

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

PROXY CIRCULAR

INFORMATION PROVIDED AS AT APRIL 29, 2004 (*unless otherwise stated*) FOR THE ANNUAL GENERAL AND SPECIAL MEETING OF SHAREHOLDERS TO BE HELD ON MAY 31, 2004 (the "MEETING").

This Proxy Circular is furnished in connection with the solicitation of proxies by management of Sargold Resource Corporation (the "Corporation") for use at the Annual General and Special Meeting of the Corporation, 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 Corporation at nominal cost.

This solicitation is made by the management of the Corporation. 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 Corporation. No solicitation will be made by specifically engaged employees or soliciting agents. The cost of solicitation will be borne by the Corporation.

The Corporation has distributed copies of the Notice of Annual General and Special Meeting, this 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 Corporation 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 Corporation if the names and addresses of non-registered shareholders are provided by the intermediaries. The cost of this solicitation will be borne by the Corporation.

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

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 Corporation's transfer agent; or
- (b) be provided with a request for voting instructions. The intermediary is required to send the Corporation 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 May 3, 2004.

RECORD DATE AND NOTICE

The directors of the Corporation have set April 29, 2004 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* on April 12, 2004. 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 Corporation 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 Corporation 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 Corporation. 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, Proxy Dept. 100 University Avenue 9th floor, Toronto, Ontario, M5J 2Y1, before 5:00 p.m. (Vancouver 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 Corporation 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 Corporation 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 Corporation (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 Corporation (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 April 29, 2004, there were a total of 25,581,963 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 Corporation, the only party(ies) owning, directly or indirectly, or exercising control or direction over, shares carrying more than 10% of the voting rights attached to the issued and outstanding shares of the Corporation are as follows:

<u>Name</u>	<u>Number of Shares Owned</u>	<u>Percentage of Issued Shares</u>
CDS & Co. ⁽¹⁾	16,084,412	62.9%
21 st Century Energy Corp.	3,166,666 ⁽²⁾	12.40%
Kinross Gold Corporation	2,583,333	10.10%

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

(2) The beneficial owner of this company is Richard W. Warke and 1,971,859 of these shares are subject to escrow provisions.

ELECTION OF DIRECTORS

There are currently six directors of the Corporation. The present term of office of each of these six directors will expire immediately prior to the election of directors at the Meeting. It is proposed that the five persons named below be nominated for election as directors of the Corporation. Management of the Corporation 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 Corporation or until his successor is appointed or elected, unless his office is earlier vacated in accordance with the By-Laws of the Corporation or with the provisions of the *Canada Business Corporations 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 Corporation now held by him, his principal occupation, the period of time for which he has been a director of the Corporation 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 ⁽³⁾ President and Director, Canada	President and Director of the Corporation and Augusta Resource Corporation.	May 1998	3,652,290 ⁽⁴⁾
Donald B. Clark ⁽³⁾ Director, Canada	Director of the Corporation and Augusta Resource Corporation.	May 1998	126,700
Robert P. Wares ⁽³⁾ Director, Canada	Director of the Corporation, President of Osisko Exploration Ltee. and Director of Augusta Resource Corporation	May 1998	Nil
Robert E. Hindson Director, Canada	President and CEO of Far West Mining Ltd. since April 1995 and Director of Augusta Resource Corp. since January 2002.	March 2003	6,666
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.	March 2003	100,000

(1) The information as to country of residence and principal occupation, not being within the knowledge of the Corporation 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 Corporation, has been furnished by the respective directors individually.
- (3) Denotes member of Audit Committee.
- (4) 1,971,859 of these shares are subject to escrow provisions.

The Corporation does not currently have an executive committee.

STATEMENT OF EXECUTIVE COMPENSATION

The following table sets forth all annual and long-term compensation awarded, paid to or earned for services in all capacities to the Corporation for the fiscal year ended December 31, 2003 for the Chief Executive Officer ("CEO") of the Corporation, regardless of the amount of compensation of that individual, and each of the Corporation'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 Officer(s)"). During the Corporation's fiscal year ended December 31, 2003, the Corporation had one Named Executive Officer, Richard W. Warke, President and Chairman of the Board of the Corporation.

