

TOREX GOLD RESOURCES INC.

MANAGEMENT INFORMATION CIRCULAR

Solicitation of Proxies

This management information circular is furnished in connection with the solicitation of proxies by management and the directors of Torex Gold Resources Inc. (the "Company") for use at the annual and special meeting of shareholders (the "Meeting") of the Company to be held at the time and place and for the purposes set forth in the accompanying Notice of Meeting. References in this management information circular to the Meeting include any adjournment(s) thereof. It is expected that the solicitation will be primarily by mail, however, proxies may also be solicited personally by the directors and by regular employees of the Company. The cost of solicitation will be borne by the Company.

The board of directors (the "**Board**") of the Company has fixed the close of business on March 25, 2011 as the record date, being the date for the determination of the registered holders of securities entitled to receive notice of and to vote at the Meeting. Duly completed and executed proxies must be received by the Company's transfer agent, Computershare Trust Company of Canada, at the address indicated on the enclosed envelope no later than 5:00 p.m. (Toronto time) on April 25, 2011, or no later than 48 hours (excluding Saturdays, Sundays and holidays) before the time of any adjourned Meeting.

Unless otherwise stated, the information contained in this management information circular is as of March 30, 2011. **In this management information circular, all dollar amounts referenced, unless otherwise indicated, are expressed in Canadian dollars.**

Appointment and Revocation of Proxies

The persons named in the enclosed form of proxy are officers and/or directors of the Company. **A shareholder desiring to appoint some other person, who need not be a shareholder, to represent him at the Meeting, may do so by inserting such person's name in the blank space provided in the enclosed form of proxy or by completing another proper form of proxy and, in either case, depositing the completed and executed proxy at the office of the Company's transfer agent, Computershare Trust Company of Canada, indicated on the enclosed envelope no later than 5:00 p.m. (Toronto time) on April 25, 2011, or no later than 48 hours (excluding Saturdays, Sundays and holidays) before the time of any adjourned Meeting.**

A shareholder forwarding the enclosed proxy may indicate the manner in which the appointee is to vote with respect to any specific item by checking the appropriate space. If the shareholder giving the proxy wishes to confer discretionary authority with respect to any item of business, then the space opposite the item is to be left blank. The shares represented by the proxy submitted by a shareholder will be voted in accordance with the directions, if any, given in the proxy.

A proxy given pursuant to this solicitation may be revoked by an instrument in writing executed by a shareholder or by a shareholder's attorney authorized in writing (or, if the shareholder is a corporation, by a duly authorized officer or attorney) and deposited either at the head office of the Company (Torex Gold Resources Inc., 145 King Street West, Suite 1502, Toronto, Ontario M5H 1J8, Attention: Andrew Gottwald, Chief Financial Officer) at any time up to and including the last business day preceding the day of the Meeting or with the Chairman of the Meeting on the day of the Meeting or in any other manner permitted by law.

Exercise of Discretion by Proxies

The persons named in the enclosed form of proxy will vote the shares in respect of which they are appointed in accordance with the direction of the shareholders appointing them. **In the absence of such direction, such shares will be voted in favour of the passing of all the resolutions described below. The enclosed form of proxy confers discretionary authority upon the persons named therein with respect to amendments or variations to matters identified in the Notice of Meeting**

and with respect to other matters which may properly come before the Meeting. At the time of printing of this management information circular, management knows of no such amendments, variations or other matters to come before the Meeting. However, if any other matters which are not now known to management should properly come before the Meeting, the proxy will be voted on such matters in accordance with the best judgment of the named proxies.

Voting by Non-Registered Shareholders

Only registered shareholders of the Company or the persons they appoint as their proxies are permitted to vote at the Meeting. Most shareholders of the Company are "non-registered" shareholders ("**Non-Registered Shareholders**") because the shares they own are not registered in their names but are instead registered in the name of the brokerage firm, bank or trust company through which they purchased the shares. Shares beneficially owned by a Non-Registered Shareholder are registered either: (i) in the name of an intermediary (an "**Intermediary**") that the Non-Registered Shareholder deals with in respect of the shares of the Company (Intermediaries include, among others, banks, trust companies, securities dealers or brokers and trustees or administrators of self-administered RRSPs, RRIFs, RESPs and similar plans); or (ii) in the name of a clearing agency (such as CDS & Co.) of which the Intermediary is a participant. In accordance with applicable securities law requirements, the Company will have distributed copies of the Notice of Meeting, this management information circular, the form of proxy and the supplemental mailing list return card and the consent for electronic delivery (collectively, the "**Meeting Materials**") to the clearing agencies and Intermediaries for distribution to Non-Registered Shareholders.

Intermediaries are required to forward the Meeting Materials to Non-Registered Shareholders unless a Non-Registered Shareholder has waived the right to receive them. Intermediaries often use service companies to forward the Meeting Materials to Non-Registered Shareholders. Generally, Non-Registered Shareholders who have not waived the right to receive Meeting Materials will either:

- (i) be given a voting instruction form **which is not signed by the Intermediary** and which, when properly completed and signed by the Non-Registered Shareholder and **returned to the Intermediary or its service company**, will constitute voting instructions (often called a "**voting instruction form**") which the Intermediary must follow. Typically, the voting instruction form will consist of a one page pre-printed form. Sometimes, instead of the one page pre-printed form, the voting instruction form will consist of a regular printed proxy form accompanied by a page of instructions which contains a removable label with a bar-code and other information. In order for the form of proxy to validly constitute a voting instruction form, the Non-Registered Shareholder must remove the label from the instructions and affix it to the form of proxy, properly complete and sign the form of proxy and submit it to the Intermediary or its service company in accordance with the instructions of the Intermediary or its service company; or
- (ii) be given a form of proxy **which has already been signed by the Intermediary** (typically by a facsimile, stamped signature), which is restricted as to the number of shares beneficially owned by the Non-Registered Shareholder but which is otherwise not completed by the Intermediary. Because the Intermediary has already signed the form of proxy, this form of proxy is not required to be signed by the Non-Registered Shareholder when submitting the proxy. In this case, the Non-Registered Shareholder who wishes to submit a proxy should properly complete the form of proxy and deposit it with the Company, at the appropriate address noted on the form of proxy.

In either case, the purpose of these procedures is to permit Non-Registered Shareholders to direct the voting of the shares of the Company they beneficially own. Should a Non-Registered Shareholder who receives one of the above forms wish to vote at the Meeting in person (or have another person attend and vote on behalf of the Non-Registered Shareholder), the Non-Registered Shareholder should strike out the persons named in the form of proxy and insert the Non-Registered Shareholder or such other person's name in the blank space provided. **In either case, Non-Registered Shareholders should carefully follow the instructions of their Intermediary, including those regarding when and where the proxy or voting instruction form is to be delivered.**

A Non-Registered Shareholder may revoke a voting instruction form or a waiver of the right to receive Meeting Materials and to vote which has been given to an Intermediary at any time by written notice to the Intermediary provided that an Intermediary is not required to act on a revocation of a voting instruction form or of a waiver of the right to receive Meeting Materials and to vote which is not received by the Intermediary at least seven days prior to the Meeting.

Voting Securities and Principal Holders Thereof

As of March 29, 2011, 346,069,893 common shares (the "**Common Shares**") of the Company were issued and outstanding. Each Common Share entitles the holder thereof to one vote on all matters to be acted upon at the Meeting. The record date for the determination of shareholders entitled to receive notice of and to vote at the Meeting has been fixed at March 25, 2011. All such holders of record of Common Shares are entitled either to attend and vote thereat in person the Common Shares held by them or, provided a completed and executed proxy shall have been delivered to the Company's transfer agent within the time specified in the attached Notice of Meeting, to attend and vote thereat by proxy the Common Shares held by them.

To the knowledge of the directors and executive officers of the Company, as of March 29, 2011, there were no persons, or companies who beneficially owned, directly or indirectly, or exercised control or direction over voting securities of the Company carrying more than 10% of the voting rights attached to any class of voting securities of the Company other than:

<u>Name</u>	<u>Number of Common Shares Held</u>	<u>Percentage of Common Shares Issued and Outstanding</u>
Tyrus Capital LLP	50,675,000	14.64%

(1) The information as to Common Shares beneficially owned, directly or indirectly, or over which control or direction is exercised, not being within the knowledge of the Company, has been furnished by the shareholder listed above.

Interest of Certain Persons in Matters to be Acted Upon

No (a) director or executive officer of the Company who has held such position at any time since November 1, 2009; (b) proposed nominee for election as a director of the Company; or (c) associate or affiliate of a person in (a) or (b) has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted upon at the Meeting.

Election of Directors

The Board presently consists of seven directors and it is intended to elect seven directors for the ensuing year. **Unless authority to do so is withheld, the persons named in the accompanying proxy intend to vote for the election of the seven nominees whose names are set forth below.** Management does not contemplate that any of the nominees will be unable to serve as a director, but if that should occur for any reason prior to the Meeting, it is intended that discretionary authority shall be exercised by the persons named in the accompanying proxy to vote the proxy for the election of any other person or persons in place of any nominee or nominees unable to serve. Each director elected will hold office until the next annual meeting of shareholders of the Company unless his office is earlier vacated.

The following table sets forth the name, province or state and country of residence, present principal occupation, business or employment, the period or periods during which each has served as a director of the Company and number of Common Shares beneficially owned or controlled by each nominee for election as a director of the Company. The number of Common Shares, stock options and RSUs (as hereinafter defined) beneficially owned, directly or indirectly, or over which control or direction is exercised by the nominees for election as directors hereinafter named is in each instance based upon information furnished by the person concerned and is provided as at March 30, 2011.

