CANLEY DEVELOPMENTS INC.

Suite 400, 837 West Hastings Street
Vancouver, British Columbia V6C 3N6

PROXY CIRCULAR

INFORMATION PROVIDED AS AT MARCH 28, 2003 (*unless otherwise stated)* FOR THE ANNUAL GENERAL AND SPECIAL MEETING OF SHAREHOLDERS TO BE HELD ON APRIL 28, 2003 (the "MEETING").

This Proxy Circular is furnished in connection with the solicitation of proxies by management of Canley Developments Inc. (the "Company") for use at the Annual General and Special Meeting of the Company, at the time and place and for the purposes set forth in the Notice of Meeting. It is expected that the solicitation will be primarily by mail. Proxies may also be solicited personally by officers of the Company at nominal cost.

This solicitation is made by the management of the Company. The solicitation will be conducted by mail and possibly supplemented by telephone or other personal contact to be made without special compensation by regular officers and employees of the Company. No solicitation will be made by specifically engaged employees or soliciting agents. The cost of solicitation will be borne by the Company.

The Company has distributed copies of the Notice of Annual General and Special Meeting, this Management Proxy Circular and Form of Proxy (collectively, the "documents") to clearing agencies, securities dealers, banks and trust companies, or their nominees ("intermediaries"), for onward distribution to shareholders of the Company whose shares are held by or in the custody of those intermediaries ("non-registered shareholders"). The intermediaries are required to forward the documents to non-registered shareholders.

The solicitation of proxies from non-registered shareholders will be carried out by intermediaries, or by the Company if the names and addresses of non-registered shareholders are provided by the intermediaries. The cost of this solicitation will be borne by the Company.

The Company will also pay the broker-dealers, banks or other nominee shareholders of record of the Company their reasonable expenses in mailing copies of the foregoing material to beneficial owners of shares of the Company.

Non-registered shareholders who wish to file proxies should follow the directions of their intermediary with respect to the procedure to be followed. Generally, non-registered shareholders will either:

(a) be provided with a form of proxy executed by the intermediary but otherwise uncompleted. The non-registered shareholder may complete the proxy and return it to the Company's transfer agent; or
(b) be provided with a request for voting instructions. The intermediary is required to send the Company an executed form of proxy completed in accordance with any voting instructions received by it.

All dollar amounts in this Proxy Circular are in Canadian currency, unless otherwise specified.

The Notice of Meeting, Form of Proxy, and this Proxy Circular will be mailed to shareholders commencing on or about April 7, 2003.

RECORD DATE AND NOTICE

The directors of the Company have set March 28, 2003 as the record date for determining which shareholders shall be entitled to receive notice of and to vote at the Meeting. Advance notice of the record date for the Meeting was published by CDS Inc. in *The Globe & Mail* and by the Company on March 21, 2003 in the *Vancouver Sun.* If a shareholder transfers any shares after the record date and the new holder of such shares establishes proper ownership thereof, the new holder may have his or her name included on the list of shareholders entitled to vote at the Meeting upon filing a written request to that effect with the Secretary of the Company not later than 10 days before the Meeting or any adjournment thereof.

APPOINTMENT OF PROXYHOLDERS AND REVOCATION OF PROXIES

The persons named in the enclosed form of proxy are directors of the Company and are nominees of management. A shareholder desiring to appoint some other person to attend or act for him at the Meeting may do so either by inserting such person's name in the blank space provided in the form of proxy and by striking out the names of management nominees or by completing another form of proxy permitted by the by-laws of the Company. A person appointed as proxyholder need not be a shareholder. The instrument appointing a proxy must be in writing, or if the shareholder is a Company, executed by a duly authorized officer or attorney of the Company. An instrument of proxy will only be valid if it is duly completed, signed, dated and returned to Computershare Trust Company of Canada, 9th Floor, 100 University Boulevard, Toronto, Ontario, M5J 2Y1, before 5:00 p.m. (Toronto time) not less than 48 hours (excluding Saturdays, Sundays and holidays) before the date of the Meeting. The chairman of the Meeting has the discretion to accept proxies filed less than 48 hours before the date of the Meeting.

Any shareholder returning the enclosed form of proxy may revoke the same at any time insofar as it has not been exercised. In addition to revocation in any other manner permitted by law, a proxy may be revoked by an instrument in writing executed by the shareholder or by his attorney authorized in writing or, if the shareholder is a Company, under its corporate seal or by an officer or attorney thereof duly authorized, and deposited at the registered office of the Company at any time up to and including the last business day preceding the day of the Meeting, or any adjournment thereof, at which the proxy is to be used, or with the chairman of the Meeting on the day of the Meeting, or any adjournment thereof, and upon either of such deposits the proxy is revoked. The registered office of the Company is located at: Suite 2300, 1055 Dunsmuir Street, P.O. Box 49122, Vancouver, British Columbia, Canada, V7X 1J1.

