



# SPUR VENTURES INC.

NOTICE OF MEETING

AND

INFORMATION CIRCULAR

FOR THE

ANNUAL GENERAL MEETING

OF

SPUR VENTURES INC.

to be held on

**June 14, 2011**



# SPUR VENTURES INC.

## Report to Shareholders 2010

### Spur's World in 2010

#### *The Fundamentals for the Fertilizer and Ag Industries Remains Strong*

2010 was a year of continued recovery for agriculture and fertilizer markets as farmers around the world returned to good agronomic practices and applied fertilizers to ensure maximum economic return on their crop investments. The result was increased demand for fertilizers globally.

Adverse weather conditions dominated the news in major crop producing regions with severe droughts in northern China and Russia while the Canadian prairies suffered from excessive moisture and flooding. Large areas of Saskatchewan and Manitoba were actually never seeded. The beginning of 2011 has brought severe flooding in Queensland, Australia and more heavy snow and rainfall in the Canadian prairies, particularly in Manitoba.

The result of these weather-related crop conditions coupled with this increased demand for fertilizers resulted in dramatic increases in both crop prices and the cost of other agricultural inputs including fertilizers.

### Getting Going Again

In March of 2011, Spur announced the initial details of a potential new partnership with Hubei Xingfa Chemicals Group ("Xingfa"). Xingfa, a major producer of high value-added industrial and feed phosphates produced from its own 5 phosphate mines, is in the process of acquiring 95.5% of Spur's current Joint Venture partner in Yichang Maple Leaf Chemicals ("YMC") and Yichang Spur Chemicals ("YSC"), Hubei Yichang Phosphate Chemical Co. Ltd. ("YPCC"). In Xingfa, Spur believes it has found a partner with the political and economic clout necessary to push forward its joint ventures.

High quality phosphate rock is in short supply in China and many new phosphate production facilities lack secure supply of phosphate rock. Accordingly, Spur lobbied the Chinese authorities to be allowed to acquire an existing phosphate fertilizer business in order to not add to the current oversupply of phosphate fertilizers in China thus at the same time fulfilling our contractual obligation to develop the YMC mines and to build a world-scale P fertilizer plant.

The new partnership with Xingfa will allow Spur to finally achieve this sound business objective. Xingfa has a world-scale phosphate fertilizer plant under construction and has proposed, subject to Chinese government approval, to "vend-in" the plant by the end of 2011.

Once the Dianziping and Shukongping deposits have been formally transferred to YMC, this combination will create a “New YMC”, fully integrated through world scale P mining and P fertilizer production into the market place.

The “New YMC” will have distinct competitive advantages because it will benefit from phosphate rock supply from seven phosphate deposits in a market where rock phosphate is in tight supply and where supply contracts are thus not always honoured. YMC also has a significant “in country” advantage and can easily compete against imports. Within China, YMC is ideally situated with easy access to the Yangtze River in addition to rail and road infrastructure giving it superb transportation and logistical advantages while its domestic competitors in other phosphate-producing provinces are land locked. Finally, China continues to be the fastest growing fertilizer market in the world.

Spur and Xingfa have agreed to submit for Chinese government approval, a further amendment to the YMC JV Agreement which would fix Spur’s equity ownership in YMC at a minimum 20% interest, representing the Company’s approximately \$24.5 million investment to date in YMC. Spur is not required to make any further cash contributions to YMC under the revised Agreement and could further increase its investment in YMC to up to 25% should the planned merger between YMC and YSC proceed.

The amendment also includes strengthened minority protections for Spur (some already embodied in Chinese law) including the requirement for unanimous board approval for financings, corporate transactions, material asset disposals and deviations from annual profit distributions of less than 80% of profits.

Spur’s minority equity position is also aligned with China’s new strategy towards foreign investment in its non-renewable natural resources. China has changed dramatically since Spur first began developing its two joint ventures and no longer needs Foreign Direct Investment or technology in the fertilizer sector. There are now a dozen Chinese phosphate fertilizer producers with world-scale production facilities.

If the relevant approvals are received, Spur expects the “New YMC” to be fully operational by mid- 2012 resulting in average annual production of 300,000 tonnes of DAP, 200,000 tonnes of MAP, 300,000 tonnes of SSP and 100,000 of MDCP (a feed phosphate product) supported by a one million tonne per annum phosphate rock beneficiation plant, 800,000 tonne per annum sulphuric acid plant and a 300,000 tonne per annum phosphoric acid plant.

Spur will be working with Xingfa to ensure that YSC and YMC strategy to merge will be completed along with the vending-in of the Xingfa fertilizer plant.

### **What’s Next for Spur?**

In October 2008, Spur announced that it had decided, given the state of financial markets at that time, to use its financial resources to make strategic investments in stressed natural resource opportunities in low risk jurisdictions.

The speed of recovery in the financial markets following its announcement has meant that although a number of potential opportunities have been explored, the Company has concluded that none have offered compelling value to be pursued through to completion.

Spur continues to operate from a position of financial strength and continues to be committed to maximizing shareholder value by putting its capital to work. Therefore, Spur will continue to focus on making strategic investments in projects in low risk jurisdictions, but in light of the underlying strength in the natural resource sector, the Company will broaden its approach to potential acquisitions to include gold and base metal projects in Latin American countries where the focus would be on the acquisition of privately – held projects for cash.

In addition, Spur will pursue Ag opportunities in low risk jurisdictions with a bias towards projects with innovative and / or proprietary technologies which could appeal to global markets and benefit from our experience in South East Asia, as well as closely studying the possibility of partnering in future projects with Xingfa in higher value added feed and industrial phosphates in China

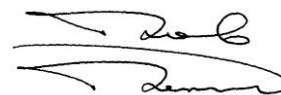
The Company will also look to use its extensive contact base in the resource community to identify and acquire non-core gold, base metal and Ag projects of mid and large cap listed mining companies

We want to thank our shareholders, board of directors and staff both in Canada and China for their support and patience while we worked through a very complex series of negotiations to fast track our phosphate project in China.

We also want to thank two directors who have elected to retire from our Board after years of service. Ruston Goepel, who served as Chairman of our Nominating and Corporate Governance Committee and John Van Brunt who served as Chairman of our Compensation Committee made significant contributions to Spur over the years and we want to sincerely thank them for their advice and counsel during their term as directors.



Steven Dean  
Chairman



Rob Rennie  
President & CEO



# SPUR VENTURES INC.

## NOTICE OF ANNUAL GENERAL MEETING OF SHAREHOLDERS

TAKE NOTICE that the 2011 Annual General Meeting (the "*Meeting*") of the shareholders of **SPUR VENTURES INC.** (the "*Company*") will be held on Tuesday June 14, 2011 at 3:00 p.m. (Vancouver time) at

Renaissance Vancouver Harbourside Hotel  
Meeting Room: Port of Shanghai  
1133 West Hasting Street  
Vancouver, British Columbia  
V6E 3T3

for the following purposes:

1. To receive the Report of the Directors;
2. To receive the audited consolidated financial statements of the Company for the fiscal year ended December 31, 2010 and the report of the auditors thereon;
3. To appoint the auditors for the ensuing year;
4. To determine the number of Directors at 5 and to elect one Class II director; and
5. To transact any other business that may properly come before the Meeting and any adjournment thereof.

Accompanying this notice are an Information Circular, a form of Proxy, voting instructions and a Financial Statement Request Form. The accompanying Information Circular provides information relating to the matters to be addressed at the Meeting and is incorporated into this Notice.

A shareholder entitled to attend and vote at the Meeting is entitled to appoint a proxyholder to attend and vote in his stead. If you are unable to attend the Meeting or any adjournment thereof in person, please read the Notes accompanying the form of Proxy enclosed herewith and then complete and return the Proxy within the time set out in the Notes. The enclosed form of Proxy is solicited by Management but, as set out in the Notes, you may amend it if you so desire by striking out the names listed therein and inserting in the space provided the name of the person you wish to represent you at the Meeting.

