

SUTTER GOLD MINING INC.

**Annual General Meeting
to be held on June 7, 2011**

**Notice of Annual General Meeting
and
Information Circular**

May 3, 2011

SUTTER GOLD MINING INC.

165 S. Union Blvd, Suite 565
Lakewood, Colorado, 80228

NOTICE OF ANNUAL GENERAL MEETING OF SHAREHOLDERS

NOTICE IS HEREBY GIVEN that an annual general meeting of the shareholders of Sutter Gold Mining Inc. (the "Company") will be held at 410 – 325 Howe Street, Vancouver, British Columbia, on Tuesday, June 7, 2011 at 2:30 pm. At the meeting, the shareholders will receive the audited financial statements for the period ended December 31, 2010, together with the auditor's report thereon, and consider resolutions to:

1. elect directors for the Company for the ensuing year;
2. appoint DeVisser Gray, Chartered Accountants, as auditor of the Company for the ensuing year and authorize the directors to determine the remuneration to be paid to the auditor;
3. approve the stock option plan described in the information circular that accompanies this notice and the addendum to the Company's stock option plan, as adopted by the board of directors on August 31, 2010, under the heading "Particulars of Matters to be Acted Upon – Approval of Stock Option Plan and Addendum to Stock Option Plan"; and
4. transact such other business as may properly be put before the Meeting.

All shareholders are entitled to attend and vote at the meeting in person or by proxy. The board of directors requests all shareholders who will not be attending the meeting in person to read, date and sign the accompanying proxy and deliver it to Computershare Trust Company of Canada ("Computershare"). If a shareholder does not deliver a proxy to Computershare, Attention: Proxy Department, 100 University Avenue, 9th Floor, Toronto, Ontario, M5J 2Y1 by 5:00 pm (Vancouver, British Columbia time) on Friday, June 3, 2011 (or before 48 hours, excluding Saturdays, Sundays and holidays before any adjournment of the meeting at which the proxy is to be used) prior to the time of the meeting at which the proxy is to be used, then the shareholder will not be entitled to vote at the meeting by proxy. Only shareholders of record at the close of business on May 3, 2011 will be entitled to vote at the meeting.

An information circular and a form of proxy accompany this notice.

DATED at Vancouver, British Columbia, the 3rd day of May, 2011.

ON BEHALF OF THE BOARD

"James A. Crombie"

James A. Crombie
Chief Executive Officer and President

SUTTER GOLD MINING INC.

165 S. Union Blvd, Suite 565
Lakewood, Colorado, 80228

INFORMATION CIRCULAR

(as at May 3, 2011 except as otherwise indicated)

SOLICITATION OF PROXIES

This information circular (the "Circular") is provided in connection with the solicitation of proxies by the management of Sutter Gold Mining Inc. (the "Company"). The form of proxy which accompanies this Circular (the "Proxy") is for use at the annual general meeting of the shareholders of the Company to be held on Tuesday, June 7, 2011 (the "Meeting"), at the time and place set out in the accompanying notice of meeting (the "Notice of Meeting"). The Company will bear the cost of this solicitation. The solicitation will be made by mail, but may also be made by telephone.

APPOINTMENT AND REVOCATION OF PROXY

The persons named in the Proxy are directors and/or officers of the Company. **A registered shareholder who wishes to appoint some other person to serve as their representative at the Meeting may do so by striking out the printed names and inserting the desired person's name in the blank space provided.** The completed Proxy should be delivered to Computershare Trust Company of Canada ("Computershare") by 5:00 pm on Friday, June 3, 2011 (excluding Saturdays, Sundays and holidays).

The Proxy may be revoked by:

- (a) signing a proxy with a later date and delivering it at the time and place noted above;
- (b) signing and dating a written notice of revocation and delivering it at the time and to the place noted above; or
- (c) attending the Meeting or any adjournment of the Meeting and registering with the scrutineer as a shareholder present in person.

Provisions Relating to Voting of Proxies

The shares represented by proxy in the enclosed form will be voted or withheld from voting by the designated holder in accordance with the direction of the registered shareholder appointing him. If there is no direction by the registered shareholder, those shares will be voted for all proposals set out in the Proxy and for the election of directors and the appointment of the auditors as set out in this Circular. The Proxy gives the person named in it the discretion to vote as such person sees fit on any amendments or variations to matters identified in the Notice of Meeting, or any other matters which may properly come before the Meeting. At the time of printing of this Circular, the management of the Company knows of no other matters which may come before the Meeting other than those referred to in the Notice of Meeting.

Non-Registered Holders

Only registered shareholders or duly appointed proxyholders are permitted to vote at the Meeting. Most shareholders of the Company are “non-registered” shareholders because the shares they own are not registered in their names but are instead registered in the name of the brokerage firm, bank or trust company through which they purchased the shares. A person is not a registered shareholder (a “Non-Registered Holder”) in respect of shares which are held either: (a) in the name of an intermediary (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 RRSPs, RRIFs, RESPs and similar plans); or (b) in the name of a clearing agency (such as The Canadian Depository for Securities Limited (“CDS”)), of which the Intermediary is a participant.

Non-Registered Holders who have not objected to their Intermediary disclosing certain ownership information about themselves to the Company are referred to as “NOBOs”. Those Non-Registered Holders who have objected to their Intermediary disclosing ownership information about themselves to the Company are referred to as “OBOs”. In accordance with the requirements of National Instrument 54-101 of the Canadian Securities Administrators, the Company has elected to send the Notice of Meeting, this Circular and the Proxy (collectively, the “Meeting Materials”) directly to the NOBOs, and indirectly through Intermediaries to the OBOs. The Intermediaries (or their service companies) are responsible for forwarding the Meeting Materials to each OBO, unless the OBO has waived the right to receive them.

Intermediaries will frequently use service companies to forward the Meeting Materials to the OBOs. Generally, an OBO who has not waived the right to receive Meeting Materials will either:

- (a) be given a form of proxy which has already been signed by the Intermediary (typically by a facsimile, stamped signature), which is restricted as to the number of shares beneficially owned by the OBO and must be completed, but not signed, by the OBO and deposited with Pacific Corporate Trust Company; or
- (b) more typically, be given a voting instruction form (“VIF”) which is not signed by the Intermediary, and which, when properly completed and signed by the OBO and returned to the Intermediary or its service company, will constitute voting instructions which the Intermediary must follow.

These securityholder materials are being sent to both registered shareholders and Non-Registered Holders. If you are a Non-Registered Holder, and the Company or its agent has sent these materials to you, your name and address and information about your holdings of securities have been obtained in accordance with applicable securities regulatory requirements from the Intermediary holding on your behalf. By choosing to send these materials to you directly, the Company (and not the Intermediary holding on your behalf) has assumed responsibility for (i) delivering these materials to you, and (ii) executing your proper voting instructions. Please return your voting instructions as specified in the request for voting instruction.

The Meeting Materials sent to NOBOs who have not waived the right to receive meeting materials are accompanied by a VIF, instead of a form of proxy. By returning the VIF in accordance with the instructions noted on it, a NOBO is able to instruct the voting of the Shares owned by it.

VIFs, whether provided by the Company or by an Intermediary, should be completed and returned in accordance with the specific instructions noted on the VIF. 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 who receives a VIF wish to attend the Meeting or have someone else attend on his or her behalf, the Non-Registered Holder may request a legal proxy as set forth in the VIF, which will grant the Non-Registered Holder, or his or her nominee, the right to attend and vote at the Meeting.

Please return your voting instructions as specified in the VIF. Non-Registered Holders should carefully follow the instructions set out in the VIF, including those regarding when and where the VIF is to be delivered.