VOTING OF PROXIES

If the Form of Proxy is completed, signed and delivered to the Company (the "Proxy"), the persons named as proxyholders therein shall vote the shares in respect of which they are appointed in accordance with the instructions of the shareholder appointing them. The Proxy confers discretionary authority upon the persons named therein with respect to all other matters that may properly come before the Meeting or any adjournment thereof. As of the date of this Proxy Circular, the board of directors of the Company (the "Board") knows of no such amendments, variations or other matters to come before the Meeting, other than matters referred to in the Notice of Meeting. However, if other matters should properly come before the Meeting, the Proxy will be voted on such matters in accordance with the best judgment of the person or persons voting the Proxy.

If no choice is specified by a shareholder in the Form of Proxy with respect to any matter identified therein or any amendment or variations to such matters, it is intended that the person designated by

management in the Form of Proxy will vote the shares represented by the Proxy in favour of such matter and for substitute nominees of management for directors, if necessary.

VOTING SHARES AND PRINCIPAL HOLDERS THEREOF

As at March 28, 2003, there were a total of 5,648,132 common shares (the "common shares") outstanding. Each common share entitles the shareholder(s) thereof to one vote for each common share shown as registered in the shareholders' name on the record date.

To the knowledge of the directors and senior officers of the Company, the only parties owning, directly or indirectly, or exercises control or direction over, shares carrying more than 10% of the voting rights attached to the issued and outstanding shares of the Company are as follows:

Name	Number of Shares Owned	Percentage of Issued Shares
CDS & Co.[1]	1,758,354	31.13%

(1) Beneficial owners of these shares are not known by the Company.

ELECTION OF DIRECTORS

There are currently three directors of the Company. The present term of office of each of these three directors will expire immediately prior to the election of directors at the Meeting. It is proposed that the six persons named below be nominated for election as directors of the Company. Management of the Company does not contemplate that any of the nominees will be unable to serve as directors. Each director will hold office until the next annual meeting of the Company or until his successor is appointed or elected, unless his office is earlier vacated in accordance with the By-Laws of the Company or with the provisions of the *Canada Business Company Act*.

In the following table and notes thereto is stated the name of each person proposed to be nominated by management for election as a director, the country in which he is ordinarily resident, all offices of the Company now held by him, his principal occupation, the period of time for which he has been a director of the Company and the number of common shares beneficially owned by him, directly or indirectly, or over which he exercises control or direction, as at the date hereof.

Name, Position, and Country of Residence	Principal Occupation During the Past Five Years [1]	Date Became a Director	Number of common shares beneficially owned or over which control or direction is exercised [2]
Richard W. Warke [6] President and Director Canada	President and Director of the Company; President and Director of CyberCom Systems Inc. and Augusta Resource Corporation and Director of Swica Resource Corp.	May 1998	237,624[3]
Donald B. Clark [6] Director Canada	Director of the Company, CyberCom Systems Inc. and Augusta Resource Corporation and President and Director of Swica Resource Corp.	May 1998	126,700[4]
Robert P. Wares [6] Director Canada	Director of the Company, President of Osisko Exploration Ltee. and Director of Augusta Resource Corporation.	May 1998	Nil[5]
Robert E. Hindson Director Canada	President and CEO of Far West Mining Ltd. since April 1995 and Director of Augusta Resource Corporation since January 2002.		Nil
Christopher M.H. Jennings Director Canada	Chairman of SouthernEra Resources Limited since April 2001 and was President and CEO of SouthernEra Resources Limited from April 1992 to April 2001; and a Director of Augusta Resource Corporation since April 2002.		100,000
Michael A. Steeves Director USA	Vice-President, Investor Relations of Glamis Gold Ltd. and Director of Augusta Resource Corporation since November 1999.		Nil

(1) The information as to country of residence and principal occupation, not being within the knowledge of the Company has been furnished by the respective directors, individually.

(2) The information as to common shares beneficially owned or over which a director exercises control or direction, not being within the knowledge of the Company, has been furnished by the respective directors individually.

(3) In addition, Mr. Warke also holds 175,000 incentive stock options exercisable at $0.15 per common share up to March 5, 2008; and 65,666 incentive stock options exercisable at $0.15 per common share, up to March 5, 2008, the repricing of which from $1.50 to $0.15 is subject to disinterested shareholder approval.

