality and Insider Trading Policy which is intended to ensure that all material information relating to the Company is communicated appropriately and in a timely manner to the public and shareholders. The Policy also applies to the dissemination of annual and quarterly reports, press releases and other reports. In addition to annual general meetings, meetings between management of the Company and various investors and investment analysts occur occasionally, all of which will be governed by the Policy.

### **Other Committees**

In addition to the Audit Committee, Compensation Committee and Governance and Nominating Committee, the roles of which are summarized above, the Board has established an Environmental Sustainability Committee, a Health and Safety Committee and a Disclosure Committee.

The composition, role and responsibility of the Environmental Sustainability Committee, the Health and Safety Committee and the Disclosure Committee are set out below.

#### ***Disclosure Committee***

The Disclosure Committee is composed of Sandy Chim, Chief Executive Officer, Ivan Wong, Chief Financial Officer, and Michael Skutezky, Corporate Secretary and General Counsel. The Disclosure Committee is responsible for, among other things, overseeing the implementation of the Company’s Disclosure, Confidentiality and Insider Trading Policy and for reviewing and approving the guidelines and procedures to be distributed to Company personnel relating to corporate disclosure.

### ***Environmental Sustainability Committee***

The Environmental Sustainability Committee is currently comprised of Maurice Strong, P.C. (Chair), Howard Bernier and John Reynolds, P.C. Mr. Reynolds will not be standing for re-election as a director of the Company. The Board anticipates that it will appoint a new member of the Environmental Sustainability Committee to fill the vacancy left by Mr. Reynolds following the Meeting.

The role of the Environmental Sustainability Committee is to review and approve the corporate policies and monitor activities of the Company as they relate to environmental issues affecting communities where the Company conducts its business and activities. The Environmental Sustainability Committee is also responsible for, among other things, making periodic reports to the Board, as may be requested, on environmental matters relating to the Company.

### ***Health and Safety Committee***

The Health and Safety Committee is currently comprised of Howard Bernier (Chair), Maurice Strong, P.C. and Paul Murphy. The role of the Health and Safety Committee is to review and approve the corporate policies and monitor activities of the Company as they relate to health, safety and social issues affecting communities where the Company conducts its business and activities. The Health and Safety Committee is also responsible for, among other things, making periodic reports to the Board, as may be requested, on health and safety issues relating to the Company.

### **Assessments**

During its most recently completed financial year, the Board did not formally review the contributions of individual directors as its size facilitated informal discussion and evaluation of members' contributions. The current practice adopted by the Board is for the Governance and Nominating Committee and the Chairman of the Board to annually assess the performance of the Board, the Lead Director, the committees of the Board and individual directors of the Board.

## **AUDIT COMMITTEE**

For information regarding the Audit Committee, please refer to the Company's Annual Information Form dated June 29, 2012 (the "AIF") under "Additional Information – Audit Committee", including a copy of the Audit Committee Charter which is attached as Schedule "A" to the AIF. The AIF is available under the Company's profile on SEDAR at [www.sedar.com](http://www.sedar.com) and a copy of the AIF is available upon request from Michael Skutezky, Corporate Secretary, free of charge to shareholders of the Company. The Company may require the payment of a reasonable charge from any person or company who is not a shareholder of the Company, who requests a copy of the AIF.

## **EXECUTIVE COMPENSATION**

In this section, "named executive officer" means each of the following individuals: (i) an individual who acted as chief executive officer of the Company for any part of the most recently completed financial year; (ii) an individual who acted as chief financial officer of the Company for any part of the most recently completed financial year; (iii) each of the three most highly compensated executive officers of the Company, including any of its subsidiaries, other than an individual under (i) or (ii), at the end of the most recently completed financial year whose total compensation was, individually, more than \$150,000, and (iv) each individual who would be a named executive officer under (iii) but for the fact that the individual was neither an executive officer of the Company or its subsidiaries, nor acting in a similar capacity, at the end of that financial year.

During the period up until May 18, 2011, the Company was a "Capital Pool Company" or "CPC" as defined in the TSXV Corporate Finance Manual. As such, pursuant to the policies of the TSXV, the Company did not conduct any business operations nor did it pay any cash remuneration to any of its officers during this period.

The Company acquired Century Holdings on May 18, 2011 and at that time its financial year end was changed from May 31 to March 31, which was the financial year end of Century Holdings, because Century Holdings was deemed to be the accounting acquirer in the Qualifying Transaction which transaction constituted a reverse takeover transaction. Accordingly, for completeness of disclosure, the following executive compensation information is presented for the

executive officers and directors of the Company and the executive officers and directors of Century Holdings as the accounting acquirer.

For the financial year ended March 31, 2012, the named executive officers of the Company are (together, the “**Named Executive Officers**” or “**NEOs**”):

- Sandy Chim (President and Chief Executive Officer), Ivan Wong (Chief Financial Officer), Hua Bai (Vice President, China Operations), Ricky Chan (Vice President, Planning and Operations) and Michael Skutezky (Corporate Secretary) (the “**Company Named Executive Officers**”); and
- with respect to compensation paid by the Company to Harvey McKenzie (former Chief Executive Officer) and Raymond Mitchell (former Chief Financial Officer) during financial year ended May 31, 2010 and the period from June 1, 2010 to May 18, 2011 (the date of the Company’s Qualifying Transaction) (the “**CPC Named Executive Officers**”).

### Summary Compensation Table

The table below sets out information concerning the compensation earned or awarded to the Company Named Executive Officers during the financial years ended March 31, 2012, 2011 and 2010, and to the CPC Named Executive Officers during the period from June 1, 2010 to May 18, 2011 and during the financial year ended May 31, 2010. No compensation was earned or awarded to any of the CPC Named Executive Officers during the period from May 19, 2011 to March 31, 2012.

Name and principal position	Year	Salary (\$)	Share based awards	Option-based awards (\$) <sup>(1)</sup>	Non-equity incentive plan compensation (\$)		Pension value (\$)	All other compensation (\$)	Total compensation (\$)
					Annual incentive plans	Long-term incentive plans			
Sandy Chim Chief Executive Officer	2012	280,000	Nil	1,168,200	Nil	Nil	Nil	Nil	1,448,200
	2011 <sup>(2)</sup>	70,000	Nil	Nil	Nil	Nil	Nil	Nil	70,000
	2010	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Ivan Wong Chief Financial Officer	2012	120,000	Nil	519,200	Nil	Nil	Nil	Nil	639,200
	2011 <sup>(3)</sup>	30,000	Nil	Nil	Nil	Nil	Nil	Nil	30,000
	2010	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Hua Bai VP, China Operations	2012 <sup>(4)</sup>	100,000	Nil	233,640	Nil	Nil	Nil	Nil	333,640
	2011	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	2010	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Ricky Chan Vice-President Planning and Operations	2012 <sup>(5)</sup>	125,000	Nil	415,360	Nil	Nil	Nil	Nil	540,360
	2011	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	2010	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Michael Skutezky Corporate Secretary	2012 <sup>(6)</sup>	100,000	Nil	389,400	Nil	Nil	Nil	Nil	489,400
	2011	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	2010	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Harvey McKenzie <sup>(7),(8)</sup>	2012 2011	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil

Name and principal position	Year	Salary (\$)	Share based awards	Option-based awards (\$) <sup>(1)</sup>	Annual incentive plans	Long-term incentive plans	Pension value (\$)	All other compensation (\$)	Total compensation (\$)
Former Chief Executive Officer	2010	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
		Nil	Nil	4,870	Nil	Nil	Nil	Nil	4,870
Ray	2012	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Mitchell <sup>(7)(9)</sup>	2011	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Former Chief Financial Officer	2010	Nil	Nil	4,870	Nil	Nil	Nil	Nil	4,870

Notes:

- (1) See the discussion below regarding fair value of options.
- (2) Mr. Chim was appointed as Chief Executive Officer of the Company upon completion of the Company's Qualifying Transaction on May 18, 2011. Accordingly, the amounts for 2011 for Mr. Chim relate to the compensation Mr. Chim received from Century Holdings or its subsidiaries. As Century Holdings was incorporated on September 22, 2010, figures reflect compensation provided to Mr. Chim by Century Holdings from the date of incorporation until the end of its most recently completed financial year ended March 31, 2011. Mr. Chim did not receive any compensation from Century Holdings or its subsidiaries prior to September 22, 2010.
- (3) Mr. Wong was appointed as Chief Financial Officer of the Company upon completion of the Company's Qualifying Transaction on May 18, 2011. Accordingly, the amounts for 2011 for Mr. Wong relate to the compensation Mr. Wong received from Century Holdings or its subsidiaries. As Century Holdings was incorporated on September 22, 2010, figures reflect compensation provided to Mr. Wong by Century Holdings from the date of incorporation until the end of its most recently completed financial year ended March 31, 2011. Mr. Wong did not receive any compensation from Century Holdings or its subsidiaries prior to September 22, 2010.
- (4) Mr. Bai was appointed as Vice President, China Operations of the Company upon completion of the Company's Qualifying Transaction on May 18, 2011.
- (5) Mr. Chan was appointed as Vice President, Planning and Operations of the Company upon completion of the Company's Qualifying Transaction on May 18, 2011.
- (6) Mr. Skutezky was appointed as Corporate Secretary of the Company upon completion of the Company's Qualifying Transaction on May 18, 2011.
- (7) Upon completion of the Qualifying Transaction, the Company consolidated its common shares on the basis of one common share for each ten issued and outstanding common shares.
- (8) Mr. McKenzie was appointed Chief Executive Officer of the Company on May 28, 2008 and resigned on completion of the Qualifying Transaction on May 18, 2011. Mr. McKenzie was succeeded by Sandy Chim, the current Chief Executive Officer of the Company.
- (9) Mr. Mitchell was appointed Chief Financial Officer of the Company on May 28, 2008 and resigned upon completion of the Qualifying Transaction on May 18, 2011. Mr. Mitchell was succeeded by Ivan Wong, the current Chief Financial Officer of the Company.

### Fair Value of Options

The fair value of the options granted in the year ended March 31, 2012 has been estimated as at the date of grant using the Black-Scholes option pricing model, using the following assumptions:

- An average risk free interest rate of 2.06%, dividend yield of 0%, volatility of 94% and an expected life of 4 years.
- Per option fair value = \$1.95
- Per option fair value recognized for the year ended March 31, 2012 = \$1.50

The fair value of the options granted in the year ended May 31, 2010 has been estimated as at the date of grant using the Black-Scholes option pricing model. The weighted average option pricing assumptions and the resultant fair values are as follows: expected average option term of years is 3, zero dividend yield; weighted average expected volatility of 50%, and weighted average risk-free interest rate of 2.24%.

## Executive Incentive Plan Awards – Outstanding Share-based Awards and Option-based Awards

For a discussion of the Company’s Stock Option Plan, see “Securities Authorized for Issuance Under Equity Compensation Plans – Stock Option Plan”, below.

The following table sets out all share-based and option-based awards outstanding as at March 31, 2012 for each Named Executive Officer. This table includes awards granted prior to the most recently completed financial year ended March 31, 2012.

