



OLIVUT RESOURCES LTD.

NOTICE OF ANNUAL AND SPECIAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual and Special General Meeting (the “**Meeting**”) of holders of common shares of Olivut Resources Ltd. (the “**Company**”) will be held on February 15, 2012, at 10:30 a.m. (EST) at the offices of Stikeman Elliott LLP, 53rd Floor, Commerce Court West, 199 Bay Street, Toronto, Canada for the following purposes:

1. To receive the Audited Consolidated Financial Statements of the Company for the financial year ended October 31, 2011;
2. To elect the directors of the Company;
3. To appoint McGovern, Hurley, Cunningham, LLP, as the auditor of the Company and to authorize the directors to fix the remuneration to be paid to the auditor;
4. To approve the Amended and Restated Share Option Plan

The resolutions referenced above are more particularly described in the accompanying Management Information Circular (the “**Proxy Circular**”).

Shareholders are requested to date, sign and return the enclosed form of proxy. Shareholders may also complete the form of proxy by telephone or the Internet by following the instructions provided on the proxy form. All completed proxies must be received by the Company’s transfer agent, Computershare Investor Services, before 10:30 a.m. (EST) on February 13, 2012 or if the Meeting is adjourned, at least two business days preceding the date of any adjournment of the Meeting. If returning by mail, shareholders should use the enclosed stamped and self-addressed envelope and mail to Computershare Investor Services, 100 University Avenue, 9th Floor, Toronto, Ontario, Canada M5J 2Y1. If returning by fax, shareholders should use 1-866-249-7775.

DATED at Toronto, this 9th day of January, 2012.

BY ORDER OF THE BOARD OF DIRECTORS

A handwritten signature in blue ink, reading "Leni F. Keough".

Leni F. Keough
President and Chief Executive Officer

Whether or not you expect to attend the Meeting in person, please complete, date, sign and return the accompanying form of proxy at your earliest convenience. The accompanying Proxy Circular provides further information respecting proxies and the matters to be considered at the Meeting and is deemed to form part of this Notice.



MANAGEMENT INFORMATION CIRCULAR

January 9, 2012

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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" or the "Corporation") 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 15, 2012, 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 Inc., must be received before 10:30 a.m. (EST) on February 13, 2012 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 Inc., 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 1-866-732-8683. 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: www.investorvote.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 11, 2012 ("**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 9, 2012, 33,502,382 Common Shares were outstanding, each carrying the right to one vote on matters at the Meeting.

Shareholders of record as at January 11, 2012 (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 11, 2012:

- Pierre Lassonde owns or controls an aggregate of 6,025,571 Common Shares or approximately 17.99% of all the issued and outstanding Common Shares.

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, 2011

The Audited Consolidated Financial Statements and Management's Discussion and Analysis for the fiscal year ended October 31, 2011 were filed on SEDAR on December 12, 2011 and are attached hereto as Schedules A and B respectively.

2. TO ELECT THE DIRECTORS OF THE COMPANY

The articles of the Company provide that the number of directors shall be a minimum of three (3) and a maximum of ten (10). Pursuant to subsection 125(3) of the *Business Corporations Act* (Ontario), the shareholders have empowered the directors of the Company to determine the number of directors within the minimum and maximum number of directors. The directors have resolved to fix the number of directors at four (4) who 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 4 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.

Table 1: Director Nominees

Name and Municipality of Residence	Present Office	Principal Occupation if Different from Office Held	Director Since ⁽¹⁾	Stock Options held	Common Shares Beneficially Owned or Over Which Control is Exercised ⁽²⁾
Leni F. Keough Alberta, Canada	Director, President and Chief Executive Officer		January 8, 2007	1,225,000	1,959,755
Sharon E. Dowdall (3)(4)(5) Ontario, Canada	Chairman and Director	Consultant, Special Projects of Franco-Nevada Corporation	January 8, 2007	375,000	150,000
Craig O. Reith (3)(4)(6) Ontario, Canada	Director	Consultant	January 8, 2007	275,000	60,000
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

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 9, 2012.*
- (3) *Member of the Company's Audit Committee.*
- (4) *Member of the Company's Compensation and Corporate Governance Committee.*
- (5) *Ms. Dowdall was the Vice President and Secretary of Newmont Mining Corporation of Canada Limited and Newmont Capital Limited, each subsidiaries of Newmont Mining Corporation prior to December 2007. From December 2007 until May 2010 she was the Chief Legal Officer of Franco-Nevada Corporation. From May 2010 to May 2011 she was Vice President, Special Projects for Franco-Nevada Corporation.*
- (6) *Mr. Reith was Vice President, Finance and Treasurer of Four Seasons Hotels Inc. prior to January 24, 2008.*

Leni F. Keough, P.Geo., 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 100% of her time to the business of the Company.

Sharon E. Dowdall, BA, LLB, 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 Consultant, Special Projects with Franco-Nevada Corporation and from May 2010 to May 2011 was Vice President, Special Projects for Franco-Nevada Corporation. From December 2007 until May 2010 she was the Chief Legal Officer of Franco-Nevada Corporation. From 2002 to December 2007 she 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 Corporation.

Craig O. Reith, HBA, CA, 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 at the Corporate Head Office of 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 Corporation.

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.

Cease Trade Orders, Bankruptcies, Penalties or Sanctions

Except as noted below, to Olivut's knowledge, no director or executive officer of Olivut is or has been in the last 10 years a director, chief executive officer or chief financial officer of any company that: (a) was subject to an order that was issued while the director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer, or (b) was subject to an order that was issued after the director or executive officer ceased to be a director, chief executive officer or chief financial

officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer. For the purposes of the foregoing, “order” means (i) a cease trade order, (ii) an order similar to a cease trade order, or (iii) an order that denied the relevant company access to any exemption under securities legislation, which was in effect for a period of more than 30 consecutive days.

Sargent H. Berner is a director of ValGold Resources Ltd. ValGold Resources Ltd. was subject to a management cease trade order in December of 2008 and a subsequent cease trade order in December of 2009, both of which were issued for failure to file financial statements within the statutory time limits. Both orders were lifted upon filing the required statements in January, 2009 and December, 2009 respectively.

To Olivut’s knowledge, no director or executive officer of Olivut, or a shareholder holding a sufficient number of securities of Olivut to affect materially the control of Olivut: (a) is or has been in the last 10 years a director or executive officer of any company that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets, or (b) has in the last 10 years become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director, executive officer or shareholder.

To Olivut’s knowledge, no director or executive officer of Olivut, or a shareholder holding a sufficient number of securities of Olivut to affect materially the control of Olivut, has been the subject of: (a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or (b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

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

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, as the auditor of the Company and authorizing the Board of Directors to fix its remuneration. McGovern, Hurley, Cunningham, LLP, was first appointed as auditor on January 8, 2007. The auditor will hold office until the next Annual and Special Meeting or until its successor is 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, 2011 as Appendix "B" which was filed on SEDAR December 12, 2011. 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, Ms. Dowdall and Mr. Berner, are independent of the Corporation and financially literate within the meaning of applicable Canadian securities laws. 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, his experience at KPMG and his responsibilities in various senior financial roles during the course of more than twenty years at Four Seasons Hotels Inc. Ms. Dowdall is a graduate of the University of Calgary (B.A. Honours Economics, 1974) and Osgoode Hall, York University (LLB, 1977). Mr. Berner holds a B.A. and LLB from the University of British Columbia and a LLM from the London School of Economics.

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, 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.

Table 2: External Audit Service Fees

<i>Nature of Services</i>	<i>Fees Paid to Auditor in Year Ended October 31, 2011</i>	<i>Fees Paid to Auditor in Year Ended October 31, 2010</i>
<i>Audit Fees</i> ⁽¹⁾	\$30,600	\$33,800
<i>Audit-Related Fees</i> ⁽²⁾	\$8,320	\$11,453
<i>Tax Fees</i> ⁽³⁾	\$3,000	\$3,000
<i>All other Fees</i> ⁽⁴⁾	Nil	Nil
Total	\$41,920	\$48,253

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 AMENDED AND RESTATED 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 Share Option Plan (the "**Plan**") in 2004 and approve its continuance at the

Company's Annual and Special Meetings of the Shareholders. The Plan was amended and restated, and subsequently approved by shareholders, in 2011 (the "**Amended and Restated Plan**").