(4) In addition, Mr. Clark holds 110,000 incentive stock options exercisable at $0.15 per common share up to March 5, 2008; and 33,333 incentive stock options exercisable at $0.15 per common share up to March 5, 2008, the repricing of which from $1.50 to $0.15 is subject to disinterested shareholder approval.

(5) Mr. Wares holds 50,000 incentive stock options exercisable at $0.15 per common share up to March 5, 2008; and 6,666 incentive stock options exercisable at $0.15 per common share up to March 5, 2008, the repricing of which from $1.50 to $0.15 is subject to disinterested shareholder approval.

(6) Denotes member of Audit Committee.

The Company does not currently have an executive committee.

STATEMENT OF EXECUTIVE COMPENSATION

The Company is incorporated under the *Canada Business Company Act* and commenced operations on May 25, 1998. The following table sets forth all annual and long-term compensation awarded, paid to or earned for services in all capacities to the Company for the fiscal year ended December 31, 2002 for the Chief Executive Officer ("CEO") of the Company, regardless of the amount of compensation of that individual, and each of the Company's four most highly compensated executive officers, other than the CEO, who were serving as executive officers at the end of the most recent fiscal year, provided that disclosure is not required for an executive officer whose total salary and bonus does not exceed $100,000 (the "Named Executive Officers"). During the Company's fiscal year ended December 31, 2002, the Company had one Named Executive Officer, Richard W. Warke, President and Chairman of the Board of the Company.

Summary Compensation Table

		Annual Compensation			Long Term Compensation			
					Awards		Payouts	
Name and Principal Position	Year	Salary ($)	Bonus ($)	Other Annual Compen-sation ($)	Securities Under Options/ SARs granted (#)	Restricted Shares or Restricted Share Units ($)	LTIP Payouts ($)	All Other Compen-sation ($)
Richard W. Warke President and Director	2002 2001 2000	Nil Nil 101,311	Nil Nil Nil	Nil Nil Nil	Nil Nil Nil	N/A N/A N/A	N/A N/A N/A	Nil Nil 8643

(1)

Long Term Incentive Plan Awards

Long term incentive plan awards ("LTIP") means "any plan providing compensation intended to serve as an incentive for performance to occur over a period longer than one financial year whether performance is measured by reference to financial performance of the Company or an affiliate, or the price of the Company's shares but does not include option or stock appreciation rights plans or plans for compensation through restricted shares or units". The Company has not granted any LTIP's to the Named Executive Officer during the past fiscal year.

Stock Appreciation Rights

Stock appreciation rights ("SAR's") means a right, granted by a Company or any of its subsidiaries as compensation for services rendered or in connection with office or employment, to receive a payment of cash or an issue or transfer of securities based wholly or in part on changes in the trading price of the Company's shares. No SAR's were granted to or exercised by the Named Executive Officer during the past fiscal year.

Options Granted During the Most Recently Completed Financial Year

During the fiscal year ended December 31, 2002, there were no incentive stock options granted to the directors and employees of the Company.

Aggregated Options/SAR Exercises During the Most Recently Completed Financial Year and Financial Year-End Option/SAR Values

The following table sets forth securities acquired on exercise and the number and value of the options held at December 31, 2002 by the Named Executive Officer.

Name	Securities Acquired on Exercise (#)	Aggregate Value Realized ($)	Unexercised Options at Fiscal Year End (#)	Value of Unexercised In-the-Money Options at FY-END ($)
Richard W. Warke	Nil	Nil	65,666	Nil

No incentive stock options were exercised by the Named Executive Officer during the past fiscal year.

Pension Plans

The Company does not provide retirement benefits for its directors or executive officers.

Termination of Employment, Change in Responsibilities and Employment Contracts

The Company had no plans or arrangements in respect of remuneration received or that may be received by its executive officers in the financial year ended December 31, 2002, or in the current financial year, in view of compensating such officers in the event of termination of their employment (resignation, retirement, change of control) with the Company or in the event of a change in their responsibilities following a change in control of the Company where, in respect of each executive officer, the value of such compensation exceeds Cdn$100,000.

Compensation of Directors

During the fiscal year ended December 31, 2002, no incentive stock options were granted by the Company to a director who is not a Named Executive Officer. No other incentive stock options were exercised by directors who are not Named Executive Officers during the past fiscal year. As at the end of the Company's most recent fiscal year, none of the unexercised incentive stock options were "in-the-money".

