



Notice of Annual General Meeting Wednesday, 30 May 2012 at 11:30am

Management Information Circular (together with Letter from the Chairman and Chief Executive)

This document is important and requires your immediate attention.

If you have any doubts about the action you should take, contact your stockbroker, solicitor, accountant or other professional adviser immediately.

If you have sold or otherwise transferred all of your shares, please pass this document, together with the accompanying documents, to the purchaser or transferee, or to the person who arranged the sale or transfer so they can pass these documents to the person who now holds the shares.

The Annual General Meeting of Arian Silver Corporation will be held at 11:30am on Wednesday, 30 May 2012 at the Institute of Directors, 116 Pall Mall, London, SW1Y 5ED, United Kingdom.

Dated 30 April 2012

Arian Silver Corporation
Registered Office
Craigmuir Chambers
PO Box 71, Road Town
Tortola, British Virgin Islands

Registered in the BVI, registration number 1029783
Registered the UK, registration number BR009038

Letter from the Chairman and the Chief Executive

2011 has been a year of significant achievement for your Company as we progress our strategy to become a large scale commercial silver producer.

Earlier in the year, the sale of the Tepal gold/copper project was completed, allowing the Company to fully focus on its flagship San José silver project.

In April 2011, we completed the installation and commissioning of a fully equipped semi-mobile laboratory facility on site at San José. This laboratory is independently managed and comprises sample preparation, wet chemistry and fire assay facilities as well as atomic absorption spectrometry. This has been an important step in improving assay reliability and turn-around as our exploration of the extensive San José Vein ("SJV") system progressed during the year and in assisting the preparation of independent JORC and NI 43-101 compliant mineral resources under strict quality assurance and quality control programmes.

The year ended 31st December 2011 was our first full year of silver production, albeit on a trial basis. We successfully dealt with some much publicised initial operational issues and still managed to produce around 250,000 ounces of silver during the year and reported an overall gross profit. These initial pilot scale contract mining and milling operations currently exploit only a relatively small portion of the SJV. Although we now have exclusive rights to the toll mill until June 2013, silver recovery will remain inadequate (at less than 70%) as the mill is not designed to process SJV material. This operation should be regarded by shareholders as very much a trial mining/milling operation to produce data for an evaluation of a much larger SJV operation. With that in mind we have commenced economic evaluations for this and will report results in due course. Meanwhile the cash flow from pilot operations is a useful addition to short term funding requirements.

As reported during the year and subsequent to year end, exploration drilling along the SJV has been extremely successful. We announced a significant increase in JORC and NI 43-101 compliant resources in July 2011 and since then results have continued to reflect management's opinion that the SJV hosts very significant silver and base metal resources. On March 12, 2012 we were able to report further increases in resources tonnage as detailed elsewhere in this report. Indicated contained silver ounces are now over 30million ounces with additional inferred contained silver ounces of almost 87million ounces and both with additional significant base metal credits. The full independent technical report relating to these latest updated mineral resource estimates contained in the Company's press release dated 12 March 2012 prepared by CSA Global (UK) Limited is now available on SEDAR, at www.sedar.com and on the company's website at www.ariansilver.com.

Management believes that these existing resources already have the potential to support a significant commercial silver operation at San José and this is the focus of the on-going economic evaluation mentioned above. In addition, almost 2 kilometres of SJV structure to the West, over 1.5 kilometres to the East and approximately 800 metres within the confines of the township of Guanajuatillo remain to be drilled as well as down dip extensions.

Also completed during the year was a detailed geophysical programme on the western edges of the San José concession. The results of this programme indicate where the SJV, in the west, has in most probability been displaced to. This data, in conjunction with our previous detailed exploration, has enabled us to locate the SJV along the surface of our concession for a considerable distance and only recently, after numerous previous attempts, have we been able to obtain a permit enabling us to drill

within the township of Guanajuatillo with a view to completing the link between both the Santa Ana and Guanajuatillo resource areas.

Furthermore, because the SJV is a well-defined mineralised structure, management firmly believes that infill drilling will continue to upgrade existing resources to the measured and indicated categories and the current economic evaluation is of course aiming for initial estimates of mineable reserves. In conjunction with these studies we are planning a further (Phase 5) drilling programme, details of which will be announced shortly.

The on-going volatility in global economies and markets continues to make accurate forecasting of commodity prices extremely difficult. Silver prices have been no exception to this volatility falling abruptly from a mid-2011 high of \$48/oz to a low of \$27/oz at year end.

Since year end there has been a sharp, albeit brief, silver price recovery to a high of almost \$37/oz by the end of February 2012, before the price settled back to current levels of around \$30/oz. However despite this volatility there are some positive underlying trends. The recent report from the Silver Institute entitled "The Future of Silver Industrial Demand" points toward industrial demand growth of 36% between 2012 and 2015; this together with potential for increased investment demand in these troubled global economies may support silver prices above \$25/oz and we can continue to expect possible higher but volatile levels from time to time.

In conclusion, we strengthened our UK based senior management team during the year with the appointment of Sam Clarke as Chief Financial Officer and David Taylor as Company Secretary. In Mexico our teams continue to perform well and contract mining operations also continue to meet expectations. As always, we would like to thank all those who have been involved in the development of the Company over the past year and we look forward to updating shareholders with our further progress over the coming months.

Tony Williams
Chairman

Jim Williams
Chief Executive

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of shareholders (the “**Meeting**”) of Arian Silver Corporation (the “**Company**”) will be held at 11:30am BST on Wednesday, 30 May 2012 at the Institute of Directors, 116 Pall Mall, London SW1Y 5ED, United Kingdom, to consider and, if thought appropriate, pass the following ordinary resolutions:

- Resolution 1** To receive the audited financial statements of the Company for the year ended 31 December 2011, together with the report of the auditors thereon
- Resolution 2** To re-elect Tony Williams as a director
- Resolution 3** To re-elect Jim Williams as a director
- Resolution 4** To re-elect James Cable as a director
- Resolution 5** To re-elect Jim Crombie as a director
- Resolution 6** To re-elect Tom Bailey as a director
- Resolution 7** To appoint PKF (UK) LLP as auditors of the Company
- Resolution 8** To fix the level of the auditors’ remuneration as determined by the Board of Directors

By Order of the Board

(signed) “*David H. Taylor*”

David H. Taylor
Company Secretary

30 April 2012

Notes

The attached Management Information Circular explains the resolutions to be put to the Meeting.

A copy of the financial statements and report of the auditors, Management Information Circular, form of proxy and supplemental mailing list card accompany this Notice.

Only holders of Common Shares of record at the close of business on 24 April 2012 (the “**Record Date**”) are entitled to notice of and to vote at the Meeting. To the extent any such shareholder transfers the ownership of any of his, her or its Common Shares after the Record Date and the transferee of those shares establishes that he, she or it owns such shares and demands not later than 10 days before the Meeting that his, her or its name be included in the shareholders’ list, such transferee will be entitled to vote such shares at the Meeting.

Shareholders who are unable to attend the Meeting or any adjournment thereof in person are requested to date and sign the enclosed form of proxy.

A proxy will not be valid unless it is deposited at the offices of Computershare Investor Services, Inc., Proxy Department, 100 University Avenue, 9th Floor, Toronto, Ontario, Canada M5J 2Y1 or sent by facsimile within North America to +1 (866) 249-7775 and outside North America to +1 (416) 263-9524, not less than 48 hours (excluding Saturdays, Sundays and holidays) before the date of the Meeting or any adjournment thereof. If you are able to attend the Meeting, or any adjournment thereof, sending your proxy will not prevent you from voting in person.

ARIAN SILVER CORPORATION
Berkeley Square House, Berkeley Square
London, W1J 6BD, United Kingdom
Tel: +44 (0)20 7887 6599

MANAGEMENT INFORMATION CIRCULAR

This Management Information Circular is furnished in respect of the Annual General Meeting of shareholders (the “**Meeting**”) of Arian Silver Corporation (the “**Company**”) to be held at 11:30am BST on Wednesday, 30th May 2012 at the Institute of Directors, 116 Pall Mall, London SW1Y 5ED, United Kingdom, and any continuation or adjournment thereof.