Financial Statements

The audited financial statements of the Company for the year ended December 31, 2010 together with the auditor's report on those statements (the "Financial Statements"), will be presented to the shareholders at the Meeting.

VOTING SECURITIES AND PRINCIPAL HOLDERS OF VOTING SECURITIES

As at the date of the accompanying Notice of Meeting, the Company's authorized capital consists of an unlimited number of Common shares without par value, an unlimited number of Preference shares without par value and an unlimited number of Series 1 Convertible Redeemable Preference shares, of which 104,590,840 common shares are issued and outstanding. All common shares in the capital of the Company carry the right to one vote.

Shareholders registered as at May 3, 2011 are entitled to attend and vote at the Meeting. Shareholders who wish to be represented by proxy at the Meeting must, to entitle the person appointed by the Proxy to attend and vote, deliver their Proxies at the place and within the time set forth in the notes to the Proxy.

To the knowledge of the directors and executive officers of the Company, as of the date of this circular, the following persons beneficially own, directly or indirectly, or exercise control or direction over, 10% or more of the issued and outstanding common shares of the Company:

Member	Number of Shares	Percentage of Issued Capital
CDS & Co. ⁽¹⁾	76,433,209	73.09%
CEDE & Co. ⁽¹⁾	10,925,369	10.45%

Note:

- (1) The beneficial owners of common shares held by depositories are not known to the directors or executive officers of the Company.

As at the May 3, 2011, the total number of common shares owned or controlled by management and the directors of the Company and their associates or affiliates was 55,590,570 common shares, representing 53.1% of the total issued and outstanding common shares.

ELECTION OF DIRECTORS

The directors of the Company are elected annually and hold office until the next annual general meeting of the shareholders or until their successors are elected or appointed. The management of the Company proposes to nominate the persons listed below for election as directors of the Company to serve until their successors are elected or appointed. In the absence of instructions to the contrary, Proxies given pursuant to the solicitation by the management of the Company will be voted for the nominees listed in this Circular. Management does not contemplate that any of the nominees will be unable to serve as a director.

The number of directors on the board of directors of the Company is currently set at five.

The following table sets out the names of the nominees for election as directors, the offices they hold within the Company, their occupations, the length of time they have served as directors of the Company, and the number of shares of the Company which each beneficially owns, directly or indirectly, or over which control or direction is exercised, as of the date of this Circular:

Name, province or state and country of residence and positions, current and former, if any, held in the Company	Principal occupation for last five years	Served as director since	Number of common shares beneficially owned or controlled or directed, directly or indirectly, at present ⁽¹⁾
JAMES A. CROMBIE⁽²⁾ Nassau, Bahamas <i>Director, President and Chief Executive Officer</i>	Director Arian Silver Corporation, President, CEO and director Reunion Gold Corporation, CEO and Executive Vice-Chairman Queensland Minerals Ltd., Director Rodeo Capital Corporation and President CEO and director Odyssey Resources Ltd.	June 9, 2009	909,091
MARK T. BROWN⁽²⁾ British Columbia, Canada <i>Director</i>	President of Pacific Opportunity Capital Ltd., a private company that provides financial and administrative services to public companies. Director and/or officer of several public and private companies.	June 29, 2006	890,268
ALLEN S. WINTERS⁽²⁾ Wyoming, USA <i>Director</i>	Retiree and independent consultant for various mining companies	May 29, 2006	50,000

Name, province or state and country of residence and positions, current and former, if any, held in the Company	Principal occupation for last five years	Served as director since	Number of common shares beneficially owned or controlled or directed, directly or indirectly, at present ⁽¹⁾
RICHARD A. WINTERS Colorado, USA <i>Director</i>	President of RMB Resources Inc., a wholly-owned unit of the Rand Merchant Bank division of FirstRand Bank.	July 29, 2008	51,832,120
DAVID FENNEL Nassau, Bahamas <i>Director</i>	Director Gleichen Resources Ltd., Director Sabina Gold and Silver Corp., Chairman and director Reunion Gold Corporation, Chairman and director Queensland Minerals Ltd., Director Rodeo Capital Corporation and Major Drilling Group International Inc.	June 9, 2009	909,091

Notes:

- (1) The information as to common shares beneficially owned or controlled has been provided by the directors themselves.
- (2) Member of the Company's Audit Committee.

No proposed director is being elected under any arrangement or understanding between the proposed director and any other person or company except the directors and executive officers of the Company acting solely in such capacity.

Corporate Cease Trade Orders or Bankruptcies

No director or proposed director of the Company is, or within the ten years prior to the date of this Circular has been, a director or executive officer of any company, including the Company, that while that person was acting in that capacity:

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

Individual Bankruptcies

No director or proposed director of the Company has, within the ten years prior to the date of this Circular, become bankrupt or made a proposal under any legislation relating to bankruptcy or insolvency, or been 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.

EXECUTIVE COMPENSATION

Named Executive Officers

“Named Executive Officer” means: (a) each Chief Executive Officer, (b) each Chief Financial Officer, (c) each of the three most highly compensated executive officers, or the three most highly compensated individuals acting in a similar capacity, other than the Chief Executive Officer and Chief Financial Officer, at the end of the most recently completed financial year whose total compensation was, individually, more than \$150,000; and (d) each individual who would be an NEO under paragraph (c) but for the fact that the individual was neither an executive officer of the company, nor acting in a similar capacity, at the end of that financial year.

During the financial year ended December 31, 2010, the Company had four Named Executive Officers of the Company, being: James A. Crombie, the President and Chief Executive Officer (“CEO”), Robert Hutmacher, the Chief Financial Officer (“CFO”), Matt Collins, the Chief Operating Officer (“COO”) and David Cochrane, VP Environmental, Health and Safety

Compensation Discussion & Analysis

The Board of Directors of the Company determines the compensation payable to its NEOs. The Board’s compensation program is based on the knowledge and experience of the NEOs and is designed to provide competitive levels of compensation in line with industry standards, a significant portion of which is dependent upon individual knowledge and experience and contribution to increasing shareholder value. The Board recognizes the need to provide a total compensation package that will attract and retain qualified and experienced executives as well as align the compensation level of each executive to that executive’s level of responsibility. In general, a NEO’s compensation is comprised of three components:

- (a) Salary;
- (b) Bonus; and
- (c) Stock option grants.

Bonuses are granted to the Company’s NEOs based on performance and the compensation program is designed to reward performance related milestones. The Company does not actively benchmark its executive compensation program, and the individual components thereof, with comparable companies.

The Company’s general executive compensation philosophy is to, whenever possible, pay its executive officers “base” compensation in the form of salaries that are competitive with the opportunity to earn additional compensation through the potential attainment of annual incentive bonuses and through the Company’s stock option plan.

No directors’ fees are paid.

Option-Based Awards

The stock option component of executive officers' compensation is intended to advance the interests of the Company by encouraging the directors, officers, employees and consultants of the Company to acquire shares, thereby increasing their proprietary interest in the Company, encouraging them to remain associated with the Company and furnishing them with additional incentive in their efforts on behalf of the Company in the conduct of its affairs. Grants under the Company's stock option plan (the "Stock Option Plan") are intended to provide long term awards linked directly to the market value performance of the Company's shares.

The Board of the Company determines the grant of option-based awards to the Company's executive officers. Stock options are granted according to the specific level of responsibility of the particular executive and the number of options for each level of responsibility is determined by the Board. The number of outstanding options is also considered by the Board when determining the number of options to be granted in any particular year due to the limited number of options which are available for grant under the stock option plan.

The Stock Option Plan was initially adopted by the Board on October 12, 2006 and approved by the Company's shareholders at the 2008 Annual General Meeting held on July 29, 2008. The stock option plan complies with the rules set forth for such plans by the TSX Venture Exchange (the "TSXV").