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 that have not vested (#)	Market or payout value of share-based awards that have not vested (\$)
Sandy Chim President and Chief Executive Officer	900,000	2.92	May 18, 2016	Nil	N/A	N/A
Ivan Wong Chief Financial Officer	400,000	2.92	May 18, 2016	Nil	N/A	N/A
Hua Bai VP. China Operations	180,000	2.92	May 18, 2016	Nil	N/A	N/A
Ricky Chan Vice- President Planning and Operations	320,000	2.92	May 18, 2016	Nil	N/A	N/A
Michael Skutezky Corporate Secretary	300,000	2.92	May 18, 2016	Nil	N/A	N/A
Harvey MacKenzie Former Chief Executive Officer	Nil	N/A	N/A	Nil	N/A	N/A
Ray Mitchell Former Chief Financial Officer	Nil	N/A	N/A	Nil	N/A	N/A

Notes:

(1) The value of unexercised “in-the-money options” is the difference between the option exercise price and the market value of the underlying stock on the TSX as at March 31, 2012 of \$1.97 per share.

The Company granted additional stock options subsequent to the year ended March 31, 2012. The following table sets out the awards granted to the Company’s Named Executive Officers after March 31, 2012 that are outstanding as at August 28, 2012.



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 that have not vested (#) <sup>(2)</sup>	Market or payout value of share-based awards that have not vested (\$)
Sandy Chim President and Chief Executive Officer	400,000	2.92	July 18, 2017	Nil	N/A	N/A
Ivan Wong Chief Financial Officer	180,000	2.92	July 18, 2017	Nil	N/A	N/A
Hua Bai VP, China Operations	200,000	2.92	July 18, 2017	Nil	N/A	N/A
Ricky Chan Vice- President Planning and Operations	150,000	2.92	July 18, 2017	Nil	N/A	N/A
Michael Skutezky Corporate Secretary	125,000	2.92	July 18, 2017	Nil	N/A	N/A

Notes:

- (1) The value of unexercised “in-the-money options” is based on the difference between the option exercise price and the market value of the underlying stock on the TSX as at the date of grant, July 18, 2012 of \$1.10 per share.
- (2) Options vested as to one third on the date of grant, July 18, 2012, and will vest as to one third on each of the second and third year anniversary thereof.

#### Executive Incentive Plan Awards – Value Vested During the Year

The following table summarizes for each Named Executive Officer the value of share-based and option-based awards vested, and the value earned of non-equity incentive plan compensation, during the financial year ended March 31, 2012:

Name	Option-based awards – value vested during the period (\$)	Share-based awards – value vested during the period (\$)	Non-equity incentive plan compensation – value earned during the period (\$)
Sandy Chim	Nil	Nil	Nil
Ivan Wong	Nil	Nil	Nil
Hua Bai	Nil	Nil	Nil

<u>Name</u>	<u>Option-based awards – value vested during the period (\$)</u>	<u>Share-based awards – value vested during the period (\$)</u>	<u>Non-equity incentive plan compensation – value earned during the period (\$)</u>
Ricky Chan	Nil	Nil	Nil
Michael Skutezky	Nil	Nil	Nil
Harvey MacKenzie	Nil	Nil	Nil
Ray Mitchell	Nil	Nil	Nil

### **Compensation Discussion and Analysis**

This section provides information about the Company’s compensation-related objectives and procedures and to disclose the compensation decisions relating to the Company’s NEOs listed in the summary compensation table above. During the year ended March 31, 2011 the Company was a Capital Pool Company and as such had no operations and no assets other than cash. In connection with the completion of its Qualifying Transaction on May 18, 2011 the Company acquired all of the issued and outstanding shares of Century Holdings by way of an amalgamation. Century Holdings indirectly owns mineral exploration properties located in Québec and in Newfoundland and Labrador.

The Company currently has no revenues from operations. Consequently, in determining executive compensation, the Board considers the Company’s financial circumstances at the time decisions are made regarding executive compensation, and also the mid and long-term forecasted financial position of the Company. As a result of our lack of operational revenue, we consider stock options to be an important component of executive compensation insofar as they do not necessitate a cash disbursement by the Company.

Prior to the completion of its Qualifying Transaction, in accordance with the policies of the TSXV, the Company did not pay any cash compensation to its NEOs. The Company has entered into employment agreements with each of its NEOs. For a description of the employment agreements entered into between the Company and certain of its NEOs, see “Executive Compensation – Employment Agreements and Termination and Change of Control Benefits” below.

Additional information about the Company and its operations is available in the Company’s audited consolidated financial statements, which have been filed with regulators and are available for viewing under the Company’s profile on SEDAR at [www.sedar.com](http://www.sedar.com).

#### ***Principles, Components and Policies***

The Compensation Committee is responsible for recommending the compensation of the Company’s executive officers to the Board. In establishing compensation levels for executive officers, the committee seeks to accomplish the following goals:

- to recruit and subsequently retain highly qualified executive officers by offering overall compensation which is competitive with that offered for comparable positions in other mineral exploration companies of a similar size and overall stage of business development;
- to motivate executives to achieve important corporate and personal performance objectives and reward them when such objectives are met; and
- to align the interests of executive officers with the long-term interests of shareholders through participation in the Company’s stock option plan.

Currently, the Company’s executive compensation package consists of a base salary, discretionary annual cash bonus and long-term incentives in the form of share options. The Company has not granted any share appreciation rights to its

directors and officers. The Company has established the components for its executive compensation package because it believes a competitive base salary and opportunity for annual cash bonuses are required in order to retain key executives, and participation in the Company's stock option plan enables the Named Executive Officers to align their interest with those of the Company's shareholders and contribute to the ongoing success of the Company. The Compensation Committee is evaluating the adoption of a long-term incentive plan, as discussed further below under "Executive Compensation – Long-Term Incentives – Share Options".

The Compensation Committee considered the implications of the risks associated with the Company's compensation policies and practices and concluded that, given the nature of the Company's business and the role of the Compensation Committee in overseeing the Company's executive compensation practices, the compensation policies and practices do not serve to encourage any NEO or individual at a principal business unit or division to take inappropriate or excessive risks, and no risks were identified arising from the Company's compensation policies and practices that are reasonably likely to have a material adverse effect on the Company.

Although the Company has not adopted a policy disallowing insiders from purchasing financial instruments designed to hedge or offset any decrease in market value of Shares or any other securities of the Company, the Company is not aware of any insiders having adopted such practice.

### ***Base Salary***

The Named Executive Officers are paid a salary that is designed to ensure that the compensation package offered by the Company is in-line with that offered by other comparable companies in the mineral exploration industry and to provide an immediate means of rewarding the Named Executive Officer for efforts expended on behalf of the Company. Base salaries for executive officers are evaluated against the responsibilities inherent in the position held and each individual's experience and past performance, as well as by reference to the competitive marketplace for management talent at other mineral exploration companies of similar stage of development, market capitalization and size.

### ***Annual Incentive Cash Bonuses***

The Named Executive Officers are entitled to be considered for a discretionary annual incentive cash bonus at the end of each year. The Company has not established any defined performance measures on which these bonuses are based. In general, the Compensation Committee will evaluate the granting of the discretionary bonus following the end of each year based on the Company's overall financial circumstances, together with the performance of the Named Executive Officer. To date, the Company has not awarded any discretionary bonuses to the Named Executive Officers. The Company's objectives in granting annual incentive cash bonuses generally include:

- attracting and retaining talented, qualified and effective executives,
- motivating the short and long-term performance of these executives, and
- better aligning their interests with those of the Company's shareholders.

### ***Long-Term Incentives - Share Options***

Share options are granted to reward individuals for current performance and to align the long-term interests of the Named Executive Officers with shareholders. Share options are granted in accordance with the Company's stock option plan. The exercise price for options granted under the plan cannot be less than the market price of the securities at the time the option is granted or otherwise in accordance with the policies of the TSX. See "Securities Authorized for Issuance Under Equity Compensation Plans", below.

The Compensation Committee is considering the adoption of a long-term incentive plan which would further tie compensation of the executives to the Company's long-term success. The Compensation Committee is presently evaluating the grant of additional long-term incentive options, the exercise of which would be tied to the Company meeting certain conditions tied to its long-term success. The type and structure of the long-term incentive plan is currently being considered by the Compensation Committee and, as of the date of this Information Circular, has not yet been settled.

### Compensation-Related Report

A compensation-related report to the Company dated March 21, 2012 from the Consultant, Roger Gurr & Associates, assessed the reasonableness of the Company's executive (and director) compensation structure. In preparing the report, its authors compared the Company's compensation structure to a group of 14 comparable companies. The report concluded that the Company's executive compensation structure is reasonable with respect to salary, annual bonus opportunities and annual stock option issuances. The report also noted that in order to provide more attractive compensation packages, if capacity was available, larger annual issuances of stock options could be provided.

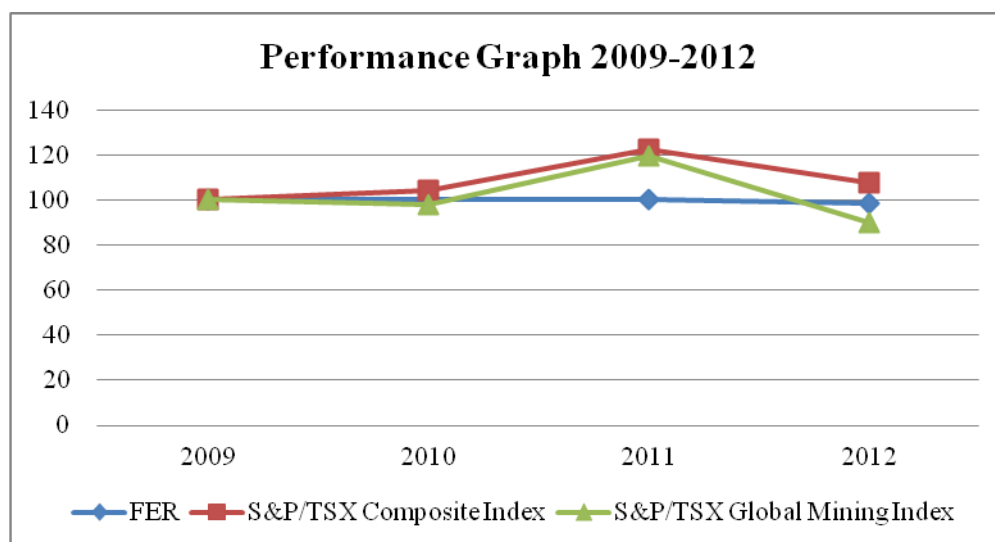
The 14 companies included in the comparator group are Adriana Resources Inc., Augusta Resource Corp., Aura Minerals Inc., Baja Mining Corp., Black Iron Inc., Cardero Resources Corp., Clifton Star Resources Inc., Dia Bras Exploration Inc., Labrador Iron Mines Holdings Ltd., Nevada Copper Corp., New Millennium Iron Corp., Northland Resources SA, Revett Minearls Inc. and Scorpio Mining Corp. The factors used in developing the group of comparator companies included the following:

- mining companies with both advanced stage and early stage exploration and development;
- size with a market capitalization in the range of \$100 million to \$500 million;
- activities primarily in the Americas, particularly in Northern Canada;
- multiple projects/locations, but not excessive numbers; and
- emphasis on iron ore but with some base metals, including copper.

### Performance Graph

The following graph depicts the Company's cumulative total shareholders' return on March 31 of each year since November 24, 2009, the day when the Company completed its initial public offering and became listed on the TSX Venture Exchange (the "TSXV") under its former name of Red Rock Capital Corp., assuming a \$100 investment in the Company's common shares on its first day of listing, compared to an equal investment in the S&P/TSX Composite Index and the S&P/TSX Global Mining Index.

On May 18, 2011, the Company completed the Qualifying Transaction, whereby its common shares were consolidated on the basis of one post-consolidation share for each previous outstanding ten common shares of the Company effective May 16, 2011. On September 19, 2011, the Company graduated from the TSXV to the Toronto Stock Exchange. The shareholders' return in the graph has been adjusted for the effects of the share consolidation.



