



MANAGEMENT INFORMATION CIRCULAR

January 13, 2010

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MANAGEMENT INFORMATION CIRCULAR

DATE, TIME AND PLACE OF MEETING

This Management Information Circular is furnished in connection with the solicitation by management of Olivut Resources Ltd. (the "Company") of proxies to be used at the Annual and Special General Meeting (the "Meeting") of shareholders of the Company ("Shareholders") to be held on February 17, 2010, at 10:30 a.m. (EST) at the offices of Stikeman Elliott LLP, 53rd Floor, Commerce Court West, 199 Bay Street, Toronto, Canada.

INFORMATION CONCERNING THE MEETING

Solicitation of Proxies

The solicitation of proxies will be primarily by mail, but proxies may also be solicited personally or by telephone by employees of the Company at nominal cost. Employees will not receive any extra compensation for such activities. The total cost of this solicitation will be borne by the Company. The Company has arranged for intermediaries to forward the Notice of Meeting, this Proxy Circular and the form of proxy for use in connection with the Meeting (collectively, the "**Meeting Materials**") to beneficial owners of the common shares of the Company ("**Common Shares**") held of record by those intermediaries and the Company may reimburse the intermediaries for their reasonable fees and disbursement in that regard.

Appointment of Proxies

The persons named in the enclosed form of proxy are officers and/or directors of the Company. **A Shareholder has the right to appoint a person or company, who need not be a Shareholder, other than the person or company designated in the applicable form of proxy accompanying this Proxy Circular, as nominee to attend and act for and on behalf of such person at the Meeting and may exercise such right by inserting the name of such person in the blank space provided on the form of proxy or by executing a proxy in a form similar to the one enclosed.**

Deposit of Proxies

Shareholders who do not expect to attend the Meeting in person are requested to complete, sign, date and return the enclosed form of proxy. An undated but executed proxy will be deemed to be dated the date of this Proxy Circular. Completed proxies returned either by mail or by fax to the office of the Company's transfer agent, Computershare Investor Services, must be received before 10:30 a.m. (EST) on February 15, 2010 or if the Meeting is adjourned, at least two business days preceding the date of any adjournment of the Meeting. If submitting by mail, shareholders should use the stamped self-addressed envelope enclosed or mail to Computershare Investor Services, 100

University Avenue, 9th Floor, Toronto, Ontario, Canada M5J 2Y1. If submitting by fax, shareholders should use 1-866-249-7775.

Telephone

The option to submit a proxy by telephone is offered only in Canada and in the United States. Shareholders electing to submit a proxy by telephone require a touchtone telephone. The telephone number to call is 1-888-835-8683. Shareholders must follow the instructions, use the form of proxy received from the Company and provide the I.D. and Code numbers which are located beside the Shareholder's name on the proxy form on the lower left-hand side. Instructions are then conveyed by use of the touchtone selections over the telephone.

Internet

Shareholders electing to submit a proxy over the Internet must access the website: <http://webvote.pctc.com>. Shareholders must then follow the instructions and refer to the proxy form received from the Company which contains the I.D. and Code numbers. Voting instructions are then conveyed electronically to the shareholder over the Internet.

Non-Registered Shareholders

Only registered Shareholders at January 13, 2010 ("**Registered Shareholders**"), or the persons they appoint as their proxies, are entitled to attend and vote at the Meeting. However, in many cases, Common Shares beneficially owned by a holder (a "**Non-Registered Shareholder**") are registered either:

1. in the name of an intermediary with which a Non-Registered Shareholder may deal, including banks, trust companies, securities dealers or brokers and trustees or administrators of registered retirement savings plans, registered retirement income funds, registered education savings plans (all as defined in the *Income Tax Act* (Canada)) and similar plans, and their nominees (an "**Intermediary**"); or
2. in the name of a clearing agency (such as The Canadian Depository for Securities Limited) of which the Intermediary is a participant.

The Company has distributed copies of the Meeting Materials to the clearing agencies and Intermediaries for onward distribution to Non-Registered Shareholders.

Intermediaries are required to forward the Meeting Materials to Non-Registered Shareholders unless the Non-Registered Shareholders have waived the right to receive them. Intermediaries very often call on service companies to forward meeting materials to non-registered holders. Non-Registered Shareholders who have not waived the right to receive Meeting Materials will:

1. receive a form of proxy which has already been signed by the Intermediary (usually by facsimile) which indicates the number of Common Shares beneficially owned by the Non-Registered Shareholders but which has not been completed. This form of proxy need not be signed by the Non-Registered Shareholder. In this case, the Non-Registered Shareholder who wishes to submit a proxy should otherwise properly complete the form of proxy and deposit it with Computershare Investor Services in the manner described above; or more typically, receive a voting instruction form from an Intermediary which must be completed and signed by the Non-

Registered Shareholder in accordance with the directions on the voting instruction form (which may, in some cases, permit the completion of the voting instruction form by telephone); or

2. receive a proxy form as described in the next paragraph.

The majority of brokers now delegate responsibility for obtaining instructions from clients to Broadridge Investor Communication Solutions, Canada (“**Broadridge**”). Broadridge typically mails a proxy form to the non-registered shareholders and asks such non-registered holders to return such proxy form to Broadridge (the Broadridge form also allows completion of the voting instructions form by telephone or via the internet). Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of shares to be represented at a shareholders’ meeting. A Non-Registered Shareholder receiving a proxy form from Broadridge cannot use that proxy to vote shares directly at the Meeting, the proxy must be returned to Broadridge well in advance of the Meeting in order to have the shares voted.

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

Alternatively, a Non-Registered Shareholder may request in writing that their broker send them a legal proxy which would enable them, or a person designated by them, to attend the Meeting and vote their Common Shares.

Exercise of Vote by Proxies and Discretionary Authority

The Common Shares, represented by properly executed proxies given in favour of the persons designated in the printed portion of the accompanying form of proxy at the Meeting, will be voted for, against or withheld from voting in accordance with the instructions contained therein, so long as such instructions are certain, on any ballot that may be called. **If no choice is specified in the proxy, such shares will be voted FOR each of the matters proposed by management at the Meeting and described in the Notice of the Meeting.**

The form of proxy accompanying this Proxy Circular confers discretionary authority upon the nominees named therein with respect to amendments or variations to the matters identified in the Notice of Meeting and with respect to other matters which may properly come before the Meeting. Management of the Company knows of no matters to come before the Meeting, other than those referred to in the Notice of Meeting. However, if any other matters which are not now known to management of the Company should properly come before the Meeting, the shares represented by proxies given in favour of management nominees will be voted on such matters in accordance with the best judgment of the nominee.

Revocation of Proxies

A Registered Shareholder may revoke a proxy by: (a) completing and signing a proxy bearing a later date and depositing it with Computershare Investor Services within the same time periods in advance of the Meeting as set forth above under "Deposit of Proxies"; (b) depositing an instrument in writing executed by the holder or by his attorney authorized in writing or, if the holder is a corporation, under its corporate seal by an officer or attorney thereof duly authorized, indicating the capacity under which such officer or attorney is signing, either at the registered office of the Company at any time up to and including 10:30 a.m., EST, on the last business day preceding the day of the Meeting, or any adjournment thereof, at which the proxy is to be used, or with the Chairman of the applicable Meeting on the day of such Meeting, or any adjournment thereof; or (c) in any other manner permitted by law. A Non-Registered Shareholder may revoke a voting instruction form and a vote given to an Intermediary at any time by written notice, except that an Intermediary is not required to act on a revocation of a voting instruction form or to vote if such revocation is not received at least seven days prior to the Meeting.

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

Voting Securities

As of January 13, 2010, 31,650,637 Common Shares were outstanding, each carrying the right to one vote on matters at the Meeting.

Shareholders of record as at January 13, 2010 (the "**Record Date**") are entitled to vote at the Meeting except to the extent that any such shareholder has since transferred any of his, her or its Common Shares. In the event of a transfer of a Common Share after the Record Date, a transferee of those Common Shares may produce a properly endorsed share certificate or certificates, or otherwise establish that he, she or it owns the Common Shares and, provided that he, she or it has demanded not later than 10 days before the Meeting that his, her or its name be made of record for the Meeting, such transferee is entitled to vote his, her or its Common Shares at the Meeting.

To the knowledge of management, the following person presently beneficially owns, directly or indirectly, or exercises control or direction over, Common Shares carrying 10% or more of the voting rights attached to the Common Shares as of January 13, 2010:

- Pierre Lassonde holds an aggregate of 5,225,571 Common Shares and 269,286 Warrants, which represent a total of 5,494,857 or approximately 15.95% of all the issued and outstanding Common Shares, assuming the exercise of the Warrants.

Quorum

A quorum for the meeting consists of two holders of the Common Shares entitled to vote at a meeting, whether present in person or by proxy, irrespective of the number of persons actually present at the meeting.

BUSINESS OF THE MEETING

1. TO RECEIVE THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE COMPANY FOR THE FINANCIAL YEAR ENDED OCTOBER 31, 2009

The Audited Consolidated Financial Statements and Management's Discussion and Analysis for the fiscal year ended October 31, 2009 were filed on SEDAR on December 17, 2009 and are attached hereto as Schedules A and B respectively.

2. TO ELECT THE DIRECTORS OF THE COMPANY

Five (5) directors are to be elected, by a majority of the votes cast at the Meeting. Each director will hold office until the next annual meeting of Shareholders or until a successor is elected or appointed. The information concerning each of the nominees for director given below was provided, in part, by the individual nominees.

In the absence of a specification to the contrary in the form of proxy, the persons named in the form of proxy intend to vote FOR election as directors the 5 proposed nominees of management whose names are set forth in the table below. Management does not contemplate that any of the nominees will be unable to serve as a director, but, if such should be the case at the time of the Meeting, the persons whose names are printed in the form of proxy, in the absence of a specification to the contrary in the form of proxy, intend to vote for such other nominees as in their best judgment they deem advisable. Unless otherwise indicated, the occupation noted has been their principal occupation for the past five years.

Director Nominees

Name and Municipality of Residence	Present Office	Principal Occupation if Different from Office Held	Director Since ⁽¹⁾	Stock Options held ⁽⁹⁾	Common Shares Beneficially Owned or Over Which Control is Exercised ⁽²⁾
Leni F. Keough Alberta, Canada	Director, President and Chief Executive Officer	President of Olivut Resources Ltd.	January 8, 2007	1,225,000	1,863,755 ⁽⁵⁾
Sharon E. Dowdall ⁽³⁾⁽⁴⁾ Ontario, Canada	Chairman and Director	Chief Legal Officer & Corporate Secretary, Franco-Nevada Corporation	January 8, 2007	375,000	150,000 ⁽⁶⁾
Craig O. Reith ⁽³⁾⁽⁴⁾⁽⁸⁾ Ontario, Canada	Director	Consultant	January 8, 2007	275,000	60,000 ⁽⁷⁾
Sargent H. Berner ⁽³⁾⁽⁴⁾ British Columbia, Canada	Director	President, Kent Avenue Consulting Ltd.; public company director; corporate and securities lawyer until 2006; Partner, DuMoulin Black, LLP until 2004	August 6, 2003	200,000	62,320
Dr. Leon R. Daniels Maldonado, Uruguay	Director	President, Precambrico SA; Director, Explorado del Serrano SA; Director, Landiclass SA	January 23, 2008	200,000	nil

Notes:

(1) Each director holds office until the next annual meeting of shareholders or until a successor is elected or appointed.

(2) Based on information provided by the individuals as at January 13, 2010.

- (3) *Member of the Company's audit committee.*
- (4) *Member of the Company's compensation and corporate governance committee.*
- (5) *Ms. Keough also holds 38,857 Company warrants at an exercise price of \$2.00 expiring May 14, 2011.*
- (6) *Ms. Dowdall also holds 50,000 Company warrant at an exercise price of \$2.00 expiring May 14, 2011.*
- (7) *Mr. Reith also holds 5,000 Company warrants at an exercise price of \$2.00 expiring May 14, 2011.*
- (8) *Mr. Reith was Vice President, Finance and Treasurer of Four Seasons Hotels Inc. prior to January 24, 2008 and was Vice President, Finance and Assistant Treasurer of Four Seasons Hotels Inc. prior to May 17, 2005.*
- (9) *Options held includes options granted December 9, 2009 as follows:*

<i>Leni F Keough</i>	<i>100,000</i>
<i>Sharon E. Dowdall</i>	<i>100,000</i>
<i>Craig O. Reith</i>	<i>100,000</i>
<i>Sargent H. Berner</i>	<i>75,000</i>
<i>Dr. Leon R. Daniels</i>	<i>75,000</i>

Leni F. Keough is currently a director of the Company. Ms. Keough is a graduate of the University of Western Ontario, London (BSc. Honours Geology, 1986). Initially she worked with Lacana Mining Corporation and subsequently Royex Corporation and Corona Corporation. She was involved in the early stages of the diamond exploration boom in Canada and was responsible for the planning and implementation of a number of successful diamond programs undertaken throughout Canada. As a founding principal of the Company, she has been President of Olivut since its inception in 1993 and has been responsible for the exploration programs undertaken by Olivut. Ms. Keough devotes approximately 100% of her time to business of the Company.

Sharon E. Dowdall is currently a director of the Company. Ms. Dowdall is a graduate of the University of Calgary (B.A. (Honours Economics), 1974) and Osgoode Hall, York University (LLB., 1977). She is Chief Legal Officer & Corporate Secretary, Franco-Nevada Corporation and until December 20, 2007 was the Vice President and Secretary of Newmont Mining Corporation of Canada Limited ("**NMC**") and Newmont Capital Limited, each subsidiaries of Newmont Mining Corporation. Prior to joining Franco-Nevada, the predecessor of NMC, in 1999, Ms. Dowdall was a partner at Smith Lyons LLP. Ms. Dowdall devotes approximately 5% of her time to the business of the Company.

Craig O. Reith is currently a director of the Company. Mr. Reith is a graduate of the Ivey Business School, University of Western Ontario, London (HBA, 1978). Following graduation, he worked with KPMG) for three years, during which time he received his Chartered Accountant designation (1981). Until January 23, 2008 he was Vice President Finance and Treasurer of Four Seasons Holdings Inc. (formerly Four Seasons Hotels Inc.) where he had been employed for over 20 years in various financial capacities. Mr. Reith devotes approximately 5% of his time to the business of the Company.

Sargent H. Berner is currently a director of the Company. Mr. Berner is also the President of Kent Avenue Consulting Ltd. and serves as a director of and advisor to a number of other public companies. He was formerly a senior partner of DuMoulin Black LLP, a Vancouver law firm, where he practiced in the areas of corporate, securities, and natural resource law. Mr. Berner holds a B.A. and LLB from the University of British Columbia and a LLM from the London School of Economics. Mr. Berner devotes approximately 5% of his time to the business of the Company.

Dr. Leon R.M. Daniels, BSc, BSc (Hons), PhD – Director: Dr. Daniels, is currently a director of the Corporation. Dr. Daniels is also the President of Precambrico SA; Director, Explorado del Serrano SA and Director, Landiclass SA Dr. Daniels obtained his PhD from the University of Cape Town in 1991. He has authored and co-authored numerous research papers relating to diamonds and associated

minerals and the exploration and development of kimberlites in various areas. Dr. Daniels also holds a BSc and BSc (Honours Geology) from the University of Cape Town.