The material terms of the Stock Option Plan as it currently exists can be summarized as follows:

General

- The Board of Directors may from time to time grant to directors, employees or consultants options to acquire shares of the Company. The Stock Option Plan is administered by the Corporate Secretary on the instructions of the Board of Directors or such director or other senior officer or employee of the Company as may be designated administrator by the Board from time to time.
- The maximum number of shares issuable under the Stock Option Plan, together with the number of shares issuable under outstanding options granted otherwise than under the Stock Option Plan, shall not in the aggregate exceed 10% of the issued and outstanding shares (calculated as at the award date of such options). The Company is prohibited from granting options to any one person which will, when exercised, exceed 5% of the issued and outstanding shares of the Company. If an option expires or is otherwise terminated without having been exercised in full, the number of shares in respect of which the option expired or terminated shall again be available for the purposes of the stock option plan.

Expiry of Options

- The expiry date of an option shall be the date fixed by the Board of Directors at the time the particular option is granted, provided that the expiry date shall not exceed five years from the date of grant.
- In the event of the death of an option holder, the expiry date shall be one year from the date of death. Any options which are unvested as of the date of death will not vest. Notwithstanding the foregoing, the Board of Directors may, in their discretion, determine that any unvested options of the option holder will immediately vest and become exercisable.
- In the event the option holder is a director and ceases to be a director of the Company other than by reason of death, all unvested options shall immediately vest and become exercisable and the expiry

date of the option shall be the 30th day following the date the option holder ceased to be a director of the Company (unless the option holder ceases to be a director as the result of certain prescribed circumstances).

- In the event that an option holder is an employee or consultant and ceases to be employed by the Company or act as a consultant to the Company (other than by reason of death), the expiry date of the option shall be the 30th day following the date the employee ceases to be employed. All options which are not vested as of the date the employee ceases to be employed or the consultant ceases to act in such a capacity shall not vest. Notwithstanding the foregoing, the Board of Directors may, in their discretion, determine that any unvested options of the option holder will immediately vest and become exercisable.

Exercise Price

- The exercise price of options shall be determined by the Board of Directors and announced as of the award date and shall not be less than the closing price of the shares on the TSXV on the last day immediately preceding the grant, less any allowable discount permitted by the TSXV.

Vesting of Options

- All Options granted pursuant to the Plan will be subject to such vesting requirements as may be prescribed by the TSXV, if applicable, or as may be imposed by the Board. All Options granted to consultants performing investor relations activities will vest in stages over 12 months with no more than one-quarter of the Options vesting in any three month period. The option certificate representing any such Option will disclose any vesting conditions.

Assignment of Options

- Options are non-assignable and non-transferable.

Amendment and Termination

- Subject to the approval of the TSXV, the Board of Directors may from time to time amend the Stock Option Plan and the terms and conditions of any option thereafter to be granted. Any such amendment shall not alter the terms of any options granted prior to such amendment.
- Subject to the approval of the TSXV and with the consent of the affected option holders, the Board of Directors may from time to time retrospectively amend the stock option plan and retrospectively amend the terms and conditions of any options granted subject to obtaining disinterested shareholder approval, if required.
- Any substantive amendments to the Stock Option Plan are subject to the Company first obtaining the approvals of the shareholders of the Company and the TSXV.
- The Board of Directors may terminate the Stock Option Plan at any time provided that such termination will not alter the terms or conditions of any option awarded prior to the date of such termination.

U.S. Qualified Incentive Stock Options

- Pursuant to the addendum to the Company’s Stock Option Plan dated as of August 31, 2010, the Company will be able to grant U.S. qualified incentive stock options under section 422 of the U.S. Internal Revenue Code which may provide certain tax benefits to U.S. Option Holders (as such term is defined in the addendum) who are, at the time of the grant, officers, key employees or directors of the Company or one of its parent corporations or subsidiary corporations.

SUMMARY COMPENSATION TABLE

Summary Compensation Table

Set out below is a summary of compensation paid during the Company’s three most recently completed financial years to the Company’s Named Executive Officers:

Summary Compensation Table

(US\$)

Name and principal position	Year	Salary (\$)	Share-based awards (\$)	Option-based awards (\$) ⁽¹⁾	Non-equity incentive plan compensation (\$)		Pension value (\$)	All other compensation (\$)	Total compensation (\$) ⁽²⁾
					Annual incentive plans	Long-term incentive plans			
James A. Crombie ⁽³⁾ , CEO & President	2010	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	2009	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Robert Hutmacher, CFO	2010	\$200,000	Nil	Nil	Nil	Nil	Nil	Nil	\$200,000
	2009	\$200,000	Nil	Nil	Nil	Nil	Nil	Nil	\$200,000
	2008	\$47,727	Nil	\$59,308	\$100,000	Nil	Nil	Nil	\$207,035
Matt Collins ⁽⁴⁾ , COO	2010	150,000	Nil	Nil	Nil	Nil	Nil	Nil	\$150,000
David Cochrane, VP Environmental, Health and Safety	2010	\$185,000	Nil	Nil	\$70,000	Nil	Nil	Nil	\$255,000

Notes:

- (1) The fair value of option-based awards which are vested during 2010 is determined by the Black-Scholes Option Pricing Model with assumptions for risk-free interest rates, dividend yields, volatility factors of the expected market price of the Company’s common shares and expected life of the options. The options granted to the NEO’s in 2008 and 2009 are vested as follows: 50% are vested upon the date of grant and the remaining 50% are vested 12 months after the date of grant
- (2) All dollar values are reflected in U.S. currency, which is the reporting currency of the Company.
- (3) Mr. Crombie was appointed as the President and Chief Executive Officer of the Company on September 30, 2009.
- (4) Mr. Collins was appointed Chief Operating Officer of the Company on September 14, 2009.

Narrative Discussion

Following are the significant terms of each the Company's Named Executive Officers' employment agreements:

Employment Agreement – James Crombie –Chief Executive Officer & President

The Company has not entered into an employment agreement with Mr. Crombie because he is appointed in an interim capacity.

Employment Agreement – Robert J. Hutmacher – Chief Financial Officer

The Company entered into an Employment Agreement effective October 6, 2008, pursuant to which Mr. Hutmacher is employed as Chief Financial Officer for an unspecified term at a current salary of US\$200,000 per annum, payable monthly, plus benefits and the granting of stock options and the awarding of bonuses which shall be determined upon the Company having reached certain performance milestones and all such other annual bonuses and options as may be awarded at the sole discretion of the Board, from time to time. In connection with his employment, Mr. Hutmacher received an aggregate of 1,000,000 stock options, 50% of which options vested immediately upon such date of grant and the remaining 50% of which will vest upon the first anniversary of his employment. Mr. Hutmacher also received a bonus in the amount of US\$100,000 for the year ended December 31, 2008 as a result of completing a certain performance milestone. Mr. Hutmacher will not, with the prior written consent of the Company, during his employment with the Company, and at any time during the period of one year following the termination of his employment with the Company, directly or indirectly, engage in a business which is competitive with the Company. For information regarding termination and change of control provisions set out in Mr. Hutmacher's employment agreement, refer to the heading "Statement of Executive Compensation – Termination and Change of Control Benefits."

Employment Agreement – Matt Collins –Chief Operating Officer

The Company entered into an Employment Agreement effective September 14, 2009, pursuant to which Mr. Collins is employed as Chief Operating Officer for an unspecified term at a current salary of US\$150,000 per annum, payable monthly, plus benefits and the granting of stock options and the awarding of bonuses which shall be determined upon the Company having reached certain performance milestones and all such other annual bonuses and options as may be awarded at the sole discretion of the Board, from time to time. In connection with his employment, Mr. Collins received an aggregate of 500,000 stock options, 50% of which options vested immediately upon such date of grant and the remaining 50% of which will vest upon the first anniversary of his employment. Mr. Collins will not, with the prior written consent of the Company, during his employment with the Company, and at any time during the period of one year following the termination of his employment with the Company, directly or indirectly, engage in a business which is competitive with the Company. For information regarding termination and change of control provisions set out in Mr. Collins' employment agreement, refer to the heading "Statement of Executive Compensation – Termination and Change of Control Benefits."