Due to the fact that the Company established the compensation for its executive officers upon completion of its Qualifying Transaction in May 2011, there were not any material changes to this executive compensation through to the Company's year end on March 31, 2012. During this period, the Company's share price declined and the decline was greater than the decline of the S&P/TSX Composite Index and the S&P/TSX Global Mining Index.

The Company does not currently issue dividends. The common share performance as set out in the graph does not necessarily indicate future price performance. There is no correlation between the trend of the Company's stock price and the Company's executive compensation.

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

The Company has entered into Executive Employment Agreements with four of its Named Executive Officers of the Company, namely Mr. Sandy Chim, Mr. Ivan Wong, Mr. Ricky Chan, and Mr. Michael Skutezky. Pursuant to the terms of the Executive Employment Agreements, each of those Named Executive Officers receive an annual base salary, are entitled to (i) participate in the Company's stock option plan, (ii) receive discretionary annual cash bonuses and other standard benefits made available by the Company to its employees, and (iii) are reimbursed for all reasonable expenses incurred in connection with their duties on behalf of the Company. The base salary of each executive will be reviewed annually and any adjustment will be based on the performance of the executive. All of these Named Executive Officers, under their respective Executive Employment Agreements, are subject to non-competition provisions during the term of their respective agreement and for a period of 12 months thereafter, and confidentiality provisions.

If the Company terminates or declines to renew the Executive Employment Agreement with the applicable Named Executive Officer less than 12 months after a Change of Control (as defined below), or if the Named Executive Officer determines to resign from his engagement with the Company during the first 12 months following a Change of Control of the Company, the Company is required to pay to the applicable Named Executive Officer listed below a lump sum of money equal to the amount set opposite his name:

Sandy Chim – 36 months of base salary at the time of termination, plus all cash bonuses paid in the 12 months prior to the termination or resignation

Ivan Wong – 24 months of base salary, plus an amount equal to all cash bonuses paid in the 12 months prior to the termination or resignation

Ricky Chan – 24 months of base salary, plus an amount equal to all cash bonuses paid in the 12 months prior to the termination or resignation

Michael Skutezky – 24 months of base salary, plus an amount equal to all cash bonuses paid in the 12 months prior to the termination or resignation

Under the Executive Employment Agreements, a "**Change of Control**" shall have occurred if:

- (a) there is any sale of all or substantially all of the Company's assets or business to another person or persons pursuant to one or a series of transactions;
- (b) at any time any person or persons, other than the current control persons of the Company, acting jointly or in concert directly or indirectly acquire beneficial ownership of an aggregate of more than 30% of the outstanding voting securities of the Company;
- (c) a majority of the Board consists of individuals which management of the Company has not nominated for election or appointment as directors; or
- (d) the Company completes an acquisition, share exchange, amalgamation, consolidation, merger, arrangement or other business combination and the shareholders of the Company immediately prior to the completion of such transaction hold in the aggregate less than 60% of the votes attaching to the equity securities of the resulting or remaining parent company immediately after completion of such transaction.

The estimated incremental payments from the Company to each applicable Named Executive Officer upon a Change of Control, assuming the triggering event occurred on March 31, 2012, are as follows:

<u>NEO</u>	<u>Element</u>	<u>Change in Control Payments</u>
Sandy Chim President and Chief Executive Officer	Salary	\$840,000
	Cash Bonus	Nil
Ivan Wong Chief Financial Officer	Salary	\$240,000
	Cash Bonus	Nil
Ricky Chan Vice-President Planning and Operations	Salary	\$250,000
	Cash Bonus	Nil
Michael Skutezky Corporate Secretary	Salary	\$200,000
	Cash Bonus	Nil

## **DIRECTOR COMPENSATION**

### **Director Compensation**

Prior to the completion of its Qualifying Transaction on May 18, 2011, Ricky Chan, Paul Fornazzari, Harvey McKenzie and Ray Mitchell were the only directors of the Company. During this period, the Company was a CPC and as such was not permitted to provide compensation to any of its directors other than the granting of options to purchase common shares of the Company. No directors fees or other cash compensation was paid and no share or option based awards were granted to the directors of the Company during the period from June 1, 2010 to May 18, 2011. Subsequent to May 18, 2012, director's fees and stock options were granted to directors of the Company.

Pursuant to the report of the Consultant and as recommended by the Compensation Committee, the Board adopted the following compensation structure in July 2012 for the services of members of the Board and its various committees. The Board is satisfied that the following compensation is reasonable and will assist the Company in attracting and retaining superior candidates for Board service:

<u>Services provided</u>	<u>Compensation payable</u>
Board Members (non-management directors other than Chairman)	\$30,000 per year
Chairman	\$50,000 per year (in addition to annual board retainer)
Lead Director	\$5,000 per year (in addition to annual board retainer)
Board Meeting Fees (non-management directors other than Chairman)	\$1,000 per meeting
Chair, Audit Committee	\$10,000 per year (in addition to annual board retainer)
Chair, Technical Committee	\$10,000 per year (in addition to annual board retainer)
Chair, Compensation Committee	\$10,000 per year (in addition to annual board retainer)
Chair, Other Committee	\$3,000 per year (in addition to annual board retainer)
Board Committee Member (non-management directors)	\$2,000 per year (in addition to annual board retainer)
Board Committee Meeting Fees (non-management directors)	\$1,000 per meeting
Chair, Compensation Committee	\$10,000 per year (in addition to annual board retainer)
Chair, Other Committee	\$3,000 per year (in addition to annual board retainer)

The following table discloses the compensation provided to the directors of the Company (other than directors who are also Named Executive Officers) for the Company's financial year ended March 31, 2012. Compensation of directors who are also Named Executive Officers is disclosed under "Executive Compensation".

<b>Name</b>	<b>Fees earned (\$)</b>	<b>Share-based awards (\$)</b>	<b>Option-based awards (\$)<sup>(1)</sup></b>	<b>Non-equity incentive plan compensation (\$)</b>	<b>Pension value (\$)</b>	<b>All other compensation (\$)</b>	<b>Total (\$)</b>
Ben Koon (David) Wong	-	Nil	337,480	Nil	Nil	Nil	337,480
John Reynolds, P.C.	43,000	Nil	285,560	Nil	Nil	Nil	328,560

Name	Fees earned (\$)	Share-based awards (\$)	Option-based awards (\$) <sup>(1)</sup>	Non-equity incentive plan compensation (\$)	Pension value (\$)	All other compensation (\$)	Total (\$)
Maurice Strong, P.C.	31,000	Nil	285,560	Nil	Nil	Nil	316,560
Howard Bernier	44,000	Nil	233,640	Nil	Nil	Nil	277,640
Paul Murphy	51,000	Nil	285,560	Nil	Nil	Nil	336,560
Zhong Xiang Kuang	25,000	Nil	233,640	Nil	Nil	Nil	258,640
Wei Ke Peng	25,000	Nil	233,640	Nil	Nil	Nil	258,640
Marcel Aubut <sup>(2)</sup>	19,500	Nil	70,414	Nil	Nil	Nil	89,914
Jionghui Wang <sup>(2)</sup>	12,000	Nil	70,414	Nil	Nil	Nil	82,414

(1) The fair value of the options granted in the year ended March 31, 2012 has been estimated as at the date of grant using the Black-Scholes option pricing model, using the following assumptions:

Options granted on May 18, 2011:

- An average risk free interest rate of 2.06%, dividend yield of 0%, volatility of 94% and an expected life of 4 years.
- Per option fair value = \$1.95
- Per option fair value recognized for the year ended March 31, 2012 = \$1.50

Options granted on December 14, 2011:

- An average risk free interest rate of 1.04%, dividend yield of 0%, volatility of 94% and an expected life of 4 years.
- Per option fair value = \$1.17
- Per option fair value recognized for the year ended March 31, 2012 = \$0.56

(2) Mr. Aubut and Mr. Wang were elected directors of the Company on September 29, 2011.

### Director Incentive Plan Awards - Outstanding Option-based Awards as at March 31, 2012

For a discussion of the Company's Stock Option Plan, see "Securities Authorized for Issuance Under Equity Compensation Plans – Stock Option Plan", below.

The following table sets out all share-based and option-based awards granted to the Company's directors (other than directors who are also Named Executive Officers) that are outstanding as at March 31, 2012. (Compensation of directors who are also Named Executive Officers is disclosed under "Executive Compensation – Executive Incentive Plan Awards – Outstanding Share-based Awards and Option-based Awards".) This table includes awards granted prior to the most recently completed year ended March 31, 2012.

Name	Number of securities underlying unexercised options (#) <sup>(2)</sup>	Option-based awards		Share-based awards		
		Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options <sup>(1)</sup> (\$)	Number of shares that have not Vested (#)	Market or payout value of share-based awards that have not vested (\$)
Ben Koon (David) Wong	260,000	2.92	May 18, 2016	Nil	N/A	N/A



Name	Option-based awards			Share-based awards		
	Number of securities underlying unexercised options (#) <sup>(2)</sup>	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options <sup>(1)</sup> (\$)	Number of shares that have not Vested (#)	Market or payout value of share-based awards that have not vested (\$)
John Reynolds, P.C.	220,000	2.92	May 18, 2016	Nil	N/A	N/A
Maurice Strong, P.C.	220,000	2.92	May 18, 2016	Nil	N/A	N/A
Howard Bernier	180,000	2.92	May 18, 2016	Nil	N/A	N/A
Paul Murphy	220,000	2.92	May 18, 2016	Nil	N/A	N/A
Zhong Xiang Kuang	180,000	2.92	May 18, 2016	Nil	N/A	N/A
Wei Ke Peng	180,000	2.92	May 18, 2016	Nil	N/A	N/A
Marcel Aubut	180,000	2.92	December 14, 2016	Nil	N/A	N/A
Jionghui Wang	180,000	2.92	December 14, 2016	Nil	N/A	N/A

Notes:

- (1) The value of unexercised “in-the-money options” is the difference between the option exercise price and the market value of the underlying stock on the TSX as at March 31, 2012 of \$1.97 per share.

The Company granted additional stock options subsequent to the year ended March 31, 2012. The following table sets out the awards granted to the Company’s directors (not including directors who are also Named Executive Officers) after March 31, 2012 that are outstanding as at August 28, 2012.

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 that have not Vested (#)	Market or payout value of share-based awards that have not vested (\$)
Ben Koon (David) Wong	60,000	\$2.92	July 18, 2017	Nil	N/A	N/A

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 that have not Vested (#)	Market or payout value of share-based awards that have not vested (\$)
Hua Bai	200,000	\$2.92	July 18, 2017	Nil	N/A	N/A
John Reynolds, P.C.	60,000	\$2.92	July 18, 2017	Nil	N/A	N/A
Maurice Strong, P.C.	60,000	\$2.92	July 18, 2017	Nil	N/A	N/A
Howard Bernier	60,000	\$2.92	July 18, 2017	Nil	N/A	N/A
Paul Murphy	85,000	\$2.92	July 18, 2017	Nil	N/A	N/A
Zhong Xiang Kuang	60,000	\$2.92	July 18, 2017	Nil	N/A	N/A
Wei Ke Peng	60,000	\$2.92	July 18, 2017	Nil	N/A	N/A
Marcel Aubut	180,000	\$2.92	July 18, 2017	Nil	N/A	N/A
Jionghui Wang	60,000	\$2.92	July 18, 2017	Nil	N/A	N/A

Notes:

- (1) The value of unexercised “in-the-money options” is based on the difference between the option exercise price and the market value of the underlying stock on the TSX as at July 18, 2012 of \$1.10 per share.

