

AUGUSTA RESOURCE CORPORATION

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

PROXY CIRCULAR

INFORMATION PROVIDED AS AT MAY 7, 2004 (*unless otherwise stated*) FOR THE ANNUAL GENERAL AND SPECIAL MEETING OF SHAREHOLDERS TO BE HELD ON JUNE 8, 2004 (the "MEETING").

This Proxy Circular is furnished in connection with the solicitation of proxies by management of Augusta 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 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 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 10, 2004.

RECORD DATE AND NOTICE

The directors of the Corporation have set May 7, 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 19, 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 corporation, executed by a duly authorized officer or attorney of the corporation. An instrument of proxy will only be valid if it is duly completed, signed, dated and returned to Computershare Trust Company of Canada, Proxy Department, 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 corporation, 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 400, 837 West Hastings Street, Vancouver, British Columbia, Canada, V6C 3N6.

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 May 7, 2004, there were a total of 14,064,555 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 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 Corporation are as follows:

<u>Name</u>	<u>Number of Shares Owned</u>	<u>Percentage of Issued Shares</u>
CDS & Co. ⁽¹⁾	7,488,609	53.2%
Donald B. Clark	2,781,667	19.7%
Augusta Capital Corporation ⁽²⁾	2,540,767	18.0%

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

(2) The beneficial owner of this company is Richard W. Warke, the President of the Corporation.

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 and 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 President and Director Canada	President and Director of the Corporation, President and Director of Sargold Resource Corporation.	February 1996	2,667,604
Donald B. Clark ⁽³⁾ Director, Canada	Director of the Corporation and Sargold Resource Corporation.	February 1996	2,781,667
Robert P. Wares ⁽³⁾ Director, Canada	Director of the Corporation, President of Osisko Exploration Ltee. and Director of Sargold Resource Corporation.	April 1999	Nil
Michael A. Steeves Director, USA	Director of the Corporation; Vice-President, Investor Relations of Glamis Gold Ltd.	November 1999	16,667

Chris M. H. Jennings Director, Canada	Director of the Corporation; Chairman of SouthernEra Resources Limited since April 2001 and was President and CEO of SouthernEra Resources Limited from April 1992 to April 2001.	April 2002	6,333
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- (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) Member of the audit committee.

The Corporation does not currently have an executive committee.

STATEMENT OF EXECUTIVE COMPENSATION

The Corporation is incorporated under the *Canada Business Corporations Act* and commenced operations on January 14, 1937. 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 Officers"). 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			
		Salary (\$)	Bonus (\$)	Other Annual Compensation (\$)	Awards		Payouts	All Other Compensation (\$)
					Securities Under Options/SARs granted (#)	Restricted Shares or Restricted Share Units (\$)	LTIP Payouts (\$)	
Richard W. Warke President and Director	2003	100,000 ⁽¹⁾	Nil	Nil	Nil	N/A	N/A	Nil
	2002	100,000 ⁽¹⁾	Nil	Nil	Nil	N/A	N/A	Nil
	2001	Nil	Nil	Nil	39,667/Nil	N/A	N/A	Nil

- (1) Full amount was accrued.

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 an issuer 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 Granted During the Most Recently Completed Financial Year

During the fiscal year ended December 31, 2003 no stock options were granted by the Corporation.

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, 2003 by the Named Executive Officer.

Name	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	64,667	Nil

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

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 incurred salaries expenses of \$65,000 to Donald B. Clark of which the full sum of \$65,000 was accrued. The Corporation also incurred salaries expenses of \$100,000 to Richard Warke, the Named Executive Officer of which the full sum of \$100,000 was accrued. No other 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. During the fiscal year ending December 31, 2003, no stock options were granted by the Corporation to its directors. As at the end of the Corporation's most recent fiscal year, none of the unexercised stock options were "in-the-money".

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

During the fiscal year ended December 31, 2003, the Corporation incurred administrative fees in the amount of \$30,000, to a private British Columbia company, in which the President has an interest in, of which \$12,500 was accrued.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

On May 6, 2004 the Corporation received TSX Venture Exchange (the "Exchange") approval further to a private placement of an aggregate of 7,660,000 units at \$0.05 per unit. Each unit consists of one common share (a "Share") and one common share purchase warrant (a "Warrant"). Each Warrant is exercisable for one common share (a "Warrant Share") upon payment of \$0.10 per Warrant Share for a period of two years (the "Augusta Placement") subject to disinterested shareholder approval to a certain portion of the Augusta Placement.