Please advise the Company of any change in your address.

DATED at Vancouver, British Columbia, this 18<sup>th</sup> day of May, 2011  
BY ORDER OF THE BOARD OF DIRECTORS

Dr. Robert J. Rennie  
President and Chief Executive Officer



# SPUR VENTURES INC.

SPUR VENTURES INC.  
(the "Company")

Suite 3083, 595 Burrard Street, Bentall III, Box 49298, Vancouver, B.C. V7X 1L3  
Telephone: (604) 689-5564, Facsimile: (604) 682-2802

## INFORMATION CIRCULAR FOR ANNUAL GENERAL MEETING

(as at May 18, 2011, except as otherwise indicated)

### GENERAL PROXY INFORMATION

#### SOLICITATION OF PROXIES

The Company is providing this Information Circular and a form of proxy in connection with management's solicitation of proxies for use at the Annual General Meeting (the "*Meeting*") of the Company to be held June 14, 2011 and at any adjournments. Unless the context otherwise requires, when we refer in this Information Circular to the Company, its subsidiaries are also included.

The solicitation of Proxies will be primarily by mail, but Proxies may be solicited personally or by telephone by directors, officers and regular employees of the Company. In accordance with National Instrument 54-101 of the Canadian Securities Administrators ("*NI 54-101*"), arrangements have been made with brokerage houses and other intermediaries, clearing agencies, custodians, nominees and fiduciaries to forward solicitation materials to the beneficial owners of the common shares of the Company (the "*Shares*") held of record by such persons and the Company may reimburse such persons for reasonable fees and disbursements incurred by them in so doing. All costs of this solicitation will be borne by the Company.

#### APPOINTMENT OF PROXYHOLDERS

A shareholder entitled to vote at the Meeting may by means of a Proxy appoint a proxyholder or one or more alternate proxyholders, who need not be shareholders, to attend and act at the Meeting for the shareholder on the shareholder's behalf. Submitting a Proxy by mail, fax or by hand delivery are the only methods by which a shareholder may appoint a person as Proxy other than a director or officer of the Company named on the form of Proxy.

The individuals named in the accompanying form of Proxy are directors and/or officers of the Company. **A shareholder wishing to appoint some other person (who need not be a shareholder) to represent him or her at the Meeting has the right to do so, either by inserting such person's name in the blank space provided in the form of Proxy or by completing another form of Proxy.** Such a shareholder should notify the nominee of his or her appointment, obtain his or her consent to act as proxy and instruct him or her on how the shareholder's Shares are to be voted. In any case, the form of Proxy should be dated and executed by the shareholder or his/her attorney authorized in writing, or if the shareholder is a corporation, under its corporate seal, or by an officer or attorney thereof duly authorized.

#### PROXY INSTRUCTIONS

Only shareholders whose names appear on the records of the Company as the registered holders of the shares or duly appointed proxyholders are permitted to vote at the Meeting. Registered shareholders may wish to vote by Proxy

whether or not they are able to attend the Meeting in person. Registered shareholders may vote by Proxy as follows: by mail or fax, or by hand delivery to Computershare Trust Company of Canada, Proxy Department, 100 University Avenue, 9<sup>th</sup> Floor, Toronto, Ontario, M5J 2Y1.

Registered shareholders must complete, date and sign the form of Proxy. It must then be returned to the Company's transfer agent, Computershare Trust Company of Canada, Proxy Department, 100 University Avenue, 9<sup>th</sup> Floor, Toronto, Ontario, M5J 2Y1, not later than 48 hours (excluding Saturdays, Sundays and holidays) before the commencement of the Meeting or the adjournment thereof at which the Proxy is to be used.

## **REVOCABILITY OF PROXIES**

In addition to revocation in any other manner permitted by law, a shareholder who has given a Proxy may revoke it by either executing a Proxy bearing a later date or by executing a valid notice of revocation, either of the foregoing to be executed by the shareholder or the shareholder's authorized attorney in writing; or, if the shareholder is a company, under its corporate seal by an officer or attorney duly authorized; and by depositing the Proxy bearing a later date with Computershare Trust Company of Canada, Proxy Department, 100 University Avenue, 9<sup>th</sup> Floor, Toronto, Ontario, M5J 2Y1, at any time up to and including the last business day that precedes the day of the Meeting or, if the Meeting is adjourned, that precedes any reconvening thereof, or to the chair of the Meeting on the day of the Meeting or any reconvening thereof, or in any other manner provided by law. In addition, a Proxy may be revoked by the shareholder personally attending the Meeting and voting the shareholder's shares. A revocation of a Proxy will not affect a matter on which a vote is taken before the revocation.

## **EXERCISE OF DISCRETION**

On a poll, the nominees named in the accompanying form of Proxy will vote or withhold from voting the Shares represented thereby in accordance with the instructions of the shareholder on any ballot that may be called for. If a shareholder specifies a choice with respect to any matter to be acted upon, such shareholder's Shares will be voted accordingly. **The Proxy will confer discretionary authority on the nominees named therein with respect to each matter or group of matters identified therein for which a choice is not specified other than the appointment of an auditor and the election of directors, any amendment to or variation of any matter identified therein and any other matter that properly comes before the Meeting.**

**In respect of a matter for which a choice is not specified in the Proxy, the nominees named in the accompanying form of Proxy will vote Shares represented by the Proxy in favour of the matters specified in the Notice of Meeting and in favour of all other matters proposed by management at the Meeting.**

As of the date of this Information Circular management of the Company knows of no amendment, variation or other matter that may come before the Meeting but, if any amendment, variation or other matter properly comes before the Meeting, each nominee in the accompanying form of Proxy intends to vote thereon in accordance with the nominee's best judgment.

## **ADVICE TO BENEFICIAL (NON-REGISTERED) SHAREHOLDERS**

The information set forth in this section is of significant importance to many shareholders of the Company, as a substantial number of shareholders do not hold Shares in their own name. Shareholders who do not hold their Shares in their own name (referred to in this Information Circular, collectively, as "*Beneficial Shareholders*") should note that only Proxies deposited by shareholders whose names appear on the records of the Company as the registered holders of Shares can be recognized and acted upon at the Meeting. If Shares are listed in an account statement provided to a shareholder by a broker, then in almost all cases those Shares will not be registered in the shareholder's name on the records of the Company. Such Shares will more likely be registered under the names of the shareholder's broker or an agent of that broker. In the United States the vast majority of such shares are registered under the name of Cede & Co. as nominee for The Depository Trust Company (which acts as depository for many U.S. brokerage firms and custodian banks), and in Canada under the name of CDS & Co. (the registration name for The Canadian Depository for Securities Limited; and which acts as nominee for many Canadian brokerage firms). Beneficial Shareholders should ensure that instructions respecting the voting of their Shares are communicated to the appropriate person.

Applicable regulatory policy requires intermediaries/brokers to seek voting instructions from Beneficial Shareholders in

advance of shareholders' meetings. Every intermediary/broker has its own mailing procedures and provides its own return instructions to clients, which should be carefully followed by Beneficial Shareholders in order to ensure that their Shares are voted at the Meeting. The form of proxy supplied to a Beneficial Shareholder by its broker (or the agent of the broker) is similar to the form of Proxy provided to registered shareholders by the Company. However, its purpose is limited to instructing the registered shareholder (the broker or agent of the broker) how to vote on behalf of the Beneficial Shareholder. The majority of brokers now delegate responsibility for obtaining instructions from clients to Broadridge Financial Solutions, Inc. ("*Broadridge*", formerly ADP Investor Communications Services) in the United States and in Canada. Broadridge typically prepares its own proxy forms, mails those forms to the Beneficial Shareholders and requests the Beneficial Shareholders to return the proxy forms to Broadridge. Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of Shares to be represented at the Meeting. **A Beneficial Shareholder receiving a Broadridge proxy cannot use that proxy to vote Shares directly at the Meeting. That proxy must be returned to Broadridge well in advance of the Meeting in order to have the Shares voted**

Although a Beneficial Shareholder may not be recognized directly at the Meeting for the purposes of voting Shares registered in the name of his or her broker (or agent of the broker), a Beneficial Shareholder may attend at the Meeting as proxyholder for the registered shareholder and vote the Shares in that capacity. Beneficial Shareholders who wish to attend at the Meeting and indirectly vote their Shares as proxyholder for the registered shareholder should enter their own names in the blank space on the instrument of proxy provided to them and return the same to their broker (or the broker's agent) in accordance with the instructions provided by such broker (or agent), well in advance of the Meeting. Alternatively, a Beneficial Shareholder may request in writing that his or her broker send to the Beneficial Shareholder a legal Proxy which would enable the Beneficial Shareholder to attend at the Meeting and vote his or her Shares.