Summary Compensation Table

Name and Principal Position	Year	Annual Compensation			Long Term Compensation			All Other Compensation (\$)
		Salary (\$)	Bonus (\$)	Other Annual Compensation (\$)	Awards		Payouts	
					Securities Under Options/SARs granted (#)	Restricted Shares or Restricted Share Units (\$)	LTIP Payouts (\$)	
Richard W. Warke President and Director	2003	83,282	Nil	Nil	175,000/Nil	N/A	N/A	28,000
	2002	Nil	Nil	Nil	Nil	N/A	N/A	Nil
	2001	Nil	Nil	Nil	Nil	N/A	N/A	Nil

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 Corporation or an affiliate, or the price of the Corporation's shares but does not include option or stock appreciation rights plans or plans for compensation through restricted shares or units". The Corporation 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 Corporation 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 Corporation's shares. No SAR's were granted to or exercised by the Named Executive Officer during the past fiscal year.

Options/SARS Grants During the Most Recently Completed Financial Year

The following table sets forth stock options granted under the Corporation's Stock Option Plan (the "Stock Option Plan") or otherwise during the most recently completed financial year to the Named Executive Officer.

Name	Securities Under Options/SARs Granted (#)	% of Total Options/SARs Granted to Employees in Financial Year	Exercise or Base Price (\$/Security)	Market Value of Securities Underlying Options/SARs on the Date of Grant (\$/Security)	Expiration Date
Richard W. Warke	175,000/Nil	11.80%	\$0.15	\$26,250	March 5, 2008

Aggregated Options/SARS 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, 2003 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 ⁽¹⁾ Options at FY-END (\$)
Richard W. Warke	Nil	Nil	240,666	\$115,520

(1) In the money options are those where the market value of the underlying securities at the fiscal year-end exceeds the exercise price of the option.

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

Options and SARS Repricing

During the fiscal year ending December 31, 2003, the Corporation repriced downward options held by Directors, Officers and employees of the Corporation. There were unexercised stock options that were no longer "in-the-money" and provided no incentive to the optionees. As a result, and upon receipt of all regulatory and shareholder approval, the Corporation repriced outstanding stock options. The purpose of granting stock options is to provide an incentive to the Corporation's directors, officers, employees and consultants to continue their involvement with the Corporation, to increase their efforts on the Corporation's behalf and to attract qualified new directors, senior officers and employees. The following tables lists details of options repriced that were held by Directors of the Corporation and the Named Executive Officer:

Name	Date of Repricing	Securities Under Options/SARs Repriced Or Amended (#)	Market Price Of Securities At Time of Repricing or Amendment (\$/Security)	Exercise Price at Time of Repricing or Amendment (\$/Security)	New Exercise Price (\$/Security)	Length of Original Option Term Remaining at Date of Repricing or Amendment
Richard W. Warke	March 4, 2003	65,666/nil	\$0.15	\$1.50	\$0.15	Original term was extended from expiry of February 10, 2005 to March 5, 2008.
Donald B. Clark	March 4, 2003	33,333/nil	\$0.15	\$1.50	\$0.15	Original term was extended from expiry of February 10, 2005 to March 5, 2008.
Robert P. Wares	March 4, 2003	6,666/nil	\$0.15	\$1.50	\$0.15	Original term was extended from expiry of February 10, 2005 to March 5, 2008.

Pension Plans

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

Termination of Employment, Change in Responsibilities and Employment Contracts

The Corporation 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, 2003, 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 Corporation or in the event of a change in their responsibilities following a change in control of the Corporation 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, 2003, the Corporation paid \$83,333 to Donald B. Clark for his services as Chief Financial Officer of the Corporation. The Corporation also paid \$111,282 to Richard Warke, the Named Executive Officer, and \$67,000 to a company controlled by the Named Executive Officer for services rendered. No compensation was paid by the Corporation to directors for their services as directors during the fiscal year ended December 31, 2003, nor are there any arrangements for any such compensation to be paid.