Employment Agreement – David A. Cochrane – VP Environmental Health and Safety

The Company entered into an Employment Agreement effective September 7, 2009, pursuant to which Mr. Cochrane is employed as VP of Environmental Health and Safety for an unspecified term at a current salary of US\$185,000 per annum, payable monthly, plus benefits and the granting of stock options and the awarding of bonuses which shall be determined upon the Company having reached certain performance milestones and all such other annual bonuses and options as may be awarded at the sole discretion of the Board, from time to time. In connection with his employment, Mr. Cochrane received an aggregate of 500,000 stock options, 50% of which options vested immediately upon such date of grant and the remaining 50% of which will vest upon the first anniversary of his employment. Mr. Cochrane also received a bonus in the amount of US\$70,000 for the year ended December 31, 2010 as a result of completing certain performance milestones. Mr. Cochrane will not, with the prior written consent of the Company, during his employment with the Company, and at any time during the period of one year following the termination of his employment with the Company, directly or indirectly, engage in a business which is competitive with the Company. For information regarding termination and change of control provisions set out in Mr. Cochrane’s employment agreement, refer to the heading “Statement of Executive Compensation – Termination and Change of Control Benefits.”

INCENTIVE PLAN AWARDS

Outstanding Option-Based Awards

The following tables set forth the outstanding option-based awards held by the Named Executive Officers of the Company at the end of the most recently completed financial year:

**Outstanding Share-Based Awards and
Option-Based Awards**

(US\$)

Name	Option-based Awards				Share-based Awards	
	Number of securities underlying unexercised options (#)	Option exercise price (\$) ⁽²⁾	Option expiration date	Value of unexercised in-the-money options (\$) ⁽¹⁾	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested (\$)
James A. Crombie, <i>CEO & President</i>	200,000	\$0.11	June 9, 2014	\$22,000	N/A	N/A
Bob Hutmacher ⁽³⁾ , <i>CFO</i>	Nil	N/A	N/A	N/A	N/A	N/A
Matt Collins, <i>COO</i>	500,000	\$0.11	September 14, 2014	\$55,000	N/A	N/A
David Cochrane, <i>VP Environmental, Health and Safety</i>	500,000	\$0.11	September 7, 2014	\$55,000	N/A	N/A

Notes:

- (1) The market price for the Company's common shares on December 31, 2010 was CDN\$0.22.
- (2) The rate of exchange used to convert Canadian dollars to US dollars is 1.0054 per Bank of Canada on December 31, 2010 resulting in a US\$ option price of \$0.11.
- (3) Mr. Hutmacher exercised an aggregate of 1,000,000 stock options granted to him at a price of \$0.11 per share on October 19, 2010. The market price for the Company's common shares on October 19, 2010 was CDN\$0.15. Accordingly, the value of Mr. Hutmacher's options, exercised as of October 19, 2010, was \$40,000. The rate of exchange used to convert Canadian dollars to US dollars is 0.9711 per Bank of Canada on October 19, 2010 resulting in a US\$ option price of \$0.11.

Incentive Plan Awards – Value Vested or Earned During the Year

The following table sets forth details of the value vested or earned for all incentive plan awards during the most recently completed financial year by each Named Executive Officer:

Value Vested or Earned for Incentive Plan Awards During the Most Recently Completed Financial Year

(US\$)

Name	Option-based awards – Value vested during the year ⁽¹⁾ (\$)	Share-based awards – Value vested during the year (\$)	Non-equity incentive plan compensation – Value earned during the year (\$)
James A. Crombie, <i>CEO & President</i>	\$500	N/A	N/A
Bob Hutmacher, <i>CFO</i>	N/A	N/A	N/A
Matt Collins, <i>COO</i>	Nil	N/A	N/A
David Cochrane, <i>VP Environmental, Health and Safety</i>	Nil	N/A	N/A

Note:

- (1) The options granted to the Named Executive Officers are to vest as follows: 50% vested upon the date of grant and the remaining 50% are to vest 12 months after the date of grant. The aggregate dollar value that would have been realized if the options under the option-based award had been exercised on the vesting date is calculated by determining the difference between the market price of the underlying securities on the date of vesting and the exercise price of the options under the option-based award multiplied by the number of options vested on the vesting date.

PENSION BENEFITS

The Company does not have a pension plan that provides for payments or benefits to the NEOs at, following, or in connection with retirement.

TERMINATION AND CHANGE OF CONTROL BENEFITS

Each of the current Named Executive Officers have termination and change and control benefits provided for in their employment agreements.

Employment Agreement – James Crombie – Chief Executive Officer & President

The Company has not entered into an employment agreement with Mr. Crombie because he has been appointed in an interim capacity.

Employment Agreement – Robert J. Hutmacher – Chief Financial Officer

Mr. Hutmacher's employment agreement may be terminated by Mr. Hutmacher with a minimum of 14 and a maximum of 30 days' written notice or by the Company at any time, without cause, by payment of a one-time severance payment in accordance with the Company's severance policy then in effect, if any. In the absence of an effective severance policy, the severance payment shall be determined by multiplying each full year of service with the Company by one pro-rata week of Mr. Hutmacher's annual salary, less all ordinary deductions for taxes and other authorized deductions in accordance with law.

In the event of a change of control, the Company will pay Mr. Hutmacher an amount equal to US\$400,000 less any ordinary taxes and authorized deductions. This amount shall be paid in addition to any severance payment to which Mr. Hutmacher will be eligible under the Company's then existing severance policy or pursuant to his employment agreement. He will also be entitled to any bonuses earned at that time in accordance with the provisions of his employment agreement. In the event of a change of control, any restrictions upon the stock options granted to Mr. Hutmacher will lapse and all stock options granted will become fully vested.

Employment Agreement – Matt Collins – Chief Operating Officer

Mr. Collins' employment agreement may be terminated by Mr. Collins with a minimum of 14 and a maximum of 30 days' written notice or by the Company at any time, without cause, by payment of a one-time severance payment in accordance with the Company's severance policy then in effect, if any. In the absence of an effective severance policy, the severance payment shall be determined by multiplying each full year of service with the Company by one pro-rata week of Mr. Collins' annual salary, less all ordinary deductions for taxes and other authorized deductions in accordance with law.

In the event of a change of control, the Company will pay Mr. Collins an amount equal to US\$126,000 less any ordinary taxes and authorized deductions. This amount shall be paid in addition to any severance payment to which Mr. Collins will be eligible under the Company's then existing severance policy or pursuant to his employment agreement. He will also be entitled to any bonuses earned at that time in accordance with the provisions of his employment agreement. In the event of a change of control, any restrictions upon the stock options granted to Mr. Collins will lapse and all stock options granted will become fully vested.

Employment Agreement – David Cochrane – VP Environmental, Health and Safety

Mr. Cochrane's employment agreement may be terminated by Mr. Cochrane with a minimum of 14 and a maximum of 30 days' written notice or by the Company at any time, without cause, by payment of a one-time severance payment in accordance with the Company's severance policy then in effect, if any. In the absence of an effective severance policy, the severance payment shall be determined by multiplying each full year of service with the Company by one pro-rata week of Mr. Cochrane's annual salary, less all ordinary deductions for taxes and other authorized deductions in accordance with law.