Cease Trade Orders, Bankruptcies, Penalties or Sanctions

None of the directors of the Company is, or within the ten years prior to the date hereof has been, a director of any other issuer that, while that person was acting in the capacity of a director of that issuer, was the subject of a cease trade order or similar order or an order that denied the issuer access to any statutory exemptions for a period of more than 30 consecutive days or was declared bankrupt or made a voluntary assignment into bankruptcy, made a proposal under any legislation relating to the bankruptcy or insolvency or has been subject to or instituted any proceeding, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

3. TO APPOINT MCGOVERN, HURLEY, CUNNINGHAM, LLP, CHARTERED ACCOUNTANTS, AS THE AUDITORS OF THE COMPANY AND TO AUTHORIZE THE DIRECTORS TO FIX THE REMUNERATION TO BE PAID TO THE AUDITORS

In the absence of a specification made in the form of proxy to the contrary, the persons named in the form of proxy intend to vote FOR the resolution re-appointing McGovern, Hurley, Cunningham, LLP, Chartered Accountants as the auditors of the Company and authorizing the Board of Directors to fix their remuneration. McGovern, Hurley, Cunningham, LLP, Chartered Accountants were first appointed as auditors on January 8, 2007. The auditors will hold office until the next Annual Meeting or until their successors are appointed.

Audit Committee and Relationship with Auditor

Multilateral Instrument 52-110 of the Canadian Securities Administrators (“CSA”) (“MI 52-110”) requires the Company, as a venture issuer, to disclose annually in its Information Circular certain information concerning the constitution of its audit committee and its relationship with its independent auditor, as set forth in the following:

The Audit Committee’s Charter

The audit committee has a charter. A copy of the audit committee charter is appended to the Annual Information Form for the Fiscal Year Ended October 31, 2009 as Appendix “B” which was filed on SEDAR December 17, 2009. It may be viewed at www.sedar.com and upon request is available from the Secretary of the Company free of charge to any security holders of the Company by calling (780) 866-2226.

Composition of the Audit Committee

The audit committee is comprised exclusively of outside directors and all members are independent and financially literate within the meaning of the applicable securities law. Currently, the three members of the audit committee are Craig O. Reith (acting as Chair), Sharon E. Dowdall and Sargent H. Berner.

A member of the audit committee is independent if the member has no direct or indirect material relationship with the Company. A “**Material Relationship**” means a relationship which could, in the

view of the Company's board of directors ("**Board of Directors**"), reasonably interfere with the exercise of a member's independent judgement.

A member of the audit committee is considered financially literate if he or she has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Company.

Relevant Education and Experience

Mr. Reith, particularly, has education and experience that is relevant to the performance of his duties as Chair of the Audit Committee, including his Chartered Accountant designation. Sharon E. Dowdall – See "Election of Directors."

Sargent H. Berner – See "Election of Directors."

Each member of the audit committee has:

- an understanding of the accounting principles used by the Company to prepare its financial statements, and the ability to assess the general application of those principles in connection with estimates, accruals and reserves;
- experience preparing, auditing, analyzing or evaluating financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the Company's financial statements, or experience actively supervising individuals engaged in such activities and
- an understanding of the internal controls and procedures for financial reporting.

Audit Committee Oversight of the Auditors

The audit committee has made recommendation to the Board of Directors to nominate and compensate the external auditor. The Company's auditor, McGovern, Hurley, Cunningham, LLP, Chartered Accountants, has not provided any material non-audit services.

Reliance on Certain Exemptions

The Company has not relied on any exemptions under MI 52-110 – *Audit Committees*.

Pre-Approval Policies and Procedures

The audit committee has, under the terms of its charter, adopted specific policies and procedures for the engagement of non-audit services. The chair of the audit committee approves all non-audit services.

External Audit Service Fees

The following are audit fees, audit related fees, tax fees and all other fees billed by the Company's external auditors in each of the last two fiscal years.

Nature of Services	Fees Paid to Auditor in Year Ended October 31, 2009	Fees Paid to Auditor in Year Ended October 31, 2008
Audit Fees ⁽¹⁾	\$29,700	\$27,800
Audit-Related Fees ⁽²⁾	\$10,000	\$8,400
Tax Fees ⁽³⁾	\$6,600	\$5,500
All other Fees ⁽⁴⁾	Nil	Nil
Total	\$46,300	\$41,700

Notes:

(1) "Audit Fees" refer to fees billed for audit services.

(2) "Audit-Related Fees" refer to aggregate fees billed for assurance and related services that reasonably relate to the performance of the audit or review of the financial statements and are not reported under Audit Fees.

(3) "Tax Fees" refer to the aggregate fees billed for tax compliance, tax advice, and tax planning.

(4) "All Other Fees" refers to the aggregate fees billed for all non-audit services, other than the services reported under Audit Fees, Audit-Related Fees and Tax Fees.

4. TO APPROVE THE CONTINUATION OF THE SHARE OPTION PLAN

The TSX Venture Exchange requires that each listed company have a stock option plan and this plan is ratified on a yearly basis by the shareholders. In compliance with the TSX Venture Exchange policies and to provide incentive to directors, officers, employees, management and others who provide services to the Company or any subsidiary to act in the best interests of the Company, the shareholders of the Company adopted the Plan in 2004 as attached hereto as Schedule C and approved its continuance at the annual meetings of the shareholders held in 2005, 2006, 2008 and 2009. The Company is of the view that the Plan permits the Company to attract and maintain the services of executives, employees and other service providers in competition with other companies in the industry.

Under the Plan, a maximum of 10% of the issued and outstanding Common Shares at the time an option is granted, less common shares reserved for issuance outstanding in the Plan, will be reserved for options to be granted at the discretion of the Board of Directors to eligible optionees. This type of plan is called a "rolling" plan. As of the date of this Information Circular, 2,945,000 options to purchase Common Shares have been granted by the Company and are outstanding.

Under TSX Venture Exchange policy, the continuation of the Plan requires annual shareholder approval at the annual meeting of the Company by ordinary resolution. Management of the Company will ask the shareholders at the Meeting to vote on the following ordinary resolution, with or without variation:

1. the stock option plan for the Corporation (the "Stock Option Plan"), a copy of which is attached hereto as Schedule "C", be and it is hereby approved and confirmed effective; and
2. any officer or director of the Corporation be, and each of them is, hereby authorized and directed for, in the name of and on behalf of the Corporation, to execute or to cause to be executed, under the seal of the Corporation or otherwise, and to deliver or cause to be delivered all such deeds, documents and other instruments, and to do or cause to be done all such other acts and things, as in the opinion of any one director or any one officer of the Corporation may be necessary or desirable in order to give effect to the continuance of the Stock Option Plan.

The directors of the Company recommend that shareholders vote in favour of the resolution to continue the Plan. **In the absence of a specification to the contrary in the form of proxy, the persons named in the form of proxy intend to vote FOR the continuation of the Share Option Plan.**

STATEMENT OF EXECUTIVE COMPENSATION

National Instrument 51-102 – *Continuous Disclosure Obligations* requires the Corporation to disclose its executive compensation by providing in the Circular the disclosure required by Form 51-102F6. The disclosure of executive compensation below is being made in accordance with Form 51-102F6.

Named Executive Officers

For the purposes of this Information Circular, a Named Executive Officer (“NEO”) of the Corporation means each of the following individuals:

- a. chief executive officer (“CEO”) of the Corporation;
- b. a chief financial officer (“CFO”) of the Corporation;
- c. each of the Corporation’s three most highly compensated executive officers, or the three most highly compensated individuals acting in a similar capacity, other than the CEO and CFO, at the end of the most recently completed financial year whose total compensation was, individually, more than \$150,000, as determined in accordance with subsection 1.3(6) of Form 51-102F6, for that financial year and
- d. each individual who would be an NEO under paragraph (c) above but for the fact that the individual was neither an executive officer of the Corporation, nor acting in a similar capacity, at the end of that financial year.

The Corporation currently has the following two NEOs: Ms. Leni F. Keough, President and Chief Executive Officer, and Mr. Ian A. Shaw, Chief Financial Officer and Secretary.

Compensation Discussion and Analysis

The Compensation Committee of the Corporation’s Board is responsible for ensuring that the Corporation has in place an appropriate plan for executive compensation and for making recommendations to the Board with respect to the compensation of the Corporation’s executive officers. The Compensation Committee ensures that total compensation paid to all NEOs is fair and reasonable and is consistent with the Corporation’s compensation philosophy.

Compensation plays an important role in achieving short and long-term business objectives that ultimately drive business success. The Corporation’s compensation philosophy is to foster entrepreneurship at all levels of the organization through, among other things, the granting of stock options which are a significant component of executive compensation. This approach is based on the assumption that the performance of the Common Share price over the long term is an important indicator of long term performance.

The Corporation's compensation philosophy is based on the following fundamental principles:

1. *Compensation programs align with shareholder interests* – the Corporation aligns the goals of executives with maximizing long term shareholder value;
2. *Performance sensitive* – compensation for executive officers should be linked to operating performance of the Corporation and fluctuate with the performance; and
3. *Offer market competitive compensation to attract and retain talent* – the compensation program should provide market competitive pay in terms of value and structure in order to retain existing employees who are performing according to their objectives and to attract new individuals of the highest calibre.

The objectives of the compensation program in compensating all NEOs were developed based on the above-mentioned compensation philosophy and are as follows:

- to attract and retain highly qualified executive officers;
- to align the interests of executive officers with shareholders' interests and with the execution of the Corporation business strategy;
- to evaluate executive performance on the basis of key measurements that correlate to long-term shareholder value and
- to tie compensation directly to those measurements and rewards based on achieving and exceeding predetermined objectives.

Competitive Compensation

Aggregate compensation for each NEO is designed to be competitive. The Compensation Committee reviews compensation practices of similarly situated companies in determining compensation policy. Although the Compensation Committee reviews each element of compensation for market competitiveness, and it may weigh a particular element more heavily based on the NEO's role within the Corporation, it is primarily focused on remaining competitive in the market with respect to total compensation.

The Compensation Committee reviews data related to compensation levels and programs of various companies that are similar in size to the Corporation and operate within the mineral exploration and development industry, prior to making its decisions. These companies are used as the Corporation's primary peer group because they have similar business characteristics or because they compete with the Corporation for employees and investors. The Compensation Committee also relies on the experience of its members as officers and/or directors at other companies in similar lines of business as the Corporation in assessing compensation levels. These other companies are identified under the heading "BUSINESS OF THE MEETING – 2. TO ELECT THE DIRECTORS OF THE COMPANY".

The purpose of this process is to:

- understand the competitiveness of current pay levels for each executive position relative to companies with similar revenues and business characteristics;
- identify and understand any gaps that may exist between actual compensation levels and market compensation levels;
- establish as a basis for developing salary adjustments and short-term and long-term incentive awards for the Compensation Committee's approval.

Aligning the Interests of the NEOs with the Interests of the Corporation's Shareholders

The Corporation believes that transparent, objective and easily verified corporate goals, combined with individual performance goals, play an important role in creating and maintaining an effective compensation strategy for the NEOs. The Corporation's objective is to establish benchmarks and targets for its NEOs which, if achieved, will enhance shareholder value.

A combination of fixed and variable compensation is used to motivate executives to achieve overall corporate goals. For the 2009 financial year, the three basic components of the executive officer compensation program were:

- base salary
- annual incentives (cash bonus) and
- option based compensation.

The base salary comprises a portion of the total cash-based compensation; however, annual incentives and option based compensation represent compensation that is "at risk" and thus may or may not be paid to the respective executive officer depending on: (1) whether the executive officer is able to meet or exceed his or her applicable performance targets, and (2) market performance of the Corporation's Common Shares. To date, no specific formulae have been developed to assign a specific weighting to each of these components. Instead, the board considers each performance target and the Corporation's performance and assigns compensation based on this assessment and the recommendations of the Compensation Committee.

Base Salary

The Compensation Committee and the Board approve the salary ranges for the NEOs. The base salary review for each NEO is based on assessment of factors such as current competitive market conditions, compensation levels within the peer group and particular skills, such as leadership ability and management effectiveness, experience, responsibility and proven or expected performance of the particular individual. Comparative data for the Corporation's peer group is also accumulated from a number of external sources including independent consultants. The Corporation's policy for determining salary for executive officers is consistent with the administration of salaries for all other employees.

Annual Incentives

The Corporation has an annual incentive (cash bonus) plan for the President and CEO (see “Employment Contract and Termination and Change of Control Benefits – *President and Chief Executive Officer*”).

Long Term Compensation

The Corporation currently has no long-term incentive plans, other than stock options granted from time to time by the Board under the provisions of the Corporation’s Stock Option Plan.

Option-based Awards

The Compensation Committee and the Board believe that NEOs should have a stake in the Corporation’s future and that their interests should be aligned with the interests of the shareholders. As such, the Compensation Committee and the Board determine stock option grants based on the NEO’s position, performance and potential future contributions to the Corporation. The previous grants of stock options are taken into account when considering new grants. Stock options were granted subsequent to the end of the fiscal year as detailed in Note 7 of the Compensation Summary table.

Compensation Summary

The table below sets forth information concerning the compensation paid, awarded or earned by each of the NEOs for services rendered in all capacities to the Corporation during the fiscal year ended October 31, 2009. In light of significant changes to the requirements, content and format for executive compensation disclosure, the Corporation has reported compensation in the table below for fiscal year ended October 31, 2009 only, in accordance with these requirements. Disclosure of the compensation for prior years, in accordance with applicable requirements, can be found in earlier Management Information Circulars on SEDAR at www.sedar.com.

Name of NEO and Principal Position	Year	Salary (\$)	Share-Based Awards ^{(1) (7)} (\$)	Option-Based Awards ⁽¹⁾ (\$)	Non-Equity Incentive Plan Compensation (\$)		Pension Value (\$)	All Other Compensation (\$)	Total Compensation (\$)
					Annual Incentive Plans	Long-Term Incentive Plans ⁽²⁾			
Leni F. Keough, President & CEO ⁽³⁾	2009	236,923 ⁽⁶⁾	Nil	Nil	Nil ⁽⁴⁾	Nil	Nil	Nil	236,923
Ian A. Shaw, CFO ⁽⁵⁾	2009	27,000	Nil	Nil	Nil	Nil	Nil	Nil	27,000

Notes:

(1) *The fair value of share and option-based awards is calculated as at the date of grant using the Black-Scholes Option Pricing Model. Option pricing models require the use of highly subjective estimates and assumptions including the expected stock price volatility. Changes in the underlying assumptions can materially affect the fair value estimates and therefore, in management’s opinion, existing models do not necessarily provide a reliable measure of the fair value of the Corporation’s share and option-based awards.*

- (2) "LTIP" or "long term incentive plan" means any plan that provides compensation intended to motivate performance to occur over a period greater than one fiscal year, but does not include share or option-based awards.
- (3) Ms. Keough was appointed at inception of the Company in 1993.
- (4) Ms. Keough was entitled to receive an annual incentive plan (cash bonus) of \$110,000 in accordance with the terms of her compensation plan, but elected to decline the bonus in light of the company's financial position. However, this amount will be paid to her in the event of a change in control (see "Termination and Change of Control Benefits – President and Chief Executive Officer").
- (5) Mr. Shaw was appointed November 1, 2006.
- (6) This amount includes payment for four weeks of vacation not taken but it does not include any amount paid as reimbursement for expenses.
- (7) Stock Options were granted on December 9, 2009, subsequent to October 31, 2009, the end of the financial year, at an exercise price of \$0.165 and with fair values calculated as at the date of grant using the Black-Scholes Option Pricing Model as follows:

	<u>Shares</u>	<u>Attributed Value</u>
a. Leni F. Keough	100,000	\$14,000
b. Ian A. Shaw	50,000	\$ 7,000

These options vest as to one third six (6) months after grant, as to one third twelve (12) months after grant and as to one third eighteen (18) months after grant.