The Corporation has no pension plan and no standard or other arrangement for compensation to the directors of the Corporation except the granting of stock options. The following table sets forth particulars of stock options granted by the Corporation its directors that are not the Named Executive Officer during the fiscal year ended December 31, 2003:

Name of Directors	Number of Options Granted	Exercise Price	Expiry Date
Donald B. Clark	400,000	\$0.72	September 1, 2008
Chris Jennings	50,000	\$0.72	September 1, 2008
Robert P. Wares	50,000	\$0.72	September 1, 2003
Robert Hindson	50,000	\$0.72	September 1, 2003
Michael A. Steeves	50,000	\$0.72	September 1, 2003

INDEBTEDNESS OF DIRECTORS, EXECUTIVE OFFICERS AND SENIOR OFFICERS

During the Corporation's past fiscal year, no director, executive officer or senior officer of the Corporation, proposed management nominee for election as a director of the Corporation or associate or affiliate of any such director, executive or senior officer or proposed nominee is or has been indebted to the Corporation 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 Corporation 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 Corporation for the fiscal year ended December 31, 2003.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Pursuant to an Agreement dated March 3, 2003 between 21st Century Energy Corp., a company controlled by a director of the Corporation (the "Vendor") and the Corporation, the Corporation acquired 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). Notwithstanding the large iron ore resource, at this stage, the Corporation is focusing on the opportunity to generate a consistent cash flow from an open pit magnetite operation. In consideration therefor, and upon disinterested and regulatory approvals, the Corporation 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, 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.

Upon receipt of all regulatory and disinterested shareholder approvals, on September 2, 2003 the Corporation issued to the Vendor 3,166,666 common shares at a deemed price of \$0.11 per share (of which 1,971,859 are subject to escrow provisions) and 3,000,000 warrants exercisable into common shares at a price of \$0.20 per share expiring on September 1, 2006 subject to certain vesting provisions. In addition, cash payments of \$26,000 on August 26, 2003 and \$74,000 on October 24, 2003 were made to the Vendor.

During the fiscal year ending December 31, 2003, the Corporation closed several private placements aggregating gross proceeds of \$5,975,000. A director of the Corporation subscribed for 100,000 common shares at \$0.10 per share pursuant to the private placement of 100,000 shares at \$0.10 and a company controlled by a director of the Corporation subscribed for 200,000 units at \$0.45 per unit pursuant to the private placement of 10,000,000 units at \$0.45 per unit. These particular private placements closed in April and August 2003 respectively.

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 Corporation or any of its subsidiaries, none of the directors or senior officers of the Corporation, any shareholder beneficially owning shares carrying more than 10% of the voting rights attached to the shares of the Corporation nor an associate or affiliate of any of the foregoing persons had, since January 1, 2003 (being the commencement of the Corporation's last completed financial year), any material interest, direct or indirect, in any transactions which materially affected or would materially affect the Corporation or any of its subsidiaries.

APPOINTMENT AND REMUNERATION OF AUDITORS

In the past the directors have negotiated with the auditors of the Corporation 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 Corporation 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 Corporation to hold office until the close of the next annual meeting of shareholders at a remuneration to be determined by the Board. Deloitte & Touche LLP was first appointed auditors of the Corporation in 1998.

PARTICULARS OF OTHER MATTERS TO BE ACTED UPON

Amendment to Articles

Under the Section 106(8) of the *Canada Business Corporations Act*, the directors may, if the articles of the Corporation (the "Articles") so provide, appoint one or more additional directors, to hold office for a term expiring not later than the close of the next annual meeting of shareholders and provided that the total number of directors so appointed does not exceed one-third of the number of directors elected at the last annual meeting. The current Articles do not contain such a provision, and it is proposed to amend the Articles to include this provision in order to give the directors more flexibility in adding new directors who can benefit the Corporation without the necessity of having an existing director resign. Assuming that five directors are elected at the Meeting, if this amendment to the Articles is approved the board will be able to appoint one additional director between the Meeting and the next annual general meeting.