Except as otherwise provided, all information herein is given as at 30 April 2012. All references to “\$” refer to United States dollars, the Company’s reporting currency, as set forth in its financial statements, unless otherwise indicated.

SOLICITATION OF PROXIES

The enclosed proxy is being solicited by on behalf of the management of the Company in respect of the Meeting (and any adjournment thereof) to be held on 30 May 2012 at the time and place and for the purposes set forth above and in the accompanying Notice of Meeting.

Proxies will be solicited primarily by mail and may also be solicited personally or by telephone by the directors, officers and employees of the Company without special compensation. The cost of solicitation by management of the Company will be borne by the Company.

The Company may pay the reasonable costs incurred by persons who are the registered but not beneficial owners of voting shares of the Company (such as brokers, dealers, other registrants under applicable securities laws, nominees and/or custodians) in sending or delivering copies of this Management Information Circular, the Notice of Meeting and form of proxy to the beneficial owners of such shares. The Company will provide, without cost to such persons, upon request to the Secretary of the Company, additional copies of the foregoing documents required for this purpose.

APPOINTMENT AND REVOCATION OF PROXIES

The persons named in the enclosed form of proxy are nominees of management of the Company. **A shareholder desiring to appoint a person (who need not be a shareholder of the Company) other than either of the directors (the “management nominees”) designated on the form of proxy to represent him, her or it at the Meeting may do so by either filling in the name of such person in the blank space provided in the proxy or by completing another proper form of proxy.**

A shareholder wishing to be represented by proxy at the Meeting or any adjournment thereof must, in all cases, deposit the completed proxy with the Company’s transfer agent and registrar, Computershare Investor Services Inc., Proxy Department, 100 University Avenue, 9th Floor, Toronto, Ontario, Canada M5J 2Y1, or sent by facsimile within North America to +1 (866) 249-7775 and outside North America to +1 (416) 263-9524, not less than 48 hours (excluding Saturdays, Sundays and holidays) prior to the time of the Meeting or any adjournment thereof at which the proxy is to be used, or deliver it to the Chair of the Meeting on the day of the Meeting or any adjournment thereof prior to the time of voting.

A proxy should be executed by the shareholder or his or her attorney duly authorised in writing or, if the shareholder is a corporation, by an officer or attorney thereof duly authorised.

In addition to any other manner permitted by law, a proxy may be revoked before it is exercised by instrument in writing, executed in the same manner as a proxy and deposited at the Company's registrar and transfer agent, Computershare Investor Services Inc., Proxy Department, 100 University Avenue, 9th Floor, Toronto, Ontario, Canada M5J 2Y1, or at the Company's office at Berkeley Square House, Berkeley Square, London W1J 6BD, United Kingdom at any time up to and including the last business day preceding the day of the Meeting, or any adjournment thereof, at which the proxy is to be used or with the Chair of the Meeting on the day of such Meeting or any adjournment thereof and thereupon the proxy is revoked.

A shareholder attending the Meeting has the right to vote in person and, if he, she or it does so, his, her or its proxy is nullified with respect to the matters such person votes upon and any subsequent matters thereafter to be voted upon at the Meeting or any adjournment thereof.

EXERCISE OF DISCRETION BY PROXIES

The shares represented by proxies in favour of management nominees will be voted for, against, or withheld from voting, in accordance with the instructions of the shareholder on any ballot that may be called for. If no choice is specified, the proxy will be voted in favour of all matters referred to on the form of proxy.

The enclosed form of proxy confers discretionary authority upon the persons named therein to vote with respect to any amendments or variations to the matters identified in the notice of meeting and with respect to other matters which may properly come before the meeting in such manner as such nominee in his judgement may determine. As of the date hereof, the management of the Company knows of no such amendments, variations or other matters to come before the Meeting.

VOTING SHARES AND PRINCIPAL HOLDERS THEREOF

The Company is authorised to issue an unlimited number of common shares of no par value (the "**Common Shares**"). At the date hereof, the Company has outstanding 301,714,112 Common Shares, each of which carries one vote. The outstanding Common Shares are listed on the TSX Venture Exchange (the "**TSXV**") under the symbol "AGQ", on London's Alternative Investment Market ("**AIM**") under the symbol "AGQ", on the Frankfurt Stock Exchange under the symbol "I3A" and trades on London's "PLUS" Market under the symbol "AGQ".

The record date for the determination of shareholders entitled to receive notice of the Meeting has been fixed as at Tuesday, 24 April 2012 (the "**Record Date**").

The Company's registrar and transfer agent, Computershare Investor Services Inc., will prepare an alphabetical list of shareholders as at the Record Date showing the number of Common Shares held by each shareholder. A shareholder may examine the list during usual business hours at the offices of Computershare Investor Services Inc., 100 University Avenue, 9th Floor, Toronto, Ontario, Canada M5J 2Y1, and at the Meeting.

Each shareholder named in the list will be entitled to one vote per Common Share shown opposite his, her or its name on said list, even if he, she or it has since that date disposed of his, her or its Common

Shares. Where a shareholder has transferred ownership of any of his, her or its Common Shares after the Record Date, the transferee (and not the original shareholder) may vote such shares provided he, she or it (a) produces properly endorsed share certificates to the Company or otherwise establishes to the Company that he, she or it owns such shares, and (b) demands, not later than 10 days before the Meeting, that his, her or its name be included in the list of shareholders before the Meeting.

As at the date of this Management Information Circular, to the knowledge of the directors or executive officers of the Company, no persons beneficially owned, controlled or directed, directly or indirectly, securities of the Company carrying more than 10% of the voting rights attaching to any class of outstanding voting securities of the Company, except for the following:

Name	Number of Common Shares Held	Percentage
Sprott Asset Management LLP on behalf of managed funds	51,119,988	16.94%

ADVICE TO NON-REGISTERED SHAREHOLDERS

Only registered holders of Common Shares or the persons they appoint as their proxies are permitted to vote at the Meeting. However, in many cases, Common Shares beneficially owned by a person (a “**Non-Registered Holder**”) are registered either:

- (i) in the name of an intermediary (an “**Intermediary**”) with whom the Non-Registered Holder deals in respect of the Common Shares (Intermediaries include, among others, banks, trust companies, securities dealers or brokers and trustees or administrators of self-administered Registered Retirement Savings Plans (“**RRSPs**”), Registered Retirement Income Funds (“**RRIFs**”), Registered Education Savings Plans (“**RESPs**”) and similar plans), or
- (ii) in the name of a clearing agency (such as The Canadian Depository for Securities Limited) of which the Intermediary is a participant.

In accordance with the requirements of Canadian National Instrument 54-101, the Company will have distributed copies of the Notice of Meeting, this Management Information Circular and the form of proxy (collectively, the “**meeting materials**”) to the clearing agencies and Intermediaries for onward distribution to Non-Registered Holders.

Applicable regulatory law and policy requires Intermediaries and clearing agencies to seek voting instructions from Non-Registered Holders. Without specific instructions from Non-Registered Holders, Intermediaries and clearing agencies are prohibited from voting the shares of the Non-Registered Holders. Accordingly, Intermediaries and clearing agencies are required to forward the meeting materials to Non-Registered Holders. Non-Registered Holders will be given, in substitution for the proxy otherwise contained in proxy-related materials, a request for voting instructions (the “**voting instructions form**”) which, when properly completed and signed by the Non-Registered Holder and returned to the Intermediary, will constitute voting instructions which the Intermediary must follow.

The purpose of this procedure is to permit Non-Registered Holders to direct the voting of the Common Shares they beneficially own. Should a Non-Registered Holder who receives the voting instructions form wish to vote at the Meeting in person (or have another person attend and vote on behalf of the Non-Registered Holder), the Non-Registered Holder should so indicate in the place provided for that purpose in the voting instructions form and a form of legal proxy will be sent to the Non-Registered Holder. In

any event, Non-Registered Holders should carefully follow the instructions of their Intermediary set out in the voting instructions form.