The Augusta Placement consists of 3 subscribers, two of which are not at arms length to the Corporation. Augusta Capital Corporation ("ACC"), a company owned by the President of the Corporation, subscribed for 4,660,000 units and Donald B. Clark ("Clark"), a director of the Corporation, subscribed for 2,800,000 units. The issuance of the Shares and Warrants underlying the units would result in the creation of a new Control Person. As a result, the Corporation must obtain disinterested shareholder approval relative to the issuance of 2,660,000 Shares and 4,660,000 Warrants to ACC and 100,000 Shares and 2,800,000 Warrants to Clark. (See "PARTICULARS OF OTHER MATTERS TO BE ACTED UPON – Private Placements) for further details.

At the Meeting shareholders of the Corporation will be asked to consider and, if thought appropriate, to approve and adopt an ordinary resolution for the issuance of 2,660,000 Shares and 4,660,000 Warrants to ACC and 100,000 Shares and 2,800,000 Warrants to Clark.

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 of Directors. Deloitte & Touche LLP were first appointed auditors of the Corporation in 1996.

PARTICULARS OF OTHER MATTERS TO BE ACTED UPON

Private Placement

On May 6, 2004 the Corporation received Exchange approval to the Corporation's private placement of an aggregate of 7,660,000 units at \$0.05 per unit. Each unit consists of one common share (a "Share") and one common share purchase warrant (a "Warrant"). Each Warrant is exercisable for one common share (a "Warrant Share") upon payment of \$0.10 per Warrant Share for a period of two years (the "Augusta Placement"). A certain portion of the Augusta Placement requires disinterested shareholder approval.

Pursuant to Exchange Policy 4.1 an issuer must obtain disinterested shareholder approval if it involves non-arms length parties, in connection with a private placement where issuance of common shares and common shares issued on conversion of a warrant or convertible security results in, or is part of a transaction that will result in the creation of a new control person. A control person under Exchange policies is defined as any person that holds or is one of a combination of persons that holds a sufficient number of any of the securities of an Issuer so as to affect materially the control of that Issuer, or that holds more than 20% of the outstanding voting shares of an Issuer except where there is evidence showing that the holder of those securities does not materially affect the control of the Issuer (a "Control Person").

The Augusta Placement consists of 3 subscribers, two of which are not at arms length to the Corporation. Augusta Capital Corporation ("ACC"), a company owned by the President of the Corporation, subscribed for 4,660,000 units and Donald B. Clark ("Clark"), a director of the Corporation, subscribed for 2,800,000 units. The issuance of the Shares and Warrants underlying the units would result in the creation of a new Control Person. As a result, the Corporation must obtain disinterested shareholder approval relative to the issuance of 2,660,000 Shares and 4,660,000 Warrants to ACC and 100,000 Shares and 2,800,000 Warrants to Clark.

Shareholder approval must be obtained by a majority of the votes cast at a meeting of shareholders, other than votes attached to shares beneficially owned by ACC and Clark, their affiliates or subsidiaries. Accordingly, any shares owned by ACC and Clark, as well as any shares owned by their 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 for the issuance of 2,660,000 Shares and 4,660,000 Warrants to ACC and 100,000 Shares and 2,800,000 Warrants to Clark.

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 Corporation be and it is hereby authorized to issue to Augusta Capital Corporation 2,660,000 common shares and 4,660,000 warrants of the Corporation pursuant to the private placement of an aggregate of 7,660,000 units at \$0.05 per unit, as more particularly described in the Corporation's Proxy Circular dated May 10, 2004;

2. The Corporation be and it is hereby authorized to issue to Donald B. Clark 100,000 common shares and 2,800,000 warrants of the Corporation pursuant to the private placement of an aggregate of 7,660,000 units at \$0.05 per unit, as more particularly described in the Corporation's Proxy Circular dated May 10, 2004;
3. any one director or officer of the Corporation be and his 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 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).

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. As the Corporation is now a Tier 2 listed company is required to comply with adopting such a plan. As a result, on May 3, 2004, the Board adopted a Stock Option Plan (the "Plan") to reflect the policies of the Exchange.

The 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 14,064,555 and there were 375,999 unexercised stock options issued which remain outstanding under the 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 Plan at the Meeting pursuant to the policies of the Exchange.

Purpose of the Plan

The purpose of the 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 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 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 Plan, which description is qualified in its entirety by the terms of the 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 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 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 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 May 3, 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."

The full text of the 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

Plan.

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.

DATED at VANCOUVER, BC this 10th day of May, 2004.

BY ORDER OF THE BOARD OF DIRECTORS

“Richard W. Warke”

RICHARD W. WARKE
President