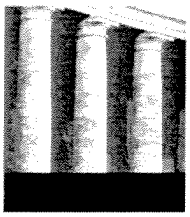


SARGOLD RESOURCE CORPORATION

NOTICE OF SPECIAL MEETING

AND

MANAGEMENT INFORMATION CIRCULAR

RELATING TO THE PROPOSED PLAN OF ARRANGEMENT

INVOLVING

SARGOLD RESOURCE CORPORATION,

BUFFALO GOLD LTD.

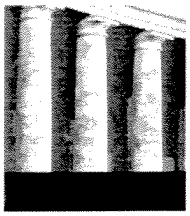
AND

6833268 CANADA INC.
(A WHOLLY-OWNED SUBSIDIARY OF BUFFALO GOLD LTD.)

September 26, 2007

These materials are important and require your immediate attention. They require shareholders of Sargold Resource Corporation to make important decisions. If you are in doubt as to how to make such decisions, please contact your financial, legal or other professional advisors.

Neither the TSX Venture Exchange nor any securities regulatory authority has, in any way, passed on the merit of the Arrangement described in this information circular.



SARGOLD
RESOURCE CORPORATION

Symbol: TSX-V: SRG
Suite 400 – 837 West Hastings Street
Vancouver, B.C. V6C 3N6 Canada
TEL: (604) 687-1717
FAX: (604) 687-1715
Email: info@sargold.com
Web: www.sargold.com

September 26 2007

Dear Shareholder:

You are invited to attend a Special Meeting (the "Meeting") of the shareholders of Sargold Resource Corporation ("Sargold" or the "Company") to be held on Thursday, October 25, 2007 commencing at 10:00 a.m. (local time in Vancouver).

At the Meeting, you will be asked to consider and vote upon a proposed plan of arrangement (the "Arrangement") pursuant to which Buffalo Gold Ltd. ("Buffalo") will acquire all of the issued and outstanding securities of Sargold (the "Sargold Securities") in consideration for the issuance by Buffalo to each securityholder of Sargold of one common share, warrant or option of Buffalo, as the case may be, for each 3.5 outstanding Sargold Securities, and Sargold and 6833268 Canada Ltd. ("Subco"), a wholly-owned subsidiary of Buffalo, will amalgamate to form Buffalo Gold Minerals Inc. ("Amalco"). Upon completion of the Arrangement, Amalco will be a wholly-owned subsidiary of Buffalo.

In order to become effective, the Arrangement must be approved by a resolution passed by at least a two-thirds majority of the votes cast by Sargold Shareholders at the Meeting. In addition to such approval, completion of the Arrangement is also subject to receipt of required regulatory approvals and the approval of the Supreme Court of British Columbia, all of which are described in more detail in the attached Management Information Circular.

After taking into consideration, among other things, the recommendation of a special committee of Sargold directors established to review the Arrangement and the fairness opinion of Evans & Evans, Inc., the Sargold directors have unanimously concluded that the Arrangement is fair to, and in the best interests of, Sargold and the Sargold Shareholders and have approved the Arrangement and authorized its submission to the Sargold Shareholders and to the Supreme Court of British Columbia for approval. **Accordingly, the Sargold directors unanimously recommend that the Sargold Shareholders vote in favour of the Arrangement.**

The directors of Sargold believe that following the Arrangement, Buffalo will be well positioned for future growth, with a stronger balance sheet and strong prospects for the development and expansion of its asset base.

The attached Notice of Meeting and Management Information Circular contain a detailed description of the Arrangement and include certain other information to assist you in considering the matters to be voted upon. You are urged to read this material carefully and, if you require assistance, to consult your financial or professional advisor. As explained more fully in the attached Management Information Circular, in addition to approval by the Sargold Shareholders, completion of the Arrangement is subject to certain conditions and receipt of all applicable regulatory approvals.

If you are unable to be present in person at the Meeting we encourage you to vote by completing the enclosed form of proxy. Your vote is important regardless of the number of Sargold Shares you own. You should specify your choice by marking the box on the enclosed form of proxy and by dating, signing and returning your proxy in the enclosed return envelope addressed to Computershare Investor Services Inc., Proxy Department, 100 University Avenue, 9th Floor, Toronto, ON, M5J 2Y1 prior to 10:00 am (local Vancouver time) on Tuesday, October 23, 2007. Please do this as soon as possible. You may also deliver a proxy by delivering it to the Chairman of the Meeting prior to the commencement of the Meeting. Voting by proxy will not prevent you from voting in person if you

attend the Meeting, but will ensure that your vote will be counted if you are unable to attend. If you are not registered as the holder of your Sargold Shares but hold your shares through a broker or other intermediary, you should follow the instructions provided by your broker or other intermediary to vote your Sargold Shares. See the section in the accompanying Management Information Circular entitled "General Proxy Information" - Non-Registered Holders" for further information on how to vote your Sargold Shares.

We encourage registered Sargold shareholders to complete and return the enclosed Letter of Transmittal (printed on green paper) together with the certificate(s) representing your Sargold Shares to the Depository in the enclosed return envelope. The Letter of Transmittal contains other procedural information related to the Arrangement and should be reviewed carefully.

If you hold your Sargold Shares through a broker or other person please contact that broker or other person for instructions.

Sincerely,

(signed) Richard W. Warke
Chairman, President & CEO
Sargold Resource Corporation

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SARGOLD RESOURCE CORPORATION

NOTICE OF SPECIAL MEETING OF HOLDERS OF COMMON SHARES

NOTICE IS HEREBY GIVEN that a Special Meeting (the "Meeting") of the holders of common shares ("Sargold Shareholders") of Sargold Resource Corporation ("Sargold") will be held at 2100 – 1075 West Georgia Street, Vancouver British Columbia, V6E 3G2 at 10:00 a.m. (local time in Vancouver) on Thursday, October 25, 2007 for the following purposes:

1. to consider and, if deemed advisable, to pass, with or without amendment, a special resolution (the "Arrangement Resolution") approving a plan of arrangement (the "Arrangement") under section 192 of the Canada *Business Corporations Act*; the details of which are set out in the attached Management Information Circular and

2. to transact such further or other business as may properly come before the Meeting or any adjournment or postponement thereof.

The accompanying Management Information Circular contains the full text of the Arrangement Resolution as Appendix A and provides additional information relating to the subject matter of the Meeting, including the Arrangement.

Sargold Shareholders who are unable to attend the Meeting in person are requested to sign, date and return the enclosed form of proxy. In order to be valid for use at the Meeting, proxies must be received by Computershare Investor Services Inc., Proxy Department, 100 University Avenue, 9th floor, Toronto, Ontario, M5S 2Y1 at any time prior to 10:00 a.m. (local time in Vancouver) on Tuesday, October 23, 2007 or, in the case of any adjournment or postponement of the Meeting, by 10:00 a.m. (local time in Vancouver) on the second Business Day prior to the date to which the Meeting has been adjourned or postponed.

Proxies may also be deposited with the Chairman of the Meeting immediately prior to the commencement of the Meeting, or any adjournment or postponement thereof. If you are a non-registered shareholder, please refer to the section in the accompanying Management Information Circular entitled "General Proxy Information - Non-Registered Holders" for information on how to vote your Sargold Shares.

Take notice that, pursuant to the order of the Supreme Court of British Columbia dated September 26, 2007, if you are a registered holder of Sargold Shares, you may, until 4:30 p.m. (local time in Vancouver) on October 18, 2007 deliver a notice of dissent to the head office of Sargold at Suite 400, 837 West Hastings Street, Vancouver, British Columbia, Canada, V6C 3N6, Attention: Purni Parikh, with respect to the Arrangement. As a result of delivering a notice of dissent you may, on receiving a notice of intention to act from Sargold, require Sargold to purchase all, but not less than all, your Sargold Shares in respect of which the notice of dissent was given.

DATED at Vancouver, British Columbia this 26th day of September, 2007.

BY ORDER OF THE BOARD OF DIRECTORS OF SARGOLD RESOURCE CORPORATION

(signed) Richard W. Warke
Chairman, President & CEO

SUMMARY

This summary is qualified in its entirety by the more detailed information appearing elsewhere in the Notice of Meeting and this Circular, including the Appendices which are incorporated into and form part of this Circular. Terms with initial capital letters in this Summary are defined in the Glossary of Terms immediately following this Summary.

Information Concerning the Meeting

The Meeting will be held at 2100 – 1075 West Georgia Street, Vancouver, British Columbia V6E 3G1 at 10:00 a.m. (local time in Vancouver) on Thursday, October 25, 2007. The purpose of the Meeting is to consider and vote on the Arrangement Resolution and such other business as may properly come before the Meeting.

In order to implement the Arrangement, the Arrangement Resolution must be passed, with or without amendment, by at least two-thirds of the votes cast by Sargold Shareholders present in person or represented by proxy and entitled to vote at the Meeting. See "The Arrangement — Required Shareholder Approvals".

The Arrangement

Sargold, Buffalo and Subco have agreed, subject to the satisfaction of certain conditions, to a combination of their businesses to create a stronger gold company with assets in three jurisdictions, namely Papua New Guinea, Australia and Italy.

The business combination will be effected by way of a court-approved plan of arrangement under the CBCA. Holders of Sargold Shares are being asked to approve the Arrangement in accordance with the Arrangement Resolution. Under the terms of the Arrangement all Sargold Shareholders (except for those who validly exercise Dissent Rights) will receive one Buffalo Share for every 3.5 Sargold Shares held. Furthermore, all Sargold Options and Sargold Warrants will be cancelled and the holders thereof will receive one Buffalo Option or Buffalo Warrant, as the case may be, for every 3.5 outstanding Sargold Options or Sargold Warrants. Thereafter, Sargold and Subco will amalgamate pursuant to section 192(1)(b) of the CBCA and the Final Order promulgated pursuant thereto to form Amalco. Amalco will then continue as a corporation under the CBCA.

It is anticipated that the Effective Date of the Arrangement will be as soon as possible after receipt of all necessary regulatory approvals, including court approval, and is currently expected to be on or about October 30, 2007.

A copy of the Arrangement Agreement is incorporated by reference into and forms an integral part of this Circular. A copy of the Arrangement Agreement is available for viewing by Sargold Shareholders at Sargold's office at Suite 400, 837 West Hastings Street, Vancouver, British Columbia, Canada V6N 3N6. Sargold Shareholders are encouraged to read the Arrangement Agreement as it is the principal agreement that governs the Arrangement. For a summary of the principal provisions of the Arrangement Agreement, see "The Arrangement Agreement".

Recommendation of the Sargold Board

After careful consideration, the Sargold Board has unanimously concluded that the Arrangement is fair to, and in the best interests of, Sargold and the Sargold Shareholders, and unanimously recommends that the Sargold Shareholders vote in favour of the Arrangement. See "The Arrangement - Approval and Recommendation of the Sargold Board."

Benefits of the Arrangement

In the course of their evaluation of the Arrangement, the Special Committee and the Sargold Board consulted with Sargold's senior management, legal counsel and financial advisors, reviewed a significant amount of information respecting Buffalo, and considered a number of factors including, among others, the following:

- ***Significant Premium to Sargold Shareholders.*** Buffalo has offered Sargold Shareholders a significant premium to the trading price of the Sargold Shares. The consideration to be received by Sargold Shareholders under the Arrangement represents a premium of approximately 45% based on the volume-weighted average price of Sargold Shares on the TSXV and the volume-weighted average price of the

Buffalo Shares on the TSXV, in each case for the 20 trading days ended August 31, 2007 (being the last trading day prior to the announcement of the Arrangement), or a premium of approximately 90% based on the closing prices of the Sargold and Buffalo Shares on August 31, 2007 on the TSXV.

- ***Anticipated Benefits from Owning Shares in Buffalo.*** Holding shares in Buffalo following the Arrangement is expected to result in a number of benefits to Sargold Shareholders, including participation in a company that:

    - has an aggressive growth strategy based on gold, with wide geographic exposure and a diversified development portfolio;

    - is dedicated to maximizing shareholder value through growth strategies that emphasize careful opportunity assessment and vigilant project management; and

    - has a presence in three resource jurisdictions, being Australia, Papua New Guinea and Italy.

See "The Arrangement — Benefits of the Arrangement."

Fairness Opinion

In connection with the Arrangement, the Sargold Board received a written opinion dated August 31, 2007 from Evans & Evans, a financial advisor to Sargold, which states that, based upon and subject to the various matters described or referred to in the Fairness Opinion and such other factors as Evans & Evans considered relevant, the Arrangement is fair, from a financial point of view, to the Sargold Shareholders as at August 31, 2007. Sargold Shareholders are urged to, and should, read the summary of the Fairness Opinion, which is attached as Appendix D to this Circular, for a complete description of the factors considered, the assumptions made and the limitations on the review undertaken by Evans & Evans in rendering the Fairness Opinion.

Evans & Evans has consented to the inclusion in this Circular of the summary of the Fairness Opinion and the information included herein related to Evans & Evans and the Fairness Opinion. The Fairness Opinion addresses only the fairness of the consideration offered to the Sargold Shareholders under the Arrangement from a financial point of view and does not constitute a recommendation to any Sargold Shareholder as to how to vote at the Meeting.

Non-Solicitation/Superior Proposals

In the Arrangement Agreement, Sargold has agreed not to, directly or indirectly, participate in any substantive discussions or negotiations with any person regarding an Acquisition Proposal. Nonetheless, the Sargold Board is permitted to consider and accept a Superior Proposal under certain conditions. Sargold must notify Buffalo of any Acquisition Proposal and Buffalo is entitled to a five Business Day period within which to exercise a right to offer to amend the terms of the Arrangement. The Sargold Board will review any such offer to amend the terms of the Arrangement to determine whether the Acquisition Proposal to which Buffalo is responding would remain as a Superior Proposal when assessed against the Arrangement as it is proposed by Buffalo to be amended. If the Sargold Board does not so determine, then it will reaffirm its recommendation of the Arrangement as amended. If the Sargold Board does so determine in good faith and after consultation with outside legal counsel and its financial advisors, then it may accept the Superior Proposal. See "The Arrangement Agreement - Non-Solicitation Covenants of Sargold".

Conditions to the Arrangement Becoming Effective

Completion of the Arrangement is subject to a number of conditions being fulfilled on or before the Effective Date, including the principal conditions described below.

Shareholder Approval

In order to become effective, the Arrangement Resolution must be approved by at least two-thirds of the votes cast by Sargold Shareholders present in person or represented by proxy at the Meeting.

To the knowledge of the directors and officers of Sargold, as of the date hereof, no person beneficially owned, or exercised control or direction over, Sargold Shares carrying more than 10% of the votes entitled to be cast by Sargold Shareholders at the Meeting, other than Special Situations and its joint actors, if any, which has reported, as of July 10, 2007, ownership and control of 19,012,166 Sargold Shares and 10,225,000 Sargold Warrants representing approximately 34.07% of the issued and outstanding Sargold Shares on a partially diluted basis.

As of the date hereof, the directors and senior officers of Sargold, as a group, beneficially own, or had voting control or direction over, 5,978,964 Sargold Shares resulting in their holding an aggregate of approximately 7.91% of the number of votes to be cast at the Meeting.

Court Approval

The Arrangement requires Court approval under the CBCA. In addition to this approval, the Court will be asked for a declaration following a court hearing that the Arrangement is fair to the Sargold Shareholders. Prior to the mailing of this Circular, Subco obtained the Interim Order providing for the calling and holding of the Meeting and certain other procedural matters related to the Meeting. Following approval of the Arrangement Resolution by Sargold Shareholders at the Meeting, Subco will make application to the Court for the Final Order at 10:00 am (Vancouver time) on Monday, October 29, 2007 at the Courthouse, 850 Smithe Street, Vancouver, British Columbia.

Other Conditions to Closing

The Arrangement Agreement provides that the obligations of the parties to complete the Arrangement are subject to the satisfaction, on or before the Effective Date, of certain conditions precedent, each of which may only be waived by the mutual consent of Sargold and Buffalo. These conditions include:

(a) the Arrangement will have been approved by the Sargold Shareholders at the Meeting;

(b) the Final Order shall have been granted substantially in form and satisfactory to each party, acting reasonably, and shall not have been set aside or modified in a manner that is not acceptable to any party, acting reasonably, on appeal or otherwise;

(c) there cannot be any order made by a court or Governmental Entity preventing the completion of the Arrangement;

(d) the representations and warranties of Sargold, Subco and Buffalo shall be true and correct in all material respects as of the Effective Date;

(e) the Buffalo Securities can be issued pursuant to the Arrangement pursuant to exemptions from the registration and prospectus requirements of applicable Canadian securities Laws;

(f) the Buffalo Securities can be issued in a transaction exempt from registration under the 1933 Act pursuant to Section 3(a)(10) of the 1933 Act and Buffalo shall have received all United States state securities or "blue sky" authorizations necessary to issue the Buffalo Securities pursuant to the Arrangement;

(g) the Buffalo Shares shall have been conditionally approved for issuance under the Arrangement by the TSXV, subject to official notice of issuance.

(h) the Required Regulatory Approvals shall have been obtained and be in full force and effect and will not be subject to any stop-order or proceeding seeking a stop-order or revocation.

(i) all other consents, waivers, permits, orders and approvals of any Governmental Entity, and the expiry of any waiting periods, in connection with, or required to permit, the consummation of the Arrangement, the failure to obtain which or the non-expiry of which would constitute a criminal offense, or would, individually or in the aggregate, have a Material Adverse Effect on Buffalo or Sargold after the Effective Time, will have been obtained or received.

(j) the Arrangement Agreement will not have been terminated pursuant to the terms thereof.

The Arrangement Agreement also provides that the respective obligations of the parties to complete the Arrangement are subject to the satisfaction or waiver of certain additional conditions precedent including, there having been no change, condition, effect, event or occurrence which, in the reasonable judgment of a party, has or is reasonably likely to expected to have, a Material Adverse Effect on the other party, the Arrangement or Amalco.

Termination of the Arrangement Agreement

Sargold and Buffalo may agree in writing to terminate the Arrangement Agreement and abandon the Arrangement at any time prior to the Effective Time. In addition, each party may terminate the Arrangement Agreement and abandon the Arrangement at any time prior to the Effective Time if certain specified events occur. See "The Arrangement Agreement and Related Agreements — Termination."

Termination Fees

If Sargold terminates the Arrangement Agreement as a result of any of the conditions for the benefit of Sargold not being satisfied by Buffalo (unless waived by Sargold), then Buffalo will pay to Sargold the Termination Fee in immediately available funds to an account designated by Sargold within five Business Days after written notice of termination by Sargold. Buffalo will not be obligated to make more than one payment in respect of a Termination Fee.

If Buffalo terminates the Arrangement Agreement as a result of a breach by Sargold of its covenant to not solicit an Acquisition Proposal, or as a result of having received from Sargold written notice of its intention to enter into a definitive agreement with respect to a Superior Proposal, then Sargold will pay to Buffalo the Termination Fee in immediately available funds to an account designated by Buffalo within five Business Days after written notice of termination by Buffalo. Sargold will not be obligated to make more than one payment in respect of a Termination Fee.

Canadian Federal Income Tax Considerations

Sargold Shareholders in jurisdictions other than Canada should be aware that the disposition of the Sargold Shares and the acquisition of the Buffalo Shares by them as described herein may have tax consequences both in their home jurisdictions and in Canada. The non-Canadian tax consequences for Sargold Shareholders who are resident in, or citizens of, jurisdictions other than Canada are not described herein. **Accordingly, such Sargold Shareholders are urged to consult their tax advisors.**

Residents of Canada

A Sargold Shareholder who is a resident of Canada for purposes of the Tax Act that exchanges Sargold Shares for Buffalo Shares under the Arrangement will, unless the Sargold Shareholder chooses to recognize any capital gain or capital loss otherwise arising from such exchange, be deemed to have disposed of the Sargold Shares for proceeds of disposition equal to the Sargold Shareholder's adjusted cost base of the Sargold Shares immediately before the disposition, and to have acquired the Buffalo Shares received in exchange therefor at a cost equal to such proceeds of disposition.

Non-Residents of Canada

A Sargold Shareholder who is not resident or deemed to be resident in Canada for purposes of the Tax Act that exchanges Sargold Shares for Buffalo Shares under the Arrangement will generally not be subject to tax under the Tax Act, and will be deemed to have disposed of the Sargold Shares for proceeds of disposition equal to the Sargold Shareholder's adjusted cost base of the Sargold Shares immediately before the disposition, and to have acquired the Buffalo Shares received in exchange therefor at a cost equal to such proceeds of disposition.

The foregoing is a brief summary of Canadian federal income tax consequences only. Sargold Shareholders should review the information in the Circular under "Canadian Federal Income Tax Considerations", which qualifies the summary set forth above. Sargold Shareholders are urged to consult their own tax advisors to

determine the particular tax consequences to them of exchanging Sargold Shares for Buffalo Shares under the Arrangement.

Dissent Rights

The Plan of Arrangement and the Interim Order provides that each Registered Shareholder will have the right to dissent and to have his or her Sargold Shares cancelled in exchange for a cash payment from Buffalo equal to the fair value of his or her Sargold Shares as of the day of the Meeting. In order to validly dissent, any such Registered Shareholder must not vote any of his or her Sargold Shares in favour of the Arrangement Resolution, must provide Sargold with written objection to the Arrangement by 4:30 p.m. (Vancouver time) on October 18, 2007, and must otherwise comply with the Dissent Procedures provided in the CBCA and the Plan of Arrangement.

GLOSSARY OF TERMS

In this Management Information Circular and accompanying Notice of Meeting, unless there is something in the subject matter inconsistent therewith, the following terms shall have the respective meanings set out below, words importing the singular number shall include the plural and vice versa and words importing any gender shall include all genders.

"ABCA"	means the *Alberta Business Corporations Act*, as amended.
"Acquisition Proposal"	means any form of agreement, arrangement or understanding or any inquiries, proposals or transactions directly or indirectly involving Sargold and/or its Subsidiaries regarding any merger, amalgamation, arrangement, restructuring, take-over bid, tender offer, exchange offer, sale or purchase of substantial assets of Sargold or any of its Subsidiaries, any acquisition of beneficial ownership (as defined in the BCSA) of 20% or more of the Sargold Shares in a single transaction or a series of related transactions, any acquisition by Sargold of any assets or capital stock of another person (other than acquisitions of assets or capital stock of any other person that are not, individually or in the aggregate, material to Sargold and its Subsidiaries, taken as a whole), any business combination, liquidation, reorganization or recapitalization or any similar transaction or series of related or similar transactions which would have the effect of any of the foregoing.
"Affiliate"	has the meaning ascribed thereto in the CBCA, unless otherwise expressly stated herein.
"Amalco"	means Buffalo Gold Minerals Inc., the corporation resulting from the amalgamation of the Amalgamating Companies.
"Amalgamating Companies"	means Subco and Sargold.
"Amalgamation"	means the amalgamation between Subco and Sargold to occur pursuant to the Arrangement.
"Arrangement"	means the arrangement under section 192(1)(b) of the CBCA on the terms and conditions set forth in the Plan of Arrangement.
"Arrangement Agreement"	means the arrangement agreement dated as of the 31st day of August, 2007 among Buffalo, Subco and Sargold, including the schedules attached thereto, as the same may be supplemented or amended from time to time.
"Arrangement Resolution"	means the special resolution of the Sargold Shareholders approving the Arrangement to be considered at the Meeting, substantially in the form and content of Appendix A attached hereto.
"BCSA"	means the *Securities Act* (British Columbia) and the rules, regulations and policies made thereunder, as may be amended from time to time.
"BCSC"	means the British Columbia Securities Commission.
"Buffalo"	means Buffalo Gold Ltd., a company existing under the ABCA.
"Buffalo Board"	means the board of directors of Buffalo.
"Buffalo Options"	means Buffalo Share purchase options.
"Buffalo Securities"	means Buffalo Shares, Buffalo Options and Buffalo Warrants.

"Buffalo Shareholders"	means the holders of the Buffalo Shares.
"Buffalo Shares"	means common shares in the capital of Buffalo, including common shares issued and outstanding as of the date hereof and common shares to be issued under the Arrangement to Sargold Shareholders.
"Buffalo SRA Reports"	means all forms, reports, schedules, statements, news releases and other documents required to be filed by Buffalo with Canadian and United States securities regulatory authorities.
"Buffalo Stock Plan"	means Buffalo's existing stock option plan, which provides for the issuance and grant of options to purchase Buffalo Shares.
"Buffalo Warrants"	means warrants entitling the holders thereof to purchase Buffalo Shares.
"Business Day"	means any day on which commercial banks are generally open for business in Vancouver, British Columbia other than a Saturday, a Sunday or a day observed as a holiday in Vancouver, British Columbia under the Laws of the Province of British Columbia or the federal Laws of Canada.
"CBCA"	means the *Canada Business Corporations Act* including all regulations made thereunder, as may be amended from time to time.
"Certificate of Arrangement"	means the Certificate of Arrangement issued by the Director under sections 192(7) and 262 of the CBCA.
"Circular"	means the notice of the Meeting and accompanying management proxy circular, including all schedules and exhibits thereto, to be sent by Sargold to the Sargold Shareholders in connection with the Meeting.
"Claim"	means any written claim or notice of any nature whatsoever, including any demand, dispute, notification of liability, notification of remediation work, order, obligation, debt, cause of action, action, suit, proceeding, litigation, arbitration, judgment, award or assessment.
"Confidentiality Agreement"	means the confidentiality agreement dated May 14, 2007 between Sargold and Buffalo.
"Court"	means the Supreme Court of British Columbia, Vancouver Registry.
"Depositary"	means Computershare Investor Services Inc. at its principal offices in the cities of Toronto and Vancouver.
"Dissent Procedures"	means the dissent procedures described under the heading "Dissent Rights".
"Dissent Rights"	means the rights of dissent with respect to the Arrangement pursuant to Section 190 of the CBCA and the Plan of Arrangement.
"Dissenting Sargold Shareholder"	means a Registered Shareholder who complies with the Dissent Procedures.
"Dissent Shares"	means Sargold Shares held by Dissenting Sargold Shareholders.
"Effective Date"	means the date set forth in the Certificate of Arrangement.
"Effective Time"	means 8 a.m. (local Vancouver time) on the Effective Date.
"Evans & Evans"	means Evans & Evans, Inc.

"Fairness Opinion"	means the opinion of Evans & Evans dated August 31, 2007 as to the fairness, from a financial point of view, as to the Sargold Shareholders of the Arrangement, a copy of which is attached as Appendix C to this Circular.
"Final Order"	means the final order of the Court granting final approval of the Plan of Arrangement, confirming the fairness of the terms and conditions thereof, confirming compliance with the terms of the Interim Order and authorizing and directing the implementation of the Arrangement.
"GAAP"	means Canadian generally accepted accounting principles from time to time and which meet the standards established by the Canadian Institute of Chartered Accountants.
"Governmental Entity"	means (a) any multinational, federal, provincial, territorial, state, regional, municipal, local or other government, governmental or public department, central bank, court, tribunal, arbitral body, administrative body, commission, board, bureau or agency, domestic or foreign, (b) any subdivision, agent, commission, board, or authority of any of the foregoing, or (c) any quasi-governmental or private body exercising any regulatory, expropriation or taxing authority under, or for the account of, any of the foregoing.
"Indicated Mineral Resources"	has the meaning ascribed to that term by the Canadian Institute of Mining, Metallurgy and Petroleum, as the CIM Definition Standards on Mineral Resources and Mineral Reserves adopted by CIM Council.
"Inferred Mineral Resources"	has the meaning ascribed to that term by the Canadian Institute of Mining, Metallurgy and Petroleum, as the CIM Definition Standards on Mineral Resources and Mineral Reserves adopted by CIM Council.
"Interim Order"	means the interim order of the Court granted September 26, 2007 pursuant to subsection 192(4) of the CBCA in connection with the Plan of Arrangement.
"Laws"	means all statutes, regulations, statutory rules, policies, orders, and terms and conditions of any grant of approval, permission, authority or license of any court, Governmental Entity, statutory body or self-regulatory authority (including the TSXV), and the term "applicable" with respect to such Law and in the context that refers to one or more persons, means that such Law applies to such person or persons or its or their business, undertaking, property or securities and emanates from a Governmental Entity, statutory body or regulatory authority having jurisdiction over the person or persons or its or their business, undertaking, property or securities.
"Letter of Transmittal"	means the letter of transmittal sent to registered Sargold Shareholders (printed on green paper) with this Circular which, when duly completed and returned with a certificate for Sargold Shares and all other required documents, will enable the holder thereof to exchange such certificate or certificates for a certificate or certificates for Buffalo Shares upon closing of the Arrangement.
"Material Adverse Effect"	when used in connection with Buffalo or Sargold, means any change, effect, circumstance, event or occurrence with respect to its condition (financial or otherwise), properties, assets, liabilities, obligations (whether absolute, accrued, conditional or otherwise), businesses or results of operations and

	those of its respective Subsidiaries, taken as a whole, that is, or would be reasonably expected to be, material and adverse to the current or future business, operations, financial condition or results of operations of Buffalo or of Sargold, as the case may be, and its respective Subsidiaries taken as a whole; provided, however, that a Material Adverse Effect will not include with respect to either Buffalo or Sargold, any such change, effect, event or occurrence directly or indirectly arising out of or attributable to: (a) any decrease in the market price of Buffalo Shares in the case of Buffalo or of Sargold Shares in the case of Sargold; or (b) any decrease in the price of gold.
"Meeting"	means the special meeting of the Sargold Shareholders, including any adjournments or postponements thereof, to be held on the Meeting Date to consider the Arrangement Resolution.
"Meeting Date"	means Thursday, October 25, 2007 at 10:00 a.m. (Vancouver time).
"NI 43-101"	means National Instrument 43-101 "*Standards of Disclosure of Disclosure for Mineral Projects*" of the Canadian Securities Administrators.
"Notice of Dissent"	means a written objection to the Arrangement by a Registered Shareholder in accordance with the Dissent Procedures.
"Notice of Meeting"	means the notice to the Sargold Shareholders which accompanies this Circular.
"Plan of Arrangement"	means the plan of arrangement on substantially the terms and conditions set forth in Appendix B to this Information Circular, with such revisions and amendments thereto as are adopted or approved pursuant to the terms thereof and the Arrangement Agreement.
"Purchased Sargold Shares"	means all Sargold Shares other than Sargold Shares held by Buffalo and its Affiliates or by Registered Shareholders who have validly exercised Dissent Rights.
"Recommendation"	means the recommendation of the Board of Directors of Sargold, given unanimously, that Sargold Securityholders approve the Arrangement and vote in favour of approving the Arrangement Resolution.
"Record Date"	means September 21, 2007.
"Registered Shareholder"	means a registered holder of Sargold Shares.
"Registrar"	has the meaning attributed to that term in the CBCA.
"Representatives"	means the officers, directors, employees, agents and advisors (including financial advisors, counsel and accountants) and other authorized representatives of Sargold or Buffalo, as the case may be.
"Required Regulatory Approvals"	means those sanctions, rulings, consents, orders, exemptions, permits and other approvals (including the lapse, without objection, of a prescribed time under a statute or regulation that states that a transaction may be implemented if a prescribed time lapses following the giving of notice without an objection being made) of Governmental Entities, or self-regulatory organizations (including the TSXV) required to be obtained under applicable Laws to complete the Arrangement, including those set out in Schedule C to the Arrangement Agreement.

"Response Period"	means a period of five Business Days from the date on which Buffalo, pursuant to the terms of the Arrangement Agreement, received from Sargold both a copy of a Superior Proposal together with written notice from Sargold that the Sargold Board determined, subject only to compliance with the terms of the Arrangement Agreement, to accept, approve recommend or enter into a binding agreement to proceed with the Superior Proposal.
"Sargold"	means Sargold Resource Corporation, a company existing under the federal laws of Canada.
"Sargold Board"	means the board of directors of Sargold.
"Sargold Disclosure Letter"	means the disclosure letter dated August 31, 2007 delivered by Sargold to Buffalo.
"Sargold Options"	means the Sargold Share purchase options granted under the Sargold Share Option Plan.
"Sargold Properties"	means all properties and assets of Sargold and its Material Subsidiaries, real and personal, immovable and movable, tangible and intangible, including leasehold interests.
"Sargold Securities"	means the Sargold Shares, Sargold Options and Sargold Warrants.
"Sargold Securityholders"	means holders of Sargold securities.
"Sargold Shareholders"	means the holders of Sargold Shares.
"Sargold Share Option Plan"	means Sargold's Share Option Plan existing on the date of this Agreement.
"Sargold Shares"	means common shares in the capital of Sargold.
"Sargold SRA Reports"	means all forms, reports, schedules, statements, news releases and other documents required to be filed by Sargold with Canadian securities regulatory authorities.
"Sargold Warrants"	means the issued and outstanding warrants entitling the holders thereof to purchase Sargold Shares.
"SEC"	means the United States Securities and Exchange Commission
"SEDAR"	means the System for Electronic Document Analysis and Retrieval which can be accessed online at www.sedar.com.
"Special Committee"	means, the committee of independent directors of Sargold established by the Sargold Board on July 20, 2007 to review and negotiate the terms of a combination with Buffalo.
"Special Situations"	means RAB Special Situations (Master) Fund Limited.
"Subco"	means 6833268 Canada Inc., a corporation incorporated pursuant to the CBCA.
"Subsidiary"	has the meaning attributed to that term in the CBCA and in respect of Sargold, means those corporations set out in Schedule D to the Arrangement Agreement and in respect of Buffalo, means those corporations set out in Schedule E to the Arrangement Agreement.

"Superior Proposal"	means a bona fide, written Acquisition Proposal received after the date hereof that: (a) did not result from a breach of any agreement between the person making such Acquisition Proposal and Sargold or any of its Subsidiaries, or a breach by Sargold of the terms of the Arrangement Agreement; (b) involves substantially all of the outstanding equity of Sargold or substantially all of the consolidated assets of Sargold; and (c) in respect of which the Sargold Board determines in its good faith judgement, after consultation with its financial advisors and its outside legal counsel (which outside legal counsel shall have advised the Sargold Board that failing to take any such action would be inconsistent with the performance of its duties under applicable Law) that there is a reasonable likelihood that any required financing will be obtained and that such Acquisition Proposal would, if consummated in accordance with its terms, result in a transaction that: (i) is reasonably capable of completion in accordance with its terms without undue delay, taking into account all legal, financial, regulatory, financing and other aspects of such Acquisition Proposal and the person making such Acquisition Proposal; and (ii) is more favourable to Sargold Securityholders than the Arrangement, taking into account any approval requirements and all other financial, legal, regulatory and other aspects of such Acquisition Proposal.
"Tax Act"	means the Income Tax Act (Canada), as amended.
"Termination Date"	means November 30, 2007.
"Termination Fee"	means a fee equal to $1,000,000.
"TSXV"	means the TSX Venture Exchange.
"U.S. Exchange Act"	means the United States Securities Exchange Act of 1934, as amended.
"U.S. Securities Act"	means the United States Securities Act of 1933, as amended.

FORWARD-LOOKING STATEMENTS AND RISK FACTORS

This Circular and some of the documents incorporated into this Circular by reference, contain "forward-looking statements" within the meaning of the *United States Private Securities Litigation Reform Act of 1995* and "forward looking information" within the meaning of the applicable Canadian securities legislation (forward looking information and forward looking statements being collectively herein after referred to as "forward-looking statements") that are based on expectations, estimates and projections as at the date of this Circular. These statements include but are not limited to:

- estimates of the future prices of gold;
- the estimation of mineral reserves and mineral resources and mine life;
- estimates of the timing and amount of future gold production;
- statements as to the projected development of certain ore deposits, including estimated future production and operating costs, capital expenditures, exploration expenditures, royalties and other expenses for specific operations;
- statements as to the nature and type of permits required to bring mineral projects into production and the time lines required to obtain such permits;
- statements as to exploration, mining and development risks;
- statements as to the value of currencies in which Sargold and Buffalo incur expenditures or are expected to generate revenue, including the Canadian dollar and United States dollar;
- statements as to the requirements for additional capital, and the timing of such requirements;
- statements as to the costs of future environmental compliance including reclamation and rehabilitation costs;
- statements made in, and based upon, the Fairness Opinion;
- statements relating to the size of the combined businesses of Sargold and Buffalo;
- statements relating to the financial strength of Buffalo following the Arrangement and its enhanced access to the capital markets; and
- statements based on the pro forma financial statements attached as Appendix E to this Circular.

Often, but not always, forward looking statements can be identified by the use of words such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes" or variations of such words and phrases or statements that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved. Such forward-looking statements involve known and unknown risks, uncertainties and other factors, which may cause Sargold's or Buffalo's (as the case may be) actual results, performance or achievements, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such factors include, amongst others, the following:

- the actual price of gold, including the demand for, and supply of, such commodities;
- discrepancies between actual and estimated production, between actual and estimated mineral resources and mineral reserves, and between actual and estimated metallurgical recoveries;

- changes to the cost of commencing production and the time when production commences, and actual ongoing operating costs;
- the occurrence of risks associated with the development and commencement of mining operations;
- unforeseen or changed regulatory restrictions, requirements and limitations, including environmental regulatory restrictions and liability and permitting restrictions;
- the failure to obtain governmental approvals, consents and waivers and fulfill contractual commitments, and the need to obtain new or amended licences and permits;
- unforeseen changes in the costs of material inputs, including, fuel, steel and other construction materials;
- the unforeseen impact of competition for mineral projects;
- the loss of key employees; and
- the loss of, or defective title to exploration and mining claims, rights, leases or licences.

as well as those factors discussed herein under "Risk Factors" or in the documents incorporated by reference herein.

Although each of Sargold and Buffalo has attempted to identify factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. Forward-looking statements are based upon beliefs, estimates and opinions at the time they are made and neither Sargold nor Buffalo undertakes any obligation to update forward-looking statements if these beliefs, estimates and opinions or circumstances should change. Neither Sargold nor Buffalo can provide any assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements.

No person is authorized to give any information or to make any representation not contained in this Circular and, if given or made, such information or representation should not be relied upon as having been authorized. This Circular does not constitute an order to sell, or a solicitation of an order to purchase, any securities, or the solicitation of a proxy, by any person in any jurisdiction in which such an order or solicitation is not authorized or in which the person making such order or solicitation is not qualified to do so or to any person to whom it is unlawful to make such an order or solicitation. Neither the delivery of this Circular nor any distribution of securities referred to herein shall, under any circumstances, create any implication that there has been no change in the information set forth herein since the date of this Circular.

CAUTIONARY NOTE TO SARGOLD SHAREHOLDERS IN THE UNITED STATES

Sargold is a company existing under the federal laws of Canada. Buffalo is a company existing under the laws of the Province of Alberta. The Buffalo Securities to be issued to the Sargold Securityholders under the Arrangement have not been registered under the U.S. Securities Act and will be issued in reliance on the exemption from registration set forth in Section 3(a)(10) thereof. The restrictions on resale imposed by the U.S. Securities Act will depend on whether the holder of the Buffalo Securities issued pursuant to the Arrangement is an "affiliate" of Sargold or Buffalo before the Arrangement or an "affiliate" of Buffalo after the Arrangement. As defined in Rule 144 under the U.S. Securities Act, an "affiliate" of an issuer is a person that directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, such issuer. Usually this includes the directors, executive officers and major shareholders of the issuer. See "Securities Laws Considerations — U.S. Securities Laws".