#### RECORD DATE AND VOTING SECURITIES

The Company has set the close of business on May 10, 2011 as the record date (the "*Record Date*") for determination of persons entitled to receive notice of the Meeting. Only the registered holders of Shares, and those beneficial holders entitled to receive notice pursuant to NI 54-101 through their intermediaries, as at that date, are entitled to receive notice of and to vote at the Meeting unless after that date a shareholder of record transfers his or her Shares and the transferee, upon producing properly endorsed certificates evidencing such Shares or otherwise establishing that he or she owns such Shares, requests by contacting Computershare Trust Company of Canada, Proxy Department, 100 University Avenue, 9<sup>th</sup> Floor, Toronto, Ontario, M5J 2Y1, at least 10 calendar days prior to the Meeting that the transferee's name be included in the list of shareholders entitled to vote, in which case such transferee is entitled to vote such Shares at the Meeting.

#### VOTING SHARES AND PRINCIPAL HOLDERS THEREOF

The Company is authorized to issue an unlimited number of Shares, of which 60,407,187 shares are issued and outstanding as at the date hereof. Persons who are registered shareholders at the close of business on May 10, 2011 will be entitled to receive notice of and vote at the Meeting and will be entitled to one vote for each share held. The Company has only one class of shares.

To the knowledge of the Directors and executive officers of the Company, no person beneficially owns, controls or directs, directly or indirectly, Shares carrying more than 10% of the voting rights attached to any class of voting securities of the Company except as follows:

Shareholder Name	Number of Shares Beneficially Owned, Controlled or Directed, Directly or Indirectly	Percentage of Outstanding Shares
Sprott Asset Management	10,893,000	18.03%

#### ELECTION OF DIRECTOR

The directors of the Company are elected for three year terms, and are divided into Class I, Class II, and Class III with terms expiring at the Annual General Meeting in 2013, 2011, and 2012 respectively. The two current Class II directors, Ruston Goepel and John Van Brunt, are not standing for reelection at the Meeting and management has nominated one new Class II director, as set forth below.

The number of directors is currently set at six. At the Meeting, shareholders will be asked to set the number of directors at five.

## ELECTION OF CLASS II DIRECTOR

The term of office of the Class II directors expires at the Meeting. Mr. Don Siemens will be presented for election at the Meeting as management's nominee. Management does not contemplate that Mr. Siemens will be unable to serve as a director. If elected, he would hold office for a term of three years, or until his successor is elected or appointed, unless his office is earlier vacated in accordance with the Articles of the Company or with the provisions of the *Business Corporations Act* (British Columbia).

In addition to Mr. Siemens, registered shareholders present at the Meeting shall be entitled to nominate and vote for the election of any other person as a director. The Company has not received notice of and management is not aware of any proposed nominees additional to Mr. Siemens.

In the following table and notes are the province and country in which Mr. Siemens is ordinarily resident, his principal occupation and five year employment history, the period of time for which he has been a director of the Company, and the number of Shares of the Company beneficially owned by him, directly or indirectly, or over which he exercises control or direction, as at the date hereof.

Name, Province and Jurisdiction of Residence <sup>(1)</sup>	Principal occupation or employment and, if not a previously elected director, occupation during the past 5 years <sup>(1)</sup>	Date of appointment as director	Number of Shares beneficially owned, controlled or directed, directly or indirectly <sup>(2)</sup>
Donald Siemens British Columbia, Canada <sup>(3)</sup>	Chartered Accountant and independent financial advisor	N/A (management nominee)	Nil

(1) The information as to province and jurisdiction of residence, and principal occupation, not being within the knowledge of the Company, has been furnished by the nominee. To the knowledge of the Company, no person proposed herein by management for election as a director is to be 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.

(2) Shares beneficially owned, directly or indirectly, or over which control or direction is exercised, as at, May 10, 2011 based upon information furnished to the Company by Mr. Siemens. Unless otherwise indicated, such shares are held directly.

(3) It is anticipated that Mr. Siemens will be appointed to the Audit Committee following the Meeting, in place of Mr. Ruston Goepel who is not standing for re-election as a director. It is also anticipated that Mr. Siemens will be named Chairman of such committee, to succeed Robert Atkinson who would remain a member of the Audit Committee. See "Audit Committee Information".

The following directors are Class III and I directors, the terms of which expire after the 2012 and 2013 Annual General Meetings respectively.

Name, Province and Jurisdiction of Residence and Position <sup>(1)</sup>	Principal occupation or employment and, if not a previously elected director, occupation during the past 5 years <sup>(1)</sup>	Date of appointment as director	Number of Shares beneficially owned, controlled or directed, directly or indirectly <sup>(2)</sup>	Term expires & Classification
<b>W. David Black</b> <sup>(3)(6)</sup> British Columbia, Canada Director	Retired Lawyer	June 22, 2000	100,000 <sup>(8)</sup>	2013  Class I
<b>Dr. Robert J. Rennie</b> Alberta, Canada President, Chief Executive Officer and Director	President, CEO and Interim CFO <sup>(10)</sup> of the Company	March 1, 2005	30,000	2013  Class I
<b>Steven G. Dean</b> <sup>(4)</sup> British Columbia, Canada Chairman of the Board and Director	Businessman; Chairman of the Company	June 19, 2003	1,024,000 <sup>(9)</sup>	2012  Class III
<b>Robert G. Atkinson</b> <sup>(5)(7)</sup> British Columbia, Canada Vice-Chairman of the Board and Director	Businessman; Vice-Chairman of the Company	March 21, 1996	2,292,050	2012  Class III

- (1) The information as to province and jurisdiction of residence, and principal occupation, not being within the knowledge of the Company, has been furnished by the respective directors.
- (2) Shares beneficially owned, directly or indirectly, or over which control or direction is exercised, as at, May 10, 2011 based upon information furnished to the Company by individual directors. Unless otherwise indicated, such shares are held directly.
- (3) Member of Audit Committee.
- (4) Member of Compensation Committee.
- (5) Chairman of the Audit Committee. It is anticipated that, subsequent to the Meeting, Mr. Siemens will succeed Mr. Atkinson as Chairman of the Audit Committee. See "Audit Committee Information".
- (6) It is anticipated that, subsequent to the Meeting, Mr. David Black will succeed Mr. Ruston Goepel as Chairman of the Corporate Governance and Nominating Committee.
- (7) It is anticipated that, subsequent to the Meeting, Mr. Atkinson will succeed Mr. Van Brunt as Chairman of the Compensation Committee.
- (8) Of these shares, 61,500 are held indirectly by Mr. Black.
- (9) Of these shares, 949,000 are held by a trust of which Mr. Dean is a beneficiary.
- (10) Mr. Irfan Shariff, C.A., has replaced Dr. Rennie as CFO of the Company effective May 2, 2011, and Mr. Edmond Tong has replaced Mr. Irfan Shariff as Corporate Secretary of the Company effective May 2, 2011.