In the event of a change of control, the Company will pay Mr. Cochrane an amount equal to US\$185,000 less any ordinary taxes and authorized deductions. This amount shall be paid in addition to any severance payment to which Mr. Cochrane will be eligible under the Company's then existing severance policy or

pursuant to his employment agreement. He will also be entitled to any bonuses earned at that time in accordance with the provisions of his employment agreement. In the event of a change of control, any restrictions upon the stock options granted to Mr. Cochrane will lapse and all stock options granted will become fully vested.

Other than as described above, the Company has no other compensatory plan, contract or arrangement to compensate a Named Executive Officer in the event of resignation, retirement or other termination of the Named Executive Officer's employment with the Company, a change of control of the Company, or a change in responsibilities of the Named Executive Officer following a change in control.

DIRECTOR COMPENSATION

Director Compensation Table

Other than compensation paid to the Named Executive Officers, and except as noted below, no compensation was paid to directors in their capacity as directors of the Company or its subsidiaries, in their capacity as members of a committee of the Board or of a committee of the board of directors of its subsidiaries, or as consultants or experts, during the Company's most recently completed financial year.

The following table sets forth the details of compensation provided to the directors, other than the Named Executive Officers during the Company's most recently completed financial year:

Director Compensation Table
(US\$)

Name	Fees Earned (\$)	Share- based Awards (\$)	Option- based Awards ⁽¹⁾ (\$)	Non-Equity Incentive Plan Compensation (\$)	Pension Value (\$)	All Other Compensation (\$)	Total (\$)
Allen Winters	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Richard Winters	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Mark Brown	Nil	Nil	Nil	Nil	Nil	Nil	Nil
David Fennell	Nil	Nil	Nil	Nil	Nil	Nil	Nil

Narrative Discussion

Directors are only compensated through the grant of stock options. No directors' fees are paid.

INCENTIVE PLAN AWARDS

Outstanding Option-Based Awards

The following table sets forth the outstanding option-based awards held by the directors of the Company at the end of the most recently completed financial year:

Outstanding Share-Based Awards and Option-Based Awards

(CDN\$)

Name	Option-based Awards				Share-based Awards	
	Number of securities underlying unexercised options (#)	Option exercise price (\$) ⁽¹⁾	Option expiration date	Value of unexercised in-the-money options (\$) ⁽²⁾	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested (\$)
Allen Winters	200,000	\$0.30	April 20, 2011	Nil	N/A	N/A
	200,000	\$0.11	June 9, 2014	\$22,000		
Richard Winters	Nil	Nil	N/A	N/A	N/A	N/A
Mark Brown	150,000	\$0.35	August 16, 2011	Nil	N/A	N/A
	200,000	\$0.11	June 9, 2014	\$22,000		
David Fennell	200,000	\$0.11	June 9, 2014	\$22,000	N/A	N/A

Notes:

- (1) The rate of exchange used to convert Canadian dollars to US dollars is 1.0054 per Bank of Canada on December 31, 2010 resulting in US\$ option prices of \$0.30, \$0.11 and \$0.35 respectively.
- (2) The market price for the Company's common shares on December 31, 2010 was CDN\$0.22. No value has been given to unexercised options that were out-of-the-money on December 31, 2010.

Incentive Plan Awards – Value Vested or Earned During the Year

The following table sets forth details of the value vested or earned for all incentive plan awards during the most recently completed fiscal year by each director:

Value Vested or Earned for Incentive Plan Awards during the Most Recently Completed Financial Year

(US\$)

Name	Option-based awards – Value vested during the year ⁽¹⁾ (\$)	Share-based awards – Value vested during the year (\$)	Non-equity incentive plan compensation – Value earned during the year (\$)
Allen Winters	\$500	Nil	Nil
Richard Winters	Nil	Nil	Nil
Mark Brown	\$500	Nil	Nil
David Fennell	\$500	Nil	Nil

Note:

- (1) The options granted to the directors are to vest as follows: 50% vested upon the date of grant and the remaining 50% are to vest 12 months after the date of grant. The aggregate dollar value that would have been realized if the options under the option-based award had been exercised on the vesting date is calculated by determining the difference between the market price of the underlying securities on the date of vesting and the exercise price of the options under the option-based award multiplied by the number of options vested on the vesting date.

EQUITY COMPENSATION PLAN INFORMATION

The following table sets out those securities of the Company which have been authorized for issuance under equity compensation plans, as at December 31, 2010:

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted-average exercise price of outstanding options, warrants and rights (CDN\$)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))
Plan Category	(a)	(b)	(c)
Equity compensation plans approved by the securityholders	2,566,000	\$0.15	7,950,749
Equity compensation plans not approved by the securityholders	Nil	Nil	Nil
Total	2,566,000	\$0.15	7,950,749

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

None of the current or former directors, executive officers, employees of the Company, the proposed nominees for election to the board of directors of the Company, or their respective associates or affiliates, are or have been indebted to the Company since the beginning of the last completed financial year of the Company.

INTEREST OF CERTAIN PERSONS IN MATTERS TO BE ACTED UPON

No director or executive officer of the Company or any proposed nominee of management of the Company for election as a director of the Company, nor any associate or affiliate of the foregoing persons, has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, since the beginning of the Company's last financial year in matters to be acted upon at the Meeting, other than the election of directors or the appointment of auditors.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

None of the persons who were directors or executive officers of the Company or a subsidiary of the Company at any time during the Company's last financial year, the proposed nominees for election to the board of directors of the Company, any person or company who beneficially owns, directly or indirectly, or who exercises control or direction over (or a combination of both) more than 10% of the issued and outstanding common shares of the Company, nor any associate or affiliate of those persons, has any

material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any transaction or proposed transaction which has materially affected or would materially affect the Company.

MANAGEMENT CONTRACTS

Other than as disclosed herein, no management functions of the Company are to any substantial degree performed by a person or company other than the directors or executive officers of the Company.

APPOINTMENT OF AUDITOR

Auditor

The management of the Company intends to nominate DeVisser Gray, Chartered Accountants, for re-appointment as auditor of the Company. Forms of proxy given pursuant to the solicitation by the management of the Company will, on any poll, be voted as directed and, if there is no direction, for the re-appointment of DeVisser Gray, Chartered Accountants, as auditor of the Company to hold office until the close of the next annual general meeting of the Company, at a remuneration to be fixed by the directors. DeVisser Gray, Chartered Accountants, was first appointed as auditor of the Company on September 18, 2001.

AUDIT COMMITTEE

The Company is required to have an audit committee comprised of not less than three directors, a majority of whom are not officers, control persons or employees of the Company or an affiliate of the Company. The Company's audit committee is comprised of Mark T. Brown (Chairman), Allen S. Winters and James Crombie.

Relevant Education and Experience

Based on their business and educational experiences, each audit committee member has a reasonable understanding of the accounting principles used by the Company; an ability to assess the general application of such principles in connection of the accounting for estimates, accruals and reserves; experience analyzing and evaluating financial statements that present a breadth and level of complexity of issues that can reasonably be expected to be raised by the Company's financial statements, or experience actively supervising one or more individuals engaged in such activities; and an understanding of internal controls and procedures for financial reporting.

Mark T. Brown received a Bachelor of Commerce Degree from the University of British Columbia in 1990 and is a member of the Institute of Chartered Accountants of British Columbia. He is currently President of Pacific Opportunity Capital Ltd., a private company which provides financial solutions, equity and management services to small and medium size entrepreneurial enterprises. Mr. Brown is also the CFO and a Director of Rare Element Resources Ltd. listed on the NYSE Amex and TSX Venture Exchange. Between 1990 and 1994, Mr. Brown worked with PricewaterhouseCoopers. He is currently a director and /or officer of other public companies including Animas Resources Ltd., Tarsis Resources Ltd., Avrupa Minerals Ltd. and Fox Resources Ltd.