<u>Name and Province/State and Country of Residence, Age and Area of Expertise</u>	<u>Principal Occupation, Business or Employment⁽⁵⁾</u>	<u>Period(s) Served as a Director of the Company</u>	<u>Common Shares Beneficially Owned, Controlled or Directed, Directly or Indirectly</u>
Fred Stanford ⁽³⁾ Ontario, Canada Age: 52 Area of Expertise: Mining	President and Chief Executive Officer of the Company	November 16, 2009 to present	85,000 ⁽⁶⁾
Michael Murphy ⁽³⁾ British Columbia, Canada Age: 46 Area of Expertise: Finance	President of Woodman Capital Ltd., a private consulting company	April 23, 2008 to present	Nil ⁽⁷⁾
A. Terrance MacGibbon ⁽³⁾ Ontario, Canada Age: 64 Area of Expertise: Mining	Corporate Director	November 16, 2009 to present	500,000 ⁽⁸⁾
David Fennell ⁽²⁾⁽⁴⁾ Nassau, Bahamas Age: 58 Area of Expertise: Finance	Chairman of Bear Lake Gold Ltd., Chairman of Reunion Gold Corporation, Chairman of Queensland Minerals Ltd., and Executive Chairman of Odyssey Resources Limited	November 26, 2009 to present	Nil ⁽⁹⁾
Andrew Adams ⁽¹⁾⁽²⁾⁽⁴⁾ Ontario, Canada Age: 54 Area of Expertise: Accounting	Corporate Director	November 26, 2009 to present	200,000 ⁽¹⁰⁾
Frank Davis ⁽¹⁾⁽²⁾⁽⁴⁾ Ontario, Canada Age: 56 Area of Expertise: Law	Counsel of the law firm Fraser Milner Casgrain LLP	November 26, 2009 to present	200,000 ⁽¹¹⁾
James Crombie ⁽¹⁾ Nassau, Bahamas Age: 53 Area of Expertise: Mining	President and Chief Executive Officer of Reunion Gold Corporation, Odyssey Resources Limited and Avala Resources Ltd.; Chief Executive Officer of Queensland Minerals Ltd.	March 28, 2011 to present	Nil ⁽¹²⁾

(1) Member of the Audit Committee.

(2) Member of the Compensation Committee.

(3) Member of the Safety, Health and Environmental Affairs Committee.

(4) Member of the Corporate Governance and Nominating Committee.

(5) Each individual has held the principal occupation stated for the past five years, other than: (i) Mr. Stanford, who was with Vale Inco (formerly Inco Limited) from 1981 to June 2009 holding senior management and executive positions, including vice president of Business Services, Milling, Smelting and Refining and culminating as President of Vale Inco's Ontario operations; (ii) Mr. Murphy, who joined Woodman Capital Ltd. in 2007 and was not employed during the two years prior thereto; (iii) Mr. MacGibbon, who was Chairman and Chief Executive Officer of FNX Mining Company Inc. ("FNX"), which company merged with Quadra Mining Ltd. to form Quadra FNX Mining Company Inc., since August 2008 and prior thereto, was Executive Chairman of FNX from September 2007 to August 2008 and President and Chief Executive Officer of FNX from November 1997 to September 2007; and (iv) Mr. Davis, who prior to February 2011, was a partner with Fraser Milner Casgrain LLP.

(6) Mr. Stanford also holds 1,250,000 stock options and 500,000 RSUs. See "Stock Option Plan", "Restricted Share Unit Plan" and "Statement of Executive Compensation – Summary Compensation Table".

(7) Mr. Murphy holds 5,250,000 stock options and 1,000,000 RSUs. See "Stock Option Plan", "Restricted Share Unit Plan" and "Statement of Executive Compensation – Summary Compensation Table".

(8) Mr. MacGibbon also holds 6,000,000 stock options, 2,000,000 RSUs and 125,000 Common Share purchase warrants. See "Stock Option Plan" and "Restricted Share Unit Plan".

(9) Mr. Fennell holds 750,000 stock options. See "Stock Option Plan".

(10) Mr. Adams also holds 750,000 stock options and 50,000 Common Share purchase warrants. See "Stock Option Plan".

- (11) Mr. Davis has direction and control over 160,000 Common Shares held by LH Enterprises Company Inc. and 40,000 Common Shares held by Pony Heath, Mr. Davis' wife. Mr. Davis also holds 750,000 stock options. See "Stock Option Plan".
- (12) Mr. Crombie holds 500,000 stock options. See "Stock Option Plan".

Corporate Cease Trade Orders

No proposed director of the Company is, as of the date hereof, or was within ten years before the date hereof, a director, chief executive officer or chief financial officer of any company (including the Company), that:

- (i) was subject to a cease trade order, an order similar to a cease trade order, or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days that was issued while the director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer; or
- (ii) was subject to a cease trade order, an order similar to a cease trade order, or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days, 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.

Bankruptcies and Other Proceedings

No proposed director of the Company is, as of the date hereof, or has been within ten years before the date hereof, a director or executive officer of any company (including the Company) that, while that person was acting in that capacity or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold its assets, other than Tahera Diamond Corporation ("**Tahera**"), a company listed on the Toronto Stock Exchange (the "**TSX**") (Andrew Adams, director from April 2004 to March 2008). Mr. Adams was a director of Tahera at the time it sought protection under the Companies' Creditors Arrangement Act in January 2008 and suspended operations in February 2008. Tahera was delisted from the TSX in November 2009. Tahera subsequently sold its tax assets and certain properties, including the Jericho diamond mine, to Shear Minerals Ltd.

No proposed director of the Company is, as at the date hereof, or have been subject to:

- (i) 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
- (ii) 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.

Majority Voting for Directors

The Board has adopted a policy stipulating that shareholders shall be entitled to vote in favour of each individual director nominee at a shareholders' meeting. If the votes in favour of the election of a director nominee at a shareholders' meeting represent less than the number of votes withheld, the nominee will submit his resignation promptly after the meeting for the Corporate Governance and Nominating Committee's consideration. In such circumstances, the Corporate Governance and Nominating Committee will make a recommendation to the Board as to the director's suitability to continue to serve as a director after reviewing, among other things, the results of the voting for each nominee and the Board will consider such recommendation. The policy does not apply in circumstances involving contested director elections.

Appointment of Auditors

Unless authority to do so is withheld, the persons named in the accompanying proxy intend to vote for the appointment of KPMG LLP, Chartered Accountants, as auditors of the Company until the close of the next annual meeting of shareholders. KPMG LLP was appointed as the Company's auditors effective as of March 2, 2010.

Shareholder Rights Plan

Effective March 30, 2011, the Company adopted a shareholder rights plan (the "**Shareholder Rights Plan**") designed to ensure that in the context of a formal take-over bid the Board has sufficient time to explore and investigate alternatives to enhance shareholder value, including competing transactions that might emerge. A summary of the terms of the Shareholder Rights Plan is set out in Schedule "A".

The summary is qualified in its entirety by the full text of the Shareholder Rights Plan, which is available on SEDAR at www.sedar.com or by request to the Chief Financial Officer of the Company by mail at 145 King Street West, Suite 1502, Toronto, Ontario M5H 1J8, or by phone at (647) 260-1500.

The Shareholder Rights Plan has been approved by the Board in light of recent security issues impacting the Company. In compliance with the rules of the TSX, the Shareholder Rights Plan will be presented to shareholders at the Meeting for ratification and confirmation. The resolution (the "**Shareholder Rights Plan Resolution**") is set forth below. The Shareholder Rights Plan Resolution must be approved by a simple majority of the votes cast by those shareholders, who being entitled to do so, vote in person or by proxy in respect of that resolution at the Meeting.

In the event that the requisite approval is obtained, the Shareholder Rights Plan will remain in effect. However, in the event that the Shareholder Rights Plan does not receive the requisite approval from the shareholders, the rights (the "**Rights**") issued pursuant to the Shareholder Rights Plan and the Shareholder Rights Plan will terminate and be null and void and of no further force and effect.

Management of the Company recommends that shareholders vote in favour of the Shareholder Rights Plan Resolution. **Unless authority to do so is withheld, the persons named in the accompanying proxy intend to vote for the approval of the Shareholder Rights Plan Resolution at the Meeting.**

Accordingly, the shareholders will be asked at the Meeting to pass an ordinary resolution substantially in the following form:

"BE IT RESOLVED, AS AN ORDINARY RESOLUTION, THAT:

- (a) the Shareholder Rights Plan dated March 30, 2011, as adopted by the Board, a summary of which is attached to this management information circular as Schedule "A" and the full text of which is available on SEDAR at www.sedar.com or by request to the Chief Financial Officer of the Company, be ratified and confirmed as the Shareholder Rights Plan of the Company; and
- (b) any officer or director of the Company is authorized and directed to execute and deliver under corporate seal or otherwise, all such documents and instruments and to do all such acts as, in the opinion of the Board, may be necessary or desirable to give effect to this resolution."

Statement of Executive Compensation

Compensation Discussion and Analysis

Objectives

The overall objectives of the Company's compensation program include: (a) attracting and retaining talented executive officers who can assist with the Company's exploration strategy; and (b) aligning the interests of those executive officers with those of the Company. The Company's compensation program is designed to compensate executive officers for performance of their duties. In completing its annual review of compensation for directors and officers, the Compensation Committee engaged Mercer (Canada) Limited to perform a market review of the compensation levels of its directors and officers relative to similar positions from a peer group of companies. In completing the review, base salary, total cash compensation and total compensation, including stock-based compensation were considered. The analysis also included a review of the use of various forms of stock-based compensation and the relationship between cash and equity components. The decisions reached by the Compensation Committee incorporated this review in addition to other factors and considerations as outlined below.

Elements of Compensation

The elements of compensation paid to the Named Executive Officers (as hereinafter defined) are: (a) base salary and bonus; (b) option-based awards; (c) restricted share unit awards ("**RSUs**"); and (d) perquisites and personal benefits.

Base Salary

Base salary is a fixed element of compensation that is payable to each Named Executive Officer for performing his position's specific duties. The amount of base salary for a Named Executive Officer is determined through negotiation with each Named Executive Officer and is determined on an individual basis based upon the Company's need to attract and retain the relevant individual. While base salary is intended to fit into the Company's overall compensation objectives by serving to attract and retain talented executive officers, the size of the Company and the nature and stage of its business currently (as an exploration company with no ongoing revenues from operations) also impacts the level of base salary. Compensation is set with reference to the market for similar jobs in peer group companies in Canada and internationally and an appropriate portion of total compensation is variable and linked to performance of both individual and corporate pre-established goals. Bonuses are short-term performance based financial incentives that are determined through the compensation review process.

Option Based Awards

The Company has in place a stock option plan (the "**Stock Option Plan**") for the benefit of eligible directors, officers, employees and consultants of the Company. Option-based awards are a variable element of compensation that is used to reward each Named Executive Officer for the performance of the Company. Option-based awards are intended to fit into the Company's overall compensation objectives by aligning the interests of the Named Executive Officers with those of the Company, and linking individual Named Executive Officer compensation to the performance of the Company. The Compensation Committee is responsible for overseeing the Stock Option Plan and determining those directors, officers, employees and consultants of the Company who are entitled to participate in the Stock Option Plan, the number of options of the Company allocated to each participant under the plan, if any, and the time or times when the ownership of options will vest for each participant. Previous grants of option-based awards are taken into account when considering new grants. See "Stock Option Plan".