To the knowledge of the Company, no proposed director

- (a) is, as at the date of this Information Circular, or has been, within 10 years before the date of this Information Circular, a director, chief executive officer ("CEO") or chief financial officer ("CFO") of any company (including the Company) that:
  - (i) was the subject, while the proposed director was acting in the capacity as director, CEO or CFO of such company, of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days; or
  - (ii) was subject to a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days, that was issued after the proposed director ceased to be a director, CEO or CFO but which resulted from an event that occurred while the proposed director was acting in the capacity as

director, CEO or CFO of such company; or

- (b) is, as at the date of this Information Circular, or has been within 10 years before the date of the Information Circular, a director or executive officer of any company (including the Company) that, while that person was acting in that capacity or 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; or
- (c) has, within the 10 years before the date of this Information Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become 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 the proposed director; or
- (d) has been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or
- (e) has been subject to any penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable securityholder in deciding whether to vote for a proposed director.

See Schedule A - Corporate Governance Practices for information in respect of directorships in other reporting issuers held by the directors of the Company.

## **EXECUTIVE COMPENSATION**

### **Compensation Discussion and Analysis**

Executive compensation is based upon the need to provide a compensation package that will allow the Company to attract and retain qualified and experienced executives, balanced with a pay-for-performance philosophy. Compensation for the 2010 and prior fiscal years has been based upon a negotiated salary, with stock options and bonus potentially being issued and paid as reward and incentive for performance.

The Company annually compares its total compensation package with those of companies considered as suitable benchmark companies. In 2010, the Company used the following companies as benchmarks:

Allana Fertiizer Company (AAA-V)

MBAC Fertilizers (MBC-T)

Potash One (KCL-T)

Stonegate Agricom (ST-T)

Western Potash (WPX-V)

Hanfeng Evergreen (HF-T)

Migao (MGO-T)

The Compensation Committee has the responsibility to administer the compensation policies related to the executive management of the Company, being the President and Chief Executive Officer. Bonuses paid to senior executives are based on the Compensation Committee's assessment of the Company's financial and operating performance, as compared to the Company's peers, and objectives approved by the Board of Directors.

### **Option-based Awards**

The Compensation Committee has the responsibility to administer the compensation policies related to the executive management of the Company, including option-based awards.

The shareholders have approved a stock option plan pursuant to which the Board has granted stock options to executive officers. The stock option plan provides compensation to participants and an additional incentive to work toward long-term Company performance.

Executive compensation is based upon the need to provide a compensation package that will allow the Company to attract and retain qualified and experienced executives, balanced with a pay-for-performance philosophy. The stock option plan has been and will be used to provide share purchase options which are granted in consideration of the level of responsibility of the executive as well as his or her impact and/or contribution to the longer-term operating performance of the Company. In determining the number of options to be granted to the executive officers, the Board takes into account the number of options, if any, previously granted to each executive officer, and the exercise price of any outstanding options to ensure that such grants are in accordance with the policies of the TSX, and closely align the interests of the executive officers with the interests of shareholders. The total number of stock options issued by the Company is low compared to many similar companies.

### Summary Compensation Table

"Named Executive Officers" or "NEOs" means the Chief Executive Officer ("CEO") and the Chief Financial Officer ("CFO") of the Company, or if the Company does not have a CFO, an individual who acted in a similar capacity, regardless of the amount of compensation of that individual, each of the Company's three most highly compensated executive officers, other than the CEO and CFO, who were serving as executive officers at the end of the most recent financial year and whose total compensation exceeds \$150,000 and any individual who would have satisfied these criteria but for the fact that such individual was not serving as an officer of the Company, nor acting in a similar capacity, at the end of the most recently completed financial year.

The following table (presented in accordance with National Instrument Form 51-102F6 sets forth all annual and long term compensation for services in all capacities to the Company for the three most recently completed financial years of the Company in respect of each Named Executive Officer.

**Summary Compensation Table  
for financial years ending on December 31, 2008, 2009 and 2010**

Name and Principal Position <sup>(3)</sup>	Year <sup>(1)</sup>	Salary <sup>(2)</sup> (\$)	Non-Equity Incentive Plan Compensation (\$)		Total Compensation (\$)
			Annual Incentive Plans	Long-term Incentive Plans	
Dr. Robert Rennie President, CEO and Interim CFO	2008	200,972	Nil	Nil	200,972
	2009	202,580	Nil	Nil	202,580
	2010	202,580	Nil	Nil	202,580

(1) Fiscal years ending December 31.

(2) Paid to Dr. Rennie pursuant to an employment contract dated February 17, 2005 (see "Termination of Employment, Changes in Responsibility and Employment Contracts").

(3) No other officer, employee or consultant received more than \$150,000 in compensation.

The Company did not grant compensation to the Named Executive Officer in the form of option-based awards, share-based awards, non-equity incentive plan compensation or under any pension plan or other compensation during the three most recently completed financial years.

### Option-Based Awards – Stock Option Plan

The Company has a "fixed" stock option plan (the "Plan"). Pursuant to the Plan, up to 8,000,000 options may be granted which would represent 13.24% of the current issued capital of the Company. As at the date of this Information Circular, the Company has outstanding stock options exercisable for a total of up to 1,975,000 Shares, or approximately 3.3% of the current issued and outstanding shares, including stock options granted under previously established stock option plans or prior option grants.

The Plan provides that: Persons eligible to participate in the Plan ("*Eligible Participants*") are directors, officers and employees of the Company and consultants to the Company.

1. The maximum number of shares which may be issuable pursuant to options granted under the Plan is 8,000,000 shares. The number of shares reserved for issuance under the Plan:
  - (a) in aggregate shall not exceed 20% of the total number of issued and outstanding shares on the grant date on a non-diluted basis; and
  - (b) to any one optionee within a 12 month period shall not exceed 5% of the total number of issued and outstanding shares on the grant date on a non-diluted basis.
2. The number of Shares which may be issuable under the Plan within a one-year period:
  - (a) in aggregate shall not exceed 20% of the total number of issued and outstanding Shares on the Grant Date on a non-diluted basis;
  - (b) to any one Optionee, shall not exceed 5% of the total number of issued and outstanding Shares on the Grant Date on a non-diluted basis, within a one year period;
  - (c) to any one Consultant shall not exceed 2% in the aggregate of the total number of issued and outstanding Shares on the Grant Date on a non-diluted basis; and
  - (d) to Insiders as a group shall not exceed 10% of the total number of issued and outstanding Shares on the Grant Date on a non-diluted basis, within a one year period.
3. The exercise price of an option may not be set at less than the closing market price of the Company's Shares on the trading day immediately preceding the day on which the option grant is announced.
4. The options are not assignable by an optionee.
5. The expiry date for each Option shall be set by the Board at the time of issue of the Option and shall, unless extended as a result of a blackout period imposed by the Company, be not be more than five years after the Grant Date.
6. Options vest at the discretion of the Board.
7. If an Optionee shall cease to be an Eligible Person, any outstanding options (whether or not such options are vested) held by such Optionee shall be cancelled on the following basis:
  - (a) If an Optionee ceases to be an Eligible Person due to death or disability, then the vested options held by such Optionee shall be exercisable up to the earlier of the expiry date of such options and 365 days after the date of death or disability.
  - (b) If an Optionee ceases to be an Eligible Person as a result of termination for cause, the vested options held by such Optionee shall be cancelled as of the date of termination.
8. Subject to the discretion of the board, if an Optionee ceases to be an Eligible Person other than for cause, the vested options held by such Optionee shall be exercisable up to the earlier of the expiry date of such options and the date which is 90 days (30 days if the Optionee was engaged in investor relations activities) after the Optionee ceases to be an Eligible Person.
9. The Plan does not provide for financial assistance by the Company to any Optionee.
10. On the occurrence of a takeover bid, the Board of Directors will have the right to accelerate the date on which an option becomes vested and thereby exercisable.