Accordingly, the shareholders of the Corporation will be asked to consider and, if thought appropriate, to pass a special resolution in substantially the form set out below:

"NOW THEREFORE BE IT RESOLVED, as a Special Resolution, that:

1. the Articles of the Corporation be amended to add the following as 'Other Provisions' to the Articles:

"The directors of the Corporation may, between annual meetings of shareholders of the Corporation, appoint one or more additional directors to serve until the next annual meeting, provided that the number of additional directors shall not at any time exceed one-third of the number of directors elected at the last annual meeting and provided further that the total number of directors of the Corporation after any such appointment shall not exceed the maximum number of directors then provided for in the Articles of the Corporation."; and

2. any director or officer of the Corporation be and he is hereby authorized and directed on behalf of the Corporation to sign and send Articles of Amendment, in duplicate, to the Director, *Canada Business Corporations Act*, and to sign and deliver all documents and to do all things necessary or advisable in connection with the foregoing."

Under the *Canada Business Corporations Act*, a "special resolution" is a resolution passed by a majority of not less than two-thirds of the votes cast by shareholders who vote in respect of that resolution. The Board of Directors recommends that the shareholders vote for the foregoing resolution to amend the Articles.

Stock Option Plan

The policies of the TSX Venture Exchange ("Exchange") were amended in August 2002, to require that all listed companies adopt either a "rolling" stock option plan or a "fixed number" stock option plan and thereafter grant all stock options pursuant to the plan. On March 5, 2003, the Board adopted a Stock Option Plan (the "2003 Plan") to reflect the policies of the Exchange which was subsequently approved by the shareholders at the 2003 annual general and special meeting and accepted for filing by the Exchange. On April 22, 2004, the Board updated and revised the 2003 Plan (the "2004 Plan") to reflect Exchange policies and general securities laws in other jurisdictions to which the required Exchange approvals were received by the Corporation.

The 2004 Plan is a "rolling" stock option plan under which options, including any outstanding options, may be granted to a maximum of 10% of the issued capital of the Corporation at the time of the grant of

the stock option. As at the date of this Proxy Circular the issued capital of the Corporation is 25,581,963 and there were 1,596,666 unexercised stock options issued under the 2003 Plan which remain outstanding under the 2004 Plan.

Under the policies of the Exchange, “rolling” stock option plans are required to be approved by the shareholders at each annual general meeting. Accordingly, the Corporation is seeking approval by the shareholders of the 2004 Plan at the Meeting pursuant to the policies of the Exchange.

Purpose of the 2004 Plan

The purpose of the 2004 Plan is to provide an incentive to the Corporation’s directors, senior officers, employees and consultants to continue their involvement with the Corporation, to increase their efforts on the Corporation’s behalf and to attract qualified new directors, senior officers and employees. Because the 2004 Plan is an important component of the Corporation’s compensation package, the Corporation believes that there should be a sufficient number of shares available for the granting of stock options under the 2004 Plan and therefore is requesting annual approval by the shareholders of the Plan in order to ensure a sufficient number of shares available for future grants during the ensuing year.

General Description/Exchange Policies

The following is a brief description of the principal terms of the 2004 Plan, which description is qualified in its entirety by the terms of the 2004 Plan:

1. The exercise price of the stock options, as determined by the Board or a committee appointed by the Board, in its sole discretion, shall not be less than the minimum price permitted by the policies of the Exchange. The current policies of the Exchange provide that the exercise price for stock options must not be less than the greater of \$0.10 and the last closing price of the Corporation’s shares before the date of grant, less a maximum discount of 25% where the closing price was up to \$0.50, 20% where the closing price was \$0.51 to \$2.00 and 15% where the closing price was above \$2.00, subject to adjustment in the event of a recent share consolidation, split or announcement of material information.
2. Stock options under the 2004 Plan may be granted by the Board or a committee appointed by the Board to directors, officers, employees and consultants of the Corporation and its subsidiaries or employees of companies providing management or consulting services to the Corporation or its subsidiaries.
3. The aggregate number of Common shares that may be reserved for issuance for a stock option to any one individual in a 12 month period must not exceed 5% of the issued shares of the Corporation at the time of grant of the stock option unless the Corporation has obtained disinterested shareholder approval.
4. The number of stock options granted to a consultant in a 12 month period must not exceed 2% of the issued shares of the Corporation at the time of grant of the stock option.
5. The aggregate number of stock options granted to employees involved in investor relations activities must not exceed 2% of the issued shares of the Corporation in any 12 month period, at the time of grant of the stock option. Stock options issued to consultants performing investor relations activities must vest in stages over 12 months with no more than 1/4 of the options vesting in any three month period.
6. Stock options under the 2004 Plan will be granted for a term not to exceed 5 years from the date of their grant. Stock options may only be exercised until the earlier of the expiry date and a