During the past fiscal year, the directors did not receive any compensation from the Company in their capacity as such, other than as set out above.

INDEBTEDNESS OF DIRECTORS, EXECUTIVE OFFICERS AND SENIOR OFFICERS

During the Company's past fiscal year, no director, executive officer or senior officer of the Company, proposed management nominee for election as a director of the Company or associate or affiliate of any such director, executive or senior officer or proposed nominee is or has been indebted to the Company or any of its subsidiaries or is or has been indebted to another entity where such indebtedness is or has been the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Company or any of its subsidiaries, other than routine indebtedness.

MANAGEMENT CONTRACTS

A private British Columbia company, in which the President has a 25% interest, received the sum of $30,000 in consideration for providing administrative services to the Company for the fiscal year ended December 31, 2002.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

On December 17, 2001, the Company entered into six (6) debt settlement agreements, two of which with a director of the Company for 120,000 common shares, and Tatiana Investment Corporation, a company which shares a common director, for 106,770 common shares. Pursuant to these agreements, the Company received final regulatory approval for TSX Venture to issue an aggregate of 905,100 common shares at a deemed price of $0.10 per share. On March 19, 2002 the Company issued 798,330 common shares in settlement of debt amounting to $79,833. A *further issuance of 106,770 common shares to Tatiana Investment Corporation is subject to disinterested shareholder approval*

Pursuant to Option Agreement dated March 3, 2003 between 21st Century Energy Corp. (the "Vendor") and the Company, the Company was granted an option to acquire a 100% working interest in the Lodestone Mountain Property ("Lodestone"). Lodestone is located 17 km, accessible by road, from Coalmont, BC. Based upon a report completed in the 1970's by Wright Engineering and further evaluation by PBK Engineering in 1992, Lodestone contains a proven resource of 98,600,000 tonnes grading 15.5% iron (Fe) and a probable resource of 128,000,000 tonnes grading 13.9% Fe (using a cut-off grade of 11% Fe). Lodestone has historically produced over 20,000 ounces of platinum and there are several areas that have recorded grades in excess of 1 gram platinum per tonne, however there has never been any coordinated exploration effort conducted on the Property for platinum group metals. In consideration therefor, the Company agreed to:

(a) issue 3,166,666 common shares
(b) issue 3,000,000 share purchase warrant exercisable into common shares at a price of $0.20 per share for a term of 3 years
(c) make cash payments of $100,000 over a 2 year period, with the Vendor retaining a 5% Gross Overriding Royalty on all ferrous metals produced, and 2% Net Smelter Return ("NSR") on all other minerals produced.

The Vendor of Lodestone is a director of the Company and not arms length, therefore the acquisition will be subject to disinterested shareholder and regulatory approval.

Other than as set forth above or elsewhere in this Proxy Circular and other than transactions carried out in the ordinary course of business of the Company or any of its subsidiaries, none of the directors or senior officers of the Company, any shareholder beneficially owning shares carrying more than 10% of the voting rights

attached to the shares of the Company nor an associate or affiliate of any of the foregoing persons had, since January 1, 2002 (being the commencement of the Company's last completed financial year), any material interest, direct or indirect, in any transactions which materially affected or would materially affect the Company or any of its subsidiaries.

APPOINTMENT AND REMUNERATION OF AUDITORS

In the past the directors have negotiated with the auditors of the Company on an arm's length basis in determining the fees to be paid to the auditors. Such fees have been based upon the complexity of the matters in question and the time incurred by the auditors. Management believes that the fees negotiated in the past with the auditors were reasonable in the circumstances and would be comparable to fees charged by auditors providing similar services.

The Board intends to recommend to the Meeting that Deloitte & Touche LLP, Chartered Accountants, be appointed as auditors of the Company and, unless such authority is withheld, the persons named in the accompanying Proxy intend to vote for the re-appointment of Deloitte & Touche LLP, Chartered Accountants, as auditors of the Company to hold office until the close of the next annual meeting of shareholders at a remuneration to be determined by the Board of Directors. Deloitte & Touche LLP was first appointed auditors of the Company in 1998.

PARTICULARS OF OTHER MATTERS TO BE ACTED UPON

Shares for Debt

In accordance with Policy 4.3 of the TSX Venture Exchange (the "Exchange"), the Company is required to obtain shareholder approval to a transaction in connection with a Shares for Debt whereby the party(ies) is not arms length to the Company. Shareholder approval must be obtained by a majority of the votes cast at a meeting of shareholders, other than votes attaching to shares beneficially owned by Tatiana Investment Corporation, its affiliates or subsidiaries. Accordingly, any shares owned by Tatiana Investment Corporation, as well as any shares owned by its affiliates or subsidiaries will not be included for the purpose of determining whether the required level of shareholder approval has been obtained.