Allen S. Winters is currently a consultant to the mining industry and served in a variety of senior executive management positions with Homestake Mining Co. over a 20-year period (1975-1995). Homestake Mining Co. merged into Barrick Gold Corporation in December 2001 to create one of the

world's largest gold mining companies. At the time of his retirement from Homestake in 1995, Mr. Winters was Vice President and General Manager with primary responsibility for the Homestake Mine in Lead, South Dakota. From 1988 through 1992, he served as Vice President of U.S. Operations for Homestake and had direct responsibility for five domestic mining operations producing precious metals and uranium for two joint ventures.

James A. Crombie graduated from the Royal School of Mines, London, in 1980 with a B.Sc. (Hons) in Mining Engineering, having been awarded an Anglo American scholarship. Mr. Crombie held various positions with DeBeers Consolidated Mines and the Anglo American Corporation in South Africa and Angola between 1980 and 1986. He spent the next thirteen years as a mining analyst and investment banker with Shepards, Merrill Lynch, James Capel & Co. and finally with Yorkton Securities. Mr. Crombie was the Vice President, Corporate Development of Hope Bay Mining Corporation Inc. from February 1999 through May 2002 and President and CEO of Ariane Gold Corp. from August 2002 to November 2003. Mr. Crombie was President, CEO and a director of Palmarejo Silver and Gold Corporation until the merger with Coeur d'Alene Mines Corporation, in December 2007. He was a director of Sherwood Copper Corporation until its business combination with Capstone Mining Corp. in November 2008. Currently, Mr. Crombie is the President, CEO and a director of Reunion, CEO and Executive Vice-Chairman of Queensland Minerals Ltd. and President, CEO and director of Odyssey Resources Ltd. Mr. Crombie is also Director, CEO, and President of Avala Resources Ltd., and Executive Vice Chairman of Cerro Resources NL, and Director of Torex Gold Resources Inc. He is interim President and CEO and a director of Sutter Gold and a director of Arian Silver Corporation.

Audit Committee Charter

The text of the audit committee's charter is attached as Schedule "A" to this Circular.

Independence

National Instrument 52-110 *Audit Committees*, ("NI 52-110") provides that a member of an audit committee is "independent" if the member has no direct or indirect material relationship with the Company, which could, in the view of the Company's board of directors, reasonably interfere with the exercise of the member's independent judgment.

Two of the three members of the Company's audit committee are independent as that term is defined. As a Venture Issuer, the Company is not required to have all independent directors on its audit committee.

Financial Literacy

NI 52-110 provides that an individual is "financially literate" if he or she has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Company's financial statements.

All of the members of the Company's audit committee are financially literate as that term is defined.

Audit Committee Oversight

Since the commencement of the Company's most recently completed financial year, the audit committee of the Company has not made any recommendations to nominate or compensate an external auditor which were not adopted by the board of directors of the Company.

Reliance on Certain Exemptions

Since the commencement of the Company's most recently completed financial year, the Company has not relied on:

- (a) the exemption in section 2.4 (*De Minimis Non-audit Services*) of NI 52-110; or
- (b) an exemption from NI 52-110, in whole or in part, granted under Part 8 (*Exemptions*).

Pre-Approval Policies and Procedures

The audit committee has not adopted any specific policies and procedures for the engagement of non-audit services.

Audit Fees

The following table sets forth the fees paid by the Company to DeVisser Gray, Chartered Accountants, for services rendered in the last two fiscal years:

	<u>2009</u> <u>(CDN\$)</u>	<u>2010</u> <u>(CDN\$)</u>
DeVisser Gray, Chartered Accountants		
Audit fees.....	\$18,500	\$23,610
Audit-related fees.....	Nil	Nil
Tax fees.....	Nil	Nil
All other fees.....	Nil	<u>Nil</u>
Total	<u>\$18,500</u>	<u>\$23,610</u>

Exemption in Section 6.1

The Company is a "venture issuer" as defined in NI 52-110 and is relying on the exemption in section 6.1 of NI 52-110 relating to Parts 3 (*Composition of Audit Committee*) and 5 (*Reporting Obligations*).

CORPORATE GOVERNANCE DISCLOSURE

National Instrument 58-101, *Disclosure of Corporate Governance Practices*, requires all reporting issuers to provide certain annual disclosure of their corporate governance practices with respect to the corporate governance guidelines (the "Guidelines") adopted in National Policy 58-201. These Guidelines are not prescriptive, but have been used by the Company in adopting its corporate governance practices. The Company's approach to corporate governance is set out below.

Board of Directors

Management is nominating five individuals to the Company's board of directors (the "Board"), all of whom are current directors.

The Guidelines suggest that the board of directors of every reporting issuer should be constituted with a majority of individuals who qualify as “independent” directors under NI 52-110, which provides that a director is independent if he or she has no direct or indirect “material relationship” with the Company. The majority of the Company’s board is independent as that term is defined in NI 52-110.

The Company doesn’t currently have a chairman or a lead director of the board.

Directorships

The following directors of the Company are directors of other reporting issuers:

- Mark T. Brown is a director of Avrupa Minerals Ltd., Fox Resources Ltd., Portal Resources Ltd., Rare Element Resources Ltd., Strategem Capital Corporation and Aminas Resources Ltd..
- Allen S. Winters is a director of U.S. Energy Corp.
- David Fennell is a director of Torex Gold Resources Inc., Sabina Gold and Silver Corp., Reunion Gold Corporation, Queensland Minerals Ltd., and Major Drilling Group International Inc.
- James A. Crombie is a director of Arian Silver Corporation, Reunion Gold Corporation, Queensland Minerals Ltd., Odyssey Resources Ltd., Avala Resources Ltd., and Torex Gold Resources Inc.

Orientation and Continuing Education

The Board does not have any formal policies with respect to the orientation of new directors nor does it take any measures to provide continuing education for the directors. At this stage of the Company’s development the Board does not feel it necessary to have such policies or programs in place.

Ethical Business Conduct

To date, the Board has not adopted a formal written Code of Business Conduct and Ethics. However, the current limited size of the Company’s operations, and the small number of officers and consultants, allow the Board to monitor on an ongoing basis the activities of management and to ensure that the highest standard of ethical conduct is maintained. As the Company grows in size and scope, the Board anticipates that it will formulate and implement a formal Code of Business Conduct and Ethics.

Nomination and Assessment

The Board does not have a formal process in place with respect to the appointment of new directors. The Board expects that when the time comes to appoint new directors to the Board that the nominees would be recruited by the current Board members, and the recruitment process would involve both formal and informal discussions among Board members and the CEO. The Board monitors, but does not formally assess, the performance of individual Board members and their contributions.

The Board does not, at present, have a formal process in place for assessing the effectiveness of the Board as a whole, its committees or individual directors, but will consider implementing one in the future should circumstances warrant. Based on the Company’s size, its stage of development and the limited number of individuals on the Board, the Board considers a formal assessment process to be inappropriate at this time.

Compensation

The Company formed a Corporate Governance and Compensation Committee comprised of Mark Brown, Chairman, Jim Crombie, and David Fennell. The quantity and quality of the Board compensation is reviewed on an annual basis by the Board. At present, the Board is satisfied that the current compensation arrangements, which currently consist solely of incentive stock options, adequately reflect the responsibilities and risks involved in being an effective director of the Company.

Other Board Committees

The written charter of the Audit Committee, as required by NI 52-110, is contained in Schedule "A" to this Circular. The Company also formed a Health, Environmental & Safety Committee comprised of David Fennell, Chairman, Rick Winters, and Al Winters. As the Company grows, and its operations and management structure became more complex, the Board expects it will constitute formal standing committees, and are composed of at least a majority of independent directors.