The solicitation of proxies and the transaction contemplated in this Circular involve securities of a Canadian issuer and are being effected in accordance with Canadian corporate and securities laws. The solicitation of proxies is not subject to the requirements of Section 14(a) of the U.S. Exchange Act by virtue of an exemption applicable to proxy solicitations by foreign private issuers as defined in Rule 3b-4 under the U.S. Exchange Act. Shareholders should be aware that disclosure requirements under Canadian laws may be different from such requirements under the U.S.

Securities Act. The financial statements included or incorporated by reference herein have been prepared in accordance with Canadian generally accepted accounting principles and are subject to auditing and auditor independence standards in Canada, and thus may not be comparable to financial statements of United States companies.

In addition, this Circular (including the Schedules attached thereto and the documents incorporated by reference therein) uses the terms "Mineral Resource," "Measured Mineral Resource", "Indicated Mineral Resource" and "Inferred Mineral Resource" as defined in accordance with National Instrument 43-101 under guidelines set out in the Canadian Institute of Mining, Metallurgy and Petroleum (the "CIM") Standards on Mineral Resources and Mineral Reserves adopted by the CIM Council on December 11, 2005.

While the terms "Mineral Resource," "Measured Mineral Resource", "Indicated Mineral Resource" and "Inferred Mineral Resource" are recognized and required by Canadian regulations, they are not defined terms under standards of the SEC. As such, certain information contained in the Circular concerning descriptions of mineralization and resources under Canadian standards is not comparable to similar information made public by U.S. companies subject to the reporting requirements of the SEC. "Inferred Mineral Resources" have a great amount of uncertainty as to their existence and as to their economic and legal feasibility. It cannot be assumed that all or any part of an inferred mineral resource will ever be upgraded to a higher category. Under Canadian rules, estimates of Inferred Mineral Resources may not form the basis of feasibility or other economic studies. United States investors are cautioned not to assume that all or any part of Measured or Indicated Resources will ever be converted into Mineral Reserves. United States investors are also cautioned not to assume that all or part of an "Inferred Mineral Resource" exists, or is economically or legally mineable.

In addition, the definitions of "Proven Mineral Reserves" and "Probable Mineral Reserves" under CIM standards differ in certain respects from the SEC standards.

The enforcement by investors of civil liabilities under U.S. federal securities laws may be affected adversely by the fact that Sargold exists under the federal laws of Canada and Buffalo exists under the laws of the Province of Alberta, that some or all of their respective officers and directors are not residents of the United States, and that all or a substantial portion of their respective assets may be located outside the United States. You may not be able to bring an action against a Canadian company or its officers or directors in a Canadian court for violations of U.S. securities laws. It may be difficult to compel a Canadian company, its affiliates and non-resident individuals to subject themselves to a judgment by a U.S. court.

The exchange of Sargold Shares for Buffalo Shares under the Arrangement may have tax consequences under the laws of the United States. Such consequences for Sargold Shareholders that are residents of, or citizens of, or otherwise subject to taxation in the United States are not described in this Circular. U.S. Sargold Shareholders are solely responsible for determining the tax consequences applicable to their particular circumstances and are urged to consult their tax advisors concerning the Arrangement. U.S. Sargold Shareholders should be aware that Sargold may have been a "passive foreign investment company" (as defined in U.S. Internal Revenue Code Section 1297) (a "PFIC") in prior taxable years, and there are special U.S. tax consequences to U.S. Sargold Shareholders who held their shares during a period when Sargold was a PFIC. If U.S. Sargold Shareholders fail to provide the Depositary with the information solicited on a Substitute FormW-9, or fail to certify that they are not subject to U.S. backup withholding, the Depositary may be required to withhold U.S. income tax from the payments of Buffalo Shares made to U.S. Sargold Shareholders (and may be required to sell a portion of such Shares to fulfill the tax withholding obligation). No determination has been made as to whether Buffalo or the Combined Entity is, or will be, a PFIC.

THE TRANSACTION CONTEMPLATED IN THIS CIRCULAR AND THE SECURITIES ISSUABLE THEREUNDER HAVE NOT BEEN APPROVED OR DISAPPROVED BY ANY SECURITIES REGULATORY AUTHORITY NOR HAS ANY SECURITIES REGULATORY AUTHORITY PASSED UPON THE FAIRNESS OR MERITS OF THIS TRANSACTION OR UPON THE ACCURACY OR ADEQUACY OF THE INFORMATION CONTAINED IN THIS CIRCULAR. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENCE.

CURRENCY

Unless otherwise indicated herein, all references to currency in this Circular are to Canadian dollars. US$ means United States dollars, A$ means Australian dollars and € means Euros.

GENERAL PROXY INFORMATION

This Information Circular is furnished in connection with the solicitation of proxies being made by the management of Sargold for use at the Meeting of Sargold's shareholders to be held on Thursday, October 25, 2007 at the time and place and for the purposes set forth in the accompanying Notice of Special Meeting. While it is expected that the solicitation will be made primarily by mail, proxies may be solicited personally or by telephone by directors, officers and employees of the Company.

All costs of this solicitation will be borne by Sargold.

APPOINTMENT OF PROXIES

The individuals named in the accompanying form of proxy (the "Proxy") are directors or officers of Sargold. **A SARGOLD SHAREHOLDER WISHING TO APPOINT SOME OTHER PERSON (WHO NEED NOT BE A SARGOLD SHAREHOLDER) TO ATTEND AND ACT FOR THE SARGOLD SHAREHOLDER AND ON THE SARGOLD SHAREHOLDER'S BEHALF AT THE MEETING HAS THE RIGHT TO DO SO, EITHER BY INSERTING SUCH PERSON'S NAME IN THE BLANK SPACE PROVIDED IN THE PROXY AND STRIKING OUT THE TWO PRINTED NAMES, OR BY COMPLETING ANOTHER PROXY.** A Proxy will not be valid unless it is completed, dated and signed and delivered to Computershare Investor Services Inc., Proxy Department, 100 University Avenue, 9th Floor, Toronto, Ontario M5J 2Y1, not less than 48 hours (excluding Saturdays, Sundays and holidays) before the time for holding the Meeting.

NON-REGISTERED HOLDERS

Only Registered Shareholders or duly appointed proxyholders are permitted to vote at the Meeting. Some Sargold Shareholders are "non-registered" shareholders because the Sargold Shares they own are not registered in their names but are instead registered in the name of the brokerage firm, bank or trust company through which they purchased the shares. More particularly, a person is not a registered shareholder in respect of Sargold Shares which are held on behalf of that person (the "Non-Registered Holder") but which are registered in the name of an intermediary that the Non-Registered Holder deals with in respect of the shares. Intermediaries include, among others, banks, trust companies, securities dealers or brokers and trustees or administrators of self-administered RRSP's, RRIF's, RESP's and similar plans; or (b) in the name of a clearing agency (such as The Canadian Depository for Securities Limited) of which the Intermediary is a participant. In accordance with the requirements of National Instrument 54-101 of the Canadian Securities Administrators, we have distributed copies of the Notice of Meeting, this Management Proxy Circular, the Form of Proxy and related documents (collectively, the "Meeting Materials") to the clearing agencies and Intermediaries for onward distribution to Non-Registered Holders.

Intermediaries are required to forward the Meeting Materials to Non-Registered Holders unless in the case of certain proxy-related materials a Non-Registered Holder has waived the right to receive them. Very often, Intermediaries will use service companies to forward the Meeting Materials to Non-Registered Holders. With those Meeting Materials, Intermediaries or their service companies should provide Non-Registered Holders with a request for voting instruction form and which, when properly completed and signed by the Non-Registered Holder and **returned to the Intermediary or its service company**, will constitute voting instructions which the Intermediary must follow. The purpose of this procedure is to permit Non-Registered Holders to direct the voting of the shares which they beneficially own. Should a Non-Registered Holder wish to vote at the Meeting in person, the Non-Registered Holder should follow the procedure in the request for voting instructions provided by or on behalf of the Intermediary and request a form of legal proxy which will grant the Non-Registered Holder the right to attend the Meeting and vote in person. **Non-Registered Shareholders should carefully follow the instructions of their Intermediary, including those regarding when and where the completed request for voting instructions is to be delivered.**

Only registered Sargold Shareholders have the right to revoke a proxy. Non-Registered Holders who wish to change their vote must in sufficient time in advance of the Meeting, arrange for their respective Intermediaries to change their vote and if necessary revoke their proxy in accordance with the revocation procedures set above.

REVOCATION OF PROXIES

A shareholder who has given a Proxy may revoke it by an instrument in writing executed by the shareholder or by the shareholder's attorney authorized in writing or, if the shareholder is a corporation, by a duly authorized officer or attorney of the corporation, and delivered either to the registered office of the Corporation, at Suite 2100, 1075 W. Georgia Street, Vancouver, BC, V6E 3G2, at any time up to and including the last business day preceding the day of the Meeting or any adjournment of it, or to the chair of the Meeting on the day of the Meeting or any adjournment of it. **Only registered shareholders have the right to revoke a Proxy. Non-Registered Holders who wish to change their vote must, at least seven days before the Meeting, arrange for their respective Intermediaries to revoke the Proxy on their behalf.** A revocation of a Proxy does not affect any matter on which a vote has been taken prior to the revocation.

EXERCISE OF DISCRETION

If the instructions in a Proxy are certain, the Sargold Shares represented thereby will be voted on any poll by the persons named in the Proxy, and, where a choice with respect to any matter to be acted upon has been specified in the Proxy, the shares represented thereby will, on a poll, be voted or withheld from voting in accordance with the specifications so made.

Where no choice has been specified by the shareholder, such Sargold Shares will, on a poll, be voted in accordance with the notes to the Proxy.

The enclosed Proxy, when properly completed and delivered and not revoked, confers discretionary authority upon the persons appointed proxyholders thereunder to vote with respect to any amendments or variations of matters identified in the Notice of Meeting and with respect to other matters which may properly come before the Meeting.

At the time of the printing of this Information Circular, the Sargold Board knows of no such amendment, variation or other matter which may be presented to the Meeting.

RECORD DATE AND NOTICE

The Sargold Board have set September 21, 2007 as the record date for determining which Sargold Shareholders shall be entitled to receive notice of and to vote at the Meeting.

VOTING SHARES AND PRINCIPAL HOLDERS THEREOF

As at the Record Date, there were a total of 75,592,913 Sargold Shares outstanding. Each Sargold Share entitles the Sargold Shareholder(s) thereof to one vote for each Sargold Share shown as registered in the Sargold Shareholders' name on the Record Date. Only shareholders of record holding Sargold Shares at the close of business on the Record Date who either personally attend the Meeting or who have completed and delivered a form of proxy in the manner and subject to the provisions described above shall be entitled to vote or to have their Sargold Shares voted at the Meeting.

To the knowledge of the directors and officers of Sargold, as of the date hereof, no person beneficially owned, or exercised control or direction over, Sargold Shares carrying more than 10% of the votes entitled to be cast by Sargold Shareholders at the Meeting, other than Special Situations and its joint actors, if any, which has reported as of July 10, 2007 ownership and control of 19,012,166 Sargold Shares and 10,225,000 Sargold Warrants representing approximately 34.07% of the issued and outstanding Sargold Shares on a partially diluted basis.

Information Contained in this Circular Regarding Buffalo

The information concerning Buffalo contained in this Circular and any documents filed by Buffalo with a securities regulatory authority in Canada or the United States that are incorporated by reference herein has been taken from or based upon publicly available documents and records on file with Canadian and United States securities regulatory authorities and other public sources.

See the section of this Circular entitled "Information Relating To Buffalo - Incorporation by Reference". Although Sargold has no knowledge that would indicate any statements contained therein relating to Buffalo taken from or based upon such documents and records are untrue or incomplete, neither Sargold nor any of its officers or directors assumes any responsibility for the accuracy or completeness of the information relating to Buffalo taken from or based upon such documents or records, or for any failure by Buffalo to disclose events that may have occurred or may affect the significance or accuracy of any such information but which are unknown to Sargold.

THE ARRANGEMENT

Background to the Arrangement Agreement

The provisions of the Arrangement Agreement are the result of arm's length negotiations among representatives of Sargold and Buffalo and their respective legal and financial advisers. The following is a summary of the background to the execution of the Arrangement Agreement.

Initial Dealings

On July 12, 2007 Buffalo and Sargold entered into a letter of intent (the "LOI"), which was approved by the Sargold Board on that same date, with respect to a proposed merger between Sargold and Buffalo. The entering into of the LOI was announced on July 13, 2007.

Appointment of Special Committee

On July 20, 2007, the Sargold Board held a further meeting to discuss the proposed transaction with Buffalo, and at this meeting, the Sargold Board formed a Special Committee consisting of three of its independent directors, being Messrs. Robert Wares, Michael Steeves and Christopher Jennings, to assist the Sargold Board in its review and evaluation of the proposed transaction.

Special Committee Assessment of Transaction

On July 20, 2007, the Special Committee held its first meeting to consider the proposed transaction. At that meeting the Special Committee determined to formally engage Evans & Evans to act as financial advisor to the Special Committee and to provide a fairness opinion with respect to the transaction.

The Special Committee held a further meeting to consider the proposed transaction on September 4, 2007, at which meeting Evans & Evans provided its Fairness Opinion to the Special Committee to the effect that as of August 31, 2007, subject to the limitations and assumptions set forth therein, the consideration to be received by the Sargold Shareholders pursuant to the Arrangement was fair, from a financial point of view, to the Sargold Shareholders. In determining whether to recommend to the Board that it approve the Arrangement, the Special Committee considered, among other things, the Fairness Opinion and the other factors set forth herein and the reasons for the Arrangement as set forth under "Benefits of the Arrangement".

The Special Committee considered the proposed transaction from a business, financial and legal perspective and the reasons for the Arrangement set forth under "Benefits of the Arrangement". The Special Committee concluded that the Arrangement is fair, from a financial point of view, to the Sargold Shareholders. In reaching its determination to approve and recommend the Arrangement, the Special Committee did not assign any relative or specific weights to the factors that were considered, and individual directors may have given different weights to different factors. The Special Committee did, however, pass a unanimous resolution in writing with its recommendation that the Board approve the Arrangement and recommend that the Sargold Shareholders vote in favour of the Arrangement Resolution.

Board Approval of the Arrangement Agreement

On September 4, 2007, the Sargold Board held a meeting at which the requisite majority of directors of Sargold were present in person or by telephone. The Sargold Board received a briefing from counsel on the terms and conditions of the Arrangement Agreement and the duties and responsibilities of the Sargold Board in considering the Arrangement Agreement.

The Sargold Board received a report from the Special Committee and, following discussion, resolved to, among other things, approve the form of and ratify the entering into of the Arrangement Agreement effective as of August 31, 2007.

Execution and Delivery of the Arrangement Agreement

The Arrangement Agreement was executed and delivered by the parties thereto effective as of August 31, 2007. The Arrangement Agreement was announced by way of a joint press release of Sargold and Buffalo on September 10, 2007.

Fairness Opinion

The Special Committee retained Evans & Evans to deliver an opinion to the Sargold Board as to the fairness, from a financial point of view, of the Arrangement to the Sargold Shareholders. Evans & Evans is to be paid a fee by Sargold for its services. In addition, Sargold has agreed to reimburse Evans & Evans for its reasonable out-of-pocket expenses and to indemnify Evans & Evans against certain potential liabilities and expenses arising from its engagement.

Evans & Evans is a Canadian boutique Investment Banking firm with offices in Vancouver, Calgary and Toronto in Canada and in San Antonio and New York City in the United States. It offers a range of independent and advocate services to clients, including valuation and fairness opinions, business planning and research, mergers and acquisitions advice, business due diligence, market and competitive research and capital formation assistance.

Evans & Evans has delivered the Fairness Opinion to the Sargold Board, which Fairness Opinion states that, based upon and subject to the various matters described or referred to in the Fairness Opinion and such other factors as Evans & Evans considered relevant, Evans & Evans is of the opinion that as at August 31, 2007, the Arrangement is fair, from a financial point of view, to the Sargold Shareholders. Sargold Shareholders are urged to, and should, read the summary of the Fairness Opinion, which is attached as Appendix D to this Circular, for a description of the factors considered, the assumptions made and the limitations on the review undertaken by Evans & Evans in rendering the Fairness Opinion. Evans & Evans has consented to the inclusion in this Circular of the Summary of the Fairness Opinion and the information included herein related to Evans & Evans and the Fairness Opinion. The Fairness Opinion addresses only the fairness of the Arrangement from a financial point of view and does not constitute a recommendation to any Sargold Shareholder as to how to vote at the Meeting. The Fairness Opinion may reviewed in its entirety aat the office of Sargold during normal business hours prior to the date of the Meeting.

Benefits of the Arrangement

In the course of their evaluation of the Arrangement, the Special Committee and the Sargold Board consulted with Sargold's senior management, legal counsel and financial advisors, reviewed a significant amount of information respecting Buffalo, and considered a number of factors including, among others, the following:

- ***Significant Premium to Sargold Shareholders.*** Buffalo has offered Sargold Shareholders a significant premium to the trading price of the Sargold Shares. The consideration to be received by Sargold Shareholders under the Arrangement represents a premium of approximately 45% based on the volume-weighted average price of Sargold Shares on the TSXV and the volume-weighted average price of the Buffalo Shares on the TSXV, in each case for the 20 trading days ended August 31, 2007 (being the effective date of the entering into of the Arrangement Agreement), or a premium of approximately 90% based on the closing prices of the Sargold and Buffalo Shares on August 31, 2007 on the TSXV.

- ***Anticipated Benefits from Owning Shares in Buffalo.*** Holding shares in Buffalo following the Arrangement is expected to result in a number of benefits to Sargold Shareholders, including participation in a company that:

    - has an aggressive growth strategy based on gold, with wide geographic exposure and a diversified development portfolio;

- is dedicated to maximizing shareholder value through growth strategies that emphasize careful opportunity assessment and vigilant project management; and

- has a presence in three resource jurisdictions, being Australia, Papua New Guinea and Italy.

- ***Continued Participation by Sargold Shareholders in the assets of Sargold and participation in the assets of Buffalo.*** Sargold Shareholders, through their ownership of Buffalo Shares, will continue to participate in any increase in the value of Sargold's projects and will also benefit from the assets of Buffalo. Sargold Shareholders will hold approximately 25 percent of the issued Buffalo Shares after completion of the Arrangement.

- ***Buffalo represents a complementary strategic fit for Sargold.*** Combining the assets of Sargold with those of Buffalo will result in the emergence of a gold company with a global resource footprint and expertise in conventional mining and *in situ* recovery operations.

Approval and Recommendation of the Sargold Board

The Sargold Board, after taking into consideration, among other things, the recommendation of the Special Committee and the Fairness Opinion, has concluded that the Arrangement is fair to, and in the best interests of, Sargold and the Sargold Shareholders and has approved the Arrangement and authorized its submission to the Sargold Shareholders for approval. The Sargold Board recommends that the Sargold Shareholders vote in favour of the Arrangement.

Required Shareholder Approvals

In order to implement the Arrangement, the Arrangement Resolution (a copy of which is attached to this Circular as Appendix A) must be approved by at least two-thirds of the votes cast by Sargold Shareholders at the Meeting.

Arrangement Mechanics

Treatment of Sargold Securityholders

The following description of the Arrangement is qualified in its entirety by reference to the full text of the Arrangement Agreement and the terms of the Plan of Arrangement attached as Appendix B to this Information Circular. Subject to receipt of all Required Regulatory Approvals, the Arrangement will become effective on the Effective Date, which is anticipated to be on or about October 30, 2007. At the Effective Time, the following shall occur and shall be deemed to occur in the following order without any further act or formality:

(k) All issued and outstanding:

(i) Sargold Shares (other than Sargold Shares in respect of which a Dissenting Shareholder has duly and validly exercised Dissent Rights) shall be transferred to Buffalo (free of any claims or encumbrances) and the holders thereof shall be entitled to receive one Buffalo Share in exchange for every 3.5 Sargold Shares transferred;

(ii) Sargold Options shall be cancelled and the holders thereof shall be entitled to receive from Buffalo in consideration for such cancellation one Buffalo Option for every 3.5 Sargold Options cancelled; and

(iii) Sargold Warrants shall be cancelled and the holders thereof shall be entitled to receive from Buffalo in consideration for such cancellation one Buffalo Warrant for every 3.5 Sargold Warrants cancelled;

(l) With respect to each Sargold Security to which the foregoing paragraph applies:

(i) the registered holder thereof shall cease to be a holder of such securities and such holder's name shall be removed from the Sargold Shareholder Register, Sargold Register of Options and Sargold Register of Warrants as of the Effective Time; and

(ii) Buffalo shall be the transferee of such Sargold Shares (free of any claims or encumbrances) and shall be deemed to be entered in the applicable securities registers of Sargold as the holder thereof as of the Effective Time;

(m) each Dissenting Shareholder shall cease to have any rights as a Sargold Shareholder other than the right to be paid the fair value in respect of the Sargold Shares held by such Dissenting Shareholder in accordance with the provisions of the CBCA as amended by the Interim Order;

(n) each of the Amalgamating Companies shall amalgamate with the other pursuant to the CBCA and the Final Order promulgated pursuant thereto to form Amalco and shall continue as one corporation under the CBCA.

Fractional Securities

No fractional securities will be issued by Buffalo to Sargold Securityholders. All fractional securities will be rounded up or down to the nearest whole number and no cash or other payment in lieu of fractional securities will be paid to any such Sargold Securityholder.

Court Approval

The Arrangement requires Court approval under the Act. In addition to this approval, at the hearing the Court will be asked for a declaration that the Arrangement is fair to the Sargold Securityholders. The Court will be advised in advance of the court hearing that its determination of fairness will form the basis of a claim of exemption from the registration requirements of the U.S. Securities Act pursuant to Section 3(a)(10) thereof with respect to the issuance of Buffalo Securities to the Sargold Securityholders in exchange for the Sargold Securities. Prior to the mailing of this Circular, Subco obtained the Interim Order providing for the calling and holding of the Meeting and certain other procedural matters related to the Meeting. Following approval of the Arrangement Resolution by Sargold Shareholders at the Meeting, Subco will make application to the Court for the Final Order. The Court hearing for the Final Order is currently scheduled for 10:00 a.m. (local time Vancouver) on October 29, 2007 at the Courthouse, 850 Smithe Street, Vancouver, British Columbia. Any Sargold Shareholder who wishes to appear or be represented and to present evidence or arguments at that hearing may do so. Such persons should consult with their legal advisors as to the necessary requirements.

For further information regarding the court hearing for the Final Order and your rights in connection with such court hearing, see the form of Notice of Petition for Final Order attached as Appendix D to this Circular. The Notice of Petition for Final Order will be filed with the Court following the Meeting and will not be served upon anyone. This is your only notice of the Court hearing.

Shareholders of Buffalo following the Arrangement

Assuming that no Sargold Options or Sargold Warrants are exercised prior to the Effective Time and that no Dissent Rights are exercised, Buffalo will be issuing a total of approximately 21.6 million Buffalo Shares under the Arrangement. Assuming that Buffalo issues no additional Buffalo Shares until the Effective Date, upon completion of the Arrangement there will be a total of approximately 89 million Buffalo Shares outstanding, approximately 25% of which will be owned by the former Sargold Shareholders and approximately 75% of which will be owned by the existing Buffalo Shareholders. Based on insider reports in respect of Sargold and Buffalo filed to date, no person will have control or direction over more than 10% of the outstanding Buffalo Shares upon completion of the Arrangement other than Special Situations and its joint actors, if any, which will have ownership and control of approximately 12,087,089 Buffalo Shares and 3,658,333 Buffalo Warrants following the Amalgamation representing approximately 13.6% of the issued and outstanding Buffalo Shares on a partially diluted basis.

THE ARRANGEMENT AGREEMENT

The following paragraphs summarize, among other things, the material terms of the Arrangement Agreement.

A copy of the Arrangement Agreement has been filed on SEDAR and is available for review at www.sedar.com. Sargold Shareholders are urged to read the Arrangement Agreement in its entirety for a more complete description of the Arrangement.

Effective Date of the Arrangement

Subject to the satisfaction or waiver of the conditions set forth in the Arrangement Agreement, including receipt of all Required Regulatory Approvals (see "Regulatory Matters"), the Arrangement will become effective on the Effective Date at the Effective Time. It is anticipated that the Effective Date will be on or about October 30, 2007.

Representations and Warranties

The Arrangement Agreement contains various representations and warranties of Sargold and Buffalo relating to, among other things: (a) the corporate existence and organization of Sargold and Buffalo and their respective Subsidiaries; (b) the capitalization of Sargold and Buffalo; (c) the authorization, execution, delivery and enforceability of the Arrangement Agreement; (d) the absence of a default under any contract, agreement, license or franchise which would, if terminated due to such a default, cause a Material Adverse Effect on Sargold or Buffalo; (e) the absence of certain events with respect to Sargold or Buffalo since December 31, 2006; (f) employment agreements and labour matters; (g) financial statements; (h) books and records; (i) the absence of litigation that, if adversely determined, would reasonably be expected to have a Material Adverse Effect on Sargold or Buffalo; (j) environmental matters; (k) the filing of tax returns and payment of taxes; (l) pension and employee benefit matters; (m) compliance with laws; (n) the absence of restrictions on the business activities of Sargold and Buffalo and their respective Subsidiaries; and (o) the existence of necessary licenses and permits; and (p) the mineral properties and mineral rights held by them.

Covenants

Specific Covenants of Sargold

In the Arrangement Agreement, Sargold agreed, among other things, that until the earlier of the Termination Date and the Effective Date (except as contemplated in the Arrangement Agreement):

(a) Sargold and each of its Subsidiaries will:

(i) carry on its businesses in the usual and ordinary course consistent with past practices;

(ii) use commercially reasonable efforts to preserve intact its present business organizations and material rights and franchises, to keep available the services of its current officers and employees, and to preserve its relationships with customers, suppliers and others having business dealings with it; and

(iii) maintain and keep the Sargold Properties in as good repair and condition as at the date of the Arrangement Agreement, subject to ordinary wear and tear,

all to the end that its goodwill and ongoing businesses will not be impaired in any material respect at the Effective Time.

(b) Sargold will not, and it will not permit any of its Subsidiaries to:

(i) declare, set aside or pay any dividends on, make other distributions or return capital in respect of any of its capital stock or any other equity interests, in cash, stock property or otherwise;

(ii) split, combine, subdivide or reclassify any of its capital stock or issue or authorize or propose the issuance of any other securities in respect of, in lieu of or in substitution for, shares of its capital stock;

(iii) issue, sell, pledge, reserve, set aside, dispose of, grant or encumber, repurchase, redeem or otherwise acquire any shares of its capital stock or any securities or obligations convertible into, exercisable or exchangeable for, or any rights, warrants, calls, subscriptions or options to acquire, shares of its capital stock (including any phantom interest or other right linked to the price of the Sargold Shares), or authorize any of the foregoing, except:

(A) as required by the terms of any securities outstanding on the date of the Arrangement Agreement; or

(B) pursuant to Sargold Options granted or Sargold Warrants issued prior to the date of the Arrangement Agreement; or

(iv) enter into or announce any agreement or arrangement with respect to the sale, voting, registration or repurchase of any shares of its capital stock or any security convertible into or exchangeable for such shares.

(c) Sargold will not, nor will it permit any of its Subsidiaries to authorize, make or commit to make any expenditures (including capital expenditures and capital lease obligations) in excess of $25,000 individually and $100,000 in the aggregate except for:

(i) recurring expenditures such as office rental, salaries, office expenses or mine operating expenses in the ordinary course of business;

(ii) payment of outstanding obligations existing on the date of the Arrangement Agreement; and

(iii) payments made to legal advisors, financial advisors and other third parties in connection with the Arrangement.

(d) Sargold will not, nor will it permit any of its Subsidiaries to, reorganize, recapitalize, consolidate, dissolve, liquidate, amalgamate or merge with any other person, nor acquire or agree to acquire, by amalgamating, merging or consolidating with, by purchasing an equity interest in or a portion of the assets of, or by any other manner, any business or person or otherwise acquire or agree to acquire any assets of any other person.

(e) Sargold will not, nor will it permit any of its Subsidiaries to sell, pledge, encumber, lease (whether such lease is an operating or capital lease) or otherwise dispose of any assets (other than relating to transactions between two or more wholly-owned Sargold Subsidiaries or between a wholly-owned Subsidiary and Sargold).

(f) Sargold will not, nor will it permit any of its Subsidiaries to:

(i) incur any indebtedness for borrowed money or purchase money indebtedness or assume, guarantee, endorse or enter into a "keepwell" or similar arrangement with respect to, any indebtedness;

(ii) enter into interest rate swaps;

(iii) enter into any material operating lease or create any Liens on the Sargold Properties or any of its Material Subsidiaries in connection with any indebtedness; or

(iv) refinance any debt.

(g) Except as required by applicable Law or any agreement to which Sargold or any of its Subsidiaries is a party on the date of the Arrangement Agreement, Sargold will not, nor will it permit any of its Subsidiaries to:

(i) Increase the amount of (or accelerate the payment or vesting of) any benefit or amount payable under, any employee benefit plan or any other contract, agreement, commitment, arrangement, plan or policy providing for compensation or benefits to any former, present or future director, officer or employee of Sargold or any of its Subsidiaries;

(ii) Increase (or enter into any commitment or arrangement to increase) the compensation or benefits, or otherwise to extend, expand or enhance the engagement, employment or any related rights, of any former, present or future director, officer, employee or consultant of Sargold or any of its Subsidiaries;

(iii) Amend, vary or modify the terms of the Sargold Share Option Plan or any of the Sargold Options;

(iv) Amend, vary or modify the terms of any of the Sargold Warrants; or

(v) Adopt, establish, enter into or implement any employee benefit plan, policy, severance or termination agreement providing for any form of benefits or other compensation to any former, present or future director, officer or employee of Sargold or any of its Subsidiaries or amend any employee benefit plan, policy, severance or termination agreement.

(h) Sargold will not, nor will it permit any of its Subsidiaries to, amend or propose to amend its constating documents.

(i) Except in the ordinary course of business, Sargold will not, nor will it permit any of its Subsidiaries to, pay, discharge, satisfy, compromise or settle any claims, obligations or liabilities prior to the same being due.

(j) Sargold will not, nor will it permit any of its Subsidiaries to:

(i) enter into, terminate or waive any provision of, exercise any option or relinquish any contractual rights under, or modify in any material respect any material contract, agreement, guarantee, lease commitment or arrangement of the nature required to be disclosed pursuant to the terms of the Arrangement Agreement or any contract which involves payments or receipts by Sargold or any of its Subsidiaries;

(ii) waive, transfer, grant or release any claims or potential claims of material value;

(iii) waive any benefits of, or agree to modify in any material respect, or terminate, release or fail to enforce, or consent to any material matter with respect to which consent is required, under, any confidentiality, standstill or similar agreement to which Sargold or any of its Subsidiaries is a party or which Sargold or any of its Subsidiaries is a beneficiary; or

(iv) enter into any agreement which provides for aggregate expenditures in excess of $25,000 over the term thereof.

(k) Sargold will not, nor will it permit any of its Subsidiaries to, make any changes to the existing accounting practices, methods and principles relating to Sargold or any Subsidiary of Sargold

except as required by Law or by GAAP as advised by Sargold's or such Subsidiary's regular independent accountants, as the case may be.

(l) Sargold will not, nor will it permit any of its Subsidiaries to:

(i) make, change or rescind any material tax election;

(ii) take any action, or omit to take any action, in either case inconsistent with past practice, relating to the filing of any Tax return or the payment of any Tax (except as otherwise required by Law);

(iii) settle any material Tax claim or assessment; or

(iv) surrender any right or claim to a Tax refund; or

(v) amend any of its transfer pricing policies.

(m) Sargold will not take any action to exempt from, waive or make not subject to (including redemption of outstanding rights) any takeover Law or other Law that purports to limit or restrict business combinations or the ability to acquire or vote shares, any person (other than Buffalo and its Subsidiaries) or any action taken thereby including any take-over bid, which person or action would have otherwise been subject to the restrictive provisions thereof and not exempt therefrom.

(n) Sargold will not, nor will it permit any Subsidiary to:

(i) enter into any confidentiality or standstill agreement except as permitted by the terms of the Arrangement Agreement; or

(ii) amend, release any third party from its obligations or grant any consent under any confidentiality or standstill provision or fail to fully enforce any such provision.

(o) Sargold will not, nor will it permit any of its Subsidiaries to, take or fail to take any action which would cause any of Sargold's representations or warranties hereunder to be untrue in any material respect or would be reasonably expected to prevent or materially impede, interfere with or delay the Arrangement or which would cause the conditions set forth in the Arrangement Agreement not to be satisfied.

(p) Sargold will not, nor will it permit any of its Subsidiaries to, license or commit to license or otherwise acquire or transfer any Intellectual Property Rights, other than in the ordinary course of business.

(q) Sargold will not, nor will it permit any of its Subsidiaries to, amend, modify or terminate any insurance policy in effect on the date of the Arrangement Agreement, except for scheduled renewals of any insurance policy in effect on the date hereof in the ordinary course of business consistent with past practice.

(r) Sargold will not, nor will it permit any of its Subsidiaries to, enter into any recognition agreement, collective agreement, works council agreement or similar agreement with any trade union or representative body other than with the prior approval of Buffalo, acting reasonably.

(s) Sargold will not, nor will it permit any of its Subsidiaries to, announce an intention, enter into any formal or informal agreement or otherwise make a commitment to do any of the foregoing.

(t) Sargold will promptly advise Buffalo in writing:

(i) of any event, condition or circumstance that might be reasonably expected to cause any representation or warranty of Sargold contained in the Arrangement Agreement to be untrue or inaccurate on the Effective Date (or, in the case of any representation or warranty made as of a specified date, as of such specified date);

(ii) of any Material Adverse Effect on Sargold or any event, occurrence or development which would be reasonably expected to have a Material Adverse Effect on Sargold; and

(iii) of any material breach by Sargold of any covenant, obligation or agreement contained in the Arrangement Agreement.

(u) Sargold will use its commercially reasonable efforts to, and will use its commercially reasonable efforts to cause its Subsidiaries to, perform all obligations required to be performed by Sargold or any of its Subsidiaries under the Arrangement Agreement, cooperate with Buffalo and Subco in connection therewith, and do all such other acts and things as may be necessary or desirable in order to consummate and make effective, as soon as reasonably practicable, the Arrangement and, without limiting the generality of the foregoing, Sargold will, subject to the terms of the Arrangement Agreement:

(i) solicit from the Sargold Shareholders proxies in favour of approval of the Arrangement Resolution (in a commercially reasonable manner) and use commercially reasonable efforts to obtain the approval by Sargold Shareholders of the Arrangement Resolution and will, at Buffalo's request and expense, retain the services of an investment banker or proxy solicitation firm to solicit proxies in favour of the Arrangement Resolution and will fully cooperate with Buffalo in connection therewith including providing to Buffalo such information as Buffalo may request and doing such other things as Buffalo may reasonably request in connection therewith;

(ii) not adjourn, postpone or cancel (or propose adjournment, postponement or cancellation of) the Meeting without Buffalo's prior written consent except as required by Law or, in the case of adjournment, as may be required by Sargold Shareholders as expressed by majority resolution;

(iii) use commercially reasonable efforts to satisfy or cause to be satisfied as soon as reasonably practicable all the conditions precedent to be satisfied by Sargold that are set forth in the Arrangement Agreement;

(iv) as soon as practicable apply for and use commercially reasonable efforts to obtain all Required Regulatory Approvals required to be obtained by Sargold or any of its Subsidiaries in order for Sargold to complete the Arrangement and, in doing so, to keep Buffalo reasonably informed as to the status of the proceedings and any material discussions or correspondence related to obtaining such Required Regulatory Approvals, including, but not limited to, providing Buffalo the opportunity to be present for all communications with any Governmental Entity and providing Buffalo with copies of all related applications and notifications, in draft and final form, in order for Buffalo to provide its reasonable comments;

(v) use commercially reasonable efforts to comply promptly with all requirements which applicable Laws may impose on Sargold or its Subsidiaries with respect to the transactions contemplated by the Arrangement and the Arrangement Agreement;

(vi) diligently defend all lawsuits or other legal, regulatory or other proceedings to which it is a party challenging or affecting the Arrangement Agreement or the consummation of the transactions contemplated hereby;

(vii) use commercially reasonable efforts to have lifted or rescinded any injunction or restraining order or other order which may adversely affect the ability of the parties to consummate the transactions contemplated by the Arrangement Agreement;

(viii) effect all necessary registrations, filings and submissions of information required by Governmental Entities from Sargold or any of its Subsidiaries in connection with the transactions contemplated by the Arrangement Agreement;

(ix) consult with Buffalo prior to making publicly available its financial results for any period after the date of the Arrangement Agreement and prior to filing any Sargold SRA Reports;

(x) use commercially reasonable efforts to cause all of its directors and officers to resign at the Effective Time and to provide a release in favour of Sargold in the form requested by Buffalo, acting reasonably; and

(xi) use commercially reasonable efforts to obtain all waivers, consents and approvals from other parties to loan agreements, leases or other contracts required to be obtained by Sargold or a Subsidiary of Sargold to consummate the transactions contemplated hereby which the failure to obtain would materially and adversely affect the ability of Sargold or its Subsidiaries to consummate the transactions contemplated in the Arrangement Agreement including those waivers, consents and approvals referred to therein.

Specific Covenants of Buffalo and Subco

In the Arrangement Agreement, Buffalo and Subco, as the case may be, each agreed, among other things, that until the earlier of the Termination Date and the Effective Date (except as contemplated in the Arrangement Agreement):

(a) Buffalo and each of its Subsidiaries will:

(i) carry on its businesses in the usual and ordinary course consistent with past practices;

(ii) use commercially reasonable efforts to preserve intact its present business organizations and material rights and franchises, to keep available the services of its current officers and employees, and to preserve its relationships with customers, suppliers and others having business dealings with it; and

(iii) maintain and keep its material properties in as good repair and condition as at the date of the Arrangement Agreement, subject to ordinary wear and tear,

all to the end that its goodwill and ongoing businesses will not be impaired in any material respect at the Effective Time.

(b) Buffalo will not, and it will not permit any of its Subsidiaries to:

(i) declare, set aside or pay any dividends on, or undertake a return of capital in respect of any of its capital stock or any other equity interests, in cash, stock property or otherwise;

(ii) split, combine, subdivide or reclassify any of its capital stock; or

(iii) enter into or announce any agreement or arrangement with respect to the voting, registration or repurchase of any shares of its capital stock or any security convertible into or exchangeable for such shares.

(c) Buffalo will not, nor will it permit any of its Subsidiaries to, make any changes to the existing accounting practices, methods and principles relating to Buffalo or any Subsidiary except as

required by Law or by GAAP as advised by Buffalo's or such Subsidiary's regular independent accountants, as the case may be.

(d) Buffalo will not, nor will it permit any of its Subsidiaries holding an interest in the Mt. Kare property or the Kimbauri Property to dissolve or liquidate or sell or otherwise dispose of any interest in the Mt. Kare Property or Kimbauri Property.

(e) Buffalo will not amend or propose to amend its constating documents.