Shareholder approval will be sought, by way of ordinary resolution that Tatiana Investment Corporation, a company which shares a common director, be issued 106,770 common shares at a deemed price of $0.10 per common share in settlement of debts totaling $10,677. The Company received regulatory approval from the TSX Venture Exchange in connection with the transaction on March 19, 2002, subject to disinterested shareholder approval.

The text of the resolution to be submitted to the shareholders at the meeting is set forth below:

"NOW THEREFORE BE IT RESOLVED that:

(a) the Company be and it is hereby authorized and directed to issue an aggregate of 106,770 common shares in its capital stock to Tatiana Investment Corporation, as fully paid and non-assessable, at a deemed price of Cdn$0.10 per share, in full consideration of monies owing to Tatiana Investment Corporation in the aggregate amount of Cdn$10,677, as at March 31, 2002.

(b) any one director or officer of the Company be and he is hereby authorized and directed to execute and deliver under the corporate seal of the Company or otherwise, all such deeds, documents, instruments and assurances and to do all such acts and things as in his opinion may be necessary or

desirable to give effect to this resolution."

Unless otherwise indicated, it is management's intention to vote the proxies in favour of the foregoing ordinary resolution**.** In order to be effective, the ordinary resolution requires approval of 50% of the votes cast by shareholders who are entitled vote in respect of the resolution (disinterested shareholder approval).

Repricing of Stock Options

The Company issued 112,331 incentive stock options to purchase common shares in the share capital of the Company to the directors and officers of the Company on February 10, 2000, which expire on February 10, 2005, and which have an exercise price of $1.50 per common share, as more particularly set forth in the following table:

Name of Optionee	Number of Options	Date of Grant	Date of Expiry	Former Exercise Price/Share	New Exercise Price/Share
Richard W. Warke	65,666	February 10, 2000	February 10, 2005	$1.50	$0.15
Donald B. Clark	33,333	February 10, 2000	February 10, 2005	$1.50	$0.15
Robert P. Wares	6,666	February 10, 2000	February 10, 2005	$1.50	$0.15
Purni Parikh	6,666	February 10, 2000	February 10, 2005	$1.50	$0.15
Total	112,331				

On March 5, 2002, the Board of Directors of the Company approved an amendment to the exercise price of these options such that the exercise price of these options will be $0.15 per common share. Pursuant to section 6.1(b) of Policy 4.4 of the TSX Venture Exchange, in order to amend the exercise price of these options, the Company must obtain disinterested shareholder approval for the amendment. Disinterested shareholder approval means that the amendment must be approved by a majority of the votes cast by all shareholders at the shareholders' meeting, excluding votes of common shares held by the individuals disclosed in the above table or associates of such individuals. The Company received regulatory approval on the repricing of these options on March 10, 2003, however the requisite shareholder approval in still necessary.

The complete text of the ordinary resolution which management intends to place before the Meeting for approval, confirmation and adoption, with or without modification, is as follows:

"NOW THEREFORE BE IT RESOLVED that:

(a) 112,331 incentive stock options to purchase common shares in the share capital of the Company issued to directors and officers of the Company on February 10, 2000, as set forth in the following table, be amended such that the exercise price is amended from $1.50 per common share to $0.15 per common share, with all other attributes of such options remaining the same:

Name of Optionee	Number of Options	Date of Grant	Date of Expiry	Former Exercise Price/Share	New Exercise Price/Share
Richard W. Warke	65,666	February 10, 2000	February 10, 2005	$1.50	$0.15
Donald B. Clark	33,333	February 10, 2000	February 10, 2005	$1.50	$0.15
Robert P. Wares	6,666	February 10, 2000	February 10, 2005	$1.50	$0.15
Purni Parikh	6,666	February 10, 2000	February 10, 2005	$1.50	$0.15
Total	112,331				

(b) Any one officer or director of the Company, be and is hereby authorized on behalf of and in the name of the Company to take all necessary steps and proceedings, to execute, deliver and to file any and all declarations, agreements, documents and other instruments and to do all such other acts and things whether they are under the corporate seal of the Company, or otherwise, that may be necessary or desirable to give effect to the provisions of this resolution."

Unless otherwise indicated, it is management's intention to vote the proxies in favour of the foregoing ordinary resolution. In order to be effective, the ordinary resolution requires approval of 50% of the votes cast by shareholders who are entitled vote in respect of the resolution (disinterested shareholder approval).