Share Based Awards

RSUs are granted to employees, officers, directors and consultants of the Company as a discretionary payment pursuant to the Company's restricted share unit plan (the "**RSU Plan**") in order to attract, retain

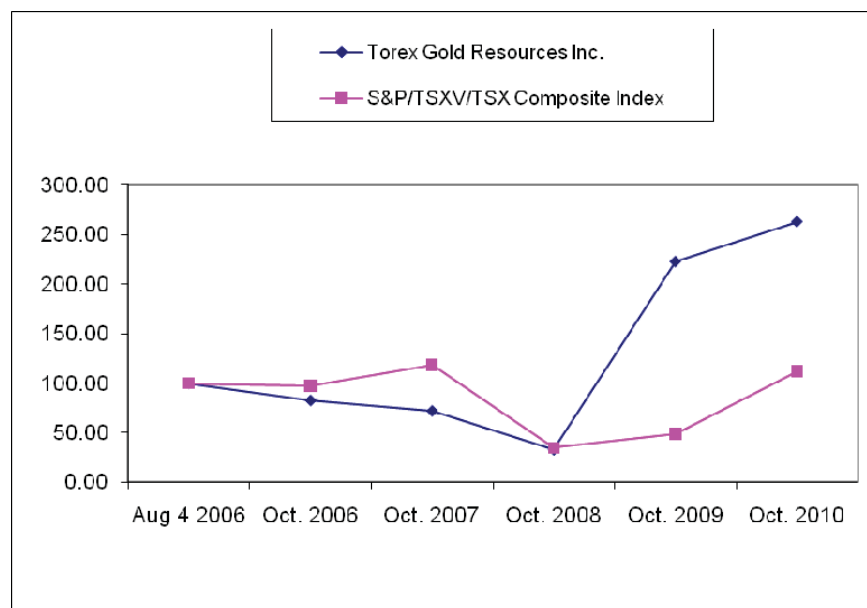
and motivate employees, officers, directors and consultants of the Company. See "Restricted Share Unit Plan".

Perquisites and Benefits

The Company also provides basic perquisites and personal benefits to certain of its Named Executive Officers. These perquisites and personal benefits are determined through negotiation of an executive employment agreement with each Named Executive Officer. While perquisites and personal benefits are intended to fit the Company's overall compensation objectives by serving to attract and retain talented executive officers, the size of the Company and the nature and stage of its business also impact the level of perquisites and benefits.

Performance Graph

The following graph compares the yearly percentage change in the cumulative total shareholder return for \$100 invested in Common Shares on August 4, 2006, the first trading day following the Company's two-for-one share consolidation, against the cumulative total shareholder return of the S&P/TSX Venture Exchange (the "TSXV") Composite Index for the period from August 4, 2006 to February 23, 2010, and the cumulative total shareholder return of the S&P/TSX Composite Index for the period from February 24, 2010, the date on which the Company began trading its Common Shares on the TSX and delisted its Common Shares from the TSXV, to October 31, 2010, assuming the reinvestment of all dividends.



	Aug. 4, 2006	Oct. 2006	Oct. 2007	Oct. 2008	Oct. 2009	Oct. 2010
Torex Gold Resources Inc.	100.00	82.69	72.12	32.69	223.08	263.46
S&P/TSXV/TSX Composite Index	100.00	97.36	118.48	34.58	48.79	112.14

Prior to the acquisition (the "Morelos Acquisition") of the morelos gold project (the "Morelos Gold Project") in November 2009, the Company had minimal assets and the compensation of its executive officers reflected the size of the Company and its stage of development. As the Company began negotiations to complete the Morelos Acquisition, the Company became more active and its overhead generally, and compensation of executive officers in particular, increased. Upon completion of the Morelos Acquisition, the Company's market capitalization increased further and the need to attract a new

management team resulted in a further increase in the compensation paid to its executive officers at a pace greater than the S&P/TSXV/TSX Composite Index.

Summary Compensation Table

The following table provides information regarding compensation earned by the "Named Executive Officers" of the Company, being the chief executive officer, the chief financial officer and each of the three most highly compensated executive officers, or individuals acting in a similar capacity, (other than the chief executive officer and chief financial officer) whose total compensation was, individually, more than \$150,000, for the fiscal year ended October 31, 2010.

Name and principal position	Year	Salary (\$)	Share-based awards (\$) ⁽⁴⁾	Option-based awards (\$) ⁽⁵⁾	Non-equity incentive plan compensation (\$)		Pension Value (\$)	All other compensation (\$)	Total compensation (\$)
					Annual incentive plans	Long-term incentive plans			
Fred Stanford President and Chief Executive Officer ⁽¹⁾	2010	312,500	495,000	600,000	225,000	Nil	N/A	Nil ⁽⁶⁾	1,632,500
	2009	Nil	Nil	Nil	Nil	Nil	N/A	Nil	Nil
	2008	Nil	Nil	Nil	Nil	Nil	N/A	Nil	Nil
Andrew Gottwald Chief Financial Officer ⁽²⁾	2010	177,800	Nil	180,000	66,900	Nil	N/A	Nil	424,700
	2009	Nil	Nil	Nil	Nil	Nil	N/A	Nil	Nil
	2008	Nil	Nil	Nil	Nil	Nil	N/A	Nil	Nil
Michael Murphy Former President and Chief Executive Officer ⁽¹⁾	2010	50,000 ⁽⁷⁾	Nil	Nil	Nil	Nil	N/A	80,000 ⁽⁷⁾	130,000
	2009	80,000	990,000 ⁽⁸⁾	3,000,000 ⁽⁸⁾	Nil	Nil	N/A	250,000 ⁽⁸⁾	4,320,000
	2008	10,000	Nil	118,300	Nil	Nil	N/A	Nil	128,300
Gabriela Sanchez Vice-President Investor Relations ⁽³⁾	2010	166,700	Nil	45,000	41,600	Nil	N/A	Nil	253,300
	2009	Nil	Nil	Nil	Nil	Nil	N/A	Nil	Nil
	2008	Nil	Nil	Nil	Nil	Nil	N/A	Nil	Nil
Peter Miller Former Chief Financial Officer ⁽²⁾	2010	Nil	Nil	Nil	Nil	Nil	N/A	Nil	Nil
	2009	Nil	Nil	Nil	Nil	Nil	N/A	Nil	Nil
	2008	Nil	Nil	Nil	Nil	Nil	N/A	Nil	Nil

- (1) Mr. Murphy resigned as President and Chief Executive Officer of the Company in November 2009 and was succeeded by Mr. Stanford as President and Chief Executive Officer of the Company.
- (2) Mr. Miller resigned as Chief Financial Officer of the Company in January 2010 and was succeeded by Mr. Gottwald as Chief Financial Officer of the Company.
- (3) Mrs. Sanchez was appointed as Vice-President of Investor Relations in January 2010.
- (4) Share-based award values have been calculated using the grant date fair value of such awards. Figures in this column represent RSUs. The figures represent the aggregate value of RSUs granted on February 24, 2010 (grant date fair value of \$0.99 per RSU).
- (5) Based on grant date fair value of the options which is calculated using the Black-Scholes model.
- (6) No compensation was paid to Mr. Stanford in his capacity as a director of the Company.

- (7) \$50,000 represents compensation paid to Mr. Murphy in his capacity as a director of the Company and \$80,000 represents fees paid to a company controlled by Mr. Murphy for consulting services to assist with the transition of new management and continued corporate development activities.
- (8) Following the fiscal 2009 year end, the Board determined to pay a \$250,000 discretionary bonus to Mr. Murphy as compensation earned by Mr. Murphy in his role as President and Chief Executive Officer during fiscal 2009 in connection with Mr. Murphy's efforts towards the successful completion of the Company's financing and the Morelos Acquisition completed in November 2009. In addition, following the fiscal 2009 year end, the Board granted to Mr. Murphy (i) an aggregate of 5,000,000 stock options, and (ii) an aggregate of 1,000,000 RSUs effective February 24, 2010, at a grant date fair value of \$0.99, all as compensation earned during fiscal 2009.

Incentive Plan Awards

The following table provides information regarding all incentive plan awards for each Named Executive Officer outstanding as of October 31, 2010.

Outstanding Share Awards and Option 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 (#) ⁽³⁾	Market or payout value of share-based awards that have not vested (\$) ⁽⁴⁾
Fred Stanford President and Chief Executive Officer	1,000,000	1.18	January 21, 2015	190,000	500,000	685,000
Andrew Gottwald Chief Financial Officer	300,000	1.18	January 21, 2015	57,000	Nil	Nil
Michael Murphy Former President and Chief Executive Officer	750,000 5,000,000	0.40 1.18	May 13, 2013 January 21, 2015	727,500 950,000	1,000,000	1,370,000
Gabriela Sanchez Vice-President Investor Relations	75,000	1.18	January 21, 2015	14,250	Nil	Nil
Peter Miller Former Chief Financial Officer	Nil	Nil	Nil	Nil	Nil	Nil

- (1) Grants of stock options vest in tranches of 1/3, with 1/3 of the stock options vesting on the date of grant, 1/3 of the stock options vesting on the first anniversary of the date of grant and 1/3 of the stock options vesting on the second anniversary of the date of grant.
- (2) Based on the difference in value between the exercise price of the stock options and the closing price of the Common Shares on the TSX on October 29, 2010 (the last trading day prior to the October 31, 2010 fiscal year end) of \$1.37.
- (3) The figures in these columns represent RSUs. All RSUs granted on February 24, 2010 vested on the first anniversary of the date of grant. See "Restricted Share Unit Plan".
- (4) The value of all unvested share based awards reflected in this column has been calculated using the market value of such awards of \$1.37 per RSU at October 31, 2010. Includes RSUs that were granted in the fiscal year ended October 31, 2010.

Pension Plan Benefits

The Company does not have a pension plan and does not provide any pension plan benefits.

Termination and Change of Control Benefits

During the year ended October 31, 2010, the Company was party to an employment agreement with Mr. Michael Murphy, which initially provided for a base salary of \$60,000 per annum and was amended effective September 1, 2009 to \$15,000 per month due to the increased activity of the Company and more commitment required from Mr. Murphy. Mr. Murphy's employment agreement was terminated as of November 16, 2009, and there were no termination payments triggered under the terms of the employment agreement.

The Company currently has in place the following employment agreements:

Fred Stanford

The Company entered into an employment agreement with Fred Stanford, President and Chief Executive Officer of the Company, on November 16, 2009. The agreement was amended effective March 10, 2011. Pursuant to the agreement, as amended, Mr. Stanford receives a base salary of \$300,000 per annum. Mr. Stanford may also receive an annual cash bonus with a target value of 100% of the base salary.