***Director Incentive Plan Awards – Value Vested During the Year***

The following table summarizes for each director of the Company (other than directors who are also Named Executive Officers) the value of share-based and option-based awards vested during the year ended March 31, 2012. (Compensation of directors who are also Named Executive Officers is disclosed under "Executive Compensation – Executive Incentive Plan Awards – Value Vested During the Year".)

Name	Option-based awards – value vested during the period (\$)	Share-based awards – value vested during the period (\$)	Non-equity incentive plan compensation – value earned during the period (\$)
Ben Koon (David) Wong	Nil	Nil	Nil
John Reynolds, P.C.	Nil	Nil	Nil

<u>Name</u>	<u>Option-based awards – value vested during the period (\$)</u>	<u>Share-based awards – value vested during the period (\$)</u>	<u>Non-equity incentive plan compensation – value earned during the period (\$)</u>
Maurice Strong, P.C.	Nil	Nil	Nil
Howard Bernier	Nil	Nil	Nil
Paul Murphy	Nil	Nil	Nil
Zhong Xiang Kuang	Nil	Nil	Nil
Wei Ke Peng	Nil	Nil	Nil
Marcel Aubut	Nil	Nil	Nil
Jionghui Wang	Nil	Nil	Nil

## SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

### Stock Option Plan

The Company's stock option plan dated for reference August 22, 2011 (the "**Stock Option Plan**") was approved by shareholders of the Company at the annual and special meeting of shareholders held on September 28, 2011. A copy of the Stock Option Plan is attached as Exhibit "B" to the information circular dated August 30, 2011 for the annual and special meeting of shareholders held on August 30, 2011, which can be accessed on SEDAR at [www.sedar.com](http://www.sedar.com).

The purpose of the Stock Option Plan is to provide directors, officers and technical consultants of the Company with an opportunity to purchase common shares of the Company in order to provide an increased incentive for such persons to contribute to the future success of the Company in an effort to enhance the value of the common shares and also to increase the ability of the Company to attract, motivate and retain qualified individuals. The Stock Option Plan is administered by the Compensation Committee in conjunction with management. The Compensation Committee is responsible for recommending for approval to the Board the number of common shares subject to each option within the guidelines established by the TSX.

The following is a summary of the material terms of the Stock Option Plan:

**Number of Securities Issuable.** A maximum of 10% of the Company's issued and outstanding shares at the time the shares are reserved for issuance, less any common shares reserved for issuance under other share compensation arrangements, may be reserved for issuance under the Stock Option Plan. However, it has been proposed under "Approval of Amendments to Stock Option Plan" that the total number of common shares reserved for issuance under the Stock Option Plan be increased to up to 15% of the common shares outstanding as at the date of grant.

**Insider Participation Limit:** A maximum of 10% of the Company's issued and outstanding shares may be issued to insiders under the Stock Option Plan and under any other security based compensation arrangements of the Company within any one year period, and a maximum of 10% of the Company's issued and outstanding shares are issuable to insiders of the Company under the Stock Option Plan and under any other security based compensation arrangements of the Company at any time.

**Eligible Persons.** "Service Providers" are eligible to receive grants of options under the Stock Option Plan. "Service

Providers” are bona fide directors, officers, employees, management company employees and consultants and also include a company of which 100% of the share capital is beneficially owned by one or more individual Service Providers.

**Exercise Price.** During such time as the common shares of the Company are listed on the TSX, the exercise price of options granted under the plan will be the greater of the closing price for the Company’s common shares on the TSX on the last trading day before the date of grant of the option and the weighted average of the trading prices for the common shares on the five trading days before the date of grant of the option.

**Vesting.** Vesting of options granted under the plan will be at the discretion of the Board. On a change of control or takeover bid, if provided for in the optionee’s employment agreement, the options will fully vest and in all other cases may fully vest at the discretion of the Board. For the purposes of the Stock Option Plan, a change of control occurs in the circumstances set out in the optionee’s employment agreement or, if not defined in the applicable employment agreement, on the acquisition of a number of the voting securities of the Company, which, including all the other voting securities of the Company held by the acquirer, results in such entity holding for the first time at least 30% of the outstanding voting securities of the Company.

**Termination of Exercise Right.** No option may be exercised after an optionee has left the employ or service of the Company except as follows:

- in the event of an optionee’s death, any vested option held by the optionee at the date of death will be exercisable by the optionee’s lawful personal representatives, heirs or executors until the earlier of 12 months after the date of death and the date of expiration of the term otherwise applicable to such option;
- if and to the extent provided in the optionee’s employment agreement;
- generally speaking, vested options will expire 90 days after the date the optionee ceases to be employed by, provide services to, or be a director or officer of, the Company, and any unvested options shall immediately terminate; and
- if an optionee is dismissed for cause, such optionee’s options, whether or not they are vested at the date of dismissal, will immediately terminate.

**Term of Options.** Options granted under the Stock Option Plan will have a maximum term of 10 years from their date of grant.

**Extension of Expiry Period.** If an option which has been previously granted is set to expire during a period in which trading in securities of the Company by the option holder is restricted by a black-out, or within 9 business days of the expiry of a black-out, the expiry date of the option will be extended to 10 business days after the trading restrictions are lifted.

**No Assignment.** Subject to the provisions of the Stock Option Plan, all options will be exercisable only by the optionee to whom they are granted and will not be assignable or transferable.

**Administration.** Subject to the requirements of applicable law and TSX policies requiring shareholder or other approval, the Stock Option Plan provides that the Board may amend, suspend, terminate, or discontinue the plan or any option, or revoke or alter any action taken under the plan or option, except that the Board may not undertake any such action if it were to adversely alter or impair an option unless it first obtains the written consent of the affected optionee.

**Amendments Requiring Shareholder Approval.** Shareholder approval is required for the following amendments to the Stock Option Plan:

- an increase to the aggregate percentage of securities issuable under the plan; and a reduction in the exercise price of an outstanding option;
- an extension of the term of any option beyond the expiry date;
- any amendment to permit assignments or exercises other than by the optionee other than as set out in the plan;
- amendment to the individuals eligible to receive options under the plan;
  
- an amendment to the plan to provide for other types of compensation through equity issuance, other than an amendment in the nature of a substitution and/or adjustment made by the Board in response to a change to, event affecting, exchange of, or corporate change or transaction affecting the common shares of the Company; and
- an amendment which is required to be approved by shareholders under applicable law (including, without

limitation, the policies of the TSX).

**Amendments Without Shareholder Approval.** Subject to the policies of the TSX, the Stock Option Plan may be amended without shareholder approval for the following:

- amendments of a “housekeeping” nature;
- amendments necessary to comply with the provisions of applicable law;
- amendments respecting the administration of the Stock Option Plan;
- any amendment to the vesting provisions of the plan or any option;
- any amendment to the early termination provisions of the plan or any option, whether or not such option is held by an insider, provided such amendment does not entail an extension beyond the original expiry date;
- the addition of any form of financial assistance by the Company for the acquisition by all or certain categories of participants of common shares under the plan, and the subsequent amendment of any such provision which is more favourable to participants;
- the addition or modification of a cashless exercise feature, payable in cash or common shares, which provides for a full deduction of the number of underlying common shares from the plan reserve;
- amendments necessary to suspend or terminate the plan; and
- any other amendment not requiring shareholder approval under applicable law (including the policies of the TSX).

### Equity Compensation Plan Information

The following table sets forth information regarding the issuance of equity securities as at March 31, 2012:

Plan category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted-average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by securityholders (the “Stock Option Plan”)	5,941,859	\$2.93	3,544,548
Equity compensation plans not approved by securityholders	Nil	N/A	Nil
<b>Total</b>	<b>5,941,859</b>	<b>\$2.93</b>	<b>3,544,548</b>

### INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

No director, nominee for election as a director, executive officer, employee or former director, executive officer or employee of the Company or any of its subsidiaries, or any of their associates or other member of management of the Company, was indebted to the Company at any time since the beginning of the most recently completed financial year or as at the date hereof.

## INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

An informed person is one who generally speaking is a director or executive officer or a 10% shareholder of the Company. To the knowledge of management of the Company, no informed person or nominee for election as a director of the Company or any associate or affiliate of any informed person or proposed director had any interest in any transaction involving the Company since the commencement of the Company's most recently completed financial year or in any proposed transaction which has materially affected or would materially affect the Company or any of its subsidiaries other than as set out below.

### The Qualifying Transaction

The Qualifying Transaction was completed further to a definitive acquisition agreement dated February 17, 2011 (the "**Acquisition Agreement**") among the Company, Red Rock Acquisition Corp., a wholly-owned subsidiary of the Company, Century Iron Corporation ("Century NL") and Century Holdings. Upon completion of the Qualifying Transaction, Century NL was issued 49,882,078 common shares of the Company. The Acquisition Agreement is described in detail in the Company's filing statement dated May 5, 2011 (the "**Filing Statement**") prepared in connection with the Qualifying Transaction. The Filing Statement is available under the Company's profile on SEDAR at [www.sedar.com](http://www.sedar.com).

### The WISCO Agreements

The Company has entered into the following agreements with WISCO:

- a framework agreement dated January 13, 2011 between WISCO and Century Holdings, as supplemented by a further framework agreement entered into between WISCO and Century Holdings regarding a joint venture in respect of the Duncan Lake, Attikamagen and Sunny Lake properties dated February 18, 2011 (the "**WISCO Framework Agreement**");
- an amended and restated subscription agreement dated February 21, 2011 (the "**WISCO Subscription Agreement**") among WISCO, the Company and Century Holdings executed further to the WISCO Framework Agreement;
- an investment agreement dated May 6, 2011 (the "**WISCO Investment Agreement**") executed further to the WISCO Subscription Agreement;
- a further agreement with WISCO dated August 30, 2011 that will govern the joint ventures between the Company and WISCO for the exploration and development of the Company's Duncan Lake, Attikamagen and Sunny Lake projects (the "**Joint Venture Governing Agreement**");
- the Attikamagen Shareholders Agreement, as defined and described below; and
- the Sunny Lake JV Agreement, as defined and described below.

### *WISCO Framework Agreement*

The WISCO Framework Agreement sets forth the original principal agreements of Century Holdings and WISCO regarding the joint venture for the Duncan Lake, Attikamagen and Sunny Lake properties, as originally contemplated under the WISCO Framework Agreement. Material terms of the WISCO Framework Agreement include the following:

- the Company will enter into a joint venture agreement with WISCO;
- the joint venture will be owned and operated by a new joint venture company which will be owned as to 60% by the Company and as to 40% by WISCO;

- the Company will contribute Century Holdings' interests in the Duncan Lake, Attikamagen and Sunny Lake properties to the joint venture company in exchange for its 60% interest;
- WISCO will contribute \$120 million to the joint venture company for its 40% interest;
- in the event that the joint venture achieves positive operating cash flow following commencement of commercial production, WISCO will receive a preferred distribution of \$60 million which will be paid out of 50% of any positive operating cash flow realized by the joint venture company after commencement of commercial production;
- the board of directors of the joint venture company will be comprised of five directors, of whom three will be nominees of the Company and two will be nominees of WISCO. The chairman of the board will be a Company nominee, while the chief executive officer and chief financial officer of the joint venture company will be nominated by WISCO subject to approval of the board; and
- under off-take arrangements to be entered into, WISCO will be entitled to a right of first refusal to purchase up to 40% of the production attributable to the joint venture company at cost and will have a right of first refusal to purchase an additional 20% at market.