(f) Buffalo will not, nor will it permit any of its Subsidiaries to:

(i) make, change or rescind any material tax election;

(ii) take any action, or omit to take any action, in either case inconsistent with past practice, relating to the filing of any Tax Return or the payment of any Tax (except as otherwise required by Law);

(iii) settle any material Tax claim or assessment;

(iv) surrender any right or claim to a Tax refund; or

(v) amend any of its transfer pricing policies.

(g) Buffalo will not take any action to exempt from, waive or make not subject to (including redemption of outstanding rights) any takeover Law or other Law that purports to limit or restrict business combinations or the ability to acquire or vote shares, any person (other than Buffalo and its Subsidiaries) or any action taken thereby including any take-over bid, which person or action would have otherwise been subject to the restrictive provisions thereof and not exempt therefrom.

(h) Buffalo will not nor will it permit any Subsidiary to:

(i) enter into any confidentiality or standstill agreement; or

(ii) amend or release any third party from its obligations or grant any consent under any confidentiality or standstill provision or fail to fully enforce any such provision.

(i) Buffalo will not, nor will it permit any of its Subsidiaries to, take or fail to take any action which would cause any of Buffalo's or Subco's representations or warranties hereunder to be untrue in any material respect or would be reasonably expected to prevent or materially impede, interfere with or delay the Arrangement or which would cause the conditions set forth in the Arrangement Agreement not to be satisfied.

(j) Buffalo will not, nor will it permit any of its Subsidiaries to, announce an intention, enter into any formal or informal agreement or otherwise make a commitment to do any of the foregoing.

(k) Buffalo will promptly advise Sargold in writing:

(i) of any event, condition or circumstance that might be reasonably expected to cause any representation or warranty of Buffalo contained in the Arrangement Agreement to be untrue or inaccurate on the Effective Date (or, in the case of any representation or warranty made as of a specified date, as of such specified date);

(ii) of any Material Adverse Effect on Buffalo or any event, occurrence or development which would be reasonably expected to have a Material Adverse Effect on Buffalo; and

(iii) of any material breach by of Buffalo of any of its covenants, obligations or agreements contained in the Arrangement Agreement.

(l) Buffalo will use its commercially reasonable efforts to, and will use its commercially reasonable efforts to cause its Subsidiaries to, perform all obligations required to be performed by it or any such Subsidiaries under the Arrangement Agreement, cooperate with Sargold in connection therewith, and do all such other acts and things as may be necessary or desirable in order to complete and make effective, as soon as reasonably practicable, the Arrangement and, without limiting the generality of the foregoing, Buffalo will:

(i) cause Subco to apply to the Court for the Final Order;

(ii) subject to the Arrangement Resolution being approved by the Sargold Shareholders, pass a written special resolution of Subco approving the Arrangement;

(iii) use commercially reasonable efforts to satisfy or cause to be satisfied as soon as reasonably practicable all conditions precedent that are set forth in the Arrangement Agreement;

(iv) as soon as practicable apply for and use commercially reasonable efforts to obtain all Required Regulatory Approvals required to be obtained by Buffalo or any of its Subsidiaries in order for Buffalo and Subco to complete the Arrangement and, in doing so, to keep Sargold reasonably informed as to the status of the proceedings and any material discussions or correspondence related to obtaining such Required Regulatory Approvals, including, but not limited to, providing Sargold the opportunity to be present for all communications with the Court and any Government Entity and providing Sargold with copies of all related applications and notifications, in draft form and final, in order for Sargold to provide its reasonable comments;

(v) use commercially reasonable efforts to comply promptly with all requirements which applicable Laws may impose on Buffalo and Subco with respect to the Arrangement;

(vi) diligently defend all lawsuits or other legal, regulatory or other proceedings to which it is a party challenging or affecting the Arrangement Agreement or the consummation of the transactions contemplated hereby;

(vii) use commercially reasonable efforts to have lifted or rescinded any injunction or restraining order or other order relating to Buffalo which may adversely affect the ability of the parties to complete the Arrangement;

(viii) effect all necessary registrations, filings and submissions of information required by Governmental Entities from Buffalo or any of its Subsidiaries in connection with the Arrangement; and

(ix) create, reserve or have available a sufficient number of Buffalo Securities for issuance upon completion of the Arrangement and use commercially reasonable efforts to cause the Buffalo Shares to be issued in connection with the Arrangement to be conditionally approved for issuance by the TSXV subject to official notice of issuance, prior to the Effective Time;

(x) use its commercially reasonable efforts to maintain its status as a "reporting issuer" (or the equivalent thereof) not in default of the requirements of the applicable securities Laws in each of the Provinces in which it is currently a reporting issuer to the date which is two years following the Effective Date, provided that this covenant shall not prevent Buffalo from taking any steps in furtherance of any amalgamation or business combination (whether by way of merger, plan of arrangement, consolidation, share or other security exchange transaction, recapitalization, asset acquisition or other

transaction) involving any one or more of itself or any of its Subsidiaries completed in accordance with applicable securities Laws; and

(xi) use commercially reasonable efforts to obtain all waivers, consents and approvals from other parties to loan agreements, leases or other contracts required to be obtained by Buffalo or any Subsidiary of Buffalo to complete the Arrangement which the failure to obtain would materially and adversely affect the ability of Buffalo or Subco to complete the Arrangement including those waivers, consents and approvals referred to in Section 4.4 of the Arrangement Agreement.

Non-Solicitation Covenants of Sargold

Sargold has ceased all discussions and negotiations with all parties (other than Buffalo or Subco) with respect to any Acquisition Proposal involving Sargold. Sargold has agreed as follows in the Arrangement Agreement:

(a) Other than in respect of the Arrangement, Sargold shall not, and shall not permit any of its Subsidiaries to, directly or indirectly, through any officer, director, employee, advisor, representative or agent, or otherwise:

(i) solicit, initiate, facilitate, engage in or respond to or encourage (including by way of furnishing information or entering into) an Acquisition Proposal or potential Acquisition Proposal;

(ii) encourage or participate in any discussions or negotiations regarding any Acquisition Proposal or potential Acquisition Proposal;

(iii) accept or approve or recommend, or agree to accept, approve or recommend, any Acquisition Proposal or potential Acquisition Proposal;

(iv) enter into any agreement, arrangement or understanding related to any Acquisition Proposal or potential Acquisition Proposal; or

(v) cause any Subsidiary to enter into any agreement, arrangement or understanding related to any Acquisition Proposal or potential Acquisition Proposal;

provided that nothing contained in the Arrangement Agreement will prevent the Sargold Board from taking any of the actions described in clauses (i) through (iv) above in respect of a Superior Proposal.

(b) From and after the date of the Arrangement Agreement, Sargold shall immediately cease and cause to be terminated in writing any existing discussions or negotiations with any person (other than Buffalo or Subco) with respect to any potential Acquisition Proposal and will immediately cease to provide any other person with access to information concerning Sargold and its Subsidiaries and exercise all rights it has to require the return of all confidential information from each such person. Sargold agrees not to release or permit the release of any person from, or waive, any confidentiality, non-solicitation or standstill agreement to which such person is a party, except as permitted under the Arrangement Agreement.

(c) Sargold will promptly notify Buffalo and Subco within 48 hours of any Acquisition Proposal or any amendment to an Acquisition Proposal being received directly or indirectly by Sargold, or any request for non-public information relating to Sargold or any of its Subsidiaries, as the case may be, in connection with such an Acquisition Proposal or for access to the properties, books and/or records of Sargold or any Subsidiary, by any person that informs Sargold or such Subsidiary that it is considering making, or has made, an Acquisition Proposal. Unless prohibited by confidentiality provisions of the Acquisition Proposal, such written notice shall include a copy of any such written Acquisition Proposal and all amendments thereto or, in the absence of a written

Acquisition Proposal, a description of the material terms and conditions thereof, in either case including the identity of the person making the Acquisition Proposal, inquiry or contact.

(d) If Sargold receives a request for material non-public information from a person who proposes in writing an unsolicited bona fide Acquisition Proposal and the Sargold Board determines that such Acquisition Proposal would, if consummated in accordance with its terms, be a Superior Proposal, then, and only in such case, the Sargold Board may, subject to the execution by such person of a confidentiality agreement (or in reliance upon a confidentiality agreement that was entered into prior to the date of the Arrangement Agreement), provide such person with access, in accordance with the terms of the Arrangement Agreement, to information regarding Sargold, provided, however, that the person making the Acquisition Proposal shall not be precluded thereunder from making the Acquisition Proposal.

(e) Sargold shall ensure that its officers, directors and employees and those of its Subsidiaries and any financial, legal and other advisors, agents and representatives retained by Sargold are aware of the provisions of the Arrangement Agreement, and Sargold shall be responsible for any breach of the Arrangement Agreement by any such person.

(f) Nothing contained in the Arrangement Agreement will prohibit the Sargold Board from making any disclosure to the Sargold Securityholders prior to the Effective Date if, in the good faith judgment of the Sargold Board, after consultation with outside counsel, such disclosure is necessary for the Sargold Board to act in a manner consistent with its fiduciary duties or is otherwise required under applicable Law.

(g) If the Sargold Board receives what it determines in good faith and after consultation with outside legal counsel and its financial advisors constitutes a Superior Proposal, or upon receipt of any amendment or modification to any Superior Proposal, then in each case, Sargold shall provide to Buffalo a written notice thereof together with a copy of all documentation relating to such Superior Proposal or such amendment or modification thereto promptly and in no event later than 48 hours after such receipt. In the event of receiving such notice prior to the Meeting, Sargold may, at its discretion, and will, at the request of Buffalo, adjourn the Meeting.

(h) Subject to the terms of the Arrangement Agreement, Sargold covenants that it will not accept, approve, recommend or enter into any agreement, understanding or arrangement in respect of a Superior Proposal unless:

(i) Sargold has complied with its obligations under the Arrangement Agreement; and

(ii) the Response Period has elapsed.

(i) During the Response Period, Buffalo will have the right, but not the obligation, to offer to amend the terms of the Arrangement including an increase in, or modification of, the consideration to be received by the Sargold Securityholders. The Sargold Board will review any such offer by Buffalo to amend the terms of the Arrangement, including an increase in, or modification of, the consideration to be received by the Sargold Securityholders to determine whether the Acquisition Proposal to which Buffalo is responding would remain as a Superior Proposal when assessed against the Arrangement as it is proposed by Buffalo to be amended. If the Sargold Board does not so determine, then the Sargold Board will promptly reaffirm its recommendation of the Arrangement as amended. If the Sargold Board does so determine in good faith, and after consultation with outside legal counsel and its financial advisors, then Sargold may approve, recommend, accept or enter into an agreement, understanding or arrangement to proceed with the Superior Proposal.

(j) Each successive amendment to any Acquisition Proposal that results in an increase in, or modification of, the consideration (or value of such consideration) to be received by the Sargold Securityholders shall constitute a new Acquisition Proposal for the purposes of the Arrangement

Agreement and Buffalo shall be afforded a new Response Period in respect of each such Acquisition Proposal.

Conditions to Completion of the Arrangement

Mutual Conditions Precedent

The Arrangement Agreement provides that the respective obligations of each party to complete the Arrangement are subject to the satisfaction or, if permissible, waiver, of the following conditions, on or before the Effective Time:

(a) the Interim Order shall have been granted in form and substance satisfactory to each party, acting reasonably, and shall not have been set aside or modified in the manner that is not acceptable to any party, acting reasonably, on appeal or otherwise;

(b) any conditions, in addition to those set out in the Arrangement Agreement, which may be imposed by the Interim Order shall have been satisfied;

(c) the Arrangement shall have been approved by the Sargold Shareholders at the Meeting in accordance with applicable Laws, the Interim Order, the Plan of Arrangement and the Arrangement Resolution;

(d) the Final Order shall have been granted in form and substance satisfactory to each party, acting reasonably, and shall not have been set aside or modified in the manner that is not acceptable to any party, acting reasonably, on appeal or otherwise;

(e) No provision of any applicable Laws and no judgment, injunction, order or decree shall be in effect which restrains or enjoins or otherwise prohibits the Arrangement;

(f) The Buffalo Securities can be issued pursuant to the Arrangement pursuant to exemptions from the registration and prospectus requirements of applicable Canadian securities Laws;

(g) The Buffalo Securities can be issued in a transaction exempt from registration under the U.S. Securities Act pursuant to Section 3(a)(10) of the U.S. Securities Act and Buffalo shall have received all United States state securities or "blue sky" authorizations necessary to issue the Buffalo Securities pursuant to the Arrangement;

(h) The Buffalo Shares shall have been conditionally approved for issuance under the Arrangement by the TSXV, subject to official notice of issuance.

(i) The Required Regulatory Approvals shall have been obtained and be in full force and effect and will not be subject to any stop-order or proceeding seeking a stop-order or revocation.

(j) All other consents, waivers, permits, orders and approvals of any Governmental Entity, and the expiry of any waiting periods, in connection with, or required to permit, the Arrangement, the failure to obtain which or the non-expiry of which would constitute a criminal offense, or would, individually or in the aggregate, have a Material Adverse Effect on Buffalo or Sargold after the Effective Time, will have been obtained or received; and

(k) The Agreement will not have been terminated pursuant to the terms thereof.

Additional Conditions to the Obligations of Buffalo and Subco

The Arrangement Agreement provides that the obligations of Buffalo and Subco to complete the Arrangement are subject to the satisfaction of the following conditions (each of which is for the benefit of Buffalo and Subco and may be waived by Buffalo and/or Subco, in whole or in part) on or before the Effective Date:

(a) Sargold shall have performed or complied with, in all material respects, each of its obligations, covenants and agreements hereunder to be performed and complied with by it on or before the Effective Time.

(b) Each of the representations and warranties of Sargold under the Arrangement Agreement shall be true and correct in all material respects on the date of the Arrangement Agreement and as of the Effective Date as if made on and as of such date (except for such representations and warranties made as of a specified date, which will be true and correct in all material respects as of such specified date) except where the failure of such representations and warranties in the aggregate to be true and correct in all respects would not be reasonably expected to have a Material Adverse Effect on Sargold.

(c) Since the date of the Arrangement Agreement, there shall have been no Material Adverse Effect with respect to Sargold or any event, occurrence or development which would be reasonably expected to have a Material Adverse Effect on Sargold or which would materially and adversely affect the ability of Sargold to consummate the transactions contemplated by the Arrangement Agreement.

(d) Buffalo shall have received a certificate of Sargold addressed to Buffalo and dated the Effective Date, signed on behalf of Sargold by the Chief Executive Officer of Sargold, confirming that the conditions in Subsections (a), (b) and (c) above have been satisfied.

(e) The Sargold Board shall have adopted all necessary resolutions, and all other necessary corporate action shall have been taken by Sargold and its subsidiaries to permit the Arrangement.

(f) Sargold Shareholders holding not more than 5% of the Sargold Shares shall not have exercised their Dissent Rights (and not withdrawn such exercise) in respect of the Arrangement.

(g) Buffalo shall have received resignations and releases in forms acceptable to it, acting reasonably, from all of Sargold's directors and officers.

(h) Buffalo shall have received waivers in forms acceptable to it, acting reasonably, with respect to the waiver of the change in control salary benefit provisions of the respective employment agreements of the each of the individuals listed in Section 3.12(b) of the Sargold Disclosure Letter.

Additional Conditions to the Obligations of Sargold

The Arrangement Agreement provides that the obligation of Sargold to complete the Arrangement is subject to satisfaction of the following conditions (each of which is for the exclusive benefit of Sargold and may be waived by Sargold, in whole or in part) on or before the Effective Date:

(a) Each of Buffalo and Subco shall have performed or complied with, in all material respects, each of its respective obligations, covenants and agreements hereunder to be performed and complied with by each of them on or before the Effective Time;

(b) Each of the representations and warranties of Buffalo and Subco under this Agreement, shall be true and correct in all material respects on the date of this Agreement and as of the Effective Date as if made on and as of such date (except for such representations and warranties made as of a specified date, which will be true and correct in all material respects as of such specified date);

(c) Since August 31, 2007, there shall have been no Material Adverse Effect with respect to Buffalo or its Subsidiaries or any event, occurrence or development which would be reasonably expected to have a Material Adverse Effect on Buffalo or its Subsidiaries or which would materially and adversely affect the ability of Buffalo or Subco to consummate the transactions contemplated hereby;

(d) The board of directors of Buffalo shall have taken all necessary steps, including duly passing the necessary directors' resolutions, to provide that each Buffalo Option to be issued to each of the individuals listed in section 3.12(b) of the Sargold Optionholder Disclosure Letter pursuant to the Arrangement shall be fully vested and exercisable in the hands of each such Sargold Optionholder on the Effective Date and the expiry date of such option shall be the original expiry date of the Sargold Option, whether or not the Sargold Optionholder has resigned or otherwise ceased employment with Sargold, Amalco or Buffalo;

(e) Sargold shall have received a certificate of Buffalo and Subco addressed to Sargold and dated the Effective Date, signed on behalf of Buffalo and Subco by the Chief Executive Officer of Buffalo and Subco, confirming that the conditions in Subsections (a), (b) and (c) above have been satisfied; and

(f) The Buffalo Board shall have adopted all necessary resolutions, and all other necessary corporate action shall have been taken by Buffalo and Subco to permit the Arrangement.

Termination

Either of Buffalo or Sargold may terminate the Arrangement Agreement if any condition precedent to completion of the Arrangement in its favour has not been satisfied or waived on or before the Termination Date, provided that the party is not in material breach of the Arrangement Agreement. Such party may, by notice to the other party, terminate the Arrangement Agreement and the obligations of the parties thereunder but without detracting from the right of such party arising from any breach by the other party but for which the condition would have been satisfied:

(a) By Buffalo, upon written notice to Sargold if:

(i) the Sargold Board fails to recommend, or withdraws, modifies, qualifies or changes in a manner adverse to Buffalo or in any manner which could reasonably be expected to reduce the likelihood of the Arrangement Resolution being approved at the Meeting, its approval or recommendation of the Arrangement Resolution;

(ii) the Sargold Board approves or recommends an Acquisition Proposal;

(iii) Sargold fails to hold the Meeting on or before October 31, 2007 unless such failure results from:

(A) an adjournment of the Meeting for not less than five Business Days and not more than 10 Business Days due to an adjournment of the Meeting in the circumstances described in the Arrangement Agreement; or

(B) for reasons beyond the control of Sargold so long as Sargold is in compliance with the other terms and conditions of the Arrangement Agreement and it has been and continues to be using all commercially reasonable efforts to hold the Meeting as soon as practicable after October 31, 2007;

(iv) Sargold has breached the covenant relating to Acquisition Proposals in the Arrangement Agreement;

(b) By Sargold, upon written notice to Buffalo, in order to enter into a definitive written agreement with respect to a Superior Proposal, subject to compliance with the terms of the Arrangement Agreement; or

(c) if the Effective Time does not occur on or prior to the close of business on the Termination Date, then the Arrangement Agreement will terminate unless otherwise agreed in writing by the parties.

If the Arrangement Agreement is terminated in accordance with its provisions, no party will have any further liability to perform its obligations thereunder except for those obligations arising under Section 7.3, Section 5.3(c),

Section 7.4 and Section 8.9 of the Arrangement Agreement which will continue notwithstanding such termination; provided that neither the termination of this Agreement nor anything contained in Section 7.3 of the Arrangement Agreement will relieve any party from any liability for any breach by it of the Arrangement Agreement, including from any inaccuracy in its representations and warranties and any non-performance by it of its covenants and agreements made therein. If it is judicially determined that termination of the Arrangement Agreement was caused by an intentional breach of the Arrangement Agreement, then, in addition to any other remedies at law or equity for breach of the Arrangement Agreement, the party so found to have intentionally breached the Arrangement Agreement will indemnify and hold harmless the other parties for their out-of-pocket costs, including reasonable fees and expenses of their counsel, accountants, financial advisors and other experts and advisors, incidental to the negotiation, preparation and execution of the Arrangement Agreement and related documentation.

Termination Fees

If Sargold terminates the Arrangement Agreement pursuant to the terms thereof as a result of any of the conditions for the benefit of Sargold not being satisfied by Buffalo (unless waived by Sargold), then Buffalo will pay to Sargold the Termination Fee in immediately available funds to an account designated by Sargold within five Business Days after written notice of termination by Sargold. Buffalo will not be obligated to make more than one payment in respect of a Termination Fee.

If Buffalo terminates the Arrangement Agreement as a result of a breach by Sargold of its covenant to not solicit an Acquisition Proposal, or as a result of having received from Sargold written notice of its intention to enter into a definitive agreement with respect to a Superior Proposal, then Sargold will pay to Buffalo the Termination Fee in immediately available funds to an account designated by Buffalo within five business days after written notice of termination by Buffalo. Sargold will not be obligated to make more than one payment in respect of a Termination Fee.

Interest of Certain Persons or Companies in Matters to be Acted Upon

Other than as disclosed herein, no director or executive officer of Sargold or its Material Subsidiaries, or any of their associates or affiliates, has any material interest, direct or indirect, as a director, officer, by way of beneficial ownership of securities, as a creditor of Sargold or otherwise (other than the right to receive Buffalo Shares in exchange for their Sargold Shares and Buffalo Options under the Buffalo Stock Option Plan in exchange for their Sargold Options), in any matter to be acted upon at the Meeting.

Special Situations and its joint actors, if any, has reported, as of July 10, 2007, owenership and control of 19,012,166 Sargold Shares and 10,225,000 Sargold Warrants. It has also reported, as of August 31, 2007, ownership and control of 5,749,700 Buffalo Shares and 250,000 Buffalo Warrants. Following the Amalgamation, Special Situations and its joint actors, if any, will have ownership and control of approximately 11,181,747 Buffalo Shares and 3,171,429 Buffalo Warrants representing approximately 15.57% of the issued and outstanding Buffalo Shares on a partially diluted basis.

Expenses of the Arrangement

The estimated fees, costs and expenses of Sargold in connection with the Arrangement including, without limitation, financial advisory fees, filing fees and legal and accounting fees are estimated to be approximately $250,000.

SECURITIES LAW CONSIDERATIONS

Canadian Securities Laws

Sargold is a reporting issuer in each of the Provinces of British Columbia, Alberta, Saskatchewan, Ontario, and Quebec and Buffalo is a reporting issuer in British Columbia, Alberta, Saskatchewan, Ontario and the United States of America. The issuance of the Buffalo Securities in connection with the Arrangement will be exempt from the prospectus and registration requirements of applicable Canadian securities legislation. The sale of Buffalo Shares received pursuant to the Arrangement will be free from restriction on the first trade of such Buffalo Shares provided that (i) such sale is not a control distribution, (ii) no unusual effort is made to prepare the market or to create a demand for the Buffalo Shares, (iii) no extraordinary commission or consideration is paid to a person or company in respect of such sale and (iv) if the selling security holder is an insider or officer of Buffalo, the selling security holder has no reasonable grounds to believe that Buffalo is in default of applicable Canadian securities laws. **Each**

Sargold Shareholder is urged to consult his or her professional advisers to determine the Canadian conditions and restrictions applicable to trades in Buffalo Shares.

U.S. Securities Laws

The Buffalo Securities issued pursuant to the Arrangement will not be registered under the U.S. Securities Act or the securities laws of any state of the United States and will be effected in reliance upon the exemption from registration provided by Section 3(a)(10) of the U.S. Securities Act . Section 3(a)(10) exempts securities issued in exchange for one or more outstanding securities from the general requirement of registration where the terms and conditions of the issuance and exchange of such securities have been approved by any court of competent jurisdiction, after a hearing upon the fairness of the terms and conditions of the issuance and exchange at which all persons to whom the securities will be issued have the right to appear. The Court is authorized to conduct a hearing at which the fairness of the terms and conditions of the Arrangement will be considered.

Subject to the approval of the Arrangement by Sargold Shareholders, a hearing by the Court on the Arrangement is scheduled to take place on October 25, 2007. See "The Arrangement — Arrangement Mechanics — Court Approval."

The restrictions on resale imposed by the U.S. Securities Act will depend on whether the Sargold Shareholder is an "affiliate" of Buffalo or Sargold prior to the Arrangement or will be an "affiliate" of Buffalo following the Arrangement. As defined in Rule 144 under the U.S. Securities Act, an "affiliate" of an issuer is a person that directly, or indirectly through one or more intermediaries, controls or is controlled by, or is under common control with, such issuer.

Persons who are not affiliates of Buffalo or Sargold prior to the Arrangement and will not be affiliates of Buffalo following the Arrangement, may resell their Buffalo Securities in the United States without restriction under the U.S. Securities Act. Persons who are affiliates of Buffalo or Sargold prior to the Arrangement or will be affiliates of Buffalo after the Arrangement may not resell their Buffalo Securities in the absence of registration under the U.S. Securities Act, unless an exemption from registration is available, such as the exemption contained in Rule 145(d) under the U.S. Securities Act, or unless registration is not required pursuant to the exclusion from registration provided by Regulation S under the U.S. Securities Act.

In general, under Rule 145(d) as currently under effect, persons who are affiliates of Buffalo or Sargold prior to the Arrangement or will be an affiliate of Buffalo after the Arrangement will be entitled to resell in the United States during any three month period that number of Buffalo Shares that does not exceed the greater of one percent of the then outstanding class of securities or, if such securities are listed on a United States securities exchange, the average weekly trading volume of such securities during the four week period preceding the date of sale, subject to certain restrictions on manner of sale, notice requirements, aggregation rules and the availability of public information about Buffalo. Affiliates of Buffalo or Sargold who are not affiliates of Buffalo following the Arrangement, and who hold their Buffalo Shares for a period of one year after the Arrangement, may resell such securities without regard to the volume and manner of sale limitations set forth in the preceding sentence, subject to the availability of certain public information about Buffalo. Holders of Buffalo Shares who have not been an affiliate of Buffalo for the three month period preceding the date of sale and who have held their Buffalo Shares for a period of two years may resell such securities without restriction under the U.S. Securities Act.

The exemption provided by Section 3(a)(10) of the U.S. Securities Act will not be available for the issuance of shares upon the exercise of Buffalo Options or Buffalo Warrants. As a result, Buffalo Options and Buffalo Warrants may not be exercised by or on behalf of a person in the United States, and the shares issuable upon their exercise may not be offered or sold in the United States, unless the resale of such shares is the subject of registration under the U.S. Securities Act and applicable state securities laws, or an exemption is available from such registration requirements. Buffalo does not intend to file a registration statement with the SEC with respect to such resales.

Buffalo Shares issued to a person in the United States upon exercise of a Buffalo Warrant or Buffalo Option will be deemed "restricted securities" pursuant to Rule 144 under the U.S. Securities Act. The certificates evidencing such Buffalo Shares will include a U.S. legend restricting transfer of the securities and may not be resold in the absence of registration under the U.S. Securities Act, unless an exemption from registration is available, such as the exemption contained in Rule 144 under the U.S. Securities Act, or unless registration is not required pursuant to the exclusion from registration provided by Regulation S under the U.S. Securities Act. Under Rule 144, the Buffalo

Shares issued to a person in the United States upon exercise of a Buffalo Warrant or Buffalo Option will be subject to a one year hold period. After the one year holding period, such Buffalo Shares may be resold in the United States in accordance with the volume, current public information, manner of sale limitations and notice provisions of Rule 144. After a two year hold period, persons who are not then affiliates of Buffalo and have not been affiliates of Buffalo for the three-month period immediately preceding such date will be entitled to resell such restricted securities without restriction under the U.S. Securities Act.

Subject to certain limitations, all holders of Buffalo Shares may immediately resell such securities outside the United States without registration under the U.S. Securities Act pursuant to Regulation S under the U.S. Securities Act. Generally, subject to certain limitations, holders of Buffalo Shares following the Arrangement who are not affiliates of Buffalo, or who are affiliates of Buffalo solely by virtue of their status as an officer or director of Buffalo, may under the securities laws of the United States resell their Buffalo Shares in an "offshore transaction" (which would include a sale through the TSXV) if neither the seller nor any person acting on the seller's behalf engages in any "directed selling efforts" in the United States. For the purposes of Regulation S, "directed selling efforts" means "any activity undertaken for the purpose of, or that could reasonably be expected to have the effect of, conditioning the market in the United States for any of the securities being offered" in the resale transaction. Certain additional restrictions are applicable to a holder of Buffalo Shares who is an affiliate of Buffalo by virtue of his or her status as an officer or director of Buffalo.

The foregoing discussion is only a general overview of certain requirements of United States securities laws applicable to the Buffalo Securities to be received by the Sargold Securityholders upon completion of the Arrangement.

The SEC has proposed rules reducing the holding times under Rules 144 and 145 and the applicability under Rule 145. However, at this time, it is not known when final rules will be effective or what the final rules will require. All holders of such securities are urged to consult with counsel to ensure that the resale of their Buffalo Shares complies with applicable securities legislation.

THE BUFFALO SHARES TO BE ISSUED IN CONNECTION WITH THE ARRANGEMENT HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION OR SECURITIES REGULATORY AUTHORITIES OF ANY STATE OF THE UNITED STATES, NOR HAS THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION OR SECURITIES REGULATORY AUTHORITY OF ANY STATE IN THE UNITED STATES PASSED ON THE ADEQUACY OR ACCURACY OF THIS INFORMATION CIRCULAR. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENCE.

CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

In the opinion of Fasken Martineau DuMoulin LLP, counsel to Sargold, the following summary describes the principal Canadian federal income tax considerations generally applicable to a Sargold Shareholder who, for the purposes of the Tax Act and at all relevant times, (i) holds their Sargold Shares, and will hold any Buffalo Shares acquired under the Arrangement, as capital property, (ii) deals at arm's length with both Buffalo and Sargold, (iii) is not affiliated with Buffalo or Sargold and is not a foreign affiliate of a taxpayer resident in Canada, and (iv) will not, either alone or together with other persons with whom they do not deal at arm's length, either control Buffalo immediately following the Effective Time or beneficially own shares of Buffalo which have a fair market value in excess of 50% of the fair market value of all outstanding shares of the capital stock of Buffalo immediately following the Effective Time.

Sargold Shares and Buffalo Shares will generally be considered to be capital property to a Sargold Shareholder unless the Sargold Shareholder either holds such shares in the course of carrying on a business or has acquired such shares in a transaction or transactions considered to be an adventure in the nature of trade. Certain Sargold Shareholders who are residents of Canada for purposes of the Tax Act and whose Sargold Shares or Buffalo Shares might not otherwise qualify as capital property may, in some circumstances, be entitled to make an irrevocable election in accordance with subsection 39(4) of the Tax Act to have such shares and every other "Canadian security" (as defined in the Tax Act) owned by such Sargold Shareholder deemed to be capital property in the taxation year of the election and in all subsequent taxation years. Shareholders should consult their own tax advisors for advice with respect to whether an election under subsection 39(4) of the Tax Act is available and advisable in their particular circumstances.

This summary is based upon the current provisions of the Tax Act, the regulations thereunder (the "Tax Regulations"), and counsel's understanding of the current published administrative and assessing practices of the Canada Revenue Agency (the "CRA"). This summary also takes into account all specific proposals to amend the Tax Act and Tax Regulations publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof (the "Proposed Amendments") and assumes that all Proposed Amendments will be enacted in the form proposed. However, no assurances can be given that the Proposed Amendments will be enacted as proposed or at all. This summary does not otherwise take into account or anticipate any changes in the law, whether by way of legislative, judicial or governmental action or changes in the administrative or assessing practices of the CRA. This summary also does not take into account provincial, territorial or foreign tax legislation or considerations, which may be different from those described in this summary.

This summary is not applicable to a Sargold Shareholder (i) that is a "financial institution" for the purposes of the mark-to-market rules contained in the Tax Act, (ii) that is a "specified financial institution" as defined in the Tax Act, (iii) an interest in which is a "tax shelter investment" for the purposes of the Tax Act, or (iv) who acquired Sargold Shares upon the exercise of an employee stock option. Any such Sargold Shareholder should consult their own tax advisors.

This summary does not address the Canadian tax considerations applicable to the exchange of Sargold Options and Sargold Warrants for Buffalo Options and Buffalo Warrants, respectively, under the Arrangement. Such Sargold Securityholders are urged to consult their own tax advisors.

This summary is of a general nature only and is not exhaustive of all possible Canadian federal income tax considerations and is not intended to be, nor should it be construed to be, legal, business or tax advice or representations to any particular Sargold Shareholder. Accordingly, Sargold Shareholders should consult their own tax advisors for advice regarding the income tax consequences to them of exchanging their Sargold Shares for Buffalo Shares under the Arrangement, having regard to their own particular circumstances.

Residents of Canada

The following portion of the summary is generally applicable to a Sargold Shareholder who, for the purposes of the Tax Act and at all relevant times, is, or is deemed to be, resident in Canada (a "Shareholder").

Exchange of Sargold Shares for Buffalo Shares

A Shareholder who exchanges Sargold Shares for Buffalo Shares under the Arrangement will (unless the Shareholder chooses otherwise, as discussed in the paragraph immediately below) recognize neither a capital gain nor a capital loss as a result of the exchange. Such a Shareholder will be deemed to have disposed of the Shareholder's Sargold Shares for proceeds of disposition equal to the Shareholder's adjusted cost base in respect of such Sargold Shares immediately before the exchange and to have acquired the Buffalo Shares received on the exchange at a cost equal to such proceeds of disposition. The adjusted cost base to a Shareholder of Buffalo Shares acquired on the exchange will be determined at any time by averaging the cost of such Buffalo Shares with the adjusted cost base of any other Buffalo Shares owned by the Shareholder as capital property at that time.

The above tax consequences will not apply to any Shareholder who chooses to include in computing the Shareholder's income, in the Shareholder's income tax return for the taxation year of the Shareholder in which the exchange of Sargold Shares for Buffalo Shares occurs, any portion of the capital gain or capital loss that would otherwise have been realized upon such exchange. In these circumstances, the Shareholder will realize a capital gain (or capital loss) to the extent that the fair market value of the Buffalo Shares received in exchange for such Sargold Shares, net of any reasonable costs of disposition in respect of the exchange, exceeds (or is less than) the adjusted cost base to the Shareholder of such Sargold Shares immediately before the exchange. See "Taxation of Capital Gains and Capital Losses" below for a general discussion of the treatment of capital gains and capital losses under the Tax Act. The cost of Buffalo Shares acquired by a Shareholder in these circumstances will be the fair market value of the Buffalo Shares at the time of their acquisition. The adjusted cost base to the Shareholder of such Buffalo Shares will be determined at any time by averaging the cost of such shares with the adjusted cost base of all other Buffalo Shares owned by the Shareholder as capital property at that time.

Dividends on Buffalo Shares

In the case of a Shareholder who is an individual, dividends received or deemed to be received on a Buffalo Share acquired by the Shareholder under the Arrangement will be included in the Shareholder's income for tax purposes and will be subject to the gross-up and dividend tax credit rules normally applicable to taxable dividends received from taxable Canadian corporations. A Shareholder that is a corporation will include such dividends in computing its income and generally will be entitled to deduct the amount of such dividends in computing its taxable income. Recent changes to the Tax Act enhance the gross-up and dividend tax credit for "eligible dividends". A dividend is eligible for the enhanced gross-up and dividend tax credit if the paying corporation designates the dividend as an eligible dividend. There may be limitations on the ability of a corporation to designate dividends as eligible dividends. Taxable dividends received by an individual may give rise to alternative minimum tax under the Tax Act, depending on the individual's circumstances.

A Shareholder that is a "private corporation" (as defined in the Tax Act) or any other corporation resident in Canada and controlled or deemed to be controlled by or for the benefit of an individual (other than a trust) or a related group of individuals (other than trusts) may be liable under Part IV of the Tax Act to pay a refundable tax of 33-1/3% on dividends received or deemed to be received on a Buffalo Share to the extent such dividends are deductible in computing the Shareholder's taxable income. A Shareholder that is, throughout the relevant taxation year, a "Canadian-controlled private corporation" (as defined in the Tax Act) may be liable to pay an additional refundable tax of 6-2/3% on dividends or deemed dividends that are not deductible in computing taxable income.

Disposition of Buffalo Shares

A Shareholder who disposes or is deemed to dispose of Buffalo Shares will realize a capital gain (or capital loss) equal to the amount by which the actual or deemed proceeds of disposition, net of any reasonable costs of disposition, exceed (or are less than) the adjusted cost base to the Shareholder of the Buffalo Shares at such time. See "Taxation of Capital Gains and Capital Losses" below for a general discussion of the treatment of capital gains and capital losses under the Tax Act.

Dissenting Sargold Shareholders

A Shareholder that is a Dissenting Sargold Shareholder (a "Dissenting Shareholder") and is ultimately entitled to receive a cash payment equal to the fair value of the Sargold Shares in respect of which they dissent will be deemed under the Arrangement to have transferred such Sargold Shares to Sargold for cancellation on the Effective Date. Under such circumstances, the Dissenting Shareholder will be deemed to have received a dividend on such Sargold Shares (subject to the possible application of subsection 55(2) of the Tax Act to Dissenting Shareholders that are corporations, as discussed below) equal to the amount by which the cash payment exceeds the paid-up capital of the shares for the purposes of the Tax Act.

The consequences to a Dissenting Shareholder of being deemed to have received a dividend on a Sargold Share will generally be similar to those described above under the heading "Dividends on Buffalo Shares". The difference between the cash payment and the amount of the deemed dividend would be treated as proceeds of disposition of the Sargold Shares for the purposes of computing any capital gain or capital loss arising on the disposition thereof. See "Taxation of Capital Gains and Capital Losses" below for a general discussion of the treatment of capital gains and losses under the Tax Act.

Subsection 55(2) of the Tax Act may be applicable in certain instances in respect of a cash payment made to a Dissenting Shareholder that is a corporation. In this case the Dissenting Shareholder may be deemed not to have received a dividend and may be treated instead as having received proceeds of disposition of the Sargold Shares for the purposes of computing the Dissenting Shareholder's capital gain on the disposition of such shares. Dissenting Shareholders that are corporations should consult their own tax advisors for specific advice with respect to the potential application of this provision to them.

Any interest awarded to a Dissenting Shareholder consequent on the exercise of Dissent Rights under the Arrangement will be included in computing the Dissenting Shareholder's income for purposes of the Tax Act.

Shareholders who are considering exercising Dissent Rights in connection with the Arrangement are urged to consult with their tax advisors with respect to the tax consequences of such action.

Taxation of Capital Gains and Capital Losses

One-half of any capital gain (a "taxable capital gain") realized by a Shareholder in a taxation year will be included in the Shareholder's income in the year of disposition and one-half of the amount of any capital loss (an "allowable capital loss") realized by a Shareholder in a taxation year will be required to be deducted from taxable capital gains realized by the Shareholder in such year. Allowable capital losses not deducted in the taxation year in which they are realized may ordinarily be carried back and deducted in any of the three preceding taxation years or carried forward and deducted in any subsequent year against net taxable capital gains realized in such years, to the extent and under the circumstances specified in the Tax Act.

Capital gains realized by an individual or trust, other than certain specified trusts, may give rise to "alternative minimum tax" under the Tax Act. A Shareholder that is, throughout the relevant taxation year, a Canadian-controlled private corporation (as defined in the Tax Act) may be liable to pay an additional refundable tax of 6-2/3% on taxable capital gains.