The Company is of the view that the Amended and Restated 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 Amended and Restated 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, 3,000,000 options to purchase Common Shares have been granted by the Company and are outstanding.

Under TSX Venture Exchange policy, the Amended and Restated Plan requires Shareholder approval at the Annual and Special 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 Amended and Restated Plan for the Corporation, substantially in the form attached hereto as Schedule "C", subject to any such additions, deletions and changes as the TSX Venture Exchange or other regulatory body may deem necessary or advisable, be and it is hereby ratified and 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 Amended and Restated Plan.

The Directors of the Company recommend that Shareholders vote in favour of the resolution to approve the Amended and Restated 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 approval of the Amended and Restated 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:

- the Chief Executive Officer ("CEO") of the Corporation;

- the Chief Financial Officer (“CFO”) of the Corporation;
- 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
- 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, for making recommendations to the Board, and for evaluating any risks arising 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. The Compensation Committee has not retained a compensation consultant or advisor at any time.

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 and not expose the Company to inappropriate or excessive risks.

A combination of fixed and variable compensation is used to motivate executives to achieve overall corporate goals. For the 2011 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.

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 years ended October 31, 2011, 2010 and 2009.

Table 3: Compensation Summary

Name of NEO and Principal Position	Year	Salary (\$)	Share-Based Awards ⁽¹⁾ (\$)	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⁾	2011	241,154 ⁽⁶⁾	Nil	Nil	Nil ⁽⁴⁾	Nil	Nil	Nil	241,154
	2010	242,308 ⁽⁶⁾	Nil	14,000	110,000	Nil	Nil	Nil	366,308
	2009	236,923	Nil	Nil	Nil ⁽⁴⁾	Nil	Nil	Nil	236,923
Ian A. Shaw, CFO ⁽⁵⁾	2011	35,000	Nil	Nil	Nil	Nil	Nil	Nil	35,000
	2010	26,000	Nil	7,000	Nil	Nil	Nil	Nil	33,000
	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 in 2011 and 2009 she elected to decline the bonus in light of the company's financial position. However, these amounts 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 vacation not taken but it does not include any amount paid as reimbursement for expenses.

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 12, 2012. The closing price of the Corporation's shares on the TSX-V on January 6, 2012 (the last date the shares traded prior to the approval of this Management Information Circular) was \$1.30.

Table 4: Outstanding Option-Based and Share-based Awards

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⁾ 100,000 ⁽³⁾	\$1.00 \$0.165	January 17, 2012 December 9, 2014	\$337,500 \$113,500	None None	\$Nil \$Nil
Ian A. Shaw, Chief Financial Officer	125,000 ⁽⁴⁾ 50,000 ⁽³⁾	\$1.00 \$0.165	January 17, 2012 December 9, 2014	\$37,500 \$56,750	None None	\$Nil \$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 9, 2012, 3,350,238 Common Shares could have been reserved for issuance pursuant to the Stock Option Plan and options to purchase 3,000,000 Common Shares had been granted and are outstanding.
- (2) Calculated using the closing price of the Common Shares on the TSX-V on January 6, 2012 (the last date the shares traded prior to the approval of this Management Information Circular) of \$1.30 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, 2011.

Table 5: Value Vested or Earned During the Year

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	\$90,000	\$Nil	\$Nil
Ian A. Shaw, Chief Financial Officer	\$45,001	\$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, 2011. 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, 2011.

(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, October 31, 2009 and October 31, 2011. 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, 2011, no fees were paid to Directors for attending 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, 2011.

Table 6: Outstanding Option-Based Awards

Name	Number of Securities Underlying Unexercised Options ⁽¹⁾	Option Exercise Price (\$)	Option Expiration Date	Value of Unexercised In-The-Money Options ⁽²⁾ (\$)
Sharon E. Dowdall	275,000 ⁽³⁾	\$1.00	January 17, 2012	\$82,500
	100,000 ⁽⁴⁾	\$0.165	December 9, 2014	\$113,500
Sargent H. Berner	125,000 ⁽³⁾	\$1.00	January 17, 2012	\$37,500
	75,000 ⁽⁴⁾	\$0.165	December 9, 2014	\$85,125
Craig O. Reith	175,000 ⁽³⁾	\$1.00	January 17, 2012	\$52,500
	100,000 ⁽⁴⁾	\$0.165	December 9, 2014	\$113,500

Notes:

- (1) The Share Option Plan is a "rolling" share option plan whereby the maximum number of Common Shares that may be reserved for issuance pursuant to the Share Option Plan will not exceed 10% of the issued Common Shares at the time of grant. As at January 9, 2012, 3,350,238 Common Shares could have been reserved for issuance pursuant to the Share Option Plan and options to purchase 3,000,000 Common Shares had been granted and are outstanding.
- (2) Calculated using the closing price of the Common Shares on the TSX-V on January 6, 2012 (the last date the shares traded prior to the approval of this Management Information Circular) of \$1.30 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 vested 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.

(4) These options vested 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, 2011.

Table 7: Value Vested or Earned During the Year

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	\$90,000	\$Nil	\$Nil
Sargent H. Berner	\$67,500	\$Nil	\$Nil
Craig O. Reith	\$90,000	\$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, 2011. 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, 2011.

Equity Compensation Plan Information

Table 8: 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	3,000,000	\$0.82	350,238
Equity compensation plans not approved by securityholders	Nil	\$Nil	Nil
Total	3,000,000	\$0.82	350,238

The only equity compensation plan which the Company has in place is the Stock Option Plan which was approved by Shareholders on February 15, 2011, and has been amended by the Board of Directors, subject to regulatory and Shareholder Approval as described under the heading “BUSINESS OF THE MEETING – 4. TO APPROVE THE AMENDED AND RESTATED SHARE OPTION PLAN”. 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, 2011, 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, 2011, or at any time from October 31, 2011 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, 2011, or at any time from October 31, 2011 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.

Three of four, or 75%, of the Company's current Directors are independent. The three independent Directors are Sharon E. Dowdall, Sargent H. Berner and Craig O. Reith. 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, Continuing Education and Reliance on External Consultants

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. The Board also relies on highly qualified technical consultants and experts to provide ongoing guidance and direction, including but not limited to their participation in board meetings, for its decisions relating to exploration programs.

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 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. A search is being conducted for a suitable candidate who will be able to provide technical input and direction on the Board.

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 and evaluating risks in connection with compensation policies. 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, 2011.

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 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, 2011 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, 2010, 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 9, 2012

A handwritten signature in black ink, reading "Leni F. Keough". The signature is written in a cursive, flowing style.

Leni F. Keough,
President & CEO



SCHEDULE A

AUDITED CONSOLIDATED FINANCIAL STATEMENTS

OCTOBER 31, 2011



OLIVUT RESOURCES LTD.

(A DEVELOPMENT STAGE COMPANY)

FINANCIAL STATEMENTS

FOR THE YEARS ENDED OCTOBER 31, 2011 AND 2010



McGovern, Hurley, Cunningham, LLP

Chartered Accountants

INDEPENDENT AUDITORS' REPORT

To the Shareholders of Olivut Resources Ltd.

We have audited the accompanying financial statements of Olivut Resources Ltd., which comprise the balance sheets as at October 31, 2011 and 2010, and the statements of operations and deficit, and statements of cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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 comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Olivut Resources Ltd. as at October 31, 2011 and 2010, and its financial performance and its cash flows for the years then ended in accordance with Canadian Generally Accepted Accounting Principles.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 2 in the financial statements which describes that the Company is in the development stage and will require additional financing to fund the development of its properties.