Mr. Stanford's employment may be terminated at any time for just cause without notice or without any payment in lieu of notice. If terminated for cause, the Company is required to pay any (i) unpaid base salary up to the date of termination; and (ii) pro-rated unused vacation entitlement up to the date of termination.

In the event that Mr. Stanford becomes permanently disabled, the Company may terminate his employment by giving Mr. Stanford written notice to that effect. Upon termination for disability, the Company is required to pay Mr. Stanford (i) any unpaid base salary up to the date of termination; (ii) any pro-rated unused holiday entitlements up to the date of termination; and (iii) in lieu of his annual bonus, a lump sum payment in an amount equal to the average of the cash bonuses paid to Mr. Stanford for the previous two years.

The Company may terminate Mr. Stanford's employment for any other reason by providing written notice of such termination. This notice may specify an immediate termination date. The Company will be required to pay Mr. Stanford (i) any unpaid base salary up to the date of termination; (ii) any pro-rated unused holiday entitlements up to the date of termination; (iii) an amount equal to two times Mr. Stanford's annual base salary in effect at the date of termination; and (iv) an amount equal to two times the average of the cash bonuses paid to him for the previous two years.

Mr. Stanford may terminate his employment at any time on 30 days' prior written notice. Mr. Stanford may also terminate his employment on 30 days' written notice, without the Board's prior written consent, within 180 days of the following occurrences: (i) he is relieved of his duties for reasons other than just cause, death, disability or retirement; (ii) there is a reduction in Mr. Stanford's salary or benefits; or (iii) there is material breach by the Company of any material provisions of the agreement with Mr. Stanford. If Mr. Stanford terminates his employment for any of these reasons, he is entitled to (i) any unpaid base salary up to the date of termination; (ii) any pro-rated unused holiday entitlements up to the date of termination; (iii) an amount equal to two times Mr. Stanford's annual base salary in effect at the date such notice of termination is given; and (iv) an amount equal to two times the average of the cash bonuses paid to him for the previous two years.

After termination, no further grants of options, deferred share units ("**DSUs**"), if applicable, and RSUs will be made. No unvested options, DSUs and RSUs previously granted shall vest subsequent to any notice of resignation given by Mr. Stanford or notice of termination given by the Company. However, where Mr. Stanford's employment is terminated other than for cause, or if Mr. Stanford terminates his employment for any of the above note occurrences, any unvested options, DSUs and RSUs that would vest for a period of one year following the date of any notice of termination shall vest immediately on the provision of such notice. If Mr. Stanford's employment is terminated due to disability, death or retirement, unvested options, DSUs and RSUs previously granted shall vest immediately. All vested options remain exercisable for a period ending the earlier of (i) one year and one day following such notice and (ii) the

normal expiration date of the option as set forth in the Stock Option Plan. If Mr. Stanford's employment is terminated due to disability, death or retirement, all options previously granted shall continue to be exercisable as provided for in the Stock Option Plan.

Upon termination (save for automatic termination upon the death or termination for cause), Mr. Stanford is entitled to continue to participate in any extended health and benefit plan established by the Company until the earlier of: (i) the date which is one year following such termination; and (ii) the date Mr. Stanford commences full time comparable employment with a new employer, and the Company will pay a lump sum of \$25,000 in lieu of outplacement services.

In the event that there is a change of control and Mr. Stanford's employment is terminated within the twenty-four month period immediately following the date of the change of control (i) by the Company other than for just cause or due to death, retirement or disability, or (ii) by Mr. Stanford, but only in circumstances where there is good reason, then Mr. Stanford will receive: (a) any unpaid base salary up to the date of termination; (b) any pro-rated unused holiday entitlements up to the date of termination; (c) an amount equal to two times Mr. Stanford's annual base salary in effect at the date notice of termination is given; and (d) an amount equal to two times the average of the cash bonuses paid to him for the previous two years.

Andrew Gottwald

The Company entered into an employment agreement with Andrew Gottwald, Chief Financial Officer of the Company, on January 21, 2010. Pursuant to the agreement, Mr. Gottwald receives a base salary of \$220,000 per annum. Mr. Gottwald may also receive an annual cash bonus with a target value of 50% of the base salary.

Mr. Gottwald's employment may be terminated at any time for just cause without notice or without any payment in lieu of notice. If terminated for cause, the Company is required to pay any (i) unpaid base salary up to the date of termination; and (ii) pro-rated unused vacation entitlement up to the date of termination.

In the event that Mr. Gottwald becomes permanently disabled, the Company may terminate his employment by giving Mr. Gottwald written notice to that effect. Upon termination for disability, the Company is required to pay Mr. Gottwald (i) any unpaid base salary up to the date of termination; (ii) any pro-rated unused holiday entitlements up to the date of termination; and (iii) in lieu of his annual bonus, a lump sum payment in an amount equal to the average of the cash bonuses paid to Mr. Gottwald for the previous two years.

The Company may terminate Mr. Gottwald's employment for any other reason by providing written notice of such termination. This notice may specify an immediate termination date. The Company will be required to pay Mr. Gottwald (i) any unpaid base salary up to the date of termination; (ii) any pro-rated unused holiday entitlements up to the date of termination; (iii) an amount equal to one times Mr. Gottwald's annual base salary in effect at the date of termination; and (iv) an amount equal to one times the average of the cash bonuses paid to him for the previous two years.

Mr. Gottwald may terminate his employment at any time on 30 days' prior written notice. Mr. Gottwald may also terminate his employment on 30 days' written notice, without the Board's prior written consent, within 180 days of the following occurrences: (i) he is relieved of his duties for reasons other than just cause, death, disability or retirement; (ii) there is a reduction in Mr. Gottwald's salary or benefits; or (iii) there is a material breach by the Company of any material provisions of the agreement with Mr. Gottwald. If Mr. Gottwald terminates his employment for any of these reasons, he is entitled to (i) any unpaid base salary up to the date of termination; (ii) any pro-rated unused holiday entitlements up to the date of termination; (iii) an amount equal to one times Mr. Gottwald's annual base salary in effect at the date such notice of termination is given; and (iv) an amount equal to one times the average of the cash bonuses paid to him for the previous two years.

After termination, no further grants of options will be made. No unvested options previously granted shall

vest subsequent to any notice of resignation given by Mr. Gottwald or notice of termination given by the Company. However, where Mr. Gottwald's employment is terminated other than for cause, or if Mr. Gottwald terminates his employment for any of the above noted occurrences, any unvested options previously granted shall continue to vest for a period of one year following any notice of termination. If Mr. Gottwald's employment is terminated due to disability, death or retirement, unvested options previously granted shall continue to vest and be exercisable as provided for in the Stock Option Plan. If his employment is terminated for cause, all unexercised options that have been granted to Mr. Gottwald prior to receipt by Mr. Gottwald of notice of termination are not exercisable and shall immediately be deemed to be null and void.

Upon termination (save for automatic termination upon the death or termination for cause), Mr. Gottwald is entitled to continue to participate in any extended health and benefit plan established by the Company until the earlier of: (i) the date which is one year following such termination; and (ii) the date Mr. Gottwald commences full time comparable employment with a new employer. At Mr. Gottwald's request, the Company will provide outplacement services for Mr. Gottwald to a maximum cost of \$10,000.

In the event that there is a change of control and Mr. Gottwald's employment is terminated within the twenty-four month period immediately following the date of the change of control (i) by the Company other than for just cause or due to death, retirement or disability, or (ii) by Mr. Gottwald, but only in circumstances where there is good reason, then Mr. Gottwald will receive: (a) any unpaid base salary up to the date of termination; (b) any pro-rated unused holiday entitlements up to the date of termination; (c) an amount equal to one times Mr. Gottwald's annual base salary in effect at the date notice of termination is given; and (d) an amount equal to one times the average of the cash bonuses paid to him for the previous two years.

Gabriela Sanchez

The Company entered into an employment agreement with Gabriela Sanchez, Vice-President, Investor Relations of the Company, on January 1, 2010. Pursuant to the agreement, Ms. Sanchez receives a base salary of \$200,000 per annum. Ms. Sanchez may also receive an annual cash bonus with a target value of 50% of the base salary.

Ms. Sanchez's employment may be terminated at any time for just cause without notice or without any payment in lieu of notice. If terminated for cause, the Company is required to pay any (i) unpaid base salary up to the date of termination; and (ii) pro-rated unused vacation entitlement up to the date of termination.

In the event that Ms. Sanchez becomes permanently disabled, the Company may terminate her employment by giving Ms. Sanchez written notice. Upon termination for disability, the Company is required to pay Ms. Sanchez (i) any unpaid base salary up to the date of termination; (ii) any pro-rated unused holiday entitlements up to the date of termination; and (iii) in lieu of her annual bonus, a lump sum payment in an amount equal to the average of the cash bonuses paid to Ms. Sanchez for the previous two years.

The Company may terminate Ms. Sanchez's employment for any other reason by providing written notice of such termination. This notice may specify an immediate termination date. The Company will be required to pay Ms. Sanchez (i) any unpaid base salary up to the date of termination; (ii) any pro-rated unused holiday entitlements up to the date of termination; (iii) an amount equal to one times Ms. Sanchez's annual base salary in effect at the date of termination; and (iv) an amount equal to one times the average of the cash bonuses paid to her for the previous two years.

Ms. Sanchez may terminate her employment at any time on 30 days' prior written notice. Ms. Sanchez may also terminate her employment on 30 days' written notice, without the Board's prior written consent, within 180 days of the following occurrences: (i) she is relieved of her duties for reasons other than just cause, death, disability or retirement; (ii) there is a reduction in Ms. Sanchez's salary or benefits; or (iii) there is a material breach by the Company of any material provisions of the agreement with Ms. Sanchez. If Ms. Sanchez terminates her employment for any of these reasons, she is entitled to (i) any unpaid base

salary up to the date of termination; (ii) any pro-rated unused holiday entitlements up to the date of termination; (iii) an amount equal to one times Ms. Sanchez's annual base salary in effect at the date such notice of termination is given; and (iv) an amount equal to one times the average of the cash bonuses paid to her for the previous two years.

After termination, no further grants of options will be made. No unvested options previously granted shall vest subsequent to any notice of resignation given by Ms. Sanchez or notice of termination given by the Company. However, where Ms. Sanchez's employment is terminated other than for cause, or if Ms. Sanchez terminates her employment for any of the above noted occurrences, any unvested options previously granted shall continue to vest for a period of six months following any notice of termination. If Ms. Sanchez's employment is terminated due to disability, death or retirement, unvested options previously granted shall continue to vest and be exercisable as provided for in the Stock Option Plan. If Ms. Sanchez's employment is terminated for cause, all unexercised options that have been granted to Ms. Sanchez prior to receipt by Ms. Sanchez of notice of termination are not exercisable and shall immediately be deemed to be null and void.