BUSINESS TO BE CONSIDERED AT THE MEETING

Audited Financial Statements

The Company's audited financial statements for the financial year ended 31 December 2011 and the report of the auditors thereon will be submitted to the Meeting. Receipt at the Meeting of the auditors' report and the Company's audited consolidated financial statements for the financial year ended 31 December 2011 will not constitute approval or disapproval of any matters referred to therein.

Election of Directors

The Articles of Association of the Company provide that the Company is authorised to appoint a minimum of one and a maximum of twelve directors. The board of directors of the Company (the "Board" or "Board of Directors") currently consists of five directors and it is proposed that five directors be re-elected at the Meeting. The table below and the notes thereto state the names of all the persons proposed to be nominated by management for election as directors, their municipalities of residence, all other positions and offices with the Company now held by them, their principal occupation or employment, the period or periods of service as directors of the Company and the approximate number of voting securities of the Company beneficially owned, controlled or directed, directly or indirectly, by each of them as of the date hereof.

The present term of office of each current director of the Company will expire at the close of the Meeting. Each person whose name appears hereunder is proposed to be elected as a director of the Company to serve for the period commencing immediately subsequent to the close of the Meeting and ending at the close of the next annual meeting of shareholders or until his successor is elected or appointed, unless his or her office is earlier vacated in accordance with the Articles of Association of the Company or with the provisions of the *BVI Business Companies Act, 2004*.

Each person nominated for election as a director will be proposed and voted on individually.

Name, Municipality of Residence and Current Position(s) with the Company	Principal Occupation	Director Since	Number of Common Shares Beneficially Owned, Directed or Controlled, Directly or Indirectly⁽¹⁾
Anthony Joseph Williams London, United Kingdom Executive Chairman and Director	Chairman of the Company. Principal of the Dragon Group of Companies since October 1995.	25 May 2006	2,200,000
James Thomas Williams Conwy, United Kingdom Chief Executive Officer and Director	Chief Executive Officer ("CEO") of the Company.	24 May 2006	4,800,000

Name, Municipality of Residence and Current Position(s) with the Company	Principal Occupation	Director Since	Number of Common Shares Beneficially Owned, Directed or Controlled, Directly or Indirectly ⁽¹⁾
James Seymour Cable ⁽²⁾⁽³⁾ Paddock Wood, Kent, United Kingdom Director	Self-employed consultant from 2010 and Finance Director of Mantle Diamonds Ltd from July 2011. Finance Director of Kopane Diamond Developments Plc from 2005 to 2010. Chief Financial Officer of the Company from 2006 to 2008.	24 May 2006	Nil
Thomas Anstey Bailey ⁽²⁾⁽³⁾ Bickley, Kent, United Kingdom Director	Self-employed Consultant since 2002.	25 May 2006	2,000
James Arnott Crombie ⁽²⁾⁽³⁾ Nassau, Bahamas Director	President and CEO of Reunion Gold Corporation from 2004. Vice Chairman and CEO of Dunav Resources Ltd (formerly Queensland Minerals Ltd) from 2007. Director, President and CEO of Odyssey Resources Ltd since 2008. President and CEO of Sutter Gold Mining Inc since 2009. President and CEO of Avala Resources Ltd since 2010. Executive Vice Chairman of Cerro Resources NL since 2010. Director of Torex Gold Resources Inc since 2011.	29 December 2006	1,500,000

Notes:

- (1) The information as to voting securities beneficially owned, controlled or directed, directly or indirectly, not being within the knowledge of the Company, has been furnished by the respective nominees individually.
- (2) Member of the Audit Committee. The Audit Committee is currently composed of three of the non-executive directors, a majority of whom are independent. The Audit Committee meets at least quarterly to review the Company's interim and annual consolidated financial statements before submission to the Board of Directors for approval. The Audit Committee determines and examines any matter relating to the financial affairs of the Company including the performance, position and prospects of the Company and ensures they are properly monitored and reported on.
- (3) Member of the Compensation Committee. The Compensation Committee is currently composed of three of the non-executive directors a majority of whom are independent. The Compensation Committee meets as required during the year to review the performance of the senior executives and set the scale and structure of their remuneration and compensation packages and, among other things, to consider the Company's benefit plans.

Corporate Cease Trade Orders or Bankruptcies

Except as hereinafter set forth, no proposed director of the Company is, as at the date hereof, or has been within ten years before the date hereof, a director, chief executive officer or chief financial officer of any company (including the Company) that:-

1. was the subject of a cease trade order, an order similar to a cease trade 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 while the proposed director was acting in the capacity as director, chief executive officer or chief financial officer; or
2. was subject to a cease trade order, an order similar to a cease trade 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, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer.

Mr Anthony J. Williams, the Company's Executive Chairman, was at the relevant time a director of European Diamonds Plc, which has since changed its name to Kopane Diamond Developments Plc ("**European Diamonds**"), a United Kingdom based resource company formerly listed on AIM. European Diamonds became a reporting issuer in British Columbia as a result of a take-over of MineGem Inc. in October 2003. As a result of an incorrect profile on SEDAR that provided a financial year end of December 31, European Diamonds was noted in default by the British Columbia Securities Commission ("**BCSC**") for not having made certain financial statement filings in respect of a 31 December year end and on 2 June, 2004 the BCSC issued a cease trade order with respect to all trading in the securities of European Diamonds. Subsequently, European Diamonds corrected its SEDAR profile to reflect a 30 June year end. On 4 August, 2004, the BCSC issued a revocation of the cease trade order noting that European Diamonds was not in default of its filings. On 15 November, 2004, upon the application of European Diamonds, the BCSC deemed European Diamonds to have ceased to be a reporting issuer in British Columbia.

Except as hereinafter set forth, no proposed director of the Company is, as at the date hereof, or has been within 10 years before the date hereof, 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.

Mr James Cable, a Director of the Company, was at the relevant time a director of Primavision Limited, which was placed into creditor's voluntary liquidation on 10 March, 2003. The liquidation was completed in 2007.

Penalties or Sanctions

No proposed director of the Company or any personal holding company of such person has been subject to (a) 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, (b) any other 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.

Personal Bankruptcies

No proposed director of the Company or any personal holding company of such person has, within the 10 years before the date hereof, 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.

Proxies received in favour of the management nominees will be voted for the election of each of the above-named nominees unless the shareholder has specified in the proxy that his, her or its Common Shares are to be withheld from voting in respect thereof. Management has no reason to believe that any of the nominees will be unable to serve as a director but, if a nominee is for any reason unavailable to serve as a director, proxies in favour of the management nominees will be voted in favour of the remaining nominees and may be voted for a substitute nominee unless the shareholder has specified in the proxy that his, her or its Common Shares are to be withheld from voting in respect of the election of all of the directors.

Appointment of Auditors

PKF (UK) LLP (“PKF”) was appointed as auditors of the Company on 24 May 2006. It is proposed to re-appoint PKF as auditors of the Company to hold office until the conclusion of the next annual general meeting at which accounts are laid before the Company, and to fix the auditors’ remuneration as determined by the Board of Directors.

Proxies received in favour of the management nominees will be voted for the re-appointment of PKF as auditors of the Company unless a shareholder has specified in the proxy that his, her or its Common Shares are to be voted against such appointment.

EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

Pursuant to *Form 51-102F6 – Statement of Executive Compensation (“Form 51-102F6”)* and for purposes of this Management Information Circular, a named executive officer (“NEO”) of the Company means each of the following individuals:

- (a) a chief executive officer (“CEO”) of the Company;
- (b) a chief financial officer (“CFO”) of the Company;
- (c) each of the Company’s three most highly compensated executive officers of the Company, including any of its subsidiaries, or the three most highly compensated individuals acting in a similar capacity, other than the CEO and CFO, at the end of the most recently completed financial year whose total compensation was, individually, more than C\$150,000, as determined in accordance with subsection 1.3(6) of Form 51-102F6, for that financial year; and
- (d) each individual who would be a NEO under paragraph (c) above but for the fact that the individual was neither an executive officer of the Company or its subsidiaries, nor acting in a similar capacity, at the end of that financial year.