#### *The WISCO Subscription Agreement*

Pursuant to the WISCO Subscription Agreement, upon completion of the Qualifying Transaction, WISCO purchased 23,197,768 common shares of the Company at a price of \$2.62429 per share, for an aggregate purchase price of \$60,877,653 (the "**WISCO Private Placement**"). As contemplated in the WISCO Subscription Agreement, WISCO entered into a shareholders' agreement dated May 6, 2011 with Century NL and the principals of Century NL. Shareholders are referred to the Company's Filing Statement for a full summary of the material terms of the WISCO Subscription Agreement.

#### *The WISCO Investment Agreement*

As contemplated in the WISCO Subscription Agreement, WISCO and the Company entered into the WISCO Investment Agreement pursuant to which the Company has granted to WISCO, for as long as WISCO holds 10% or more of the issued and outstanding common shares of the Company, (i) certain pre-emptive share purchase rights, and (ii) the right to nominate directors of the Company in accordance with its proportionate interest in the Company. The WISCO Investment Agreement also provides for the lock-up of the shares acquired by WISCO pursuant to the WISCO Private Placement for a period of 18 months after completion of the Qualifying Transaction. Shareholders are referred to the Filing Statement for a full summary of the material terms of the WISCO Investment Agreement.

#### *Joint Venture Governing Agreement*

The Company entered into a joint venture governing agreement with WISCO on August 30, 2011. The Joint Venture Governing Agreement was executed further to the WISCO Framework Agreement and affirmed the terms of the WISCO Framework Agreement, other than as amended and supplement by the Joint Venture Governing Agreement. The Joint Venture Governing Agreement contemplates separate joint ventures for each of the Duncan Lake, Attikamagen and Sunny Lake projects, with the definitive structures to be determined and definitive agreements to be executed within 60 days of signing of the Joint Venture Governing Agreement. The Joint Venture Governing Agreement contemplates that Canadian Century Iron Ore Corporation ("**Canadian Century**") will contribute its interest in the Duncan Lake joint venture for a 60% voting and participating interest in the joint venture. WISCO will invest \$40 million in exchange for a 40% voting and participating interest. WISCO's investment will be comprised of (i) a \$20 million investment within 15 days of execution of the definitive agreement, and (ii) a \$20 million investment on the one year anniversary of the execution of the definitive agreement. The joint venture agreements for the Attikamagen and Sunny Lake projects will contemplate that the Company's subsidiaries will retain a 60% voting and participating interest in each of the respective projects, with WISCO investing an additional \$40 million into each project over an initial two year period in exchange for a 40% voting and participating interest. WISCO will in aggregate invest \$120 million in the three joint ventures over two years. The Company and WISCO will proceed to finalize the definitive agreements for the projects.

### ***The WISCO Attikamagen Shareholders Agreement***

On December 19, 2011 the Company entered into a shareholders agreement (the “**Attikamagen Shareholders Agreement**”) with Century Iron Ore Holdings Inc., Labec Century Iron Ore Inc. (“**Labec Century**”), WISCO and WISCO Canada Attikamagen Resources Development & Investment Limited (“**WISCO Attikamagen**”) pursuant to which the parties agree to capitalize Labec Century with WISCO Attikamagen contributing \$40 million to earn up to a 40% equity interest in Labec Century and a view towards the joint exploration and, if warranted, development of the Attikamagen Property. A summary of the material terms of the Attikamagen Shareholders Agreement is included in the Company’s Annual Information Form. A copy of the Attikamagen Shareholders Agreement is available under the Company’s SEDAR profile at [www.sedar.com](http://www.sedar.com).

### ***The Sunny Lake JV Agreement***

On December 19, 2011, the Company entered into a joint venture agreement (the “**Sunny Lake JV Agreement**”) with 0849873 B.C. Ltd. (“**0849873**”), WISCO and WISCO Canada Sunny Lake Resources Development & Investment Limited, a wholly-owned subsidiary of WISCO (“**WISCO Sunny Lake**”), in respect of the joint venture (the “**Sunny Lake Joint Venture**”) to be formed between 0849873 and WISCO Sunny Lake for the exploration and development of the Sunny Lake Property. A summary of the material terms of Sunny Lake JV Agreement is included in the Company’s Annual Information Form. A copy of the Sunny Lake JV Agreement is available under the Company’s SEDAR profile at [www.sedar.com](http://www.sedar.com).

### ***The Duncan Lake Shareholders Agreement***

The Company announced on November 29, 2011 that it had completed negotiations with WISCO in respect of a shareholders agreement (the “**Duncan Lake Shareholders Agreement**”) to be entered into between the Company and WISCO regarding the Duncan Lake Property. A summary of the settled material terms of the Duncan Lake Shareholders Agreement was included in the Company’s AIF. The Company has subsequently had further discussions with WISCO as to the finalization of the Duncan Lake Shareholders Agreement and anticipate that these discussions will lead to certain changes to the terms of the Duncan Lake Shareholders Agreement disclosed in the Company’s AIF.

### ***Director’s Loan***

Mr. Ben Koon (David) Wong, a controlling shareholder of Century NL and a director of the Company, advanced funds to Century NL which were in turn advanced by Century NL to Century Holdings as a loan. A portion of these loan funds were then advanced by Century Holdings to Augyva to enable Canadian Century to exercise its option to acquire a 51% interest in the Duncan Lake property and for general corporate purposes. Century NL subsequently assigned the promissory note evidencing the advance to Century Holdings to Mr. Wong as repayment by Century NL of its obligation to Mr. Wong. As a result, Century Holdings was obligated to pay Mr. Wong for funds originally advanced by Century NL to Century Holdings. On May 25, 2011, following completion of the Qualifying Transaction, the Company repaid the balance of the funds originally advanced by Mr. Wong to Century NL.

### ***Century NL Shareholder Loan and Debt Conversion***

For the three and nine months ended December 31, 2010, Century Holdings received shareholder advances in the form of non-interest-bearing demand notes from Century NL in the amounts of \$43,685 and \$1,760,280. During the periods ended March 31, 2010 and 2009, Century Holdings received advances from Century NL in the amounts of \$1,167,561 and \$4,212,261, respectively, in the form of non-interest bearing demand notes. The amount payable under loans outstanding was \$6.7 million as at October 21, 2010. On October 21, 2010, an aggregate of \$4.0 million of this debt was settled by the issuance of 29,144,279 common shares of Century Holdings (following completion of a stock split by Century Iron Holdings as disclosed above) pursuant to a note transfer agreement and a subsequent repayment of capital transaction. On May 25, 2011, following completion of the Qualifying Transaction, the Company repaid the outstanding balance of \$2.7 million.



### ***Augyva Mining Resources Inc.***

On May 20, 2008, the Century Holdings entered into Duncan Lake Joint Venture Agreement with Augyva. Sandy Chim, an officer of Century Holdings and a director and the President and Chief Executive Officer of the Company, is also a director and shareholder of Augyva. Michael Skutezky, General Counsel and Corporate Secretary of the Company is also a director of Augyva. For an overview of the Duncan Lake Joint Venture Agreement, see "Material Properties – Duncan Lake Property" in the Company's Annual Information Form dated June 29, 2012. During the years ended March 31, 2012, 2011 and 2010, the Company received a management fee of \$Nil, \$77,500 and \$150,000, respectively, from Augyva. As at March 31, 2012, 2011 and 2010, the Company had accounts receivable of \$16,950, \$16,950 and \$13,125, respectively, from Augyva. Considering the positions with and interest in Augyva that are hold by Mr. Chim and Mr. Skutezky, they will be deemed to have interest in any action taken or agreement entered into by Augyva with respect to the Company.

### ***Champion Minerals Inc.***

On May 12, 2008, Century Holdings entered into Attikamagen Joint Venture Agreement with Champion. Sandy Chim, a director and officer of each of Century Holdings and the Company and the President of Labec Century, holds 1,400,000 common shares of Champion through his private holding company, Max Lucky Holdings Limited. For an overview of the Attikamagen Joint Venture Agreement, see "Material Properties – Attikamagen Property" in the Company's Annual Information Form dated June 29, 2012.

### ***PIHL Off-take Agreement***

Century Holdings has entered into an off-take agreement (the "**PIHL Off-take Agreement**") with Prosperity Materials Macao Commercial Offshore Limited, a subsidiary of Prosperity Minerals Holdings Limited ("**Prosperity Minerals**"). Prosperity Minerals is listed on the London AIM Exchange and is itself controlled by Prosperity International Holdings (H.K.) Limited, a company listed on the Hong Kong Stock Exchange. Prosperity Minerals and Century Holdings indirectly share common significant shareholders. The PIHL Off-take Agreement is a related party transaction as each of Ben Koon (David) Wong, a director of the Company, and Sandy Chim, a director and the President and Chief Executive Officer of the Company, are also directors of Prosperity Minerals. A refundable off-take deposit US\$8,000,000 (\$7,973,048 as at March 31, 2012) has been provided under this agreement. The deposit is non-interest bearing and repayable on demand.

### ***Chim and Seto Consulting Services Inc.***

During the year ended March 31, 2012, the Company incurred accounting expenses in the amounts of \$45,457 from Chim and Seto Consulting Services Inc. ("**Chim & Seto**"), of which an immediate family member of the President and CEO of the Company is a shareholder. During the years ended March 31, 2011 and 2010, the Company incurred accounting expenses of \$31,680 and \$21,120, respectively, from Chim & Seto.

## **APPOINTMENT OF AUDITOR**

PricewaterhouseCoopers LLP, Chartered Accountants ("**PwC**"), of 77 King Street West, Suite 3000, Toronto, Ontario M5K 1G8, will be nominated at the Meeting for re-appointment as auditor of the Company at a remuneration to be fixed by the directors. PwC was the auditor of Century Holdings prior to the completion of the Qualifying Transaction and continued as the auditor of the Company on May 18, 2011 upon completion of the Qualifying Transaction. Unless such authority is withheld, the persons designated as proxyholders in the accompanying Proxy intend to vote the Shares represented by such Proxy, properly executed, **FOR** the appointment of PwC as auditor of the Company to hold office until the close of the next annual meeting of Shareholders, at a remuneration to be fixed by the board of directors.

## **MANAGEMENT CONTRACTS**

There are no management functions of the Company or any of its subsidiaries which are to any substantial degree performed other than by the directors or executive officers of the Company or a subsidiary.

## PARTICULARS OF MATTERS TO BE ACTED UPON

### **Approval of Amendments to Stock Option Plan**

The Company's Stock Option Plan was last approved by shareholders at the annual and special meeting of the Company held on September 28, 2011. As set out in the material terms under the heading "Securities Authorized for Issuance Under Equity Compensation Plans", the maximum number of common shares of the Company that may be reserved for issuance under the Stock Option Plan at any point in time is 10% of the total number of issued and outstanding common shares of the Company at the time shares are reserved for issuance pursuant to a grant of options under the Stock Option Plan, less any shares reserved for issuance under any other security-based compensation plan of the Company. This type of plan is called a "rolling" plan because as options are exercised, the base of outstanding issued shares on which the 10% applies increases.