period of not more than 90 days after the optionee ceases to be a qualified optionee, except in the case of persons providing investor relations activities to the Corporation where it is limited to the earlier of the expiry date and a period of not more than 30 days after such optionee ceases to be a qualified optionee.

7. All stock options shall be non-assignable and non-transferable except as between an optionee and a wholly owned personal corporation, with the consent of the Exchange 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 a stock option holder.
8. The decrease in the exercise price of stock options previously granted to insiders requires approval by a "disinterested shareholder vote" prior to exercise of such repriced stock options.

The full text of the 2004 Plan will be available for review at the Meeting. **Unless otherwise indicated, it is management's intention to vote the proxies in favour of the foregoing ordinary resolution for the adoption of the 2004 Plan.**

The shareholders of the Corporation will be asked to consider and, if thought appropriate, to approve and adopt an ordinary resolution in substantially the form set out below:

"NOW THEREFORE BE IT RESOLVED that:

1. the Stock Option Plan dated April 22, 2004 (the "Stock Option Plan"), in the form presented to this Meeting, be approved, and be attached to the minutes of this Meeting;
2. the Corporation be authorized to grant stock options pursuant and subject to the terms and conditions of the Stock Option Plan to a maximum of 10% of the issued and outstanding common shares at the time of the grant subject to Exchange policies and other regulatory requirements as may be required;
3. the Board or any committee created pursuant to the Stock Option Plan be authorized to make 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 be ratified and any one director of the Corporation 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."

Repricing of Stock Options

Under the current policy of the Exchange, shareholder approval is not required for the grant of stock options if granted in accordance with the policy. However, such policy requires that any decrease in the exercise price of stock options held by insiders be approved by a majority of the shareholders at the Meeting, excluding insiders and their associates (the "disinterested shareholders"). Therefore, the disinterested shareholders at the Meeting will be asked to authorize the directors in their discretion to amend stock options granted to insiders, subject to all necessary regulatory approvals.

For the purposes hereof, an "insider" is a director or senior officer of the Corporation, a director or senior officer of a company that is itself an insider or subsidiary of the Corporation, or a person whose control, or direct or indirect beneficial ownership, or a combination thereof, over securities of the Corporation extends to securities carrying more than 10% of the voting rights attached to all the Corporation's

outstanding voting securities.

On September 2, 2003 the Corporation issued incentive stock options to purchase common shares in the share capital of the Corporation to directors, officers, and employees of the Corporation which expire on September 1, 2008, and which have an exercise price of \$0.72 per common share. It is the intention of the directors of the Corporation to amend the exercise price of the options downward from \$0.72 to \$0.45 per common share, subject to Exchange policies and approval, with all other attributes of such options remaining the same.

The following table provides details of stock options granted that management intends to reprice:

Name of Optionee	Number of Options	Date of Grant	Date of Expiry	Former Exercise Price/Share	New Exercise Price/Share
Donald B. Clark	400,000	September 2, 2003	September 1, 2008	\$0.72	\$0.45
Richard Williams	175,000	September 2, 2003	September 1, 2008	\$0.72	\$0.45
Karl Kottmeier	200,000	September 2, 2003	September 1, 2008	\$0.72	\$0.45
Purni Parikh	75,000	September 2, 2003	September 1, 2008	\$0.72	\$0.45
Chris Jennings	50,000	September 2, 2003	September 1, 2008	\$0.72	\$0.45
Robert P. Wares	50,000	September 2, 2003	September 1, 2008	\$0.72	\$0.45
Robert E. Hindson	50,000	September 2, 2003	September 1, 2008	\$0.72	\$0.45
Total	1,000,000				

Subject to receipt of Exchange approval by the Corporation of the downward pricing of the 1,000,000 stock options referred to above, the Corporation will be seeking the requisite shareholder approval at the Meeting.