Adoption of Stock Option Plan

Purpose

The Company requests that the shareholders approve the Company's 2003 Stock Option Plan (the "Stock Option Plan") in the form adopted by the Board of Directors. The Stock Option Plan is expected to benefit shareholders by enabling the Company to attract and retain personnel of high caliber by offering to them an opportunity to share in any increase in value of the Shares of the Company resulting from their efforts. The purpose of the Stock Option Plan is to provide incentive to the Company's employees, officers, directors, and consultants responsible for the continued success of the Company. The following is a summary of the Stock Option Plan.

Description of Stock Option Plan

The effective date (the "Effective Date") of the Plan will be the date the Board of Directors approve the Plan, provided that any Options granted pursuant to the Plan prior to the date on which shareholder approval to the Stock Option Plan is given may not be exercised until the Stock Option Plan and any such Options receive shareholder approval. The Stock Option Plan will terminate ten years from the Effective Date.

The Stock Option Plan provides that options may be granted to any employee, officer, director or consultant of the Company or a subsidiary of the Company.

The options issued pursuant to the Stock Option Plan will be exercisable at a price which is equal to the market value of the Company's shares at the time the option is granted. "Market Value" will be the average of the closing prices of the Company's shares on the TSX Venture Exchange for the ten consecutive trading days

immediately preceding the date on the which the Company issues a news release announcing the grant of options or other such stock exchange upon which the shares are listed on the trading day immediately preceding the date of the grant of the option.

Options under the Stock Option Plan will be granted for a term not to exceed 5 years from the date of their grant. All options will terminate on the earlier of the expiry of their term and the date of termination of an option holder's employment, engagement or position, which must be within 90 days following termination for directors, officers, employees, and consultants or 30 days following termination for a option holder employed to provide Investor Relations Activities.

Options will also be non-assignable and non-transferable, provided that they will be exercisable by an option holder's legal heirs, personal representatives or guardians for up to twelve months following the death of an option holder.

Subject to regulatory approval, the maximum number of shares to be reserved for issuance under the Stock Option Plan, including options to purchase up to 573,997 Shares currently outstanding, will not exceed 10% of the issued shares of the Company. The options will be non-assignable and non-transferable, and may not exceed a term of five (5) years from the date of the grant. The number of shares of the Company reserved for issuance to any one person in a 12 month period cannot exceed five percent (5%) of the number of issued and outstanding shares of the Company at the time of the grant of options. The number of shares of the Company reserved for issuance to a Consultant or an Employee conducting Investor Relations Activities for the Company in a 12 month period cannot exceed two percent (2%) of the number of issued and outstanding shares of the Company at the time of the grant of options.

If the Board of Directors proposes a reduction in the exercise price of previously granted outstanding options for an option holder who is an insider of the Company at the time of the proposed amendment, then disinterested shareholder approval must be obtained. If a material alteration in the capital structure of the Company occurs as a result of a consolidation, subdivision, conversion, exchange, reclassification or otherwise, the Board of Directors shall make adjustments to the Stock Option Plan and to the options then outstanding under it as the Board of Directors determines to be appropriate and equitable under the circumstances, unless the Board of Directors determines that it is not practicable or feasible to do so, in which event the options granted under the Stock Option Plan will terminate as set forth above.

The Board of Directors may terminate, suspend or amend the terms of the Stock Option Plan, subject to the approval of any stock exchange on which the Company is listed, provided that the Board of Directors may not, without the approval of shareholders entitled to vote, (i) increase the number of shares which may be issued under the Stock Option Plan; (ii) materially modify the requirements as to eligibility for participation in the Stock Option Plan; or (iii) materially increase the benefits accruing to participants under the Stock Option Plan; however, the Board of Directors may amend the terms of the Stock Option Plan to comply with the requirements of any applicable regulatory authority without obtaining the approval of its shareholders.

A copy of the Stock Option Plan will be available for inspection at the Meeting and at the Head Office of the Company at Suite 400, 837 West Hastings Street, Vancouver, British Columbia during normal business hours up to and including the day of the Meeting.