Accordingly, for the year ended 31 December 2011 the NEOs are James T. Williams (CEO), Samuel Clarke (CFO from 9 May 2011), Victoria Parkes (Acting CFO between 16 March 2011 and 9 May 2011) and Graham A. Potts (CFO until 16 March 2011, and Company Secretary until 13 October 2011).

This Compensation Discussion and Analysis describes in general terms the significant elements of the NEOs compensation for the financial year ended 31 December 2011. As set out in the Summary Compensation Table below, compensation comprises salary and option-based awards.

The objective of the compensation strategy is to attract, motivate, retain and appropriately reward the NEOs in order to promote the development of the Company and achieve the broader objectives set by the Board of Directors.

The Board of Directors has established a Compensation Committee which is currently composed of three members, being Messrs Thomas A. Bailey, James S. Cable and James A. Crombie.

James S. Cable is not considered to be independent by virtue of his previous position as an executive director.

The Compensation Committee meets as required each year to review the performance of the executive directors and senior executives and to determine their respective compensation. The scale and structure of the remuneration and compensation packages for the NEOs is set taking into account time commitment, comparatives, risks and responsibilities, to ensure that the amount of compensation adequately reflects the individual's previous performance, achievements, experience, responsibilities and risks of the office or position held, and in the context of the Company's risk profile, to ensure they do not encourage excessive risk taking on the part of the recipient of such compensation.

The Company is at a relatively early stage of development. As a result, the use of traditional performance standards, such as corporate profitability, is not considered by the Compensation Committee to be appropriate in the evaluation of corporate or the NEOs' performance.

The members of the Compensation Committee have the necessary experience of executive compensation matters relevant to their responsibilities as members of such a committee by virtue of their respective professions, contacts within the minerals industry as well as experience in the broader business community. In addition, each member of the Compensation Committee keeps abreast on a regular basis of trends and developments affecting executive compensation. Accordingly, it is considered that the Compensation Committee has sufficient experience and knowledge to set appropriate levels of compensation. Neither the Company nor the Compensation Committee engaged independent consultants to evaluate the levels of compensation during the year ended 31 December 2011.

The recommendations of the Compensation Committee are submitted to the independent members of the Board of Directors for consideration and approval.

The Company provides NEOs with base salaries which represent their minimum compensation for services rendered during the financial year. NEOs' base salaries depend on the scope of their experience, responsibilities, and performance. A description of the material terms of each NEO employment contract is provided under "**Terms of Employment, Termination and Change of Control Benefits**" (below).

The Compensation Committee has considered the risk implications of the Company's compensation policies and practices and has concluded that there is no appreciable risk associated with such policies and practices since such policies and practices do not have the potential of encouraging an executive officer or other applicable individual to take on any undue risk or to otherwise expose the Company to inappropriate or excessive risks. Furthermore, although the Company does not have in place any specific prohibitions preventing a NEO or a director from purchasing financial instruments, including prepaid variable forward contracts, equity swaps, collars, or units of exchange funds that are designed to hedge or offset a decrease in market value of options or other equity securities of the Company granted in

compensation or held directly or indirectly, by the NEO or director, the Company is unaware of the purchase of any such financial instruments by any NEO or director.

The Company does not anticipate making any significant changes to its compensation policies and practices during 2012, except that it intends to convert its current Share Option Plan (as defined below) from a 10% rolling share option plan to a fixed share option plan.

Share Option Plan and Option-Based Awards

The Company currently has one discretionary share option plan, as amended and restated, effective as of 1 December 2006 (the “**Share Option Plan**”). Currently, the Share Option Plan only operates with respect to previously granted options and no further options may be granted thereunder.

The Share Option Plan was established to encourage ownership of the common shares of the Company by directors, officers, employees of the Company and its subsidiaries, and other service providers responsible for the management and profitable growth of the Company’s business and to advance the interests of the Company by providing additional incentive for such persons and to enable the Company and its subsidiaries to attract and retain valued directors, officers, employees and other service providers.

Historically, options were allocated as approved by the Board of Directors on the recommendation of the Compensation Committee. Option awards were reviewed periodically and took into account previous option grants, changes in executive positions and overall contribution to the Company.

The Share Option Plan is a “rolling” stock option plan as it provides that the maximum number of shares which may be reserved and set aside for issue under the Share Option Plan and which are subject to outstanding options granted under a prior plan must not exceed 10% of the issued shares of the Company at the time the option was granted (on a non-diluted basis). The aggregate number of shares which may be reserved for issuance to any one person under the Share Option Plan and which are subject to outstanding options granted under a prior plan must not exceed 5% of the issued shares (determined at the date the option was granted) in a 12 month period.

Shareholders’ re-approval of the Plan was not sought at the Company’s annual general meeting in 2011. Consequently, whilst options granted on or prior to 7 June 2011 continue to subsist and are subject to the Share Option Plan rules, no further options may be awarded under the Share Option Plan.

In accordance with the policies of the TSX Venture Exchange and subject to the approval of such exchange, the Board of Directors intends to convert the Share Option Plan to a fixed share option plan which will fix the number of shares issuable under it at a fixed number of shares representing less than 10% of the Company’s outstanding share capital. It is currently contemplated that such number (which would include options subsisting at that time) would be fixed at 30,000,000 shares (the “Plan Limit”).

Such a “fixed” share option plan would not be subject to approval by shareholders on an annual basis as would be the case for a rolling plan or otherwise so long as the Plan Limit is not exceeded. Except for the imposition of the Plan Limit and other expected changes of a housekeeping nature or required to comply with TSX Venture Exchange policies, it is also anticipated that all other material terms of the Share Option Plan would remain in the new fixed plan.

Summary Compensation Table

The following table sets forth the compensation awarded, paid to or earned by each NEO during 2011. All grants of options during 2011 were made on or prior to 7 June 2011:

Name and Principal Position	Year	Salary (\$) ⁽¹⁾	Share-based awards (\$)	Option-based awards (\$) ⁽²⁾	Non-equity incentive plan compensation (\$)		Pension value (\$)	All other compensation (\$)	Total compensation (\$)
					Annual incentive plans	Long-term incentive plans			
James T. Williams CEO	2011	257,000	-	2,008,000	-	-	-	-	2,265,000
	2010	247,000	-	-	-	-	-	-	247,000
	2009	251,000	-	77,000	-	-	-	-	328,000
Samuel Clarke CFO ⁽³⁾	2011	107,000	-	66,000	-	-	-	-	173,000
	2010	-	-	-	-	-	-	-	-
	2009	-	-	-	-	-	-	-	-
Anthony J. Williams Executive Chairman ⁽⁴⁾	2011	115,000	-	2,008,000	-	-	-	-	2,123,000
	2010	111,000	-	-	-	-	-	-	111,000
	2009	113,000	-	77,000	-	-	-	-	190,000
Graham A. Potts Corporate Secretary ⁽⁵⁾	2011	104,000	-	1,721,000	-	-	-	-	1,825,000
	2010	124,000	-	-	-	-	-	-	124,000
	2009	126,000	-	62,000	-	-	-	-	188,000
Victoria Parkes Financial Controller ⁽⁶⁾	2011	99,000	-	56,000	-	-	-	-	155,000
	2010	48,000	-	1,000	-	-	-	-	49,000
	2009	57,000	-	5,000	-	-	-	-	62,000

Notes:

(1) Salaries are paid in Pounds Sterling and translated to US dollars based on the average foreign exchange rate for each respective year (2011: GB£:\$ 1.6039, 2010: GB£:\$ 1.5463, 2009: GB£:\$ 1.5659).

(2) The fair value of options granted is calculated using the Black-Scholes model as this model is widely accepted as an industry standard and is considered to provide the best estimation of value. The key assumptions and estimates used for the calculation of the grant date fair value include:

Year	Risk-free interest rate	Volatility	Expected life
2011	2.18%	90%	2-5 years
2010	n/a	n/a	n/a
2009	2.98%	74%	2-5 years

The grant date fair value presented above is the fair value calculated and expensed for the year-end consolidated financial statements.