The Company proposes to amend the Stock Option Plan to increase the maximum number of common shares of the Company that may be reserved for issuance under the Stock Option Plan from 10% to 15% of the total number of issued and outstanding common shares of the Company at the time shares are reserved for issuance pursuant to a grant of options under the Stock Option Plan, less any shares reserved for issuance under any other security-based compensation plan of the Company, as well as to include minor non-substantial amendments made for clarification purposes. The Stock Option Plan will continue to include an "insider participation limit", as defined in the TSX Company Manual. The "insider participation limit" provides that a maximum of 10% of the Company's issued and outstanding shares may be issued to insiders under the Stock Option Plan and under any other security based compensation arrangements of the Company within any one year period, and a maximum of 10% of the Company's issued and outstanding shares are issuable to insiders of the Company under the Stock Option Plan and under any other security based compensation arrangements of the Company at any time.

See "Securities Authorized for Issuance Under Equity Compensation Plans – Stock Option Plan" above for a summary of the material terms of the Stock Option Plan. A copy of the Stock Option Plan, incorporating the amendments proposed herein, is attached hereto as Exhibit "B". A copy will also be available for review by shareholders at the Meeting.

As at the date hereof there are options outstanding to purchase an aggregate of 9,430,000 common shares, representing approximately 9.9% of the current issued and outstanding common shares of the Company. If the amendments to the Stock Option Plan are approved, the Company will have 4,799,610 common shares available for future issuance under the Stock Option Plan, representing 5.1% of the issued and outstanding common shares of the Company.

If shareholders fail to approve the resolution approving amendments to the Stock Option Plan, the terms of the Stock Option Plan approved by shareholders at the annual and special meeting of the shareholders on September 28, 2011 will continue to apply.

### ***Approval Required***

At the Meeting, Shareholders will be asked to consider, and if thought advisable, pass substantially the following resolution to approve the amendment to the Stock Option Plan:

"Resolved that the Stock Option Plan of the Company be amended to increase the maximum number of common shares of the Company that may be reserved for issuance under the Stock Option Plan from 10% to 15% of the total number of issued and outstanding common shares of the Company at the time shares are reserved for issuance pursuant to a grant of options under the Stock Option Plan, less any shares reserved for issuance under any other security-based compensation plan of the Company, and to include minor non-substantial amendments made for clarification purposes."

Unless otherwise indicated, the persons designated as proxyholders in the accompanying Proxy intend to vote the Shares represented by such Proxy, properly executed, **FOR** the above resolution.

### ***Recommendation of the Board***

The Board is of the view that the proposed amendments to the Stock Option Plan are necessary to continue to provide the

Company with the flexibility necessary to attract and maintain the services of senior executives and other employees by offering competitive compensation and appropriate incentives relative to other companies in the industry. **Accordingly, the Board recommends that shareholders vote in favour of the resolution approving the amendments to the Stock Option Plan.**

#### **ADDITIONAL INFORMATION**

Additional information relating to the Company including the Company's audited consolidated financial statements for the latest completed financial year can be found under the Company's profile at [www.sedar.com](http://www.sedar.com). Financial information is provided in the annual consolidated financial statements of the Company for the financial year ended March 31, 2012 and the report of the auditors thereon which will be placed before shareholders at the Meeting and MD&A. Copies of the Company's audited consolidated financial statements for the financial year ended March 31, 2012 are available upon request from the Company's Corporate Secretary at Suite 602, 170 University Avenue, Toronto, Ontario, telephone number: (416) 977-3188. Copies of these documents will be provided free of charge to security holders of the Company. The Company may require the payment of a reasonable charge from any person or company who is not a security holder of the Company, who requests a copy of any such document.

#### **OTHER MATTERS**

As of the date of this Information Circular, management of the Company is not aware of any other matters which may come before the Meeting other than as set forth in the Notice of Meeting that accompanies this Information Circular. If any other matter properly comes before the Meeting, it is the intention of the persons named in the enclosed Proxy to vote the shares represented thereby in accordance with their best judgment on such matter.

#### **APPROVAL OF INFORMATION CIRCULAR**

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

**DATED** at Toronto, Ontario, this 28<sup>th</sup> day of August, 2012.

#### **BY ORDER OF THE BOARD OF DIRECTORS**

(signed) "*Sandy Chim*"

Sandy Chim  
President and Chief Executive Officer

## EXHIBIT "A"

### TERMS OF REFERENCE FOR THE BOARD OF DIRECTORS

#### 1. INTRODUCTION

- (a) Century Iron Mines Corporation ("Century Iron" or the "Company") Board of directors (the "Board") has a primary responsibility to promote and act in the best interests of the Company and is accountable to the shareholders as a whole.
- (b) The directors are stewards of the Company, responsible for the overall management and direction of the Company. The Board has the responsibility to oversee the conduct of the Company's business and to supervise management, which is responsible for the day-to-day operation of the Company. In supervising the conduct of the business, the Board, through the Chief Executive Officer (the "CEO") sets the standards of conduct for the Company.
- (c) These terms of reference are prepared to assist the Board and management in clarifying responsibilities and ensuring effective communication between the Board and management.

#### 2. COMPOSITION AND BOARD ORGANIZATION

- (a) Nominees for directors are initially considered and recommended by the Board's Governance and Nominating Committee in conjunction with the Chair and Lead Director, approved by the entire Board and elected annually by the shareholders.
- (b) The Company will endeavour to have a majority of directors comprising the Board qualify as independent directors, as determined in accordance with section 1.4 of NI 52-110 "Audit Committees", within eighteen months from the date of listing on the Toronto Stock Exchange.
- (c) Certain of the Board's responsibilities may be delegated to Board committees. The responsibilities of those committees will be as set forth in their terms of reference.

#### 3. DUTIES AND RESPONSIBILITIES

##### (a) Managing the Affairs of the Board

The Board operates by delegating certain of its authorities, including spending authorizations, to management, and by reserving certain powers to itself. The legal obligations of the Board are described in Section IV. Subject to these legal obligations and to the Articles of Incorporation and Bylaws of the Company, the Board retains the responsibility for managing its own affairs, including:

- (i) annually reviewing the skills and experience represented on the Board in light of the Company's strategic direction and approving a Board composition plan recommended by the Governance and Nominating Committee;
- (i) appointing, determining the composition of and setting the terms of reference for, Board committees;
- (ii) determining and implementing an appropriate process for assessing the effectiveness of the Board, the Chair and Lead Director, committees and directors in fulfilling their responsibilities;
- (iii) assessing the adequacy and form of director compensation;
- (iv) assuming responsibility for the Company's governance practices;
- (v) establishing new director orientation and ongoing director education processes;
- (vi) ensuring that the independent directors meet regularly without executive directors and management present;

- (vii) setting the terms of reference for the Board; and
- (viii) appointing the secretary to the Board.

**(b) Human Resources**

The Board has the responsibility to:

- (i) provide advice and counsel to the CEO in the execution of the CEO's duties;
- (ii) appoint the CEO and plan CEO succession;
- (iii) set terms of reference for the CEO;
- (iv) annually approve corporate goals and objectives that the CEO is responsible for meeting;
- (v) monitor and, at least annually, review the CEO's performance against agreed upon annual objectives;
- (vi) to the extent feasible, satisfy 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;
- (vii) set the CEO's compensation;
- (viii) approve the CEO's acceptance of significant public service commitments or outside directorships;
- (ix) approve decisions relating to senior management, including:
  - (A) review senior management structure including such duties and responsibilities to be assigned to officers of the Company;
  - (B) on the recommendation of the CEO, appoint and discharge the officers of the Company who report to the CEO;
  - (C) review compensation plans for senior management including salary, incentive, benefit and pension plans; and
  - (D) employment contracts, termination and other special arrangements with executive officers, or other employee groups.
- (x) approve certain matters relating to all employees, including:
  - (A) the Company's broad compensation strategy and philosophy;
  - (B) new benefit programs or material changes to existing programs; and
- (xi) ensure succession planning programs are in place, including programs to train and develop management.

**(c) Strategy and Plans**

The Board has the responsibility to:

- (i) adopt and periodically review a strategic planning process for the Company;
- (ii) participate with management in the development of, and annually approve, a strategic plan for the Company that takes into consideration, among other things, the risks and opportunities of the business;

- (iii) approve annual capital and operating budgets that support the Company's ability to meet its strategic objectives;
- (iv) direct management to develop, implement and maintain a reporting system that accurately measures the Company's performance against its business plans;
- (v) approve the entering into, or withdrawing from, lines of business that are, or are likely to be, material to the Company; and
- (vi) approve material divestitures and acquisitions.

**(d) Financial and Corporate Issues**

The Board has the responsibility to:

- (i) take reasonable steps to ensure the implementation and integrity of the Company's internal control and management information systems;
- (ii) review and approve release by management of any materials reporting on the Company's financial performance or providing guidance on future results to its shareholders and ensure the disclosure accurately and fairly reflects the state of affairs of the Company, and is in accordance with generally accepted accounting principles, including interim results press releases and interim financial statements, any guidance provided by the Company on future results, Company information circulars, annual information forms, annual reports, offering memorandums and prospectuses;
- (iii) declare dividends;
- (iv) approve financings, issue and repurchase of shares, issue of debt securities, listing of shares and other securities, issue of commercial paper, and related prospectuses and recommend changes in authorized share capital to shareholders for their approval;
- (v) approve the incurring of any material debt by the Company outside the ordinary course of business;
- (vi) approve the commencement or settlement of litigation that may have a material impact on the Company; and
- (vii) recommend the appointment of external auditors and approve auditors' fees.

**(e) Business and Risk Management**

The Board has the responsibility to:

- (i) ensure management identifies the principal risks of the Company's business and implements appropriate systems to manage these risks;
- (ii) approve any plans to hedge sales; and
- (iii) evaluate and assess information provided by management and others about the effectiveness of risk management systems.

**(f) Policies and Procedures**

The Board has the responsibility to:

- (i) approve and monitor, through management, compliance with all significant policies and procedures that govern the Company's operations;
- (ii) approve and act as the guardian of the Company's corporate values, including:

- (A) approve and monitor compliance with a Code of Business Conduct and Ethics for the Company and ensure it complies with applicable legal or regulatory requirements, such as relevant securities commissions;
  - (B) require management to have procedures to monitor compliance with the Code of Business Conduct and Ethics and report to the Board through the Audit Committee; and
  - (C) disclose any waivers granted from a provision of the Code of Business Conduct and Ethics in a manner that meets or exceeds regulatory requirements.
- (iii) direct management to ensure the Company operates at all times within applicable laws and regulations and to the highest ethical and moral standards; and
  - (iv) periodically review the Company's Environmental, Health and Safety Policy and regularly review the Company's Environmental, Health and Safety Reports.

**(g) Compliance Reporting and Corporate Communications**

The Board has the responsibility to:

- (i) ensure the Company has in place effective communication processes with shareholders and other stakeholders and financial, regulatory and other recipients;
- (ii) approve and periodically review the Company's communications policy;
- (iii) ensure the Board has measures in place to receive feedback from shareholders;
- (iv) approve interaction with shareholders on all items requiring shareholder response or approval;
- (v) ensure the Company's financial performance is adequately reported to shareholders, other security holders and regulators on a timely and regular basis;
- (vi) ensure the financial results are reported fairly and in accordance with generally accepted accounting principles;
- (vii) ensure the CEO and CFO certify the Company's annual and interim financial statements, annual and interim MD&A and Annual Information Form, and that the content of the certification meets all legal and regulatory requirements;
- (viii) ensure timely reporting of any other developments that have a significant and material effect on the Company; and
- (ix) report annually to the shareholders on the Board's stewardship for the preceding year.