Upon termination (save for automatic termination upon the death or termination for cause), Ms. Sanchez is entitled to continue to participate in any extended health and benefit plan established by the Company until the earlier of: (i) the date which is one year following such termination; and (ii) the date Ms. Sanchez commences full time comparable employment with a new employer. At Ms. Sanchez's request, the Company will provide outplacement services for Ms. Sanchez to a maximum cost of \$10,000.

In the event that there is a change of control and Ms. Sanchez's employment is terminated within the twenty-four month period immediately following the date of the change of control (i) by the Company other than for just cause or due to death, retirement or disability, or (ii) by Ms. Sanchez but only in circumstances where there is good reason, then Ms. Sanchez will receive: (a) any unpaid base salary up to the date of termination; (b) any pro-rated unused holiday entitlements up to the date of termination; (c) an amount equal to one times Ms. Sanchez's annual base salary in effect at the date notice of termination is given; and (d) an amount equal to one times the average of the cash bonuses paid to her for the previous two years.

Director Compensation

The following table provides information regarding compensation earned by each director (who is not also a Named Executive Officer) for the fiscal year ended October 31, 2010.

Name ⁽¹⁾	Fees earned (\$)	Share-based awards (\$) ⁽⁴⁾	Option-based awards (\$) ⁽⁵⁾	Non-equity incentive plan compensation (\$)	Pension value (\$)	All other compensation (\$)	Total (\$)
A. Terrance MacGibbon	53,800	1,980,000	3,450,000	Nil	N/A	Nil	5,483,800
David Fennell	50,400	Nil	300,000	Nil	N/A	Nil	350,400
Andrew Adams	53,500	Nil	300,000	Nil	N/A	Nil	353,500
Frank Davis	50,400	Nil	300,000	Nil	N/A	Nil	350,400
Don Burchill ⁽²⁾	Nil	Nil	Nil	Nil	N/A	Nil	Nil
Richard Graham ⁽³⁾	Nil	Nil	Nil	Nil	N/A	Nil	Nil
Brian Bayley ⁽³⁾	Nil	Nil	Nil	Nil	N/A	Nil	Nil

(1) No compensation was paid to Mr. Stanford in his capacity as a director of the Company. For a summary of the compensation paid to Mr. Stanford in his capacity as an executive officer of the Company and for a summary of the compensation paid to Mr. Murphy in his capacity as a director of the Company, being \$50,000, see "Summary Compensation Table", above.

(2) Mr. Burchill resigned from the Board effective November 16, 2009, at which time the Board was increased by one (to five members) and Messrs. Fred Stanford and A. Terrance MacGibbon were appointed to the Board.

(3) Messrs. Graham and Bayley both resigned from the Board effective November 26, 2009, at which time the Board was increased by one (to six members) and Messrs. David Fennell, Frank Davis and Andrew Adams were elected to the Board.

- (4) Share-based award values have been calculated using the grant date fair value of such awards. Figures in this column represent RSUs. The figures represent the aggregate value of RSUs granted on February 24, 2010 (grant date fair value of \$0.99 per RSU).
- (5) Based on grant date fair value of the options which is calculated using the Black-Scholes model.

Incentive Plan Awards for Directors

The following table provides information regarding the incentive plan awards for each director (who is not also a Named Executive Officer) outstanding as of October 31, 2010.

Outstanding Share Awards and Options Awards

Name	Option-based Awards				Share-based Awards	
	Number of Securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options (\$) ⁽³⁾	Number of shares or units of shares that have not vested (#) ⁽⁴⁾	Market or payout value of share-based awards that have not vested (\$) ⁽⁵⁾
A. Terrance MacGibbon	5,750,000	1.18	January 21, 2015	1,092,500	2,000,000	2,740,000
David Fennell	500,000	1.18	January 21, 2015	95,000	Nil	Nil
Andrew Adams	500,000	1.18	January 21, 2015	95,000	Nil	Nil
Frank Davis	500,000	1.18	January 21, 2015	95,000	Nil	Nil
Don Burchill ⁽¹⁾	Nil	N/A	N/A	Nil	Nil	Nil
Richard Graham ⁽¹⁾	Nil	N/A	N/A	Nil	Nil	Nil
Brian Bayley ⁽²⁾	Nil	N/A	N/A	Nil	Nil	Nil

- (1) Each of Messrs. Burchill and Graham exercised 100,000 stock options on January 4, 2010 on which date the closing price of the Common Shares on the TSXV was \$1.17.
- (2) Mr. Bayley exercised 100,000 stock options on December 2, 2009, on which date the closing price of the Common Shares on the TSXV was \$1.24.
- (3) Based on the difference between the exercise price of the options and the closing price of the Common Shares on the TSX on October 29, 2010 (the last trading day before the October 31, 2011 fiscal year end) of \$1.37.
- (4) The figures in these columns represent RSUs.
- (5) The value of all unvested share based awards reflected in this column has been calculated using the market value of such awards of \$1.37 per RSU at October 31, 2010. Includes RSUs that were granted in the fiscal year ended October 31, 2010.

Corporate Governance Practices

National Policy 58-201 *Corporate Governance Guidelines* (the "**Governance Guidelines**") sets out best practice guidelines for effective corporate governance. The Governance Guidelines deal with matters such as the constitution and independence of corporate boards, their functions, the effectiveness and education of board members and other items dealing with sound corporate governance. National Instrument 58-101 *Disclosure of Corporate Governance Practices* (the "**Governance Disclosure Rule**") requires that if management of an issuer solicits proxies from its securityholders for the purpose of electing directors, specified disclosure of the corporate governance practices must be included in the management information circular.

The Company and the Board recognize the importance of corporate governance to the effective management of the Company and to the protection of its employees and shareholders. The Company's approach to significant issues of corporate governance is designed with a view to ensuring that the business and affairs of the Company are effectively managed so as to enhance shareholder value. The Board fulfills its mandate directly and through its committees at regularly scheduled meetings or at meetings held as required. Frequency of meetings may be increased and the nature of the agenda items may be changed depending upon the state of the Company's affairs and in light of opportunities or risks which the Company faces. The directors are kept informed of the Company's operations at these

meetings as well as through reports and discussions with management on matters within their particular areas of expertise.

The Board has considered the Governance Guidelines and believes that its approach to corporate governance is appropriate and works effectively for the Company and its shareholders. The Company continues to monitor developments in Canada with a view to keeping its governance policies and practices current.

The Governance Disclosure Rule mandates the disclosure of corporate governance, which disclosure is set out below.

The Board

The Board currently consists of seven directors, four of whom are independent based upon the test for independence set forth in National Instrument 52-110 *Audit Committees*. Messrs. Davis, Adams, Fennell and Crombie are independent. Mr. Stanford is President and Chief Executive Officer of the Company and is not independent as a result. Mr. Murphy is not independent as he was the President and Chief Executive Officer of the Company within the last three years. Mr. MacGibbon, the Chairman of the Board, is not independent, as prior to his appointment to the Board he acted as an advisor to the Company in connection with the Morelos Acquisition and received as compensation 2,000,000 RSUs and 5,750,000 stock options. See "Election of Directors" above.

As the Chairman of the Board is not independent, the Company has appointed Frank Davis as independent lead director (the "**Lead Director**"). Mr. Davis will provide independent leadership to the Board and facilitate the functioning of the Board independently of management. Mr. Davis' responsibilities include consulting and meeting with the other independent directors of the Board; representing the other independent directors in discussions with management with respect to corporate governance and other matters; together with the Chairman of the Board and the Chief Executive Officer, ensuring that all required matters are presented to the Board such that the Board is able to supervise the management of the Company; together with the Chairman of the Board, ensuring that the Board, the committees of the Board, individual directors and the senior officers understand and discharge their corporate governance obligations; mentoring and counseling new members of the Board to assist them in becoming active and effective directors; facilitating the process of conducting director evaluations; and promoting best practices and high standards of corporate governance.

The directors who are independent of management generally meet at the end of each Board meeting. During the fiscal year ended October 31, 2010, five such meetings were held.

Other Public Company Directorships

The following five directors of the Company also hold directorships in the reporting issuers disclosed below:

Name of Director	Other Reporting Issuers	Other Public Company Committee Appointments
Michael Murphy	Redzone Resources Ltd.	-
A. Terrance MacGibbon	Quadra FNX Mining Company Inc.	Chairman; Safety, Health and Environmental
	INV Metals Inc.	Chairman; Safety, Health and Environmental; Corporate Governance and Nominating
	Malbex Resources Inc.	Audit; Safety, Health and Environmental Affairs

Name of Director	Other Reporting Issuers	Other Public Company Committee Appointments
Frank L. Davis	Quadra FNX Mining Company Inc.	Corporate Governance and Nominating (Chair)
	Primary Corp.	-
	Sereno Capital Corporation	Audit
Andrew Adams	Uranium One Inc.	Compensation; Audit (Chair)
	First Quantum Minerals Ltd.	Audit (Chair); Compensation; Nominating and Governance
David Fennell	Odyssey Resources Limited	-
	Reunion Gold Corporation	Audit
	Major Drilling Group International Inc.	Environment, Health and Safety (Chair); Audit
	Queensland Minerals Ltd.	Audit
	Bear Lake Gold Ltd.	Compensation and Corporate Governance
	Sutter Gold Mining Inc.	-
	Sabina Gold & Silver Corp.	Health & Safety
James Crombie	Odyssey Resources Limited	-
	Reunion Gold Corporation	-
	Arian Silver Corporation	Audit; Compensation
	Sutter Gold Mining Inc.	Audit
	Avala Resources Ltd.	Audit
	Queensland Minerals Ltd.	-
	Cerro Resources NL	-

The following table provides details regarding directors of the Company who serve together as directors on the boards of other public companies.