Incentive Plan Awards

Outstanding Option-Based and Share-based Awards

The following table sets out for each NEO, the incentive stock options (option-based awards) and share-based awards outstanding as at January 13, 2010. The closing price of the Corporation's shares on the TSXV on January 8, 2010 (the last date the shares traded prior to the approval of this Management Information Circular) was \$0.15.

Name	Option-based Awards ⁽¹⁾				Share-based Awards	
	Number of Securities Underlying Unexercised Options (#)	Option Exercise Price (\$)	Option Expiration Date	Value of Unexercised in-the-money Options ⁽²⁾ (\$)	Number of Shares or Units of Shares That Have Not Vested (#)	Market or Payout Value of Share-based Awards That Have Not Vested (\$)
Leni F. Keough President	1,125,000 ⁽³⁾	\$1.00	January 17, 2012	\$Nil	None	\$Nil
	100,000 ⁽³⁾	\$0.165	December 9, 2014	\$Nil		
Ian A. Shaw, Chief Financial Officer	125,000 ⁽⁴⁾	\$1.00	January 17, 2012	\$Nil	41,667	\$Nil
	50,000 ⁽³⁾	\$0.165	December 9, 2014	\$Nil		

Notes:

- (1) The Stock Option Plan is a "rolling" stock option plan whereby the maximum number of Common Shares that may be reserved for issuance pursuant to the Stock Option Plan will not exceed 10% of the issued Common Shares at the time of grant. As at January 13, 2010, 3,165,064 Common Shares could have been reserved for issuance pursuant to the Stock Option Plan and options to purchase 2,945,000 Common Shares had been granted.
- (2) Calculated using the closing price of the Common Shares on the TSXV on January 8, 2010 (the last date the shares traded prior to the approval of this Management Information Circular) of \$0.15 and subtracting the exercise price of in-the-money stock options. These stock options have not been, and may never be, exercised and actual gains, if any, on exercise will depend on the value of the Common Shares on the date of exercise.

- (3) *These options vest as to one third six (6) months after grant, as to one third twelve (12) months after grant and as to one third eighteen (18) months after grant*
- (4) *These options vest as to one third twelve (12) months after grant, as to one third twenty-four (24) months after grant and as to one third thirty-six (36) months after grant.*

Value Vested or Earned During the Year

The following table sets forth, for each NEO, the value of all incentive plan awards that vested during the year ended October 31, 2009.

Name	Option-based awards- Value vested during the year⁽¹⁾ (\$)	Share-based awards- Value vested during the year⁽¹⁾ (\$)	Non-equity incentive plan compensation- Value earned during the year⁽²⁾ (\$)
Leni F. Keough, President	\$Nil	\$Nil	\$Nil
Ian A. Shaw, Chief Financial Officer	\$Nil	\$Nil	\$Nil

Notes:

- (1) *Summarizes for each of the NEOs the aggregate value that would have been realized if the options had been exercised on the vesting date during the financial year ended October 31, 2009. As these options were not necessarily exercised, or exercised on such vesting date, by the NEOs, these amounts do not necessarily reflect amounts realized by the NEOs during the year ended October 31, 2009.*
- (2) *These are the same amounts as disclosed under “Non-Equity Incentive Plan Compensation – Annual Incentive Plans” in the Summary Compensation Table earlier in this Circular.*

Employment Contract and Termination and Change of Control Benefits

President and Chief Executive Officer

Effective January 7, 2007, the Corporation entered into an employment agreement with Ms. Leni F. Keough, President and Chief Executive Officer of the Corporation, pursuant to which Ms. Keough agreed to perform all of the duties and responsibilities attaching to the offices of President and Chief Executive Officer of a listed public company and such other duties as may be assigned to her by the Board of Directors of the Company. The employment agreement provides for a base salary of \$220,000 per annum, vacation of 5 weeks per annum and an annual bonus of up to 50% of the base salary upon achievement of personal business goals as set out by the Company’s Board of Directors in consultation with Ms. Keough each year. Ms. Keough earned but declined the annual bonus for the fiscal years ended October 31, 2008 and October 31, 2009. Ms. Keough is entitled to participate in the Corporation’s stock option plan consistent with other members of senior management. The agreement is for an indefinite term. The Corporation may terminate Ms. Keough for cause without notice or pay in lieu of notice. The employment agreement also terminates in the events of termination without cause, change of control or constructive dismissal (each a “Triggering Event”) in which case the Company will immediately pay Ms. Keough a lump sum payment equal to three (3) times the current base salary plus three (3) times the annual bonus earned (whether paid or not) for the most recently completed fiscal year plus all annual bonuses earned but not paid, base salary and vacation pay entitlement earned but not paid out prior to the Triggering Event. Ms. Keough has the right to terminate the employment agreement at any time by giving six (6) months prior written notice of resignation unless the resignation is in connection with a change of control or constructive dismissal in which case Ms. Keough shall only be required to provide two (2) weeks prior written notice. As of the date of this Management Information Circular, the employment agreement with Ms. Keough was in full force and effect.

Chief Financial Officer

Effective November 1, 2006, the Corporation entered into a consulting agreement with Mr. Ian Shaw, Chief Financial Officer and Secretary of the Corporation, pursuant to which Mr. Shaw agreed to provide services to the Company attaching to the offices of Chief Financial Officer and Secretary of a listed public company subject to approved policies and directions of the Board of Directors of the Company. The employment agreement provides for compensation at the rate of \$1,000 per day with the number of days at the discretion and agreement of the President. Mr. Shaw is entitled to participate in the Corporation's stock option plan consistent with other members of senior management. The Corporation may terminate the agreement for cause without notice or pay in lieu of notice. The Company or Mr. Shaw may terminate the agreement at any time by giving ninety (90) days advance written notice. Upon termination without cause or change of control appropriate compensation will be paid which will be approved by the Board of Directors of the Company.

Change of Control Agreements

The Corporation has no change of control agreements with executive officers, other than as noted above under "Termination and Change of Control Benefits – *President and Chief Executive Officer*".

Pension Plan Benefits

The Company does not have a pension plan or deferred compensation plan.

Directors' and Officers' Liability Insurance

The Company has a policy of insurance for its directors and officers. The aggregate limit of liability under the policy is \$5 million, inclusive of defence costs. Because the policy is subject to aggregate limits of liability, the amount of coverage may be diminished or exhausted by any claims made thereon. Also, continuity of coverage is contingent upon the availability of renewal insurance, or of replacement insurance without a retroactive date to limit coverage for prior wrongful acts.

Director Compensation

During the fiscal year ended October 31, 2009, no fees were paid to directors for attending meetings of the Board of Directors, for attending committee meetings of the Board of Directors, or for the execution of any resolution of directors or documents on behalf of the Corporation. The directors are entitled to participate in the Corporation Stock Option Plan and are reimbursed for expenses in attending meetings and carrying their responsibilities as directors.

Outstanding Option-Based Awards

The following table sets out, for each director, other than Leni F. Keough who is a NEO, the stock options (option-based awards) outstanding as at October 31, 2009.

Name	Number of Securities Underlying Unexercised Options ⁽¹⁾⁽³⁾	Option Exercise Price (\$)	Option Expiration Date	Value of Unexercised In-The-Money Options ⁽²⁾ (\$)
Sharon E. Dowdall	275,000	\$1.00	January 17, 2012	\$Nil
Sargent H. Berner	125,000	\$1.00	January 17, 2012	\$Nil
Dr. Leon R. Daniels	125,000	\$0.85	January 18, 2013	\$Nil
Craig O. Reith	175,000	\$1.00	January 17, 2012	\$Nil

Notes:

- (1) The Stock Option Plan is a "rolling" stock option plan whereby the maximum number of Common Shares that may be reserved for issuance pursuant to the Stock Option Plan will not exceed 10% of the issued Common Shares at the time of grant. As at January 13, 2010, 3,165,064 Common Shares could have been reserved for issuance pursuant to the Stock Option Plan and options to purchase 2,945,000 Common Shares had been granted.
- (2) Calculated using the closing price of the Common Shares on the TSXV on January 8, 2010 (the last date the shares traded prior to the approval of this Management Information Circular) of \$0.15 and subtracting the exercise price of in-the-money stock options. These stock options have not been, and may never be, exercised and actual gains, if any, on exercise will depend on the value of the Common Shares on the date of exercise.
- (3) These options vest as to one third twelve (12) months after grant, as to one third twenty-four (24) months after grant and as to one third thirty-six (36) months after grant.

Options Granted Subsequent to the end of the Financial Year

On December 9, 2009 options were granted to Directors of the Company as follows:

Name	Number of Securities Underlying Unexercised Options ⁽¹⁾⁽³⁾	Option Exercise Price (\$)	Option Expiration Date	Value of Unexercised In-The-Money Options ⁽²⁾ (\$)
Sharon E. Dowdall	100,000	\$0.165	December 9, 2014	\$Nil
Sargent H. Berner	75,000	\$0.165	December 9, 2014	\$Nil
Dr. Leon R. Daniels	75,000	\$0.165	December 9, 2014	\$Nil
Craig O. Reith	100,000	\$0.165	December 9, 2014	\$Nil

Notes:

- (1) The Stock Option Plan is a "rolling" stock option plan whereby the maximum number of Common Shares that may be reserved for issuance pursuant to the Stock Option Plan will not exceed 10% of the issued Common Shares at the time of grant. As at January 13, 2010, 3,165,064 Common Shares could have been reserved for issuance pursuant to the Stock Option Plan and options to purchase 2,945,000 Common Shares had been granted.
- (2) Calculated using the closing price of the Common Shares on the TSXV on January 8, 2010 (the last date the shares traded prior to the approval of this Management Information Circular) of \$0.15 and subtracting the exercise price of in-the-money stock options. These stock options have not been, and may never be, exercised and actual gains, if any, on exercise will depend on the value of the Common Shares on the date of exercise.
- (3) These options vest as to one third six (6) months after grant, as to one third twelve (12) months after grant and as to one third eighteen (18) months after grant.

Value Vested or Earned During the Year

The following table sets forth, for each director, other than Leni F. Keough, who is a NEO, the value of all incentive plan awards that vested during the financial year ended October 31, 2009.

Name	Option-based awards- Value vested during the year⁽¹⁾	Share-based awards- Value vested during the year⁽¹⁾	Non-equity incentive plan compensation- Value earned during the year
	(\$)	(\$)	(\$)
Sharon E. Dowdall	\$Nil	\$Nil	\$Nil
Sargent H. Berner	\$Nil	\$Nil	\$Nil
Dr. Leon R. Daniels	\$Nil	\$Nil	\$Nil
Craig O. Reith	\$Nil	\$Nil	\$Nil

Note:

(1) Summarizes for each of the directors who is not a NEO the aggregate value that would have been realized if the options had been exercised on the vesting date during the financial year ended October 31, 2009. As these options were not necessarily exercised, or exercised on such vesting date, by such directors, these amounts do not necessarily reflect amounts realized by such directors during the year ended October 31, 2009.

Equity Compensation Plan Information

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted-average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans
Equity compensation plans approved by securityholders	2,945,000	\$0.81	220,064
Equity compensation plans not approved by securityholders	Nil	\$Nil	Nil
Total	2,945,000	\$0.81	220,064

The only equity compensation plan which the Company has in place is the Stock Option Plan which was previously approved by shareholders on February 18, 2009. The Plan provides for the granting of stock options to directors, officers, employees and consultants of the Corporation. Stock options are granted for a term not to exceed five years at exercise prices not less than the closing sale price on the TSX Venture Exchange on the trading day immediately preceding the date the options are granted, and are not transferable. The Plan is administered by the Board of Directors, which determines the individual eligibility under the Plan, number of shares reserved for optioning to each individual (not to exceed 5% of issued and outstanding shares to any one individual) and vesting period. The maximum number of Common Shares that are issuable pursuant to the plan is limited to 10% of the issued and outstanding Common Shares.

Aggregate Indebtedness

As of the date hereof and during the fiscal period ended October 31, 2009, there was no indebtedness owing to the Corporation in connection with the purchase of securities or other indebtedness by any current or former executive officers, directors, employees of the Corporation.

Indebtedness of Directors and Officers

At no time during the fiscal year ended October 31, 2009, or at any time from October 31, 2009 to the date hereof, was a director, executive officer or senior officer of the Corporation, each proposed nominee for election as a director, and each associate of any such director, officer or proposed nominee indebted to the Corporation or whose indebtedness to another entity is, or at any time during the fiscal year ended October 31, 2009, or at any time from October 31, 2009 to the date hereof, been the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Corporation.

OTHER IMPORTANT INFORMATION

Corporate Governance

General

The directors consider good corporate governance to be central to the effective and efficient operation of the Company. The business of the Company is supervised by its Board of Directors, directly and through its committees. The CSA require disclosure on an annual basis of the Company's corporate governance practices in accordance with Form 58-101 – *Disclosure of Corporate Governance Practices*. The Company's corporate governance practices are set out below. The Company is monitoring changes in the corporate governance area, and it intends to seek to adhere to the prevailing regulatory regime in force from time to time and other corporate governance "best practices" where appropriate.

The Board of Directors

The Board of Directors complies with all of the CSA Guidelines for Corporate Governance for director independence. The relationships of directors, their spouses, children and others are included in the determination of the extent of each director's relationship with the Company. Directors are considered to be independent if they have no direct or indirect Material Relationship with the Company.

Four of five, or 80%, of the Company's current Directors are independent. The four independent directors are Sharon E. Dowdall, Sargent H. Berner, Craig O. Reith and Dr. Leon R. Daniels. The non-independent director is Leni F. Keough, the President & Chief Executive Officer of the Company.

Directorship

Please see the "Director Nominees" table in this Management Proxy Circular for each Director's biography, which includes details of other boards on which the Company's Directors serve, including all public company directorships held by Directors in the last five years.

Orientation and Continuing Education

The Board of Directors provide new directors with orientation, commensurate with their previous experience, on the Company's properties, business, technology and industry and on the responsibilities of directors. In the future, as the Company's business develops, the Board of Director meetings may also include presentations by the Company's management and employees to give the directors additional insight into the Company's business.

Ethical Business Conduct

The Board of Directors is of the view that the fiduciary duties placed on individual directors by the Company's governing corporate legislation and the common law and the restrictions placed by applicable corporate legislation on an individual director's participation in decisions of the Board of Directors in which the director has an interest have been sufficient to ensure that the Board of Directors operates independently of management and in the best interests of the Company. The Company encourages and promotes ethical business conduct. The Board of Directors expects directors, officers and employees of the Company to act ethically at all times.

From time to time, matters may come before the Board of Directors where a director may have a conflict of interest. If and when such matters arise, that director will declare him or herself as having a conflict of interest and will not participate in the discussions and any vote on that matter. The Board of Director also complies with all *Ontario Business Corporations Act* requirements with respect to conflicts of interest.

Nomination of Directors

The Board of Directors considers its size each year when it considers the number of directors to recommend to the shareholders for election at the annual meeting of shareholders, taking into account the number required to carry out the Board of Director's duties effectively and to maintain a diversity of views and experience.

The Board of Directors does not have a nominating committee, and these functions are currently performed by the Board of Directors as a whole. Board vacancies are filled by individuals who have expertise suitable for the scope of the Company's operations that complement the experience of the other members of the Board.