(3) Samuel Clarke was appointed CFO on 9 May 2011.

(4) Payments in respect of Anthony J. Williams were paid to the Dragon Group Limited, a company owned 100% by Anthony J. Williams.

(5) Graham A. Potts retired on 13 October 2011. The option based award was reversed during 2012 in accordance with the Share Option Plan rules.

(6) Victoria Parkes was appointed acting CFO between 16 March 2011 and 9 May 2011.

Outstanding Option-based Awards

The following table sets out all stock options outstanding at 31 December 2011 for each of the Company's NEOs.

Name	Number of securities underlying unexercised options (#)	Option exercise price ⁽¹⁾	Option expiration date	Value of unexercised in-the-money options (\$) ⁽²⁾
James T. Williams	750,000	GB£0.1200/C\$0.25 ⁽²⁾	4 June 2013	42,882
	3,500,000	GB£0.4925/C\$0.79 ⁽³⁾	18 January 2016	-
Samuel Clarke	300,000	GB£0.3000/C\$0.48 ⁽⁴⁾	8 June 2016	-
Anthony J. Williams	750,000	GB£0.1200/C\$0.25 ⁽²⁾	4 June 2013	42,882
	3,500,000	GB£0.4925/C\$0.79 ⁽³⁾	18 January 2016	-
Graham A. Potts	500,000	GB£0.1200/C\$0.25 ⁽²⁾	4 June 2013	28,588
	3,000,000	GB£0.4925/C\$0.79 ⁽³⁾	18 January 2016	-
Victoria Parkes	330,000	GB£0.4925/C\$0.79 ⁽³⁾	18 January 2016	-

Notes:

- (1) The exercise prices are based on the closing market price on the TSX Venture Exchange on the trading day immediately prior to the date of grant, representing fair market value at that time.
- (2) The value of unexercised in-the-money options is calculated by using the closing share price on the relevant stock exchange on 31 December 2011 of GB£0.1570/C\$0.24 less the exercise price of the in-the-money stock options, and using the foreign exchange rate as at 31 December 2011 of GB£:\$ 1.5453, US\$:C\$1.0197 and disclosing the highest value of unexercised in-the-money options.

Terms of Employment, Termination and Change of Control Benefits

All payments quoted in this section relating to *Terms of Employment, Termination and Change of Control Benefits* are calculated using the foreign exchange rate of GB:\$ 1.5453 as at 31 December 2011.

Anthony Williams, Executive Chairman, provides his services to the Company on a part-time basis at a salary of \$111,000, which is subject to review by the Compensation Committee of the Board of Directors no less than once a year. His appointment may be terminated by either party upon 12 months' written notice. The Company may terminate the appointment by notice but with immediate effect for reasons including gross misconduct or bankruptcy. The appointment agreement is governed by the laws of England. If during the term of Mr Williams' appointment there is a change of control and within 12 months of such change of control the Company or Mr Williams terminate the appointment, Mr Williams will be entitled to compensation, being a lump sum of 300% of his salary at the date of the change of control. The appointment agreement contains restrictive covenants including a non-compete clause for six months following termination. If the termination and/or change of control events had occurred on 31 December 2011 the following are the estimated amounts that would have been payable to Mr Williams:

	Payment
Termination without cause	\$111,000
Change of control	\$334,000
Termination without cause following a change of control	\$334,000

An option gain would have been realised as at 31 December 2011 as some of Mr A. Williams' outstanding options were in-the-money at that date. Details of the gain are disclosed above.

James Williams, Chief Executive Officer, provides his services to the Company on a full-time basis at a salary of \$247,000, which is subject to review by the Compensation Committee of the Board of Directors

no less than once a year. His appointment may be terminated by either party upon 12 months' written notice. The Company may terminate the appointment by notice but with immediate effect for reasons including gross misconduct or bankruptcy. The appointment agreement is governed by the laws of England. If during the term of Mr Williams' appointment there is a change of control and within 12 months of such change of control the Company or Mr Williams terminate the appointment, Mr Williams will be entitled to compensation, being a lump sum of 300% of his salary at the date of the change of control. The appointment agreement contains restrictive covenants including a non-compete clause for six months following termination. If the termination and/or change of control events had occurred on 31 December 2011 the following are the estimated amounts that would have been payable to Mr Williams:

	Payment
Termination without cause	\$247,000
Change of control	\$742,000
Termination without cause following a change of control	\$742,000

An option gain would have been realised as at 31 December 2011 as some of Mr J. Williams' outstanding options were in-the-money at that date. Details of the gain are disclosed above.

Sam Clarke, Chief Financial Officer, provides his services to the Company on a full-time basis at a salary of \$155,000 per annum, which is subject to review by the Compensation Committee of the Board of Directors no less than once a year. His appointment may be terminated by either party upon three months' written notice. The Company may terminate the appointment by notice but with immediate effect for reasons including gross misconduct or bankruptcy. The appointment agreement is governed by the laws of England. If during the term of Mr Clarke's appointment there is a change of control and within 12 months of such change of control the Company or Mr Clarke terminate the appointment, Mr Clarke will be entitled to compensation, being a lump sum of 50% of his salary at the date of the change of control. The appointment agreement contains restrictive covenants including a non-compete clause for six months following termination. If the termination and/or change of control events had occurred on 31 December 2011 the following are the estimated amounts that would have been payable to Mr Clarke:

	Salary
Termination without cause	\$39,000
Change of control	\$78,000
Termination without cause following a change of control	\$78,000

No option gains would have been realised as at 31 December 2011 as Mr Clarke's outstanding options were not in-the-money at that date.

Change of control means where any person (or persons acting in concert) who (directly or indirectly) controls the Company ceases to do so or if a person (or persons acting in concert) acquires (directly or indirectly) control of the Company. Control shall be construed in accordance with section 840 of the Income and Corporation Taxes Act 1988 of Great Britain.

Graham Potts resigned as CFO on 16 March 2011 and resigned as Company Secretary with effect from 13 October 2011; he retired from the Company on 21 October 2011. No additional termination payments were made to Mr Potts in respect of either his resignations or his retirement.

Victoria Parkes, Financial Controller, was appointed as acting CFO between 16 March 2011 and 9 May 2011. Mrs Parkes provides her services to the Company on a full-time basis at a salary of \$121,000 per annum. Her appointment may be terminated by either party upon one month's written notice. The Company may terminate the appointment by notice but with immediate effect for reasons including

gross misconduct or bankruptcy. The appointment agreement is governed by the laws of England. The appointment agreement contains restrictive covenants including a non-compete clause for six months following termination. If the termination and/or change of control events had occurred on 31 December 2011 the following are the estimated amounts that would have been payable to Mrs Parkes:

Termination without cause	Salary \$10,000
---------------------------	--------------------

No option gains would have been realised as at 31 December 2011 as Mrs Parkes' outstanding options were not in-the-money at that date.

Director Compensation Table

The following table sets forth the compensation awarded, paid to or earned by directors who were not the NEOs of the Company for the financial year ended 31 December 2011:

Name	Fees Earned and Total (\$)
Thomas A. Bailey	24,000
James S. Cable	24,000
James A. Crombie	24,000

Note: Fees are paid in Pounds Sterling and translated to US Dollars for reporting purposes based on the average exchange rate for the year ended 31 December 2011, of GB£:\$ 1.6039.

Outstanding Option-based Awards

The following table sets out all stock options outstanding at 31 December 2011 for the directors of the Company who are not NEOs.