McGOVERN, HURLEY, CUNNINGHAM, LLP

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

Chartered Accountants
Licensed Public Accountants

TORONTO, Canada
December 9, 2011

	2011 \$	2010 \$
ASSETS		
CURRENT		
Cash and cash equivalents	1,079,727	3,227,058
Amounts receivable	8,798	6,035
Prepaid expenses	47,469	19,319
Current portion of loan receivable (Note 7)	<u>16,822</u>	<u>16,822</u>
	1,152,816	3,269,234
EQUIPMENT (Note 6)	84,915	3,571
LOAN RECEIVABLE (Note 7)	<u>230,415</u>	<u>230,741</u>
	<u>1,468,146</u>	<u>3,503,546</u>
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities (Note 8)	<u>302,953</u>	<u>297,883</u>
COMMITMENTS 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
CONTRIBUTED SURPLUS (Note 10(e))	4,591,714	2,151,482
DEFICIT	<u>(15,366,377)</u>	<u>(13,254,675)</u>
	<u>1,165,193</u>	<u>3,205,663</u>
	<u>1,468,146</u>	<u>3,503,546</u>

APPROVED ON BEHALF OF THE BOARD:

Signed "Leni Keough" _____, Director

Signed "Craig Reith" _____, Director

OLIVUT RESOURCES LTD.
(A Development Stage Company)
STATEMENTS OF OPERATIONS AND DEFICIT
FOR THE YEARS ENDED OCTOBER 31,

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	2011 \$	2010 \$
Exploration expenses (Notes 5 and 8)	1,527,649	572,941
Administrative and general expenses (Notes 8 and 10(d))	624,297	831,606
Amortization	<u>9,944</u>	<u>1,072</u>
Loss before the under-noted	(2,161,890)	(1,405,619)
Interest income from held for trading financial assets	32,514	32,233
Interest income from loans and receivables	<u>17,674</u>	<u>17,696</u>
NET LOSS FOR THE YEAR	(2,111,702)	(1,355,690)
DEFICIT , beginning of year	<u>(13,254,675)</u>	<u>(11,898,985)</u>
DEFICIT , end of year	<u>(15,366,377)</u>	<u>(13,254,675)</u>
NET LOSS PER SHARE - basic and diluted	<u>(\$0.07)</u>	<u>(\$0.04)</u>
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING		
-basic and diluted	<u>31,650,637</u>	<u>31,650,637</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,

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	2011 \$	2010 \$
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss for the year	(2,111,702)	(1,355,690)
Adjustments for charges not involving cash:		
Stock-based compensation	71,232	109,589
Amortization	<u>9,944</u>	<u>1,072</u>
	(2,030,526)	(1,245,029)
Changes in non-cash working capital balances:		
(Increase) decrease in amounts receivable	(2,763)	7,393
(Increase) in prepaid expenses	(28,150)	(3,340)
Increase in accounts payable and accrued liabilities	<u>5,070</u>	<u>114,636</u>
Cash flows from operating activities	<u>(2,056,369)</u>	<u>(1,126,340)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of equipment	(91,288)	-
Loan receivable	<u>326</u>	<u>304</u>
Cash flows from investing activities	<u>(90,962)</u>	<u>304</u>
(Decrease) in cash and cash equivalents	(2,147,331)	(1,126,036)
Cash and cash equivalents, beginning of year	<u>3,227,058</u>	<u>4,353,094</u>
Cash and cash equivalents, end of year	<u><u>1,079,727</u></u>	<u><u>3,227,058</u></u>
CASH AND CASH EQUIVALENTS ARE COMPOSED OF:		
Cash	1,079,727	1,564,325
Cash equivalents	<u>-</u>	<u>1,662,733</u>
	<u><u>1,079,727</u></u>	<u><u>3,227,058</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.

2. NATURE OF OPERATIONS AND GOING CONCERN

The Company is a development stage company as defined by the Canadian Institute of Chartered Accountants ("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 assets and operations are subject to increases in taxes and royalties, renegotiation of contracts, currency exchange fluctuations and political uncertainty.

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. 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:

Costs incurred with respect to a mineral property prior to an acquisition decision being made, including all option payments, are expensed as incurred. Once a decision has been made to acquire a mineral property, 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.

Exploration costs 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.

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. As at October 31, 2011 and 2010, there were no significant asset retirement obligations.

Equipment and Amortization:

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

Drill rig	- 20% declining balance
Office equipment	- 20% declining balance
Computer equipment	- 30% declining balance

Flow-Through Financing:

The Company has financed a portion of its Canadian exploration activities through the issue of flow-through shares. In accordance with Canadian income tax legislation, when the cost of these exploration expenditures are renounced by the Company their tax deductibility is transferred to the investors. Proceeds received on the issue of such shares are credited to capital stock and the related exploration costs charged to operations. When these expenditures are renounced, temporary taxable differences created by the renunciation will reduce share capital and create a future income tax liability.

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 the valuation of 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 estimated 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.

Foreign Currency Translation:

The Company's functional and presentation currency is the Canadian dollar. Monetary assets and liabilities of the Company 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 enacted or 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, 2011 and 2010, 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 income or 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

4. ACCOUNTING CHANGES

Future Accounting Changes:

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. The Company is in the process of evaluating the requirements of the new standard, and expects to adopt the policy on November 1, 2011.

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. These sections are applicable for years beginning on or after January 1, 2011. The Company is in the process of evaluating the requirements of the new standard, and expects to adopt the policy on November 1, 2011.

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"). Accordingly, management is monitoring and analyzing pronouncements of the International Accounting Standards Board. Based on the analysis of information to date and due to the simplicity of the Company's accounting policies and computer systems and the size of its business, management does not expect any difficulty in completing all necessary changes in accordance with these new standards by the required changeover date.

5. MINERAL PROPERTY AND EXPLORATION AND DEVELOPMENT EXPENDITURES

The Company has a 100% interest in the HOAM Project located in the Mackenzie Region, Northwest Territories, Canada (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 signed an option agreement with Orosur Mining Inc. ("Orosur" or "OMI") (TSXV:OMI) for the Rivera Project to explore certain diamond prospecting and exploration licenses located in northern Uruguay, South America. Olivut is the operator. The Rivera Project is held by Cinco Rios S.A., a wholly owned subsidiary of OMI. The Company has the option to acquire a 51% interest in the Rivera Project by incurring minimum expenditures of \$250,000 by August 1, 2010 (\$285,527 was incurred by August 1, 2010) and a total of \$750,000 by June 30, 2012 (\$471,121 was incurred by October 31, 2011). Olivut's interest may be increased to 80% depending on OMI's participation in subsequent work programs.

On July 6, 2011 the Company announced that it had signed an option agreement with Latin American Minerals Inc. ("LAT") (TSXV:LAT) and certain of its Paraguayan subsidiaries to explore the Itapoty Diamond Project located in central Paraguay, South America. Olivut may earn a 50% interest in the Itapoty Diamond Project by incurring \$250,000 in expenses by July 5, 2012 (\$188,309 was incurred by October 31, 2011) and an additional \$750,000 by January 5, 2013. Olivut is the Operator.

During the year ended October 31, 2011, the Company incurred \$1,527,649 (2010 - \$572,941) on exploration and development expenditures. Cumulative exploration and development expenditures made by the Company as at October 31, 2011 total \$13,295,342 (at October 31, 2010 - \$11,767,693). This cumulative total represents \$12,635,912 spent on the HOAM Project (October 31, 2010 - \$11,450,752), \$471,121 spent on the Rivera Project (October 31, 2010 - \$316,941) and \$188,309 (October 31, 2010 - \$nil) spent on the Itapoty Project.