The shareholders of the Company will be requested at the Meeting to pass the following ordinary resolution, which requires an affirmative vote of a majority of the votes cast by shareholders at the Meeting:

"NOW THEREFORE BE IT RESOLVED that:

1. the Stock Option Plan, in the form presented to this Meeting, be approved, and be attached to the minutes of this Meeting;

2. the Company be authorized to grant stock options pursuant and subject to the terms and conditions of the Stock Option Plan entitling the option holders to purchase up to 10% of issued and outstanding common shares of the Company, including the 573,997 common shares currently reserved for issuance pursuant to previously granted options outstanding as of March 5, 2003, the Effective Date of the Stock Option Plan;

3. the Board of Directors or any committee created pursuant to the Stock Option Plan be authorized to make such amendments to the Stock Option Plan from time to time, as may be required by the applicable regulatory authorities, or may, in its discretion, be considered appropriate by the Board or committee, in its sole discretion, provided always that such amendments be subject to the approval of all applicable regulatory authorities, if applicable, and in certain cases, in accordance with the terms of the Stock Option Plan, the approval of the shareholders; and

4. the approval of the Stock Option Plan by the Board of Directors be ratified and any one director of the Company is hereby authorized to execute any other documents as the director deems necessary to give effect to the transactions contemplated in the Stock Option Plan."

Lodestone Mountain Property Acquisition

Shareholder approval will be sought, by way of an ordinary resolution, with or without amendment that, subject to regulatory acceptance and in compliance with the policies of the TSX Venture Exchange, on the acquisition of the Lodestone Mountain Property. Pursuant to TSX Venture Exchange Policy 5.3, Section 7.4, as the seller of the property is a director of the Company (non-arms length to the Company), the transaction requires disinterested shareholder approval. Disinterested shareholder approval means that the acquisition must be approved by a majority of the votes cast by all shareholders at the shareholders' meeting, excluding votes of common shares held by the Vendor or any individuals affiliated with the Vendor.

The particulars of the transaction are as follows.

Pursuant to Option Agreement dated March 3, 2003 between 21st Century Energy Corp. (the "Vendor") and the Company, the Company was granted an option to acquire a 100% working interest in the Lodestone Mountain Property ("Lodestone"). Lodestone is located 17 km, accessible by road, from Coalmont, BC. Based upon a report completed in the 1970's by Wright Engineering and further evaluation by PBK Engineering in 1992, Lodestone contains a proven resource of 98,600,000 tonnes grading 15.5% iron (Fe) and a probable resource of 128,000,000 tonnes grading 13.9% Fe (using a cut-off grade of 11% Fe). Lodestone has historically produced over 20,000 ounces of platinum and there are several areas that have recorded grades in excess of 1 gram platinum per tonne, however there has never been any coordinated exploration effort conducted on the Property for platinum group metals. In consideration therefor, the Company agreed to:

(1) issue 3,166,666 common shares;
(2) issue 3,000,000 share purchase warrants exercisable into common shares at a price of $0.20 per share for a term of 3 years; and
(3) make cash payments of $100,000 over a 2 year period, with the Vendor retaining a 5% Gross Overriding Royalty on all ferrous metals produced, and 2% NSR on all other minerals produced.

Shareholders will be asked to vote on the following ordinary resolution:

"NOW THEREFORE BE IT RESOLVED that:

1. the Option Agreement between 21st Century Energy Corp. and the Company are hereby approved and any one director or the Company is authorized to execute the Option Agreement on behalf of the Company and affix the corporate seal thereto;

2. any one of the directors or senior officer of the Company is hereby authorized to prepare and sign any required documentation for filing with the Exchange; and

3. any one of the directors of the Company be and he is hereby authorized to do all acts and deeds and execute any and all documentation necessary to give effect to the foregoing resolutions;

Unless otherwise indicated, it is management's intention to vote the proxies in favour of the foregoing ordinary resolution. In order to be effective, the ordinary resolution requires approval of 50% of the votes cast by shareholders who are entitled vote in respect of the resolution (disinterested shareholder approval).

Private Placements

The only source of capital presently available to the Company is equity financing. In order for the Company to raise funds to carry on its ongoing programs, the Company might arrange further private placement subscriptions for shares or for securities convertible into shares.

Under the rules of the Exchange governing private placements, Shareholder approval is required where the issuance of shares of a listed company together with the shares that may be issued on the exercise of any share purchase warrants will result in the number of common shares to be beneficially owned by any one placee participating in a private placement, or to a group of placees who intend to vote their shares as a group in a private placement, being equal to or greater than 20% of the number of the Company's shares outstanding after giving effect to the issuance of securities pursuant to a private placement. In addition, Shareholder approval is required if the private placement may result in or is part of a transaction that will affect materially the control of the Company or the creation of a control person.