Name	Number of securities underlying unexercised options (#)	Option exercise price	Option expiration date	Value of unexercised in-the-money options (\$) ⁽¹⁾
Thomas A. Bailey	200,000	GB£0.0550/C\$0.10 ⁽²⁾	16 July 2014	31,254
	650,000	GB£0.4925/C\$0.79 ⁽³⁾	18 January 2016	-
James S. Cable	200,000	GB£0.5500/C\$0.10 ⁽²⁾	16 July 2014	31,524
	650,000	GB£0.4925/C\$0.79 ⁽³⁾	18 January 2016	-
James A. Crombie	550,000	GB£0.0550/C\$0.10 ⁽²⁾	16 July 2014	86,691
	650,000	GB£0.4925/C\$0.79 ⁽³⁾	18 January 2016	-

Notes:

- (1) The value of unexercised in-the-money options is calculated by using the closing share price on each relevant exchange on 31 December 2011 of GB£0.1570/C\$0.24 less the exercise price of the in-the-money stock options, and using the foreign exchange rate as at 31 December 2011 of GB£:\$ 1.5453, US\$:C\$ 1.0197. Each option holder can select whether to exercise options on the TSX Venture Exchange or AIM. Where applicable, the value quoted reflects the higher of the two values.
- (2) The closing market price on the TSX Venture Exchange on the trading day immediately prior to the date of grant was C\$0.065. The option exercise price was therefore at a 53.8% premium to the market value at that time.
- (3) The closing market price on the TSX Venture Exchange on the trading day immediately prior to the date of grant was C\$0.79, representing fair market value at that time.

SECURITIES AUTHORISED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The following table provides information as at 31 December 2011 with respect to the Common Shares that may be issued under the Plan.

Equity Compensation Plan Information

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	18,485,000	\$0.67	Nil ⁽¹⁾
Equity compensation plans not approved by securityholders	N/A	N/A	N/A
Total	18,485,000	\$0.67	Nil

Notes

- (1) As a result of the Share Option Plan being currently inoperative for the purposes of granting further options thereunder see “Executive Compensation – Share Option Plan and Option Based Awards”.

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

Since the beginning of the Company’s most recently completed financial year, there is no, and there has not been any, outstanding indebtedness owing to the Company or any subsidiary of the Company by: (i) any director, executive officer or employee of the Company or any of its subsidiaries; (ii) any former director, executive officer or employee of the Company or any of its subsidiaries; (iii) any proposed nominee for election as a director of the Company; (iv) any associate of any individual who is, or at any time during the Company’s most recently completed financial year was, a director or executive officer of the Company; or (v) any associate of any proposed nominee for election as a director of the Company.

INTERESTS OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

No informed person or any proposed director of the Company, or any of the associates or affiliates of those persons has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any transaction since the commencement of the Company’s most recently completed financial year or in any proposed transaction which has, in either case, materially affected or would materially affect the Company or any of its subsidiaries, except as otherwise described in this Management Information Circular.

For the purposes of the above, “informed person” means: (a) a director or executive officer of the Company; (b) a director or executive officer of a person or company that is itself an informed person or subsidiary of the Company; (c) any person or company who beneficially owns, or controls or directs, directly or indirectly, voting securities of the Company or a combination of both carrying more than 10% of the voting rights attached to all outstanding voting securities of the Company other than voting securities held by the person or company as underwriter in the course of a distribution; and (d) the Company after having purchased, redeemed or otherwise acquired any of its securities, for so long as it holds any of its securities.

INTERESTS OF CERTAIN PERSONS OR COMPANIES IN MATTERS TO BE ACTED UPON

No person who has been a director or executive officer of the Company at any time since the beginning of its last completed financial year, no proposed nominee for election as a director of the Company, and no associate or affiliate of any of the foregoing persons has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted upon at the Meeting, except as disclosed in this Management Information Circular.

MANAGEMENT CONTRACTS

There are no management functions of the Company or its subsidiaries which are to any substantial degree performed by a person or company other than the directors or executive officers of the Company or its subsidiaries (or private companies controlled by them, either directly or indirectly).

STATEMENT OF CORPORATE GOVERNANCE

Corporate governance relates to the activities of the Board of Directors, the members of which are elected by and are accountable to the Company's shareholders, and takes into account the role of the individual members of management who are appointed by the Board of Directors and who are charged with the day to day management of the Company. The Board of Directors is committed to sound corporate governance practices which are both in the interests of its shareholders and contribute to effective and efficient decision making. The Company believes that its corporate governance practices ensure that the business and affairs of the Company are effectively managed so as to enhance shareholder value. Set out below is a description of the corporate governance practices of the Company as required by National Instrument 58-101 ("**NI 58-101**") concerning corporate governance disclosure.

Disclosure of Corporate Governance Practices

Board of Directors

Pursuant to NI 58-101, a director is independent if the director has no direct or indirect relationship with the issuer which could, in the view of the issuer's board of directors, be reasonably expected to interfere with the exercise of a member's independent judgment. Certain directors are deemed to have a material relationship with the issuer by virtue of their position or relationship with the Company. The Board of Directors is currently comprised of five (5) members. After the Meeting, assuming all directors are elected as directors, the Board will be comprised of five (5) directors.

In assessing whether a director is independent for these purposes, the circumstances of each director have been examined in relation to a number of factors. Messrs Anthony J. Williams and James T. Williams are not considered independent directors as each of them is an executive officer of the Company. James S. Cable is not considered to be independent by virtue of his previous position as an executive director. Messrs Thomas A. Bailey and James A. Crombie are considered to be independent. Details of directorships held by each director or nominee director in other public issuers are set out in Schedule "A" attached hereto.

The Board of Directors supervises the management of the business and affairs of the Company and is mandated to act with a view to the best interests of the Company. The Board of Directors reviews the business and affairs of the Company and makes any decisions relating thereto. The Board of Directors believes that it functions independently of management. The Board of Directors transacts business as required, without management present. When conflicts do arise, interested parties are precluded from voting on matters in which they may have an interest.

Orientation and Education

The Company does not have a formal process of orientation for new directors. From time to time, corporate officers and legal, financial and other experts provide advice to the Board of Directors in their areas of expertise.

Ethical Business Conduct

The Board of Directors has not yet adopted a written ethical business conduct code for directors, officers and employees of the Company. In circumstances where a director or executive officer has a material interest in a transaction or agreement into which the Company is considering entering, the individual is required to fully disclose his or her interest therein and an ad hoc committee of disinterested directors is appointed to review the same to confirm, among other things, that such transaction or agreement, as applicable, is being entered into on arm's length commercially reasonable terms. Such committee has the right to obtain advice from the Company's counsel and other professional advisors and/or appoint independent counsel and/or advisors.

Nomination of Directors

The Board of Directors has not appointed a formal nominating committee. However, any member of the Board of Directors is free to recommend additional members, as required, and the Board of Directors will consider such recommendations as a whole. Until a committee is formed, the Board of Directors as a whole will be responsible for assessing the effectiveness of the Board of Directors, the committees of the Board of Directors and the contribution of individual directors, taking into account the competencies and skills that the Board of Directors as a whole should possess as well as the competencies and skills that each director should possess.

Compensation

The Compensation Committee is currently composed of three members, being Messrs Thomas A. Bailey, James S. Cable and James A. Crombie. Messrs Thomas A. Bailey and James A. Crombie are considered to be independent. James S. Cable is not considered to be independent by virtue of his previous position as an executive director. The Compensation Committee meets as required each year to review the performance of the executive directors and senior executives and to determine their respective compensation. The scale and structure of the remuneration and compensation packages for the NEOs is set taking into account time commitment, comparatives, risks and responsibilities, to ensure that the amount of compensation adequately reflects the individual's previous performance, achievements, experience, responsibilities and risks of the office or position held, and in the context of the Company's risk profile, to ensure they do not encourage excessive risk taking on the part of the recipient of such compensation.

Board Committees

The Board of Directors currently has two (2) standing committees: the Audit Committee (described in detail below) and the Compensation Committee (described in detail above).

Assessments

Based upon the Company's size, its current state of development and the number of individuals on the Board of Directors, the Board of Directors considers a formal process for assessing regularly the effectiveness and contribution of the Board of Directors, as a whole, its committee or individual directors to be unnecessary at this time. The Board of Directors plans to continue evaluating its own effectiveness on an ad hoc basis.