11. The board may in its discretion amend, modify and change the provisions of the Plan and options granted under the Plan, without obtaining approval of shareholders to:
- (a) make amendments of a clerical or typographical nature and to include clarifying provisions in the Plan;
  - (b) implement features or requirements that are necessary or desirable under applicable tax and securities laws;
  - (c) change termination provisions for any participant provided that the expiry date does not extend beyond the original expiry date;
  - (d) implement or amend a cashless exercise feature, payable in cash or securities; and
  - (e) make any other amendments of a non-material nature which are approved by the TSX.

All other amendments, modifications or changes shall only be effective upon such amendment, modification or change being approved by the shareholders of the Company. Any amendment, modification or change of any provision of the Plan shall be subject to approval, if required, by any regulatory body having jurisdiction.

The following table sets forth information concerning all awards outstanding under option-based incentive plans of the Company at the end of the most recently completed financial year, including awards granted before the most recently completed financial year, to the Named Executive Officer.

Name	Option-Based Awards				Share-Based Awards	
	Number of Securities Underlying Unexercised Options (#)	Option Exercise Price (\$)	Option Expiration Date	Value <sup>(1)</sup> of Unexercised In-The-Money Options (\$)	Number of Shares Or Units Of Shares That Have Not Vested (#)	Market or Payout Value <sup>(1)</sup> Of Share-Based Awards That Have Not Vested (\$)
Dr. Robert Rennie President, CEO and Interim CFO	250,000	\$1.03	July 4, 2011	N/A	Nil	N/A

<sup>(1)</sup> Value is calculated by multiplying the number of securities which may be acquired on exercise of the option by the difference, if any, between the market value of the securities underlying the options at exercise or financial year-end, respectively, and the exercise of base price of the options. The closing price for the Company's shares on December 31, 2010 was \$0.45.

**Option-Based Awards: Value vested or earned during the year**

The value vested or earned during the most recently completed financial year of option based awards granted to Named Executive Officers are as follows:

Name	Option-Based Awards - Value Vested During The Year (\$)	Share-Based Awards - Value Vested During The Year (\$)	Non-Equity Incentive Plan Compensation - Value Earned During The Year (\$)
Dr. Robert Rennie President, CEO and Interim CFO	Nil <sup>(1)</sup>	Nil	Nil

<sup>(1)</sup> Value is calculated by multiplying the number of securities which may be acquired on exercise of the option by the difference, if any, between the market value of the securities underlying the options at exercise or financial year-end, respectively, and the exercise of base price of the options. The closing price for the Company's shares on December 31, 2010 was \$0.45.

### **Pension Plan Benefits**

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

### **Termination of Employment, Changes in Responsibility and Employment Contracts**

The Company and its subsidiaries have no employment contracts with any Named Executive Officers except as set out below: Under an employment agreement effective March 1, 2005, Dr. Robert Rennie agreed to an initial salary of \$175,000 per annum for his services in the capacity of Chief Executive Officer, with provision for an annual bonus of up to 20% of annual salary and an initial allocation of stock options. The bonus is based upon the Company meeting key criteria each year, as mutually agreed between Dr. Rennie and the Board of Directors, including meeting business growth targets, meeting budget requirements, obtaining government approvals, and meeting other key corporate milestones. By an amending letter agreement dated January 8, 2008, Dr. Rennie's employment agreement was amended to include a change in control provision. On a "change of control" of the Company, Dr. Rennie may, on three months' notice, and the Company may, without notice, terminate Dr. Rennie's employment by notice in writing, whereupon Dr. Rennie will be entitled to a severance payment equal to 24 months' salary plus payout of accrued vacation and earned bonuses, if any, in the year in which the notice is given. In addition, all options under the Company's Stock Option Plan held by Dr. Rennie will vest immediately and may be exercised in accordance with their terms as of the date of delivery of the written notice. A change of control is defined as (i) any transaction or series of transactions in which all shareholders of the Company are legally entitled to participate and pursuant to which shares of the Company carrying the right to vote (the "Voting Shares") representing more than 50% of the total outstanding Voting Shares are purchased by a person not controlled by, in control of or under common control with the Company immediately prior to such transaction, or (ii) the merger or combination of the Company with another entity (other than a merger or combination in which holders of Voting Shares immediately before the merger or combination own, immediately after the merger or combination, voting securities of the surviving or acquiring entity or a parent company of such surviving or acquiring entity possessing more than 50% of the voting power of the surviving or acquiring entity or parent party) resulting in the exchange of the outstanding Voting Shares for cash, securities or other property. In July of 2008 it was agreed that Dr. Rennie's potential cash bonus would be 35% of base pay in line with CEO salaries of comparative companies.

### ***Estimated Incremental Payment on Change of Control***

Under the terms of Dr. Rennie's employment agreement, Dr. Rennie would be entitled to receive an estimated incremental payment of approximately \$405,160 (calculated as at December 31, 2010) based on amount equal to 24 months' salary plus amounts owed in respect of accrued vacation, earned bonuses and the accelerated option value of his existing stock options

### Performance Graph

The following performance graph illustrates the Company's five year (to December 31, 2010) cumulative total shareholder return (assuming reinvestment of dividends, if any, on each dividend payment date) on a \$100 investment on January 1, 2006 in the Company's Shares compared to the return on a comparable investment on the S&P/TSX Composite Index. The share trading data is as reported by the Toronto Stock Exchange ("TSX").



## Compensation of Directors

The following table sets forth all amounts of compensation provided to directors who are not Named Executive Officers for the Company's most recently completed financial year.

Name	Fees Earned (\$)	Option-Based Awards (\$) <sup>(2)</sup>	All Other Compensation (\$)	Total (\$)
Steven Dean	\$84,000 <sup>(1)</sup>	Nil	Nil	\$84,000
John Van Brunt	\$10,000	Nil	Nil	\$10,000
Robert Atkinson	\$10,000	Nil	Nil	\$10,000
W. David Black	\$10,000	Nil	Nil	\$10,000
Ruston Goepel	\$10,000	Nil	Nil	\$10,000

(1) Paid to Sirocco Advisory Services Limited for consulting services to the Company, a company associated with Mr. Dean.

(2) Please see "Option-Based Awards", below, for details of stock option grants to directors who are not Named Executive Officers. Value is calculated by multiplying the number of securities which may be acquired on exercise of the option by the difference, if any, between the market value of the securities underlying the options at exercise or financial year-end, respectively, and the exercise of base price of the options. The closing price for the Company's shares on December 31, 2010 was \$0.45.

As described in the preceding table, the Directors are compensated for acting in their capacity as Directors, for committee participation, involvement in special assignments and for services as consultant or expert. The Company did not grant compensation in the form of share-based awards, non-equity incentive plan compensation or pension value to the directors who are not Named Executive Officers. The Company has a stock option plan for the granting of incentive stock options to the officers, employees and Directors. The purpose of granting such options is to assist the Company in compensating, attracting, retaining and motivating the Directors of the Company and to more closely align the personal interests of such persons to that of the shareholders.

## Option-Based Awards

The following table sets forth information concerning all awards outstanding under option-based plans of the Company at the end of the most recently completed financial year, including awards granted before the most recently completed financial year, to each of the directors of the Company who were not Named Executive Officers, during the financial year ended December 31, 2010:

Director Name	Option-Based Awards			
	Number of Securities Underlying Unexercised Options (#)	Option Exercise Price (\$)	Option Expiration Date	Value of Unexercised In-The-Money Options <sup>(1)</sup> (\$)
Steven Dean	75,000	\$1.03	July 4, 2011	N/A
	400,000	\$0.90	June 26, 2013	N/A
John Van Brunt	75,000	\$1.03	July 4, 2011	N/A
	100,000	\$0.90	June 26, 2013	N/A
Robert Atkinson	75,000	\$1.03	July 4, 2011	N/A
	100,000	\$0.90	June 26, 2013	N/A
W. David Black	75,000	\$1.03	July 4, 2011	N/A
	100,000	\$0.90	June 26, 2013	N/A
Ruston Goepel	75,000	\$1.03	July 4, 2011	N/A

Director Name	Option-Based Awards			
	Number of Securities Underlying Unexercised Options (#)	Option Exercise Price (\$)	Option Expiration Date	Value of Unexercised In-The-Money Options <sup>(1)</sup> (\$)
	100,000	\$0.90	June 26, 2013	N/A
Total:	1,175,000			N/A

(1) There are no in-the-money options.