The amount of any capital loss otherwise realized on a disposition of Sargold Shares or Buffalo Shares by a Shareholder that is a corporation or certain partnerships or trusts may be reduced in certain circumstances in respect of dividends previously received or deemed to have been received on such shares to the extent and under the circumstances prescribed in the Tax Act. Shareholders to whom these rules may be relevant should consult their own tax advisors.

Eligibility for Investment

Provided the Buffalo Shares are listed on a prescribed stock exchange in Canada (which currently includes the TSXV), the Buffalo Shares will be qualified investments under the Tax Act and the regulations thereunder for trusts governed by registered retirement savings plans, registered retirement income funds, deferred profit sharing plans and registered education savings plans.

Non-Residents of Canada

The following portion of the summary is generally applicable to a Sargold Shareholder who, for the purposes of the Tax Act and at all relevant times: (i) has not been, is not and will not be resident or deemed to be resident in Canada, and (ii) does not and will not use or hold, and is not and will not be deemed to use or hold, Sargold Shares or Buffalo Shares in connection with carrying on a business in Canada (a "Non-Resident Shareholder"). Special rules which are not discussed in this summary may apply to a non-resident that is an insurer carrying on business in Canada and elsewhere.

Non-Resident Shareholders should be aware that the disposition of Sargold Shares and the acquisition of Buffalo Shares pursuant to the Arrangement may have tax consequences in their home jurisdictions, as well as in Canada. The non-Canadian tax consequences for Non-Resident Shareholders who are resident in, or citizens of, jurisdictions other than Canada are not described herein. Accordingly, such Non-Resident Shareholders are urged to consult their own tax advisors.

Exchange of Sargold Shares and Subsequent Disposition of Buffalo Shares

A Non-Resident Shareholder will not be subject to tax under the Tax Act on any capital gain realized on the exchange of Sargold Shares for Buffalo Shares under the Arrangement.

A Non-Resident Shareholder who disposes or is deemed to have disposed of Buffalo Shares acquired by the Non-Resident Shareholder under the Arrangement will not be subject to tax under the Tax Act, unless such Buffalo Shares constitute "taxable Canadian property" (as defined in the Tax Act) to the Non-Resident Shareholder at the time of disposition and any such gain is not otherwise exempt from tax under the Tax Act pursuant to the provisions of an applicable income tax treaty or convention.

Generally, a Buffalo Share will not constitute taxable Canadian property to a Non-Resident Shareholder at a particular time provided that (i) such Buffalo Share is listed on a prescribed stock exchange (which currently includes the TSXV) at that time, and (ii) the Non-Resident Shareholder, together with persons with whom the Non-Resident Shareholder does not deal at arm's length, has not owned 25% or more of the shares of any class or series of Buffalo at any time during the 60-month period that ends at that time.

If a Buffalo Share received by a Non-Resident Shareholder under the Arrangement constitutes taxable Canadian property to the Non-Resident Shareholder and any capital gain that would be realized by the Non-Resident Shareholder upon a disposition or deemed disposition of such Buffalo Share is not exempt from tax under the Tax Act by virtue of an applicable income tax treaty or convention, then the tax consequences described above under "Residents of Canada—Disposition of Buffalo Shares" and "Residents of Canada — Taxation of Capital Gains and Capital Losses" will generally apply.

Dividends on Buffalo Shares

Dividends on Buffalo Shares paid or credited or deemed to be paid or credited to a Non-Resident Shareholder will be subject to Canadian withholding tax under the Tax Act at the rate of 25% unless the rate is reduced under the provisions of an applicable income tax treaty or convention.

Dissenting Non-Resident Shareholders

A Non-Resident Shareholder that is a Dissenting Sargold Shareholder (a "Non-Resident Dissenter") and is ultimately entitled to receive a cash payment equal to the fair value of the Sargold Shares in respect of which they dissent will be deemed under the Arrangement to have transferred such Sargold Shares to Sargold for cancellation on the Effective Date. Under such circumstances, the Non-Resident Dissenter will be deemed to have received a dividend on such Sargold Shares equal to the amount by which the cash payment exceeds the paid-up capital of the shares for the purposes of the Tax Act.

Dividends deemed to have been received by a Non-Resident Dissenter in these circumstances will be subject to Canadian withholding tax under the Tax Act at the rate of 25%, unless the rate is reduced under the provisions of an applicable income tax treaty or convention. The difference between the cash payment and the amount of the deemed dividend would be treated as proceeds of disposition of the Sargold Shares for the purposes of computing any capital gain or capital loss arising on the disposition thereof. A Non-Resident Dissenter will not be subject to tax under the Tax Act in respect of any resulting capital gain unless the Sargold Shares constitute taxable Canadian property to the Non-Resident Dissenter and any such capital gain is not otherwise exempt from tax under the Tax Act pursuant to the provisions of an applicable income tax treaty or convention.

Where a Non-Resident Dissenter receives interest consequent upon the exercise of Dissent Rights under the Arrangement, such interest will be subject to Canadian withholding tax at a rate of 25%, unless the rate is reduced under the provisions of an applicable income tax treaty or convention.

Non-Resident Shareholders who are considering exercising Dissent Rights are urged to consult with their tax advisors regarding the tax consequences to them of such action.

REGULATORY MATTERS

The following sets out the current status of material approvals or other actions by federal, provincial and foreign governments and administrative and regulatory agencies which are required to be obtained or taken in respect of the Arrangement prior to the Effective Time. To the extent that there are any material developments with respect to such governmental, administrative or regulatory approvals or actions subsequent to the date of this Circular, Sargold will issue one or more press releases with respect to any such material developments, which press releases shall be deemed to be incorporated into this Circular for the purposes of the Meeting.

In the event that, subsequent to the date of this Circular and prior to the date of the Meeting, Sargold is advised that the terms of any approval or action by any such government or administrative or regulatory agency may be made subject to terms and conditions which are materially different than those anticipated by Sargold at the date of this Circular, Sargold may elect to adjourn the meeting to a later date in order that Sargold may present more current information to the Sargold Shareholders at the Meeting respecting such governmental, administrative or regulatory approval or action.

Stock Exchange Approvals

The TSXV has conditionally approved the listing of all Buffalo Shares to be issued in connection with the Arrangement (including Buffalo Shares to be issued upon exercise of the Buffalo Warrants and Buffalo Options to be issued in connection with the Arrangement), subject to fulfillment of standard conditions.

INFORMATION RELATING TO SARGOLD

Incorporation by Reference

Information has been incorporated by reference in this Circular from documents filed with securities commissions or similar authorities in Canada. Copies of the documents incorporated herein by reference may be obtained on request without charge from Sargold at Suite 400, 837 West Hastings Street, Vancouver, B.C., V6C 3N6, Telephone: 604 687 1717. These documents are also available through the internet on SEDAR and can be accessed online at www.sedar.com.

The following documents, filed by Sargold with the Canadian securities regulatory authorities, are specifically incorporated by reference in and form an integral part of this Circular:

(a) audited consolidated financial statements, the notes thereto and the auditors report thereon for the fiscal years ended December 31, 2006, 2005 and 2004, as filed on SEDAR September 24, 2007;

(b) management's discussion and analysis of the financial condition and results of operations of Sargold for the years ended December 31, 2006, 2005 and 2004, as filed on SEDAR September 24, 2007;

(c) management information circular of Sargold dated May 18, 2007;

(d) unaudited interim consolidated financial statements and the notes thereto for the six month periods ended June 30, 2007 and June 30, 2006;

(e) management's discussion and analysis of the financial condition and results of operations of Sargold for the six month periods ended June 30, 2007 and June 30, 2006;

(f) material change reports dated as follows:

(i) September 11, 2007 announcing the entering into of the Arrangement Agreement;

(ii) July 16, 2007 announcing the execution of the Letter of Intent with Buffalo;

(iii) June 20, 2007 announcing the closing of a non-brokered private placement of 14,000,000 units at $0.20 per unit for gross proceeds of $2,800,000;

(iv) May 14, 2007 announcing an update on longer term production strategy at the Furtei mine in Sardinia, the non-brokered private placement of up to 9,000,000 units at $0.20 per unit and the grant of 750,000 stock options;

(v) May 4, 2007 announcing changes in the officers for the Company and its subsidiaries and a non-brokered private placement of up to 5,000,000 units at $0.20 per unit;

(vi) March 29, 2007 announcing first gold pour at Furtei after completion of refurbishing of the Furtei processing plant; and

(vii) January 31, 2007 announcing appointment of George Paspalas as a director, President and Chief Operating Officer for the Company.

Any documents of the type referred to in the preceding paragraph (excluding confidential material change reports) filed by Sargold with the Canadian securities regulatory authorities after the date of this Circular and prior to the Effective Time shall be deemed to be incorporated by reference in this Circular.

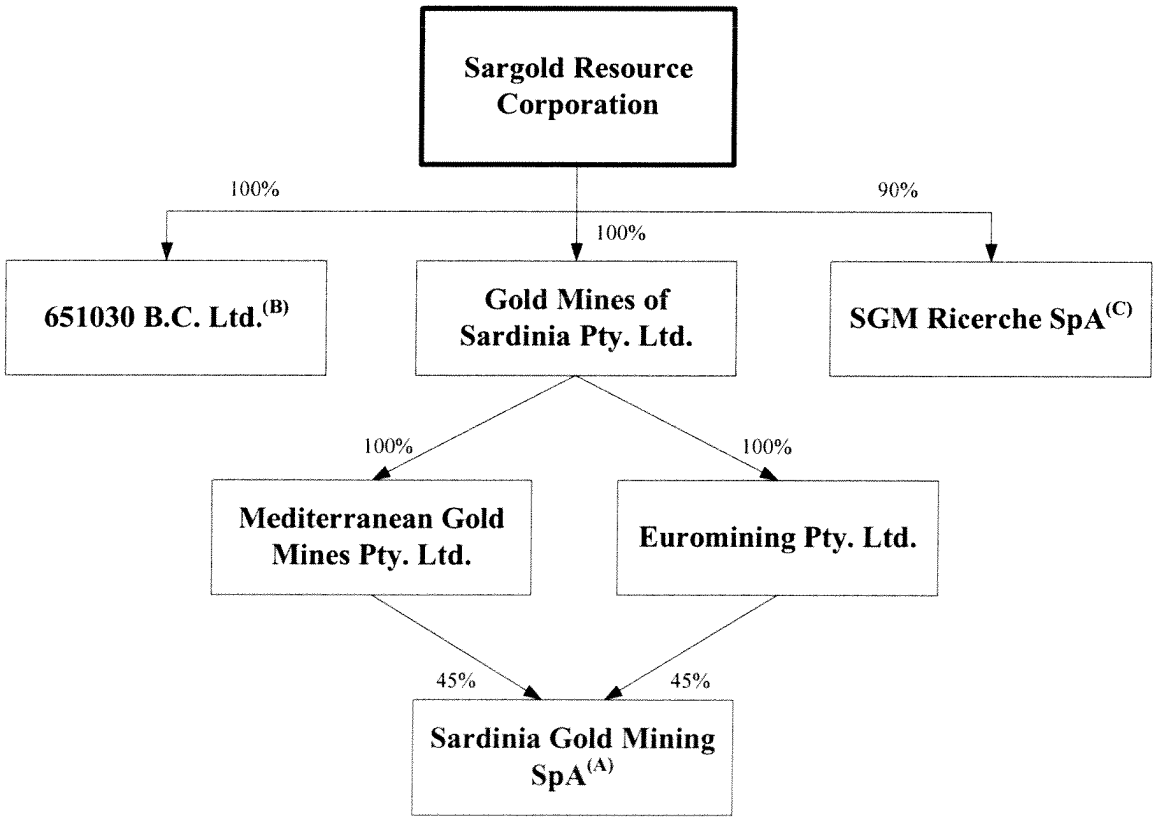
Any statement contained in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded, for purposes of this Circular, to the extent that a statement contained herein or in any other subsequently filed document which also is or is deemed to be incorporated by reference herein modifies

or supersedes such statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document that it modifies or supersedes. The making of a modifying or superseding statement shall not be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made. Any statement so modified or superseded shall not be deemed in its unmodified or superseded form to constitute part of this Circular.

Name and Incorporation

Sargold was incorporated under the *Canada Business Corporations Act* on May 25, 1998 as 3423786 Canada Inc. On July 27, 1998 the name of the Corporation was changed to Augusta Corporation by the filing of Articles of Amendment. On October 1, 1998, the Corporation filed Articles of Arrangement with respect to a Plan of Arrangement with Augusta Gold Corporation. On August 21, 2001, the Corporation filed Articles of Amendment changing its name to Canley Developments Inc. and on June 13, 2003 changing its name to Sargold Resource Corporation. The head office of Sargold is located at Suite 400, 837 West Hastings Street, Vancouver, British Columbia, V6C 3N6.

Sargold has five wholly-owned subsidiaries and a 90% interest in Sardinia Gold Mining SpA ("**SGM**") as set forth below:



(A) Mediterranean Gold Mines Pty. Ltd. and Euromining Pty. Ltd. each own 45% of Sardinia Gold Mining SpA ("SGM"). The remaining 10% is owned by Progemisa SpA ("Progemisa"). SGM owns the Furtei Gold Mine operations and the Osilo exploration property.

(B) 651030 B.C. Ltd. owns the Lodestone property.

(C) Sardinia Gold Mining Richerche SpA ("Richerche") holds the research permits for the Monte Ollasteddu property. The remaining 10% is owned by Progemisa.

Introduction

Sargold is involved in precious and base metal exploration and development and has interests in properties located in Italy and Canada. Sargold's properties are in the exploratory and development stages and, through December 31, 2006, have been non-producing and consequently have not generated any operating income or cash flows from operations. In late 2006 and early 2007 Sargold refurbished and recommissioned the Furtei mine milling facilities and has commenced modest production of gold, extracting 450,000 tonnes of low grade ore from the heap leach pad.

Corporate Strategy

After pouring its first gold bar at the Furtei gold mine property on the island of Sardinia, Italy, in March 2007, Sargold launched a near-term production plan based on processing the upgraded ore from the residual heap leach pad at the site in the second quarter of 2007. In June, the Furtei mine passed the milestone of 15,000 tonnes processed in one month, and has so far produced approximately 1,300 ounces of gold (including in-circuit inventory) and a comparable amount of silver after having been in operation for four months.

Production was lower than expected due to necessary mechanical repairs to the mining equipment and crushing circuit that were required after the four-year care and maintenance period. The majority of these repairs were completed before June. Additionally, certain mill consumable materials were in short supply and contributed to mill downtime. A review of mill consumables, consumption rates, available suppliers and delivery times has now been completed to insure the supply of materials in the future. These necessary repairs and establishment of consumable inventory adversely affected operating costs and cash flows.

Sa Perrima Zone - After conducting a number of leach tests (with recoveries averaging over 70%), Sargold is now conducting a trial for leaching sulphide ore from the Sa Perrima open pit as the next step in the re-start of the Furtei facility. Production from the pyrite-hosted deposit will continue based on acceptable gold recoveries using direct cyanide leaching. While cyanide consumption is high, recoveries comparable to flotation concentrate production and the potential to make dore bars on site indicate this may be far more favorable economically than the flotation option and smelting and refining concentrates.[1]

Su Coru Zone - Su Coru is the principle resource in a number of enargite-hosted deposits at Furtei. This enargite ore has historically proven to be problematic - it is refractory in nature and contains deleterious minerals to the smelting and refining process, which attract significant cost penalties. After investigating a number of processing options over the past year to solve this issue, Sargold is pleased to report it has received promising test results from an atmospheric leach process, the Intec Copper and Gold Process, which has obtained metal recoveries from the concentrate of 90% or better utilizing a halide solution to oxidize the sulphides. This method does not require high temperatures and pressures, and can be carried out using typical chemical processing equipment. The continued success of this process will provide for the production of saleable gold and copper at Furtei, eliminating the refractory limitation of the enargite ore, and providing enhanced economics due to minimal transport, smelting and refining charges compared with traditional sulphide concentrate production.

The Intec Copper and Gold Process has demonstrated that enargite ore can be processed with potential economic viability. If successful, this will allow Sargold to explore several target areas at Furtei and other properties on the island that have enargite hosted mineralization. Testwork will continue to optimize the leaching process, as well as determine individual orebody responses to the Intec process.[1]

Osilo & Monte Ollasteddu – In February 2007, the Osilo Commune passed a resolution opposing Sargold's application to drill at its exploration property at Osilo. All communes in Sardinia must make development decisions conforming to an Urban Communal Plan ("UCP"), which is a document that defines urban development and requires in its preparation input from a balance of industry representatives to ensure diversification. The Osilo Commune did not reference their decision opposing a drill program at Osilo to their UCP. As a result, Sargold has entered into an appeal process with the Administrative Regional Tribunal, calling for substantive reasons why Sargold should not be permitted to commence drilling.

A portion of the Monte Ollasteddu property is surrounded by an Italian military base. Sargold continues to negotiate with the Federal Government of Italy on gaining access to the property for drilling purposes. Sargold is also looking into developing alternative drill programs for other areas of the property lying further away from the military base.

Principal Projects

General

In March 2003, Sargold entered into an agreement with Gold Mines of Sardinia ("GMS PLC") with respect to the Furtei gold mine property on the island of Sardinia, Italy. GMS PLC held an indirect 90% interest in SGM, with the remaining 10% owned by Progemisa, a corporation owned by the Sardinian Government. This initial agreement provided Sargold with an option to spend €15 million over an 8 year period to earn 50% of GMS PLC's working interest (equivalent to a 45% direct interest in SGM).

In February 2004, a wholly owned subsidiary of GMS PLC, into which substantially all of GMS PLC's assets had been transferred, merged with Full Riches Investments Ltd., with the surviving entity being named Medoro Resources Ltd. ("Medoro").

On September 8, 2004, Sargold reached an agreement (the "Share Purchase Agreement") with Medoro whereby Sargold would purchase all the shares of Medoro's wholly owned subsidiary, Gold Mines of Sardinia Pty Ltd. ("GMS Pty"). Through purchasing GMS Pty, Sargold acquired all Medoro's Sardinian mining assets except for those located at Monte Ollasteddu and Miniere di Pestarena. The acquired mining assets include, through the purchase of 90% of SGM, the current operating company, a 90% interest in the Furtei gold mine project, the advanced gold property at Osilo and other Sardinian concessions.

Consideration for the acquisition was €6 million cash payable over five years (net present value of $6,867,609), $1 million Sargold Shares payable on August 30, 2009 (net present value of $547,878) and a net smelter return royalty ("NSR") of 2% on all production. During September 2004, Sargold paid €500,000 ($784,699) into escrow as a deposit to cover the initial payment of the Share Purchase Agreement, which subsequently closed on October 20, 2004.

In May 2006, Sargold and Medoro announced their intention to amend the existing Share Purchase Agreement. Under the amended terms as set out in a letter of intent, Sargold would, on payment of €1.0 million, complete the purchase of the shares of GMS Pty with all remaining debts and the NSR being fully discharged. The letter of intent also contemplated the acquisition by Sargold of Medoro's 75% share ownership of Ricerche, the Italian company that holds the interests to the Monte Ollasteddu gold property. After completion of the definitive agreement and required regulatory approvals the transaction closed on August 22, 2006. Ricerche's interest in the Monte Ollasteddu property is subject to an option agreement with an indirect subsidiary of Gold Fields Limited ("Gold Fields"). As a result of a reduction in the amount owing under the amended Share Purchase Agreement, a non-cash gain of $5,737,618 was recognized.

In October 2006, Sargold announced it had signed a letter of intent with Gold Fields whereby Sargold would acquire Gold Field's 15% interest in the Monte Ollasteddu property. Following approvals by Gold Fields' Executive Committee, the Sargold Board and receipt of all Required Regulatory Approvals, the definitive purchase agreement was completed on December 22, 2006.

In consideration for the purchase, Sargold issued to Gold Fields Sargold Shares with a value of $500,000 in three installments: one third on signing a formal agreement, based on a share price of $0.20 per share (833,333 Sargold Shares), and one third on each of the first and second anniversaries of the closing date, based on a share price equal to the greater of: (a) the weighted average trading price of the shares in the preceding 30 trading days and (b) $0.17 per share. Gold Fields retains the right to acquire an undivided 60% interest in the property, which could at their discretion be triggered when exploration work programs undertaken by Sargold on Monte Ollasteddu have defined a minimum National Instrument 43-101 compliant, measured and indicated resource estimate of 3.5 million ounces of gold. The new agreement supersedes the existing joint venture agreement, which was assumed when Sargold acquired the 75% interest in Ricerche from Medoro as announced on August 22, 2006.

With the completion of this transaction, Sargold holds a 90% interest in the Monte Ollasteddu property, with the remaining 10% held by Progemisa, and Sargold has consolidated all of the known gold properties on the island of Sardinia, Italy.

Furtei Property

During the second quarter of 2006, Sargold appointed Mr. George Paspalas to the position of Chairman of SGM. Mr. Paspalas has worked in the mining industry for more than 20 years, and brings both operational and executive experience to Sargold. Since commencing his responsibilities Mr. Paspalas has focused on determining whether and how the Furtei mine operation could be returned to profitable production. In the fourth quarter of 2006, Sargold refurbished the Furtei processing plant which had been decommissioned in 2002. For a marginal cost the refurbished plant was re-commissioned in late December and was fully water tested prior to the end of the year. Management worked to complete the refurbishments noted below at the plant before successfully obtaining a new cyanide usage permit in January 2007:

(a) Removing the old stockpile of low grade enargite sulphide ore;

(b) Replacing or repairing mechanical and electrical components to get the mill and leach tanks operational;

(c) Clearing solid slurry from the pipelines of the compressed air system;

(d) Locating lost logistical information to restart the process computer;

(e) Recovering approximately €80,000 of activated carbon from around the carbon-in-leach ("CIL") floor, sumps and spent ore left settled in the tanks – enough to carry the Company through to 2008;

(f) Fully testing the tailing disposal system and water balance systems; and

(g) Coordinating shipment of cyanide from Germany.

Also during the fourth quarter, the team identified a potential opportunity to commence near-term gold production while they conducted various studies on the refractory ores at Furtei. The theory was based on upgrading the residual heap leach pad head grade by screening off the oversize material from the 450,000 tonnes of ore remaining on the heap leach pad. The oversize material would subsequently be processed through the CIL circuit after primary crushing and fine grinding.

A trial was conducted in the first quarter of 2007 to determine whether the head grade could be upgraded by screening. The calculated head grade contained in the heap leach pad was 0.52g/t., based on the reconciliation between as-placed grade and total recovered gold. The trial was conducted over an eight-day period, with the resultant screened oversize ore grade indicating a minimum 44% upgrading to 0.75 – 0.80 g/t. The trial was also successful in determining key unit operating costs, such as lime, cyanide and power consumptions. The assessment concluded it was economic to process screened oversize material from the heap leach pad at Furtei.

As part of the trial program, Sargold was pleased to pour its first gold bar at Furtei in early March 2007. While the production from this low grade material is modest, it marks the successful re-start of the Furtei plant, where operational expertise is being re-honed and the future rehabilitation liability of the heap leach pad is being significantly reduced. Most importantly, Sargold is beginning to produce gold for the first time since its entry into Sardinia, which will form a basis for growth in 2007.

Osilo & Monte Ollasteddu exploration properties

The Osilo property is considered prospective based on prior exploration results. The Osilo property contains a low sulphidation epithermal quartz vein system, which was subject to an "In Situ Resource Audit" report by Steffen, Robertson & Kirsten (UK) Ltd. in April 2003. The report estimates the property contains a "Historical" Indicated Mineral Resource of 0.80 million tonnes ("MT") grading 6.5 grams of gold per tonne ("g/Au/T") and 38.2 grams of silver per tonne ("g/Ag/T") and an Inferred Mineral Resource of 0.86 MT grading 7.5 g/Au/T and 21.8 g/Ag/T. Sargold has not completed the work necessary to verify the classification of the resource and is not treating the resource figures as indicative of NI 43-101 defined resource verified by a "Qualified Person". As a result, the

resource figures should not be relied upon by investors. The historical resources have been calculated from 5 vein systems. More than 20 vein systems have been identified.

In 2006, Sargold had submitted permit applications to the Sardinian Regional Authorities to commence a drill program on the Osilo property. In February 2007, the Osilo Commune passed a resolution opposing Sargold's application to drill at the Company's Osilo exploration property. All communes in Sardinia must make development decisions conforming to an Urban Communal Plan (UCP), which is a document that defines urban development and consists of a balance of industry representatives to ensure diversification. The Osilo Commune did not reference their decision opposing a drill program at Osilo to their UCP. As a result, Sargold is now entering into an appeal process with the Administrative Regional Tribunal (TRA), calling for substantive reasons why Sargold should not be permitted to commence drilling. In the event that the Osilo Commune is successful Sargold will maintain ownership of the property and continue to work with the local community to secure support for the exploration of this property.

The Monte Ollasteddu property is a large mineralized system lying within a 50 kilometer geological belt in the Eastern Paleozoic Belt. Monte Ollasteddu has excellent potential for discovery of a gold resource, with more than 20 gold prospects identified in the region. A portion of the Monte Ollasteddu property is in close proximity to an Italian military base. Sargold continues to negotiate with the Italian military on gaining access to the property for drilling purposes. Sargold is also looking into developing alternative drill programs for other areas of the property lying further away from the military base.

Directors and Officers

As of August 31, 2007, the directors and officers of Sargold as a group beneficially owned or had voting control or direction over 4,978,964 Sargold Shares or approximately 6.59% of the issued and outstanding Sargold Shares.

Consolidated Capitalization

The following table sets out Sargold's consolidated loan and share capital as at December 31, 2006 and June 30, 2007 and should be read in conjunction with Sargold's annual financial statements and interim financial statements, each incorporated by reference in this Circular.

Designation of Security	Amount Authorized	At December 31, 2006	At June 30, 2007
		(Stated in $)	
Long-term notes			
Sardinian Region Financing Institute		823,408	798,512
Progemisa		8,079,867	7,553,890
		8,903,275	8,352,402
Shareholders' equity			
Share capital	Unlimited	18,288,918	20,289,943
Contributed surplus		3,013,316	3,925,375
Comprehensive income		(96,328)	(96,328)
Deficit		(7,909,167)	(9,052,123)
		13,296,739	15,066,867
Capitalization		22,200,014	23,419,269

Description of Sargold Shares

The authorized capital of Sargold consists of an unlimited number of Sargold Shares of which, as at August 31, 2007, 75,592,913 Sargold Shares were issued and outstanding. No preferred shares have been issued. Sargold Shareholders will be entitled, on liquidation, to receive such assets of Sargold as are distributed to Sargold Shareholders.

As of August 31, 2007, there are outstanding 5,735,655 Sargold Options entitling Sargold Optionholders to purchase up to 5,735,655 Sargold Shares and 22,625,000 Sargold Warrants entitling Sargold Warrantholders to purchase up to 22,625,000 Sargold Shares.

INFORMATION RELATING TO BUFFALO

Incorporation by Reference

Information has been incorporated by reference in this Circular from documents filed with securities commissions or similar authorities in Canada. Copies of the documents incorporated herein by reference may be obtained on request without charge from the Secretary of Buffalo at 1111 West Georgia Street, Suite 2400, Vancouver, B.C., V6E 4M3. These documents are also available through the Internet on SEDAR, which can be accessed online at www.sedar.com. For the purpose of the Province of Québec, this Circular contains information to be completed by consulting the permanent information record. A copy of the permanent information record may be obtained from the Secretary of Buffalo at the above-mentioned address and telephone number and is also available electronically at www.sedar.com.

The following documents, filed by Buffalo with the Canadian securities regulatory authorities, are specifically incorporated by reference in and form an integral part of this Circular:

(a) amended unaudited interim consolidated financial statements and the notes thereto for the six month periods ended June 30, 2007 and June 30, 2006;

(b) management's discussion and analysis of the financial condition and results of operations of Buffalo for the six month periods ended June 30, 2007 and June 30, 2006;

(c) audited consolidated financial statements, the notes thereto and the auditors report thereon for the fiscal years ended December 31, 2006, 2005 and 2004;

(d) management's discussion and analysis of the financial condition and results of operations of Buffalo for the fiscal years ended December 31, 2006, 2005 and 2004;

(e) management information circular of Buffalo dated May 30, 2007;

(f) annual report pursuant to section 13 or 15(D) of the U.S. Exchange Act for the fiscal year ended December 31, 2006;

(g) material change reports dated as follows:

(i) January 19, 2007 announcing release of final gold assay results from its first stage infill drill program;

(ii) March 13, 2007 announcing signing of a letter of intent with Dynasty Gold Corp.;

(iii) April 9, 2007 announcing (A) the labour party in Queensland doing a U-turn on its long-standing ban on new Uranium mines; and (B) expansion of gold assets through a strategic $5,500,000 investment in Kinbauri Gold Corp.;

(iv) April 26, 2007 announcing termination of a Letter of Intent to enter into a friendly merger with Dynasty Gold Corp.;

(v) May 2, 2007 announcing (A) report of additional gold intersections at Mt. Kare; and (B) application for further exploration licenses;

(vi) May 14, 2007 announcing signing of a letter of intent to move all Australian uranium assets to Bondi Mining Ltd.;

(vii) May 22, 2007 announcing that Buffalo and Madison Minerals Inc. have amended the terms of the earn-in agreement to the Mt. Kare Gold project;

(viii) June 25, 2007 announcing receipt of an updated mineral resource estimate for the Mt. Kare gold project which sees a 22% increase of the total property resources into the indicated category compared to the previous estimate;

(ix) July 4, 2007 announcing that, pursuant to a private placement transaction completed on June 29, 2007, Buffalo acquired 11,000,000 Common shares and 5,500,000 Share Purchase Warrants of Kinbauri Gold Corp. at a price of $0.50 per unit for an aggregate consideration of $5,500,000;

(x) July 16, 2007 announcing that Buffalo and Sargold have signed a Letter of Intent to enter into a friendly merger; and

(xi) August 23, 2007 announcing that Buffalo's wholly-owned Australian subsidiary, Murphy Uranium Pty Ltd., Bondi Mining Ltd. has acquired the uranium rights to an area of interest at Newcrest Operations Limited's Mt. Hogan Project in Queensland.

(h) Technical Report dated March 21, 2007 on the El Valle, Carles, La Brueva and Bodars Gold Deposits prepared by Alan C. Noble, P.E.,; and

(i) Technical Report dated August 2007 on the Mt. Kare Property prepared by Snowden Mining Industry Consultants.

Any document of the type referred to in the preceding paragraph (excluding confidential material change reports) filed by Buffalo with a securities commission or any similar regulatory authority in Canada after the date of this Circular and prior to the Effective Time shall be deemed to be incorporated by reference herein.

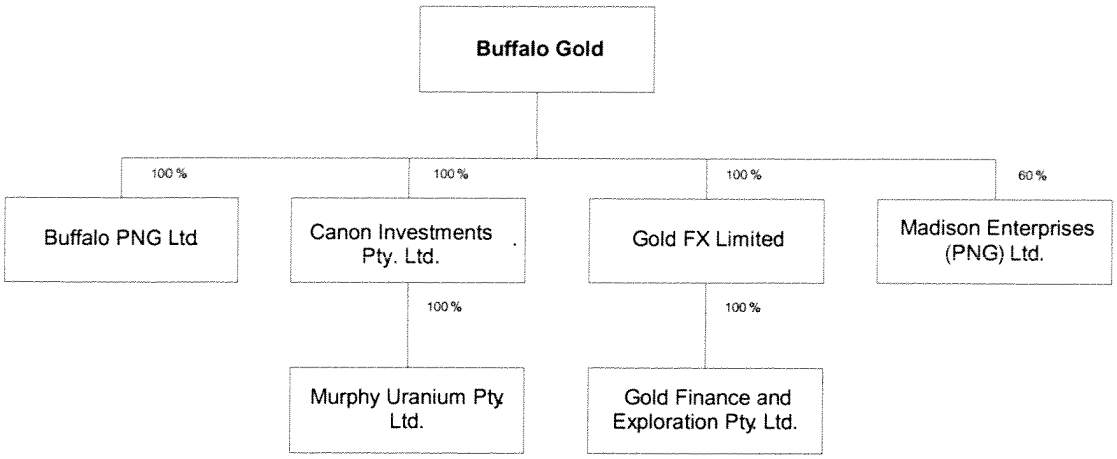
Any statement contained in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded, for purposes of this Circular, to the extent that a statement contained herein or in any other subsequently filed document which also is or is deemed to be incorporated by reference herein modifies or supersedes such statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document that it modifies or supersedes. The making of a modifying or superseding statement shall not be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made. Any statement so modified or superseded shall not be deemed in its unmodified or superseded form to constitute part of this Circular.

Name and Incorporation

Buffalo was formed as Buffalo Diamonds Ltd. ("BDL") on December 1, 1998 by the amalgamation of TLT Resources Inc. ("TLT") and BDL pursuant to the provisions of the *Business Corporations Act* (Alberta). TLT was incorporated on January 30, 1992 in the Province of Alberta under the name 517003 Alberta Ltd. On February 27, 1992, it changed its name to Tenga Laboratories Inc. On August 6, 1998, it changed its name to TLT Resources Ltd. at which time its share capital was consolidated on a 1 for 10 basis. BDL was formed on May 4, 1998 by the amalgamation of two non-reporting Alberta corporations pursuant to the provisions of the *Business Corporations Act* (Alberta), Buffalo Diamonds Ltd. (incorporated on March 6, 1998 in the Province of Alberta) and 656405 Alberta Ltd. (incorporated on May 30, 1995 in the Province of Alberta). BDL subsequently changed its name to Buffalo Gold Ltd. on February 14, 2003.

The head office and principal office address of the Company is located at 1111 West Georgia Street, Suite 2100, Vancouver, BC V6E 4M3, Canada.

Buffalo has five wholly-owned subsidiaries, and one 60% owned subsidiary, as set forth below:



Business

Introduction

Buffalo is in the business of the acquisition and exploration of mineral properties, with the primary aim of developing them to a stage where they can be exploited at a profit. Buffalo does not currently have any production properties and its current operations relate to its efforts to acquire mineable deposits and to undertake exploration activities on those properties. Buffalo is therefore presently an exploration stage company.

Corporate Strategy

Since the incorporation in March 1998 of its predecessor company, Buffalo has been in the business of acquiring mineral properties. Buffalo's objective is the acquisition, exploration, exploration management, development and sale of mineral properties, with the primary aim of developing properties to a stage where they can be exploited for a profit.

During the fiscal year ended December 31, 2003, Buffalo began pursuing gold exploration opportunities in the People's Republic of China. In March 2004, Buffalo concluded that difficulties in securing property rights in China made exploration infeasible. Since March 2004, Buffalo has evaluated mineral properties in Canada and other countries and has secured interests in several gold, uranium, silver and base metal properties, which are described below in greater detail. To date, no major mineral findings have arisen as a result of exploration work on any of Buffalo's properties.

The current and future operations of Buffalo require various permits and approvals from various governmental authorities. Currently, Buffalo's exploration activities are taking place in Papua New Guinea, where the principal governmental agency is the Department of Mining and in Australia, where the principal governmental agency is the Department of Natural Resources, Mines and Water.

Principal Projects

Buffalo Gold has recently undertaken exploration for gold, uranium, and silver and base metals. The key milestones in the development of Buffalo's portfolio of properties are as follows:

Mt. Kare

In October 2005, Buffalo was granted, subject to regulatory approval which was subsequently received, an option to acquire up to a 90% interest in the Mt. Kare Property (as defined below), located in Papua New Guinea. The Mt. Kare Property is an epithermal gold deposit located in the highlands of Enga Province in Papua New Guinea. In June 2007, Buffalo acquired a 60% interest in Madison Enterprises (PNG) Ltd., which owns a 90% interest in the Mt. Kare Property. In 2007, Buffalo was awarded another exploration license and has applied for a third exploration license, both being adjacent to the Mt. Kare Property.

Buffalo has completed part of its 2007 exploration program initially estimated at $11,400,000. This was to include up to 12,000 metres of drilling in 60 holes, detailed geophysics, surface sampling and an assortment of other studies. Buffalo is evaluating drill results with the result that some of these expenditures will be deferred to 2008.

Kinbauri

During March and April 2007, Buffalo subscribed for 11,000,000 subscription receipts (convertible into one common share and one half-share purchase warrant, with each full share purchase warrant exercisable, within 18 months, into one common share at $0.70 per share) of Kinbauri Gold Corp. ("Kinbauri") at a cost of $5,500,000. Buffalo also bought 186,000 common shares of Kinbauri in the stock market. The subscription receipts converted to units effective June 29, 2007 with the result that Buffalo presently owns an approximate 25.4% interest in Kinbauri.

Kinbauri controls exploration and investigation permits in an advanced stage/development gold and copper project within the Rio Narcea Gold Belt in the province of Asturias, in north-western Spain. It also controls the El Valle mill, auxiliary facilities and the El Valle and Carles mines, all of which are presently on care and maintenance. In addition, Kinbauri has interests in a Spanish gold exploration project and gold, diamond, silver, platinum and palladium properties in North America.

Gold FX Limited

Effective March 31, 2006, Buffalo acquired all of the shares of Gold FX Limited ("Gold FX"), a private Australian company that owns gold properties and uranium exploration properties in Australia. Buffalo acquired Gold FX in exchange for 4,000,000 Buffalo Shares with a value of $4,820,000. Buffalo incurred an additional $78,528 in acquisition costs related to the Purchase of Gold FX.

Buffalo has, through Gold FX, acquired interests in several other exploration properties in Australia, including Lake Amadeus and Lake Neal, Eromanga, Oakland Park, Corridors, Golden Gate, Maureen North, Juntala, Red River and Woodmurra. These properties are described in further detail below.

Murphy Ridge

In March 2006, Buffalo was granted an option by Global Discovery Pty. Limited ("Global") to acquire a 100% interest in the Murphy Ridge uranium project in Australia. Buffalo signed a binding letter of intent in respect of the Murphy Ridge project and paid Global an initial A$50,000 non-refundable payment that provided for a due diligence period that expired on October 11, 2006. On completion of the due diligence period, Buffalo exercised its option and acquired 100% of the project by paying US$44,325 and issuing 73,592 Buffalo Shares with a value of US$175,900 for total consideration of $263,400. Buffalo completed the purchase of Murphy Ridge by acquiring the issued shares of Canon Pty. Ltd., the company that owned the Murphy Ridge project.

Bondi Mining Ltd.

In May 2007, Buffalo signed a letter of intent, subsequently superseded by a definitive agreement that is expected to be executed shortly, to move all of its Australian uranium assets to Bondi Mining Ltd. ("Bondi") in exchange for a 44% stake in Bondi. Under the terms of the arrangement, Bondi will acquire 100% of Buffalo's Australian uranium portfolio, which is made up of 10 granted tenements and 13 applications in three major uranium provinces in the Northern Territory and Queensland. In consideration for acquisition of the portfolio, Bondi will issue 25,000,000 of its fully paid ordinary shares to Buffalo along with 5,000,000 options to subscribe for ordinary shares at A$0.60 per share with an exercise period of 24 months following execution of a definitive agreement for the proposed acquisition.