Compensation and Corporate Governance Committee

The Compensation and Corporate Governance Committee has the general mandate to oversee and safeguard the human capital of the Company. It is responsible for reviewing and making recommendations to the Board of Directors with respect to the annual performance and compensation of the directors and the senior executives. It is also responsible for assisting the Board in fulfilling its corporate governance oversight responsibilities. The committee has specific responsibilities relating to reviewing the Company's governance framework, activity and disclosure; the composition and performance of the board and its committees, and reviewing compliance with the Company's Disclosure Policy and the Company's Code of Conduct. The Compensation and Corporate Governance Committee consists of three members: Sharon E. Dowdall (acting as Chair), Sargent H. Berner and Craig O. Reith.

Other Board Committees

The Board of Directors has no committees other than the Audit and Compensation and Corporate Governance Committees described above.

Assessments

The Board of Directors monitors the adequacy of information given to directors, communication between the Board of Directors and management and the strategic direction and processes of the Board of Directors and committees. Annually, the Board of Directors approves Corporate Governance Policies to further strengthen the Company's governance structure. Olivut's Compensation and Corporate Governance Committee is responsible for overseeing the annual self-assessment of the effectiveness and contribution of (i) the Board as a whole (ii) each committee and (iii) each individual director. This annual qualitative self-assessment is based on questionnaires tailored to the specific responsibilities of each committee to which each director is asked to respond.

The Compensation and Corporate Governance Committee reviews the results of the questionnaires, prepares a summary thereof and will discuss and make recommendations to the Board in respect of specific actions to be taken in order to improve the effectiveness and contribution of the Board or committee as applicable. Once approved by the Board, the applicable terms of reference, stated objectives, procedures and/or guidelines will be updated and implemented.

Interest of Certain Persons or Companies in Matters to be Acted Upon

No director or executive officer of the Company, or any person who has held such a position since the beginning of the last completed financial year end of the Company, nor any nominee for election as a director of the Company, nor any associate or affiliate of the foregoing persons, has any substantial or 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, the appointment of auditor and as may be set out herein.

Interests of Insiders in Material Transactions

Directors, officers or persons or companies related or controlled by them had no interest in any material transactions during the year ended October 31, 2009.

Management Contracts

There are no management functions of the Company which are to any substantial degree performed by a person or company other than the directors or senior officers of the Company.

OTHER BUSINESS

Management is not aware of any matter intended to come before the annual meeting other than those items of business set forth in the attached Notice. If any other matters properly come before the Meeting, it is the intention of the persons named in the form of proxy to vote in respect of those matters in accordance with their judgment.

ADDITIONAL INFORMATION

The shares are listed on the TSX Venture Exchange with the trading symbol "OLV".

Copies of the Company's audited consolidated financial statements for the year ended October 31, 2009 together with the report of the auditors thereon, management's discussion and analysis of the Company's financial condition and results of operations for the year ended October 31, 2009, the interim financial statements of the Company for periods subsequent to the end of the Company's prior fiscal year and this Management Information Circular (and all documents referenced herein) are available upon request from the Secretary of the Company free of charge to any security holder of the Company by calling (780) 866-2226.

Additional information relating to the Company is available on SEDAR at www.sedar.com under the profile "Olivut Resources Ltd." and on the Company's website at www.olivut.com.

The undersigned hereby certifies that the contents and the sending of this Proxy Circular have been approved by the directors of the Company.

January 13, 2010

(Signed) Leni F. Keough
President and Chief Executive Officer



SCHEDULE A

AUDITED CONSOLIDATED FINANCIAL STATEMENTS

OCTOBER 31, 2009



OLIVUT RESOURCES LTD.

(A DEVELOPMENT STAGE COMPANY)

FINANCIAL STATEMENTS

FOR THE YEARS ENDED OCTOBER 31, 2009 AND 2008



AUDITORS' REPORT

To the Shareholders of
Olivut Resources Ltd.
(A Development Stage Company)

We have audited the balance sheets of Olivut Resources Ltd. (a Development Stage Company) as at October 31, 2009 and 2008 and the statements of operations and deficit and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Company as at October 31, 2009 and 2008 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

McGOVERN, HURLEY, CUNNINGHAM, LLP

A handwritten signature in cursive script that reads 'McGovern, Hurley, Cunningham, LLP'.

Chartered Accountants
Licensed Public Accountants

TORONTO, Canada
November 25, 2009
Except for note 14
which is at December 9, 2009

BALANCE SHEETS
AS AT OCTOBER 31,

	2009	2008
	\$	\$
ASSETS		
CURRENT		
Cash and cash equivalents	4,353,094	6,010,365
Amounts receivable	13,428	102,545
Prepaid expense	15,979	-
Current portion of loan receivable (Note 7)	<u>16,822</u>	<u>16,822</u>
	4,399,323	6,129,732
REFUNDABLE DEPOSITS (Note 5)	-	249,452
EQUIPMENT (Note 6)	4,643	6,060
LOAN RECEIVABLE (Note 7)	<u>231,045</u>	<u>231,328</u>
	<u>4,635,011</u>	<u>6,616,572</u>
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities (Note 8)	<u>183,247</u>	<u>298,948</u>
COMMITMENT AND CONTINGENCIES (Notes 5 and 11)		
GOING CONCERN (Note 2)		
SHAREHOLDERS' EQUITY		
CAPITAL STOCK (Notes 10(a) and 10(b))	11,939,856	11,939,856
WARRANTS (Note 10(c))	2,369,000	2,300,000
CONTRIBUTED SURPLUS (Note 10(e))	2,041,893	1,932,474
DEFICIT	<u>(11,898,985)</u>	<u>(9,854,706)</u>
	<u>4,451,764</u>	<u>6,317,624</u>
	<u>4,635,011</u>	<u>6,616,572</u>

APPROVED ON BEHALF OF THE BOARD:

Signed _____, Director

Signed _____, Director

STATEMENTS OF OPERATIONS AND DEFICIT
FOR THE YEARS ENDED OCTOBER 31,

	2009 \$	2008 \$
Exploration expenses (Notes 5 and 8)	1,496,203	2,431,521
Administrative and general expenses (Note 8)	707,561	1,235,275
Amortization	<u>1,417</u>	<u>1,881</u>
(Loss) before the under-noted	(2,205,181)	(3,668,677)
Interest income from held for trading financial assets	141,233	315,895
Interest income from loans and receivables	<u>19,669</u>	<u>18,419</u>
NET (LOSS) FOR THE YEAR	(2,044,279)	(3,334,363)
DEFICIT , beginning of year	<u>(9,854,706)</u>	<u>(6,520,343)</u>
DEFICIT , end of year	<u>(11,898,985)</u>	<u>(9,854,706)</u>
NET (LOSS) PER SHARE - Basic and Diluted	<u>(\$0.06)</u>	<u>(\$0.11)</u>
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING – basic and diluted	<u>31,650,637</u>	<u>31,597,708</u>

See accompanying notes to the financial statements.

OLIVUT RESOURCES LTD.
(A Development Stage Company)
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED OCTOBER 31,

	2009	2008
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Net (loss) for the year	(2,044,279)	(3,334,363)
Adjustments for charges not involving cash:		
Stock-based compensation	109,419	554,888
Value attributed to extension of warrants	69,000	-
Amortization	<u>1,417</u>	<u>1,881</u>
	(1,864,443)	(2,777,594)
Changes in non-cash working capital balances:		
Decrease in amounts receivable	89,117	75,521
(Increase) in prepaid expense	(15,979)	-
Decrease in refundable deposits	249,452	-
(Decrease) in accounts payable and accrued liabilities	<u>(115,701)</u>	<u>(246,208)</u>
Cash flows from operating activities	<u>(1,657,554)</u>	<u>(2,948,281)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Exercise of options	<u>-</u>	<u>8,002</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Loan receivable	<u>283</u>	<u>265</u>
(Decrease) in cash and cash equivalents	(1,657,271)	(2,940,014)
Cash and cash equivalents, beginning of year	<u>6,010,365</u>	<u>8,950,379</u>
Cash and cash equivalents, end of year	<u><u>4,353,094</u></u>	<u><u>6,010,365</u></u>
CASH AND CASH EQUIVALENTS ARE COMPOSED OF:		
Cash	611,707	108,855
Cash equivalents	<u>3,741,387</u>	<u>5,901,510</u>
	<u><u>4,353,094</u></u>	<u><u>6,010,365</u></u>
SUPPLEMENTAL INFORMATION		
Interest paid	-	-
Income tax paid	-	-

See accompanying notes to the financial statements.

1. BASIS OF PRESENTATION

The accompanying financial statements of Olivut Resources Ltd. (the "Company" or "Olivut") have been prepared by, and are the responsibility of the Company's management. Effective November 1, 2008, the Company amalgamated with its wholly-owned subsidiary Olivut Investments Ltd. Comparative amounts for periods prior to November 1, 2008 were consolidated.

2. NATURE OF OPERATIONS AND GOING CONCERN

The Company is a development stage company as defined by the Canadian Institute of Chartered Accountants (the "CICA") Accounting Guideline 11 and currently is engaged in the acquisition, exploration and development of properties for the purpose of mining precious and base minerals.

The Company is in the process of exploring properties for mineral resources and has not determined whether the properties contain economically recoverable reserves. The business of mining and exploring for minerals involves a high degree of risk and there can be no assurance that current or future exploration programs will result in profitable mining operations. The Company's continued existence is dependent upon the preservation and confirmation of its interest in the underlying properties, the discovery of economically recoverable reserves, the achievement of profitable operations, the ability of the Company to obtain financing, if necessary, or alternatively upon the Company's ability to dispose of its interests on an advantageous basis.

Although the Company has taken steps to verify title to the properties on which it is conducting exploration and in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements, native land claims and non-compliance with regulatory and environmental requirements. The Company's properties that are located outside of Canada are subject to the risk of foreign investment, including but not limited to taxes and royalties, exploration, renegotiation of contracts and currency exchange fluctuations and controls.

These financial statements have been prepared in accordance with Canadian Generally Accepted Accounting Principles ("GAAP") applicable to a going concern. Accordingly, they do not give effect to adjustments that would be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and liquidate its liabilities and commitments in other than the normal course of business and at amounts different from those in the accompanying financial statements. Such adjustments could be material.

The Company has a need for equity capital and financing in order to explore and develop its properties and for working capital requirements. Because of limited working capital and continuing operating losses, the Company's continuance as a going concern is dependent upon its ability to obtain adequate financing and to reach profitable levels of operation. There is no assurance that these funds will be available on terms acceptable to the Company or at all.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Company are in accordance with GAAP and their basis of application is consistent with that of the previous year except as described in Note 4. Outlined below are those policies considered particularly significant.

Cash and Cash Equivalents:

Cash and cash equivalents include cash on hand and balances with banks and guaranteed investment certificates issued by Canadian chartered banks, with original maturities of three months or less.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Acquisition, Exploration and Development of Mineral Property Interests:

Once a decision has been made to acquire a property interest, all significant payments and obligations to make payments, including interest and accretion expenses related to any obligations to make payments, are capitalized and recorded as mineral property interests on the balance sheet. Prior to an acquisition decision being made, all option payments are expensed as incurred.

Development costs are expensed until it has been established that a mineral deposit is commercially viable and a mine development decision has been made by the Company. Thereafter, the Company capitalizes expenditures subsequently incurred to develop the mine, prior to the start of mining operations as at October 31, 2009 and 2008.

Exploration costs are expensed as incurred.

Asset Retirement Obligations:

The Company records a liability for the estimated future costs associated with legal obligations relating to the reclamation of its mineral property interests. This amount is initially recorded at its discounted present value with subsequent annual recognition of an accretion amount on the discounted liability. An equivalent amount is recorded as an increase in the carrying value of the related long-lived asset and amortized over its useful life. Management is not aware of any asset retirement obligations.

Equipment and Amortization:

Equipment is stated at acquisition cost. Amortization is provided at the following rates:

Office Equipment	- 20% declining balance
Computer Equipment	- 30% declining balance

Flow-Through Financing:

The Company has financed a portion of its exploration activities through the issue of flow-through shares, which transfers the tax deductibility of exploration expenditures to the investor. Proceeds received on the issue of such shares have been credited to capital stock and the related exploration costs have been charged to operations.

Resource expenditure deductions for income tax purposes related to exploration and development activities funded by flow-through share arrangements are renounced to investors in accordance with income tax legislation. When these expenditures are renounced, temporary taxable differences created by the renunciation will reduce share capital.

Use of Estimates:

The presentation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates. Significant areas requiring the use of management estimates relate to asset retirement obligations, stock-based compensation, warrants, contingencies and income tax accounts. By their very nature, these estimates are subject to measurement uncertainty and the effect on the financial statements of changes in such estimates in future periods could be significant. Actual results could differ from those reported. Management believes that the estimates are reasonable.

Stock-Based Compensation:

The Company records compensation cost based on the fair value method of accounting for stock-based compensation. The fair value of stock options is determined using the Black-Scholes option pricing model. The fair value of the options is recognized over the vesting period as compensation expense and contributed surplus. When options are exercised, the proceeds received, together with any related amount in contributed surplus, will be credited to capital stock.

Continued...

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Foreign Currency Translation

The Company's functional currency is the Canadian dollar. Monetary assets and liabilities of the Company's operations denominated in currencies other than the Canadian dollar are translated into Canadian dollars at the rates of exchange prevailing at the balance sheet date. Non-monetary assets and liabilities are translated at historical exchange rates prevailing at each transaction date. Revenues and expenses are translated at average rates throughout the reporting period, with the exception of depreciation, depletion and amortization which is translated at historical exchange rates. Gains and losses on translation of foreign currencies are included in operations.

Income Taxes:

The Company follows the asset and liability method of accounting for income taxes. Under this method, future income tax assets and liabilities are determined based on differences between the financial statement carrying values and the income tax bases of assets and liabilities, and are measured using the substantively enacted income tax rates and laws that are expected to be in effect when the temporary differences are expected to reverse. The effect on future income tax assets and liabilities of a change in income tax rates is recognized in income in the period that includes the date of enactment or substantive enactment of the change. When the future realization of income tax assets does not meet the test of being more likely than not to occur, a valuation allowance in the amount of the potential future benefit is taken and no net asset is recognized.

Loss Per Share:

Basic loss per share is calculated using the weighted average number of shares outstanding. Diluted loss per share is calculated using the treasury stock method. In order to determine diluted loss per share, the treasury stock method assumes that any proceeds from the exercise of dilutive stock options and warrants would be used to repurchase common shares at the average market price during the period, with the incremental number of shares being included in the denominator of the diluted loss per share calculation. The diluted loss per share calculation excludes any potential conversion of options and warrants that would decrease loss per share. As at October 31, 2009 and 2008, all outstanding options and warrants were considered anti-dilutive and were therefore excluded from the diluted loss per share calculation.

Financial Instruments:

Financial assets and liabilities, including derivative instruments, are initially recognized and subsequently measured based on their classification as "held-for-trading", "available-for-sale" financial assets, "held-to-maturity", "loans and receivables", or "other" financial liabilities. Held-for-trading financial instruments are measured at their fair value with changes in fair value recognized in net loss for the period. Available-for-sale financial assets are measured at their fair value and changes in fair value are included in other comprehensive loss until the asset is removed from the balance sheet or until impairment is assessed as other than temporary. Held-to-maturity investments, loans and receivables and other financial liabilities are measured at amortized cost using the effective interest rate method. Derivative instruments, including embedded derivatives, are measured at their fair value with changes in fair value recognized in net loss for the period, unless the instrument is a cash flow hedge and hedge accounting applies, in which case changes in fair value are recognized in other comprehensive loss.