AUDIT COMMITTEE

Multilateral Instrument 52-110 “Audit Committees” (“**MI 52-110**”) requires the Company to disclose annually in its information circular certain information concerning the constitution of its Audit Committee and its relationship with its independent auditor, as set forth below.

Charter

The Audit Committee is governed by its charter. A copy of the text of the Audit Committee’s charter, established in accordance with MI 52-110, is included in Schedule “B” attached hereto.

Composition of the Audit Committee

Messrs Thomas A. Bailey, James S. Cable and James A. Crombie are the current members of the Audit Committee. Messrs Thomas A. Bailey and James A. Crombie are considered to be “independent” within the meaning of MI 52-110. James S. Cable is not considered to be independent by virtue of his previous position as an executive director. All members of the Audit Committee are “financially literate” within the meaning of MI 52-110. The Company is relying upon the exemption in Section 6.1 of MI 52-110 which provides that the Company, as a “venture issuer”, is not required to comply with Part 3 (Composition of the Audit Committee) and Part 5 (Reporting Obligations) of MI 52-110.

Education and Experience

Thomas A. Bailey qualified as a solicitor in 1975 and worked as an in-house lawyer for a number of years with Citibank and Chase Manhattan before returning to private practice to establish a law firm which, ultimately, became one of the top 500 law firms in London. Mr Bailey was the senior partner of his firm specialising in commercial law. Mr Bailey has for a number of years carried out consultancy work for various companies.

James S. Cable (the former Chief Financial Officer of the Company) is a Finance Director with extensive experience at board level in quoted and private companies. Mr Cable has significant international and commercial experience gained in the Middle East, Africa, the Far East and Europe in several business sectors including oil and construction. Mr Cable is a fellow member of the Institute of Chartered Accountants in England and Wales and has more than 30 years qualifying experience. Mr Cable is also a member of the Institute of Directors in London. Mr Cable is currently an independent consultant.

James A. Crombie holds a degree in Mining Engineering from the Royal School of Mines, London and draws on over 28 years of mining experience including management in various gold and diamond projects and as Mining Analyst, Investment Banker and Corporate Financier. Mr Crombie is the President, Chief Executive Officer and a director of Reunion Gold Corporation, a mining company listed on the Toronto Stock Exchange (the “**TSX**”), and has previously held senior-level executive positions with several mining companies listed on the TSX. During the 1990s, he was Mining Analyst/Corporate Finance Director with Yorkton Securities Inc. at its London office (U.K.).

Save in respect of Mr Bailey, each member of the Audit Committee has acted as a director or audit committee member of other public issuers in the past and as such obtained experience in performing his responsibilities as a member of the Company's Audit Committee. As well, each member of the Audit Committee is a senior-level businessman and in such capacity has experience in the preparation, analysis and/or evaluation of financial statements generally and an understanding of internal controls and procedures for financial reporting. Given the scope and nature of the Company's business, its financial statements and the accounting issues arising therefrom are relatively uncomplicated. Based on the foregoing, it is the Board of Directors’ conclusion that each of the members of the Audit Committee has an understanding of the accounting principles used by the Company to prepare its financial

statements, the ability to assess the general application of such accounting principles in connection with the accounting for estimates, accruals and reserves and experience in evaluating financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the Company's financial statements.

Pre-Approval Policies and Procedures

In the event that the Company wishes to retain the services of the Company's external auditors for tax compliance, tax advice, tax planning or other non-audit services, such services must be pre-approved by the Audit Committee.

Auditor Services Fees

The following chart summarises the aggregate fees billed by the external auditors of the Company for professional services rendered to the Company during the financial years ended 31 December 2011 and 2010, for audit and non-audit related services:

Type of Work	Year Ended 31 December 2011	Year Ended 31 December 2010
Audit Fees ⁽¹⁾	\$65,000	\$50,000
Audit-Related Fees ⁽²⁾	-	-
Tax Fees ⁽³⁾	\$31,000	\$7,000
All Other Fees ⁽⁴⁾	-	-

Notes:

- (1) Aggregate fees billed by the Company's external auditor in respect of audit services
- (2) Aggregate fees billed by the Company's external auditor in respect of assurance and services that are reasonably related to the performance of the audit or review of the Company's financial statements and are not reported as "Audit Fees" above.
- (3) Aggregate fees billed by the Company's external auditor in respect of professional services for tax compliance, advice and planning.
- (4) Aggregate fees billed by the Company's external auditor in respect of any product or service not otherwise disclosed.

OTHER MATTERS WHICH MAY COME BEFORE THE MEETING

Management knows of no matters to come before the Meeting of shareholders other than as set forth in the Notice of Meeting. **However, if other matters which are not known to the management should properly come before the meeting, the accompanying proxy will be voted on such matters in accordance with the best judgment of the persons voting the proxy.**

ADDITIONAL INFORMATION

Financial information in respect of the Company is provided in the Company's audited Consolidated Financial Statements and Management's Discussion and Analysis for the financial year ended 31 December 2011. Additional information relating to the Company is available on the Internet at www.sedar.com and the Company's website www.ariansilver.com. To request copies of the Company's Financial Statements and related Management's Discussion and Analysis, please contact the Corporate Secretary of the Company at:

Arian Silver Corporation
Berkeley Square House,
Berkeley Square
London W1J 6BD
United Kingdom

Tel: +44 20 7887 6599
Fax: +44 20 7887 6598

Email: info@ariansilver.com

APPROVAL

The contents and sending of this Management Information Circular have been approved by the directors of the Company.

BY ORDER OF THE BOARD OF DIRECTORS

(signed) *"David H. Taylor"*

David H. Taylor
Company Secretary
30 April 2012

SCHEDULE "A"

Name of Director	Name of Issuer
Anthony J. Williams	N/A
James T. Williams	Kilo Goldmines Ltd
James S. Cable	N/A
Thomas A. Bailey	N/A
James A. Crombie	Reunion Gold Corporation; Dunav Resources Ltd (formerly Queensland Minerals Ltd).; Odyssey Resources Ltd; Sutter Gold Mining Inc; Avala Resources Ltd; Cerro Resources NL; Torex Gold Resources Inc.

SCHEDULE "B"
AUDIT COMMITTEE CHARTER
ARIAN SILVER CORPORATION

Incorporated under the BVI Business Companies Act, 2004

(BVI Company No. 1029783)

Constitution

By resolution of the Board of Directors (the "**Board**") of Arian Silver Corporation (the "**Corporation**"), it has been agreed to establish a committee of the Board, to be called the Audit Committee (the "**Committee**"), to determine and apply policy on behalf of the Board to the financial reporting and internal control principles of the Corporation and for maintaining appropriate relationships with the Corporation's auditors.

Purpose

The purpose of the Committee is to assist the Board in fulfilling its oversight responsibilities relating to the financial accounting and reporting process, its audit process, disclosure procedures and internal controls of the Corporation.

The Committee's primary duties and responsibilities are to:

- Review the annual and interim financial statements of the Corporation, management's discussion and analysis (the "**MD&A**") and report thereon to the Board for approval of, or amendment to, same;
- Conduct such reviews and discussions with management and the independent auditors of the Corporation (the "**Independent Auditors**") relating to the audit and financial reporting as deemed appropriate by the Committee;
- Review and approve all non-arms' length transactions involving the Corporation; and
- Monitor the independence and performance of the Independent Auditors.

It is not the responsibility of the Committee to determine that the Corporation's financial statements are complete and accurate and in accordance with generally accepted accounting principles or to plan or to conduct audits. The financial statements are the responsibility of management. The Independent Auditors are responsible for planning and conducting an audit and expressing an opinion on the fair presentation of the financial statements of the Corporation in accordance with generally accepted accounting principles.

The Committee has the authority to conduct any investigation appropriate to its responsibilities, and it may request the Independent Auditors as well as any officer of the Corporation, or the Corporation's outside counsel, to attend a meeting of the Committee or to meet with any members of, or consultants to, the Committee. The Committee shall have unrestricted access to the Corporation's books and records and has the authority to retain, at the Corporation's expense, special legal, accounting, or other consultants or experts to assist in the performance of the Committee's duties. The Chairman or other member of the Committee so designated by the Committee may represent the Committee to the extent permitted by applicable legal and listing requirements.