Director	Other Public Company Directorships	Other Public Company Committee Appointments
Frank Davis A. Terrance MacGibbon	Quadra FNX Mining Company Inc.	Corporate Governance and Nominating (Chair) (Frank Davis)
		Safety, Health and Environmental (A. Terrance MacGibbon)
David Fennell James Crombie	Reunion Gold Corporation	Audit (David Fennell)
	Odyssey Resources Limited	-
	Queensland Minerals Ltd.	Audit (David Fennell)
	Sutter Gold Mining Inc.	Audit (James Crombie)

Board Meetings

The attendance record of each director for all Board and committee meetings held during the fiscal year ended October 31, 2010, while the relevant director was on the Board or committee, is as follows:

Name	Board meetings	Audit Committee meetings	Compensation Committee meetings	Safety, Health and Environmental Affairs Committee meetings	Corporate Governance and Nominating Committee meetings
Fred Stanford	10 of 10	-	-	0 of 0	-
Michael Murphy	10 of 12	-	-	-	-
A. Terrance MacGibbon	9 of 10	2 of 2	1 of 1	0 of 0	1 of 1
David Fennell	9 of 9	4 of 4	1 of 1	0 of 0	-
Andrew Adams	8 of 9 ⁽¹⁾	4 of 4	1 of 1	-	1 of 1
Frank Davis	9 of 9	2 of 2	-	-	1 of 1
Don Burchill	2 of 2	-	-	-	-
Richard Graham	3 of 3	-	-	-	-
Brian Bayley	3 of 3	-	-	-	-

(1) Mr. Adams was unable to attend one Board telephone conference call due to short notice and a previous travel commitment; however, he was subsequently consulted on all matters discussed and approved in the telephone conference call.

Board Mandate

The duties and responsibilities of the Board are to supervise the management of the business and affairs of the Company; and to act in the best interests of the Company. In discharging its mandate, the Board is responsible for the oversight and review of the development of, among other things, the following matters:

- the strategic planning process of the Company;
- identifying the principal risks of the Company's business and ensuring the implementation of appropriate systems to manage these risks;
- succession planning, including appointing, training and monitoring senior management;
- a communications policy for the Company to facilitate communications with investors and other interested parties; and
- the integrity of the Company's internal control and management information systems.

The Board also has the mandate to assess the effectiveness of the Board as a whole, its committees and the contribution of individual directors. The Board discharges its responsibilities directly and through its committees, currently consisting of the Audit Committee, the Compensation Committee, the Corporate Governance and Nominating Committee and the Safety, Health and Environmental Affairs Committee.

A copy of the Mandate of the Board setting out the Board's mandate and responsibilities and the duties of its members is attached as Schedule "B" to this management information circular.

Position Descriptions

The Board has developed written mandates for the Chairman of the Board, the Lead Director and the Chief Executive Officer, and written responsibilities for senior management, and the Chairman of each committee of the Board.

Orientation and Continuing Education

New members of the Board are provided with:

1. information respecting the functioning of the Board and its committees and a copy of the Company's corporate governance policies;
2. access to recent, publicly filed documents of the Company; and
3. access to management.

Board members are encouraged to communicate with management and auditors; to keep themselves current with industry trends and developments and changes in legislation with management's assistance; and to attend related industry seminars and visit the Company's operations. Board members have full access to the Company's records. All directors who were on the Board during the fiscal year ended October 31, 2010 visited the Morelos Gold Project during the year.

Ethical Business Conduct

The Company has adopted a Code of Business Conduct and Ethics (the "**Code**") for its directors, senior officers and employees. A copy of the Code is available for review under the Company's profile on SEDAR at www.sedar.com or may be obtained by request to the Chief Financial Officer of the Company at 145 King Street West, Suite 1502, Toronto, Ontario M5H 1J8.

The Audit Committee is responsible for monitoring compliance with the Code. Directors, senior officers and employees should raise questions regarding the application of any requirement under the Code, and report a possible violation of a law, or the Code, promptly to their supervisor. If reporting a concern or complaint to a supervisor is not possible or advisable, or if reporting it to a supervisor does not resolve the matter, the matter should be addressed with the Chief Financial Officer. The Audit Committee monitors compliance of the Code by obtaining reports from the Company's Chief Financial Officer as to any matters reported under the Code.

The Board takes steps to ensure that directors, senior officers and employees exercise independent judgment in considering transactions and agreements in respect of which a director, senior officer or employee of the Company has a material interest, which include ensuring that directors, senior officers and employees are thoroughly familiar with the Code and, in particular, the rules concerning reporting conflicts of interest and obtaining direction from their supervisor or the Chief Financial Officer regarding any potential conflicts of interest. All senior management and finance employees of the Company have acknowledged that they have read the Code and are responsible for reviewing its highlights with other employees.

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

Nomination of Directors

The Corporate Governance and Nominating Committee is responsible for identifying potential candidates for the Board. The Corporate Governance and Nominating Committee has been delegated the

responsibility of assessing potential candidates for the Board to fill perceived needs on the Board for required skills, expertise, independence and other factors. Members of the Board are also consulted for possible candidates.

The Corporate Governance and Nominating Committee is comprised entirely of independent directors.

The Corporate Governance and Nominating Committee considers from time to time the desirable number of directors of the Company, identifies and recommends to the Company and the Board proposed nominees to be directors of the Company, and considers a skills matrix for the Board which includes the competencies and skills which each individual director possesses.

Compensation

The Compensation Committee is responsible for assisting the Board in setting director and senior officer compensation and to develop and submit to the Board recommendations with respect to other employee benefits considered advisable. In particular, the Compensation Committee is responsible for, among other things, reviewing and making recommendations to the Board with respect to the compensation policies and practices of the Corporation; annually reviewing and recommending to the Board for approval the remuneration of the senior officers of the Corporation; reviewing and making a recommendation to the Board on the hiring or termination of any senior executive or on special employment contracts; annually recommending to the Board any incentive award to be made to the senior executives under any incentive plan or under any employment agreement; and annually comparing the total remuneration of the senior executives with the remuneration of peers in the same industry.

The Compensation Committee is comprised entirely of independent directors.

The process by which appropriate compensation is determined is through periodic and annual reports from the Compensation Committee on the Company's overall compensation and benefits philosophies with such compensation realistically reflecting the responsibilities and risks of such positions.

Other Board of Directors' Committees

The Safety, Health and Environmental Affairs Committee assists the Company and the Board in fulfilling their respective obligations relating to safety, health and environmental matters concerning the Company. The Safety, Health and Environmental Affairs Committee is responsible for, among other things, reviewing and recommending to the Board, for approval, changes in or additions to the environmental policies, occupational health and safety policies, standards, accountabilities and programs of the Company in the context of competitive, legal and operational considerations; and reviewing reports on the nature and extent of the compliance or any non-compliance of the Company with the environmental policies, occupational health and safety policies, standards, accountabilities and programs of the Company and environmental legislation applicable to the Company and monitoring the correction of any deficiencies and reporting to the Board on the status of such matters. All of the members of the Safety, Health and Environmental Affairs Committee visited the Morelos Gold Project during the fiscal year ended October 31, 2010.

Assessments

The current practice of the Board is for the Board to make ongoing, informal assessments of the performance of the Board, its committees and individual directors.

Loans to Directors

The Company does not make personal loans or extensions of credit to its directors or executive officers. There are no loans outstanding from the Company to any of its directors or executive officers.

Audit Committee

The Audit Committee provides assistance to the Board in fulfilling its financial reporting and control responsibilities to the shareholders of the Company. The external auditors of the Company report directly to the Audit Committee. The Audit Committee's primary duties and responsibilities are to: oversee the accounting and financial reporting processes of the Company, and the audit of its financial statements, including: (i) the integrity of the Company's financial statements; (ii) the Company's compliance with legal and regulatory requirements; (iii) the independent auditors' qualifications and independence; (iv) serve as an independent and objective party to monitor the Company's financial reporting processes and internal control systems; (v) review and appraise the audit activities of the Company's independent auditors; and (vi) provide open lines of communication among the independent auditors, financial and senior management, and the Board for financial reporting and control matters, and meet periodically with management and with the independent auditors.

Further information regarding the Company's Audit Committee is contained in the Company's current annual information form, under the heading "Audit Committee". A copy of the Audit Committee charter is attached to the annual information form as Schedule "A". The Company's annual information form is available under the Company's profile on SEDAR at www.sedar.com.

Securities Authorized for Issuance Under Equity Compensation Plans

The following table provides details of compensation plans under which equity securities of the Company are authorized for issuance as of October 31, 2010. A description of the significant terms of each of the equity compensation plans of the Company follows the table below:

Plan Category	Number of securities to be issued upon exercise of outstanding options and rights⁽¹⁾	Weighted-average price of outstanding options and rights (\$)	Number of securities remaining available for future issuance under equity compensation plans⁽²⁾
Equity compensation plans approved by securityholders	15,274,834 Options	1.14 Options	15,726,912 Options ⁽³⁾
	3,500,000 RSUs	0.00 RSUs	6,850,524 RSUs
Equity compensation plans not approved by securityholders	Nil	Nil	Nil
Total	15,274,834 Options 3,500,000 RSUs	1.14 Options 0.00 RSUs	15,726,912 Options ⁽³⁾ 6,850,524 RSUs

- (1) Represents the number of Common Shares reserved for issuance upon exercise of 15,274,834 outstanding stock options.
- (2) Based on the maximum number of Common Shares that were available for issuance under the Stock Option Plan as at October 31, 2010 of 34,501,746 (which maximum reserve is based on 10% of the number of issued and outstanding Common Shares as at October 31, 2010 of 345,017,460).
- (3) Assumes no additional RSUs will be issued, as the aggregate number of Common Shares that may be reserved for issuance to insiders under the Stock Option Plan, and any other employee-related plan of the Company, may not exceed 10% of the issued and outstanding Common Shares.

Stock Option Plan

The Company has a Stock Option Plan which was approved by the TSXV on March 24, 2003 and amended with shareholder approval on April 18, 2008, and further amended with shareholder approval on November 26, 2009. The purpose of the Stock Option Plan is to secure for the Company and the Company's shareholders the benefits of incentives inherent in share ownership by directors, key employees and consultants of the Company who, in the judgement of the board of directors, will be largely responsible for its future growth and success.

The Stock Option Plan provides that options to purchase Common Shares maybe granted to directors, key employees or consultants of the Company or a subsidiary of the Company, as determined by the board of directors, at a price to be fixed by the board of directors, subject to limitations imposed by the stock exchange on which the Common Shares are then listed for trading. The Common Shares subject to each Option shall become purchasable at such time or times as may be determined by the board of

directors and each Option shall expire at a date determined by the board of directors, but in no case will such date be more than five years from the date of grant of the Option. Any Common Shares not purchased by exercise of an Option prior to the expiry date of the Option may thereafter be reallocated in accordance with the provisions of the Stock Option Plan.

The Stock Option Plan further provides that if an optionee ceases to be employed or ceases to be a director while holding an Option which has not been fully exercised, such optionee may exercise the Option, to the extent that the optionee is entitled to exercise the Option, for up to 90 days thereafter (or such longer period as may be required by law) or prior to the expiry date of the Option, whichever is sooner. In the case of an optionee being dismissed from employment or service for cause, the Option will terminate on the date of such dismissal. All options granted under the Stock Option Plan will be non-transferable and non-assignable.