Comprehensive Loss:

Comprehensive loss, composed of net loss and other comprehensive loss, is defined as the change in shareholders' equity from transactions and other events from non-owner sources. Other comprehensive loss ("OCL") includes unrealized gains and losses on available-for-sale securities and changes in the fair market value of derivatives designated as cash flow hedges, all net of related income taxes. The components of comprehensive loss are disclosed in the statement of operations and comprehensive loss. Cumulative changes in other comprehensive loss are included in accumulated other comprehensive loss ("AOCL") which is presented as a new category in shareholders' equity. The Company does not currently have any OCL or AOCL and as a result comprehensive loss is equal to net loss and no statement of OCL has been presented.

Continued...

4. ADOPTION OF NEW ACCOUNTING POLICIES

Credit Risk and the Fair Value of Financial Assets and Financial Liabilities

In January 2009, the Emerging Issues Committee of the CICA issued EIC-173, "Credit Risk and the Fair Value of Financial Assets and Financial Liabilities", which establishes that an entity's own credit risk and the credit risk of the counterparty should be taken into account in determining the fair value of financial assets and financial liabilities, including derivative instruments. This EIC is applicable to fiscal periods ending on or after January 12, 2009. The adoption of this abstract had no impact on the Company's presentation of its financial position or results of operations as at October 31, 2009.

Mining Exploration Costs

On March 27, 2009, the Emerging Issues Committee of the CICA issued EIC-174, "Mining Exploration Costs", which provides guidance on capitalization of exploration costs related to mining properties in particular, and on impairment of long-lived assets in general. The adoption of this abstract had no impact on the Company's presentation of its financial position or results of operations as at October 31, 2009.

Future Accounting Changes

The CICA issued the following new accounting standards. The Company is in the process of evaluating the requirements of these three new standards.

i. Business Combinations

CICA Handbook Section 1582 "Business Combinations" replaces Section 1581 "Business Combinations" and provides the Canadian equivalent to International Financial Reporting Standards ("IFRS") 3 – Business Combinations. The section applies prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2011.

ii. Consolidations and Non-Controlling Interests

CICA Handbook Sections 1601 "Consolidations" and 1602 "Non-Controlling Interests" together replace Section 1600 "Consolidated Financial Statements". Section 1601 establishes standards for the preparation of consolidated financial statements. Section 1602 provides the Canadian equivalent to International Accounting Standard 27 "Consolidated and Separate Financial Statements" for non-controlling interests. This section is applicable for years beginning on or after January 1, 2011.

iii. International Financial Reporting Standards

In January 2006, the CICA Accounting Standards Board adopted a strategic plan for the direction of accounting standards in Canada. As part of that plan, accounting standards in Canada for all publicly accountable companies must converge with IFRS for financial years beginning on or after January 1, 2011. Since the Company's year-end is October 31, it must develop a changeover plan in preparation for conversion from GAAP to IFRS beginning November 1, 2011 (the "changeover date"). The Company currently does not have a changeover plan. However, management considers the risk of not meeting the changeover date to be minimal, due to the simplicity of the Company's accounting policies and computer systems and the size of its business. Management is currently in the process of developing a changeover plan.

5. MINERAL PROPERTY AND EXPLORATION AND DEVELOPMENT EXPENDITURES

The Company has a 100% interest in 22 mineral claims and 52 prospecting permits in the Mackenzie Region, Northwest Territories (the "HOAM Project"). The interests in exploration properties are subject to a 1.5% Net Smelter Return royalty ("NSR"), 50% of which is held by a director and officer of the Company.

In May, 2009 the Company announced it had signed an option agreement (the "Uruguay Project") with Uruguay Mineral Exploration Inc. ("Uruguay Minerals" or "UME" – TSX-V:UME and LSE: UGY) whereby Olivut will act as operator for an exploration program of certain diamond prospecting and exploration licenses (the "Properties") located in northern Uruguay, South America. These Properties are held by Cinco Rios S.A., a wholly owned subsidiary of UME. The Company has the option to acquire a 51% interest in the Properties by incurring minimum expenditures of \$250,000 by June 1, 2010 and a total of \$750,000 by December 31, 2011. Olivut's interest may be increased to 80% depending on UME's participation in subsequent work programs.

Refundable deposits totalling \$249,452 with the Federal Government of Canada were required for the prospecting permits in the HOAM project. These deposits have been refunded in full during 2009.

During the year ended October 31, 2009, the Company incurred \$1,496,203 (2008 - \$2,431,521) on exploration and development expenditures. Cumulative exploration and development expenditures made by the Company as at October 31, 2009 total \$11,194,752 (2008 - \$9,698,549). This cumulative total represents \$11,182,851 spent on the HOAM Project (2008 - \$9,698,549) and \$11,901 spent on the Uruguay Project (2008 - \$nil).

6. EQUIPMENT

	<u>Cost</u> \$	<u>Accumulated Amortization</u> \$	<u>Net October 31, 2009</u> \$	<u>Net October 31, 2008</u> \$
Office Equipment	11,951	8,745	3,206	4,008
Computer Equipment	<u>17,316</u>	<u>15,879</u>	<u>1,437</u>	<u>2,052</u>
	<u>29,267</u>	<u>24,624</u>	<u>4,643</u>	<u>6,060</u>

7. LOAN RECEIVABLE

On May 25, 2007, the Company loaned \$250,000 to an unrelated corporation providing services to the Company. The loan carries interest at 7% per annum and is secured by a general security agreement covering all assets of the borrower. Repayment terms include monthly payments of interest and principal of \$1,500 with the balance due May 25, 2017.

8. RELATED PARTY TRANSACTIONS

During the year ended October 31, 2009, a total of \$129,386 (2008 - \$249,805) for exploration expenses and \$9,600 (2008 - \$9,600) for administrative and general expenses included in the statement of operations were accrued or paid to directors and officers of the Company or persons or companies related to or controlled by them. The directors and officers of the Company or persons or companies related to or controlled by them were also reimbursed at cost for expenses incurred on behalf of the Company. Included in accounts payable and accrued liabilities at October 31, 2009 is \$nil (October 31, 2008 - \$18,600) relating to the above transactions owing to directors and officers of the Company or persons or companies related to or controlled by them.

8. RELATED PARTY TRANSACTIONS (Continued)

The above transactions were in the normal course of operations and were measured at the exchange amount which is the amount of consideration established and agreed to by the related parties. Amounts owing to the related parties are unsecured, non-interest bearing with no fixed terms of repayment.

See Note 5.

9. INCOME TAXES

a) Provision for Income Taxes

Major items causing the Company's income tax rate to differ from the Canadian combined federal and provincial statutory rate of approximately 33% (2008 – 34%) are as follows:

	<u>2009</u>	<u>2008</u>
	\$	\$
(Loss) before taxes:	<u>(2,044,279)</u>	<u>(3,334,363)</u>
Expected income tax (benefit) based on statutory rate	(674,600)	(1,133,700)
Adjustments to benefit resulting from:		
Stock-based compensation	29,400	188,700
Expiring non-capital losses	8,100	9,900
Effect of change in tax rate	81,800	324,500
Other	<u>(77,200)</u>	<u>23,600</u>
	(632,500)	(587,000)
Change in valuation allowance	<u>632,500</u>	<u>587,000</u>
Income tax (recovery)	<u> -</u>	<u> -</u>

b) Future Tax Balances

The tax effects of temporary differences that give rise to future income tax assets and liabilities at October 31 are as follows:

	<u>2009</u>	<u>2008</u>
	\$	\$
Future income tax assets		
Non-capital losses	364,600	339,400
Equipment	4,500	4,100
Share issue costs	94,500	175,900
Exploration properties	<u>2,051,200</u>	<u>1,362,900</u>
Net future tax asset	2,514,800	1,882,300
Valuation allowance	<u>(2,514,800)</u>	<u>(1,882,300)</u>
	<u> -</u>	<u> -</u>

Continued...

9. INCOME TAXES (Continued)

c) Tax Loss Carry-Forwards

As at October 31, 2009, the Company has approximately \$7,073,000 of Canadian Exploration Expenditures, which, under certain circumstances, may be utilized to reduce taxable income of future years. Also as at October 31, 2009, the Company has approximately \$1,257,000 of non-capital losses in Canada, which, under certain circumstances, may be utilized to reduce taxable income in future years. These non-capital losses expire as follows:

<u>Year of Expiry</u>	<u>Amount</u>
2013	\$ 101,000
2014	79,000
2024	92,000
2025	173,000
2026	265,000
2027	293,000
2028	132,000
2029	<u>122,000</u>
	<u>\$1,257,000</u>

10. CAPITAL STOCK

The capital stock is as follows:

a) Authorized

Unlimited number of common shares

b) Issued

31,650,637 common shares

A summary of changes in common shares is as follows:

	Common Shares #	Amount \$
Balance, October 31, 2007	31,588,317	11,931,854
Exercise of stock options	<u>62,320</u>	<u>8,002</u>
Balance, October 31, 2008 and October 31, 2009	<u>31,650,637</u>	<u>11,939,856</u>

As of October 31, 2009, a total of 444,602 common shares are held in escrow. These common shares will be released from escrow on January 9, 2010.

10. CAPITAL STOCK (Continued)

c) Warrants

A summary of changes in warrants and the balance outstanding is as follows:

	Shares Issuable Upon Exercise of Warrants #	Estimated Grant Date Fair Value \$	Weighted Average Exercise Price \$
Balance, October 31, 2007	2,902,000	2,597,840	1.90
Expired, January 10, 2008	(280,000)	(66,000)	1.00
Expired, May 14, 2008	<u>(322,000)</u>	<u>(231,840)</u>	2.00
Balance, October 31, 2008	2,300,000	2,300,000	2.00
Fair value attributed to extension of warrants to May 14, 2011	<u>-</u>	<u>69,000</u>	<u>-</u>
Balance, October 31, 2009	<u>2,300,000</u>	<u>2,369,000</u>	<u>2.00</u>

On March 17, 2009, the Company announced the extension of the expiry date of 2,300,000 warrants with an original expiry date of May 14, 2009 to May 14, 2011. The fair value attributed to the extension of the warrants is included in administrative and general expenses on the statements of operations and has been estimated using the Black-Scholes option pricing model with the following assumptions:

Expected dividend yield	0%
Risk-free interest rate	1.00%
Expected volatility	132%
Expected life	2 years

d) Stock options

The Company's Stock Option Plan (the "Plan") provides for the granting of stock options to directors, officers, employees and consultants of the Company. Stock options are granted for a term not to exceed five years at exercise prices not less than the closing sale price on the TSX Venture Exchange on the trading day immediately preceding the date the options are granted, and are not transferable. The Plan is administered by the Board of Directors, which determines individual eligibility under the Plan, number of shares reserved for optioning to each individual (not to exceed 5% of issued and outstanding shares to any one individual) and the vesting period. The maximum number of shares of the Company that are issuable pursuant to the Plan is limited to 10% of the issued shares.

Continued...

10. CAPITAL STOCK (Continued)

d) Stock options (Continued)

The following is a summary of stock options outstanding at October 31, 2009:

Expiry Date	Stock Options #	Exercisable Stock Options #	Estimated Grant Date Fair Value \$	Exercise Price \$
January 17, 2012 (i)	2,075,000	1,758,333	1,591,539	1.0000
April 13, 2012	75,000	75,000	71,783	1.1500
January 18, 2013 (ii)	125,000	41,667	66,315	0.8500
March 6, 2013 (iii)	<u>30,000</u>	<u>20,000</u>	<u>15,833</u>	0.7400
Total outstanding, October 31, 2009	<u>2,305,000</u>	<u>1,895,000</u>	<u>1,745,470</u>	

(i) The 316,667 unvested options as at October 31, 2009 vest on January 17, 2010.

(ii) Of the 83,333 unvested options as at October 31, 2009, 41,667 vest on January 18, 2010 and 41,666 vest on January 18, 2011.

(iii) The 10,000 unvested options as at October 31, 2009 vest on March 6, 2010.

The following is a summary of stock options transactions:

	Stock options #	Weighted average exercise price \$
Outstanding, October 31, 2007	2,372,320	0.98
Granted	155,000	0.83
Exercised	(62,320)	0.13
Options forfeited	<u>(160,000)</u>	1.03
Total outstanding, October 31, 2008 and 2009	<u>2,305,000</u>	0.99

The weighted average grant-date fair value of options granted during the year ended October 31, 2009 is \$nil (2008 - \$0.63). The weighted average remaining contractual life of options as of October 31, 2009 is 2.29 years (2008-3.29 years). The weighted average exercise price of options currently exercisable as at October 31, 2009 is \$1.00 (2008-\$1.01).

The fair values attributed to the options when granted are charged to general and administrative expenses or exploration expenses and included in contributed surplus over the period the options vest. An amount of \$101,252 was charged to general and administrative expense and \$8,167 was charged to exploration expenses for the year ended October 31, 2009 (2008 - \$554,888 and \$nil respectively). The fair values of stock options granted during the year ended October 31, 2008 have been estimated at the date of the grant using the Black-Scholes option pricing model with the following assumptions:

Expected dividend yield	0%
Risk-free interest rate	3.4%
Expected volatility	100%
Expected life	5 years

Continued...

10. CAPITAL STOCK (Continued)

e) Contributed Surplus

A summary of changes in contributed surplus is as follows:

	Amount \$
Balance, October 31, 2007	1,079,746
Employee stock based compensation	425,020
Non-employee stock based compensation	129,868
Value of warrants expired	<u>297,840</u>
Balance, October 31, 2008	1,932,474
Employee stock based compensation	86,208
Non-employee stock based compensation	<u>23,211</u>
Balance, October 31, 2009	<u><u>2,041,893</u></u>

11. COMMITMENT AND CONTINGENCIES

a) Environmental Contingencies

The Company's exploration activities are subject to various federal and provincial laws and regulations governing the protection of the environment. These laws and regulations are continually changing and generally becoming more restrictive. The Company conducts its operations so as to protect public health and the environment and believes its operations are materially in compliance with all applicable laws and regulations. The Company has made, and expects to make in the future, expenditures to comply with such laws and regulations, the future amounts of which cannot yet be determined or estimated.

b) Management Contracts

The Company is party to a management contract. Minimum contract commitments remaining under the agreement were approximately \$660,000, including \$220,000 due within one year. Upon the occurrence of certain events such as a change in control, the contract requires payment of up to \$1,000,000. As the likelihood of these events taking place is not determinable, the contingent payment has not been reflected in these financial statements.

c) Operating Lease

The Company is committed to an operating lease for equipment rental, which expires on April 1, 2011. Minimum lease payments for successive fiscal years ending October 31 are as follows:

Year	\$ Amount
2010	5,256
2011	<u>2,190</u>
	<u><u>7,446</u></u>

Continued...

12. CAPITAL MANAGEMENT

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition, exploration and development of mineral properties. The capital of the Company consists of capital stock, warrants, stock options and contributed surplus. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

The properties in which the Company currently has an interest are in the exploration stage. Accordingly the Company is dependent on external financing to fund its activities. In order to carry out the planned exploration and pay for its administrative costs, the Company will spend its existing working capital and raise additional amounts as needed. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

There were no changes in the Company's approach to capital management during the years ended October 31, 2009 and 2008. The Company is not subject to externally imposed capital requirements.

13. FINANCIAL RISK FACTORS

The Company's financial risk exposures and the impact on the Company's financial instruments are summarized below:

Credit risk

The Company's credit risk is primarily attributable to amounts receivable and a loan receivable. The Company has no significant credit risk arising from operations. Financial instruments included in amounts receivable consist primarily of goods and services tax due from the Federal Government of Canada. The loan receivable is described in Note 7 and is secured by all assets of the borrower. Management believes that the credit risk with respect to these financial instruments is remote.

Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient cash to meet liabilities when due. As at October 31, 2009, the Company had a cash and cash equivalents balance of \$4,353,094 (2008 - \$6,010,365) to settle current liabilities of \$183,247 (2008 - \$298,948). All of the Company's financial liabilities have contractual maturities of less than one year and are subject to normal trade terms. The Company's ability to continue operations and fund its business is dependant on management's ability to secure additional financing. It is anticipated that the Company will continue to rely on equity financing to meet its ongoing working capital requirements. On the basis of the Company's current cash position, management of the Company believes that it has sufficient funds to complete a 2010 exploration program, pay its ongoing administrative expenses and to meet its existing liabilities until the next fiscal year end, October 31, 2010. In the current global economic and liquidity environment, management expects to carefully monitor its cash balances over the course of the next 12 to 24 months and may postpone material exploration expenses if the equity markets for diamond exploration companies does not improve, so as to protect the Company's working capital.

13. FINANCIAL RISK FACTORS (Continued)

Market risk

a) Interest rate risk

The Company has cash and cash equivalents balances and no interest bearing debt at October 31, 2009. The Company's current policy is to invest cash in investment-grade short-term deposit certificates issued by its banking institution. The Company periodically monitors the investments it makes and is satisfied with the credit rating of its bank. The Company considers interest rate risk to be minimal as investments are short-term, the Company does not carry interest bearing debt and it is expected that future financings will be secured from equity placements.

b) Foreign currency risk

The Company's functional currency is the Canadian dollar and major purchases are transacted in Canadian dollars. Management believes that the foreign exchange risk from currency conversions is negligible.

As discussed in Note 5, the Company will act as operator of an exploration program in Uruguay. The Company has the option to spend \$250,000 by June 1, 2010 and \$750,000 by December 31, 2011, all in Canadian dollars. Management believes that the Company will not be subject to any material foreign currency risk related to this option.

c) Price risk

The Company is exposed to price risk with respect to commodity prices. The Company closely monitors commodity prices to determine the appropriate course of action to be taken by the Company. The current global economic and liquidity environment has had an adverse impact on the wholesale and retail diamond market. If such conditions are protracted they may have a significant negative impact on the economic viability of future diamond developments.

Fair Value

The Company has designated its cash equivalents as held-for-trading, measured at fair value. Amounts receivable and loan receivable are classified as loans and receivables, which are measured at amortized cost. Accounts payable and accrued liabilities are classified as other financial liabilities, which are measured at amortized cost.

The carrying amounts for cash and cash equivalents, amounts receivable and accounts payable and accrued liabilities on the balance sheet approximate fair value because of the limited terms of these instruments. The fair value of the loan receivable approximates carrying value as the interest rate approximates the current rate for similar instruments. There were no changes in the year ended October 31, 2009 that occurred that were attributed to financial risks.

Sensitivity to Financial Risks

The Company considers interest rate risk to be minimal as investments are short-term, the loan receivable (Note 7) has a fixed interest rate of 7% and the Company does not carry interest bearing debt. It is expected that future financings will be secured from equity placements. Based on cash equivalents held by the Company as at October 31, 2009, a 1% increase or decrease in the interest rate would generate a respective increase or decrease in interest income of approximately \$37,000.

The Company does not hold any balances in foreign currencies to give rise to foreign exchange risk.

Price risk is remote since the Company is not a producing entity.

Continued...

NOTES TO FINANCIAL STATEMENTS
OCTOBER 31, 2009 and 2008

14. SUBSEQUENT EVENTS

On December 9, 2009 the Company granted certain directors, officers and consultants options to purchase up to 640,000 common shares at an exercise price of \$0.165 per share. These options have been granted pursuant to the Company's Stock Option Plan, as described in Note 10(d) and shall expire on December 9, 2014.



SCHEDULE B

MANAGEMENT'S DISCUSSION AND ANALYSIS

OCTOBER 31, 2009



OLIVUT RESOURCES LTD.

MANAGEMENT'S DISCUSSION AND ANALYSIS

OCTOBER 31, 2009



OLIVUT RESOURCES LTD.

MANAGEMENT'S DISCUSSION and ANALYSIS OCTOBER 31, 2009

The effective date of this report is December 9, 2009.

This Management's Discussion and Analysis ("MD&A") contains certain "Forward-Looking Statements." All statements, other than statements of historical fact included herein, including without limitation, statements regarding potential mineralization and resources, exploration and development activities, and future plans of Olivut Resources Ltd. (the "Company") are forward looking statements that involve various known and unknown risks and uncertainties and other factors that could cause actual results to differ materially from expected results, including changes in future prices of precious minerals, variations in resources and grades, accidents, labour disputes and other risks associated with the exploration and mining industry, and delays in obtaining governmental approvals or financing. Other than as required by applicable laws, the Company does not update or revise any such forward-looking statements to reflect events or circumstances after the date of this document or to reflect the occurrence of unanticipated events. Accordingly, readers should not place undue reliance on forward-looking statements.

This MD&A provides a detailed analysis of the business of the Company and compares the results for the three months and the year ended October 31, 2009 with those in the comparative periods of 2008. In order to better understand this MD&A, it should be read in conjunction with the financial statements of the Company (the "Financial Statements") for those periods. The Company prepares and files with various Canadian regulatory authorities its financial statements and MD&A in Canadian dollars and in accordance with Canadian generally accepted accounting principles ("GAAP"). The Company's news releases and other regulatory filings can be found on SEDAR at www.sedar.com.

Effective November 1, 2008 the Company amalgamated with its wholly-owned subsidiary Olivut Investments Ltd. Comparative amounts for periods prior to November 1, 2008 were consolidated.

Description of Business

The Company is engaged in the acquisition, exploration and development of properties for the purpose of mining precious and base minerals. The Company has an interest in over 2.1 million acres of properties in northern Canada (collectively referred to as the "HOAM Project"). In May 2009 it announced that it has signed an option agreement with Uruguay Mineral Exploration Inc. ("Uruguay Minerals" or "UME") whereby Olivut may earn up to 80% interest in diamond prospecting and exploration licenses (the "Properties") located in northern Uruguay, South America. Olivut will act as operator for the UME exploration program.

On October 27, 2009 the Company announced highlights for the recently completed 2009 HOAM field exploration program which included:

- 5 new kimberlite discoveries
- 10 holes planned, 18 holes drilled
- 10 holes intersected kimberlite
- 240.1 kg kimberlite submitted for caustic fusion
- program completed on schedule
- well financed to conduct ongoing exploration

The Company was very pleased with the amount of work accomplished and results obtained during an abbreviated season in which 10 holes were planned and 18 holes were actually drilled.

Further detail is provided under "*Mineral Property and Exploration and Development Expenditures*".

Selected Annual Information

	Year Ended October 31		
	2009	2008	2007
	\$	\$	\$
Total revenue	160,902	334,314	294,526
Net (loss) - (Note 1)	(2,044,279)	(3,334,363)	(3,381,301)
Basic and diluted net loss per share	\$(0.06)	\$(0.11)	\$(0.13)
Total assets	4,635,011	6,616,572	9,634,253

Summary of Quarterly Results

	2009 4 th Quarter	2009 3 rd Quarter	2009 2 nd Quarter	2009 1 st Quarter
Total revenues	\$23,477	\$44,948	\$44,580	\$47,897
Net (loss) - (Note 1)	\$(525,664)	\$(930,896)	\$(267,309)	\$(320,410)
Basic and diluted net loss per share	\$(0.02)	\$(0.03)	\$(0.01)	\$(0.01)

	2008 4 th Quarter	2008 3 rd Quarter	2008 2 nd Quarter	2008 1 st Quarter
Total revenues	\$61,808	\$83,112	\$91,852	\$97,542
Net (loss) - (Note 1)	\$(889,728)	\$(1,269,430)	\$(555,904)	\$(619,301)
Basic and diluted net (loss) per share	\$(0.03)	\$(0.04)	\$(0.02)	\$(0.02)

Note 1: Net (loss) amounts have been restated to reflect the change in accounting policy described under "*Critical Accounting Estimates and Changes in Accounting Policies*".

Results of Operations

Three months and the Year ended October 31, 2009 compared to Three months and the Year ended October 31, 2008

The Company's net loss for the three months and the year ended October 31, 2009 was \$525,664 and \$2,044,279 respectively (2008 - \$889,728 and \$3,334,363 respectively).

The Company has no active business income. Revenue is entirely interest income, primarily earned on cash deposits, which in the three months and the year ended October 31, 2009 amounted to \$23,477 and \$160,902 respectively (2008 - \$61,808 and \$334,314 respectively). The decrease in interest income for the year is primarily due to lower cash and cash equivalents and lower interest rates.

Administrative and general costs totaled \$173,614 and \$707,561 in the three months and the year ended October 31, 2009 respectively (2008 - \$172,317 and \$1,235,275 respectively). The decrease in total administrative and general expenses period over period was primarily due to (1) management services expense, which decreased by \$90,319 for the year ended October 31, 2009 primarily due to the President and CEO declining the bonus she was entitled to collect pursuant to the terms of her management contract, compared to the bonus accrued in the year ended October 31, 2008, and (2) stock based compensation expense, which decreased by \$12,499 and \$453,636 for the three months and the year ended October 31, 2009 respectively compared to the same periods in the prior year as options outstanding reach their vesting dates, offset by (3) the value attributed to extension of warrants of \$69,000 for the year ended October 31, 2009 (2008 - \$Nil).

Exploration expenses for the three months and the year ended October 31, 2009 were \$375,173 and \$1,496,203 respectively (2008 - \$778,748 and \$2,431,521 respectively). The change in exploration expenses period over period is explained below under "*Mineral Property and Exploration and Development Expenditures*".

Mineral Property and Exploration and Development Expenditures

The Company has a 100% interest in 22 mineral claims and 52 prospecting permits in the Mackenzie Region, Northwest Territories (the "HOAM Project"). The interests in exploration properties are subject to a 1.5% Net Smelter Return royalty ("NSR"), 50% of which is held by a director and officer of the Company.

In May, 2009 the Company announced it had signed an option agreement (the "Uruguay Project") with Uruguay Mineral Exploration Inc. ("Uruguay Minerals" or "UME" – TSX-V:UME and LSE: UGY) whereby Olivut will act as operator for an exploration program of certain diamond prospecting and exploration licenses (the "Properties") located in northern Uruguay, South America. These Properties are held by Cinco Rios S.A., a wholly owned subsidiary of UME. The Company has the option to acquire a 51% interest in the Properties by incurring minimum expenditures of \$250,000 by June 1, 2010 and a total of \$750,000 by December 31, 2011. Olivut's interest may be increased to 80% depending on UME's participation in subsequent work programs.

Highlights of the 2009 HOAM Project drilling program include the following:

- 5 new kimberlite discoveries
- 10 holes planned, 18 holes drilled
- 10 holes intersected kimberlite
- 240.1 kg kimberlite submitted for caustic fusion
- program completed on schedule
- well financed to conduct ongoing exploration

The Company was very pleased with the amount of work accomplished and results obtained during an abbreviated season in which 10 holes were planned and 18 holes were actually drilled.

The 2009 exploration program was designed specifically to drill untested targets that were identified in previous seasons by airborne magnetic and helimag geophysical surveys. In addition, several holes were completed as a pilot test into anomalies defined by a structural analysis study. Two holes were drilled into a previously identified, relatively large (~2-3 ha) kimberlite to assess the potential of multiple phases. Both diatreme and/or hypabyssal kimberlites have been identified in the new discoveries and representative samples have been submitted for caustic fusion analysis.

Many targets remain to be tested. Interpretation of regional airborne and helimag surveys, previous heavy mineral sampling programs and drilling results are being carried out in an effort to assess different types of anomalies that may reflect diamond bearing targets. Results of these studies will be utilized in the Company's 2010 field program.

Concurrently, Olivut is preparing for exploration in Uruguay during Canada's winter. Uruguay has an agriculture-based economy and relatively little exploration has been conducted in the region. A combination of excellent geochemistry and geophysical targets will provide the focus of initial exploration efforts that are planned to include sampling, geophysics and drilling. Management looks forward to developing the diamond potential of this area and is anticipating a productive initial season. The stable craton of Uruguay is consistent with that of southern Africa, where a number of kimberlites and active diamond-producing mines are located.

During the three months and the year ended October 31, 2009, the Company incurred \$375,173 and \$1,496,203 respectively (2008 - \$778,748 and \$2,431,521) on exploration and development expenditures primarily on the HOAM Project. The principal expenditures were for diamond drilling \$298,927 and \$1,210,966 respectively (2008 - \$752,697 and \$1,722,128) and land acquisition \$1,858 and \$76,138 respectively (2008 - \$nil and \$1,590). Cumulative exploration and development expenditures made by the Company on the HOAM Project as at October 31, 2009 totaled \$11,182,851 (at October 31, 2008 - \$9,698,549). Cumulative expenses to date on the Uruguay Project amount to \$11,901.

Additional information is available at www.sedar.com and the Company's website at www.olivut.com.

Liquidity and Capital Resources

As at October 31, 2009, the Company had a cash and cash equivalents balance of \$4,353,094 (October 31, 2008 - \$6,010,365) to settle current liabilities of \$183,247 (October 31, 2008 - \$298,948) and working capital of \$4,216,076 (October 31, 2008 - \$5,830,784).

At no time has the Company held Asset Backed Commercial Paper. Cash equivalents are entirely guaranteed investment certificates issued by a major Canadian chartered bank. All of the Company's financial liabilities have contractual maturities of less than one year and are subject to normal trade terms.

During the quarter and year ended October 31, 2009, cash used by operating activities was \$382,304 and \$1,657,554 respectively, a decrease of \$816,954 and \$1,290,727 compared to the cash used in the quarter and year ended October 31, 2008. The decrease was primarily due to reduced spending on exploration expenses and by the reduction in the interest income discussed above.

The Company's ability to continue operations and fund its business is dependent on management's ability to secure additional financing. It is anticipated that the Company will continue to rely on equity financing to meet its ongoing working capital requirements. On the basis of the Company's current cash position, management of the Company believes that it has sufficient funds to complete a 2010 exploration program, pay its ongoing administrative expenses and to meet its existing liabilities until the next fiscal year end, October 31, 2010. Management will carefully monitor its cash balances over the course of the next 12 to 24 months and may postpone material exploration expenses so as to protect the Company's working capital. The Company does not have a liquidity or going concern issue at this time; however, liquidity may be a concern if the equity markets for diamond exploration companies does not improve in the next 24 to 36 months. As at October 31, 2009, the Company did not have any long-term debt or contractual liability or obligations other than as reported in the financial statements.

Off-Balance Sheet Arrangements

The Company has not entered into any off-balance sheet transactions.

Transactions with Related Parties

During the year ended October 31, 2009, a total of \$129,386 (2008 - \$249,805) for exploration consulting expenditures and \$9,600 (2008 - \$9,600) for administrative and general expenses were accrued or paid to directors and officers of the Company or persons or companies related to or controlled by them. The directors and officers of the Company or persons or companies related to or controlled by them were also reimbursed at cost for expenses incurred on behalf of the Company. Included in accounts payable and accrued liabilities at October 31, 2009 is \$nil (October 31, 2008 - \$18,600) relating to the above transactions owing to directors and officers of the Company or persons or companies related to or controlled by them.

The above transactions were in the normal course of operations and were measured at the exchange amount which is the amount of consideration established and agreed to by the related parties and is intended to reflect market rates between un-related parties. Amounts owing to the related parties are unsecured, non-interest bearing with no fixed terms of repayment.