Composition and Meetings

- a. Members of the Committee shall be appointed by the Board.
- b. The Audit Committee shall be comprised of at least three directors, one of whom shall serve as the Chair;
- c. A majority of the members of the Audit Committee shall be independent non-executive directors, free from any relationship that, in the opinion of the Board, could reasonably be expected to interfere with the exercise of his or her independence from management, the Corporation, the Independent Auditors or outside counsel. The definition of "independent" shall have the meaning ascribed thereto under applicable legislation;

- d. Notwithstanding the above, provided a majority of the Audit Committee is independent, an individual with a material relationship to the Corporation may sit on the Audit Committee for up to 2 years if, (a) such individual does not chair the Audit Committee, and, (b) the Board determines in its reasonable judgment that the individual is able to exercise impartial judgment and the appointment is in the best interests of the Corporation and its shareholders;
- e. All members of the Committee shall be, or within a reasonable time after appointment, shall become financially literate as determined by the Board, and at least one member of the Committee shall have accounting or related financial management expertise as determined by the Board. The Board shall determine the definition of and criteria for financial literacy which shall, at a minimum, include 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 Corporation's financial statements.
- f. The Committee shall meet, at the discretion of the Chair or a majority of its members but at least quarterly and as circumstances dictate or as may be required by applicable legal or listing requirements upon 48 hours notice, which notice period may be waived by a quorum of members of the Committee. A quorum shall be a majority of the members of the Committee. The Chief Executive Officer of the Corporation and, to the extent the Chair of the Board is not otherwise a member of the Committee, the Chair, and all other directors who are not members of the Committee may be invited to attend all or any part of meetings of the Committee in an ex officio capacity and shall not vote.
- g. The Corporation's Corporate Secretary or their nominee shall act the Secretary of the Committee. The Secretary shall minute the proceedings and resolutions of all meetings of the Committee. The Secretary shall ascertain, at the beginning of each meeting, the existence of any conflicts of interest and minute them accordingly.
- h. If and whenever a vacancy shall exist, the remaining members of the Committee may exercise all of its powers and responsibilities so long as a majority of Committee members remains in office; and
- i. Any matters to be determined by the Committee shall be decided by a majority of votes cast at a meeting of the Committee called for such purpose. Actions of the Committee may be taken by an instrument or instruments in writing signed by all of the members of the Committee, and such actions shall be effective as though they had been decided by a majority of votes cast at a meeting of the Committee called for such purpose.
- j. A copy of the minutes of each meeting of the Committee shall be provided to each director.

To fulfill its responsibilities and mandates, the Committee shall review its mandate annually and make amendments thereto, as deemed appropriate.

Responsibilities

Financial Accounting, Reporting Process and Internal Controls

- a. The Committee shall review the annual audited financial statements, interim financial statements and earnings press releases of the Corporation and report thereon to the Board for approval of same prior to their being filed with the appropriate regulatory authorities and publicly dissemination. With respect to the annual audited financial statements, the Committee shall discuss significant issues regarding accounting principles, practices and judgments of management with management and the Independent Auditors as and when the Committee deems it appropriate to do so;
- b. The Committee shall review and challenge when necessary:

- (i) the consistency of, and any changes to, accounting policies both on a year on year basis and across the Corporation/group;
 - (ii.) the methods used to account for significant or unusual transactions where different approaches are possible;
 - (ii.) whether the Corporation has followed appropriate accounting standard and made appropriate estimates and judgments, taking into account the views of the Independent Auditors;
 - (iv) the clarity of disclosure in the Corporation's financial reports and the context in which statements are made; and
 - (v) all material information present with financial statements, such as the operating and financial review and the corporate governance statement (insofar as it relates to the audit and risk management).
- c. The Committee shall review the post-audit or management letter containing the recommendations of the Independent Auditors and management's response and subsequent follow-up to any identified weaknesses;
 - d. The Committee shall review the evaluation of internal controls by the Independent Auditors, together with management's response;
 - e. The Committee shall review MD&A relating to annual and interim financial statements and any other public disclosure documents that (a) contain financial information extracted or derived from the Corporation's financial statements, or (b) are required to be reviewed by the Committee under any applicable laws prior to their being filed with the appropriate regulatory authorities;
 - f. The Committee shall routinely meet in camera with the Independent Auditors and independently to review the Corporation's accounting practices, internal controls, and risk management systems and such other matters as the Committee deems appropriate;
 - g. The Committee shall monitor procedures pursuant to which individuals may submit complaints or report violations of applicable laws, rules, regulations or the Corporation's code of ethics in confidence. The Committee shall ensure that these arrangements allow proportionate and independent investigation of such matters and appropriate follow up action. The Committee shall confirm that procedures exist to prevent retaliation, in any form, against any individual for complaints or reports made in good faith; and
 - h. To perform such other functions as may from time to time be assigned to the committee by the Board.

Independent Auditors

- a. The Independent Auditors are directly accountable, and shall report, to the Committee. The Committee has the ultimate authority and responsibility to select, evaluate and, where appropriate, replace the Independent Auditors.
- b. The Committee's evaluation of the Independent Auditors shall include a determination of the Independent Auditor's independence and objectivity, as well as relevant UK professional and regulatory requirements and the relationship with the auditor as a whole.
- c. The Committee shall be responsible for overseeing the work of the Independent Auditors, and the Committee shall be responsible for resolving any disagreement between management and the Independent Auditors.
- d. The Committee shall annually recommend to the Board the nomination, appointment or re-appointment of the Independent Auditors, as the case may be, or, as appropriate, recommend

the discharge or replacement of the Independent Auditors when circumstances warrant. The Committee shall recommend to the Board the compensation of the Independent Auditors.

- e. The Committee shall be responsible for ensuring that the Independent Auditors submit on a periodic basis to the Audit Committee a formal written statement delineating all relationships between the Independent Auditors and the Corporation. The Committee is responsible for discussing with the Independent Auditors any disclosed relationships or services that may impact the objectivity and independence of the Independent Auditors and for recommending that the Board take appropriate action in response to the Independent Auditor's report to satisfy itself of the Independent Auditors' independence.
- f. The Committee shall review and pre-approve, in accordance with applicable law, any non-audit services (over \$25,000) to be provided to the Corporation by the Independent Auditor, with reference to compatibility of the service with the Independent Auditor's independence. The Chairman has the authority to approve all such services, and has the responsibility to inform the Committee of all pre-approved services at its next meeting
- g. The Committee shall review the Independent Auditors' audit plan, including scope, procedures and timing of the audit.
- h. The Committee shall review the results of the annual audit with the Independent Auditors, including matters related to the conduct of the audit.

Reporting

- a. The Committee Chairman shall report formally to the Board on its proceedings after each meeting on all matters within its duties and responsibilities.
- b. The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed. At the Committee's discretion, it shall report to the Board.

Other Matters

The Committee shall:

- a. have access to sufficient resources in order to carry out its duties, including access to the Corporation's secretariat for assistance as required;
- b. be provided with appropriate and timely training, both in the form of an induction program for new members and on an ongoing basis for all members;
- c. give due consideration to applicable securities and corporate laws and regulations, the provisions of the Combined Code and the requirements of the AIM Market and the TSXV, as appropriate;
- d. at least once a year, review its own performance, constitution and terms of reference to ensure that it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board for approval.

Disclaimer as to the Committee's Responsibilities

In contributing to the Committee's discharging of its duties under this mandate, each member of the Committee shall be obliged only to exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. Nothing in this mandate is intended, or may be construed, to impose on any member of the Committee a standard of care or diligence that is in any way more onerous or extensive than the standard to which all Board members are subject. The essence of the Committee's duties is monitoring and reviewing to gain reasonable assurance (but not to ensure) that the financial accounting functions are being conducted effectively and that the corporation's financial reporting and disclosure objectives are being met and to enable the Committee to report thereon to the Board.