

SCORPIO MINING CORPORATION

40 University Avenue, Suite 606
Toronto, Ontario, M5J 1T1

INFORMATION CIRCULAR

SOLICITATION OF PROXIES

This Information Circular is furnished in connection with the solicitation of proxies by the management of Scorpio Mining Corporation (the “Corporation”) for use at the Annual General and Special Meeting (the “Meeting”) of shareholders (the “Shareholders”) of the Corporation (and any adjournment thereof) to be held on Wednesday, June 15, 2011 at Cambridge Suites Hotel, Richmond Room, 15 Richmond Street East, Toronto, Ontario, Canada, M5C 1N2, at the hour of 10:30 a.m. Eastern Time. While it is expected that the solicitation will be primarily by mail, proxies may be solicited personally or by telephone by the regular employees of the Corporation at nominal cost. All costs of solicitation by management will be borne by the Corporation. Except where otherwise indicated, the information contained herein is stated as of May 11, 2011.

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

APPOINTMENT AND REVOCATION OF PROXIES

The individuals named in the accompanying form of proxy are the Chairman and the Chief Executive Officer of the Corporation, respectively. **A SHAREHOLDER WISHING TO APPOINT SOME OTHER PERSON (WHO NEED NOT BE A SHAREHOLDER) TO REPRESENT HIM AT THE MEETING HAS THE RIGHT TO DO SO, EITHER BY STROKING OUT THE NAMES OF THOSE PERSONS NAMED IN THE ACCOMPANYING FORM OF PROXY AND INSERTING THE DESIRED PERSON'S NAME IN THE BLANK SPACE PROVIDED IN THE FORM OF PROXY OR BY COMPLETING ANOTHER FORM OF PROXY. A PROXY WILL NOT BE VALID UNLESS THE COMPLETED FORM OF PROXY IS RECEIVED BY COMPUTERSHARE INVESTOR SERVICES INC., AT 9th FLOOR, 100 UNIVERSITY AVENUE, TORONTO, ONTARIO M5J 2Y1 NOT LESS THAN 48 HOURS (EXCLUDING SATURDAYS, SUNDAYS AND HOLIDAYS) BEFORE THE TIME FOR HOLDING THE MEETING OR ANY ADJOURNMENT THEREOF.**

A Shareholder who has given a proxy may revoke it by an instrument in writing executed by the Shareholder or by his attorney authorized in writing or, where the Shareholder is a corporation, by a duly authorized officer or attorney of the corporation, and delivered to the office of the Corporation's registrar and transfer agent, Computershare Investor Services Inc., 9th Floor, 100 University Avenue, Toronto, Ontario M5J 2Y1, at any time up to and including the last business day preceding the day of the meeting, or if adjourned, any reconvening thereof, or to the Chairman of the meeting on the day of the meeting or, if adjourned, any reconvening thereof or in any other manner provided by law. A revocation of a proxy does not affect any matter on which a vote has been taken prior to the revocation.

ADVICE TO BENEFICIAL SHAREHOLDERS

Only registered shareholders or duly appointed proxy holders are permitted to vote at the Meeting. Shareholders who do not hold their shares in their own name (referred to herein as “Beneficial Shareholders”) are advised that only proxies from shareholders of record can be recognized and voted at the Meeting. Beneficial Shareholders who complete and return an instrument of proxy must indicate thereon the person (usually a brokerage house) who holds their shares as a registered shareholder. Every intermediary (broker) has its own mailing procedure, and provides its own return instructions, which should be carefully followed. The instrument of proxy supplied to Beneficial Shareholders is identical to that provided to registered shareholders. However, its purpose is limited to instructing the registered shareholder how to vote on behalf of the Beneficial Shareholder.

If the common shares of the Corporation (“Common 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 such shareholder’s name on the records of the Corporation. Such shares will more likely be registered under the name of the shareholder’s broker or an agent of that broker. In Canada, the vast majority of such shares are registered under the name of CDS & Co. (the registration name for The Canadian Depository for Securities, which company acts as nominee and custodian for many Canadian brokerage firms). Common Shares held by brokers or their nominees can only be voted (for or against resolutions) upon the instructions of the Beneficial Shareholder. Without specific instructions, brokers/nominees are prohibited from voting shares for their clients. The directors and officers of the Corporation do not know for whose benefit the Common Shares registered in the name of CDS & Co. are held.