Critical Accounting Estimates and Changes in Accounting Policies

The Company's critical accounting principles and methods are disclosed in full in Note 3 of the audited financial statements for the year ended October 31, 2009.

Future Accounting Changes

International Financial Reporting Standards ("IFRS")

In January 2006, the CICA Accounting Standards Board adopted a strategic plan for the direction of accounting standards in Canada. As part of that plan, accounting standards in Canada for all publicly accountable companies must converge with IFRS for financial years ending on or after January 1, 2011. Since the Company's year-end is October 31, it must develop a changeover plan in preparation for conversion from GAAP to IFRS beginning November 1, 2011 (the "changeover date"). The Company currently does not have a changeover plan. However, management considers the risk of not meeting the changeover date to be minimal, due to the simplicity of the Company's accounting policies and computer systems and the size of its business. Management is currently in the process of developing a changeover plan.

Outstanding Share Data

As of December 9, 2009, an unlimited number of common shares with no par value are authorized of which 31,650,637 shares are issued and outstanding. 2,300,000 warrants are issued and outstanding at an exercise price of \$2.00 per share. On March 17, 2009 the Company announced the extension of the expiry date of the warrants from May 14, 2009 to May 14, 2011. Pursuant to a CPC escrow agreement 880,270 common shares are subject to a 36-month staged release of which 748,229 shares have been released leaving a balance of 132,041 held in escrow. There is also a value escrow agreement pursuant to which 2,083,740 common shares are subject to a 36-month staged release escrow of which 1,771,179 have been released leaving a balance of 312,561 shares held in escrow. All escrowed shares will be released by January 9, 2010.

Under the terms of the Company's Stock Option Plan, as at December 9, 2009 a total of 2,945,000 options to purchase common shares at exercise prices ranging from \$ 0.165 to \$1.15 per common share and expiring between January 17, 2012, and December 9, 2014 are outstanding.

Commitments and Contingencies

Environmental Contingencies

The Company's mining and exploration activities are subject to various federal and provincial laws and regulations governing the protection of the environment. These laws and regulations are continually changing and generally becoming more restrictive. The Company conducts its operations so as to protect public health and the environment and believes its operations are materially in compliance with all applicable laws and regulations. The Company has made, and expects to make in the future, expenditures to comply with such laws and regulations, the future amounts of which cannot yet be determined or estimated.

Management Contracts

The Company is party to a management contract. Minimum contract commitments remaining under the agreement were approximately \$660,000, including \$220,000 due within one year. Upon the occurrence of certain events the contract requires payment of up to \$1,000,000. As the likelihood of these events taking place is not determinable, the contingent payment has not been reflected in the financial statements for the year ended October 31, 2009.

Operating Lease

The Company is committed to an operating lease for equipment rental, which expires on April 1, 2011. Minimum lease payments for successive fiscal years ending October 31 are as follows:

<u>Year</u>	<u>Amount</u> <u>\$</u>
2010	5,256
2011	<u>2,190</u>
Total	<u><u>7,446</u></u>

The Company is not involved in any outstanding litigation.

Capital Management

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition, exploration and development of mineral properties. The capital of the Company consists of capital stock, warrants, stock options and contributed surplus. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

The properties in which the Company currently has an interest are in the exploration stage. Accordingly the Company is dependent on external financing to fund its activities. In order to carry out the planned exploration and pay for its administrative costs, the Company will spend its existing working capital and raise additional amounts as needed. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

There were no changes in the Company's approach to capital management during the year ended October 31, 2009. The Company is not subject to externally imposed capital requirements.

Risks and Uncertainties

Financial Risk Factors

The Company's financial risk exposures and the impact on the Company's financial instruments are summarized below:

Credit Risk

The Company's credit risk is primarily attributable to amounts receivable and a loan receivable. The Company has no significant credit risk arising from operations. Financial instruments included in amounts receivable consist primarily of goods and services tax due from the Federal Government of Canada. The loan receivable is described in Note 7 to the financial statements for the year ended October 31, 2009 and is secured by all assets of the borrower. Management believes that the credit risk with respect to these financial instruments is remote.

Liquidity Risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient cash to meet liabilities when due. All of the Company's financial liabilities have contractual maturities of less than one year and are subject to normal trade terms. Further discussion relating to liquidity risk is described above under "*Liquidity and Capital Resources*".

In the absence of cash flow from operations the Company must rely on its shareholders or capital markets to fund operations. Although the Company has been successful in the past in obtaining financing, there can be no assurance that additional funding will be available, or available under terms favourable to the Company. Failure to obtain such additional financing could result in delay or the indefinite postponement of further exploration and the development of the Company's properties, as well as the loss of prospecting permits and mineral claims.

Market Risk

a) *Interest Rate Risk*

The Company has cash balances and no interest bearing debt at October 31, 2009. The Company's current policy is to invest cash in investment-grade short-term deposit certificates issued by its banking institution. The Company periodically monitors the investments it makes and is satisfied with the credit rating of its bank. The Company considers interest rate risk to be minimal as investments are short-term, the Company does not carry interest bearing debt and it is expected that future financings will be secured from equity placements.

b) *Foreign Currency Risk*

The Company's functional currency is the Canadian dollar and major purchases are transacted in Canadian dollars. Management believes that the foreign exchange risk from currency conversions is negligible.

As discussed in "Mineral Property and Exploration and Development Expenditures", the Company will act as operator of an exploration program in Uruguay. The Company has the option to spend \$250,000 by June 1, 2010 and \$750,000 by December 31, 2011, all in Canadian dollars. Management believes that the Company will not be subject to any material foreign currency risk related to this option.

c) *Price Risk*

The Company is exposed to price risk with respect to commodity prices. The Company closely monitors commodity prices to determine the appropriate course of action to be taken by the Company. The current global economic and liquidity environment has had an adverse impact on the wholesale and retail diamond markets. If such conditions are protracted they may have a significant negative impact on the economic viability of future diamond developments.

Fair Value

The Company has designated its cash equivalents as held-for-trading, measured at fair value. Amounts receivable and loan receivable are classified as loans and receivables, which are measured at amortized cost. Accounts payable and accrued liabilities are classified as other financial liabilities, which are measured at amortized cost.

The carrying amounts for cash equivalents, amounts receivable and accounts payable and accrued liabilities on the balance sheet approximate fair value because of the limited terms of these instruments. The fair value of the loan receivable approximates carrying value as the interest rate approximates the current rate for similar instruments. There were no changes in the year ended October 31, 2009 that occurred that were attributed to financial risks.

Sensitivity to Financial Risks

The Company considers interest rate risk to be minimal as investments are short-term, the loan receivable has a fixed interest rate and the Company does not carry interest bearing debt. It is expected that future financings will be secured from equity placements. Based on cash equivalents held by the Company as at October 31, 2009, a 1% increase or decrease in the interest rate would generate a respective increase or decrease in interest income of approximately \$37,000.

The Company does not hold any balances in foreign currencies to give rise to foreign exchange risk.

Price risk is remote since the Company is not a producing entity.

Exploration

The Company's exploration projects are subject to conditions beyond its control that can affect the carrying costs and development costs for varying lengths of time. Such conditions include environmental hazards, unusual or unexpected geological formations or pressures and periodic interruptions due to inclement or hazardous weather conditions, geopolitical, economic, regulatory conditions as well as dependence on key employees. Such risks could result in damage to, or destruction of, mineral properties or facilities, personal injury, environmental damage, delays in exploration programs, monetary losses and possible legal liability. Mineral exploration is highly speculative in nature, involves many risks and frequently is non-productive. There is no assurance that exploration efforts will be successful. Success in establishing marketable mineral reserves is a result of a number of factors, including the quality of management, the Company's level of geological and technical expertise, the quality of land holdings, the availability of suitable employees, contractors, consultants and equipment and other factors.

If mineralization is discovered, it may take several years in the initial phases of drilling until production is possible, during which time the economic feasibility of production may change. Substantial expenditures are required to establish proven and probable reserves through drilling, to determine the optimal recovery process to extract the minerals from the ore and to construct mining and processing facilities. Because of these uncertainties, no assurance can be given that exploration programs will result in the establishment of resources or reserves.

Whether a resource deposit will ultimately be commercially viable depends on a number of factors, including the particular attributes of the deposit such as the deposit's size, financing costs and the prevailing prices for the applicable resource. Also of key importance are government regulations, including those relating to prices, taxes, royalties, land tenure, land use, land treaties and environmental protection.

The Company's continued existence is dependent upon the preservation of its interest in its underlying exploration properties, the discovery of economically recoverable reserves, the achievement of profitable operations and the ability of the Company to raise alternative financing, if necessary, or alternatively upon the Company's ability to dispose of its interests on an advantageous basis.

Although the Company has taken steps to verify title to the properties on which it is conducting exploration and in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements, native land claims and non-compliance with regulatory requirements.

Licenses and Permits, Laws and Regulations

The Company's exploration activities may require permits from various government authorities, and are subject to extensive federal, provincial and local laws and regulations governing prospecting, exploration, development, production, exports, taxes, labour standards, occupational health and safety, mine safety and other matters. Such laws and regulations are subject to change, can become more stringent and compliance can therefore become more costly. The Company relies on the expertise and commitment of its management team, their advisors, and contractors to ensure compliance with current laws and fosters a climate of open communication and cooperation with regulatory bodies. The Company believes that it holds all necessary licenses and permits under applicable laws and regulations and believes it is presently complying in all material respects with the terms of such licenses and permits.

There can be no guarantee that the Company will be able to maintain or obtain all necessary licenses and permits that may be required to explore and develop its properties, commence construction or operation of mining facilities or to maintain continued operations.

Subsequent Event

On December 9, 2009 the Company granted certain directors, officers and consultants options to purchase up to 640,000 common shares at an exercise price of \$0.165 per share. These options have been granted pursuant to the Company's Stock Option Plan and shall expire on December 9, 2014.



SCHEDULE "C"

**OLIVUT RESOURCES LTD.
(the "Company")**

**SHARE OPTION PLAN
Dated for Reference April 30, 2004**



**OLIVUT RESOURCES LTD.
(the "Company")**

SHARE OPTION PLAN

Dated for Reference April 30, 2004

**ARTICLE 1
PURPOSE AND INTERPRETATION**

1.1 Purpose

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 TSX Venture Policies (or, if applicable, the NEX Policies) and any inconsistencies between this Plan and the TSX Venture Policies) (or, if applicable, the NEX Policies) will be resolved in favour of the latter.

1.2 Definitions

In this Plan

- (a) **Affiliate** means a company that is a parent or subsidiary of the Company, or that is controlled by the same entity as the Company;
- (b) **Associate** has the meaning set out in the Securities Act;
- (c) **Board** means the board of directors of the Company or any committee thereof duly empowered or authorized to grant Options under this Plan;
- (d) **Change of Control** includes situations where after giving effect to the contemplated transaction and as a result of such transaction:
 - (i) any one Person holds a sufficient number of voting shares of the Company or resulting company to affect materially the control of the Company or resulting company, or,
 - (ii) any combination of Persons, acting in concert by virtue of an agreement, arrangement, commitment or understanding, holds in total a sufficient

number of voting shares of the Company or its successor to affect materially the control of the Company or its successor,

where such Person or combination of Persons did not previously hold a sufficient number of voting shares to affect materially control of the Company or its successor. In the absence of evidence to the contrary, any Person or combination of Persons acting in concert by virtue of an agreement, arrangement, commitment or understanding, holding more than 20% of the voting shares of the Company or resulting company is deemed to materially affect control of the Company or resulting company;

- (e) **Common Shares** means common shares without par value in the capital of the Company providing such class is listed on the TSX Venture (or the NEX, as the case may be);
- (f) **Company** means the company named at the top hereof and includes, unless the context otherwise requires, all of its Affiliates and successors according to law;
- (g) **Consultant** means an individual or Consultant Company, other than an Employee, Officer or Director that:
 - (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 of the Company that enables the individual or Consultant Company to be knowledgeable about the business and affairs of the Company;
- (h) **Consultant Company** means for an individual consultant, a company or partnership of which the individual is an employee, shareholder or partner;
- (i) **Directors** means the directors of the Company as may be elected from time to time;
- (j) **Discounted Market Price** has the meaning assigned by Policy 1.1 of the TSX Venture Policies;
- (k) **Disinterested Shareholder Approval** means approval by a majority of the votes cast by all the Company's shareholders at a duly constituted shareholders' meeting, excluding votes attached to Common Shares beneficially owned by Insiders who are Service Providers or their Associates;

- (l) **Distribution** has the meaning assigned by the Securities Act, and generally refers to a distribution of securities by the Company from treasury;
- (m) **Effective Date** for an Option means the date of grant thereof by the Board;
- (n) **Employee** means:
 - (i) an individual who is considered an employee under the Income Tax Act (i.e. for whom income tax, employment insurance and CPP deductions must be made at source);
 - (ii) an individual who works full-time for the Company or a subsidiary thereof 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
 - (iii) an individual who works for the Company or its subsidiary 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;
- (o) **Exercise Price** means the amount payable per Common Share on the exercise of an Option, as determined in accordance with the terms hereof;
- (p) **Expiry Date** means the day on which an Option lapses as specified in the Option Commitment therefore or in accordance with the terms of this Plan;
- (q) **Insider** means an insider as defined in the TSX Venture Policies or as defined in securities legislation applicable to the Company;
- (r) **Investor Relations Activities** has the meaning assigned by Policy 1.1 of the TSX Venture Policies;
- (s) **Management Company Employee** means an individual employed by a Person providing management services to the Company which are required for the ongoing successful operation of the business enterprise of the Company, but excluding a Person engaged in Investor Relations Activities;
- (t) **NEX** means a separate board of the TSX Venture for companies previously listed on the TSX Venture or the Toronto Stock Exchange which have failed to maintain compliance with the ongoing financial listing standards of those markets;
- (u) **NEX Issuer** means a company listed on the NEX;
- (v) **NEX Policies** means the rules and policies of the NEX as amended from time to time;

- (w) **Officer** means a Board appointed officer of the Company;
- (x) **Option** means the right to purchase Common Shares granted hereunder to a Service Provider;
- (y) **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"** attached hereto;
- (z) **Optioned Shares** means Common Shares that may be issued in the future to a Service Provider upon the exercise of an Option;
- (aa) **Optionee** means the recipient of an Option hereunder;
- (bb) **Outstanding Shares** means at the relevant time, the number of issued and outstanding Common Shares of the Company from time to time;
- (cc) **Participant** means a Service Provider that becomes an Optionee;
- (dd) **Person** includes a company, any unincorporated entity, or an individual;
- (ee) **Plan** means this share option plan, the terms of which are set out herein or as may be amended;
- (ff) **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;
- (gg) **Regulatory Approval** means the approval of the TSX Venture and any other securities regulatory authority that has lawful jurisdiction over the Plan and any Options issued hereunder;
- (hh) **Securities Act** means the Securities Act, R.S.B.C. 1996, c. 418, or any successor legislation;
- (ii) **Service Provider** means a Person who is a bona fide Director, Officer, Employee, Management Company Employee, Consultant or Company Consultant, and also includes a company, 100% of the share capital of which is beneficially owned by one or more Service Providers;
- (jj) **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;
- (kk) **Shareholder Approval** means approval by a majority of the votes cast by eligible shareholders of the Company at a duly constituted shareholders' meeting;
- (ll) **TSX Venture** means the TSX Venture Exchange and any successor thereto; and

(mm) **TSX Venture Policies** means the rules and policies of the TSX Venture as amended from time to time.