6. EQUIPMENT

October 31, 2011

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net</u>
	\$	\$	\$
Drill rig	91,288	9,129	82,159
Office equipment	11,951	9,899	2,052
Computer equipment	<u>17,316</u>	<u>16,612</u>	<u>704</u>
	<u>120,555</u>	<u>35,640</u>	<u>84,915</u>

October 31, 2010

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net</u>
	\$	\$	\$
Office equipment	11,951	9,386	2,565
Computer equipment	<u>17,316</u>	<u>16,310</u>	<u>1,006</u>
	<u>29,267</u>	<u>25,696</u>	<u>3,571</u>

7. LOAN RECEIVABLE

On May 25, 2007, the Company loaned \$250,000 to an unrelated corporation that is providing services to the Company. The loan bears 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, 2011, a total of \$106,500 (2010 - \$29,910) for exploration consulting expenditures, and \$9,600 (2010 - \$15,600) for administrative and general expenses (other than salary and benefits) 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, 2011 is \$Nil (October 31, 2010 - \$5,800) relating to the above transactions owing to directors and officers of the Company or persons or companies related to or controlled by them. Amounts owing to the related parties are unsecured, non-interest bearing with no fixed terms of repayment.

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.

See also 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 29% (2010 – 31%) are as follows:

	<u>2011</u> \$	<u>2010</u> \$
Loss before income taxes:	<u>(2,111,702)</u>	<u>(1,355,690)</u>
Expected income tax (benefit) based on statutory rates	(606,300)	(424,700)
Adjustments to benefit resulting from:		
Stock-based compensation	20,500	34,300
Effect of change in tax rates	78,300	432,700
Other	<u>(1,300)</u>	<u>(4,100)</u>
	(508,800)	38,200
Change in valuation allowance	<u>508,800</u>	<u>38,200</u>
Income tax expense (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>2011</u> \$	<u>2010</u> \$
Future income tax assets		
Non-capital losses	368,400	341,800
Equipment	6,600	4,200
Share issue costs	-	40,400
Exploration properties	<u>2,610,400</u>	<u>2,090,200</u>
Net future tax asset	2,985,400	2,476,600
Valuation allowance	<u>(2,985,400)</u>	<u>(2,476,600)</u>
	<u>-</u>	<u>-</u>

9. INCOME TAXES (Continued)

c) Tax Loss Carry-Forwards

As at October 31, 2011, the Company has approximately \$9,782,000 of Canadian Exploration Expenditures and \$659,000 of cumulative foreign resources expenses, which, under certain circumstances, may be utilized to reduce taxable income of future years. Also, as at October 31, 2011, the Company has approximately \$1,473,000 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	\$ 97,000
2014	79,000
2024	92,000
2025	173,000
2026	265,000
2027	293,000
2028	132,000
2029	122,000
2030	111,000
2031	109,000
	<u>\$1,473,000</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:

	<u>Common Shares</u> <u>#</u>	<u>Amount</u> <u>\$</u>
Balance, October 31, 2009, 2010 and 2011	<u>31,650,637</u>	<u>11,939,856</u>

c) Warrants

Changes in warrants and the balance of warrants outstanding are as follows:

	Shares Issuable Upon Exercise of Warrants #	Estimated Grant Date Fair Value \$	Weighted Average Exercise Price \$
Balance, October 31, 2010	2,300,000	2,369,000	2.00
Expired, May 14, 2011	(2,300,000)	(2,369,000)	(2.00)
Balance, October 31, 2011	<u>-</u>	<u>-</u>	<u>-</u>

10. CAPITAL STOCK (Continued)

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.

The following is a summary of stock options at October 31, 2011:

Expiry Date	Outstanding Stock Options #	Exercisable Stock Options #	Estimated Grant Date Fair Value \$	Exercise Price \$
January 17, 2012	2,075,000	2,075,000	1,577,000	1.000
April 13, 2012	75,000	75,000	54,750	1.150
January 18, 2013	125,000	125,000	80,000	0.850
December 9, 2014	640,000	640,000	89,600	0.165
April 19, 2015	35,000	35,000	9,101	0.300
March 10, 2016 (i)	50,000	16,667	73,500	1.700
Total, October 31, 2011	3,000,000	2,966,667	1,883,951	0.823

- (i) The 33,333 unvested options as at October 31, 2011 vest 16,667 on March 10, 2012 and 16,666 on September 10, 2012.

The following is a summary of stock option transactions during the year ended October 31, 2011:

	Stock options #	Weighted average exercise price \$
Outstanding October 31, 2009	2,305,000	0.993
Granted	675,000	0.172
Expired	(30,000)	0.740
Outstanding, October 31, 2010	2,950,000	0.808
Granted	50,000	1.700
Outstanding October 31, 2011	3,000,000	0.823

The weighted average remaining contractual life of options as of October 31, 2011 is 0.98 years (October 31, 2010 – 1.93 years). The weighted average exercise price of options exercisable as at October 31, 2011 is \$0.81 (October 31, 2010 - \$0.92).

10. CAPITAL STOCK (Continued)

d) Stock options (Continued)

The fair values attributed to the options when granted are charged to administrative and general expenses and included in contributed surplus over the period the options vest. An amount of \$71,232 was charged to administrative and general expenses during the year ended October 31, 2011 (2010 - \$109,589). The fair values of stock options granted during the years ended October 31, 2011 and 2010 have been estimated at the date of the grant using the Black-Scholes option pricing model with the following assumptions:

	<u>2011</u>	<u>2010</u>
Expected dividend yield	0%	0%
Risk-free interest rate	2.68%	2.5% - 3.1%
Expected volatility	130%	133% - 135%
Expected life	5 years	5 years

e) Contributed Surplus

A summary of changes in contributed surplus during the year ended October 31, 2011 is as follows:

	<u>Amount</u> <u>\$</u>
Balance, October 31, 2009	2,041,893
Employee stock based compensation	83,195
Non-employee stock based compensation	<u>26,394</u>
Balance, October 31, 2010	2,151,482
Grant date value attributed to warrants expired unexercised	2,369,000
Employee stock based compensation	13,829
Non-employee stock based compensation	<u>57,403</u>
Balance, October 31, 2011	<u><u>4,591,714</u></u>

11. COMMITMENTS AND CONTINGENCIES

a) Environmental Contingencies

The Company's exploration activities are subject to various federal, provincial and international laws and regulations governing the protection of the environment. These laws and regulations are continually changing and generally becoming more restrictive. The Company has made, and expects to make in the future, expenditures to comply with such laws and regulations.

b) Management Contracts

The Company is party to a management contract. Minimum contract commitments remaining under the agreement are 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.

11. COMMITMENTS AND CONTINGENCIES (Continued)

c) Operating Lease

The Company is committed to an operating lease for equipment rental, which expires on May 2, 2014. Minimum lease payments for successive fiscal years ending October 31 are as follows:

<u>Year</u>	<u>\$ Amount</u>
2012	2,880
2013	2,880
2014	<u>1,440</u>
	<u>7,200</u>

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, 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 and if reasonably available. 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, 2011 and 2010. 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. 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.

13. FINANCIAL RISK FACTORS (Continued)

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, 2011, the Company had a cash and cash equivalents balance of \$1,079,727 (October 31, 2010 - \$3,227,058) to settle current liabilities of \$302,953 (October 31, 2010 - \$297,883). 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 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 meet its ongoing general and administrative costs until the fiscal year end October 31, 2012 and will be soliciting additional financing during the next year to enable the Company to continue exploration on its projects and to consider new opportunities. Management carefully monitors its cash balances and may postpone material exploration expenses so as to protect the Company's working capital if equity markets do not permit additional financing.

Market risk

a) Interest rate risk

The Company has cash and cash equivalents balances and no interest bearing debt at October 31, 2011. The Company's current policy is to invest cash in investment-grade short-term guaranteed investment certificates issued by its banking institution. The Company periodically monitors the investments it makes and is satisfied with the credit rating of its banks. The Company considers interest rate risk to be minimal as investments are short-term, the Company does not carry interest-bearing debt, the loan receivable is at a fixed interest rate and it is expected that future financings, if any, would be secured from equity placements rather than debt obligations.