#### Option-Based Awards - Value Vested Or Earned During The Year

The value vested or earned during the most recently completed financial year of incentive plan awards granted to Directors who are not Named Executive Officers are as follows:

Director Name	Option-Based Awards - Value Vested During The Year <sup>(1)</sup> (\$)
Steven Dean	Nil
John Van Brunt	Nil
Robert Atkinson	Nil
W. David Black	Nil
Ruston Goepel	Nil

(1) This amount is the dollar value that would have been realized computed by obtaining the difference between the market price of the underlying securities at exercise and the exercise or base price of the options under the option-based award on the vesting date.

#### Securities Authorized for Issuance under Equity Compensation Plans

The following table summarizes relevant information as of December 31, 2010 with respect to compensation plans under which equity securities are authorized for issuance.

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted-average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by securityholders	1,975,000	\$0.82	6,783,333
Equity compensation plans not approved by securityholders	Nil	N/A	N/A
Total	1,975,000	\$0.82	6,783,333

## **INDEBTEDNESS TO COMPANY OF DIRECTORS AND EXECUTIVE OFFICERS**

As at the date of this Information Circular, there was no indebtedness outstanding of any current or former Director, executive officer or employee of the Company or any of its subsidiaries which is owing to the Company or any of its subsidiaries, or to another entity which is the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Company or any of its subsidiaries, entered into in connection with a purchase of securities or otherwise.

No individual who is, or at any time during the most recently completed financial year was, a Director or executive officer of the Company, no proposed nominee for election as a Director of the Company and no associate of such persons:

- (i) is or at any time since the beginning of the most recently completed financial year has been, indebted to the Company or any of its subsidiaries; or
- (ii) whose indebtedness to another entity is, or at any time since the beginning of the most recently completed financial year has been, the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Company or any of its subsidiaries,

in relation to a securities purchase program or other program.

## **INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS**

Except as disclosed herein, no informed person of the Company or proposed director of the Company and no associate or affiliate of the foregoing persons has or has had any material interest, direct or indirect, in any transaction since the commencement of the Company's most recently completed financial year or in any proposed transaction which in either such case has materially affected or would materially affect the Company or any of its subsidiaries.

## **APPOINTMENT OF AUDITORS**

PricewaterhouseCoopers LLP, Chartered Accountants, of Vancouver, British Columbia are the auditors of the Company. Unless otherwise instructed, the proxies given pursuant to this solicitation will be voted for the re-appointment of PricewaterhouseCoopers LLP, Chartered Accountants, as the auditors of the Company to hold office for the ensuing year at remuneration to be fixed by the directors.

## **MANAGEMENT CONTRACTS**

No management functions of the Company are performed to any substantial degree by a person other than the directors or executive officers of the Company. Please see "Executive Compensation – Termination of Employment, Changes in Responsibility and Employment Contracts" above for a summary of the management contracts of the Company.

## **INTEREST OF CERTAIN PERSONS IN MATTERS TO BE ACTED UPON**

Except as set out herein, no person who has been a director or executive officer of the Company at any time since the beginning of the Company's last financial year, no proposed nominee of management of the Company for election as a director of the Company and no associate or affiliate of the foregoing persons, has any material interest, direct or indirect, by way of beneficial ownership or otherwise, in matters to be acted upon at the Meeting other than the election of directors.

## STATEMENT OF CORPORATE GOVERNANCE PRACTICES

Effective June 30, 2005, National Instrument 58-101 Disclosure of Corporate Governance Practices ("*NI 58-101*") was adopted in each of the provinces and territories of Canada. NI 58-101 requires issuers to disclose the corporate governance practices that they have adopted. The corporate governance practices adopted by the Company are set out in the attached Schedule "A".

## AUDIT COMMITTEE INFORMATION

Information regarding the Company's Audit Committee, together with a copy of the Audit Committee's charter, is contained in the Company's Annual Information Form dated March 30, 2011 (the "*AIF*") on page 20 and Schedule "A" to the AIF, which disclosure is hereby incorporated by reference. A copy of the AIF is available under the Company's profile on SEDAR at [www.sedar.com](http://www.sedar.com). Upon request, the Company will promptly provide a copy of the AIF free of charge to a shareholder.

In light of the fact that Mr. Ruston Goepel, who currently serves on the Audit Committee, will not be standing for reelection as a director at the Meeting, it is intended that subsequent to the Meeting the Company will appoint Mr. Donald Siemens to the Audit Committee to replace Mr. Goepel and to succeed Mr. Robert Atkinson as Chairman of such committee.

Mr. Siemens is independent of the Company and is financially literate, as those terms are defined in National Instrument 52-110 *Audit Committees*. Mr. Siemens brings over 30 years of experience to the board as a Chartered Accountant, including 8 years in public practice as a partner with major accounting firms, 8 years in senior executive positions in industry and 18 years as a self-employed Financial Services executive. Currently, as an independent financial advisor, Mr. Siemens specializes in Corporate Finance, cross-border transactions and Mergers & Acquisitions. He serves as a director and Audit Committee Chair for three public companies: Hansa Resources Limited., Nikos Explorations Ltd, and Euromax Resources Ltd. Previously, Mr. Siemens was Partner-in-Charge of Thorne Ernst & Whinney's (now KPMG) Vancouver office Financial Advisory Services group. Mr. Siemens obtained a Chartered Accountant designation in 1972, and a B.A. from University of British Columbia. Mr. Siemens is also a member of the Audit Committee and director of Adriana Resources Inc.

## ADDITIONAL INFORMATION

Additional information relating to the Company is on SEDAR at [www.sedar.com](http://www.sedar.com). Shareholders may contact the Company at Suite 3083, 595 Burrard Street, Vancouver, BC, V7X 1L3 (Telephone: 604-689-5564) to request copies of the Company's financial statements and MD&A.

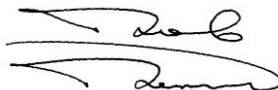
Financial information is provided in the Company's comparative financial statements and MD&A for its most recently completed financial year, which financial statements and MD&A are filed on SEDAR.

## OTHER MATTERS

Management of the Company is not aware of any other matter to come before the Meeting other than as set forth in the Notice of Meeting. If any other matter properly comes before the Meeting, it is the intention of the persons named in the enclosed form of proxy to vote the shares represented thereby on such matter in accordance with their best judgment.

DATED this 18th day of May, 2011

BY ORDER OF THE BOARD



Dr. Robert J. Rennie,  
President & Chief Executive Officer

## SCHEDULE "A"

### CORPORATE GOVERNANCE PRACTICES

The following table addresses the disclosure requirements set out in Form 58-101F1 Corporate Governance Disclosure:

<i>Corporate Governance Disclosure Requirement</i>	<i>The Company's Approach</i>
<p><b>1. Board of Directors –</b></p> <p>(a) Disclose identity of directors who are independent.</p>	<p>The Company's four independent directors are Robert Atkinson, John Van Brunt, W. David Black and Ruston Goepel. Subsequent to this meeting, the Company will have three independent directors, Robert Atkinson, David Black and Donald Siemens.</p>
<p>(b) Disclose identity of directors who are not independent and describe the basis for that determination.</p>	<p>The Company's non-independent directors are Steven Dean (Chairman of the Board) and Robert Rennie (President and CEO).</p>
<p>(c) Disclose whether or not a majority of directors are independent. If a majority of directors are not independent, describe what the Board of Directors (the board) does to facilitate its exercise of independent judgment in carrying out its responsibilities.</p>	<p>A majority of the directors are independent. As disclosed in the Information Circular, two of the independent directors are not standing for re-election at the Meeting. Donald Siemens, who is nominated as a director, is independent of the Company. If Mr. Siemens is elected, the Company will continue to have a majority of independent directors after the Meeting.</p>
<p>(d) If a director is presently a director of any other issuer that is a reporting issuer (or the equivalent) in a jurisdiction or a foreign jurisdiction, identify both the director and the other issuer.</p>	<p>The following directors are presently also directors of the following other reporting issuers:</p> <ul style="list-style-type: none"> <li>• <b>Steven Dean:</b> Oceanic Iron Ore Corp. and Infinito Gold Ltd.</li> <li>• <b>Robert Rennie:</b> N/A.</li> <li>• <b>Robert Atkinson:</b> Sprott Resource Lending Corp. (formerly Quest Capital Corp.), Tasman Metals Ltd. and Hansa Resources Limited.</li> <li>• <b>John Van Brunt:</b> URALCHEM, OJSC.</li> <li>• <b>W. David Black:</b> Sprott Resource Lending Corp. (formerly Quest Capital Corp.), and Zincore Metals Inc.</li> <li>• <b>Ruston Goepel:</b> Amerigo Resources Ltd., TELUS Corporation, Auto Canada Income Fund, and Baytex Energy Trust and VANOC.</li> </ul> <p>Donald Siemens, who is nominated for election at the Meeting, is presently also a director of Adriana Resources Inc., Hansa Resources Limited., Nikos Explorations Ltd, and Euromax Resources Ltd.</p>

<b>Corporate Governance Disclosure Requirement</b>	<b>The Company's Approach</b>
<p>(e) Disclose whether or not the independent directors hold regularly scheduled meetings at which non-independent directors and members of management are not in attendance. If the independent directors hold such meetings, disclose the number of meetings held since the beginning of the issuer's most recently completed financial year. If the independent directors do not hold such meetings, describe what the board does to facilitate open and candid discussion among its independent directors.</p>	<p>The Company holds meetings of the full Board as required, at which the opinion of the independent directors is sought and duly acted upon for all material matters related to the Company.</p> <p>While there is no formal mechanism by which independent directors hold regular scheduled meetings at which non-independent directors and members of management are not in attendance:</p> <p>(a) the independent directors are encouraged to meet at any time they consider necessary; and</p> <p>(b) the independent directors meet as needed after other regularly scheduled meetings,</p> <p>without any members of management nor non-independent directors being present.</p> <p>In addition, the independent directors also meet regularly as members of the Audit and Compensation Committees, and a portion of such meetings are conducted without non-independent directors and members of management in attendance.</p>
<p>(f) Disclose whether or not the chair of the board is an independent director. If the board has a chair or lead director who is an independent director, disclose the identity of the independent chair or lead director, and describe his or her role and responsibilities. If the board has neither a chair that is independent nor a lead director that is independent, describe what the board does to provide leadership for its independent directors.</p>	<p>Steven Dean, the Company's Chairman of the Board, is not an independent director. Mr. Dean chairs the meetings of the Board and actively seeks out the views of independent directors on all board matters. In addition, the independent directors know each other well and communicate with each other on a regular basis. Since the Board itself and the independent directors are a relatively small group, the formality of appointing a lead director has not been considered necessary.</p>
<p>(g) Disclose the attendance record of each director for all board meetings held since the beginning of the issuer's most recently completed financial year</p>	<p>The Company has held 3 Board meetings (2 in 2010 and 1 in 2011) since the beginning of its most recently completed financial year. The attendance record for its six directors is: Steven Dean 3/3, Robert Rennie 3/3, Robert Atkinson 3/3, W. David Black 3/3, John Van Brunt 2/3, Ruston Goepel 3/3.</p>

<b>Corporate Governance Disclosure Requirement</b>	<b>The Company's Approach</b>
<p><b>2. Board Mandate –</b>            Disclose the text of the board's written mandate. If the board does not have a written mandate, describe how the board delineates its role and responsibilities.</p>	<p>The Board does not have a written mandate, but assumes responsibility for stewardship of the Company, including overseeing all of the operation of the business, supervising management and setting milestones for the Company. The Board reviews the statements of responsibilities for the Company including, but not limited to, the Corporate Governance Charter and the Code of Conduct (as described below).</p> <p>The Board approves all significant decisions that affect the Company and its subsidiaries and sets specific milestones towards which management directs their efforts.</p> <p>The Board and senior management are responsible for identifying the principal risks of the Company's business and for ensuring these risks are effectively monitored and mitigated to the extent practicable.</p> <p>The President and CEO is responsible for developing a long-term strategic plan for the Company. The Board is responsible for approving the strategic plan and annual operating plans recommended by management. Board consideration and approval is also required for all material contracts and business transactions and all debt and equity financing proposals. The Board is responsible for senior executive recruitment and the Compensation Committee for senior executive compensation.</p> <p>The Board delegates to management, through the President and CEO, responsibility for meeting defined corporate objectives, implementing approved strategic and operating plans, carrying on the Company's business in the ordinary course, managing the Company's cash flow, evaluating new business opportunities, recruiting staff and complying with applicable regulatory requirements. Management also furnishes recommendations to the Board respecting corporate objectives, long-term strategic plans and annual operating plans.</p> <p>The Board appoints senior management. The Board approves all of the Company's major communications, including annual and quarterly reports and press releases.</p> <p>Project budgets are brought before the Board for approval on a regular basis. The Board's direction with respect to these budgets is communicated back to project staff.</p> <p>The Board as a whole is responsible for developing the Company's approach to corporate governance.</p> <p>The number of scheduled board meetings varies with circumstances. The Chairman and President and CEO establish the agenda at each Board meeting, and request the recommendation of each director for items to be included in the agenda. Each director has the ability to raise subjects that are not on the agenda at any board meeting. Meeting agendas and other materials to be reviewed and/or discussed for action by the Board are distributed to directors in time for review prior to each meeting.</p> <p>Board members have full and free access to senior management and employees of the Company.</p>

<b>Corporate Governance Disclosure Requirement</b>	<b>The Company's Approach</b>
<b>3. Position Description –</b>	
(a) Disclose whether or not the board has developed written position descriptions for the chair and the chair of each board committee. If the board has not developed written position descriptions for the chair and/or the chair of each board committee, briefly describe how the board delineates the role and responsibilities of each such position.	The Board has adopted terms of reference for the Chair of the Board and each chair of the Board's three committees, being the Compensation Committee, the Corporate Governance and Nominating Committee and the Audit Committee. Such terms of reference contain formal position descriptions for each such position and the full text of such terms of reference can be found on the Company's website at <a href="http://www.spur-ventures.com/corporate/corporate_governance">www.spur-ventures.com/corporate/corporate_governance</a> .
(b) Disclose whether or not the board and CEO have developed a written position description for the CEO. If the board and CEO have not developed such a position description, briefly describe how the board delineates the role and responsibilities of the CEO.	The Board, the Chairman and President and CEO have not, to date, developed formal, documented position descriptions for the CEO defining the limits of such officer's responsibilities. The Board annually approves the operating and capital budgets and strategic plan, and the President and CEO is required to ensure the Company operates within those guidelines. Material departures must be approved by the Board. The Board is of the view that the respective corporate governance roles of the board and management, as represented by the Chairman and President and CEO, are clear, and that the limits to management's responsibility and authority are well-defined.
<b>4. Orientation and Continuing Education –</b>	
(a) Briefly describe what measures the board takes to orient new directors regarding <ul style="list-style-type: none"> <li>i. The role of the board, its committees and its directors, and</li> <li>ii. The nature and operation of the issuer's business</li> </ul>	The Company does not have a formal orientation and education program for new directors. However, new directors are provided with relevant materials with respect to the Company, and spend a considerable amount of time being oriented on relevant corporate issues by the President and CEO.
(b) Briefly describe what measures, if any, the board takes to provide continuing education for its directors. If the board does not provide continuing education, describe how the board ensures that its directors maintain the skill and knowledge necessary to meet their obligations as directors.	The Board currently does not provide continuing education for its directors. By using a Board composed of experienced professionals with a wide range of financial, legal, exploration and mining expertise, the Company ensures that the Board operates effectively and efficiently.