PARTICULARS OF MATTERS TO BE ACTED UPON

Approval of Stock Option Plan and Addendum to Stock Option Plan

Shareholders are being asked to confirm approval of the Company's Stock Option Plan which was initially adopted by the directors of the Company on October 12, 2006. There have been no changes to the Stock Option Plan since it was adopted by the directors, other than the adoption of an addendum (the "Addendum") dated as of August 31, 2010 to the Company's Stock Option Plan, the details for which are set forth below. The Stock Option Plan remains subject to acceptance by the TSXV, which the Company expects to have received by the date of the Meeting. The purpose of the Stock Option Plan is described in the section "Executive Compensation – Options and Stock Appreciation Rights (SARS)" of the information circular.

The following information is intended as a brief description of the Stock Option Plan and is qualified in its entirety by the full text of the Stock Option Plan, which will be available for review at the Meeting.

1. The maximum number of shares that may be issued upon the exercise of stock options granted under the Stock Option Plan shall not exceed 10% of the issued and outstanding common shares of the Company at the time of grant, the exercise price of which, as determined by the board of directors in its sole discretion, shall not be less than the closing price of the Company's shares traded through the facilities of the TSXV on the date prior to the date of grant, less allowable discounts, in accordance with the policies of the TSXV or, if the shares are no longer listed for trading on the TSXV, then such other exchange or quotation system on which the shares are listed or quoted for trading.
2. The board of directors shall not grant options to any one person in any 12 month period which will, when exercised, exceed 5% of the issued and outstanding shares of the Company or to any one consultant or to those persons employed by the Company who perform investor relations services which will, when exercised, exceed 2% of the issued and outstanding shares of the Company.
3. Upon expiry of an option, or in the event an option is otherwise terminated for any reason, the number of shares in respect of the expired or terminated option shall again be available for the purposes of the Stock Option Plan. All options granted under the Stock Option Plan may not have an expiry date exceeding ten years from the date on which the board of directors grant and announce the granting of the option provided the Company is a Tier 1 Issuer or five years if the

Company is a Tier 2 Issuer.

4. If the option holder ceases to be a director of the Company or ceases to be employed by the Company (other than by reason of death), or ceases to be a consultant of the Company as the case may be, then the option granted shall expire on no later than the 30th day following the date that the option holder ceases to be a director, ceases to be employed by the Company or ceases to be a consultant of the Company, subject to the terms and conditions set out in the Stock Option Plan.

In accordance with the policies of the TSXV, a plan with a rolling 10% maximum issuance, as set out in paragraph 1 above, must be confirmed by shareholders at each annual general meeting. Additionally, at the Meeting, shareholders are being asked to approve the Addendum to the Company's Stock Option Plan which was initially adopted by the directors of the Company on August 31, 2010 and approved by the TSXV, however, remains subject to shareholder approval at this time.

The purpose of the Addendum to the Company's Stock Option Plan is to enable the Company to grant U.S. qualified incentive stock options under section 422 of the U.S. Internal Revenue Code (the "U.S. Code") which may provide certain tax benefits to U.S. Option Holders (as such term is defined in the Addendum), who are, at the time of the grant, officers, key employees or directors of the Company or one of its parent corporations or subsidiary corporations. Accordingly, the Company has amended its Stock Option Plan to include certain specified provisions required by the U.S. Code so that options granted pursuant to the Company's Stock Option Plan can qualify as U.S. qualified incentive stock options, in accordance with and subject to the terms and conditions set forth in the Addendum.

The full text of the Addendum to the Stock Option Plan is attached as Schedule "B" to this Circular.

Accordingly, at the Meeting, the shareholders will be asked to pass the following resolution:

"IT IS RESOLVED THAT the Stock Option Plan and the Addendum to the Company's Stock Option Plan is hereby confirmed and approved."

General Matters

It is not known whether any other matters will come before the Meeting other than those set forth above and in the Notice of Meeting, but if any other matters do arise, the person named in the Proxy intends to vote on any poll, in accordance with his or her best judgement, exercising discretionary authority with respect to amendments or variations of matters set forth in the Notice of Meeting and other matters which may properly come before the Meeting or any adjournment of the Meeting.

ADDITIONAL INFORMATION

Additional information relating to the Company may be found on SEDAR at www.sedar.com. Financial information about the Company is provided by the Company's comparative annual financial statements to December 31, 2010. Additional financial information concerning the Company may be obtained by any securityholder of the Company free of charge by contacting the Company at 165 South Union Blvd., Suite 565, Lakewood, Colorado, 80228.

BOARD APPROVAL

The contents of this Circular have been approved and its mailing authorized by the directors of the Company.

DATED at Vancouver, British Columbia, the 3rd day of May, 2011.

ON BEHALF OF THE BOARD

“James A. Crombie”

James A. Crombie,
Chief Executive Officer and President

SCHEDULE "A"

SUTTER GOLD MINING INC. (the "Company")

AUDIT COMMITTEE CHARTER

The audit committee is a committee of the board of directors to which the board delegates its responsibilities for the oversight of the accounting and financial reporting process and financial statement audits.

The audit committee will:

- (a) review and report to the board of directors of the Company on the following before they are published:
 - (i) the financial statements and MD&A (management discussion and analysis) (as defined in National Instrument 51-102) of the Company;
 - (ii) the auditor's report, if any, prepared in relation to those financial statements,
- (b) review the Company's annual and interim earnings press releases before the Company publicly discloses this information,
- (c) satisfy itself that adequate procedures are in place for the review of the Company's public disclosure of financial information extracted or derived from the Company's financial statements and periodically assess the adequacy of those procedures,
- (d) recommend to the board of directors:
 - (i) the external auditor to be nominated for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for the Company; and
 - (ii) the compensation of the external auditor,
- (e) oversee the work of the external auditor engaged for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for the Company, including the resolution of disagreements between management and the external auditor regarding financial reporting,
- (f) monitor, evaluate and report to the board of directors on the integrity of the financial reporting process and the system of internal controls that management and the board of directors have established,
- (g) monitor the management of the principal risks that could impact the financial reporting of the Company,

- (h) establish procedures for:
 - (i) the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls, or auditing matters; and
 - (ii) the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters,
- (i) pre-approve all non-audit services to be provided to the Company or its subsidiary entities by the Company's external auditor,
- (j) review and approve the Company's hiring policies regarding partners, employees and former partners and employees of the present and former external auditor of the Company, and
- (k) with respect to ensuring the integrity of disclosure controls and internal controls over financial reporting, understand the process utilized by the Chief Executive Officer and the Chief Financial Officer to comply with Multilateral Instrument 52-109.

Composition of the Committee

The committee will be composed of 3 directors from the Company's board of directors, a majority of whom will be independent. Independence of the Board members will be as defined by applicable legislation and as a minimum each independent committee member will have no direct or indirect relationship with the Company which, in the view of the board of directors, could reasonably interfere with the exercise of a member's independent judgment.

All members of the committee will be financially literate as defined by applicable legislation. If, upon appointment, a member of the committee is not financially literate as required, the person will be provided a three month period in which to achieve the required level of literacy.

Authority

The committee has the authority to engage independent counsel and other advisors as it deems necessary to carry out its duties and the committee will set the compensation for such advisors.

The committee has the authority to communicate directly with and to meet with the external auditors and the internal auditor, without management involvement. This extends to requiring the external auditor to report directly to the committee.

Reporting

The reporting obligations of the committee will include:

1. reporting to the board of directors on the proceedings of each committee meeting and on the committee's recommendations at the next regularly scheduled directors' meeting; and
2. reviewing, and reporting to the board of directors on its concurrence with, the disclosure required by Form 52-110F2 in any management information circular prepared by the Company.