Property, Plant and Equipment

Mt. Kare Property

Buffalo's Mt. Kare gold project is located in Papua New Guinea and comprises two parts: exploration license EL1093 (the "Mt. Kare Property"), in which Buffalo has acquired an interest through Madison Minerals Inc. ("Madison") as described below; and exploration license EL1427 which relates to surrounding lands and which is wholly-owned by Buffalo. EL1093 and EL1427 were recently renewed and approved respectively. Buffalo has applied for a further exploration license, EL1575 on adjacent lands.

Mt. Kare currently hosts an indicated resource of 1,400,000 oz. gold (18.83 million tonnes at 2.31 g/t gold and 17.31 g/t silver) and an inferred resource of 290,000 oz. gold (5.75 million tonnes at 1.56 g/t gold and 9.53 g/t silver):

Mineral Resources Category	Cut-off Equivalent	000 Tonnes	Au g/t	Ag g/t	Contained 000 oz Au
Indicated	1.0	18,830	2.31	17.31	1,396
	2.0	8,559	3.66	22.51	1,008
	3.0	4,587	5.04	25.37	743
Inferred	1.0	5,753	1.56	9.53	288
	2.0	1,331	2.77	11.77	119
	3.0	476	3.85	11.22	59

These estimates are based on a block model where the gold-equivalent service variable is derived from the sum of the gold and silver grades under the assumptions of a gold price of US$550/oz and a silver price of US$10/oz (Aueq g/t = Au g/t + (10/550) x Ag g/t).

On October 20, 2005, Buffalo entered into an option agreement with Longview Capital Holdings Ltd. ("Longview") to acquire up to a 90% interest in the Mt. Kare Property in Papua New Guinea. Longview held an option from Madison to acquire up to a 100% interest of Madison's 90% interest in the Mt. Kare Property. Longview is beneficially owned by one of Buffalo's directors, Damien Reynolds. One of Buffalo's directors, James Stewart, is also a director and shareholder of Madison. Further to the October 20, 2005 agreement, Buffalo paid Longview $200,000 and in March 2007 issued to Longview 17,000,000 common shares. These common shares are subject to a time-based release from escrow over 18 months from the earlier of (1) the date on which Buffalo completes a preliminary feasibility study on the Mt. Kare Property; and (2) the date that Buffalo acquires any interest in Madison PNG.

In June 2006, Longview and Madison agreed to grant Buffalo an extension of certain dates for six months in consideration for the payment by Buffalo of $150,000. By December 31, 2006, Buffalo had paid all cash amounts.

In June 2007, Buffalo further amended its agreement with Longview, Madison, Madison Enterprises (BVI Inc.) and Madison PNG to revise the basis on which it will acquire various interests in the Mt. Kare Property. Under this agreement, Buffalo acquired a 60% interest in Madison PNG (which owns a 90% interest in the Mt. Kare Property) by making a payment of $500,000 (settled with 521,648 common shares) and issuing a further 3,000,000 common shares. This transaction completed in late June 2007.

In the future:

1. Buffalo may increase its interest to 75% by completing a bankable feasibility study within four years of signing a definitive agreement. Buffalo is entitled to a one-year extension if it actively carries out exploration work at Mt. Kare and works towards the bankable feasibility study, spending at least $500,000 in each year of the four-year period.

2. After Buffalo has earned a 75% interest, it may acquire the remaining 25% at fair market value.

Buffalo is advised that there has been a lengthy and complicated history of litigation in the courts of Papua New Guinea relating to the respective mineral rights under the mining license EL 1093 and the Mt. Kare Special Mining Lease 1 ("SML 1") which has involved, in various proceedings, Kare-Puga Development Corporation Pty Limited

("KDC"), Oakland Limited ("Oakland") and Ramsgate Resources NL ("Ramsgate") as well as the Government of Papua New Guinea, Carpenter Pacific Resources NL ("Carpenter"), an Australian public company, and Matu Mining Ltd. ("Matu"), which were previous license holders. Buffalo's understanding of this history is as follows.

KDC and Oakland had a number of agreements relating to the exploration and exploitation of the alluvial mineral rights and, purportedly, the hardrock mineral rights which KDC claimed had been granted to KDC pursuant to the SML 1. In 1996, Carpenter and Matu entered into a conditional settlement agreement with Ramsgate and Oakland in order to settle all of the outstanding litigation relating to the Mt. Kare Property (the "Settlement Agreement"). As a result, Oakland became a one-third shareholder in Matu; litigation unresolved at the time of execution of the Settlement Agreement relating to the Mt. Kare Property was discontinued by all parties; all rights of Oakland in respect of its agreements with KDC relating to SML 1 and the alluvial activities thereon were assigned to Matu (and subsequently Madison).

The Settlement Agreement was subject to various conditions precedent, including approval by KDC. KDC gave its approval in March 1996 and Matu informed Madison that the other conditions precedent under the Settlement Agreement have been fulfilled or waived. As a result of the Settlement Agreement, all outstanding litigation was settled. In April of 1998, Oakland sold its interest in Matu to Carpenter.

On March 20, 1998, Madison, Madison PNG, Carpenter, Matu, Ramsgate, Oakland and KDC entered into a joint venture agreement (the "Joint Venture Agreement") to govern future exploration and development of the Mt. Kare Property; this agreement and Madison's interest in the Mt. Kare Property were both registered in April, 1998. Madison, through its various subsidiaries, subsequently acquired a 100% legal interest in the Mt. Kare Property and it holds a 10% interest in the Mt. Kare Property in trust for KDC, resulting in Madison holding a 90% beneficial interest in the Mt. Kare Property. KDC will, in turn, hold the interest in trust for the traditional landowners at Mt. Kare.

The Joint Venture Agreement is now only relevant to the extent that it defines the rights and obligations of Madison, and therefore the rights of and between Buffalo and KDC. The Joint Venture Agreement provides that all costs up until the delivery of a feasibility report will be borne by Madison; KDC is obliged to pay its proportionate share of costs following the delivery of a feasibility report, failing which its interest will convert to a royalty interest equal to 10% of net profits. The Joint Venture Agreement received the ministerial approval required under the Mining Act of 1992 (Papua New Guinea) on April 17,1998.

Location, Access and Physiography

Papua New Guinea ("PNG") covers an area roughly the same size as the state of California. It has a population of about 4.5 million people, and it contains a number of large, well-established gold and gold/copper mines that are producing. The country lies directly east of Irian Jaya (Indonesia) and 160 kilometres due north of Australia. PNG is an independent democratic state with a government based on the British parliamentary system. The PNG government encourages mining and petroleum development, which dominate the national economy and provide 72% of export revenues. The Mt. Kare Property is comprised of exploration license EL1093, covering 220 square kilometres in the central highlands of mainland PNG at 3,000 metres above sea level. Current exploration work at Mt. Kare is helicopter supported; however a road comes within three kilometres of the Mt. Kare Property boundary and a high voltage power transmission line crosses the southeastern corner of the Mt. Kare Property.

Plant and Equipment

At present, there are no underground workings at the Mt. Kare Property. There are some camp structures that are not significant.

A detailed description of the Mt. Kare Property is contained in a technical report dated August 2007 prepared by Snowden Mining Industry Consultants Pty. Ltd. of Perth, Australia (the "Snowden Report"). A copy of the Snowden Report has been filed on SEDAR and is available for review at www.sedar.com.

The following description of the Mt. Kare Property has been taken from the Snowden Report. For more detailed information on the Mt. Kare Property, reference should be made to the complete Snowden Report.

The Mt. Kare gold and silver project is a mineral exploration area located in Enga Province, in the centre of the western highlands of Papua New Guinea (PNG). The Mt. Kare project is located approximately 20 km southwest of

Barrick Gold Corporation's Porgera operation, a gold mine which has been in production since 1991 and which has produced in excess of 14 million ounces of gold.

The Mt. Kare project is wholly contained within exploration licence EL 1093 which, according to tenement documentation provided by Buffalo Gold, has a 90% interest held in the name of Madison Enterprises (PNG) Limited (Madison) and a 10% interest held in trust for the Mt. Kare national landholders. Buffalo and Madison have entered into a contractual agreement whereby Buffalo Gold will be able to earn Madison's 90% interest in the property.

Summary of geology and mineralisation

The Mt. Kare property is an epithermal mineral deposit comprising a folded and faulted sequence of meta-sediments that have been intruded locally by gabbroic and maficporphyry dykes. For the purpose of resource estimation, three main mineralized domains have been identified, each having distinctive structural, geological and mineralogical characteristics.

The Western Roscoelite Zone (WRZ) is the westernmost mineralized domain. Drilling has traced the WRZ over a strike length of 550 m, outlining a north-south trending body. In the field, a clearly visible east-northeast tending fault divides the WRZ into to two distinct zones: a northern, cohesive mineralized body, NWRZ, and a less well defined southern zone, SWRZ.

The Central Zone domain is not well defined and has previously been identified as a broad 700 m by 300 m area of shallow, generally sub-horizontal to gently dipping mineralisation with a sub-vertical root zone, extending to the northeast from the WRZ towards the Pinuni Valley. In previous resource models, sub-vertical mineralisation in the southwest, adjacent to the SWRZ, has been attributed to the Central Zone. Recent drilling in this area has lead to the inclusion of this deeper mineralisation in the WRZ domain. Mineralisation in the Central Zone is not as cohesive as in the WRZ and is generally of lower tenor.

The Black Zone and the C9 shoot are controlled by the same northeast-striking fault system and are considered to form a single mineralized domain. The Black Zone lies 600 m east of the WRZ, occupying the crest and western flank of a steep northeast trending ridge structure. In outcrop, the Black Zone is a black, strongly manganiferous breccia. Drilling has traced mineralisation over a strike length of 250 m and has outlined two shoots in the Black Zone. The C9 shoot lies 250 m to the southwest of the Black Zone, occupying the high ground to the east of the SWRZ.

In order to fulfill their agreement with Madison (dated 18 May 2007), Buffalo is undertaking an exploration program with a view to completing a Bankable Feasibility Study covering all areas with significant potential, within the Mt. Kare EL 1093, within four years.

Exploration by Buffalo to date has included:

- Establishment of survey grids.
- Geochemical sampling in the Lubu Creek area to the southwest of the resource area.
- Trenching to assess northern extensions of the main mineralised zones (WRZ and Central Zone).
- Studies on the structure and controls on mineralisation.
- Diamond core drilling to in-fill the main mineralised zones. Buffalo had completed 62 drillholes, totaling 8467 m by the 6 December 2007.

The Mineral Resources for the Mt. Kare property are based on drilling undertaken by CRA (1985 to 1989), Madison (1996 to 2005) and Buffalo (2006). Snowden has reviewed the resource estimation process including the input data, input parameters and assumptions, estimation methodology, and resultant estimates. The Snowden Report concluded that Mineral Resources have been estimated in accordance with the CIM Standard Definitions.

The Snowden Report recommended that the estimate be updated prior to a full feasibility study being undertaken to improve the local accuracy of the estimate, and that the following items be addressed during this re-estimation:

- Re-logging of the historic drilling data in order to standardize and simplify all lithological, alteration, structural and mineral zonation facies.
- Surface mapping of property for lithology, alteration, structure and mineral zonation in relation to the drillhole interpretation.
- Geological interpretation on cross sections of lithological units, structures, alteration assemblages and other domains which may contribute to the understanding of the deposit.
- Delineation drilling to a nominal spacing of no more than 30 m.
- Carry out routine QAQC sampling and analysis in a dynamic process.
- Carry out routine density measurements.
- Use oxidation and alteration characteristics when estimating density as recommended in the previous technical report (Snowden, 2006).
- Revise the classification system to take into account geological confidence, grade continuity, estimation accuracy and sampling confidence as well as drillhole spacing.
- Review the variography orientations as one would expect the orientations to match with the directions of geological continuity as used for the search orientations.

Proposed Exploration

During 2007, Buffalo intends to undertake the following work at Mt. Kare:

The mineralization at the Mt. Kare Property and Barrick's adjacent Porgera Mine property is associated with a number of magnetic anomalies related to intrusions controlled by major structures. Numerous features outside of the main Mt. Kare resource area can be recognized in the aeromagnetic data covering the Mt. Kare exploration license and have been identified as high priority exploration targets:

- North Anomaly - lies completely outside of the known resource, directly north of the North Western Roscoelite Zone ("WRZ") where recent drilling returned assay results of 30.0 metres at 19.2 g/t gold in hole MK06-58, and other outstanding results (see prior Buffalo news releases).
- Red Hill - situated north-east of the North WRZ of the Mt. Kare deposit along the Porgera Transfer Structure, with an outcropping intrusive and associated brecciation, alteration and current artisanal gold workings.
- Lubu Creek - lies approximately seven kilometres from the Mt. Kare deposit and features a magnetic anomaly coincident with known alluvial gold. Buffalo has completed a 263-sample stream sediment program at the Lubu Creek area that returned results ranging from 0.002 ppm to 0.193 ppm. This data defines a high priority target together with a number of low level anomalous zones, which are being further investigated by soil and pan concentrate sampling.
- Pinuni Creek – sits along the Porgera Transfer Structure, covered by gold bearing colluvium with historic artisanal gold workings and has several associated magnetic anomalies.

Buffalo's exploration team has further delineated the gold zone in the vicinity of the Mt. Kare base camp. "Luke's Zone" has been tested by trenching and returned very encouraging results. Buffalo plans to drill test this area as part of the exploration drill program.

In addition to the many magnetic and surface anomalies on the Mt. Kare Property, Buffalo is planning to drill test its new 100%-owned license area (EL 1427) which is adjacent to the Mt. Kare Property.

Buffalo has completed part of its 2007 exploration program initially estimated at $11.4 million. This was to include up to 12,000 metres of drilling in 60 holes, detailed geophysics, surface sampling and an assortment of other studies. Buffalo is evaluating drill results with the result that some of these expenditures will be deferred to 2008.

A detailed aeromagnetic survey has been completed over the Mt. Kare Property and the contiguous 100% owned property. The initial survey interpretations are very encouraging, identifying prominent structures, alteration and possible clusters of intrusions (which are the drivers of mineralization at the Mt Kare & Porgera deposits) on both properties.

Several new drill targets have been identified by combining the aeromagnetic data with detailed geology and structural interpretations provided by Stuart Munroe of SRK Consulting. These targets include an interpreted blind extension of the WRZ to the north of recent drilling and potential down-plunge continuation of the Black Zone towards the C9 Zone. In addition, while drilling to date at the WRZ has been limited to depths of approximately 200 metres, geological interpretations indicate the possibility of a separate, high grade phase of quartz roscoelite mineralization at depth.

Buffalo had three drill rigs operating on site, but these are currently inactive pending evaluation of drill results. Results from the first two drill holes at Red Hill have been received, but drilling did not intersect any significant mineralization. Due to the large size of the target at Red Hill, Buffalo plans to review the area in more detail utilizing the new geophysical data prior to continuing to drill the target.

Corridors Project

On the 100% owned Corridors Project, Buffalo is targeting high-grade epithermal gold deposits. Buffalo has secured an agreement with BHP Billiton for exclusive use of a recently flown FALCON^{TM} survey. This airborne gravity gradiometer data has been valuable in highlighting quality targets.

Situated in the Drummond Basin the Corridors Gold Project has been the subject of a detailed surface geochemical sampling program. The program has identified two strong gold anomalies that will be followed-up by a shallow drill program to be commenced in August 2007.

Work to Date

Corridors was the subject of a detailed surface sampling program by Buffalo in 2006 and follow-up program in early 2007. The program identified two strong gold anomalies.

Planned Work

Buffalo plans to follow up on the gold anomalies at the Corridors project using a shallow drill program to be conducted in August 2007. The 2007 budget for exploration work is $199,000.

Oakland Park And Golden Gate

Interpretation of geophysical data has resulted in the recognition of the potential extension of the Croydon Goldfield in Queensland, to the northwest of the Company's Golden Gate Project. A new 100% Company title, named Oakland Park, has been lodged over the area which has received limited prior exploration due to a likely thin cover of sediments. Major structure is evident in the magnetics data, which strikes from Oakland Park into the contiguous Golden Gate Project.

Work to Date

Buffalo has not completed any surface work to date on the Oakland Park property other than geophysical interpretation. Work at Golden Gate has comprised collation of previous drill data for the definition of drill targets.

Planned Work

The work plan for 2007 will include a drilling program for both properties. The work budget for 2007 is $250,000.

Exploration Properties - Uranium

As described above, Buffalo has entered into an agreement to transfer all of its uranium assets to Bondi Mining in exchange for a 44% stake in that company.

Murphy Ridge

Buffalo was granted an option, and subsequently acquired a 100% interest in the Murphy Ridge Project located in the northeast part of the Northern Territory of Australia.

The Murphy Ridge project comprises five strategically placed exploration permits covering approximately 4,900 square kilometres. Buffalo has completed an airborne electromagnetic (EM) survey over the Murphy Ridge uranium property. The survey results identify numerous strong conductive and radiometric signatures. Buffalo plans to follow up these results with a detailed surface sampling program.

Australia ranks first in the world in known recoverable resources of uranium with 28% of the total. By contrast, Canada ranks third with 14%, but has a leading position in world mine output with 30% of global supply.

Buffalo signed a binding letter of intent on the Murphy Ridge Project and paid an initial A$50,000 non-refundable payment that provided for a due diligence period that expired on October 11, 2006. On completion of the due diligence period, Buffalo exercised its option and acquired 100% of the project by issuing Global 200,000 shares and agreeing to make a further payment of A$50,000 on the anniversary date of the option exercise.

Work to Date

Buffalo has completed an airborne EM survey over the Murphy Ridge uranium property. The survey results identify numerous strong conductive and radiometric signatures.

Planned Work

Following execution of a letter of intent with Bondi Mining, Buffalo does not plan to carry out any further work on this project and Bondi Mining will assume the responsibility.

Maureen North

The Maureen North uranium-gold project is comprised of thirteen 100% owned exploration permit applications which cover more than 4,000 square kilometres with potential for hosting uranium and gold deposits in the Georgetown-Townsville uranium field of Queensland.

Work to Date

In late 2006, Buffalo began a comprehensive integration and review of the available airborne magnetics/ radiometrics and gravity data over the whole property and immediate surrounds with the aim of confirming targets for drill testing. This review has identified several areas which occur in geological and structural settings that warrant further investigation.

Planned Work

Buffalo does not plan to carry out any further work on this project and the responsibility will be assumed by Bondi Mining.

Juntala

The 100% owned Juntala Project is an exploration licence application covering approximately 800 square kilometres and is located in the Georgetown-Townsville uranium field.

A high amplitude uranium channel radiometric anomaly strikes for over 35 kilometres within the basement rocks of the Juntala Project area. Technical review of the project has highlighted the potential of the area for a sandstone-hosted roll-front uranium deposit within the package of sedimentary rocks. This package has over 50 kilometres of strike length of favourable sedimentary rocks.

Buffalo's program involves initial research of existing data, followed by geophysical surveys and exploration drilling to locate and define ancient river channels.

Work to Date

Buffalo's program involves initial research of existing data, followed by geophysical surveys and exploration drilling to locate and define ancient river channels.

Planned Work

Buffalo does not plan to carry out any further work on this project and Bondi Mining will assume the responsibility.

Lake Amadeus And Lake Neal

The 100% owned Lake Amadeus and Lake Neal Projects in the Northern Territory have potential for a sedimentary uranium deposit in calcrete or clays, similar to deposits found in Western Australia.

The Lake Amadeus and Lake Neal Projects are comprised of three exploration licence applications covering over 2,000 square kilometres with high amplitude surface uranium anomalies striking for in excess of 60 kilometres. Buffalo has interpreted the uranium channel within the detailed radiometrics data available and identified more than 20 anomalies.

Buffalo has filed applications for consents to explore the exploration with the relevant Land Council.

Work to Date

Buffalo has not yet undertaken any exploration work on these properties.

Planned Work

Buffalo does not plan to carry out any further work on this project and the responsibility will be assumed by Bondi Mining.

Eromanga

Eight exploration permits were granted in September 2006 over 100 kilometres of stratigraphy prospective for sedimentary-hosted uranium deposits in central Queensland. Radiometrics data show numerous discrete, high-amplitude U channel anomalies along this trend. Individual anomalies have strike lengths of several kilometres.

Sampling of available core from a stratigraphic hole drilled previously by a government department, returned peak values of anomalous uranium up to 20ppm. Strong molybdenum (116ppm) and vanadium (763ppm) are associated with the uranium.

Work to Date

In 2006, Buffalo staked this property and completed surface scintillometer surveys. These surveys indicted that further work is not warranted.

Planned Work

Buffalo will not be undertaking further work on the Eromanga property.

Exploration Properties – Nickel

Hannah 1

The Hannah 1 target was first discovered by a major Australian mining company, but drill testing failed to reach target due to technical difficulties. From geophysical modelling, the target depth had been estimated to be at 450 metres. Buffalo holds one granted and three exploration licence applications along the Fraser Mobile Belt, covering the Hannah 1 target and five other significant targets in surrounding areas.

The Hannah 1 Project is located along major structure, approximately 400 kilometres southeast of Kalgoorlie, along the margin of the Fraser Mobile Belt, with an interpreted Archaean Greenstone terrane to the east. Regionally this area had character in magnetics data that suggests it could contain several significant deposits hosted by mafic rocks.

Work to Date

Buffalo completed a single deep diamond drill hole at the Hannah base metal prospect. The hole intersected disseminated sulphides at the target depth of 425 metres, with the zone continuing for more than 200 metres. Assay results from the core were not anomalous even with the presence of pyrite. Petrographic work on the samples determined that the environment was not ideal to host nickel, platinum group metals or other base metals of economic interests. Further drilling is not required and two of the titles have been dropped.

Planned Work

Following evaluation of drill results, Buffalo decided to stop work on this property and wrote off the accumulated acquisition costs.

Exploration Properties – Silver and Base Metals

Woodmurra

This project is considered to be a prospective silver-zinc-lead deposit. The permit applications are 100% owned by Buffalo and comprise a new project area named Woodmurra, which is located approximately 50 kilometres east of Oodnadatta, SA and 300 kilometres northwest of the giant Olympic Dam copper-gold-uranium mine.

The two permit applications cover an area of approximately 1,960 square kilometres of an unexplored terrane prospective for buried large silver-zinc-lead deposits. Only one previous drill-hole has tested the basement in the immediate vicinity of Buffalo's permit applications and encountered high grade metamorphic rock types which would be expected in a sequence that hosts large base metal deposits. To the west of the permit applications, the outcropping rocks contain unusual garnet-bearing rocks which are also a hallmark indicator of a prospective sequence.

Work to Date

Buffalo completed a detailed geophysical interpretation of the area defining areas of interest for focused ground work and drilling.

Planned Work

Buffalo proposes to joint venture the project which may include a program of detailed ground gravity followed by ground magnetics and drill testing of a range of targets in four to five holes. The 2007 exploration budget for Woodmurra is $25,000.

Red River

This project is considered to be prospective for very large Potosi-style silver-tin deposits. Six new permit applications are 100% owned by Buffalo and comprise a new project area named Red River, which is located north and west of the North Maureen project.

The six permit applications cover an area of approximately 1,497 square kilometres of an unexplored terrane prospective for buried large silver-zinc-lead deposits. Drilling by a competitor exploration company has confirmed the prospectivity if this terrane with a significant intersection of 133m grading 18.3 g/t Ag, 0.15% Sn, 1.1% Zn and 0.36% Cu beneath younger cover sediments.

Work to Date

Buffalo completed a detailed geophysical interpretation of the area defining 16 target areas of interest for focused ground work and drilling.

Planned Work

Buffalo proposes to progress these applications through to grant in 2007. The 2007 exploration budget for Woodmurra is $5,000. Following evaluation of drill results, Buffalo has decided to stop work on this property.

Directors and Executive Officers

The following table sets forth, for each of the directors of Buffalo, the individual's name, municipality of residence, position held with Buffalo, principal occupation and the period during which the individual has served as a director of Buffalo.

Name and Municipality of Residence	Position with Buffalo	Principal Occupation	Director Since
Damien Reynolds [2] Vancouver, B.C.	Executive Chair of the Board of Directors	Chairman and CEO of Longview Capital Partners Inc.	2004
Brian McEwan [1] Calgary, Alberta	President and Chief Executive Officer	President and CEO of Buffalo	2006
James G. Stewart[1][2] Vancouver, B.C.	Director	Lawyer	1999
Douglas Turnbull[1][2] Coquitlam, B.C.	Director	Consulting Geologist	2001
James Walchuk[1] Vancouver, B.C.	Director	President and CEO of Tournigan Gold Corporation	2006

(1) *Members of Audit Committee.*

(2) *Member of Compensation Committee.*

The principal occupations of each of Buffalo's directors and executive officers within the past five years are disclosed in the brief biographies set forth below.

Damien Reynolds

Mr. Reynolds is executive chair of Buffalo's Board of Directors, having also assumed the role of president on an interim basis from March to June 2006. He has been involved in the junior resource sector for 20 years, most recently as executive chairman of Tournigan Gold Corporation from September 2005 to October 2006 and president of Tournigan Gold Corporation from 1999 to September 2005. He has been a self-employed business executive since 1991 and is currently chairman and Chief Executive Officer of Longview Capital Partners Inc. Mr. Reynolds is 40 years old.

Brian McEwen

Mr. McEwen was appointed as Buffalo's chief executive officer in September 2007, having served as Buffalo's president and chief operating officer since June 2006. He is a mining geologist with more than 25 years of exploration and production experience in open-pit and underground mining properties and operations throughout the world. Mr. McEwen's project experience includes project management, economic evaluations, reserve evaluations, mine planning, and detailed geology for various gold, copper, lead, zinc, industrial minerals, coal and oil sands companies. Mr. McEwen in 49 years old.

Simon Anderson

Mr. Anderson has been the secretary and chief financial officer of Buffalo since May 2004. Mr. Anderson is a Chartered Accountant, and from 1994 to 1996 was a partner with BDO Dunwoody, an international accounting and consulting firm, where he specialized in mergers, acquisitions and valuations. Since 1996, Mr. Anderson has been a 50% owner and vice president of MCSI Consulting Group. He has served as a director or senior officer of a number of public companies since 1996. Mr. Anderson is 46 years old.

Mark Dugmore

Mr. Dugmore, Gold FX's managing director, was appointed as Buffalo's vice-president corporate development in March 2006. Mr. Dugmore holds a master's degree in exploration and mining geology from James Cook University, Australia and has 20 years global experience in the mining and minerals exploration industry. This experience includes serving as manager for Australia/Asia/Africa and global base metals for BHP Minerals and as an independent consultant providing advice to the mining industry and government. Mr. Dugmore is 43 years old.

James G. Stewart

Mr. Stewart is a director of Buffalo. Mr. Stewart is a lawyer who has practiced law in both private practice and as corporate counsel since 1984 and has extensive experience in the fields of mining, corporate finance and securities law. Mr Stewart is 49 years old.

James Walchuk

Mr. Walchuk is a director of Buffalo. Mr. Walchuk is currently the president and CEO of Tournigan Gold Corporation, having held several positions with that company. He has been CEO since September 2005 and president since May 2005. Mr. Walchuk is 51 years old.

Douglas Turnbull

Mr. Turnbull is a director of Buffalo. He is a consulting geologist who, through his company, Lakehead Geological Services, Inc., provides geological consulting services for a number of Canadian private and public companies including Madison Enterprises Ltd. and Oromin Explorations Ltd. Mr. Turnbull is 44 years old.

There are no family relationships between any of the people named above. There are agreements in effect between Buffalo and Longview, which Mr. Reynolds controls and between Buffalo and Madison Minerals Inc. in which Mr. Stewart is a shareholder and director.

Compensation

During the fiscal year ended December 31, 2006, Buffalo paid or accrued a total of $876,000 in compensation to its directors and officers. This amount does not take into account rent paid to companies owned by officers and directors or 2,880,000 incentive stock options granted to or exercised by such directors and officers or other non-cash compensation, as more particularly described below. No other funds were set aside or accrued by Buffalo during the fiscal year ended December 31, 2005 to provide pension, retirement or similar benefits for directors or officers of Buffalo pursuant to any existing plan provided or contributed to by Buffalo under applicable Canadian laws.

Buffalo is required, under applicable Securities Laws, to disclose to its shareholders details of compensation paid to its executive officers. The following fairly reflects all material information regarding compensation paid to Buffalo's executive officers which has been disclosed to Buffalo's shareholders under applicable Securities Laws.

Cash and Non-Cash Compensation — Executive Officers and Directors

Buffalo currently has four executive officers: Damien Reynolds, executive chair; Brian McEwen, president and chief executive officer; Simon Anderson, chief financial officer; and Mark Dugmore, vice president corporate development. Mr. John Tully was an executive officer until his death in March 2006. Mr. Flechner and Mr. Moseley became executive officers in 2005 and left the Company in 2006. As noted above, Mr. Turnbull, Mr. Stewart and Mr. Walchuk are non-executive directors of the Company.

The following table sets forth all annual and long term compensation for services in all capacities to Buffalo for the fiscal year ended December 31, 2006 in respect of the individuals who were, at December 31, 2006, Buffalo's directors and members of management:

Summary Compensation Table

For the Year Ended December 31, 2006	Salaries, Consulting and Professional Fees	Contingent or Deferred Compensation
Damien Reynolds, chief executive officer and chairman of the board[1]	$185,000	$ nil
Brian McEwen, president and chief operating officer[2]	$145,000	$ nil
John Tully, former president and chief executive officer[3]	10,000	$ nil
Simon Anderson, chief financialofficer[4]	53,000	$ nil
Greg Moseley, vice president exploration	143,000	$ nil
Mark Dugmore, vice president corporate development	91,000	$ nil
Stephen Flechner, vice president and general counsel	76,000	$ nil
James G. Stewart, director[5]	120,000	$ nil
Douglas Turnbull, director[6]	53,000	$ nil
	$876,000	

(1) In 2006, Mr. Reynolds was paid through Feehily, MacPhedra, OldField, Reynolds Ltd. a company beneficially owned by Mr. Reynolds.

(2) In 2006, Mr. McEwen was paid through Brian R. McEwen Consulting Inc., a company beneficially owned by Mr. McEwen.

(3) In 2006, Mr. Tully was paid through John. V. Tully & Associates Inc., a company beneficially owned by Mr. Tully.

(4) In 2006, Mr. Anderson was paid through MCSI Consulting Services Inc., a company 50% owned by Mr. Anderson.

(5) Of this amount, $115,000 was paid to J.G. Stewart Law Corp. Ltd., a company owned by Mr. Stewart.

(6) In 2006, Mr. Turnbull was paid through Lakehead Geological Services Inc., a company controlled by Mr. Turnbull, In addition, Lakehead Geological Services Inc. received $23,108 in respect of consulting services provided by individuals other than Mr. Turnbull.

Option Grants in Last Fiscal Year

Buffalo granted stock options during the fiscal year ended December 31, 2006 to its officers and directors as follows:

Name	Stock Options Granted (Common Shares)	Purchase Price	Exercise Price	Expiration Date
Damien Reynolds	100,000	nil	US$2.08	Sep 25, 2011
Brian McEwen	154,000	nil	US$0.85	Ma 30, 2011
Brian McEwen	86,000	nil	US$1.00	Jul 26,2011
Brian McEwen	100,000	nil	US$2.08	Sep 25, 2011
Simon Anderson	50,000	nil	US$2.08	Sep 25, 2011
James G. Stewart	50,000	nil	US$1.00	Jul 26, 2011
James G. Stewart	100,000	nil	US$2.08	Sep 25, 2011
Douglas Turnbull	50,000	nil	US$2.08	Sep 25, 2011
Mark Dugmore	100,000	nil	US$1.05	Mar 31, 2011
Mark Dugmore	50,000	nil	US$2.08	Sep 25, 2011
James Walchuk	100,000	nil	US$0.45	Feb 1, 2011
James Walchuk	50,000	nil	US$2.08	Sep 25, 2011

** granted to JG Stewart Law Corp., a company controlled by James G. Stewart*

Pension and Retirement Plan Disclosure

Buffalo does not provide retirement benefits for directors and executive officers.

Termination of Employment, Change in Responsibilities and Employment Contracts

In May 2006, Buffalo entered into an agreement with Brian R. McEwen Consulting Inc. in respect of Mr. McEwen's services. The agreement provides for annual compensation of $90,000 options to purchase 250,000 shares and option to purchase a further 250,000 Buffalo Shares, when such option become available. The agreement may be terminated on 30 days notice by Buffalo. Mr. McEwen's annual compensation was subsequently increased to $145,000.

Directors

Buffalo has no arrangements, standard or otherwise, pursuant to which directors are compensated by Buffalo for their services in their capacity as directors, or for committee participation, or involvement in special assignments during the most recently completed financial year or subsequently up to and including the date of this annual report, except that directors are compensated for their actual expenses incurred in the conduct of their duties as directors and certain directors may be compensated for services rendered as consultants or experts. At present, directors are compensated as follows: Damien Reynolds $15,000 per month, James G. Stewart $10,000 per month and Douglas Turnbull $5,000 per month. These individuals are paid through their respective management or law firms.

There were no repricings of stock options held by directors and officers of Buffalo during the fiscal year ended December 31, 2006.

Board Practices

The directors of Buffalo hold office for a term of one year or until the next annual general meeting of Buffalo, at which time all directors retire, and are eligible for re-election. Damien Reynolds has been a director of Buffalo since October 2004, its chairman since October 2004 and was its chief executive officer from March 27, 2006 to September 1, 2007. James G. Stewart was the secretary of Buffalo from May 1998 until he resigned in April 2003, and has been a director of Buffalo since November 1999. Douglas Turnbull has been a director of Buffalo since June 2001. John Tully was a director of Buffalo until his death in March 2006. Mr. Park was a director of Buffalo from March 2006 until May 2006. James Walchuk has been a director of Buffalo since February 2006. Brian McEwen has been a director of Buffalo since June 2006 and became CEO effective September 1, 2007.

The Board has established a compensation committee, which is responsible for reviewing the adequacy and form of compensation paid to the Company's executives and key employees, and ensuring that such compensation realistically reflects the responsibilities and risks of such positions. In fulfilling its responsibilities, the compensation committee evaluates the performance of the chief executive officer and other senior management in light of corporate goals and objectives, and makes recommendations with respect to compensation levels based on such evaluations. The compensation committee members are Damien Reynolds, Douglas Turnbull and James G. Stewart. Compensation committee members abstain from decisions regarding their own compensation.

Buffalo does not have any arrangement to provide benefits to directors upon termination.

Buffalo's audit committee is comprised of James G. Stewart, Douglas Turnbull and Brian McEwen. The audit committee is appointed by the board of directors and its members hold office until removed by the board of directors or until the next annual general meeting of Buffalo, at which time their appointments expire and they are then eligible for re-appointment. The audit committee operates under the terms of an audit committee charter. In summary, the audit committee reviews the audited financial statements of Buffalo and liaises with Buffalo's auditors and recommends to the board of directors whether or not to approve such statements. At the request of Buffalo's auditors, the audit committee must convene a meeting to consider any matters which the auditor believes should be brought to the attention of the board of directors or the shareholders of Buffalo.

Consolidated Capitalization

The following table sets out Buffalo's consolidated share and loan capital as at December 31, 2006 and June 30, 2007. This table should be read in conjunction with Buffalo's annual financial statements and interim financial statements, each incorporated by reference in this Circular.

Designation of Security	Amount Authorized	At December 31, 2006	At June 30, 2007
Share Capital	Unlimited	40,045,572	59,194,004
Contributed Surplus		5,990,160	5,797,010
Accumulated Other Comprehensive Income		-	(1,906,275)
Deficit		(19,993,344)	(28,001,665)
Total Shareholders' Equity		26,042,388	35,083,074

Description of Buffalo Shares

Buffalo's authorized capital consists of an unlimited number of common shares, of which as of the date hereof, there were an aggregate of 67,435,643 Buffalo Shares issued and outstanding.

Dividends

All Buffalo Shares rank equally as to voting rights, participation in a distribution of Buffalo's assets on a liquidation, dissolution or winding-up and the entitlement to dividends. The holders of Buffalo Shares are entitled to receive notice of all meetings of shareholders and to attend and vote the shares at such meetings. Each Buffalo Share carries with it the right to one vote.

Liquidation

In the event of the dissolution, liquidation or winding up of Buffalo, holders of Buffalo Shares are entitled to share rateably in any assets remaining after the satisfaction in full of the prior rights of creditors, including holders of Buffalo indebtedness.

Voting

Holders of Buffalo Shares are entitled to one vote for each share on all matters voted on by shareholders, including the election of directors.

Description of Buffalo Options

In 2003, the Company adopted an incentive stock option plan (the "Plan") to grant options to directors, officers, employees and consultants of the Company. The maximum number of shares reserved for issuance under the Plan may not exceed 10% of Buffalo's issued share capital. Under the Plan, the exercise price of each Buffalo Option may not be less than the market price of the Company's shares at the date of grant. Buffalo Options granted under the Plan have a term not to exceed five years.

At August 31, 2007. Buffalo had issued 3,423,500 stock options to directors, offices, employees and contractors as described below:

Number of Options	Exercise Price	Expiry Date
79,500	US$ 0.500	April 16, 2008
414,000	US$ 0.350	October 10, 2010
225,000	US$ 0.375	December 13, 2010
125,000	US$ 0.45	February 1, 2008
250,000	US$ 0.80	February 10, 2008
375,000	US$ 1.05	March 31, 2011

Number of Options	Exercise Price	Expiry Date
379,000	US$ 0.85	May 10, 2011
386,000	US$ 1.00	July 26, 2011
1,190,000	US$ 2.08	September 25, 2011
3,423,500		

Description of Buffalo Warrants

At August 31, 2007, Buffalo had issued 10,359,929 Warrants to purchase Buffalo Shares as summarized below:

Number of Financing Warrants	Number of Broker Warrants	Exercise Price	Expiry Date
1,748,250	47,375	US$0.50	December 6, 2007
1,552,500	159,584	US$1.25	April 3, 2008
-	1,137,870	US$2.10	September 25, 2008
5,714,350	-	US$2.25	September 25, 2008
9,015,100	1,344,829		

THE COMBINED COMPANY AFTER THE ARRANGEMENT

General

On completion of the Arrangement, Buffalo, as the combined company, will continue to be governed by the ABCA. Amalco, will be a corporation incorporated under and governed by the CBCA. After the Effective Date, Buffalo will own all of the issued and outstanding shares in the capital of Amalco. The business and operations of Amalco will be managed and operated as a subsidiary of Buffalo.

Summary of Principal Differences Between the CBCA and ABCA

The following is a general summary of the principal differences between the CBCA and the ABCA:

Disclosure

Under the ABCA, corporations must disclose financial assistance given to a person in connection with the purchase of a share in the corporation. Under the CBCA, such financial assistance is not subject to disclosure.

Shareholder Meetings

Under the ABCA, notice of the time and place of a shareholder meeting must be sent to each shareholder entitled to vote between 50 and 21 days prior to the meeting date. Under the CBCA, the time period for sending such notice is 60 to 21 days prior to the meeting date. Furthermore, under the ABCA, a shareholder may participate in a meeting by telephone if the bylaws of the corporation so provide. Under the CBCA, a shareholder may participate in a meeting by telephone unless the bylaws provide otherwise.