<b>Corporate Governance Disclosure Requirement</b>	<b>The Company's Approach</b>
<b>5. Ethical Business Conduct –</b>	
<p>(a) Disclose whether or not the board has adopted a written code for the directors, officers and employees. If the board has adopted a written code:</p> <ul style="list-style-type: none"> <li>i. Disclose how a person or company may obtain a copy of the code;</li> <li>ii. Describe how the board monitors compliance with its code, or if the board does not monitor compliance, explain whether and how the board satisfies itself regarding compliance with its code; and</li> <li>iii. Provide a cross-reference to any material change report filed since the beginning of the issuer's most recently completed financial year that pertains to any conduct of a director or executive officer that constitutes a departure from the code.</li> </ul>	<p>Effective May 2, 2011, the Board has adopted a new Code of Conduct (the "Code"), which is applicable to all of the Company's personnel, to augment the Code of Ethical Conduct for Financial Managers (the "Former Code"), which was only applicable to the Company's principal executive officer, principal financial officer, principal accounting officer, controller or person performing similar functions. The Code is posted on the Company's website at <a href="http://www.spur-ventures.com">www.spur-ventures.com</a> and also available on SEDAR under the Company's profile at <a href="http://www.sedar.com">www.sedar.com</a>. The Board has instructed its management and employees to abide by the Code and to bring any breaches of the Code to the attention of the Board. The Board, through its Audit Committee in the presence of its external auditors, will be conducting annual reviews of the performance of personnel under the Code with a view to updating Company practice or policy as necessary to enhance compliance with the Code. The Board will also keep a record of any departures from the Code as well as any waivers requested and or granted.</p> <p>The Company has not filed any material change report since the beginning of the Company's most recently completed financial year that pertains to any conduct of a director or executive officer that constitutes a departure from the Code or the Former Code.</p>
<p>(b) Describe any steps the board takes to ensure directors exercise independent judgment in considering transactions and agreements in respect of which a director or executive officer has a material interest.</p>	<p>Directors with an interest in a material transaction are required to declare their interest and abstain from voting on such transactions.</p> <p>A thorough discussion of the documentation related to a material transaction is required to be reviewed by the Board, particularly independent directors.</p>
<p>(c) Describe any other steps that board takes to encourage and promote a culture of ethical business conduct.</p>	<p>The Board seeks directors who have solid track records in spheres ranging from legal and financial to exploration and mining in order to ensure a culture of ethical business conduct.</p>
<b>6. Nomination of Directors -</b>	
<p>(a) Describe the process by which the board identifies new candidates for board nomination</p>	<p>Management and the full Board draw on all relevant sources in the search for new directors. All of the Company's directors are involved in the process after a potential candidate is identified.</p>
<p>(b) Disclose whether or not the board has a nominating committee composed entirely of independent directors. If the board does not have a nominating committee composed entirely of independent directors, describe what steps the board takes to encourage an objective nomination process.</p>	<p>The Corporate Governance and Nominating Committee performs the functions of the Nominating Committee and currently consists of three independent directors (Ruston Goepel (Chair), John Van Brunt and David Black). Subsequent to the Meeting, this Committee will be reconstituted such that it consists of Mr. Black (Chair), Donald Siemens and Robert Atkinson.</p>

<b>Corporate Governance Disclosure Requirement</b>	<b>The Company's Approach</b>
<p>(c) If the board has a nominating committee, describe the responsibilities, powers and operation of the nominating committee.</p>	<p>The Corporate Governance and Nominating Committee has the mandate to:</p> <ul style="list-style-type: none"> <li>• Identify individuals qualified to become Board members</li> <li>• Recommend candidates to fill Board vacancies and newly created director positions</li> <li>• Assess the effectiveness of the Board as a whole and individual Board members</li> <li>• Provide an orientation program for new recruits to the Board, and provide education to all Board members</li> <li>• Recommend the composition of committees of the Board</li> </ul> <p>In recommending candidates to the Board or committees of the Board, the Corporate Governance and Nominating Committee considers such factors as it deems appropriate, including potential conflicts of interest, professional experience, personal character, diversity, outside commitments (including service on other boards or committees) and particular areas of expertise.</p> <p>The Corporate Governance and Nominating Committee also provides, with the assistance of management, suitable programs for the orientation of new Board members and the continuing education of incumbent directors, which include, among other things, reviewing background material, strategic plans of the Company and meeting with Senior Management.</p> <p>The Corporate Governance and Nominating Committee, as part of their annual review, assesses the effectiveness of the Board, its committees and its individual directors. This Committee assesses the adequacy of the information provided, the regular nature of the communication between the Board and management and reviews whether management is following the mandated strategic direction as set out in the Board's direction and management milestones.</p>
<p><b>7. Compensation -</b></p>	
<p>(a) Describe the process by which the board determines the compensation for the issuer's directors and officers.</p>	<p>The Compensation Committee reviews the adequacy and form of compensation and compares it to other companies of similar size and stage of development. There is no minimum share ownership requirement for directors. Directors' compensation is a combination of annual retainer and stock options. The Company's compensation committee reviews the amounts and effectiveness of such compensation.</p>
<p>(b) Disclose whether or not the board has a compensation committee composed entirely of independent directors.</p>	<p>The board has a Compensation Committee composed of two independent directors and one non-independent director. The members of this committee are John Van Brunt (Chairman) Robert Atkinson and Steven Dean. This committee is responsible for determining the compensation to be paid to the Company's Board of Directors and executive officers and for reviewing the corporate goals and objectives of the executive officers. Subsequent to the Meeting, it is anticipated that Mr. Robert Atkinson will replace Mr. Van Brunt as chairman on this committee.</p>

<b>Corporate Governance Disclosure Requirement</b>	<b>The Company's Approach</b>
(c) If the board has a compensation committee, describe the responsibilities, powers and operation of the compensation committee.	The Compensation Committee's primary responsibility is to make recommendations for approval by the Board of Directors on an ongoing basis with respect to the appointment and remuneration of directors and senior officers. The Committee also evaluates the performance of the Company's senior executive officers and reviews the design and competitiveness of the Company's compensation plans. The Compensation Committee meets as required to review and set remuneration.
(d) If a compensation consultant or advisor has, at any time since the beginning of the issuer's most recently completed financial year, been retained to assist in determining compensation for any of the issuer's directors and officers, disclose the identity of the consultant or advisor and briefly summarize the mandate for which they have been retained. If the consultant or advisor has been retained to perform any other work for the issuer, state that fact and briefly describe the nature of the work.	The Company has felt no need to retain any compensation consultants or advisors at any time since the beginning of the Company's most recently completed financial year.
<b>8. Other Board Committees –</b>	
If the board has standing committees other than the audit and compensation committees, identify the committees and describe their function.	The board has a Corporate Governance and Nominating Committee, whose functions are described above.
<b>9. Assessments –</b>	
Disclose whether or not the board, its committees and individual directors are regularly assessed with respect to their effectiveness and contribution. If assessments are regularly conducted, describe the process used for the assessments. If assessments are not regularly conducted, describe how the board satisfies itself that the board, its committees and its individual directors are performing effectively.	The Board does not consider that formal assessments would be useful at this stage of the Company's development. Instead, the Board conducts informal annual assessments of the Board's effectiveness, its committees and its individual directors based on regular discussions between the Chair of the Board and the President & CEO of the Company. To assist in such review, the Corporate Governance and Nominating Committee, as part of their annual review, assesses the effectiveness of the Board, its committees and its individual directors. This Committee assesses the adequacy of the information provided, the regular nature of the communication between the Board and management and reviews whether management is following the mandated strategic direction as set out in the Board's direction and management milestones. The Board, based on the recommendations of the Compensation Committee, assesses management's effectiveness in attaining the Company's corporate objectives, budgets and milestones.