**4. GENERAL LEGAL OBLIGATIONS OF THE BOARD OF DIRECTORS**

- (a) The Board is responsible for:
  - (i) directing management to ensure legal requirements have been met, and documents and records have been properly prepared, approved and maintained;
  - (ii) recommending changes in the Articles of Incorporation and Bylaws, matters requiring shareholder approval, and setting agendas for shareholder meetings; and
  - (iii) supervising the management of the business and affairs of the Company
- (b) The *Canada Business Corporations Act* identifies the following as legal requirements for each member of the Board (in addition to any statute or rule of law or equity relating to duties or liabilities of directors):

- (i) to act honestly and in good faith with a view to the best interests of the Company;
- (ii) to exercise the care, diligence and skill that a reasonably prudent individual would exercise in comparable circumstances; and
- (iii) to act in accordance with the *Canada Business Corporations Act* and any regulations thereto, and the Articles of Incorporation and Bylaws of the Company.



## EXHIBIT "B"

### AMENDED STOCK OPTION PLAN

Dated for Reference August 28, 2012

#### ARTICLE 1 PURPOSE AND INTERPRETATION

##### Purpose

1.2 The purpose of this Plan is to advance the interests of the Company by encouraging equity participation in the Company through the acquisition of Common Shares of the Company. It is the intention of the Company that this Plan will at all times be in compliance with the rules and policies of The Toronto Stock Exchange and any inconsistencies between this Plan and the TSX Policies whether due to inadvertence or changes in TSX Policies will be resolved in favour of the latter.

##### Definitions

1.3 In this Plan:

"**Affiliate**" has the meaning assigned by the TSX Policies;

"**Associate**" has the meaning assigned by the TSX Policies;

"**Black-out Period**" means the period during which the relevant Optionee is prohibited from exercising an Option due to trading restrictions imposed by the Company in accordance with its securities trading policies governing trades in the Company's securities;

"**Board**" means the board of directors of the Company or any committee thereof duly empowered or authorized to grant Options under this Plan;

"**Business Day**" means a day that the TSX is open for trading;

"**Change of Control**" in respect of any Optionee has the meaning ascribed to such term (in a relevant context) in the Optionee's Employment Agreement or, if no meaning is so ascribed, means the acquisition by any Person or by any Person and its joint actors (as such term is defined in the Securities Act), whether directly or indirectly, of voting securities (as such term is defined in the Securities Act) of the Company which, when added to all other voting securities of the Company at the time held by such Person and its joint actors, totals for the first time not less than 30% of the outstanding voting securities of the Company;

"**Common Shares**" means common shares in the capital of the Company providing such class is listed on the TSX;

"**Company**" means Century Iron Mines Corporation or any successor thereto;

"**Consultant**" means an individual or a Consultant Company, other than an Employee, Officer or Director who:

- (i) provides on an ongoing bona fide basis, consulting, technical, managerial or like services to the Company or an Affiliate of the Company, other than services provided in relation to a Distribution;
- (ii) provides the services under a written contract between the Company or an Affiliate and the individual or the Consultant Company;
- (iii) in the reasonable opinion of the Company, spends or will spend a significant amount of time and attention on the business and affairs of the Company or an Affiliate of the Company; and
- (iv) has a relationship with the Company or an Affiliate that enables the individual or Consultant Company to be knowledgeable about the business and affairs of the Company;

"**Consultant Company**" means for an individual Consultant, a company or partnership of which the individual is an employee, shareholder or partner;

"**Directors**" means the directors of the Company or an Affiliate as may be elected or appointed from time to time;

“**Distribution**” has the meaning assigned by the Securities Act, and generally refers to a distribution of securities by the Company from treasury;

“**Effective Date**” for an Option means the date of grant thereof by the Board;

“**Employee**” means:

- (a) an individual who is considered an employee under the *Income Tax Act* (Canada) (i.e. for whom income tax, employment insurance and Canada Pension Plan deductions must be made at source);
- (b) an individual who works full-time for the Company or an Affiliate providing services normally provided by an employee and who is subject to the same control and direction by the Company over the details and methods of work as an employee of the Company, but for whom income tax deductions are not made at source; or
- (c) an individual who works for the Company or an Affiliate on a continuing and regular basis for a minimum amount of time per week providing services normally provided by an employee and who is subject to the same control and direction by the Company over the details and methods of work as an employee of the Company, but for whom income tax deductions need not be made at source, and may include an Officer;

“**Employment Agreement**” means for an Optionee who is an Employee of the Company, an employment agreement entered into between such Optionee and the Company, if any;

“**Exercise Price**” means the amount payable per Common Share on the exercise of an Option, as determined in accordance with the terms hereof;

“**Expiry Date**” means the day on which an Option lapses as specified in the Option Commitment therefor or in accordance with the terms of this Plan;

“**Insider**” means an insider as defined in the TSX Policies;

“**Investor Relations Activities**” means generally any activities or communications that can reasonably be seen to be intended to or be primarily intended to promote the merits or awareness of or the purchase or sale of securities of the Company;

“**Listed Shares**” means the number of issued and outstanding shares of the Company that have been accepted for listing on the TSX, but excluding dilutive securities not yet converted into Listed Shares;

“**Management Company Employee**” means an individual employed by another individual or a corporation providing management services to the Company which are required for the ongoing successful operation of the business enterprise of the Company, but excluding a corporation or individual engaged primarily in Investor Relations Activities;

“**Officer**” means a duly appointed senior officer of the Company;

“**Option**” means the right to purchase Common Shares granted hereunder to a Service Provider;

“**Option Commitment**” means the notice of grant of an Option delivered by the Company hereunder to a Service Provider and substantially in the form of Schedule A hereto;

“**Optioned Shares**” means Common Shares that may be issued in the future to a Service Provider upon the exercise of an Option;

“**Optionee**” means the recipient of an Option hereunder;

“**Outstanding Shares**” means at the relevant time, the number of outstanding Common Shares of the Company from time to time;

“**Participant**” means a Service Provider that becomes an Optionee;

“**Person**” means a company or an individual;

“**Plan**” means this Amended and Restated Stock Option Plan, the terms of which are set out herein or as may be amended;

“**Plan Shares**” means the total number of Common Shares which may be reserved for issuance as Optioned Shares under the Plan as provided in §2.2;

“**Regulatory Approval**” means the approval of the TSX and any other securities regulatory authority that may have lawful jurisdiction over the Plan and any Options issued hereunder;

“**Securities Act**” means the *Securities Act*, R.S.B.C. 1996, c. 418, as amended from time to time;

“**Service Provider**” means an individual who is a bona fide Director, Officer, Employee, Management Company Employee or Consultant, and also includes a company of which 100% of the share capital is beneficially owned by one or more individual Service Providers;

“**Share Compensation Arrangement**” means any Option under this Plan but also includes any other stock option, stock option plan, employee stock purchase plan or any other compensation or incentive mechanism involving the issuance or potential issuance of Common Shares to a Service Provider;

“**Shareholder Approval**” means approval by a majority of the votes cast by eligible shareholders at a duly constituted shareholders’ meeting;

“**Take Over Bid**” means a take over bid as defined in the Securities Act;

“**TSX**” means The Toronto Stock Exchange and any successor thereto; and

“**TSX Policies**” means the rules, regulations and policies of the TSX as amended from time to time.

## **ARTICLE 2 STOCK OPTION PLAN**

### **Establishment of Stock Option Plan**

2.1 There is hereby established a stock option plan to recognize contributions made by Service Providers and to create an incentive for their continuing assistance to the Company and its affiliates.

### **Maximum Plan Shares**

2.2 The maximum aggregate number of Plan Shares that may be reserved for issuance under the Plan at any point in time is 15% of the Outstanding Shares at the time the Plan Shares are reserved for issuance, less any Common Shares reserved for issuance under Share Compensation Arrangements other than this Plan, unless this Plan is amended pursuant to the requirements of the TSX Policies. Notwithstanding anything else provided herein:

- (a) the number of Common Shares that may be issuable at any time to Insiders under the Plan and under any other Share Compensation Arrangements of the Company; and
- (b) the number of Common Shares issued to Insiders under the Plan and under any other Share Compensation Arrangements of the Company during any one year period;

may not exceed 10% of the Outstanding Shares.

### **Eligibility**

2.3 Options to purchase Common Shares may be granted hereunder to Service Providers from time to time by the Board. Service Providers that are corporate entities will be required to undertake in writing not to effect or permit any transfer of ownership or option of any of its shares, nor issue more of its shares so as to indirectly transfer the benefits of an Option, as long as such Option remains outstanding, unless the written permission of the TSX and the Company is obtained.

### **Options Granted Under the Plan**

2.4 All Options granted under the Plan will be evidenced by an Option Commitment in the form attached as Schedule A, showing the number of Optioned Shares, the term of the Option, a reference to vesting terms, if any, and the Exercise Price.

2.5 Subject to specific variations approved in accordance with this Plan, all terms and conditions set out herein will be deemed to be incorporated into and form part of an Option Commitment made hereunder.

### **Options Not Exercised**

- 2.6 In the event an Option granted under the Plan expires unexercised or is terminated by reason of dismissal of the Optionee for cause or is otherwise lawfully cancelled prior to exercise of the Option, the Optioned Shares that were issuable thereunder will be returned to the Plan and will be eligible for re-issue. For greater certainty Options which are exercised thereupon increase the number available to the Plan by the relevant percentage of Outstanding Shares as provided hereunder.

### **Administration of Plan**

- 2.7 The Board will be responsible for the general administration of the Plan and the proper execution of its provisions, the interpretation of the Plan and the determination of all questions arising hereunder.
- 2.8 Without limiting the generality of the foregoing, but subject to the provisions of this Plan, the Board has the power to:
- (a) determine the Service Providers to whom Options are to be granted, to grant such Options, and, subject to the other terms of this Plan, to determine any terms and conditions, limitations and restrictions in respect of any particular Option grant;
  - (b) allot Common Shares for issuance in connection with the exercise of Options; and
  - (c) delegate all or such portion of its powers hereunder as it may determine to one or more committees of the Board, either indefinitely or for such period of time as it may specify, and thereafter each such committee may exercise the powers and discharge the duties of the Board in respect of the Plan so delegated to the same extent as the Board is hereby authorized so to do.

### **Regulatory Approval**

- 2.9 This Plan shall be subject to the approval of any regulatory authority whose approval is required. Any Options granted under this Plan prior to such approvals being given shall be conditional upon such approvals being given, and no such Options may be exercised unless and until such approvals are given.

### **Compliance with Legislation**

- 2.10 The Company will not be required to issue any Common Shares under the Plan unless such issuance is in compliance with all applicable laws, regulations, rules, orders of governmental or regulatory authorities and the requirements of any stock exchange upon which Common Shares of the Company are listed. The Company will not in any event be obligated to take any action to comply with any such laws, regulations, rules, orders or requirements.

## **ARTICLE 3 TERMS AND CONDITIONS OF OPTIONS**

### **Exercise Price**

- 3.1 The Exercise Price of an Option will be determined by the Board in its discretion but will in no event be less than:
- (a) the greater of the closing price for the Common Shares on the TSX on the last trading day before the date of grant of the Option and the weighted average of the trading prices for the Common Shares on the five trading days before the date of grant of the Option; or
  - (b) if not listed on the TSX but listed on any other stock exchange, then as calculated in §3.1(a) by reference to the price on the other stock exchange on which the Common Shares are listed (if more than one, then using the exchange on which a majority of Common Shares are traded).

### **Term of Option**

- 3.2 The term of each Option will be determined by the Board in its discretion, provided that no Option shall be exercisable for a term expiring after the date that is 10 years from the Effective Date, subject to section 3.8.