1.3 Other Words and Phrases

Words and phrases used in this Plan but which are not defined in the Plan, but are defined in the TSX Venture Policies (and, if applicable, the NEX Policies), will have the meaning assigned to them in the TSX Venture Policies (and, if applicable, the NEX Policies).

1.4 Gender

Words importing the masculine gender include the feminine or neuter, words in the singular include the plural, words importing a corporate entity include individuals, and vice versa.

ARTICLE 2 SHARE OPTION PLAN

2.1 Establishment of Share Option Plan

The Plan is hereby established to recognize contributions made by Service Providers and to create an incentive for their continuing assistance to the Company and its Affiliates.

2.2 Maximum Plan Shares

The maximum aggregate number of Plan Shares that may be reserved for issuance under the Plan at any point in time is 10% of the Outstanding Shares at the time Plan Shares are reserved for issuance as a result of the grant of an Option, less any Common Shares reserved for issuance under share options granted under Share Compensation Arrangements other than this Plan, unless this Plan is amended pursuant to the requirements of the TSX Venture Policies and, if applicable, the NEX Policies.

2.3 Eligibility

Options to purchase Common Shares may be granted hereunder to Service Providers from time to time by the Board. Service Providers that are not individuals will be required to undertake in writing not to effect or permit any transfer of ownership or option of any of its securities, or to issue more of its securities (so as to indirectly transfer the benefits of an Option), as long as such Option remains outstanding, unless the written permission of the TSX Venture and the Company is obtained.

2.4 Options Granted Under the Plan

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.

Subject to specific variations approved by the Board, all terms and conditions set out herein will be deemed to be incorporated into and form part of an Option Commitment made hereunder.

2.5 Limitations on Issue

Subject to §2.9, the following restrictions on issuances of Options are applicable under the Plan:

- (a) no Service Provider can be granted an Option if that Option would result in the total number of Options, together with all other Share Compensation Arrangements granted to such Service Provider in the previous 12 months, exceeding 5% of the Outstanding Shares (unless the Company is classified as a Tier 1 Issuer by the TSX Venture and has obtained Disinterested Shareholder Approval to do so);
- (b) no Options can be granted under the Plan if the Company is on notice from the TSX Venture to transfer its listed shares to the NEX;
- (c) the aggregate number of Options granted to Service Providers conducting Investor Relations Activities in any 12-month period cannot exceed 2% of the Outstanding Shares, calculated at the time of grant, without the prior consent of the TSX Venture; and
- (d) the aggregate number of Options granted to any one Consultant in any 12 month period cannot exceed 2% of the Outstanding Shares, calculated at the time of grant, without the prior consent of the TSX Venture.

2.6 Options Not Exercised

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-issuance.

2.7 Powers of the Board

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. Without limiting the generality of the foregoing, the Board has the power to

- (a) allot Common Shares for issuance in connection with the exercise of Options;
- (b) grant Options hereunder;

- (c) subject to any necessary Regulatory Approval, amend, suspend, terminate or discontinue the Plan, or revoke or alter any action taken in connection therewith, except that no general amendment or suspension of the Plan will, without the prior written consent of all Optionees, alter or impair any Option previously granted under the Plan unless the alteration or impairment occurred as a result of a change in the TSX Venture Policies or the Company's tier classification thereunder;
- (d) 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; and
- (e) amend this Plan (except for previously granted and outstanding Options) to reduce the benefits that may be granted to Service Providers (before a particular Option is granted) subject to the other terms hereof.

2.8 Terms or Amendments Requiring Disinterested Shareholder Approval

The Company will be required to obtain Disinterested Shareholder Approval prior to any of the following actions becoming effective:

- (a) the Plan, together with all of the Company's other Share Compensation Arrangements, could result at any time in:
 - (i) the aggregate number of Common Shares reserved for issuance under Options granted to Insiders exceeding 10% of the Outstanding Shares (in the event that this Plan is amended to reserve for issuance more than 10% of the Outstanding Shares);
 - (ii) the number of Optioned Shares issued to Insiders within a one-year period exceeding 10% of the Outstanding Shares (in the event that this Plan is amended to reserve for issuance more than 10% of the Outstanding Shares); or,
 - (iii) in the case of a Tier I Issuer only, the issuance to any one Optionee, within a 12-month period, of a number of Common Shares exceeding 5% of Outstanding Shares; or
- (b) any reduction in the Exercise Price of an Option previously granted to an Insider.

ARTICLE 3 TERMS AND CONDITIONS OF OPTIONS

3.1 Exercise Price

The Exercise Price of an Option will be set by the Board at the time such Option is allocated under the Plan, and cannot be less than the Discounted Market Price.

3.2 Term of Option

An Option can be exercisable for a maximum of 10 years from the Effective Date for a Tier 1 Issuer, or five years from the Effective Date for a Tier 2 or a NEX Issuer.

3.3 Option Amendment

Subject to §2.9(b), the Exercise Price of an Option may be amended only if at least six (6) months have elapsed since the later of the date of commencement of the term of the Option, the date the Common Shares commenced trading on the TSX Venture, and the date of the last amendment of the Exercise Price.

An Option must be outstanding for at least one year before the Company may extend its term, subject to the limits contained in §3.2.

Any proposed amendment to the terms of an Option must be approved by the TSX Venture prior to the exercise of such Option.

3.4 Vesting of Options

Subject to §3.7, vesting of Options shall be in accordance with Schedule "B" attached hereto or otherwise, at the discretion of the Board, and will generally be subject to:

- (a) the Service Provider remaining employed by or continuing to provide services to the Company or any of its Affiliates as well as, at the discretion of the Board, achieving certain milestones which may be defined by the Board from time to time or receiving a satisfactory performance review by the Company or any of its Affiliates during the vesting period; or
- (b) the Service Provider remaining as a Director of the Company or any of its Affiliates during the vesting period.

3.5 Vesting of Options Granted to Consultants Conducting Investor Relations Activities

Notwithstanding §3.6, Options granted to Consultants conducting Investor Relations Activities will vest:

- (a) over a period of not less than 12 months as to 25% on the date that is three months from the date of grant, and a further 25% on each successive date that is three months from the date of the previous vesting; or
- (b) such longer vesting period as the Board may determine.

3.6 Optionee Ceasing to be Director, Employee or Service Provider

No Option may be exercised after the Service Provider has left his employ/office or has been advised by the Company that his services are no longer required or his service contract has expired, except as follows:

- (a) 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 date of expiration of the term otherwise applicable to such Option;
- (b) in the case of a Tier 1 Issuer, an Option granted to any Service Provider will expire within 90 days after the date the Optionee ceases to be employed by or provide services to the Company, but only to the extent that such Option has vested at the date the Optionee ceased to be so employed by or to provide services to the Company;
- (c) in the case of a Tier 2 or NEX Issuer, Options granted to a Service Provider conducting Investor Relations Activities will expire within 30 days of the date the Optionee ceases to conduct such activities, but only to the extent that such Option has vested at the date the Optionee ceased to conduct such activities;
- (d) in the case of a Tier 2 or NEX Issuer, any Option granted to an Optionee other than one conducting Investor Relations Activities will expire within 90 days after the Optionee ceases to be employed by or provide services to the Company, but only to the extent that such Option has vested at the date the Optionee ceased to be so employed by or to provide services to the Company; and
- (e) 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.

3.7 Non Assignable

Subject to §3.8, all Options will be exercisable only by the Optionee to whom they are granted and will not be assignable or transferable.

3.8 Adjustment of the Number of Optioned Shares

The number of Common Shares subject to an Option will be subject to adjustment in the events and in the manner following:

- (a) in the event of a subdivision of Common Shares as constituted on the date hereof, at any time while an Option is in effect, into a greater number of Common Shares, the Company will thereafter deliver at the time of purchase of Optioned Shares hereunder, in addition to the number of Optioned Shares in respect of which the right to purchase is then being exercised, such additional number of Common Shares as result from the subdivision without an Optionee making any additional payment or giving any other consideration therefore;
- (b) in the event of a consolidation of the Common Shares as constituted on the date hereof, at any time while an Option is in effect, into a lesser number of Common Shares, the Company will thereafter deliver and an Optionee will accept, at the time of purchase of Optioned Shares hereunder, in lieu of the number of Optioned Shares in respect of which the right to purchase is then being exercised, the lesser number of Common Shares as result from the consolidation;
- (c) in the event of any change of the Common Shares as constituted on the date hereof, at any time while an Option is in effect, the Company will thereafter deliver at the time of purchase of Optioned Shares hereunder the number of shares of the appropriate class resulting from the said change as an Optionee would have been entitled to receive in respect of the number of Common Shares so purchased had the right to purchase been exercised before such change;
- (d) in the event of a capital reorganization, reclassification or change of outstanding equity shares (other than a change in the par value thereof) of the Company, a consolidation, merger or amalgamation of the Company with or into any other company or a sale of the property of the Company as or substantially as an entirety at any time while an Option is in effect, an Optionee will thereafter have the right to purchase and receive, in lieu of the Optioned Shares immediately theretofore purchasable and receivable upon the exercise of the Option, the kind and amount of shares and other securities and property receivable upon such capital reorganization, reclassification, change, consolidation, merger, amalgamation or sale which the holder of a number of Common Shares equal to the number of Optioned Shares immediately theretofore purchasable and receivable upon the exercise of the Option would have received as a result thereof. The subdivision or consolidation of Common Shares at any time outstanding (whether with or without par value) will not be deemed to be a capital reorganization or a reclassification of the capital of the Company for the purposes of this §3.10;
- (e) an adjustment will take effect at the time of the event giving rise to the adjustment, and the adjustments provided for in this section are cumulative;
- (f) the Company will not be required to issue fractional shares in satisfaction of its obligations hereunder. Any fractional interest in a Common Share that would, except for the provisions of this §3.10, be deliverable upon the exercise of an Option will be cancelled and not be deliverable by the Company; and
- (g) if any questions arise at any time with respect to the Exercise Price or number of Optioned Shares deliverable upon exercise of an Option in any of the events set out

in this §3.10, such questions will be conclusively determined by the Company's auditors, or, if they decline to so act, any other firm of Chartered Accountants, in Vancouver, British Columbia (or in the city of the Company's principal executive office) that the Company may designate and who will be granted access to all appropriate records. Such determination will be binding upon the Company and all Optionees.

ARTICLE 4 COMMITMENT AND EXERCISE PROCEDURES

4.1 Option Commitment

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.

4.2 Manner of Exercise

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) a certified cheque, wire transfer or bank draft payable to the Company for the aggregate Exercise Price by the Optioned Shares being acquired.

4.3 Delivery of Certificate and Hold Periods

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. Further, if the Company is a Tier 2 or NEX Issuer, or the Exercise Price is set below than the then current market price of the Common Shares on the TSX Venture, the certificate will also bear a legend stipulating that the Optioned Shares are subject to a four-month TSX Venture hold period commencing the date of the grant of the Option.

ARTICLE 5 GENERAL

5.1 Employment and Services

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 an Optionee is voluntary.

5.2 No Representation or Warranty

The Company makes no representation or warranty as to the future market value of Common Shares 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 each Participant and not the Company.

5.3 Interpretation

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

5.4 Continuation of Plan

The Plan will become effective from and after April 30, 2004, and will remain effective provided that the Plan, or any amended version thereof receives Shareholder Approval at each annual general meeting of the holders of Common Shares of the Company subsequent to April 30, 2004.

SCHEDULE "A"
SHARE OPTION PLAN
OPTION COMMITMENT

Notice is hereby given that, effective this _____ day of _____, _____ (the "Effective Date") Olivut Resources Ltd. (the "Company") has granted to _____ (the "Optionee"), an Option to acquire _____ Common Shares ("Optioned Shares") up to 5:00 p.m. Toronto Time on the _____ day of _____, _____ (the "Expiry Date") at an Exercise Price of Cdn\$ _____ per share.

At the date of grant of the Option, the Company is classified as [a Tier ____ Issuer under TSX Venture Policies].

[Tier 2 if Plan Shares greater than 10% only]Optioned Shares will vest and may be exercised as follows:

{COMPLETE ONE}

_____ In accordance with the vesting provisions set out in Schedule "B" of the Plan

or

_____ As follows: [INSERT VESTING SCHEDULE][INSERT VESTING TERMS]

The grant of the Option evidenced hereby is made subject to the terms and conditions of the Plan, which are hereby incorporated herein and forms part hereof.

To exercise your Option, deliver a written notice specifying the number of Optioned Shares you wish to acquire, together with a certified cheque, wire transfer or bank draft payable to the Company for the aggregate Exercise Price. A certificate for the Optioned Shares so acquired will be issued by the transfer agent as soon as practicable thereafter and will bear a minimum four month non-transferability legend from the date of this Option Commitment, the text of which is as follows. [A Tier 1 Issuer may grant stock options without a hold period, provided the exercise price of the options is set at or above the market price of the Company's shares rather than below.].

"WITHOUT PRIOR WRITTEN APPROVAL OF THE TSX VENTURE EXCHANGE AND COMPLIANCE WITH ALL APPLICABLE SECURITIES LEGISLATION, THE SECURITIES REPRESENTED BY THIS CERTIFICATE MAY NOT BE SOLD, TRANSFERRED, HYPOTHECATED OR OTHERWISE TRADED ON OR THROUGH THE FACILITIES OF THE TSX VENTURE EXCHANGE OR OTHERWISE IN CANADA OR TO OR FOR THE BENEFIT OF A CANADIAN RESIDENT UNTIL 12:00 A.M. (MIDNIGHT) ON [insert date 4 months from the date of grant]".

The Company and the Optionee represent that the Optionee under the terms and conditions of the Plan is a bona fide Service Provider (as defined in the Plan), entitled to receive Options under TSX Venture Policies.

The Optionee also acknowledges and consents to the collection and use of Personal Information (as defined in the Policies of the TSX Venture Exchange) by both the Company and the TSX Venture (or the NEX, as the case may be) as more particularly set out in the Acknowledgement - Personal Information in use by the TSX Venture (or the NEX, as the case may be) on the date of this Share Option Plan.

OLIVUT RESOURCES LTD.

By: _____

Authorized Signatory

(* SIGNATURE OF OPTIONEE)

SCHEDULE "B"
SHARE OPTION PLAN
VESTING SCHEDULE

1. Options granted pursuant to the Plan to Directors, Officers and all Employees and Consultants employed or retained by the Company for a period of more than six months at the time the Option is granted will vest as follows:
 - (a) 1/3 of the total number of Options granted will vest six months after the date of grant;
 - (b) a further 1/3 of the total number of Options granted will vest one year after the date of grant; and
 - (c) the remaining 1/3 of the total number of Options granted will vest eighteen months after the date of grant.

2. Options granted pursuant to the Plan to an Employee or a Consultant who has been employed or retained by the Company for a period of less than six months at the time the Option is granted will vest as follows:
 - (a) 1/3 of the total number of Options granted will vest one year after the date of grant;
 - (b) a further 1/3 of the total number of Options granted will vest eighteen months after the date of grant; and
 - (c) the remaining 1/3 of the total number of Options granted will vest two years after the date of grant.

3. Options granted to Consultants retained by the Company pursuant to a short term contract or for a specific project with a finite term, will be subject to such vesting provisions determined by the Board of Directors of the Company at the time the Option Commitment is made, subject to Regulatory Approval.

4. Options granted to Service Providers involved in Investor Relations Activities shall vest in accordance with section 3.7 of the Plan.

Reapproved by the Olivut Resources Ltd. Board of Directors on this the 5th day of March, 2009.