Shareholder Remedies

Under the ABCA, creditors of the corporation are among the persons that may launch a derivative action against the corporation. Under the CBCA, creditors cannot launch a derivative action. Unlike the ABCA, the CBCA provides that the Director appointed under the CBCA may bring a derivative action.

Election of Directors

Under the ABCA, directors are elected to terms not exceeding one year unless provided for otherwise in the articles or by unanimous shareholder approval. Under the CBCA, directors are elected to terms not exceeding three years.

Attendance at Directors' Meetings

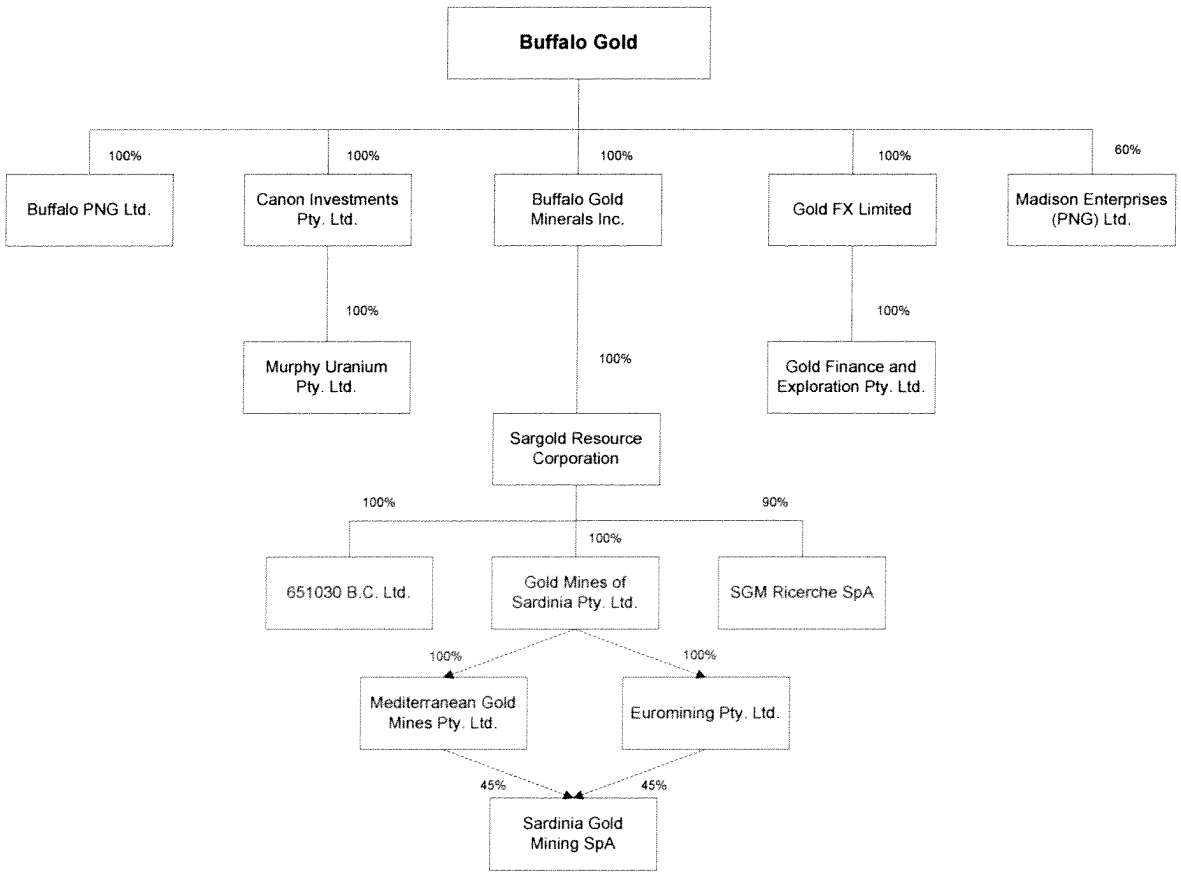
Under the CBCA, unless otherwise provided in the bylaws, a director may participate in a directors' meeting by telephone if all of the directors of the corporation consent. Under the ABCA, a director may participate in a directors' meeting by telephone if so provided in the bylaws or if all of the directors of the corporation consent.

Compelled Acquisitions

The ABCA includes a mechanism pursuant to which a person who makes an offer to acquire securities of a corporation that is accepted by 90% of the holders of the relevant class of securities may acquire the remaining shares of the corporation. Under the CBCA, this mechanism is only available in the context of an offer for the shares of a distributing or offering corporation.

Organization Chart

The following chart shows the corporate relationship between Buffalo and Amalco immediately following the completion of the Arrangement.



Directors and Officers of the Combined Company

The directors and senior officers of Buffalo will remain unchanged following the Arrangement. See "Information Concerning Buffalo – Directors and Officers".

The first directors of Amalco following the Arrangement will be:

Name	Address	Residence
James G. Stewart	c/o 24th Floor, 1111 West Georgia Street, Vancouver, British Columbia, V6E 4M3	Canadian
Brian McEwen	c/o 24th Floor, 1111 West Georgia Street, Vancouver, British Columbia, V6E 4M3	Canadian

Cease Trade Orders and Bankruptcies

Other than as disclosed below, no director, or executive officer, or proposed director or executive officer, of Buffalo or Amalco is or has been, within the preceding 10 years, a director or executive officer of any other issuer that, while that person was acting in such capacity:

(a) was the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation for a period of more than 30 consecutive days;

(b) was subject to an event that resulted, after the director or executive officer ceased to be a director or executive officer, in the company being the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation for a period of more than 30 consecutive days; or

(c) within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, Arrangement or compromise with creditors or had a receiver, receiver-manager or trustee appointed to hold its assets.

No officer, director or proposed officer or director of Buffalo or Amalco, or a personal holding company of any of them, is or has, within the preceding 10 years, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or was subject to or instituted any proceedings, Arrangement or compromise with creditors, or had a receiver, receiver-manager or trustee appointed to hold the assets of that individual.

Share Capital of Buffalo

The share capital of Buffalo will remain unchanged as a result of the completion of the Arrangement, other than for the issuance of Buffalo Shares contemplated in the Arrangement (including Buffalo Shares issuable in connection with (i) the exercise of the Buffalo Options issuable in exchange for Sargold Options, and (ii) the exercise of the Buffalo Warrants issuable in exchange for Sargold Warrants).

In connection with the Arrangement, Sargold Shareholders will receive Buffalo Shares. For a description of the principal terms and conditions of the Buffalo Shares, see "Information Concerning Buffalo – Description of Buffalo Shares".

Stock Exchange Listings and Reporting Issuer Status

Buffalo Shares will remain listed on the TSXV following the Effective Date. Buffalo will remain a reporting issuer, or the equivalent thereof, in those jurisdictions in Canada where it currently has reporting issuer or equivalent status.

Sargold will be delisted from the TSXV following the Effective Date. Sargold will also seek to be deemed not to be a reporting issuer in those jurisdictions in Canada where it currently has reporting issuer or equivalent status.

Shareholders of Buffalo

Assuming that no Sargold Options are exercised prior to the Effective Time, Buffalo will be issuing approximately 21.6 million Buffalo Shares as part of the Arrangement. Assuming that Buffalo issues no additional Buffalo Shares until the Effective Date, upon completion of the Arrangement there will be approximately 89 million Buffalo Shares outstanding approximately 25% of which will be owned by Sargold Shareholders and approximately 75% of which will be owned by Buffalo Shareholders. Based on insider reports in respect of Sargold and Buffalo filed to date, and to the best of the knowledge of the directors of Sargold, no person will have control or direction over more than 10% of the Buffalo Shares following completion of the Amalgamation, other than Special Situations and its joint actors, if any, which will have ownership and control of approximately 11,181,747 Buffalo Shares and 3,171,429 Buffalo Warrants representing approximately 15.57% of the issued and outstanding Buffalo Shares on a partically diluted basis.

Pro Forma Consolidated Capitalization

The following pro forma consolidated capitalization information for Buffalo following the Arrangement is based on the assumptions described in the respective notes to the Buffalo unaudited pro forma consolidated balance sheet as at June 30, 2007, attached as Appendix E to this Circular. The unaudited pro forma consolidated balance sheet has been prepared based on the assumption that, among other things, the Arrangement had occurred on June 30, 2007.

The unaudited pro forma consolidated balance sheet is based on certain assumptions and adjustments. The selected unaudited pro forma consolidated capitalization information given below should be read in conjunction with the description of the Arrangement contained in this Circular, the unaudited pro forma consolidated balance sheet contained in this Circular and the audited and unaudited consolidated financial statements of Buffalo and Sargold incorporated by reference in this Circular.

Designation of Security	Amount Authorized	At December 31, 2006	At June 30, 2007 after giving effect to the Arrangement [1]
Share Capital	Unlimited	40,045,572	81,876,004
Contributed Surplus		5,990,160	10,010,010
Accumulated Other Comprehensive Income		-	(1,906,275))
Deficit		(19,993,344)	(28,001,665)
Total Shareholders' Equity		26,042,388	61,978,074

Transfer Agent and Registrar

The transfer agent and registrar for the Buffalo Shares in Canada, is and is expected after the Arrangement to remain, Computershare Investor Services Inc. at its principal office in Vancouver, British Columbia, Canada.

MATERIAL CONTRACTS

In addition to the material contracts disclosed in the documents of Buffalo and Sargold incorporated herein by reference, the following contracts are material to Buffalo and were entered into before the date of this Circular and are still in effect as of the date hereof:

1. Share Purchase Agreement among Buffalo and Gold FX Ltd. dated February 28, 2006;

2. Agreement among Buffalo and Michael Raetz and Andrew Wilde to acquire the shares of Canon Investment Pty. Ltd., dated March 9, 2006;

3. Letter of intent among Buffalo and Dynasty Gold Corp., dated March 12, 2007;

4. Consulting Agreement among Buffalo and Longview Strategies Inc., dated July 1, 2006;

5. Binding Letter of Intent among Buffalo and Global Discovery Pty. Limited dated March 15, 2006;

6. Option Agreement among Buffalo and Mel Dalla Costa dated May 1, 2006;

7. Consulting agreement among Buffalo and Brian R. McEwen Consulting Inc., dated May 15, 2006;

8. Loan Agreement among Buffalo and Longview Strategies Inc., dated October 12, 2006;

9. Purchase Agreement between Sargold and Golf Fields dated December 22, 2006;

10. Escrow Agreement among Buffalo, Longview Capital Holdings Ltd. and Computershare Trust Company of Canada, dated March 8, 2007;

11. Letter of intent among Buffalo and Bondi Mining Ltd., dated May 9, 2007;

12. Amended and Restated Option Agreement among Buffalo, Longview Capital Partners Limited ("Longview"), Madison Minerals Inc., Madison (BVI) Inc. and Madison Enterprises (PNG) Limited dated May 30, 2007;

13. Amended and Restated Option Agreement among Buffalo, Longview Capital Partners Limited ("Longview"), Madison Minerals Inc., Madison (BVI) Inc. and Madison Enterprises (PNG) Limited dated June 25, 2007;

14. Subscription Agreement among Buffalo and Kinbauri Gold dated July 4, 2007; and

15. Agreement among Buffalo and Bondi Minding Ltd., dated August 1, 2007.

These material contracts may be inspected during normal business hours at Buffalo's offices in Vancouver, prior to the Meeting date.

DISSENT RIGHTS

As contemplated in the Arrangement Agreement, Sargold has granted to Registered Shareholders who object to the Arrangement Resolution the Dissent Rights in accordance with Section 190 of the CBCA, as amended by the Interim Order. A copy of Section 190 of the CBCA is attached as Appendix F to this Information Circular. The following summary of the Dissent Rights is qualified in its entirety by Section 190 of the CBCA and the Interim Order.

A Registered Shareholder who intends to exercise the Dissent Rights must deliver a Notice of Dissent to Sargold at Suite 400 – 837 West Hastings Street, Vancouver, BC V6C 3N6, Attention: Purni Parikh, to be received not later than 4:30 p.m. (Vancouver time) on October 18, 2007. The filing of a Notice of Dissent does not prevent a Registered Shareholder from voting at the Meeting, provided that any Dissent Shares it holds must not be voted in favour of the Arrangement. A Non-Registered Holder who wishes to exercise the Dissent Rights must arrange for the Registered Shareholder(s) holding its Sargold Shares to deliver the Dissent Notice. The Notice of Dissent must contain all of the information specified in section 190 of the CBCA.

Within 10 days after adoption of the Arrangement Resolution, Sargold must send notice of such fact to each Dissenting Sargold Shareholder who has not withdrawn the objection and who has not voted for the Arrangement Resolution. The Dissenting Sargold Shareholder has 20 days after receipt of such notice to send Sargold a written notice or, if such notice is not received, within 20 days of learning that the Arrangement Resolution has been adopted, setting out such holder's name, address, the number of Sargold Shares in respect of which the Dissenting Sargold Shareholder dissents and a demand for payment of the fair value of such Sargold Shares. Within 30 days after the sending o the notice containing the demand for payment, the Dissenting Sargold Shareholder must send to Sargold the certificates in respect of the Dissent Shares. Sargold will endorse the certificates, noting the dissent, and return the same to the Dissenting Shareholder.

Upon the sending of the notice containing the demand for payment to Sargold, a Dissenting Shareholder ceases to have any further rights as a Shareholder except the right to be paid the fair value for the Dissenting Sargold Shareholder's Dissent Shares, unless (a) the Sargold Shareholder withdraws the notice before Sargold makes the offer to pay for the Dissent Shares, (b) Sargold fails to make the offer to pay for the Dissent Shares and the Sargold Shareholder withdraws the notice, or (c) the directors of Sargold revoke the Arrangement Resolution, in which case the Dissenting Sargold Shareholder will be reinstated as a Sargold Shareholder as of the date the notice was sent.

Not later than seven days after the later of the effective date of the Arrangement or the day upon which Sargold receives the Dissenting Sargold Shareholder's notice containing the demand for payment, Sargold must send to such Dissenting Sargold Shareholder a written offer to pay for the Dissenting Sargold Shareholder's Dissent Shares, the fair value thereof, as determined by the Sargold Board, along with a statement showing how the fair value was determined. Such payment must be made by Sargold within 10 days after the offer has been accepted, but any such offer lapses if Sargold does not receive an acceptance thereof within 30 days after the offer has been made. In the event that Sargold should fail to make an offer to a Dissenting Sargold Shareholder, or in the event that such offer is not accepted, Sargold or the Dissenting Sargold Shareholder may apply to the Court to fix a fair value for the Dissent Shares. The CBCA contains provisions governing such application to the Court. The text of section 190 of the CBCA setting forth in detail such provisions as well as the right of dissent referred to above is attached as Appendix F to the Information Circular.

Registered Sargold Shareholders wishing to exercise the Dissent Rights should consult their legal advisers with respect to the legal rights available to them in relation to the Arrangement and the Dissent Rights. Registered Sargold Shareholders should note that the exercise of Dissent Rights can be a complex, time-consuming and expensive procedure.

DEPOSIT AND TRANSMITTAL

Deposit

The details of the procedures for the deposit of certificates representing Sargold Shares and the delivery by the Depositary of the consideration to be paid for the Sargold Shares are set out in the Letter of Transmittal (printed on green paper) provided to Registered Shareholders herewith. Registered Shareholders who do not receive a, or require an additional, Letter of Transmittal should contact the Depositary.

The Depositary will forward to all Registered Shareholders who, prior to the Effective Date, have deposited their properly completed and executed Letters of Transmittal, together with their Sargold Share certificates, the certificates for the Buffalo Shares to which they are entitled under the Arrangement as soon as reasonably practicable on or after the Effective Date. The Depositary will forward to Registered Shareholders who, after the Effective Date, have deposited their properly completed and executed Letters of Transmittal together with their Sargold Share certificates and all other documents contemplated by the Letter of Transmittal, the certificates for the Buffalo Shares within three Business Days following the receipt by the Depositary of such Letters of Transmittal and Sargold Share certificates.

Registered Shareholders who do not forward to the Depositary properly completed and executed Letters of Transmittal, together with their Sargold Share certificates and all other documents contemplated by the Letter of Transmittal, will not receive the Buffalo Shares to which they are otherwise entitled pursuant to the Arrangement until proper tender is made. At and after 8:00 a.m. (Vancouver time) on the Effective Date, certificates formerly representing Sargold Shares shall represent only the right to receive Buffalo Shares pursuant to the Arrangement Agreement.

If the Arrangement Agreement is terminated and the Arrangement is not completed, all certificates representing Sargold Shares delivered to the Depositary will be returned, at the expense of Sargold, to the holders of such shares following such termination, along with any other relevant documents.

Letter of Transmittal

Registered Shareholders wishing to deliver their certificates representing Sargold Shares must deliver to the Depositary, at any of the offices specified in the Letter of Transmittal, the following documents:

(a) the certificate or certificates representing the Sargold Shares held by the Sargold Shareholder;

(b) the Letter of Transmittal (printed on green paper) or a manually signed facsimile thereof, properly completed and duly executed as required by the instructions set out in the Letter of Transmittal; and

(c) all other documents required by the instructions set out in the Letter of Transmittal in accordance with the specific circumstances of each Sargold Shareholder.

Guarantee of Signatures

If (a) the Letter of Transmittal is signed by a person other than the registered holder(s) of the Sargold Shares, or (b) the Buffalo Shares to be issued pursuant to the Arrangement or, if the Arrangement is not effective, the Sargold Shares to be returned are to be sent to a person other than such registered holder(s) or sent to an address other than the address of the registered holder(s) as shown on the register of members of Sargold, the signature on the Letter of Transmittal must be guaranteed by a Canadian Schedule 1 chartered bank, a member of the Securities Transfer Agent Medallion Program (STAMP), a member of the Stock Exchanges Medallion Program (SEMP) or a member of the New York Stock Exchange Inc. Medallion Signature Program (MSP) (an "Eligible Institution") or in some other manner satisfactory to the Depositary (except that no guarantee is required if the signature is that of an Eligible Institution).

Fiduciaries, Representatives and Authorizations

Where the Letter of Transmittal or any certificate, share transfer or power of attorney is executed on behalf of a corporation, partnership or association or by an agent, executor, administrator, trustee, guardian, attorney-in-fact or by any other person acting in a fiduciary or representative capacity, the Letter of Transmittal must be accompanied by satisfactory evidence of the authority to act. Buffalo or the Depositary may require additional evidence of authority or additional documentation.

Lost Sargold Share Certificates

Registered Shareholders who are required to surrender certificates in order to receive certificates for the appropriate number of Buffalo Shares pursuant to the Arrangement and who have lost or misplaced the certificates representing their Sargold Shares should execute and return to the Depositary a Lost Certificate Notice which can be obtained from the Depositary. Once the Depositary establishes the Sargold Shareholder's proper entitlement and such Sargold Shareholder satisfies such requirements as may be imposed by the Depository in connection with the issuance of replacement certificates, the Sargold Shareholder will receive the Buffalo Shares to which such Sargold Shareholder is entitled.

Mail Service Interruption

Notwithstanding the provisions of this Circular or the Letter of Transmittal, certificates representing Buffalo Shares to be returned to Registered Shareholders will not be mailed if the Depositary determines that delivery thereof by mail may be delayed. Persons entitled to certificates for Buffalo Shares which are not mailed for the foregoing reason may take delivery thereof at the office of the Depositary at which the deposited certificate(s) representing Sargold Shares in respect of which the certificates for Buffalo Shares are being issued were deposited, upon application to the Depositary, until such time as the Depositary has determined that delivery by mail will no longer be delayed. The Depositary shall provide notice of any such determination not to mail as soon as reasonably practicable after the making of such determination. Certificates for Buffalo Shares not mailed for the foregoing reason will be conclusively deemed to have been delivered on the first day upon which they are available for delivery to the depositing Sargold Shareholder at the office of the Depositary.

Sargold Shareholders who hold Sargold Shares as of the Effective Date have a period of six years from the Effective Date during which they may surrender the share certificate(s) representing the Sargold Shares held by them as of the Effective Date, following which time they lose all rights to receive any consideration pursuant to the Arrangement.

STOCK EXCHANGE LISTINGS AND INFORMATION

Sargold Shares

The outstanding Sargold Shares are listed on the TSXV under the trading symbol "SRG". The following table summarizes the price range and trading volume of the Sargold Shares on the TSXV and for each of the periods indicated:

	Price Range		
	Intraday High	**Intraday Low**	**Volume**
2005			
First Quarter	$0.20	$0.57	14,416,843
Second Quarter	$0.39	$0.22	5,746,281
Third Quarter	$0.295	$0.15	5,972,608
Fourth Quarter	$0.225	$0.135	3,784,132
2006			
First Quarter	$0.27	$0.16	2,585,794
Second Quarter	$0.33	$0.16	8,604,209
Third Quarter	$0.32	$0.225	3,297,166
Fourth Quarter	$0.28	$0.195	4,830,932
2007			
First Quarter	$0.26	$0.19	11,400,543
Second Quarter	$0.28	$0.175	8,699,434

The closing price of the Sargold Shares on the TSXV on August 31, 2007, the trading day in which the entering into of the Arrangement Agreement became effective, was $0.18 per Sargold Share. The weighted average trading price of the Sargold Shares on the TSXV during the twenty trading days ending on August 31, 2007 was approximately $0.19 per Sargold Share.

Buffalo Shares

The outstanding Buffalo Shares are listed on the TSXV under the trading symbol "BUF". The following table summarizes the price range and trading volume of trading of the Buffalo Shares on the TSXV for each of the periods indicated:

	Price Range (trades in US$)		
	Intraday High	**Intraday Low**	**Volume**
2005			
First Quarter	$0.18	$0.12	311,366
Second Quarter	$0.20	$0.13	62,540
Third Quarter	$0.38	$0.17	323,105
Fourth Quarter	$0.54	$0.28	1,759,119
2006			
First Quarter	$1.36	$0.37	8,884,953
Second Quarter	$1.52	$0.68	6,637,474
Third Quarter	$2.80	$0.75	17,526,052
Fourth Quarter	$2.03	$1.72	5,742,754
2007			
First Quarter	$1.86	$1.11	11,136,928
Second Quarter	$1.95	$0.82	9,973,199

The closing price of the Buffalo Shares on the TSX on August 31, 2007, the trading day on the TSXV on which the entering into of the Arrangement Agreement became effective, was US$1.15 per Buffalo Share. The weighted average trading price of the Buffalo Shares on the TSX during the twenty trading days ending on August 31, 2007 was approximately US$0.9165 per Buffalo Share. Sargold understands that Buffalo Shares are, effective, September 25, 2007, now denominated in Canadian dollars.

LEGAL MATTERS

Legal matters in connection with the Arrangement will be passed upon on behalf of Sargold by Fasken Martineau DuMoulin LLP and on behalf of Buffalo by Miller Thomson LLP. As at the date hereof the partners and associates of Fasken Martineau DuMoulin LLP owned beneficially, directly or indirectly, in the aggregate less than one percent of the outstanding Sargold Shares.

INTERESTS OF EXPERTS

Sargold

To the extent not disclosed herein or in any document incorporated herein by reference, the following is a list of the persons or companies named as having prepared or certified a statement, report or valuation in respect of Sargold, in the Circular either directly or in a document incorporated by reference and whose profession or business gives authority to the statement, report or valuation made by the person or company:

(a) Evans & Evans; and

(b) Deloitte Touche Tohmatsu.

Buffalo

To the extent not disclosed herein or in any document incorporated herein by reference, the following is a list of the persons or companies named as having prepared or certified a statement, report or valuation in respect of Buffalo, in the Circular either directly or in a document incorporated by reference and whose profession or business gives authority to the statement, report or valuation made by the person or company:

(a) Snowden Mining Industry Consultants Pty. Ltd.; and

(b) Davidson & Company LLP.

Based on information provided by the relevant persons, and except as otherwise disclosed herein, none of the persons or companies referred to above has received or will receive any direct or indirect interests in the property of Sargold or Buffalo, or of an associated party or an affiliate of Sargold or Buffalo, or have any beneficial ownership, direct or indirect, of securities of Sargold or Buffalo or of an associated party or an affiliate of Sargold or Buffalo.

RISK FACTORS

You should carefully consider the following risk factors, as well as the other information contained in this Circular, in evaluating whether to approve the Arrangement. In particular, we direct your attention to the risk factors and cautionary statements incorporated by reference into this Circular from public filings made by Sargold and Buffalo.

Failure to complete the Arrangement could negatively affect Sargold's share price, future business and operations

Risks to which Sargold is subject relating to the Arrangement not being completed include: (a) the price of the Sargold Shares may decline to the extent that the relevant current market price reflects a market assumption that the Arrangement will be completed; (b) certain costs related to the Arrangement, such as legal, accounting and certain financial advisor fees incurred by Sargold, must be paid by Sargold even if the Arrangement is not completed; and (c) if the Arrangement is terminated and the Sargold Board decides to seek another merger or business combination, there can be no assurance that it will be able to find a party willing to pay an equivalent or more attractive price than the price to be paid by Buffalo pursuant to the Arrangement.

Risks associated with the exchange ratio

Pursuant to the provisions of the Plan of Arrangement, every 3.5 Sargold Shares will be exchanged for one Buffalo Share. This exchange ratio is fixed and it will not increase or decrease due to fluctuations in the market price of either the Buffalo Shares or the Sargold Shares. The market value of the consideration that Sargold Shareholders will receive in the Arrangement will depend on the market price of the Buffalo Shares on the Effective Date. If the market price of the Buffalo Shares increases or decreases, the market value of the Buffalo Shares that Sargold Shareholders will receive will correspondingly increase or decrease. Because the Effective Date will be later than the Meeting Date, the price of the Buffalo Shares on the Effective Date may be higher or lower than the price on the Meeting Date. In addition, the number of Buffalo Shares being issued in connection with the Arrangement will not change despite decreases or increases in the market price of Sargold Shares. Many of the factors that affect the market price of the Buffalo Shares and the Sargold Shares are beyond the control of Buffalo and Sargold, respectively. These factors include fluctuations in commodity prices, most importantly gold, fluctuations in currency exchange rates, changes in the regulatory environment, adverse political developments, prevailing conditions in the capital markets and interest rate fluctuations.

Uncertainties associated with the Arrangement

The Arrangement will involve the integration of companies that previously operated independently. An important factor in the success of the Arrangement will be the ability of the management of the combined entity in managing Sargold and, if appropriate, integrating all or part of the operations, systems, technologies and personnel of the two companies following the completion of the transaction. The Arrangement and/or the integration of the two businesses can result in unanticipated operational problems and interruptions, expenses and liabilities, the diversion of management attention and the loss of key employees, customers or suppliers. There can be no assurance that the Arrangement and business integration will be successful or that the combination will not adversely affect the business, financial condition or operating results of Buffalo and Amalco. In addition, the combined entity may incur charges related to the Arrangement and related to integrating the two companies. There can be no assurance that Buffalo and Amalco will not incur additional material charges in subsequent quarters to reflect additional costs associated with the Arrangement or that the benefits expected from the Arrangement will be realized.

Increased Number of Buffalo Shares may increase the volatility of Buffalo's Share price.

Although the issuance of Buffalo Shares under the Arrangement should increase liquidity in the market for such Buffalo Shares and offer benefits of a larger market capitalization, there may be greater volatility of market prices in the near term pending the creation of a stable shareholder base. While companies with higher market capitalization enjoy higher valuations, there is no assurance any short term volatility will lead to such higher valuation ranges.

The value of Buffalo Shares may be adversely affected by any inability of Buffalo and Amalco to achieve the benefits expected to result from the completion of the Arrangement.

Achieving the benefits of the Arrangement will depend in part upon meeting the challenges inherent in the successful combination of business enterprises of the size and scope of Buffalo and Amalco and the possible resulting diversion of management attention for an extended period of time. There can be no assurance that Buffalo and Amalco will meet these challenges and that such diversion will not negatively impact the operations of Buffalo and Amalco following the closing of the Arrangement.

Buffalo and Amalco may not realize the benefits of its growth projects.

As part of its strategy, Buffalo will continue existing efforts and initiate new efforts to develop gold and other mineral projects and will have a larger number of such projects as a result of the Arrangement. A number of risks and uncertainties are associated with the development of these types of projects, including political, regulatory, design, construction, labour, operating, technical and technological risks and uncertainties relating to capital and other costs and financing risks. The failure to successfully develop any of these initiatives could have a material adverse effect on Buffalo's financial position and results of operations.

Buffalo and Amalco may not meet key production and other cost estimates.

A decrease in the amount and a change in the timing of the production outlook for Buffalo and Amalco will directly impact the amount and timing of Buffalo's cash flow from operations. The actual impact of such a decrease on

Buffalo's cash flow from operations would depend on the timing of any changes in production and on actual prices and costs. Any change in the timing of these projected cash flows that would occur due to production shortfalls or labour disruptions would, in turn, result in delays in receipt of such cash flows and in using such cash to reduce debt levels and may require additional borrowings to fund capital expenditures, including capital for Buffalo's development projects, in the future. Any such financing requirements could adversely affect Buffalo's credit ratings and its ability to access the capital markets in the future to meet any external financing requirements or increase its debt financing costs. In addition, a number of these and other developments or events, including changes in credit terms, product mix, demand for Buffalo's products and production disruptions, could make historical trends in Buffalo's cash flows less meaningful for future cash flow predictions. The level of production and capital and operating cost estimates relating to growth projects which are used in establishing estimates of gold and gold reserves or for determining and obtaining financing and other purposes, are based on certain assumptions and are inherently subject to significant uncertainties. It is very likely that actual results for Buffalo's projects will differ from current estimates and assumptions, and these differences may be material. In addition, experience from actual mining or processing operations may identify new or unexpected conditions that could reduce production below, and/or increase capital and/or operating costs above, current estimates. If actual results are less favourable than currently estimated, Buffalo' business, results of operations, financial condition and liquidity could be materially adversely affected.

Buffalo may face increased risk associated with labour relations.

Strikes and other labour disruptions at any of Buffalo's operations or lengthy work interruptions at Buffalo's existing and future development projects could materially adversely affect the timing and completion and the cost of any such project, as well as Buffalo's business, results of operations, financial condition and liquidity.

Further Risk Factors Relating to Buffalo

For a discussion of further risk factors relating to the business of Buffalo and its Subsidiaries and an investment in Buffalo Shares please refer to the risk factors contained in Buffalo's annual report pursuant to section 13 or 15(D) of the U.S. Exchange Act for the fiscal year ended December 31, 2006 under the heading "Risk Factors", which risk factors are incorporated herein.

Consent of Ernst & Young LLP

We have read the management information circular of Sargold Resource Corporation ("Sargold") dated September 26, 2007 relating to a Plan of Arrangement involving Sargold, Buffalo Gold Ltd. ("Buffalo") and 6833268 Canada Inc. We have complied with Canadian generally accepted standards for an auditor's involvement with offering documents.

We consent to the incorporation by reference in the above-mentioned information circular of our report to the directors of Sargold on the consolidated balance sheets of Sargold as at December 31, 2006 and 2005 and the consolidated statements of operations and deficit and cash flows for the years then ended filed on SEDAR on September 24, 2007. Our report is dated April 9, 2007 (except for Notes 2, 7 and 14, which are as of April 24, 2007 and Note 16 which is as of September 18, 2007).

Vancouver, British Columbia
September 26, 2007

(signed) Ernst & Young LLP
Chartered Accountants

Consent of Davidson & Company LLP

We have read the management information circular of Sargold Resource Corporation ("Sargold") dated September 26, 2007 relating to a Plan of Arrangement involving Sargold, Buffalo Gold Ltd. and and 6833268 Canada Inc. We have complied with Canadian generally accepted standards for an auditor's involvement with offering documents.

We consent to the incorporation by reference in the above-mentioned information circular of our report to the shareholders of Buffalo on the consolidated balance sheets of Buffalo as at December 31, 2006 and 2005 and the consolidated statements of operations and deficit and cash flows for the years ended December 31, 2006, 2005 and 2004. Our report is dated April 16, 2007.

Vancouver, British Columbia
September 26, 2007

(signed) Davidson & Company LLP
Chartered Accountants

Consent of Deloitte Touche Tohmatsu

We have read the management information circular of Sargold Resource Corporation ("Sargold") dated September 25, 2007 relating to a Plan of Arrangement involving Sargold, Buffalo Gold Ltd. ("Buffalo") and 6833268 Canada Inc. We have complied with Canadian generally accepted standards for an auditor's involvement with offering documents.

We consent to the incorporation by reference in the above-mentioned information circular of our report to the directors of Sargold on the consolidated statements of loss and deficit and cash flows of Sargold as at December 31, 2004, prior to the effect of matters referred to in Note 2 to the Sargold consolidated financial statements filed on SEDAR on September 24, 2007. Our report is dated May 19, 2005.

Vancouver, British Columbia
September 26, 2007

(signed) Deloitte Touche Tohmatsu
Chartered Accountants

DIRECTORS' APPROVAL

Approval

The contents and sending of the Notice of Meeting and this Circular have been approved and authorized by the Sargold Board.

ON BEHALF OF THE BOARD OF DIRECTORS OF
SARGOLD RESOURCE CORPORATION

(signed) Richard W. Warke
Chairman of the Board

APPENDIX A –
ARRANGEMENT RESOLUTION

RESOLVED, as a special resolution, that:

1. the arrangement agreement dated August 31, 2007 (the "Arrangement Agreement") among Buffalo Gold Ltd. ("Buffalo"), 6833268 Canada Inc. ("Subco") and Sargold Resources Corporation (the "Company"), as such agreement may be or may have been modified or amended, is hereby confirmed, ratified, approved and adopted;

2. the arrangement (the "Arrangement") under section 192 of the Canada *Business Corporations Act* ("CBCA") involving Buffalo, Subco and the Company set forth in the plan of arrangement (the "Plan of Arrangement") attached as Schedule A to Arrangement Agreement, and as more particularly described and set forth in the Company's Management Information Circular dated September 26, 2007 (the "Information Circular"), as the Arrangement may be modified or amended, is hereby authorized, approved and adopted;

3. any director or officer of the Company be and is hereby authorized and directed for and on behalf of the Company to execute, under the seal of the Company or otherwise, and to deliver Articles of Arrangement and such other documents as are necessary or desirable to the Director under the CBCA in accordance with the Arrangement Agreement for filing;

4. notwithstanding that this resolution has been passed (and the Arrangement adopted) by the shareholders of the Company or that the Arrangement may have been approved by the Supreme Court of British Columbia (the "Court"), the directors of the Company are hereby authorized and empowered:

   (a) to amend the Arrangement Agreement and the Plan of Arrangement to the extent permitted by the Arrangement Agreement; and/or

   (b) to decide not to proceed with the Arrangement or to otherwise give effect to this resolution at any time prior to the issue of a Certificate of Arrangement under the CBCA without further notice to or approval of the shareholders of the Company, and

5. any officer or director of the Company be and is hereby authorized and directed for and on behalf of the Company to deliver or cause to be delivered, all such other documents and instruments and to perform or cause to be performed all such other acts and things as in such person's opinion may be necessary or desirable to give full effect to the foregoing resolution and the matters authorized thereby, such determination to be conclusively evidenced by the execution and delivery of such document, agreement or instrument or the doing of any such act or thing.

APPENDIX B

PLAN OF ARRANGEMENT

INVOLVING

BUFFALO GOLD LTD.

- AND -

6833268 CANADA INC.

- AND -

SARGOLD RESOURCE CORPORATION

PURSUANT TO

SECTION 192 OF THE *CANADA BUSINESS CORPORATIONS ACT*

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PLAN OF ARRANGEMENT

ARRANGEMENT UNDER SECTION 192 OF THE *CANADA BUSINESS CORPORATIONS ACT*

1. DEFINITIONS AND INTERPRETATION

1.1 Definitions

(a) "**affiliate**" has the meaning ascribed thereto in the CBCA, unless otherwise expressly stated herein.

(b) "**Amalco**" means the corporation resulting from the amalgamation of the Amalgamating Companies.

(c) "**Amalco Common Shares**" means common shares in the capital of Amalco.

(d) "**Amalgamating Companies**" means Subco and Sargold.

(e) "**Amalgamation**" means the amalgamation of Subco and Sargold to occur pursuant to the Arrangement.

(f) "**Arrangement**" means the arrangement under section 192 of the CBCA on the terms and conditions set forth in this the Plan of Arrangement.

(g) "**Arrangement Agreement**" means the arrangement agreement dated as of the 31st day of August, 2007 among Buffalo, Subco and Sargold, including the schedules attached thereto, as the same may be supplemented or amended from time to time;

(h) "**Articles of Arrangement**" means the Articles of Arrangement with respect to the Arrangement to be filed with the Director in the form agreed by the Parties.

(i) "**Arrangement Resolution**" means the special resolution of the Sargold Shareholders approving the Arrangement to be considered at the Sargold Meeting, substantially in the form and content of Schedule B to the Arrangement Agreement.

(j) "**Buffalo**" means Buffalo Gold Ltd., a corporation incorporated pursuant to the laws of the Province of Alberta.

(k) "**Buffalo Shares**" means common shares in the capital of Buffalo, including common shares issued and outstanding as of the date hereof and common shares to be issued under the Arrangement to Sargold Shareholders.

(l) "**Buffalo Options**" means options to purchase Buffalo Shares to be issued in connection with the Arrangement.

(m) "**Buffalo Securities**" means Buffalo Shares, Buffalo Options and Buffalo Warrants.

(n) "**Buffalo Shareholders**" means the holders of the Buffalo Shares.

(o) "**Buffalo Stock Plan**" means Buffalo's existing stock option plan, which provides for the issuance and grant of options to purchase Buffalo Shares.

(p) "**Buffalo Warrants**" means warrants to purchase common shares of Buffalo to be issued in connection with the Arrangement.

(q) "**Business Day**" means any day on which commercial banks are generally open for business in Vancouver, British Columbia other than a Saturday, a Sunday or a day observed as a holiday in Vancouver, British Columbia under the laws of the Province of British Columbia or the federal laws of Canada.

(r) "**CBCA**" means the *Canada Business Corporations Act* including all regulations made thereunder, as may be amended from time to time.

(s) "**Certificate of Arrangement**" means the Certificate of Arrangement issued by the Director under sections 192(7) and 262 of the CBCA in respect of the Arrangement.

(t) "**Circular**" means the notice of the Sargold Meeting and accompanying management proxy circular, including all schedules and exhibits thereto, to be sent by Sargold to the Sargold Shareholders in connection with the Sargold Meeting.

(u) "**Court**" means The Supreme Court of British Columbia, Vancouver Registry.

(v) **"Depository"** means at Computershare Trust Company of Canada its principal offices in the cities of Toronto and Vancouver.

(w) "**Director**" means the person appointed as "Director" pursuant to section 260 of the CBCA.

(x) "**Dissenting Shareholders**" means a registered Sargold Shareholder who, in connection with the Arrangement Resolution, has exercised the right to dissent in accordance with Section 190 of the CBCA and who has not withdrawn the notice of the exercise of such rights and in respect of which Sargold has not rescinded the Arrangement Resolution;

(y) "**Dissent Rights**" means the rights of dissent with respect to the Arrangement pursuant to Section 190 of the CBCA.

(z) "**Effective Date**" means the date set forth in the Certificate of Arrangement.

(aa) "**Effective Time**" means 8:00 a.m. (Vancouver time) on the Effective Date.