The maximum number of Common Shares that may be reserved for issuance pursuant to the Stock Option Plan may not exceed 10% of the issued and outstanding Common Shares at the time of grant. In addition, the aggregate number of Common Shares that may be reserved for issuance to any one individual within a one-year period under the Stock Option Plan, and any other employee-related plan of the Company, may not exceed 5% of the issued and outstanding Common Shares at the time of the grant. The aggregate number of Common Shares that may be reserved for issuance to insiders under the Stock Option Plan, and any other employee-related plan of the Company, may not exceed 10% of the issued and outstanding Common Shares from time to time. Finally, the aggregate number of Common Shares that may be reserved for issuance to any one consultant or employee conducting investor relations activities (as such terms are defined in the Stock Option Plan) may not exceed 2% of the Common Shares issued and outstanding at the time of the grant.

At the Company's special meeting of shareholders held on November 26, 2009, the shareholders approved certain amendments to the Stock Option Plan in order to align the Stock Option Plan with the requirements of the TSX for security-based compensation plans and to conform with customary provisions of such plans, which amendments became effective on February 24, 2010, being the date on which the Common Shares became listed for trading on the TSX, all as more particularly described in the management information circular of the Company dated October 27, 2009 which is available for review under the Company's SEDAR profile at www.sedar.com.

The board of directors and/or any committee of the board of directors to which such tasks are delegated, may modify or terminate the Stock Option Plan at any time. Subject to receipt of requisite shareholder and regulatory approval, the board of directors may make amendments to the Stock Option Plan to (i) amend the number of securities issuable under the plan; (ii) change to the definition of "Participants" which would have the potential of narrowing or broadening or increasing insider participation; (iii) add any form of financial assistance under the plan; (iv) amend a financial assistance provision which is more favourable to participants; (v) add a cashless exercise feature, payable in cash or securities which does not provide for a full deduction in the number of underlying securities from the plan; (vi) add deferred or RSUs or any other provision which results in participants receiving securities while no cash consideration is received by the Company; and (vii) make amendments that may lead to significant or unreasonable dilution in the Company's outstanding securities or may provide additional benefits to participants, especially to insiders of the Company, at the expense of the Company and its existing shareholders. The board of directors may, subject to receipt of requisite regulatory approval, where required, in its sole discretion make all other amendments to the Stock Option Plan that are not of the type contemplated above, including, without limitation: (i) amendments of a housekeeping nature; (ii) the addition of or a change to vesting provisions of a security or the plan; (iii) a change to the termination provisions of a security or the plan which does not entail an extension beyond the original expiry date; and (iv) the addition of a cashless exercise feature, payable in cash or securities, which provides for a full deduction of the number of underlying securities from the plan reserve.

As at March 30, 2011, there were options outstanding to purchase 16,996,167 Common Shares.

Restricted Share Unit Plan

On October 26, 2009, the Board approved the adoption of the RSU Plan which was approved by shareholders at the Special Meeting of Shareholders of the Company held on November 26, 2009. In connection with the Morelos Acquisition, and the Board's discussions with prospective new members for the Board and management, the Board decided that it is desirable to have a broader range of incentive plans (including the RSU Plan) in place to attract, retain and motivate employees, directors, officers and consultants of the Company. The RSU Plan became effective on February 24, 2010, which was when the Company became listed for trading on the TSX. The following is a summary of some of the key terms of the RSU Plan. The proposed RSU Plan provides that restricted share rights ("**RSUs**") may be granted by the board of directors or a committee of the board of directors, which administers the RSU Plan (the "**Committee**"), to employees, officers, directors and consultants of the Company as a discretionary payment in consideration of past or future services to the Company.

The number of RSUs awarded will be credited to the participant's account effective on the grant date of the RSUs. An RSU represents a right to receive one Common Share issued from treasury on the later of: (i) the date which is the first day after a restricted period as determined by the Committee ("**Restricted Period**"); and (ii) a date determined by an eligible participant that is after the Restricted Period but is no later than participant's retirement date or termination date (a "**Deferred Payment Date**"). The Committee may also make the vesting of RSUs subject to performance conditions to be achieved by the Company, the participant or a class of participants. Participants, who are residents of Canada, seeking to set a Deferred Payment Date may do so by giving the Company at least 60 days notice prior to the expiration of the Restricted Period.

The maximum number of Common Shares to be reserved for issuance under the RSU Plan shall be that number that is equal to 3% of the issued and outstanding Common Shares from time to time. The maximum number of Common Shares issuable to insiders, at any time, pursuant to the RSU Plan and any other security based compensation arrangements of the Company is 10% of the total number of Common Shares then outstanding. The maximum number of Common Shares issuable to insiders, within any one year period, pursuant to the RSU Plan and any other security-based compensation arrangements of the Company is 10% of the total number of Common Shares then outstanding.

RSUs are not assignable. In the event of a participant's retirement or termination during a Restricted Period, any RSUs automatically terminate, unless otherwise determined by the Committee. If a participant's retirement or termination occurs after the Restricted Period and prior to any Deferred Payment Date, any RSUs shall be settled by the Company issuing the applicable Common Shares. In the event of death or disability, such RSUs shall be immediately settled and Common Shares issued. The Committee shall have the discretion to pay a participant who holds RSUs a cash amount as a bonus equal to any cash dividends that would apply on Common Shares underlying RSUs at the time such dividends are paid to holders of the Common Shares.

In the event of a change of control of the Company as defined in the RSU Plan, all RSUs shall be immediately settled with Common Shares notwithstanding the Restricted Period and any applicable Deferred Payment Date.

The Committee may from time to time in the absolute discretion of the Committee (without Shareholder approval) amend, modify and change the provisions of the RSU Plan, including, without limitation:

- (i) amendments of a house keeping nature;
- (ii) the change to the Restricted Period of any RSU; and
- (iii) any amendments required by the TSX or any other stock exchange on which the Common Shares are then listed in order to allow the RSU Plan to become effective.

However, other than as set out above, any amendment, modification or change to the provisions of the RSU Plan which would:

- (i) materially increase the benefits of the holder under the RSU Plan to the detriment of the Company and its shareholders;
- (ii) increase the number of Common Shares, other than by virtue of the adjustment provisions and of the RSU Plan, which may be issued pursuant to the RSU Plan; or
- (iii) materially modify the requirements as to eligibility for participation in the RSU Plan; shall only be effective upon such amendment, modification or change being approved by the Shareholders of the Company. Any amendment, modification or change of any provision of the RSU Plan,

shall be subject to approval, if required, by any regulatory authority having jurisdiction over the securities of the Company.

Indebtedness of Directors and Executive Officers

None of the Company's directors or executive officers, nor any associate of such director or executive officer is as at the date hereof, or has been, during the fiscal year ended October 31, 2010, indebted to the Company or any of its subsidiaries in connection with a purchase of securities or otherwise. In addition, no indebtedness of these individuals to another entity has been the subject of a guarantee, support agreement, letter of credit or similar arrangement or understanding of the Company or any of its subsidiaries.

Interest of Informed Persons in Material Transactions

Other than as disclosed elsewhere herein, no informed person of the Company, nominee for election as a director of the Company, or any associate or affiliate of an informed person or nominee, has or had any material interest, direct or indirect, in any transaction or any proposed transaction which has materially affected or will materially affect the Company or any of its subsidiaries.

Additional Information

Additional information relating to the Company may be found on www.sedar.com. Additional financial information is provided in the Company's comparative financial statements and management's discussion and analysis for the fiscal year ended October 31, 2010, which can be found on SEDAR at www.sedar.com or on the Company's website at www.torexgold.com. Shareholders may also request these documents from the Chief Financial Officer of the Company by phone at (647) 260-1500 or by e-mail at Andrew.Gottwald@torexgold.com.

Directors' Approval

The contents of this management information circular and the sending thereof to the shareholders of the Company have been approved by the Board.

BY ORDER OF THE BOARD OF DIRECTORS

(signed) "Fred Stanford"

Fred Stanford
President and Chief Executive Officer

Toronto, Ontario
March 30, 2011

SCHEDULE "A"

SUMMARY OF SHAREHOLDER RIGHTS PLAN

Except as otherwise defined herein, capitalized terms used below have the meanings ascribed thereto in the Shareholder Rights Plan.

a. Effective Date

The effective date of the Shareholder Rights Plan is March 30, 2011 (the "**Effective Date**")

b. Term

Subject to the approval by Independent Shareholders at the Meeting, as set forth herein, the Shareholder Rights Plan and the Rights issued thereunder will expire on March 30, 2014, unless otherwise terminated in accordance with their terms.

c. Issue of Rights

One Right was issued and attached to each Common Share outstanding on the Effective Date and has and will attach to each Common Share subsequently issued prior to the expiry date.

d. Rights Exercise Privilege

The Rights will separate from the Common Shares and will be exercisable 10 trading days (the "**Separation Time**") after a person has acquired, or commences a take-over bid to acquire, 20% or more of the Common Shares of the Company, other than by an acquisition pursuant to a take-over bid permitted by the Shareholder Rights Plan (a "**Permitted Bid**"). The exercise price is \$100 per Common Share, subject to anti-dilution adjustments. The acquisition by any person (an "**Acquiring Person**") of 20% or more of the Common Shares of the Company, other than by way of a Permitted Bid, is referred to as a "**Flip-in Event**". Any Rights held by an Acquiring Person will become void upon the occurrence of a Flip-in Event. Ten business days after the occurrence of the Flip-in Event, each Right (other than those held by the Acquiring Person), will permit the purchase of \$200 worth of Common Shares for \$100, subject to anti-dilution adjustments.

e. Certification and Transferability

Prior to the Separation Time, the Rights are evidenced by a legend imprinted on certificates for the Common Shares issued from and after the Effective Date and are not to be transferable separately from the Common Shares. From and after the Separation Time, the Rights will be evidenced by separate certificates that will be transferable and traded separately from the Common Shares.

f. Permitted Bid Requirements

The requirements for a Permitted Bid include the following:

- i. The take-over bid must be made by way of a take-over bid circular;
- ii. The take-over bid must be made to all shareholders, other than the offeror;
- iii. The take-over bid must be outstanding for a minimum period of 60 days and common shares tendered pursuant to the take-over bid may not be taken up prior to the expiry of the 60 day period and only is at such time more than 50% of the Common Shares held by shareholders, other than the offeror, its affiliates and persons acting jointly or in concert and certain other person (the "**Independent Shareholders**"), have been tendered to the take-over bid and not withdrawn;

- iv. If more than 50% of the Common Shares held by Independent Shareholders are tendered to the take-over bid within the 60 day period, the offeror must make a public announcement of that fact and the take-over bid must remain open for deposits of Common Shares for an additional 10 days from the date of such public announcement;
- v. The take-over bid must permit Common Shares to be deposited pursuant to the take-over bid, unless such take-over bid is withdrawn, at any time prior to the date Common Shares are first taken up and paid for; and
- vi. The take-over bid must provide that any Common Shares deposited pursuant to the takeover bid may be withdrawn until taken up and paid for.