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 acts as operator of exploration programs in Uruguay and Paraguay. At October 31, 2011 the Company has spent \$471,121 on the Rivera Project in Uruguay and has the option to spend an additional \$278,879 by December 31, 2011, all in Canadian dollars. At October 31, 2011 the Company has spent \$188,309 on the Itapoty Project in Paraguay and has the option to spend an additional \$811,691 by January 5, 2013, all in Canadian dollars.

Management believes that the Company will not be subject to any material foreign currency risk related to these options.

c) Price risk

The Company is exposed to price risk with respect to commodity prices. Although the Company has no influence on commodity prices, it closely monitors commodity prices to determine appropriate courses of action.

13. FINANCIAL RISK FACTORS (Continued)

Fair Value

The fair value hierarchy consists of the following: (a) quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1); (b) inputs other than quoted market prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e. as derived from prices) (Level 2); and (c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

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.

The Company's financial instruments that are carried at fair value consist of cash equivalents that do not have quoted market prices. They have been classified as level 2 within the fair value hierarchy. At October 31, 2011, there are no cash equivalents.

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, if any, would be secured from equity placements rather than debt obligations. Based on cash and cash equivalents held by the Company as at October 31, 2011, a 1% increase or decrease in the interest rate would generate a respective increase or decrease in interest income of approximately \$10,000.

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.

There were no changes in the year ended October 31, 2011 that occurred that were attributed to financial risk.



SCHEDULE B

MANAGEMENT'S DISCUSSION AND ANALYSIS

OCTOBER 31, 2011



OLIVUT RESOURCES LTD.

MANAGEMENT'S DISCUSSION AND ANALYSIS

OCTOBER 31, 2011



OLIVUT RESOURCES LTD.

MANAGEMENT'S DISCUSSION and ANALYSIS OCTOBER 31, 2011

The effective date of this report is December 9, 2011.

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" or "Olivut") 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, delays in obtaining governmental approvals and 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, 2011 with those in the comparative period in 2010. 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.

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 three projects:

- A 100% interest in the HOAM Project located in the Mackenzie Region, Northwest Territories, Canada (the "HOAM Project").
- In May 2009 the Company signed an option agreement with Orosur Mining Inc. ("Orosur" or "OMI") (TSXV:OMI) whereby Olivut may earn a 51% interest in certain diamond prospecting and exploration licenses (the "Rivera Project") located in northern Uruguay, South America. Olivut's interest may be increased to 80% depending on OMI's participation in subsequent work programs. Olivut is the operator.
- On July 6, 2011 the Company announced that it had signed an option agreement with Latin American Minerals Inc. ("LAT") (TSXV:LAT) and certain of its Paraguayan subsidiaries to explore the Itapoty Diamond Project located in central Paraguay, South America. Olivut may earn a 50% interest in the Itapoty Diamond Project. Olivut is the operator.

2011 exploration program highlights for these projects include:

HOAM Project, NWT

- three new kimberlite discoveries from four targets drilled
- detailed airborne magnetic survey completed during summer months
- numerous additional priority drill targets identified

Itapoty Diamond Project, Paraguay

- 22 macro diamonds recovered from 14 stream sediment samples
- detailed magnetic survey underway

Rivera Project, Uruguay

- 6 month extension granted for Phase 1 exploration earn-in expenditure
- ground magnetometer survey in progress to prioritize drill targets

Further detail is provided under “*Mineral Property and Exploration and Development Activities*”.

Selected Annual Information

	Year Ended October 31		
	2011 \$	2010 \$	2009 \$
Total revenue	50,188	49,929	160,902
Net (loss)	(2,111,702)	(1,355,690)	(2,044,279)
Basic and diluted net loss per share	(0.07)	(0.04)	(0.06)
Total assets	1,468,146	3,503,546	4,635,011

Summary of Quarterly Results

	2011 4 th Quarter	2011 3 rd Quarter	2011 2 nd Quarter	2011 1 st Quarter
Total revenues	\$10,313	\$12,185	\$12,962	\$14,728
Net (loss)	\$(391,076)	\$(940,671)	\$(342,416)	\$(437,539)
Basic and diluted net loss per share	\$(0.02)	\$(0.03)	\$(0.01)	\$(0.01)

	2010 4 th Quarter	2010 3 rd Quarter	2010 2 nd Quarter	2010 1 st Quarter
Total revenues	\$14,835	\$12,127	\$11,151	\$11,816
Net (loss)	\$(432,301)	\$(220,745)	\$(429,241)	\$(273,403)
Basic and diluted net (loss) per share	\$(0.01)	\$(0.01)	\$(0.01)	\$(0.01)

Results of Operations

Three months and the year ended October 31, 2011 compared to three months and the year ended October 31, 2010

The Company's net loss for the three months and the year ended October 31, 2011 was \$391,076 and \$2,111,702 respectively (2010 - \$432,301 and \$1,355,690 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, 2011 amounted to \$10,313 and \$50,188 respectively (2010 - \$14,835 and \$49,929 respectively). Interest income is substantially consistent with the prior periods.

During the three months ended October 31, 2011 administrative and general expenses totaled \$142,218 compared to \$340,470 in the three months ended October 31, 2010. The decrease in expenses quarter over quarter was primarily due to the president declining her bonus of \$110,000 otherwise earned for the year ended October 31, 2011, a decrease of property evaluation expenses of approximately \$50,000 as well as a decrease in office and general costs.

During the year ended October 31, 2011 administrative and general expenses totaled \$624,297 compared to \$831,606 in the year ended October 31, 2010. The decline year-over-year was due largely to the president declining her bonus of \$110,000 otherwise earned for the year ended October 31, 2011, a decrease of property evaluation expenses of approximately \$35,000 and a reduction in non-cash stock-based compensation expense of \$38,357.

Exploration expenses for the three months and year ended October 31, 2011 were \$254,402 and \$1,527,649 respectively (2010 - \$106,398 and \$572,941 respectively). The change in exploration expenses period over period is explained below under "*Mineral Property and Exploration and Development Activities*".

Mineral Property and Exploration and Development Activities

The HOAM Project

The Company has a 100% interest in the HOAM project located in the Mackenzie Region, Northwest Territories (the "HOAM Project"), Canada. 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. The Company has been very successful in identifying kimberlite occurrences in this previously unexplored area of the NWT. Twenty-six kimberlite discoveries (including three in 2011) have been made to date. Although some of these discoveries are microdiamond bearing, the sources of the extremely positive, yet discrete, kimberlite indicator mineral ("KIM") populations (including G10 garnets), recovered from stream sediment and till samples collected throughout this large project area, remain to be found.

An evaluation of regional geophysical data conducted by an independent expert in 2011, resulted in numerous additional moderate to high priority targets being delineated. The objective of this evaluation was to identify potential new areas of kimberlite occurrences that may have been overlooked by initial assessments. As a result of the evaluation, the 2011 exploration season included 7,596 line kilometres of detailed geophysical surveys, geochemical sampling over certain areas and limited drilling. Numerous new drill targets were defined by the airborne survey work. Additional detailed airborne is justified and plans will be undertaken to conduct a program as financing and weather permit. A light weight drill was utilized to drill five shallow holes. Kimberlite was intersected in three of the five holes drilled into four previously untested targets with varied magnetic signatures. Analysis is ongoing to further evaluate many of the high priority target areas in order to provide additional information for prioritization of anomalies for drilling in 2012. Actual exploration costs for the year ended October 31, 2011 on the HOAM Project are \$1,185,160, or \$917,260 more than the \$267,900 spent in the year ended October 31, 2010.

The Rivera Project

In May 2009, the Company signed an option agreement with Orosur Mining Inc. (“Orosur” or “OMI”) (TSXV:OMI) whereby Olivut is operator for the Rivera Project located in northern Uruguay, South America. The Rivera Project is held by Cinco Rios S.A., a wholly owned subsidiary of OMI. The Company has the option to acquire a 51% interest in the Rivera Project by incurring minimum expenditures of \$250,000 by August 1, 2010 (\$285,527 was incurred by August 1, 2010) and a total of \$750,000 by June 30, 2012 (\$471,121 was incurred by October 31, 2011).