Shareholders are being asked to pass a resolution allowing the Company's directors to cause the Company to enter into one or more private placement agreement transactions during the ensuing 12 month period providing for the issuance of up to such securities (shares or units consisting of one common share and one warrant) at then market prices (less allowable discounts) and upon such terms as may be approved by the directors of the Company with such placements that could result in the number of common shares to be beneficially owned by any one placee participating in a private placement, or to a group of placees who intend to vote their shares as a group in a private placement, being equal to or greater than 20% of the number of the Company's shares outstanding after giving effect to the issuance of securities pursuant to a private placement.

Management considers that it is in the best interests of the Company to obtain a blanket authorization from the Shareholders for additional private placements to be entered into during the next 12 months. Blanket approval will obviate the necessity of obtaining Shareholder approval for each specific private placement, thereby reducing the time required to obtain regulatory approval and decreasing the Company's administrative costs relating to such private placement.

The private placements will only be negotiated if management believes the subscription price is reasonable in the circumstances and if the funds are required by the Company to continue or expand its activities. Each private placement transaction authorized hereunder will be made with placees who may or may not be at

arm's length to the Company, however, the subscription prices will comply with the policies of the Exchange. The following sets out the policy of the Exchange respecting the pricing of private placements:

> The purchase price shall not be less than the closing price of the Company's equity shares on the agreement day, or on the last trading day prior to the agreement day if the agreement day is not a trading day, less the following discounts:

Closing Price (per share)	Discount
up to $0.50	25%
$0.51 to $2.00	20%
Above $2.00	15%

> and shall not be less than $0.10 per share.
>
> If a material change in the affairs of the Company is announced by the Company after the filing of the notice with the Exchange and if the Exchange deems that a party to the transaction was probably aware of that pending material change, then the minimum price per share shall be at least equal to the closing price per share on the trading day after the day on which that material change was announced, less the appropriate discount referred to above; and
>
> If the Exchange determines that the closing price is not a fair reflection of the market for the stock and was high-closed or low-closed, then the minimum price per share shall be the market price determined by the Exchange, less the appropriate discount referred to above.

In the event that the Shareholders do not pass the resolution authorizing the Company to issue such common shares by way of one or more private placement transactions with placees wherein the placees in each private placement will be substantially at arms-length to the Company, the Company may be required to seek Shareholder approval for the private placements negotiated thereafter.

To be effective the resolution must be approved by not less than 50% of the votes cast by those Shareholders of the Company who vote in person or by proxy at the meeting.

Management is requesting Shareholder approval to the following ordinary resolution:

"NOW THEREFORE BE IT RESOLVED that:

1. the issuance by the Company, in private placements during the next 12 months, of such number of securities that would result in the Company issuing shares or possibly issuing shares upon the exercise of any share purchase warrants, where the number of common shares beneficially owned by a placee, or a group of placees who intend to vote their shares as a group in a private placement, is equal to or greater than 20% of the Company's issued and outstanding share capital, be and is hereby approved; and

2. any one of the directors or officers of the Company is hereby authorized and directed to do all such things as may be necessary or desirable, in the opinion of such officer or director to give effect thereto.

Change of Name

Shareholder approval will be sought, by way of Special Resolution, with or without amendment, that, subject to regulatory acceptance and in compliance with the policies of the TSX Venture Exchange, the name of the Company following such consolidation be changed from "Canley Developments Inc" to "Sargold Resource Corp.", or to such other name as may be approved by the Directors of the Company in their sole and absolution discretion and as is acceptable to the appropriate regulatory authorities.

Shareholders will be asked to vote on the following special resolution:

"NOW THEREFORE BE IT RESOLVED AS A SPECIAL RESOLUTION that the Articles of Incorporation of the Company be amended by changing the name of the Company from "Canley Developments Inc." to "Sargold Resource Corp" or to such other name as may be approved by the Directors of the Company in their sole and absolute discretion and as is acceptable to the appropriate regulatory authorities; and

THAT the Directors of the Company may, in their sole discretion, revoke this Special Resolution before it is acted upon without further approval of the shareholders of the Company."

OTHER MATTERS

Management of the Company knows of no matters to come before the Meeting other than the matters referred to in the Notice of Meeting accompanying this Proxy Circular. However, if any other matters that are not known to management should properly come before the Meeting, it is the intention of the persons named in the Form of Proxy accompanying this Information Circular to vote upon such matters in accordance with their best judgement.

APPROVAL OF THIS PROXY CIRCULAR

The undersigned certifies that the Board has approved the contents of this Proxy Circular and the sending, communication and delivery thereof to the shareholders.

BY ORDER OF THE BOARD OF DIRECTORS

"Richard W. Warke"

RICHARD W. WARKE
President