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:

1. The exercise price for 1,000,000 incentive stock options to purchase common shares in the share capital of the Corporation issued to directors, officers and employees of the Corporation on September 2, 2003, as set forth in the following table, be amended downward from \$0.72 per common share to \$0.45 per common share subject to Exchange policies and approval, 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
Donald B. Clark	400,000	September 2, 2003	September 1, 2008	\$0.72	\$0.45
Richard Williams	175,000	September 2, 2003	September 1, 2008	\$0.72	\$0.45
Karl Kottmeier	200,000	September 2, 2003	September 1, 2008	\$0.72	\$0.45
Purni Parikh	75,000	September 2, 2003	September 1, 2008	\$0.72	\$0.45
Chris Jennings	50,000	September 2, 2003	September 1, 2008	\$0.72	\$0.45
Robert P. Wares	50,000	September 2, 2003	September 1, 2008	\$0.72	\$0.45
Robert E. Hindson	50,000	September 2, 2003	September 1, 2008	\$0.72	\$0.45
Total	1,000,000				

2. Any one officer or director of the Corporation, be and is hereby authorized on behalf of and in the name of the Corporation 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 Corporation, 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 to vote in respect of the resolution (disinterested shareholder approval).

Approval of Future Placements

The Corporation from time to time investigates opportunities to raise financing on advantageous terms. It may undertake one or more financings over the next year and anticipates some of them to be structured as private placements.

Under certain circumstances, the aggregate number of shares of a listed company which are issued or made subject to issuance (i.e., issuable under a share purchase warrant or option or other convertible security) by way of one or more private placement transactions during any particular six-month period must not exceed 25% of the number of shares outstanding (on a non-diluted basis) prior to giving effect to such transactions (the "25% Rule"), unless there has been shareholder approval of such transactions.

The application of the 25% Rule may restrict the availability of the type of transactions which the Corporation may wish to enter into or funds which the Corporation may wish to raise in the future by private placement of its securities.

Management of the Corporation considers it to be in the best interests of the Corporation to retain flexibility for the Corporation to solicit private placement funds for working capital, exploration and development, mergers and acquisitions and Corporation operations. Any private placement proceeded with by the Corporation under the advance approval being sought at the Meeting will be subject to approval by the directors of the Corporation and the applicable regulatory approval.

The private placement will only be negotiated if management believes the subscription price is reasonable in the circumstances and if the funds are required by the Corporation 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 Corporation, however, the subscription prices will comply with Exchange policies.

The Exchange retains the discretion to decide whether or not a particular placement is "substantially" at arm's length or will materially affect control, in which case specific shareholder approval may be required.

In anticipation that the Corporation may wish to enter into one or more private placements in the next 12 months that will result in it issuing and/or making issuable such number of its common shares, taking into account any shares that may be issued upon exercise of any warrants, options or other rights granted in connection with the private placements, aggregating up to 100% of the number of issued and outstanding common shares as at April 29th, 2004 (the Record Date), the Corporation requests its shareholders to pass the following resolution.

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

"NOW THEREFORE BE IT RESOLVED THAT:

1. The issuance by the Corporation in one or more private placements during the 12 month period commencing May 31, 2004 of such number of securities as would result in the Corporation issuing or making issuable in such 12 month period a number of common shares aggregating up to 100% of the number of issued and outstanding common shares as at April 29th, 2004 is hereby, approved."

In order to be effective, the proposed ordinary resolution must be approved by a majority of the votes

cast by those shareholders of the Corporation who, being entitled to do so, vote in person or by proxy at the Meeting in respect of such resolutions.

The directors of the Corporation believe the passing of the foregoing ordinary resolution is in the best interests of the Corporation and recommend that shareholders of the Corporation vote in favour of the resolution.

It is the management's intention to vote the proxies in favour of the forgoing resolution unless the holder of common shares who has given such proxy has directed that the votes be otherwise cast.

OTHER MATTERS

Management of the Corporation 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