Olivut’s interest may be increased to 80% depending on OMI’s participation in subsequent work programs. The joint venture earn-in structure was established in order for Olivut to evaluate the potential for kimberlites in this relatively unexplored region without exposing shareholders to high front-end costs.

Based on the initial Phase 1 exploration results, a soil geochemical program was completed over 23 magnetic and geomorphological anomalies. A total of 92 samples were submitted for enzyme leach analysis. A detailed ground magnetic survey is in progress over 17 aeromagnetic and geomorphological targets. These survey results together with recently received soil geochemistry data will be used to prioritize targets for further assessment. Land owner agreements have been finalized to allow drilling to commence once prioritization is complete.

The coincidence of abundant kimberlite indicator minerals, including one micro and one macro diamond and anomalous soil geochemistry in a structural corridor is considered to be encouraging and supports the possibility that kimberlite exists in the project area. No verifiable kimberlites have been discovered to date in the project area which is located on the stable Rio de la Plata craton. This craton is consistent with cratonic regions in southern Africa within which diamondiferous kimberlites are present.

The Itapoty Diamond Project

As described above under the heading “Description of Business”, on July 6, 2011 the Company announced that it had signed an option agreement with Latin American Minerals Inc. (“LAT”) (TSXV:LAT) to explore the Itapoty Diamond Project located in central Paraguay, South America.

This new opportunity complements Olivut’s existing portfolio of diamond exploration properties in Canada and Uruguay, South America. The southern hemisphere location provides a complementary work season to that of the HOAM summer program in Canada. Paraguay’s mineral resources remain largely underexplored.

A sampling program was undertaken in July, 2011. Sixty-five samples were taken with the majority from heavy mineral trap sites in streams. Fourteen stream sediment samples yielded 22 diamonds ranging in size from 0.5mm to 2.4mm. The largest stone weighs 0.07 carats. The majority of the stones are octahedrons, tetrahexahedrons and fragments and are predominantly colourless, transparent and inclusion free. The sampling was conducted over a previously recognized trend of recovered diamonds. Samples were treated in LAT’s laboratory in Paraguay and the results were confirmed by Olivut’s Sr. Technical Advisor, Dr. Malcolm McCallum.

In late September 2011, a detailed ground magnetic survey commenced and is expected to continue for several weeks into December 2011. Additional surveying will be considered upon completion and analysis of this initial survey. A stream sediment/colluvium sampling program will be conducted to constrain the potential source area(s) of the results of the 2011 program and the 37 macro diamonds (1-2mm) and kimberlite indicator minerals recovered from previous LAT sampling programs. The diamond distribution suggests multiple local sources and surface features of most of the diamonds indicate a proximal source. The regional and local structural setting is considered to be favourable for kimberlite pipe emplacement. A drill program will be planned for the first quarter in 2012 to test targets defined by the geophysical and sampling programs.

Olivut has the option to earn 50% of the Itapoty Diamond Project by expending CDN\$250,000 by July 5, 2012 (\$189,309 was incurred by October 31, 2011) and an additional CDN\$750,000 by January 5, 2013. Olivut is the operator of the project.

During the three months and year ended October 31, 2011, the Company incurred \$254,402 and \$1,527,649 respectively (2010 - \$106,398 and \$572,941 respectively) on exploration and development expenditures. The principal expenditures year-to-date were for airborne geophysical survey and related costs \$480,941 (2010 - \$70,051) and diamond drilling related costs \$621,244 (2010 - \$134,123) on the HOAM project. Cumulative exploration and development expenditures made by the Company as at October 31, 2011 total \$13,295,342 (at October 31, 2010 - \$11,767,693). This cumulative total represents \$12,635,912 spent on the HOAM Project (October 31, 2010 - \$11,450,752), \$471,121 spent on the Rivera Project (October 31, 2010 - \$316,941) and \$188,309 (October 31, 2010 - \$nil) spent on the Itapoty Project.

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, 2011, the Company had a cash and cash equivalents balance of \$1,079,727 (October 31, 2010 - \$3,227,058) to settle current liabilities of \$302,953 (October 31, 2010 - \$297,883) and working capital of \$849,863 (October 31, 2010 - \$2,971,351).

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 three months and year ended October 31, 2011, cash used by operating activities was \$736,323 and \$2,056,369 respectively, an increase of \$540,773 and \$930,029 respectively compared to the cash used in the three months and year ended October 31, 2010. The increase year-to-date primarily reflects increased spending on exploration activities.

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 meet its ongoing general and administrative costs until the fiscal year end October 31, 2012, and will be soliciting additional financing during the next year to enable the Company to continue exploration on its projects and to consider new opportunities. Management carefully monitors its cash balances and may postpone material exploration expenses so as to protect the Company's working capital if equity markets do not permit additional financing. As at October 31, 2011, 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 three months and year ended October 31, 2011 a total of \$15,000 and \$106,500 respectively (2010 - \$5,000 and \$29,910 respectively) for exploration consulting expenditures, and \$2,400 and \$9,600 respectively (2010 - \$2,400 and \$15,600 respectively) for administrative and general expenses (other than salary and benefits) 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, 2011 is \$Nil (October 31, 2010 - \$5,800) 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 policies are disclosed in full in Note 3 of the audited financial statements for the year ended October 31, 2011.

Future Accounting Changes

International Financial Reporting Standards ("IFRS")

In February 2008, the Canadian Accounting Standards Board ("AcSB") confirmed January 1, 2011, as the date International Financial Reporting Standards ("IFRS") will replace current Canadian generally accepted accounting principles ("GAAP") for publicly accountable enterprises. 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 will also be required to provide comparative financial information prepared under IFRS beginning November 1, 2010 (the "Transition Date"). As a result, the Company will report under IFRS starting with the interim period ending January 31, 2012, with restatement for comparative purposes of amounts reported under GAAP.

IFRS Project Update

The Company's IFRS conversion plan consists of three phases: Scoping and Diagnostic; Detailed Evaluation; and Implementation and Review. The Scoping and Diagnostic phase included the completion of a high-level impact assessment to identify key areas that may be affected by the conversion and the development of a detailed implementation plan. The Detailed Evaluation phase included a detailed analysis of the IFRS GAAP differences and accounting policy choices under IFRS, and the initial assessment of the nonfinancial reporting related impacts. The Scoping phase has been completed.

The Diagnostic and Detailed Evaluation and Implementation and Review phases are in progress and will be completed in the first quarter of 2012.

Based on the work completed to date, the transition to IFRS did not result in significant impacts to the Company's business activities or its covenants, capital requirements or compensation arrangements. The transition did not result in significant changes to key controls during or after the transition to IFRS. Changes to financial reporting processes and data systems were required as a result of changes in accounting policies, and internal control and disclosure control documentation is being updated accordingly. The initial training of finance personnel is ongoing.

The International Accounting Standards Board responsible for the development and publication of IFRS has a significant number of projects underway, many of which could impact the differences between GAAP and IFRS applicable to the Company. Changes in IFRS could result in additional adjustments and/or changes to the adjustments currently being recognized in the IFRS opening balance sheet. Accordingly, the Company continues to monitor and evaluate changes in IFRS, and to update the conversion plan as required.