(bb) "**Final Order**" means the final order of the Court granting final approval of the Plan of Arrangement, confirming the fairness of the terms and conditions thereof, confirming compliance with the terms of the Interim Order and authorizing and directing the implementation of the Arrangement.

(cc) "**Interim Order**" means the interim order of the Court made pursuant to subsection 192(4) of the CBCA in connection with the approval of the Plan of Arrangement, following application therefore pursuant to section 2.1 of the Arrangement Agreement, and setting such conditions and directions for final approval as the Court may direct.

(dd) "**Letter of Transmittal**" means the letter of transmittal forwarded by Sargold to the Sargold Securityholders with the Circular.

(ee) "**person**" includes any individual, firm, partnership, joint venture, venture capital fund, limited liability company, unlimited liability company, association, trust, trustee, executor, administrator, legal personal representative, estate, group, body corporate, corporation, unincorporated association or organization, governmental entity, syndicate or other entity, whether or not having legal status.

(ff) "**Plan of Arrangement**" means this Plan of Arrangement on substantially the terms and conditions set forth herein, with such revisions and amendments thereto as are adopted or approved pursuant to the terms hereof and the Arrangement Agreement.

(gg) "**Sargold**" means Sargold Resource Corporation, a corporation incorporated pursuant to the CBCA.

(hh) "**Sargold Shares**" means common shares in the capital of Sargold.

(ii) "**Sargold Meeting**" means the special meeting of Sargold Shareholders, including any adjournment, adjournments, postponement or postponements thereof, to be called and held to consider the Arrangement Resolution.

(jj) "**Sargold Options**" means the Sargold Share purchase options granted under the Sargold Share Option Plan.

(kk) "**Sargold Optionholders**" means the holders of Sargold Options.

(ll) "**Sargold Securities**" means the Sargold Shares, Sargold Options and Sargold Warrants.

(mm) "**Sargold Securityholders**" means the holders of Sargold Securities.

(nn) "**Sargold Shareholders**" means the holders of Sargold Shares.

(oo) **"Sargold Warrantholders"** means the holders of Sargold Warrants.

(pp) "**Sargold Warrants"** means the issued and outstanding warrants entitling the holders thereof to purchase common shares in the capital of Sargold.

(qq) "**Subco**" means 6833268 Canada Inc., a corporation incorporated pursuant to the CBCA.

1.2 Interpretation Not Affected by Headings

The division of this Plan of Arrangement into articles, sections, subsections, paragraphs and subparagraphs and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Plan of Arrangement. Unless otherwise specifically indicated, the terms "this Plan of Arrangement", "hereof", "hereunder" and similar expressions refer to this Plan of Arrangement as a whole and not to any particular articles, section, subsection, paragraph or subparagraph and include any agreement or instrument supplementary or ancillary hereto.

1.3 Number and Gender

Unless the context otherwise requires, words importing the singular number only shall include the plural and vice versa, words importing the use of either gender shall include both genders and neuter and words importing persons shall include firms and corporations.

1.4 Meaning

Words and phrases used herein and defined in the Act shall have the same meaning herein as in the Act, unless the context otherwise requires.

1.5 Currency

All references to currency in this Plan of Arrangement are to Canadian dollars.

1.6 Time

Unless otherwise indicated, all times expressed herein are local time, Vancouver, British Columbia.

1.7 Withholding Tax

All amounts required to be paid, deposited or delivered under the Arrangement will be paid, deposited or delivered after deduction of any amount required by applicable law to be deducted or withheld on account of taxes lawfully payable, and the deduction of such amounts and remittance to the applicable tax authorities will, to the extent thereof, satisfy such requirement to pay, deposit or deliver any amounts or monies hereunder.

2. ARRANGEMENT AGREEMENT

2.1 Arrangement Agreement

This Plan of Arrangement is made pursuant to, is subject to the provisions of, and forms part of the Arrangement Agreement.

3. THE ARRANGEMENT

3.1 Binding Effect

This Plan of Arrangement will become effective on, and be binding on and after, the Effective Time Buffalo, Subco, Sargold and on all of the Sargold Securityholders.

3.2 The Arrangement

At the Effective Time the following shall occur and shall be deemed to occur in the following order without any further act or formality:

(a) All issued and outstanding:

(i) Sargold Shares (other than Sargold Shares in respect of which a Dissenting Shareholder has duly and validly exercised Dissent Rights) shall be transferred to Buffalo (free of any claims or encumbrances) and the holders thereof shall be entitled to receive from Buffalo one Buffalo Share for each 3.5 Sargold Shares transferred;

(ii) Sargold Options shall be cancelled and the holders thereof shall be entitled to receive from Buffalo in consideration for such cancellation one Buffalo Option for each 3.5 Sargold Options cancelled, such Buffalo Options to have a corresponding exercise price as the Sargold Option after taking into account such exchange ratio and an expiry date as provided for in the Arrangement Agreement; and

(iii) Sargold Warrants shall be cancelled and the holders thereof shall be entitled to receive from Buffalo in consideration for such cancellation one Buffalo Warrant for each 3.5 Sargold Warrants cancelled, such Buffalo Warrants to be on the same terms and conditions as the Sargold Warrant, including expiry date and exercise price after taking into account such exchange ratio;

(b) With respect to each Sargold Security to which paragraph 3.2(a) applies:

(i) the registered holder thereof shall cease to be a holder of such securities and such holder's name shall be removed from the Sargold Shareholder Register, Sargold Register of Options and Sargold Register of Warrants as of the Effective Time; and

(ii) Buffalo shall be the transferee of such Sargold Shares (free of any claims or encumbrances) and shall be entered in the applicable securities registers of Sargold as the holder thereof;

(c) each Dissenting Shareholder shall cease to have any rights as a Sargold Shareholder other than the right to be paid the fair value in respect of the Sargold Shares held by such Dissenting Shareholder in accordance with the provisions of the CBCA;

(d) each of the Amalgamating Companies shall amalgamate with the other pursuant to section 192(1)(b) of the CBCA and the Final Order promulgated pursuant thereto to form Amalco and shall continue as one corporation under the CBCA and:

(i) the name of Amalco shall be "Buffalo Gold Minerals Inc.";

(ii) the head and principal office of Amalco shall be located initially at 24th Floor, 1111 West Georgia Street, Vancouver, British Columbia, V6E 4M3;

(iii) the registered office of Amalco shall be located at Suite 1000, 840 Howe Street, Vancouver, British Columbia, V6Z 2M1;

(iv) the authorized share capital of Amalco shall consist of an unlimited number of Amalco Common Shares;

(v) the board of directors of Amalco shall, until otherwise changed in accordance with the CBCA, consist of a minimum number of one and a maximum number of ten directors. Subject to section 106 of the CBCA, the directors, in order to increase the number of directors within the limits prescribed by the Articles of Amalco, may appoint one or more additional directors of Amalco, who shall hold office for a term expiring not later than the close of the next annual meeting of shareholders, but the total number of directors so appointed shall not exceed one-third (1/3) of the number of directors elected at the previous annual meeting of shareholders of Amalco;

(vi) the first directors of Amalco shall be the persons whose names and addresses are set out below, who shall hold office until the next annual meeting of Amalco, or until their successors are elected or appointed:

Name	Address	Canadian Resident
James G. Stewart	c/o 24th Floor, 1111 West Georgia Street, Vancouver, British Columbia, V6E 4M3	Canadian
Brian McEwen	c/o 24th Floor, 1111 West Georgia Street, Vancouver, British Columbia, V6E 4M3	Canadian

(vii) there shall be no restriction on the businesses that Amalco may carry on;

(viii) the Articles of Amalco in the form attached to the Articles of Arrangement shall be the articles of Amalco;

(ix) the bylaws of Amalco shall be the bylaws of Subco, until repealed, amended or altered;

(e) each issued and outstanding Sargold Share transferred to Buffalo pursuant to paragraph 3.2(a) shall be converted into one Amalco Common Share;

(f) each issued and outstanding Subco Common Share shall be converted into one Amalco Common Share;

(g) subject to reduction to effect payments made to Dissenting Shareholders as hereinafter set forth, the aggregate stated capital accounts in the records of Amalco shall be the aggregate of the stated capital of all classes of shares of the Amalgamating Corporations, and shall be allocated to the stated capital

account for the Amalco Common Shares, as adjusted to reflect payments that may be made to Dissenting Shareholders; and

(h) the provisions of section 186 of the CBCA shall, and shall be deemed to, apply to Amalco in the same fashion as if Amalco had been the subject of a Certificate of Amalgamation to which section 186 of the CBCA applies.

4. CERTIFICATES, PAYMENTS AND FRACTIONS

4.1 Delivery of Consideration

(a) At the Effective Time, Buffalo will deposit with the Depositary certificates representing the Buffalo Securities payable and issuable in accordance with the provisions of Article 3 hereof. Subject to Section 4.5, on and after the Effective Time, all certificates formerly representing Sargold Securities shall cease to represent such securities and shall represent only the right to receive the consideration therefore specified in section 3.2 in accordance with the terms of the Arrangement, subject to compliance with requirements set forth in this Article 4.

(b) As soon as practicable after the Effective Time, upon the holder depositing with the Depositary certificates representing Sargold Securities accompanied by a duly completed Letter of Transmittal and such other documents and instruments as the Depositary may reasonably require, Buffalo shall cause the Depositary to deliver, to such or otherwise in accordance with the Letter of Transmittal, the certificates evidencing the Buffalo Securities to which such holder is entitled in accordance with the terms of the Arrangement.

4.2 Distributions with Respect to Unsurrendered Certificates

No dividends or other distributions declared or made effective after the Effective Time with respect to Buffalo Shares with a record date after the Effective Time shall be paid to a holder of any unsurrendered certificate unless or until such holder surrenders such certificate in accordance with Section 4.1. Subject to applicable law, at the time of such surrender of any such certificate (or, in the case of clause (b) below, at an appropriate payment date), there shall be paid to such holder, without interest:

(a) the amount of dividends or other distributions with a record date after the Effective Time previously paid with respect to the Buffalo Shares to which such holder is entitled;

(b) on the appropriate payment date, the amount of dividends or other distributions with a record date after the Effective Time but prior to surrender and a payment date subsequent to surrender, payable with respect to each Buffalo Share.

4.3 No Fractional Buffalo Securities

No fractional Buffalo Securities will be issued to Sargold Securityholders. If a Sargold Securituyholder is entitled to receive a fractional Buffalo Security, the number of Buffalo Securities issuable to such securityholder under the Arrangement will be rounded up or down to the nearest whole number of Buffalo Securities such Sargold Securityholder is entitled to receive under the Arrangement.

4.4 Lost Certificates

If any certificate which immediately prior to the Effective Time represented outstanding Sargold Securities that were exchanged pursuant to Article 3 hereof, has been lost, stolen or destroyed, then upon the making of an affidavit of that fact by the person claiming such certificate to be lost, stolen or destroyed, the Depositary will, subject to the terms hereof, issue in exchange for such lost, stolen or destroyed certificate a certificate representing Buffalo Securities payable in respect thereof. When authorizing such issuance in exchange for any lost, stolen or destroyed certificate, the person to whom a certificate representing Buffalo Securities to be issued shall, as a condition precedent

to the issuance thereof, give a bond satisfactory to the Depositary and Buffalo in such sum as Buffalo may reasonably direct or otherwise indemnify Buffalo and the Depositary in a manner satisfactory to them against any claim that may be made against Buffalo or the Depositary with respect to the certificate alleged to have been lost, stolen or destroyed.

4.5 Unclaimed Certificates

Notwithstanding any of the other provisions hereof, any certificate which immediately prior to the Effective Time represented outstanding Buffalo Securities that has not been surrendered with all other documents and instruments required on or prior to the sixth anniversary of the Effective Date, shall cease to represent a claim or interest of any kind or nature against Sargold, Buffalo or Amalco and the right of such holder to receive Buffalo Securities, shall be deemed to have been surrendered and forfeited to Buffalo, together with all entitlements to dividends, distributions and any interest thereon held for such former holder, for no consideration.

4.6 Withholding Rights

Buffalo and the Depositary shall be entitled to deduct and withhold from any consideration payable to any holder of Sargold Securities pursuant to Section 3.2 hereof, such amounts as Buffalo or the Depositary determines it is required or permitted to deduct and withhold with respect to such payment under the *Income Tax Act* (Canada) or any provision of any other applicable federal, provincial, territorial, state, local or foreign tax laws, in each case, as amended. To the extent that amounts are so withheld, such withheld amounts shall be treated for all purposes hereof as having been paid to the holder of the securities in respect of which such deduction and withholdings was made, provided that such withheld amounts are actually remitted to the appropriate taxing authority.

5. DISSENT RIGHTS

5.1 Dissenting Shareholders

Sargold Shareholders may exercise rights of dissent with respect to the Arrangement Resolution up to 4:30 pm (Vancouver time) on the Business Day prior to the date of the Meeting pursuant to and in the manner set forth in section 190 of the CBCA and this section 5.1. Dissenting Shareholders who exercise such rights of dissent who:

(a) are ultimately entitled to be paid fair value for their Sargold Shares shall be deemed to have transferred such Sargold Shares to Buffalo at the Effective Time; or

(b) are ultimately not entitled, for any reason, to be paid fair value for their Sargold Shares shall be deemed to have participated in the Arrangement on the same basis as any non-dissenting Sargold Shareholder and each Sargold Share held by that Sargold Shareholder shall thereupon be deemed to have been transferred to Buffalo as of the Effective Time in accordance with section 3.2(a) hereof.

In no case shall Sargold, Subco or Buffalo be required to recognize Dissenting Shareholders as holders of Sargold Shares on or after the Effective Time, and the names of such Dissenting Shareholders shall be deleted from the register of holders of Sargold Shares as of the Effective Time.

6. AMENDMENT

6.1 Arrangement Amendment

Buffalo, Subco and Sargold reserve the right to amend, modify and/or supplement this Plan of Arrangement at any time and from time to time in accordance with the provisions of the Arrangement Agreement provided that any such amendment, modification or supplement must be contained in a written document that is (a) communicated to Sargold Shareholders in the manner required by the Court (if so required); and (b) filed with the Court and, if made following the Sargold Meeting, approved by the Court.

6.2 Pre-Meeting Amendment

Any amendment, modification or supplement to this Arrangement may be proposed at any time prior to or at the Sargold Meeting with or without any other prior notice or communication, and if so proposed and accepted by the persons voting at the Sargold Meeting (or resolving in writing as the case may be), other than as may be required under the Interim Order, shall become part of this Arrangement for all purposes.

6.3 Post-Meeting Amendment

Any amendment, modification or supplement to this Arrangement that is approved by the Court following the Sargold Meeting shall be effective only (a) if required by applicable law, it is consented to by the Sargold Shareholders; and (b) if it is consented to by Buffalo, Subco and Sargold.

7. EFFECTIVENESS OF ARRANGEMENT

7.1 Procedure for Arrangement to Become Effective

The Arrangement will not become effective until:

(a) it is authorized, approved and agreed to by the requisite majorities of the Sargold Shareholders and the sole shareholder of Subco as required by the CBCA, the Arrangement Agreement and the Interim Order;

(b) the Final Order is thereafter obtained; and,

(c) the Final Order together with all supporting documentation required pursuant to sections 192 and 262 of the CBCA have been accepted for filing by the Director.

7.2 Deemed Consent

At the Effective Time each Sargold Securityholder (other than a Dissenting Shareholder, if any) will be deemed to have consented to and to have agreed to all of the provisions of this Arrangement. In particular, each Sargold Securityholder will be deemed to have executed and delivered to Sargold all consents, releases, assignments and waivers, statutory or otherwise, required to implement and carry out the Arrangement and the Amalgamation.

APPENDIX C – COURT MATERIALS

(See Attached)

S076432-

No. _____
Vancouver Registry

IN THE SUPREME COURT OF BRITISH COLUMBIA

6833268 CANADA INC. and SARGOLD RESOURCE CORPORATION

PETITIONERS

IN THE MATTER OF SECTION 192 OF
THE CANADA BUSINESS CORPORATIONS ACT, R.S.C. 1985, c. C-44

AND

IN THE MATTER OF A PROPOSED ARRANGEMENT
INVOLVING BUFFALO GOLD LTD., 6833268 CANADA INC. and
SARGOLD RESOURCE CORPORATION

PETITION TO THE COURT

THIS IS THE PETITION OF:

6833268 Canada Inc.
24th Floor
1111 West Georgia Street
Vancouver, British Columbia
V6E 4M3

AND

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

ON NOTICE TO:

The securityholders of Sargold Resource Corporation ("Sargold") in the manner and to the extent provided by the *ex parte* Interim Order sought herein.

Let all persons whose interests may be affected by the order sought **TAKE NOTICE** that the petitioner applies to court for the relief set out in this petition.

APPEARANCE REQUIRED

IF YOU WISH TO BE NOTIFIED of any further proceedings, **YOU MUST GIVE NOTICE** of your intention by filing a form entitled "Appearance" in the above registry of this court within the Time for Appearance and **YOU MUST ALSO DELIVER** a copy of the "Appearance" to the petitioner's address for delivery, which is set out in this petition.

YOU OR YOUR SOLICITOR may file the "Appearance". You may obtain a form of "Appearance" at the registry.

IF YOU FAIL to file the "Appearance" within the proper Time for Appearance, the petitioner may continue this application without further notice.

TIME FOR APPEARANCE

Where this petition is served on a person in British Columbia, the time for appearance by that person is 7 days from the service (not including the day of service).

Where this petition is served on a person outside British Columbia, the time for appearance by that person after service, is 21 days in the case of a person residing anywhere within Canada, 28 days in the case of a person residing in the United States of America, and 42 days in the case of a person residing elsewhere.

TIME FOR RESPONSE

IF YOU WISH TO RESPOND to the application, you must, on or before the 8th day after you have entered an appearance,

(a) deliver to the petitioners

(i) 2 copies of a response in Form 124, and

(ii) 2 copies of each affidavit on which you intend to rely at the hearing, and

(b) deliver to every other party of record

(i) one copy of a response in Form 124, and

(ii) one copy of each affidavit on which you intend to rely at the hearing.

(1) The address of the registry is:

The Law Courts
800 Smithe Street
Vancouver BC V6Z 2E1

(2) The ADDRESS FOR DELIVERY is:

Fasken Martineau DuMoulin LLP
2100 - 1075 West Georgia Street
Vancouver, B.C. V6E 3G2

Fax number for delivery is: n/a

(3) The name and office address of the Petitioners' Solicitor is:

Fasken Martineau DuMoulin LLP
2100 - 1075 West Georgia Street
Vancouver, B.C. V6E 3G2 Telephone: 604 631 3131.
(Reference: MTP/259833.00010)

The Petitioners apply for an order that:

1. An order (the "Interim Order") providing directions for:

   (a) the convening and conduct by Sargold Resource Corporation ("Sargold") of a special meeting (the "Special Meeting") of the registered holders of its common shares (the "Sargold Shareholders"), to be held at Vancouver, British Columbia, on Thursday, October 25, 2007, at 10:00 a.m. (Vancouver Time) (or such other date and time as the Court may direct), to consider and, if thought fit, to approve (with or without amendment) an arrangement (the "Arrangement") among Buffalo Gold Ltd. ("Buffalo"), 6833268 Canada Inc. ("Subco" and, together with Sargold, the "Petitioners") and Sargold pursuant to section 192 of the *Canada Business Corporations Act*, R.S.C. 1985, c. C-44, as amended (the "CBCA") and to transact such other business as may properly come before the Special Meeting; and

   (b) the giving of notice of the Special Meeting and the provision of materials regarding the Arrangement to the Sargold Shareholders.

2. An order (the "Final Order") pursuant to section 192 of the CBCA, Rules 10, 12 and 13 of the Rules of Court, and the inherent jurisdiction of the Court that:

   (a) the Arrangement be approved; and

   (b) the Arrangement be binding on Buffalo, Subco, Sargold and Sargold's securityholders upon acceptance for filing of a certified copy of the Final Order by the Director.

3. Such further and other relief as counsel may advise and this Honourable Court may deem just.

At the hearing of this Petition will be read the affidavits of James Stewart of Buffalo and Subco and Richard Warke of Sargold, copies of which are filed herewith, and such further and other material as counsel may advise and this Honourable Court may permit.

The Petitioners will rely on s. 192 of the CBCA and Rule 10 of the Rules of Court and the inherent jurisdiction of the Court.

The facts upon which this Petition is based are as follows:

Background of Subco and Buffalo

1. Subco is a corporation incorporated under the laws of Canada and is a wholly owned by Buffalo.

2. Subco's head office is located at Suite 2100, 1111 West Georgia Street, Vancouver, British Columbia, V6E 4M3.

3. Subco's authorized capital consists of an unlimited number of common shares, of which 100 common shares are issued (for $1.00 each) and outstanding as of the date hereof.

4. Buffalo was formed as Buffalo Diamonds Ltd. ("BDL") on December 1, 1998 by the amalgamation of TLT Resources Ltd. and BDL pursuant to the *Business Corporations Act* (Alberta). Buffalo's head office is located at Suite 2100, 1111 West Georgia Street, Vancouver, British Columbia, V6E 4M3.

5. Buffalo is in the business of the acquisition and exploration of mineral properties, with the primary aim of developing them to a stage where they can be exploited at a profit. Buffalo does not currently have any production properties and its current operations relate to its efforts to acquire mineable deposits and to undertake exploration activities on those properties.

6. Buffalo is a "reporting issuer" under the *Securities Act* (British Columbia) and *Securities Act* (Ontario), among others, and its common shares are listed for trading on the TSX Venture Exchange (the "TSXV").

7. Buffalo's authorized capital consists of an unlimited number of common shares ("Buffalo Shares"), of which 67,435,643 common shares are issued and outstanding as of the date hereof.

Background to Sargold

8. Sargold was incorporated on May 25, 1998 under the CBCA as 3423786 Canada Inc. Sargold's head office is located at Suite 400, 837 West Hastings Street Vancouver, British Columbia V6C 3N6.

9. Sargold is a Canadian junior resource company that controls the largest precious metals exploration land area in Sardinia, Italy. Sargold now holds a 90% interest in assets, which range from the mine and full processing plant at Furtei, to a host of exploration opportunities at Monte Ollasteddu and the advanced exploration properties at Osilo, all in Sardinia.

10. Sargold is a "distributing corporation" under the CBCA, is a "reporting issuer" under the *Securities Act* (British Columbia) and *Securities Act* (Ontario), among others, and its common shares are listed for trading on the TSXV.

11. Sargold's authorized capital consists of an unlimited number of common shares ("Sargold Shares"), of which 75,592,913 Sargold Shares are issued and outstanding as of the date hereof.

12. As at September 23, 2007, Sargold had 5,735,665 outstanding options to purchase Sargold Shares ("Sargold Options") held by certain of its directors, officers and employees pursuant to Sargold's Stock Option Plan (the "Sargold Option Plan") with exercise prices ranging from $0.13 to $0.45 per share.

13. As at September 23, 2007, Sargold had 22,625,000 outstanding warrants (the "Sargold Warrants") to purchase Sargold Shares held by 104 investors with exercise prices ranging from $0.25 to $0.30 per share.

The Arrangement Agreement

14. Buffalo, Subco and Sargold entered into an arrangement agreement dated effective as of August 31, 2007 (the "Arrangement Agreement"). The plan of arrangement (the "Plan") is attached as Schedule A to the Arrangement Agreement.

15. The principal steps of the Arrangement, and the order in which they are proposed to be effected on the Effective Date (as defined in the Plan), are summarized as follows:

(a) all issued and outstanding:

(i) Sargold Shares (other than Sargold Shares in respect of which a Dissenting Shareholder has duly and validly exercised Dissent Rights) shall be transferred to Buffalo (free of any claims or encumbrances) and the holders thereof shall be entitled to receive from Buffalo one Buffalo Share for every 3.5 Sargold Shares transferred;

(ii) Sargold Options shall be cancelled and the holders thereof shall be entitled to receive from Buffalo in consideration for such cancellation one Buffalo Option for each 3.5 Sargold Options cancelled, such Buffalo Options to have a corresponding exercise price as the respective cancelled Sargold Options after taking into account such exchange ratio and an expiry date as provided for in the Arrangement Agreement; and

(iii) Sargold Warrants shall be cancelled and the holders thereof shall be entitled to receive from Buffalo in consideration for such cancellation one Buffalo Warrant for each 3.5 Sargold Warrants cancelled, such Buffalo Warrants to be on the same terms and conditions as the respective cancelled Sargold Warrants, including expiry date and exercise price after taking into account such exchange ratio; and

(b) each of Subco and Sargold shall amalgamate with the other, pursuant to section 192(1)(b) of the CBCA and the Final Order, to form Buffalo Gold Minerals Inc. ("Amalco") and shall continue as one corporation under the CBCA.

16. The Plan provides that Sargold Shareholders will be granted a right of dissent equivalent to the right of dissent required by the CBCA, provided that Sargold Shareholders may exercise such rights of dissent with respect to the Arrangement Resolution up to 4:30 pm (Vancouver time) on the Business Day (as defined in the Plan) prior to the date of the Special Meeting.

Result of the Arrangement

17. On the Effective Date, all outstanding common shares of Amalco will be held by Buffalo, and all securityholders of Sargold will be securityholders of Buffalo.

Fairness

18. The Board of Directors of each of Buffalo, Subco and Sargold have determined that the Arrangement is in the best interests of its respective shareholders.

19. It is a condition to the implementation of the Arrangement that the Arrangement be approved by a written resolution of the sole shareholder of Subco, being Buffalo, and by a special resolution passed by two-thirds of the votes cast by the Sargold Shareholders present in person or by proxy at the Special Meeting of Sargold Shareholders (the "Arrangement Resolution").

20. The Board of Directors of Sargold have obtained an opinion from Evans & Evans, Inc. that the consideration to be received by the Sargold Shareholders pursuant to the Arrangement is fair to the Sargold Shareholders from a financial point of view.

21. It is a condition to the implementation of the Arrangement that this Honourable Court approve the Arrangement.

Rights of Dissent

22. Pursuant to the terms of the Plan, Sargold has granted to the Sargold Shareholders the right, if a Sargold Shareholder dissents to the Arrangement and the Arrangement becomes effective, to be paid fair value for all, but not less than all, of such Sargold Shareholder's Sargold Shares in accordance with section 190 of the CBCA, provided that Sargold Shareholders may exercise such right of dissent with respect to the Arrangement Resolution up to 4:30 pm (Vancouver time) on the Business Day prior to the date of the Special Meeting.

Treatment of Sargold Options

23. The Sargold Option Plan provides that Sargold shall have the power, in the event of the merger or amalgamation of Sargold with or into any other company or any change in control of Sargold, to make such arrangements as it shall deem appropriate for the

exercise of outstanding Sargold Options or continuance of outstanding Sargold Options, including without limitation, to amend any agreement entered into relating to Sargold Options to permit the exercise of any or all of the remaining Sargold Options prior to the completion of any such transaction. If Sargold exercises such power, the Sargold Options shall be deemed to have been amended to permit the exercise thereof in whole or in part by the holder of the Sargold Options at any time or from time to time as determined by Sargold prior to the completion of such transaction. In addition, the Sargold Option Plan also provides that in case of the amalgamation or merger of Sargold with or into any other company at any time during the term of the Sargold Options, the holders of the Sargold Options shall be entitled to receive, and shall accept, in lieu of the number of Sargold Shares to which such holder was theretofore entitled upon exercise of the Sargold Options, the kind and amount of shares and other securities or property which such holder would have been entitled to receive as a result of such amalgamation or merger if, on the effective date thereof, such holder had been the holder of the number of Sargold Shares to which such holder was entitled upon exercise of the Sargold Option.

24. Under the terms of the Arrangement, each Sargold Option will be cancelled, and each holder thereof will receive from Buffalo in consideration for such cancellation one Buffalo Option for each 3.5 Sargold Options cancelled and such Buffalo Options are to have a corresponding exercise price as the respective cancelled Sargold Options after taking into account such exchange ratio and an expry date as provided for in the Arrangement Agreement. Sargold will provide each holder of Sargold Options with notice of the Arrangement and a copy of the Notice of Application for Final Order at least 10 days in advance of the hearing of the Application for Final Order.

Treatment of Sargold Warrants

25. The terms of the outstanding Sargold Warrants provide either:

(c) if and whenever at any time prior to the expiry time of the Sargold Warrants there is an amalgamation or merger of Sargold with or into any other corporation, a holder holding Sargold Warrants that have not been exercised prior to the effective date of such amalgamation or merger, upon the exercise of such Warrants, shall be entitled to receive and shall accept in lieu of the number of Sargold Shares, as then constituted, to which the holder was previously entitled

upon exercise of the Sargold Warrants, but for the same aggregate consideration payable therefor, the number of shares or other securities or property of the corporation resulting from such amalgamation or merger that such holder would have been entitled to receive on such amalgamation or merger, on the effective date thereof, if the holder had been the registered holder of the number of Sargold Shares to which the holder was previously entitled upon due exercise of the Sargold Warrants; or

(d) in the event of the merger or amalgamation of Sargold with another corporation at any time while the Sargold Warrant is outstanding, Sargold shall thereafter deliver at the time of purchase of the common shares underlying the Sargold Warrants the number of common shares the holder would have been entitled to receive in respect of the number of the common shares of Sargold so purchased had the right to purchase been exercised before such merger or amalgamation.

26. Under the terms of the Arrangement, each Sargold Warrant shall be cancelled and the holders thereof shall be entitled to receive from Buffalo in consideration for such cancellation one Buffalo Warrant for each 3.5 Sargold Warrants cancelled, such Buffalo Warrants to be on the same terms and conditions as such respective cancelled Sargold Warrants, including expiry date and exercise price after taking into account such exchange ratio. Sargold will provide each holder of Sargold Warrants with notice of the Arrangement and a copy of the Notice of Application for Final Order at least 10 days in advance of the hearing of the Application for Final Order.

The Special Meetings

27. Sargold intends to convene the Special Meeting to consider and, if thought fit, to pass (with or without amendment), a special resolution approving the Arrangement in accordance with the terms of the Arrangement Agreement.

The Petitioners estimate that the applications for the Interim and Final Orders will take 45 minutes.

Dated: September 25, 2007

Solicitors for the Petitioners

No.
Vancouver Registry

IN THE SUPREME COURT OF BRITISH COLUMBIA

6833268 CANADA INC. AND SARGOLD RESOURCE CORPROATION

PETITIONERS

IN THE MATTER OF SECTION 192 OF THE *CANADA BUSINESS CORPORATIONS ACT*, R.S.C. 1985, c. C-44

AND

IN THE MATTER OF A PROPOSED ARRANGEMENT INVOLVING BUFFALO GOLD LTD, 6833268 CANADA INC. AND SARGOLD RESOURCE CORPORATION

PETITION

FASKEN MARTINEAU DuMOULIN LLP
Barristers & Solicitors
2100 - 1075 West Georgia Street
Vancouver, B.C., V6E 3G2
604 631 3131

Counsel: Mark Pontin
Matter No: 259833.00010

No. SO76432
Vancouver Registry

IN THE SUPREME COURT OF BRITISH COLUMBIA

6833268 CANADA INC. AND SARGOLD RESOURCE CORPORATION

PETITIONERS

IN THE MATTER OF SECTION 192 OF
THE *CANADA BUSINESS CORPORATIONS ACT*, R.S.C. 1985, c. C-44

AND

IN THE MATTER OF A PROPOSED ARRANGEMENT
INVOLVING BUFFALO GOLD LTD, 6833268 CANADA INC. AND
SARGOLD RESOURCE CORPORATION

ORDER

BEFORE THE HONOURABLE Mr. Justice Edwards) WEDNESDAY THE 26TH DAY OF
) SEPTEMBER, 2007

THE *EX-PARTE APPLICATION* of the Petitioners for an order for directions in seeking approval of a plan of arrangement under s. 192 of the *Canada Business Corporations Act*, R.S.C. 1985 c. C. 44, coming on for hearing at Vancouver, British Columbia, on the 26th day of September, 2007 AND ON HEARING Mark Pontin, counsel for the Petitioners; AND UPON READING the material filed:

THIS COURT ORDERS that:

1. Sargold Resource Corporation ("Sargold") be permitted and is directed to convene, hold and conduct a special meeting of the registered holders of its issued and outstanding common shares on October 25, 2007 at 10:00 a.m. (Vancouver Time) (or such other date and time as the Court may direct) (the "Special Meeting"), to consider and, if thought fit, to

pass with or without amendment, a special resolution (the "Arrangement Resolution") authorizing, approving and agreeing to adopt a plan of arrangement (the "Arrangement") among Buffalo Gold Ltd. ("Buffalo"), 6833268 Canada Inc. ("Subco" and, together with Sargold, the "Petitioners") and Sargold as described in the plan of arrangement (the "Plan") attached as Schedule A to the Arrangement Agreement dated effective as of August 31, 2007 among Buffalo, Subco and Sargold (the "Arrangement Agreement"). The Arrangement Agreement is attached as Exhibit "A" to the Affidavit of James Stewart, a Director of Subco and a Director of Buffalo, sworn the 24th day of September, 2007.

2. The Special Meeting be called, held and conducted in accordance with the provisions of the CBCA, applicable securities legislation and the Articles and Bylaws of Sargold, subject to the terms of this Order.

3. The following information for the Special Meeting (the "Meeting Materials") be mailed (the "Mailing") by pre-paid ordinary mail on or about September 27, 2007 to the Sargold Shareholders at their respective registered addresses as they appear on the record books of Sargold at the close of business on September 21, 2007:

(a) Notice of Special Meeting;

(b) Management Information Circular, including, among others, the following appendices thereto:

(i) Arrangement Resolution;

(ii) the Plan;

(iii) the Petition filed in support of this Interim Order, this Interim Order and the Notice of Application for Final Order;

(iv) Summary of Fairness Opinion; and

(v) Dissent Provisions under the CBCA,

all in substantially the same form as they appear in Affidavit #1 of Richard Warke, Chairman of Sargold, sworn the 24th day of September, 2007, with such amendments and inclusions thereto as counsel for Sargold may advise are necessary or desirable, provided that such amendments and inclusions are not inconsistent with the terms of this Order.

4. Sargold deliver to each holder of Sargold Options and Sargold Warrants by pre-paid ordinary mail at their respective registered addresses as they appear on the record books of Sargold on or before the tenth day prior to the Final Application (as defined below) notice of the Arrangement and a copy of the Notice of Application for Final Order.

5. The Petitioners be at liberty to give notice of this application to persons outside the jurisdiction of this Honourable Court in the manner specified herein.

6. The Mailing and the delivery of the Meeting Materials and other documents as described in paragraphs 3 and 4 constitutes good and sufficient service upon all who may wish to appear in these proceedings, and no other service need be made.

7. The accidental omission to give notice of the Special Meeting and Arrangement to, to mail the Meeting Materials to or the non-receipt of such by, one or more of the persons required to receive such notice or Meeting Materials pursuant to paragraphs 3 and 4 hereof, shall not invalidate any resolution passed or proceedings taken at such Special Meeting.

8. The Chair of the Special Meeting be a director of Sargold or such other person authorized in accordance with the Bylaws of Sargold.

9. The Chair of the Special Meeting be at liberty to call on the assistance of legal counsel to Sargold at any time and from time to time, as the Chair of such Special Meeting may deem necessary or appropriate, during such Meeting, and such legal counsel be entitled to attend such Special Meeting for this purpose.

10. The Special Meeting may be adjourned for any reason upon the approval of the Chair of the Special Meeting and, if the Special Meeting is adjourned, it shall be reconvened at a place and time to be designated by the Chair of the Special Meeting to a date that is not more than 30 days thereafter.

11. The quorum required at the Special Meeting be the quorum required by the Bylaws of Sargold.

12. The vote of Sargold Shareholders required to adopt the Arrangement Resolution at the Special Meeting be the affirmative vote of not less than two-thirds of the votes cast by holders of the Sargold Shares who vote in person or by proxy on the Arrangement Resolution.

13. A representative of Sargold attendant at the Special Meeting, in due course, file with the Court an affidavit verifying the actions taken and the decisions reached by the Sargold Shareholders at the Special Meeting with respect to the Arrangement.

14. Each Sargold Shareholder be accorded the right of dissent with respect to the Arrangement Resolution as set out in Article 5 of the Plan.

15. The only persons entitled to notice of and to attend or vote at the Special Meeting or any adjournment(s) thereof, either in person or by proxy, be the registered holders of the Sargold Shares as at the close of business on September 21, 2007 (and under applicable securities legislation and policies, the beneficial owners of the Sargold Shares registered in the name of intermediaries).

16. Unless the parties to the Arrangement Agreement determine to abandon the Arrangement, the Application for the Final Order (the "Final Application") be set down for hearing before the presiding Judge in Chambers at the Courthouse at 800 Smithe Street, Vancouver, British Columbia, on or after October 29, 2007, and upon approval of the Arrangement in the manner required by section 192 of the CBCA, the Petitioners be at liberty to proceed with the Final Application on that date.

17. Any Sargold Securityholder may appear and make submissions at the Final Application, provided that such person files an Appearance with this Court in the form prescribed by the Rules of Court of the Supreme Court of British Columbia and serves a copy of the filed Appearance, together with a copy of all material on which such person intends to rely at the Final Application, including a Response in Form 124 and an outline of such person's proposed submissions, to the solicitors for the Petitioner at their address for delivery as set out in the Petition, on or before 4:00 p.m. (Vancouver time) on October 26, 2007, or as the Court may otherwise direct.

18. If the Final Application is adjourned, only those persons who have filed and delivered an Appearance in accordance with this Order need be served and provided with notice of the adjourned date.

19. The Petitioners be at liberty to apply for such further orders as may be appropriate.

BY THE COURT

DISTRICT REGISTRAR

GEN ONLY

APPROVED AS TO FORM:

Solicitor for the Petitioners

No. S076432

Vancouver Registry

BETWEEN:

6833268 Canada Inc. and
Sargold Resource Corporation — **Plaintiff/ Petitioner**

AND:

Defendant/ Respondent

ORDER

Mark Pontin
Fasken Martineau DuMoulin
2100- 1075 West Georgia St.
Vancouver, BC V6E 3G2

Dye & Durham

No.SO76432
Vancouver Registry

IN THE SUPREME COURT OF BRITISH COLUMBIA

6833268 CANADA INC. AND SARGOLD RESOURCE CORPORATION

PETITIONERS

IN THE MATTER OF SECTION 192 OF
THE *CANADA BUSINESS CORPORATIONS ACT*, R.S.C. 1985, c. C-44

AND

IN THE MATTER OF A PROPOSED ARRANGEMENT
INVOLVING BUFFALO GOLD LTD, 6833268 CANADA INC. AND SARGOLD
RESOURCE CORPORATION

NOTICE OF APPLICATION FOR FINAL ORDER

NOTICE OF APPLICATION TO THE SUPREME COURT OF BRITISH COLUMBIA

NOTICE IS HEREBY GIVEN that a Petition has been filed by 6833268 Canada Inc. ("Subco") and Sargold Resource Corporation ("Sargold" and, together with Subco, the "Petitioners") in the Supreme Court of British Columbia for approval, pursuant to Section 192 of the *Canada Business Corporations Act*, R.S.C. 1985, c. C-44, as amended, of an arrangement (the "Arrangement") contemplated in an Arrangement Agreement dated as of August 31, 2007 (the "Arrangement Agreement") among Buffalo Gold Ltd. ("Buffalo"), Subco and Sargold.