### **Vesting of Options**

- 3.3 Vesting of Options shall be in accordance with the vesting and exercise provisions provided in the Service Provider's Employment Agreement, if any, failing which, the vesting of Options shall be as determined in the discretion of the Board.
- 3.4 Notwithstanding §3.3, in the event of a Change of Control or Take Over Bid, in the case of a particular Optionee, the Options held by that Optionee may be exercised by the Optionee in full or in part at any time before the applicable vesting period(s) for those Options:
- (a) if and to the extent provided in the Optionee's Employment Agreement; and
  - (b) subject to (a), at the discretion of the Board.

### **Optionee Ceasing to be Director, Employee or Service Provider**

- 3.5 No Option may be exercised after the Optionee, if a Director or Officer, has ceased to be a Director or Officer or, if an Employee or other Service Provider has left the employ or service of the Company or an Affiliate of the Company, except as follows:
- (a) notwithstanding any other provision of this §3.5, if and to the extent provided in the Optionee's Employment Agreement;
  - (b) in the case of the death of an Optionee, any vested Option held by him at the date of death will become exercisable by the Optionee's lawful personal representatives, heirs or executors until the earlier of one year after the date of death of such Optionee and the Expiry Date of such Option;
  - (c) subject to the other provisions of this §3.5, including the proviso below, vested Options shall expire 90 days after the date the Optionee ceases to be employed by, provide services to, or be a Director or Officer of, the Company or an Affiliate, and all unvested Options shall immediately terminate without right to exercise same; and
  - (d) in the case of an Optionee being dismissed from employment or service for cause, such Optionee's Options, whether or not vested at the date of dismissal will immediately terminate without right to exercise same, but provided that in no event may the term of the Option exceed 10 years. Notwithstanding the provisions of §(c), the Board may provide for the vesting of all or any part of the Optionee's Options that are unvested at the date the Optionee ceases to be employed by, provide services to, or be a Director or Officer of, the Company or an Affiliate, and may extend the time period for exercise of an Option to a maximum of the original term of the Option, all as the Board deems appropriate in the circumstances contemplated by §(c).

### **Non Assignable**

- 3.6 Subject to §3.5(b), all Options will be exercisable only by the Optionee to whom they are granted and will not be assignable or transferable.

### **Adjustment of the Number of Optioned Shares**

- 3.7 If there is (i) a change in the outstanding Common Shares by reason of any share consolidation, split, reclassification or other capital reorganization, or a stock dividend, arrangement, amalgamation, merger or combination, or any other change to or event affecting the Common Shares, or (ii) any exchange of or corporate change or transaction affecting the Common Shares, the Board shall make, as it shall deem advisable and subject to requisite Regulatory Approval, appropriate substitution and/or adjustment in:
- (a) the number and kind of shares or other securities or property reserved or to be allotted for issuance pursuant to this Plan;
  - (b) the number and kind of shares or other securities or property reserved or to be allotted for issuance pursuant to any outstanding unexercised Options, and in the exercise price for such shares or other securities or property; and/or
  - (c) the vesting of any Options, including the accelerated vesting thereof on conditions the Board deems advisable, and if the Company undertakes an arrangement or is amalgamated, merged or combined with another corporation, the Board shall make such provision for the protection of the rights of Participants as it shall deem advisable including in order to comply with the terms of the relevant Participant's Employment Agreement, if any.

### **Adjustment of Options Expiring During Blackout Period**

- 3.8 Should the Expiry Date for an Option fall within a Blackout Period, or within nine (9) Business Days following the expiration of a Blackout Period, such Expiry Date shall be automatically adjusted without any further act or formality to that day which is the tenth (10<sup>th</sup>) Business Day after the end of the Blackout Period, such tenth Business Day to be considered the Expiry Date for such Option for all purposes under the Plan. Notwithstanding any other provision of this Plan, the tenth Business Day period referred to in this §3.8 may not be extended by the Board.

## **COMMITMENT AND EXERCISE PROCEDURES**

### **Option Commitment**

- 3.9 Upon grant of an Option hereunder, an authorized officer of the Company will deliver to the Optionee an Option Commitment detailing the terms of such Options and upon such delivery the Optionee will be subject to the Plan and have the right to purchase the Optioned Shares at the Exercise Price set out therein subject to the terms and conditions hereof.

### **Manner of Exercise**

- 3.10 An Optionee who wishes to exercise his Option may do so by delivering
- (a) a written notice to the Company specifying the number of Optioned Shares being acquired pursuant to the Option; and
  - (b) cash or a certified cheque payable to the Company for the aggregate Exercise Price for the Optioned Shares being acquired and the aggregate of any amount required by law to be withheld by the Company on the exercise of such Option, or separate certified cheques for such Exercise Price and such amount to be withheld. Notwithstanding anything else contained in this Plan, the Company may, from time to time, implement such other procedures and conditions as it determines appropriate with respect to the payment, funding or withholding of amounts required by law to be withheld on the exercise of Options under this Plan.

### **Delivery of Certificate and Hold Periods**

- 3.11 As soon as practicable after receipt of the notice of exercise described in §4.2 and payment in full for the Optioned Shares being acquired, the Company will direct its transfer agent to issue a certificate to the Optionee for the appropriate number of Optioned Shares. Such certificate issued will bear a legend stipulating any resale restrictions required under applicable securities laws.

## **AMENDMENTS TO PLAN OR OPTIONS**

### **Amendments Generally**

- 3.12 The Board may, without shareholder approval, at any time and from time to time, amend, suspend, terminate or discontinue the Plan or an Option, or revoke or alter any action taken pursuant to the Plan or an Option, except that no amendment, suspension, termination or discontinuance of the Plan will adversely alter or impair any Option without the written consent of the applicable Participant and is subject to those provisions of applicable law (including, without limitation, the TSX Policies), if any, that require the approval of shareholders or any governmental or regulative body.

### **Amendments by Board**

- 3.13 Without limiting the generality of §3.12, the Board may make the following types of amendments to the Plan without seeking Shareholder Approval:
- (a) amendments of a “housekeeping” or ministerial nature including, without limiting the generality of the foregoing, any amendment for the purpose of curing any ambiguity, error or omission in the Plan or to correct or supplement any provision of the Plan that is inconsistent with any other provision of the Plan;
  - (b) amendments necessary to comply with the provisions of applicable law (including, without limitation, the TSX Policies);
  - (c) amendments respecting administration of the Plan;

- (d) any amendment to the vesting provisions of the Plan or any Option;
- (e) any amendment to the early termination provisions of the Plan or any Option, whether or not such Option is held by an Insider, provided such amendment does not entail an extension beyond the original Expiry Date;
- (f) the addition of any form of financial assistance by the Company for the acquisition by all or certain categories of Participants of Common Shares under the Plan, and the subsequent amendment of any such provision which is more favourable to Participants;
- (g) the addition or modification of a cashless exercise feature, payable in cash or Common Shares, which provides for a full deduction of the number of underlying Common Shares from the Plan reserve;
- (h) amendments necessary to suspend or terminate the Plan; and
- (i) any other amendment, whether fundamental or otherwise, not requiring Shareholder Approval under applicable law (including, without limitation, the TSX Policies).

#### **Amendments Requiring Shareholder Approval**

3.14 The Board may not, without approval of the holders of a majority of the issued and outstanding equity securities of the Company present and voting in person or by proxy at a meeting of holders of such securities, amend the Plan or an Option to do any of the following:

- (a) increase the aggregate maximum percentage of Common Shares issuable under the Plan;
- (b) make any amendment that would reduce the Exercise Price of an outstanding Option (including a cancellation and reissue of an Option at a reduced Exercise Price);
- (c) extend the term of any Option beyond the Expiry Date of the Option or allow for the Expiry Date of an Option to be greater than 10 years except as currently provided in connection with a Black-out Period;
- (d) permit assignments, or exercises other than by the applicable Participant, of Options beyond that contemplated by §3.5(b);
- (e) expand the definition of “Service Provider” or otherwise alter the conditions for eligibility for participation in the Plan;
- (f) amend the Plan to provide for other types of compensation through equity issuance, unless the change to the Plan or an Option results from the application of §3.7; and
- (g) effect an amendment which is required to be approved by shareholders under applicable law (including, without limitation, the TSX Policies).

3.15 Where Shareholder Approval is sought for amendments under §3.14(b) or §3.14(c) above, the votes attached to Common Shares held directly or indirectly by Insiders benefiting from the amendment will be excluded. In the event of any conflict between §3.13 and §3.14 above, the latter shall prevail to the extent of any conflict.

#### **Amendment Subject to Approval**

3.16 If the amendment of an Option requires Regulatory Approval or Shareholder Approval, such amendment may be made prior to such approvals being given, but no such amended Options may be exercised unless and until such approvals are given.

### **ARTICLE 4 GENERAL**

#### **Employment and Services**

4.1 Nothing contained in the Plan will confer upon or imply in favour of any Optionee any right with respect to office, employment or provision of services with the Company, or interfere in any way with the right of the Company to lawfully terminate the Optionee’s office, employment or service at any time pursuant to the arrangements pertaining to same. Participation in the Plan by a Service Provider will be voluntary.

### **No Representation or Warranty**

- 4.2 The Company makes no representation or warranty as to the future market value of Common Shares (which for clarity shall include for the purposes of this §4.2 other classes or kinds of securities issued in place of Common Shares pursuant to §3.8) issued in accordance with the provisions of the Plan or to the effect of the *Income Tax Act* (Canada) or any other taxing statute governing the Options or the Common Shares issuable thereunder or the tax consequences to a Service Provider. Compliance with applicable securities laws as to the disclosure and resale obligations of each Participant is the responsibility of such Participant and not the Company.

### **Interpretation**

- 4.3 The Plan will be governed and construed in accordance with the laws of the Province of British Columbia.

### **Amendment and Restatement and Effective Date of Plan**

- 4.4 This Plan will be effective on the date the Common Shares are listed on the TSX and as of such date will amend, restate and replace the then existing Stock Option Plan of the Company originally approved by the board of directors of the Company on June 9, 2008 (the “**Original Plan**”), however, all validly outstanding options granted under the Original Plan and existing at the time this Plan comes into effect will continue to be in full force and effect subject to the terms of the Original Plan, and will be counted for the purposes of calculating what may be issued under this Plan.



**SCHEDULE A STOCK  
OPTION PLAN OPTION  
COMMITMENT**

Notice is hereby given that, effective this \_\_\_\_day of \_\_\_\_\_, \_\_\_\_\_(the "Effective Date") **CENTURY IRON MINES CORPORATION** (the "Company") has granted to \_\_\_\_\_(the "Service Provider"), an Option to acquire \_\_\_\_\_Common Shares ("Optioned Shares") up to 5:00 p.m. Vancouver Time on the \_\_\_\_day of \_\_\_\_\_, \_\_\_\_\_(the "Expiry Date") at a Exercise Price of Cdn\$\_\_\_\_\_per share.

**Vesting:** Optioned Shares may be acquired as follows:

**Term:** The term of this Option is \_\_\_\_from the date of grant, unless sooner terminated.

The grant of the Option evidenced hereby is made subject to the terms and conditions of the Company's Stock Option Plan, the terms and conditions of which are hereby incorporated herein.

To exercise your Option, deliver a written notice specifying the number of Optioned Shares you wish to acquire, together with cash or a certified cheque payable to the Company for the aggregate Exercise Price, to the Company. A certificate for the Optioned Shares so acquired will be issued by the transfer agent as soon as practicable after receipt by the Company thereof.

**CENTURY IRON MINES CORPORATION**

\_\_\_\_\_  
Authorized Signatory