The Company has identified several areas where potential differences between GAAP and IFRS could result in changes to the amounts reported by the Company in its financial statements. While the quantification of these potential changes has not yet been finalized, the areas where the changes are most anticipated include:

a) *Asset Retirement Obligations*

Under IFRS, a liability must be recognized at the time when the entity becomes legally or constructively obliged to rehabilitate a disturbance resulting from mining activities, while under GAAP, a liability is only recognized when the entity is legally bound. Discount rates used should reflect the risks specific to the decommissioning provision. Unlike IFRS, under GAAP discount rates for asset retirement obligations are based on the entity's credit-adjusted risk-free rate. IFRS requires re-measurement of the liability at each reporting date whereas GAAP requires re-measurement of the liability in the event of changes in the amount or timing of cash flows required to settle the obligation. Over and above this, IAS 37, *Provisions, Contingent Liabilities and Contingent Assets*, requires the re-measurement of the provision for reclamation and rehabilitation if there is a change in the current market-based discount rate. However under the Canadian Institute of Chartered Accountants ("CICA") Handbook Section 3110 *Asset Retirement Obligations*, the provision for reclamation and rehabilitation is not adjusted for changes in the discount rate. To date the Company's exploration activities have not resulted in any disturbance requiring rehabilitation and no asset retirement obligations have been recorded.

b) *Property, Plant and Equipment*

The IFRS Interpretation Committee ("IFRIC") Interpretation 1, *Changes in Decommissioning, Restoration and Similar Liabilities*, contains guidance on accounting for changes in decommissioning, restoration and similar liabilities due to timing in the revision of estimated outflows and revisions to the risk-free discount rate. Where changes occur, these changes are required to be capitalized as part of the cost of the underlying assets and depreciated prospectively over the remaining life of the asset to which they relate.

IFRS requires identifying and measuring the cost of significant individual components of assets which have different useful lives than the core asset. Significant components are then separately depreciated based on their individual useful lives.

The Company does not expect to record an adjustment to the opening IFRS balance sheet at November 1, 2010 for property, plant and equipment.

c) *Share-based Payments*

While there is convergence between IFRS and GAAP in that share-based payments are recognized as an expense, there are a number of measurement differences. Under GAAP, the Company records forfeitures on unvested stock options as they occur. Unlike GAAP, IFRS requires that the rate of forfeiture be estimated every reporting period and an adjustment be made to stock based compensation expense. GAAP also allows the vesting of employee stock options to be recognized to operations on a straight-line basis whereas IFRS requires the use of a graded vesting model.

The Company estimated a 0% forfeiture rate and, as a result, no adjustments were recognized. The Company does not expect to record an adjustment to the opening IFRS balance sheet at November 1, 2010 for share-based payments.

d) *Income Taxes*

IFRS requires a deferred tax asset or liability to be recognized for exchange gains and losses related to nonmonetary assets and liabilities that are re-measured into the functional currency using the historical exchange rates. Under GAAP, a deferred tax asset or liability is not recognized for a temporary difference arising from the difference between the historical exchange rate and the current exchange rate translations of the cost of non-monetary assets and liabilities of integrated foreign operations.

Furthermore, GAAP requires that the current and long-term portions of future income tax assets, and future income tax liabilities, be shown separately on the financial statements, whereas IFRS does not.

In particular, IFRS does not provide guidance for the treatment of flow-through shares, which is covered by GAAP under CICA Handbook Section 3465 and the Emerging Issues Committee Abstract 46. In the absence of such guidance, IFRS 8.10 allows an entity to develop an acceptable accounting policy, through use of judgment, which results in information that is relevant and reliable to financial statement users. IFRS further allows management to consider the most recent pronouncements of other standard-setting bodies that use a similar conceptual framework. Accordingly, the Company has considered US Securities Exchange Commission published guidance on accounting for flow-through shares under FAS 109 whereby the proceeds from the offering would be allocated between the flow-through shares issued in a given transaction and the sale of the tax benefits of those shares. The Company expects to record an adjustment to the opening IFRS balance sheet at November 1, 2010 related to the renunciation of flow-through dollars spent and the tax benefits that flow to shareholders who participated in the flow-through share program prior to the Transition Date. Updated information will be disclosed in the MD&A in future quarters as it becomes available.

e) *Exploration Expenditures*

IFRS 6 applies to exploration and evaluation expenditures incurred by an entity in connection with the exploration and evaluation of mineral resources. An entity may choose to defer on the balance sheet nearly all exploration and evaluation expenditures or as in the Company's case, recognize all such expenditures in operations as incurred. IFRS currently allows an entity to retain its existing accounting policies related to the exploration and evaluation of mineral properties, subject to some restrictions.

The Company does not expect to record an adjustment to the opening IFRS balance sheet at November 1, 2010 for exploration expenditures.

f) *First-Time Adoption of IFRS*

IFRS 1 provides the framework for the first-time adoption of IFRS and specifies that, in general, an entity shall apply the principles under IFRS retrospectively. Certain optional exemptions and mandatory exceptions to retrospective application are provided for under IFRS 1. Prior to reporting the first IFRS compliant financial statements for the quarter ending January 31, 2012, the Company may decide to apply certain exemptions contained in IFRS 1.

IFRS 1 encourages, but does not require a first time adopter to apply IFRS 2 – Share-based Payment ("IFRS 2") to equity instruments that were granted on or before November 7, 2002, or were granted after November 7, 2002 but vested before the Company's IFRS Transition Date. Accordingly, an entity may elect not to retrospectively apply IFRS 2 to these equity instruments. The Company expects not to retrospectively apply IFRS 2 to these equity instruments.

The remaining optional exemptions are not expected to be significant to the Company's adoption of IFRS.

Based on the analysis of information to date and due to the simplicity of the Company's accounting policies and computer systems and the size of its business, management does not expect any difficulty in completing all necessary changes in accordance with these new standards by the required Changeover Date.

Outstanding Share Data

As of December 9, 2011, an unlimited number of common shares with no par value are authorized of which 31,650,637 shares are issued and outstanding.

All previously outstanding warrants expired unexercised on May 14, 2011.

Under the terms of the Company's Stock Option Plan, as at December 9, 2011 a total of 3,000,000 options to purchase common shares at exercise prices ranging from \$0.165 to \$1.70 per common share and expiring between January 17, 2012 and March 10, 2016 are outstanding.

Commitments and Contingencies

Environmental Contingencies

The Company's exploration activities are subject to various federal, provincial and international laws and regulations governing the protection of the environment. These laws and regulations are continually changing and generally becoming more restrictive. The Company 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.

Management Contracts

The Company is party to a management contract. Minimum contract commitments remaining under the agreement are approximately \$660,000, including \$220,000 due within one year. Upon the occurrence of certain events such as a change of 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 the financial statements for the year ended October 31, 2011.

Operating Lease

The Company is committed to an operating lease for equipment rental, which expires on May 2, 2014. Minimum lease payments for successive fiscal years ending October 31 are as follows:

<u>Year</u>	<u>\$ Amount</u>
2012	2,880
2013	2,880
2014	<u>1,440</u>
	<u>7,200</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, 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 and if reasonably available. 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, 2011 and 2010. 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. The loan receivable is described in Note 6 to the financial statements for the year ended October 31, 2011 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 and even the risk of the Company continuing as a going concern.

Market Risk

a) Interest Rate Risk

The Company has cash and cash equivalent balances and no interest bearing debt at October 31, 2011. The Company's current policy is to invest cash in investment-grade short-term guaranteed investment certificates issued by its banking institution. The Company periodically monitors the investments it makes and is satisfied with the credit rating of its banks. 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, if any, would be secured from equity placements rather than debt obligations.

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 Activities", the Company acts as operator of exploration programs in Uruguay and Paraguay. At October 31, 2011 the Company has spent \$471,121 on the Rivera Project in Uruguay and has the option to spend an additional \$278,879 by June 30, 2012, all in Canadian dollars. At October 31, 2011 the Company has spent \$188,309 on the Itapoty Diamond Project in Paraguay and has the option to spend an additional \$811,691 by January 5, 2013, all in Canadian dollars. Management believes that the Company will not be subject to any material foreign currency risk related to these options.

c) Price Risk

The Company is exposed to price risk with respect to commodity prices. Although the Company has no influence on commodity prices, it closely monitors commodity prices to determine appropriate courses of action.

Fair Value

The fair value hierarchy consists of the following: (a) quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1); (b) inputs other than quoted market prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e. as derived from prices) (Level 2); and (c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

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.

The Company's financial instruments that are carried at fair value consist of cash equivalents that do not have quoted market prices. They have been classified as level 2 within the fair value hierarchy. At October 31, 2011, there are no cash equivalents.