*The Shareholder Rights Plan also allows for a competing Permitted Bid (a "**Competing Permitted Bid**") to be made while a Permitted Bid is in existence. A Competing Permitted Bid must satisfy all the requirements of a Permitted Bid except that it may expire on the same date as the Permitted Bid, subject to the requirements that it be outstanding for a minimum period of 35 days.*

g. Waiver

The Board may waive the application of the Shareholder Rights Plan to any Flip-in Event (an "**Exempt Acquisition**") if it determines that a person became an acquiring person by inadvertence, conditional upon such person having, within 30 days after the determination by the Board, reduced its beneficial ownership of shares such that it is no longer an acquiring person. The Board may also, until a Flip-in Event has occurred, waive the application of the Shareholder Rights Plan to any particular Flip-in Event, but in that event, the Board shall be deemed to have waived the application of the Shareholder Rights Plan to any other Flip-in Event which may arise under any take-over bid then in effect.

h. Redemption

Prior to the occurrence of a Flip-in Event which has not been waived, the Board, with the approval of a majority of the voted cast by Independent Shareholders (or the holders of Rights after the Separation Time has occurred) voting in person or by proxy at a meeting duly called for that purpose, may redeem the Rights at \$0.00001 per Right.

i. Amendment

The Board may amend the Shareholder Rights Plan with the approval of a majority of the votes cast by Independent Shareholders (or the holders of Rights if the Separation Time has occurred) voting in person or by proxy at a meeting duly called for that purpose. The Board may, without such approval, correct clerical or typographical errors and may make amendments to the Shareholder Rights Plan to maintain its validity due to changes in applicable laws, rules or regulatory requirements.

j. Board Of Directors

The Shareholder Rights Plan will not detract or lessen the duty of the Board to act honestly and in good faith with a view to the best interest of the Company. The Board, when a Permitted Bid is made, will continue to have the duty and power to take such actions and make such recommendations to shareholders as are considered appropriate.

k. Exemptions for Investment Managers, etc.

Investment fund managers, trust companies (acting in their capacities as trustees and administrators), statutory bodies whose business includes the management of funds and administrators of registered pension plans acquiring greater than 20% of the Common Shares are exempted from triggering a Flip-in Event, provided that they are not making, or are not part of a group making a take-over bid.

SCHEDULE "B"

TOREX GOLD RESOURCES INC.

Mandate of the Board of Directors

Purpose

The Board of Directors (the "**Board**") of Torex Gold Resources Inc. (the "**Corporation**") is responsible for the supervision of the management of the business and affairs of the Corporation. The Board should conduct the procedures, and manage the responsibilities and obligations set out below, either directly or through committees of the Board, currently consisting of the Audit Committee, the Compensation Committee, the Corporate Governance and Nominating Committee and the Safety, Health and Environmental Affairs Committee.

Composition

1. The Board should consist of individuals who possess skills and competencies in areas that are relevant to the business and affairs of the Corporation. At least two-thirds of the directors will be "independent" directors within the meaning of applicable securities laws, instruments, rules and policies and regulatory requirements (collectively "Applicable Laws").
2. The directors of the Corporation will be elected at the annual meeting of the shareholders of the Corporation and shall serve no longer than the close of the next annual meeting of shareholders, subject to re-election thereat.

Meetings

3. The Board shall have at least four regularly scheduled meetings in each financial year of the Corporation.
4. The Chairman, the Chief Executive Officer (the "**CEO**") and the Lead Director, if any, are responsible for the agenda for each meeting of the Board. Prior to each Board meeting, the Chairman and the CEO should discuss agenda items for the meeting with the Lead Director, if any. Materials for each meeting should be distributed to the Board in advance of the meeting.
5. Directors are expected to attend at least three quarters of all meetings of the Board held in a given financial year of the Corporation and to adequately review meeting materials in advance of each meeting.
6. The independent directors (in this context meaning directors who are not also senior officers and, if not independent within the meaning of Applicable Laws, the Chairman) should hold an *in camera* session without the non-independent directors present at each meeting of the Board. The Chairman, if independent, and if not independent, the Lead Director if any, should chair the in camera sessions.

Board Committees

7. The Board may appoint such committees from time to time as it considers appropriate. Each permanent committee shall have a mandate that is approved by the Board setting out the responsibilities of, and the extent of the powers delegated to, such committee by the Board.

Responsibilities

Oversight of Management and the Board

8. The Board is responsible for the appointment, and replacement, of senior officers of the Corporation. The Board should ensure that appropriate succession planning, including the appointment, training and monitoring of the senior officers and members of the Board, is in place.
9. The Board is responsible for satisfying itself as to the integrity of the CEO and the other senior officers and that the CEO and the other senior officers create a culture of integrity throughout the Corporation.
10. The Board should annually consider what additional skills and competencies would be helpful to the Board, with the Corporate Governance and Nominating Committee being responsible for identifying specific candidates for consideration for appointment to the Board.
11. Through the Compensation Committee, the Board should review the compensation of directors to ensure that the compensation realistically reflects the responsibilities and risks involved in being an effective director and should review the compensation of the senior officers to ensure that it is competitive within the industry and that the form of compensation aligns the interests of each senior officer with those of the Corporation.

Financial Matters

12. The Board is responsible for reviewing the financial and underlying operational performance of the Corporation.
13. The Board should review and approve the annual financial statements, management's discussion and analysis related to such annual financial statements, budgets and forecasts, and the annual information form, management information circular and annual report, of the Corporation.
14. The Board, primarily through the Audit Committee, should monitor and ensure the integrity of the internal controls and procedures (including adequate management information systems) within the Corporation and the financial reporting procedures of the Corporation.
15. The Board is responsible for considering, and if established, reviewing from time to time, a dividend policy for the Corporation.

Business Strategy

16. The Board has primary responsibility for the adoption of the strategic direction of the Corporation. The Board will contribute to the development of the strategic direction by approving, at least annually, a strategic plan and budget developed and proposed by the senior officers, subject to any changes required by the Board. The strategic plan and budget should take into account the business opportunities and business risks of the Corporation. The Board will review with the senior officers from time to time the strategic planning environment, the emergence of new opportunities, trends and risks and the implications of these factors on the strategic direction of the Corporation. The Board will review and approve the financial objectives, plans and actions of the Corporation, including significant capital allocations and expenditures.
17. The Board is responsible for ensuring that procedures are in place to appropriately manage the principal business risks of the Corporation.
18. The Board should monitor corporate performance against the approved strategic plan and budget, including assessing operating results, to evaluate whether the business is being appropriately managed.

19. The Board is responsible for reviewing and approving all material transactions not contemplated in the strategic plan and budget approved by the Board affecting the Corporation as outlined in the **Finance F3.01 Monetary Authority Policy**.

Communications and Reporting to Shareholders

20. The Board is responsible for overseeing the continuous disclosure program of the Corporation with a view to satisfying itself that procedures are in place to ensure that material information is disclosed in a timely fashion.
21. The Board will ensure that the Corporation has a disclosure policy which includes a framework for investor relations and public disclosure.

Corporate Governance

22. The Corporate Governance and Nominating Committee will recommend, and the Board will establish, the Board's approach to corporate governance.
23. The Board is responsible for assessing its own effectiveness in fulfilling this mandate and shall assess this mandate as well as the mandate of each committee (considering, among other things, the recommendation of the applicable committee) from time to time and at least annually.
24. The Board is responsible for evaluating the relevant relationships of each independent director and is required to make an affirmative decision that any such relationship does not preclude a determination that the director is independent within the meaning of Applicable Laws.
25. The Board is responsible for ensuring the establishment of appropriate standards of corporate conduct, should adopt a corporate code of conduct for all employees, including senior officers, and should ensure that procedures are in place to monitor compliance with such code. Only the Board may grant waivers of the code of conduct which would be to the benefit of any director or senior officer.

General

26. The Board is responsible for performing such other functions as are prescribed by law, including all Applicable Laws.
27. The Board may at any time retain outside financial, legal or other advisors at the expense of the Corporation. Any director may, subject to the approval of the Corporate Governance and Nominating Committee, retain an outside financial, legal or other advisor at the expense of the Corporation.

Lead Director

28. The Board will appoint a Lead Director in circumstances in which the Chairman of the Board is not considered independent under Applicable Laws in order to provide independent leadership to the Board and for the other purposes set forth below.
29. If a Lead Director is required, the Corporate Governance and Nominating Committee will recommend a candidate for the position of Lead Director from among the independent members of the Board. The Board will be responsible for appointing the Lead Director.
30. The Lead Director, if any, will serve at the pleasure of the Board.
31. The Lead Director, if any, will provide independent leadership to the Board and will facilitate the functioning of the Board independently of the senior officers and the Chairman.

32. The Lead Director, if any, will:

- (a) in the absence of the Chairman, act as chair of meetings of the Board;
- (b) review with the Chairman and the CEO matters for presentation to the Board;
- (c) consult and meet with any or all of the other independent directors, at the request of any of them and with or without the attendance of the Chairman, and represent such directors in discussions with the senior officers and Chairman concerning corporate governance and other matters;
- (d) together with the Chairman and the CEO, ensure that all required matters are presented to the Board, such that the Board is able to supervise the management of the business and affairs of the Corporation;
- (e) together with the Chairman and the Chair of the Corporate Governance and Nominating Committee, ensure that the Board, the committees of the Board, individual directors and the senior officers understand and discharge their obligations under the approach to corporate governance established by the Board from time to time;
- (f) mentor and counsel new members of the Board to assist them in becoming active and effective directors;
- (g) facilitate the process of conducting director evaluations;
- (h) promote best practices and high standards of corporate governance; and
- (i) perform such other responsibilities and obligations as may be delegated to the Lead Director, if any, by the Board from time to time.

Feedback

33. The Board welcomes input and comments from shareholders of the Corporation relating to this mandate. Such input and comments may be sent to the Board at the address of the Corporation.