SCHEDULE “B”

**SUTTER GOLD MINING INC.
(the “Company”)**

ADDENDUM TO STOCK OPTION PLAN

Approved by the Board of Directors on
August 31, 2010 and to be approved by the Shareholders at
the Annual General Meeting to be held on Tuesday, June 7, 2011

SUTTER GOLD MINING INC.

ADDENDUM – STOCK OPTION PLAN

**U.S. QUALIFIED INCENTIVE STOCK OPTION PROVISIONS PURSUANT TO U.S.
INTERNAL REVENUE CODE, SECTION 422**

AUGUST 31, 2010

ADDENDUM TO STOCK OPTION PLAN

THIS ADDENDUM dated effective as of the 31st day of August, 2010

WHEREAS Sutter Gold Mining Inc. (the “Corporation”) wishes to grant U.S. qualified incentive stock option provisions pursuant to U.S. Internal Revenue Code, Section 422 in accordance with and subject to the terms and conditions set forth below, and accordingly, wishes to amend the Stock Option Plan dated October 12, 2006 (the “Plan”) as follows:

The following text shall be included in its entirety as Article 8 of the Plan (all of the capitalized terms not defined herein shall bear the meaning assigned thereto in the Plan):

“U.S. Internal Revenue Code” means the Internal Revenue Code of 1986 of the United States, as amended from time to time;

“U.S. Qualified Incentive Stock Option” means an Option to purchase Shares with the intention that it qualifies as an “incentive stock option” as that term is defined in Section 422 of the U.S. Internal Revenue Code, such intention being evidenced by the resolutions of the Board at the time of grant;

“U.S. Nonqualified Stock Option” means an Option to purchase Shares other than a U.S. Qualified Incentive Stock Option; and

“U.S. Option Holder” means a person, to whom Options have been granted under this Plan, who is a citizen or a resident of the U.S. (including its territories, possessions and all areas subject to its jurisdiction).

ARTICLE 8

U.S. QUALIFIED INCENTIVE STOCK OPTIONS

8.1 Terms of U.S. Qualified Incentive Stock Options

To the extent required by Section 422 of the U.S. Internal Revenue Code, U.S. Qualified Incentive Stock Options shall be subject to the additional terms and conditions set forth below in this Article 8, and if there is any conflict between the terms of this Article and the other provisions under this Plan, the provisions under this Article shall prevail.

8.2 Eligible Employees

All classes of employees of the Corporation or one of its parent corporations or subsidiary corporations may be granted U.S. Qualified Incentive Stock Options. U.S. Qualified Incentive Stock Options shall only be granted to U.S. Option Holders who are, at the time of the grant, officers, key employees or directors of the Corporation or one of its parent corporations or subsidiary corporations (provided, for purposes of this Article 8 only, such directors are then also officers or key employees of the Corporation or one of its parent corporations or subsidiary corporations). For purposes of this Article 8, “parent

corporation” and “subsidiary corporation” shall have the meanings attributed to those terms for the purposes of Section 422 of the U.S. Internal Revenue Code. Any Director of the Corporation who is a U.S. Option Holder shall be ineligible to vote upon the granting of such Option; and for the greater certainty, contractors of the Corporation or subsidiary corporations may not be granted U.S. Qualified Incentive Stock Options.

8.3 Dollar Limitation

To the extent the aggregate fair market value (determined as of the grant date) of Shares with respect to which U.S. Qualified Incentive Stock Options are exercisable for the first time by a U.S. Option Holder during any calendar year (under this Plan and all other stock option plans of the Corporation) exceeds U.S. \$100,000; such portion in excess of the U.S. \$100,000 shall be treated as a U.S. Nonqualified Stock Option. In the event the U.S. Option Holder holds two or more such Options that become exercisable for the first time in the same calendar year, such limitation shall be applied on the basis of the order in which such Options are granted.

8.4 10% Shareholders

If any U.S. Option Holder to whom an U.S. Qualified Incentive Stock Option is to be granted under this Plan at the time of the grant of such U.S. Qualified Incentive Stock Option is the owner of shares possessing more than ten percent (10%) of the total combined voting power of all the classes of the shares of the Corporation, then the following special provisions shall be applicable to the U.S. Qualified Incentive Stock Option granted to such individual:

- (a) the Exercise Price (per Share) subject to such U.S. Qualified Incentive Stock Option shall not be less than one hundred ten percent (110%) of the fair market value of one Share at the time of grant; and
- (b) for the purposes of this Article 8 only, the option Exercise Period shall not exceed five (5) years from the date of grant. The determination of 10% ownership shall be made in accordance with Section 422 of the U.S. Internal Revenue Code.

8.5 Exercisability

To qualify for U.S. Qualified Incentive Stock Option tax treatment, an Option designated as a U.S. Qualified Incentive Stock Option must be exercised within 30 days after termination of employment for reasons other than death, except that, in the case of termination of employment due to total disability, such Option must be exercised within one year after such termination. Employment shall not be deemed to continue beyond the first 30 days of a leave of absence unless the U.S. Option Holder’s reemployment rights are guaranteed by statute or contract. For purposes of this paragraph 8.5, “total disability” shall mean a mental or physical impairment of the U.S. Option Holder which is expected to result in death or which has lasted or is expected to last for a continuous period of 12 months or more and which causes the U.S. Option Holder to be unable, in the opinion of the Corporation and two independent physicians, to perform his or her duties for the Corporation and to be engaged in any substantial gainful activity. Total disability shall be deemed to have occurred on the first day after the Corporation and the two independent physicians have furnished their opinion of total disability to the Board.

8.6 Taxation of U.S. Qualified Incentive Stock Options

In order to obtain certain tax benefits afforded to U.S. Qualified Incentive Stock Options under Section 422 of the U.S. Internal Revenue Code, the U.S. Option Holder must hold the Shares issued upon the

exercise of a U.S. Qualified Incentive Stock Option for two years after the date of grant of the U.S. Qualified Incentive Stock Option and one year from the date of exercise. A U.S. Option Holder may be subject to U.S. alternative minimum tax at the time of exercise of a U.S. Qualified incentive Stock Option. The Board may require a U.S. Option Holder to give the Corporation prompt notice of any disposition of shares acquired by the exercise of a U.S. Qualified Incentive Stock Option prior to the expiration of such holding periods.

8.7 Transferability

No U.S. Qualified Incentive Stock Option granted under this Plan may be assigned or transferred by the U.S. Option Holder other than by will or by the laws of descent and distribution, and during the U.S. Option Holder's lifetime, such U.S. Qualified Incentive Stock Option may be exercised only by the U.S. Option Holder.

8.8 Exercise Price

No U.S. Qualified Incentive Stock Option granted under the Plan shall have an Exercise Price less than the fair market value of the underlying Shares at the date of grant of such Option, as determined at such time in good faith by the Board.

8.9 Approval by Shareholders

No U.S. Qualified Incentive Stock Option granted to a U.S. Option Holder under this Plan Shall become exercisable unless and until this Plan shall have been approved by the shareholders of the Corporation within 12 months of approval by the Board of the Corporation.

8.10 Option Agreements

Each Option will be evidenced by an Option Certificate which incorporates such terms and conditions as the Board in its discretion deems appropriate and consistent with the provisions of this Plan (and the execution and delivery by the Corporation of an Option Certificate with an Option Holder shall be conclusive evidence that such Option Certificate incorporates terms and conditions approved by the Board and is consistent with the provisions of this Plan). Each Option Certificate will be executed by the Option Holder to whom the Option is granted and on behalf of the Corporation by any member of the Board or any officer of the Corporation or such other person as the Board may designate for such purpose. Each Option Certificate will specify the reasons for the Corporation granting options to such participant.”