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, if any, would be secured from equity placements rather than debt obligations. Based on cash and cash equivalents held by the Company as at October 31, 2011, a 1% increase or decrease in the interest rate would generate a respective increase or decrease in interest income of approximately \$10,000.

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.

There were no changes in the year ended October 31, 2011 that occurred that were attributed to financial risk.

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 the underlying exploration properties, the discovery of economically recoverable reserves, the achievement of profitable operations and the ability of the Company to raise financing, if necessary and/or available, 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 or its potential joint venture partners' ("Optionors") 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 or its Optionors hold 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 or its Optionors will be able to maintain or obtain all necessary licenses and permits that may be required to explore and develop the properties under exploration, commence construction or operation of mining facilities or to maintain continued operations.



SCHEDULE "C"

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

AMENDED AND RESTATED SHARE OPTION PLAN

December 9, 2011



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

AMENDED AND RESTATED SHARE OPTION PLAN

December 9, 2011

**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) **Independent** has the meaning assigned by Policy 3.1 of the TSX Venture Policies;
- (r) **Insider** means an insider as defined in the TSX Venture Policies or as defined in securities legislation applicable to the Company;
- (s) **Investor Relations Activities** has the meaning assigned by Policy 1.1 of the TSX Venture Policies;
- (t) **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;
- (u) **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;
- (v) **NEX Issuer** means a company listed on the NEX;
- (w) **NEX Policies** means the rules and policies of the NEX as amended from time to time;
- (x) **Officer** means a Board appointed officer of the Company;
- (y) **Option** means the right to purchase Common Shares granted hereunder to a Service Provider;
- (z) **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;
- (aa) **Optioned Shares** means Common Shares that may be issued at any time and from time to time to a Service Provider upon the exercise of an Option;
- (bb) **Optionee** means the recipient of an Option hereunder;
- (cc) **Outstanding Shares** means at the relevant time, the number of issued and outstanding Common Shares of the Company from time to time;

- (dd) **Participant** means a Service Provider that becomes an Optionee;
- (ee) **Person** includes a company, any unincorporated entity, or an individual;
- (ff) **Plan** means this amended and restated share option plan, the terms of which are set out herein or as may be amended;
- (gg) **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;
- (hh) **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;
- (ii) **Securities Act** means the Securities Act, R.S.B.C. 1996, c. 418, or any successor legislation;
- (jj) **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;
- (kk) **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;
- (ll) **Shareholder Approval** means approval by a majority of the votes cast by eligible shareholders of the Company at a duly constituted shareholders' meeting;
- (mm) **TSX Venture** means the TSX Venture Exchange and any successor thereto; and
- (nn) **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. Directors who are not Employees will only be granted Options by or on the recommendation of a committee of Directors who are Independent as provided in §2.7(d) 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 §2.8, 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;
- (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 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, such committees to be comprised of Directors who are Independent 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) 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.

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 most recent closing price on the TSX Venture Exchange as long as the price is not lower than the minimum price permitted by the TSX Venture.

3.2 Term of Option

An Option can be exercisable for a maximum of 10 years from the Effective Date.

3.3 Option Amendment

Subject to §2.8(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 §3.5, vesting of Options shall be in accordance with Schedule B attached hereto or otherwise, at the discretion of the Board, except that the Board may not waive vesting periods of

any awards or accelerate Options except in the case of death, disability, retirement or Change of Control 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 §3.4, 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) 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; and
- (c) 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 §3.8;
- (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 §3.8, 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 §3.8, 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

- (a) An Optionee who wishes to exercise his or her Option may do so by delivering:
 - (i) a written notice to the Company specifying the number of Optioned Shares being acquired pursuant to the Option; and
 - (ii) a certified cheque, wire transfer or bank draft payable to the Company for the aggregate Exercise Price by the Optioned Shares being acquired.
- (b) For any Options granted to an Optionee, the Company shall at its option and in its sole discretion have the authority to take reasonable steps for the deduction and withholding, or for the advance payment or reimbursement by the Optionee to the Company, of any amounts which the Company is required by law or regulation of any governmental authority whatsoever to withhold and/or remit in connection with this Plan, an Option Commitment, any grant or exercise of an Option, or any issuance or delivery of Optioned Shares. Without limiting the generality of the foregoing, the Company may:
 - (i) deduct and withhold additional amounts from other amounts owing or payable to an Optionee, whether or not such amount is related to the Plan or any Option Commitment;
 - (ii) require, as a condition of the issuance of the Optioned Shares to a Optionee that the Optionee make a cash payment to the Company equal to the amount required to be withheld and remitted by the Company for the account of the Optionee to the appropriate governmental authority. The Company may withhold the issuance or delivery of Optioned Shares until the Optionee makes such payment to the Company for an amount in the Company's opinion that would satisfy any and all such withholding amounts;

- (iii) sell or cause a broker to sell on behalf of the Optionee, all or any portion of Optioned Shares otherwise deliverable to the Optionee upon exercise of an Option in such manner, in such amounts and at such prices as the Company shall determine in its sole discretion, until the net proceeds of sale equal the amount which in the Company's opinion would satisfy any and all withholding obligations and other source deductions for the account of the Optionee, and shall remit such amount to the appropriate governmental authorities; and
- (iv) make any other arrangements that are acceptable to the Company to satisfy any and all withholding obligations and other source deductions for the account of the Optionee to the appropriate governmental authority.

Optioned Shares of an Optionee that are sold by the Company, or by a broker engaged by the Company under Section 4.2(b)(iii) will be sold on the TSX Venture (or NEX, if applicable). The Optionee consents to such sale and grants to the Company an irrevocable power of attorney to effect the sale of such Optioned Shares on his or her behalf and acknowledges and agrees that (i) the number of Optioned Shares sold shall be sufficient to fund the Company's withholding obligations net of all selling costs, which costs are the responsibility of the Optionee and which the Optionee hereby authorizes to be deducted from the proceeds of such sale; (ii) in effecting the sale of any such Optioned Shares, the Company or the broker will exercise its sole judgement as to the timing and the manner of sale and will not be obligated to seek or obtain a minimum price; (iii) neither the Company nor the broker will be liable for any loss arising out of any sale of such Optioned Shares including any loss relating to the manner or timing of such sales, the prices at which the Optioned Shares are sold, any delay in transferring any Optioned Shares to an Optionee or otherwise. The Optionee further acknowledges that the sale price of such Optioned Shares sold on behalf of the Optionee will fluctuate with the market price of the Common Shares and no assurance can be given that any particular price will be received upon any such sale.

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 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

Reference is made to the amended and restated Share Option Plan, dated December 9, 2011, as may be amended from time to time (the "**Plan**") of Olivut Resources Ltd. (the "**Company**"). Capitalized terms used herein that are not otherwise defined have the meanings given to them in the Plan.

Notice is hereby given that, effective this _____ day of _____, _____ (the "**Effective Date**") 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].

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 and any other amount payable by an Optionee under section 4.2 of the Plan, if applicable. The Optionee acknowledges that if, in connection with the exercise of an Option, the Company is required to deduct or withhold any amount by reason of any required source deductions which the Company is required by law or regulation of any governmental authority whatsoever to remit in connection with the Plan, an Option Commitment, a grant or exercise of an Option or any issuance or delivery of Optioned Shares, the Company may implement any or all of the procedures enumerated in section 4.2 of the Plan to ensure that the withholding and deduction obligations are met. The operation of the Plan and the issuance and exercise of all Options and Optioned Shares contemplated by the Plan is subject to all applicable laws, and all rules and requirements of the TSX Venture (or NEX, if applicable). The Optionee agrees to fully cooperate with the Company in doing all such things, including executing and delivering all such agreements, undertakings or other documents or furnishing all such information as is reasonable necessary to assist the Company in complying with such laws, rules and requirements. A certificate for the Optioned Shares so acquired will be issued by the transfer agent as soon as practicable thereafter.

[INSERT LANGUAGE FOR HOLD PERIOD AND LEGEND IF REQUIRED]

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 3.5 of the Plan.