NOTICE IS FURTHER GIVEN that by an Order of the Supreme Court of British Columbia dated September 26, 2007, as to the calling of a special meeting (the "Special Meeting") of the registered holders of the common shares of Sargold (the "Sargold Shareholders") for the purpose, among other things, the consideration of and voting upon a special resolution to approve the Arrangement (the "Arrangement Resolution").

NOTICE IS FURTHER GIVEN that if the Arrangement Resolution is approved at the Special Meeting, Subco and Sargold intend to apply to the Supreme Court of British Columbia for a final order approving the Arrangement and declaring it to be fair and reasonable to the Sargold Shareholders (the "Final Order"), which application will be heard before the presiding judge in Chambers at the Courthouse at 800 Smithe Street, Vancouver, British Columbia at 9:45 a.m. on Monday, October 29, 2007 or so soon thereafter as counsel may be heard, or at such other date and time as the Court may direct.

NOTICE IS FURTHER GIVEN that, if granted, the Final Order will constitute the basis for an exemption from the registration requirements under the *United States Securities Act of 1933*, upon which the parties will rely for the issuance and exchange of securities in connection with the Arrangement.

IF YOU WISH TO BE HEARD AT THE HEARING OF THE APPLICATION FOR THE FINAL ORDER OR WISH TO BE NOTIFIED OF ANY FURTHER PROCEEDINGS, YOU MUST GIVE NOTICE OF YOUR INTENTION by filing a form entitled "Appearance" together with any evidence or materials that you intend to present to the Court at the Vancouver Registry at the Supreme Court of British Columbia AND YOU MUST ALSO DELIVER a copy of the Appearance and any other evidence or materials to the Petitioner's address for delivery, which is set out below, on or before 4:00 p.m. (Vancouver Time) on October 26, 2007,

IF YOU DO NOT ATTEND, EITHER IN PERSON OR BY COUNSEL at the time of the hearing of the Application for the Final Order, the Court may approve the Arrangement as presented, or may approve it subject to such terms and conditions as the Court shall deem fit, without any further notice to you.

A copy of the Petition and other documents that were filed in support of the Initial Order and that will be filed in support of the Final Order will be furnished to any Sargold Shareholder or other interested party requesting the same in writing by the solicitors of the Petitioners at the following address for delivery:

Fasken Martineau DuMoulin LLP
Barristers and Solicitors
2100 - 1075 West Georgia Street
Vancouver, British Columbia V6E 3G2
Attention: Mark Pontin

Dated at the City of Vancouver, in the Province of British Columbia, this 26th day of September, 2007.

Solicitors for the Petitioners

APPENDIX D – SUMMARY OF FAIRNESS OPINION

(See Attached)

EVANS, INC.

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Valuation and Related Fairness Opinion Report - Summary

On July 13, 2007, the Special Committee ("the Committee") of Sargold Resource Corporation ("SRC" or "Sargold") retained Evans & Evans, Inc. ("Evans") to prepare a Valuation and Related Fairness Opinion (the "Evans Report"). The Evans Report was requested to provide a valuation of 100% of the issued shares of SRC and Buffalo Gold Ltd. ("Buffalo") and an independent opinion as to the fairness of the Proposed Transaction, from a financial point of view, to the shareholders of Sargold. The Evans Report is dated August 31, 2007, respecting the fairness of the Transaction as at June 30, 2007 (the "Valuation Date").

SRC and Buffalo are collectively referred to in this section as "the Companies".

In connection with the preparation of the Evans Report, Evans relied upon financial and other information, data, advice, opinions and representations obtained by Evans from public sources or provided to Evans by the Companies or otherwise pursuant to the engagement of Evans. The Evans Report is conditional upon the facts or representations that were relied upon. Subject to the exercise of their professional judgment and except as expressly described in the Evans Report, Evans did not attempt to verify independently the accuracy or completeness of any such information, data, advice, opinions or representations.

In preparing the Evans Report, Evans made adjustments to certain assumptions provided by management to reflect its own professional judgment regarding future events. The Evans Report has been prepared on the basis of securities markets as well as economic and general business and financial conditions prevailing as at June 30, 2007 and on the condition and prospects, financial or otherwise, of the Companies as reflected in the information and documents reviewed by Evans and as represented by executive officers and operating management of the Companies. In conducting its analysis, Evans made numerous assumptions regarding the impact of general economic and industry conditions on the Companies' future financial results.

The following is a summary of the material terms of the final version of the Evans Report dated August 31, 2007. This summary is not intended to be complete and is qualified in its entirety by the full text of the Evans Report. Shareholders are urged to read the Evans Report carefully and in its entirety. Evans believes that their analysis, as described in the Evans Report, must be considered as a whole and that to focus on specific portions of such analysis and of the factors considered, without considering all analyses and factors, could create an incomplete and misleading view of the processes underlying the Evans Report. The Evans Report represents the opinion of Evans. The Evans Report is available for review at the offices of Sargold.

Evans was paid a professional fee plus GST and reimbursement of certain out-of-pocket disbursements for the preparation of the Evans Report.

Definition of Fair Market Value

For the purposes of the Evans Report, "fair market value" is defined as the highest price available in an open and unrestricted market between informed and prudent parties, acting at arm's length and under no compulsion to act, expressed in terms of cash.

The valuation of both SRC and Buffalo refers to their "en bloc" value being the price at which all of the common shares could be sold to one or more buyers at the same time.

Scope of Review

In preparing the Evans Report, Evans relied on information provided by the management of SRC and Buffalo and the Companies' auditors as well as publicly available documents and information on the Companies. Documents and sources of information utilized or reviewed by Evans included the following.

For Sargold: interviews with key members of Sargold's management team; a review of Sargold's press releases for the preceding 24 months, SEDAR filings for the preceding 12 months and share trading price for the preceding 12 months; a review of Sargold's website; a review of certain material agreements; a review of audited and management prepared financial statements of SRC; a review of Sargold's budgets; a review of various financial data related to Sargold; a review of independent reports prepared by specialists on Sargold's mineral properties and financial status; a review of Sargold's market through various publications; a review of a summary of Sargold's outstanding securities; and interviews with competitors and a review of financial and stock market trading of such entities where available.

For Buffalo: interviews with key members of Buffalo's management team; a review of Buffalo's press releases for the preceding 24 months, SEDAR filings for the preceding 12 months and share trading price for the preceding 12 months; a review of certain material agreements; a review of Buffalo's budgets; a review of Buffalo's website; a review of audited and management prepared financial statements of Buffalo; a review of various financial data related to Buffalo; a review of trading data and available public data on companies in which Buffalo has an investment and whose shares trade on recognized stock exchanges; a review of independent reports prepared by specialists on Buffalo's mineral properties and financial status; a review of Buffalo's market through various publications; a review of a summary of Buffalo's outstanding securities; and interviews with competitors and a review of financial and stock market trading of such entities where available.

Assumptions

Evans made the following assumptions in completing the Evans Report as at the Valuation Date: (1) As at the Valuation Date all assets and liabilities of the Companies have been recorded in their accounts and financial statements and follow Canadian GAAP; (2) An audit of the Companies' management-prepared financial statements for the periods ended March 31, 2007 would not result in any material changes to the financial statements provided to Evans; (3) There were no material changes in the financial position of the Companies between March 31, 2007 and June 30, 2007 unless noted in the Evans Report.; (4) The book value of the Companies' assets at the Valuation Date equaled their fair market value unless otherwise noted; (5) Key management of Buffalo remain employed with Buffalo for a period of not less than two years following the completion of the Proposed Transaction; (6) All warrants and options "in-the-money" based on the trading price of the Companies as at the Valuation Date are assumed to be exercised at the close of the Proposed Transaction. Such an assumption was deemed appropriate by Evans in order to provide Sargold shareholders with a clear understanding of their potential shareholding in Buffalo post-Proposed Transaction on a fully-diluted basis; (7) All conditions precedent to the closing of the Proposed Transaction will be satisfied in due course; (8) Representations made by SRC and Buffalo as to the number of shares outstanding pre-Proposed Transaction and Post-Proposed Transaction are accurate; and, (9) The Companies and all of their related parties and their principals had no contingent liabilities, unusual contractual arrangements, or substantial commitments, other than in the ordinary course of business, nor litigation pending or threatened, nor judgments rendered against, other than those disclosed by management and included in the Evans Report that would affect the evaluation or comment.

Valuation Methodologies

The first stage in determining which approach to utilize in valuing a company is to determine whether the company is a going concern or whether it should be valued based on a liquidation assumption. A business is deemed to be a going concern if it is both conducting operations at a given date and has every reasonable expectation of doing so for the foreseeable future after that date. If a company is deemed to not be a going concern, it is valued based on a liquidation assumption.

In valuing an asset and/or a business, there is no single or specific mathematical formula. The particular approach and the factors to consider will vary in each case. Where there is evidence of open market transactions having occurred involving the shares, or operating assets, of a business interest, those transactions may often form the basis for establishing the value of the company. In the absence of open market transactions, the three basic, generally-accepted approaches for valuing a business interest are: (a) The Income / Cash Flow Approach; (b) The Market Approach; and (c) The Cost or Asset-Based Approach.

A summary of these generally-accepted valuation approaches is provided below.

The Income/Cash Flow Approach is a general way of determining a value indication of a business (or its underlying assets), using one or more methods wherein a value is determined by capitalizing or discounting anticipated future benefits.

The Market Approach to valuation is a general way of determining a value indication of a business or an equity interest therein using one or more methods that compare the subject entity to similar businesses, business ownership interests and securities (investments) that have been sold.

The Cost Approach is based upon the economic principle of substitution. This basic economic principle asserts that an informed, prudent purchaser will pay no more for an asset than the cost to obtain an opportunity of equal utility (that is, either purchase or construct a similar asset).

The Asset-Based Approach is adopted where either: (a) liquidation is contemplated because the business is not viable as an ongoing operation; (b) the nature of the business is such that asset values constitute the prime determinant of corporate worth (e.g., vacant land, a portfolio of real estate, marketable securities, or investment holding company, etc.); or (c) there are no indicated earnings/cash flows to be capitalized.

Lastly, a combination of the above approaches may be necessary to consider the various elements that are often found within specialized companies and/or are associated with various forms of intellectual property.

With respect to Sargold, Evans believed it was appropriate to value SRC on a going concern basis. The reason for this is: (1) Sargold has been in operation for a number of years; (2) Sargold has been successful in securing the external equity required to fund operations; and, (3) the going concern approach yields a higher value than a liquidation approach.

Given the approaches of valuation outlined above, it is the view of Evans that that the most appropriate method in determining the range of the fair market value of SRC at the Valuation Date was a weighted approach giving consideration to three separate methods: (1) A Trading Price Method, given Sargold is a reporting issuer whose shares are listed for trading on the TSX-V, Evans deemed it appropriate to consider the implied value of Sargold based on the trading price; (2) Adjusted Book Value Method, such a method involved adjusting the Sargold balance sheet in order to adjust the book value of the Sargold Properties to their fair market value; and, (3) Historical Transactions Method involved the weighting of actual historical transactions involving the issuance of equity in Sargold.

With respect to Buffalo, Evans believed it was appropriate to value Buffalo on a going concern basis. The reason for this is: (1) Buffalo has been in operation for a number of years and actions taken by management suggest that while profitability has not yet been achieved Buffalo cash flows will be generated in the medium-term; (2) Buffalo has been successful in securing funding to continue exploration and development activities; and, (3) the going concern approach yields a higher value than a liquidation approach.

Given the nature and status of Buffalo at the Valuation Date as well as the approaches of valuation outlined above, it is the view of Evans that that the most appropriate method in determining the range of the fair market value of Buffalo at the Valuation Date was a weighted approach giving consideration to three methods: (1) A Trading Price Method given Buffalo is a reporting issuer whose shares are listed for trading on the TSX-V, Evans deemed it appropriate to consider the implied value of Buffalo based on the trading price; (2) Adjusted Book Value Method such a method involved adjusting the Buffalo balance sheet in order to adjust the book value of Buffalo's mining assets and investments to their fair market value; and, (3) Historical Transactions Method involved the weighting of actual historical transactions involving the issuance of equity in Buffalo. The use of the Historical Transactions Method was determined to be appropriate given the absolute necessity of consideration in valuation practice to historical transactions at or near close proximity to the Valuation Date. Such historical transactions are a result of Buffalo having raised approximately $20.0 million in cash in the nine months preceding the Valuation Date.

Valuation Conclusion

Based upon and subject to the assumptions, limitations and analyses set forth in the Evans Report, Evans is of the opinion that, as of June 30, 2007, the fair market value of 100% of the issued and outstanding shares of Sargold is in the range of $15,100,000 to $15,400,000. The fair market value of each common share of Sargold as at the Valuation Date was calculated to be in the range of $0.19 to $0.20.

Based upon and subject to the assumptions, limitations and analyses set forth in the Evans Report, Evans is of the opinion that, as of June 30, 2007, the fair market value of 100% of the issued and outstanding shares of Buffalo is in the range of $81,800,000 to $82,100,000.

Fairness Calculations

The fairness of the Proposed Transaction is tested by: i) calculating, at the time of the completion of the Proposed Transaction, the fair market value of each share of Sargold; ii) calculating whether the fair market value of each share of Sargold is in at least a comparable range upon completion of the Proposed Transaction as prior to the Proposed Transaction; and iii) considering qualitative factors, such as synergies, that may result from the Proposed Transaction.

There are many events that are assumed will occur between the Valuation Date and the closing of the Proposed Transaction. These events are either conditions of the Proposed Transaction or are necessary (e.g. due diligence, legal costs) aspects of the closing process.

This section calculates the fair market value of the new Buffalo upon completion of the Proposed Transaction ("Newco"), the number of shares of Newco issued and outstanding upon the closing of the Proposed Transaction and the fair market value per each share of Newco upon the closing of the Proposed Transaction.

Under the terms of the Proposed Transaction, the Sargold shareholders have the option to receive 1.0 Buffalo share in exchange for each 3.5 Sargold shares they currently hold or a ratio as outlined below. Accordingly, in this section Evans have calculated the fair market value of Buffalo post-Proposed Transaction (i.e., Newco) in order to compare the fair market value of the Sargold shareholders' interest in Newco with the fair market of Sargold as at the Valuation Date.

First, the fair market value of Newco is calculated by:

1. Adding the fair market value of 100% of the Sargold as at the Valuation Date in the range of $15.4 million to $15.7 million. Such fair market value to include the exercise of Sargold options and warrants "in-the-money" as at the Valuation Date.

2. Adding the fair market value of Buffalo as at the Valuation Date in the range of $83.7 million to $84.0 million. Such fair market value to include the exercise of Buffalo options and warrants "in-the-money" as at the Valuation Date.

3. Add the net proceeds of any financings to be undertaken in conjunction with the closing of the Proposed Transaction. No financings were contemplated.

4. Deducting the estimated costs of the Proposed Transaction of $300,000 to $350,000.

The number of shares that would be issued and outstanding in Newco then would be calculated by adding:

1. 67,435,643 shares of Buffalo, as at the Valuation Date.

2. 22,799,649 shares of Buffalo issued to the Sargold shareholders as per the terms of the Proposed Transaction.

3. 3,284,013 shares of Buffalo issued under the assumption of the exercise of "in-the-money" warrants and options.

Overall, the fair market value of Newco upon closing of the Proposed Transaction is estimated to be in the range of $98.9 million to $99.35 million or $0.95 to $0.96 per share.

Given the Sargold shareholders received 1.0 shares of Newco in exchange for each 3.5 Sargold shares, Evans deemed it necessary to calculate whether the pro rata ownership percentage of the Sargold shareholders' position in Newco was at least equal to the fair market value of Sargold pre-Proposed Transaction. In doing this calculation, Evans found that the Sargold shareholders will collectively hold approximately 24.4% of Newco (on a fully-diluted basis) upon closing of the Proposed Transaction. The pro rata ownership of Sargold shareholders in Newco is calculated to be in the range of $24.1 million to $24.2 million, which is greater than the fair market value of Sargold pre-Proposed Transaction.

Alternate Share Exchange Ratio

As per the terms of the Proposed Transaction Sargold has the option to determine the share exchange ratio on the basis of firstly, the weighted average price of Buffalo shares on the Exchange for the ten trading days immediately prior to the execution date of a definitive agreement (converted into Canadian dollars on the basis of the average closing exchange rate quoted by the Bank of Canada for the 10 banking days immediately prior to the execution date of the definitive agreement) and secondly, the price of the Sargold shares being CAD$0.30.

As at August 31, 2007, the alternate share exchange ratio would be as follows:

Weighted Average Trading Price of Buffalo (US$)	1.00
Convert to C$ at	1.05752
Calculated Share Price of Buffalo	1.06
Set Price of Sargold Shares	0.3
Alternate Share Exchange Ratio	3.53

Based on the trading price of Buffalo as at the Evans Report Date, the Sargold shareholders would have the option of receiving 1.0 Buffalo shares in exchange for each 3.53 Sargold shares. Given the Proposed Transaction is fair at a share exchange ratio of 3.5, the shareholders would be in a better position to stay at the original share exchange ratio.

Fairness Conclusions

Based upon Evans valuation work and subject to all of the foregoing, Evans is of the opinion, as at the Valuation Date, that the terms of the Proposed Transaction are fair, from a financial point of view, to the shareholders of Sargold. There are a number of qualitative factors associated with the completion of the Proposed Transaction that the SRC shareholders might consider in determining the overall fairness of the Proposed Transaction.

In assessing the fairness of the Proposed Transaction to the common shareholders of SRC, Evans has considered, inter alia, the following:

1. Comparison of the fair market value, as at June 30, 2007, of the fair market value of Sargold prior to completion of the Proposed Transaction, to the fair market value, on a pro forma basis, of the Sargold shareholders' pro rata ownership interest in Newco (i.e., the new Buffalo post-Proposed Transaction).

2. Other potential benefits that may be realized subsequent to the completion of the Proposed Transaction include possible synergies between Sargold and Buffalo. Evans have not attempted to quantify these additional qualitative potential benefits. Certain additional potential benefits are as follows:

i. Shared operations and administrative personnel thereby reducing certain staff and systems costs.

ii. Shared executive level management.

iii. Removal of duplication of public company costs.

iv. Potential access to larger financings given the increased number of mineral properties – i.e., a larger company.

v. Through Buffalo, Sargold has access to Longview. Longview and its founding principals have been involved in the raising of over $200 million of equity in the last 24 months.

Credentials of Evans, Inc.

Evans is a Canadian corporate finance advisory and valuation firm with offices across Canada and also in the U.S. Evans offers a range of independent and advocate services including valuation and fairness opinions, business planning and research, mergers and acquisitions advice, business due diligence, market and competitive research and capital formation assistance.

Independence of Evans, Inc.

Evans has represented to Sargold that none of it or any of its affiliates is an associated or affiliated entity or Company insider and that it is not acting as advisor to with SRC or Buffalo in connection with Proposed Transaction. Evans has not been engaged within the last twenty-four months to perform financial advisory, investment banking, underwriting or other services, for or on behalf of either of the Companies, nor had a material financial interest in any transactions involving the Companies.

APPENDIX E – UNAUDITED PRO FORMA CONDENSED CONSOLIDATED FINANCIAL STATEMENTS OF BUFFALO GOLD LTD.

BUFFALO GOLD LTD.
(An Exploration Stage Company)
Pro Forma Consolidated Balance Sheets
As at June 30, 2007
(Unaudited, Prepared by Management)

	Buffalo	Sargold	Pro Forma Adjustments	Note 2	Pro Forma Consolidated
Assets					
Current					
Cash and cash equivalents	$ 2,317,985	$1,207,746	$(350,000)	(a)	$ 3,175,731
Receivables	91,407	514,442	-		605,849
Marketable securities	2,544,873	-	-		2,544,873
Inventories	-	676,573	-		676,573
Prepaid expenses	21,094	63,692	-		84,786
	4,975,359	2,462,453	(350,000)		7,087,812
Deposits	96,592	-	-		96,592
Plant and equipment	32,917	3,467,693	-		3,500,610
Equity investment	5,636,640	-	-		5,636,640
Mineral properties	26,740,556	30,592,046	20,190,109	(b)	77,522,711
	$37,482,064	$36,522,192	$19,840,109		$93,844,365
Liabilities And Shareholders' Equity					
Current					
Accounts payable and accrued liabilities	$ 682,955	$ 3,035,444	$ -		$ 3,718,399
Current portion of long-term liabilities	-	979,505	-		979,505
	682,955	4,014,949	-		4,697,904
Amounts due to shareholders	6,272	-	-		6,272
Long-term liabilities	-	7,883,065	-		7,883,065
Asset retirement obligations and other liabilities	-	3,930,847	-		3,930,847
Future income taxes	1,709,763	5,626,464	8,011,976	(b)	15,348,203
	2,398,990	21,455,325	8,001,976		31,866,291
Shareholders' Equity					
Share capital					
Authorized					
Unlimited common shares without par value					
Issued	59,194,004	20,289,943	2,392,057	(c)	81,876,004
Contributed surplus	5,797,010	3,925,375	287,625	(d)	10,010,010
Accumulated other comprehensive income	(1,906,275)	(96,328)	96,328	(e)	(1,906,275)
Deficit	(28,001,665)	(9,052,123)	9,052,123	(f)	(28,001,665)
	35,083,074	15,066,867	11,828,133		61,978,074
	$37,482,064	$36,522,192	$19,840,109		$93,844,365

See accompanying notes to the pro forma consolidated financial statements.

BUFFALO GOLD LTD.
(An Exploration Stage Company)
Pro Forma Consolidated Statement of Operations
For the Six Month Period Ended June 30, 2007
(Unaudited, Prepared by Management)

	Buffalo	Sargold	Pro Forma Adjustments	Note 2	Pro Forma Consolidated
Mining revenues	$ -	$ 581,653	$ -		$ 581,653
Exploration expenses	6,601,703	-	-		6,601,703
Administrative expenses					
Raw materials and consumables	-	539,658	-		539,658
Power	-	296,508	-		296,508
Amortization	6,738	284,644	-		291,382
Consulting and communication fees	342,729	254,470	-		597,199
Investor relations	284,273	15,664	-		299,937
Listing, filing and transfer fees	60,047	28,110	-		88,157
Office and miscellaneous	33,511	154,233	-		187,744
Professional fees	158,040	59,326	-		217,366
Legal fees	4,456	1,580	-		6,036
Rent	56,761	49,764	-		106,525
Salaries and benefits	42,172	1,150,289	-		1,192,461
Stock-based compensation	-	96,834	-		96,834
Travel and promotion	193,704	23,060	-		216,764
	7,784,134	2,954,140			10,738,274
Loss before other items	(7,784,134)	(2,372,487)	-		(10,156,621)
Other Items					
Exploration property write-off	(101,589)	(36,512)	-		(138,101)
Interest and finance charges	815	(147,209)	-		(146,394)
Foreign exchange gain (loss)	(467,315)	1,421,643	(621,000)	(g)	333,328
Interest income	216,328	19,359	-		235,687
Loss before income taxes	(8,135,895)	(1,115,206)	(621,000)		(9,872,101)
Income tax recovery	127,574	-	-		127,574
Loss for the period	$ (8,008,321)	$ (1,115,206)	$ (621,000)		$ (9,744,527)
Loss per share, basic and fully diluted	$ (0.14)	$ (0.02)			$ (0.13)

See accompanying notes to the pro forma consolidated financial statements.

BUFFALO GOLD LTD.
(An Exploration Stage Company)
Pro Forma Consolidated Statements of Operations
For the Year Ended December 31, 2006
(Unaudited, Prepared by Management)

	Buffalo	Sargold	Pro Forma Adjustments	Note 2	Pro Forma Consolidated
Exploration expenses	$ 7,887,306	$ -	$ -		$ 7,887,306
Administrative expenses					
Raw materials and consumables	-	170,976	-		170,976
Amortization	22,095	223,504	-		245,599
Consulting and communication fees	872,227	481,908	-		1,354,135
Investor relations	734,574	16,710	-		751,284
Listing, filing and transfer fees	60,014	55,090	-		115,104
Office and miscellaneous	160,424	322,124	-		482,548
Professional fees	276,100	133,030	-		409,130
Legal fees	18,064	6,390	-		24,454
Rent	79,971	121,213	-		201,184
Salaries and benefits	118,634	1,532,968	-		1,651,602
Stock-based compensation	3,883,000	122,417	-		4,005,417
Travel and promotion	458,850	74,889	-		533,739
Capital projects	-	(229,803)	-		(229,803)
Loss before other items	(14,571,259)	(3,031,416)	-		(17,602,675)
Other Items					
Exploration property write-off	(37,001)	-	-		(37,001)
Write-down of marketable securities	(393,011)	-	-		(393,011)
Recovery of property evaluation costs	53,882	-	-		53,882
Gain from disposal of marketable properties	-	636,686	-		636,686
Gain on repayment of debt	-	5,725,118	-		5,725,118
Interest and finance charges	-	(792,038)	-		(792,038)
Foreign exchange gain (loss)	766,744	(2,158,717)	898,000	(h)	(493,973)
Interest and other income	286,430	287,864	-		574,294
Income (loss) before income taxes	(13,894,215)	667,497	898,000		(12,328,718)
Income tax recovery	223,000	33,540	-		256,540
Income (loss) for the year	$ (13,671,215)	$ 701,037	$ 898,000		$ (12,072,178)
Income (loss) per share, basic and fully diluted	$ (0.42)	$ 0.01	-		$ (0.26)

See accompanying notes to the pro forma consolidated financial statements.

1. BASIS OF PRESENTATION

The accompanying pro forma consolidated financial statements have been prepared by management of Buffalo Gold Ltd. ("Buffalo"), for illustrative purposes only, to show the effect of proposed plan of arrangement (the "Transaction") between Buffalo and Sargold Resource Corporation ("Sargold"), on the basis of the assumptions described in note 2 below. Buffalo intends to proceed with an arrangement whereby Buffalo will acquire all of the outstanding common shares of Sargold. All financial amounts are shown in Canadian dollars, except where noted.

These pro forma consolidated financial statements have been derived from the unaudited interim consolidated financial statements of Buffalo as at June 30, 2007 and for the six-month period then ended, the unaudited interim consolidated financial statements of Sargold as at June 30, 2007 and for the six-month period then ended, the audited consolidated financial statements of Buffalo as at December 31, 2006 and for the year then ended, and the audited consolidated financial statements of Sargold as at December 31, 2006 and for the year then ended.

On August 31, 2007, Buffalo entered into an arrangement agreement with Sargold to complete the Transaction. Under the arrangement agreement, all outstanding securities of Sargold will be exchanged for common shares and common share purchase warrants and options of Buffalo.

Under the terms of the Transaction, shareholders of Sargold will receive either one common share, common share purchase warrant or option of Buffalo in exchange for each 3.5 Sargold common shares, common share purchase warrants or options which they hold immediately prior to the effective date of the Transaction. On a pro forma basis, Sargold shareholders will hold approximately 25% equity ownership in the merged company.

The pro forma financial statements have been prepared in accordance with Canadian generally accepted accounting principles and used accounting policies that are consistent with the policies used in preparing Buffalo's audited consolidated financial statements as at and for the year ended December 31, 2006.

These pro forma financial statements should be read in conjunction with the description of the Transaction contained in the management information circular of Sargold and the historical financial statements of Buffalo and Sargold, together with notes, which are referred to above and available at www.sedar.com under the profiles of Buffalo and Sargold, respectively.

In the opinion of the management of Buffalo, these pro forma financial statements include all adjustments necessary for a fair presentation of the transactions described in these notes to the pro forma financial statements in accordance with Canadian generally accepted accounting principles applied on a basis consistent with Buffalo's accounting policies. These pro forma financial statements are not necessarily indicative of the financial position or results of operations that would have resulted had the Transaction taken place at the respective dates referred to above.

(Expressed in Canadian dollars)

2. PRO FORMA CONSOLIDATED FINANCIAL STATEMENT ADJUSTMENTS AND ASSUMPTIONS

There were 77,564,772 common shares of Sargold outstanding at June 30, 2007, of which 1,971,859 common shares will be cancelled before the Transaction. The remaining Sargold common shares will be converted on the basis of one Buffalo common share for each 3.5 Sargold common shares. For the purpose of these pro forma financial statements, each Buffalo common share has value of approximately $1.05 (US$0.99), being the volume weighted average price for August 31, 2007 and the five business days before and the five business days after that date.

Buffalo is therefore assumed to issue 21,597,976 common shares with a value of $22,682,000; stock options with an estimated fair value of $778,000; share purchase warrants with an estimated fair value of $3,435,000; and estimated transaction costs of $350,000 for total consideration of $27,245,000. The Transaction has been accounted for using the purchase method with allocation of the purchase price as follows:

Current assets	$	2,462,453
Plant and equipment		3,467,693
Mineral properties		50,782,155
Current liabilities		(4,014,949)
Asset retirement obligation and other liabilities		(3,930,847)
Long term liabilities		(7,883,065)
Future income tax liabilities		(13,638,440)
Fair value of net assets acquired	$	27,245,000

The unaudited pro forma consolidated balance sheet reflects the following adjustments as if the acquisition of Sargold had occurred on June 30, 2007. The unaudited pro forma consolidated statements of operations for the year ended December 31, 2006 and for the six months ended June 30, 2007 reflect the following adjustments as if the acquisition of Sargold had occurred on January 1, 2006 and January 1, 2007, respectively.

a) Transaction costs of $350,000 resulting in decreased cash and increased interest in mineral properties.

b) An increase in mineral properties of $20,190,109 (including the $350,000 of transaction costs) and a net increase to shareholders' equity to record the Transaction between Buffalo and Sargold and corresponding future income tax effects resulting in increases in interest in mineral properties and future income tax liabilities of $8,011,976. The full amount of the purchase increment arising from the Transaction is assumed to relate to mineral properties.

c) An increase in the value of share capital of $2,392,057:

Fair value of 21,597,976 Buffalo common shares tendered as consideration, at US$0.99 ($1.05) per share	$	22,682,000
Net book value of Sargold common shares		(20,289,943)
Pro forma adjustment to share capital	$	2,392,057

(Expressed in Canadian dollars)

2. PRO FORMA CONSOLIDATED FINANCIAL STATEMENT ADJUSTMENTS AND ASSUMPTIONS (Continued)

d) An increase in the value of contributed surplus of $287,625:

Buffalo is to issue 1,638,762 stock options and 6,464,286 share purchase warrants to replace outstanding options and warrants of Sargold, of which 1,085,189 stock options are replacing Sargold options that have vested. The fair value of the vested options and warrants were allocated to the purchase price (note 2).

Fair value of vested options and warrants to be issued	$	4,213,000
Net book value of Sargold contributed surplus		3,925,375
Pro forma adjustment to contributed surplus	$	287,625

The fair value of stock options and warrants were calculated using the Black-Scholes option pricing model with following weighted average assumptions:

Volatility	98.4%
Dividend yield	0%
Risk–free rate of return	4.6%
Expected life	1.8 years

e) A decrease of $96,328 to eliminate Sargold's accumulated other comprehensive income.

f) A decrease of $9,052,123 to eliminate Sargold's deficit.

g) An adjustment of $621,000 to foreign exchange gain (loss) for the six months ended June 30, 2007 to reflect the loss arising from changes in foreign exchange rates on Sargold's future income tax liability.

h) An adjustment of $898,000 to foreign exchange gain (loss) for the year ended December 31, 2006 to reflect the gain arising from changes in foreign exchange rates on Sargold's future income tax liability.

3. PRO FORMA LOSS WEIGHTED AVERAGE NUMBER OF SHARES

The pro forma loss per share is based on the weighted average number of shares outstanding as follows:

	Year Ended December 31, 2006	Six Months Ended June 30, 2007
Weighted average number of common shares per Buffalo	32,732,849	57,482,768
Adjusted weighted average number of common shares of Sargold:		
• Year ended December 31, 2006: 47,648,083 / 3.5 =	13,613,738	
• Six months ended June 30, 2007: 65,041,982 / 3.5 =		18,583,424
	46,346,587	76,066,192

APPENDIX F – SECTION 190 OF THE CBCA (DISSENT PROVISIONS)

190. (1) **Right to Dissent** – Subject to sections 191 and 241, a holder of shares of any class of a corporation may dissent if the corporation is subject to an order under paragraph 192(4)(d) that affects the holder or if the corporation resolves to

(a) amend its articles under section 173 or 174 to add, change or remove any provisions restricting or constraining the issue, transfer or ownership of shares of that class;

(b) amend its articles under section 173 to add, change or remove any restriction on the business or businesses that the corporation may carry on;

(c) amalgamate otherwise than under section 184;

(d) be continued under section 188;

(e) sell, lease or exchange all or substantially all its property under subsection 189(3); or

(f) carry out a going-private transaction or a squeeze-out transaction.

(2) **Further Right** – A holder of shares of any class or series of shares entitled to vote under section 176 may dissent if the corporation resolves to amend its articles in a manner described in that section.

(2.1) **If one class of shares** – The right to dissent described in subsection (2) applies even if there is only one class of shares.

(3) **Payment for shares** – In addition to any other right the shareholder may have, but subject to subsection (26), a shareholder who complies with this section is entitled, when the action approved by the resolution from which the shareholder dissents or an order made under subsection 192(4) becomes effective, to be paid by the corporation the fair value of the shares in respect of which the shareholder dissents, determined as of the close of business on the day before the resolution was adopted or the order was made.

(4) **No partial dissent** – A dissenting shareholder may only claim under this section with respect to all the shares of a class held on behalf of any one beneficial owner and registered in the name of the dissenting shareholder.

(5) **Objection** – A dissenting shareholder shall send to the corporation, at or before any meeting of shareholders at which a resolution referred to in subjection (1) or (2) is to be voted on, a written objection to the resolution, unless the corporation did not give notice to the shareholder of the purpose of the meeting and of their right to dissent.

(6) **Notice of resolution** – The corporation shall, within ten days after the shareholders adopt the resolution, send to each shareholder who has filed the objection referred

to in subsection (5) notice that the resolution has been adopted, but such notice is not required to be sent to any shareholder who voted for the resolution or who has withdrawn their objection.

(7) **Demand for payment** – A dissent shareholder shall, within twenty days after he receives a notice under subsection (6) or, if the shareholder does not receive such notice, within twenty days after learning that the resolution has been adopted, send to the corporation a written notice containing

(a) the shareholder's name and address;

(b) the number and class of shares in respect of which the shareholder dissents; and

(c) a demand for payment of the fair value of such shares.

(8) **Share certificate** – A dissenting shareholder shall, within thirty days after sending a notice under subsection (7), send the certificates representing the shares in respect of which the shareholder dissents to the corporation or its transfer agent.

(9) **Forfeiture** – A dissenting shareholder who fails to comply with subsection (8) has no right to make a claim under this section.

(10) **Endorsing certificate** – A corporation or its transfer agent shall endorse on any share certificate received under subsection (8) a notice that the holder is a dissenting shareholder under this section and shall forthwith return the share certificates to the dissenting shareholder.

(11) **Suspension of rights** – On sending a notice under subsection (7), a dissenting shareholder ceases to have any rights as a shareholder other than the right to be paid the fair value of their shares as determined under this section except where

(a) the dissenting shareholder withdraws that notice before the corporation makes an offer under subsection (12),

(b) the corporation fails to make an offer in accordance with subsection (12) and the shareholder withdraws the notice, or

(c) the directors revoke a resolution to amend the articles under subsection 173(2) or 174(5), terminate an amalgamation agreement under subsection 183(6) or an application for continuance under subsection 188(6), or abandon a sale, lease or exchange under subsection 189(9),

in which case the shareholder's rights are reinstated as of the date the notice was sent.

(12) **Offer to pay** – A corporation shall, not later than seven days after the later of the day on which the action approved by the resolution is effective or the day the corporation received the notice referred to in subsection (7), send to each dissenting shareholder who has sent such notice

(a) a written offer to pay for their shares in an amount considered by the directors of the corporation to be the fair value, accompanied by a statement showing how the fair value was determined; or

(b) if subsection (26) applies, a notification that it is unable lawfully to pay dissenting shareholders for their shares.

(13) **Same terms** – Every offer made under subsection (12) for shares of the same class or series shall be on the same terms.

(14) **Payment** – Subject to subsection (26), a corporation shall pay for the shares of a dissenting shareholder within ten days after an offer made under subsection (12) has been accepted, but any such offer lapses if the corporation does not receive an acceptance thereof within thirty days after the offer has been made.

(15) **Corporation may apply to court** – Where a corporation fails to make an offer under subsection (12), or if a dissenting shareholder fails to accept an offer, the corporation may, within fifty days after the action approved by the resolution is effective or within such further period as a court may allow, apply to a court to fix a fair value for the shares of any dissenting shareholder.

(16) **Shareholder application to court** – If a corporation fails to apply to a court under subsection (15), a dissenting shareholder may apply to a court for the same purpose within a further period of twenty days or within such further period as a court may allow.

(17) **Venue** – An application under subsection (15) or (16) shall be made to a court having jurisdiction in the place where the corporation has its registered office or in the province where the dissenting shareholder resides if the corporation carries on business in that province.

(18) **No security for costs** – A dissenting shareholder is not required to give security for costs in an application made under subsection (15) or (16).

(19) **Parties** – On an application to a court under subsection (15) or (16)

(a) all dissenting shareholders whose shares have not been purchased by the corporation shall be joined as parties and are bound by the decision of the court; and

(b) the corporation shall notify each affected dissenting shareholder of the date, place and consequences of the application and of their right to appear and be heard in person or by counsel.

(20) **Powers of court** – On an application to a court under subsection (15) or (16), the court may determine whether any other person is a dissenting shareholder who should be joined as a party, and the court shall then fix a fair value for the shares of all dissenting shareholders.

(21) **Appraisers** – A court may in its discretion appoint one or more appraisers to assist the court to fix a fair value for the shares of the dissenting shareholders.

(22) **Final order** – The final order of a court shall be rendered against the corporation in favour of each dissenting shareholder and for the amount of the shares as fixed by the court.

(23) **Interest** – A court may in its discretion allow a reasonable rate of interest on the amount payable to each dissenting shareholder from the date the action approved by the resolution is effective until the date of payment.

(24) **Notice that subsection (26) applies** – If subsection (26) applies, the corporation shall, within ten days after the pronouncement of an order under subsection (22), notify each dissenting shareholder that it is unable lawfully to pay dissenting shareholders for their shares.

(25) **Effect where subsection (26) applies** - If subsection (26) applies, a dissenting shareholder, by written notice delivered to the corporation within thirty days after receiving a notice under subsection (24), may

(a) withdraw their notice of dissent, in which case the corporation is deemed to consent to the withdrawal and the shareholder is reinstated to their full rights as a shareholder; or

(b) retain a status as a claimant against the corporation, to be paid as soon as the corporation is lawfully able to do so or, in a liquidation, to be ranked subordinate to the rights of creditors of the corporation but in priority to its shareholders.

(26) **Limitation** – A corporation shall not make a payment to a dissenting shareholder under this section if there are reasonable grounds for believing that

(a) the corporation is or would after the payment be unable to pay its liabilities as they become due; or

(b) the realizable value of the corporation's assets would thereby be less than the aggregate of its liabilities.