In accordance with National Instrument 54-101 - Communication with Beneficial Owners, issued by the Canadian Securities Administrators, the Corporation has distributed copies of the Notice of Meeting, this Information Circular and the Proxy to the clearing agencies and intermediaries for onward distribution to non-registered shareholders. Applicable regulatory policy requires intermediaries/brokers to seek voting instructions from Beneficial Shareholders in advance of shareholders’ meetings unless the Beneficial Shareholders have waived the right to receive Meeting materials. Every intermediary/broker has its own mailing procedures and provides its own return instructions, which should be carefully followed by Beneficial Shareholders in order to ensure that their Common Shares are voted at the Meeting. Often the form of proxy supplied to a Beneficial Shareholder by its broker is identical to the form of proxy provided by the Corporation to the registered shareholders. However, its purpose is limited to instructing the registered shareholder how to vote on behalf of the Beneficial Shareholder. If a non-registered shareholder receives such a form and wishes to vote at the Meeting, the non-registered shareholder should strike out the names of the Management Proxyholders named in the form and insert the non-registered shareholder’s name in the blank space provided. The majority of brokers now delegate responsibility for obtaining instructions from clients to Broadridge Financial Solutions, Inc. (“Broadridge”). Broadridge typically applies a special sticker to the proxy forms, mails those forms to the Beneficial Shareholders and asks 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 Common Shares to be represented at the Meeting. **A Beneficial Shareholder receiving a proxy with a Broadridge sticker on it cannot use that proxy to vote Common Shares directly at the Meeting - the proxy must be returned to Broadridge well in advance of the Meeting in order to have the Common Shares voted.** All references to shareholders in this Information Circular and the accompanying form of Proxy and Notice of Meeting are to shareholders of record unless specifically stated otherwise.

VOTING OF PROXIES

SHARES REPRESENTED BY PROPERLY EXECUTED PROXIES IN FAVOUR OF THE PERSONS DESIGNATED AS PROXYHOLDERS IN THE ENCLOSED FORM OF PROXY WILL BE VOTED **FOR** ALL MATTERS TO BE VOTED ON AT THE MEETING AS SET OUT IN THIS INFORMATION CIRCULAR OR WITHHELD FROM VOTING IF SO INDICATED ON THE FORM OF PROXY.

The shares represented by proxies will, on any poll where a choice with respect to any matter to be acted upon has been specified in the form of proxy, be voted in accordance with the specification made.

SUCH SHARES WILL ON A POLL BE VOTED **IN FAVOUR** OF EACH MATTER FOR WHICH NO CHOICE HAS BEEN SPECIFIED OR WHERE BOTH CHOICES HAVE BEEN SPECIFIED BY THE SHAREHOLDER.

The enclosed form of proxy when properly completed and delivered and not revoked confers discretionary authority upon the person appointed proxy thereunder to vote with respect to amendments or variations of matters identified in the Notice of Meeting, and with respect to other matters which may properly come before the Meeting. If amendments or variations to matters identified in the Notice of Meeting are properly brought before the Meeting or any further or other business is properly brought before the Meeting, it is the intention of the persons designated in the enclosed form of proxy to vote in accordance with their best judgment on such matters or business. At the time of the printing of this Information Circular, the management of the Corporation knows of no such amendment, variation or other matter which may be presented to the Meeting.

VOTING SHARES AND PRINCIPAL HOLDERS THEREOF

Authorized Capital: unlimited number of Common Shares without par value

Issued and Outstanding: 192,106,022 Common Shares without par value

Only registered Shareholders at the close of business on April 29, 2011 (the “Record Date”) who either personally attend the Meeting or who have completed and delivered a form of proxy in the manner and subject to the provisions described above will be entitled to vote or to have their shares voted at the Meeting.

On a show of hands, every individual who is present as a Shareholder or as a representative of one or more corporate shareholders, or who is holding a proxy on behalf of a Shareholder who is not present at the Meeting, will have one vote, and on a poll every Shareholder present in person or represented by a proxy and every person who is a representative of one or more corporate shareholders, will have one vote for each common share registered in his name on the list of shareholders, which is available for inspection during normal business hours at Computershare Investor Services Inc., 9th Floor, 100 University Avenue, Toronto, Ontario M5J 2Y1 and will be available at the Meeting.

To the knowledge of the directors and senior officers of the Corporation and from information obtained on the SEDI website at www.sedi.ca, no person or company beneficially owns, controls or directs, directly or indirectly, shares carrying 10% or more of the voting rights attached to all shares of the Corporation, other than Tocqueville Asset Management, L.P. As far as the Corporation is able to ascertain, Tocqueville Asset Management, L.P., on behalf of a number of investment funds and managed accounts of private clients and institutional groups, has authority to exercise control or direction over an

aggregate of 30,687,236 Common Shares, representing approximately 16.0% of the issued and outstanding Common Shares.

ELECTION OF DIRECTORS

The Corporation's articles stipulate there shall be no fewer than three and not more than nine directors. The board of directors of the Corporation (the "Board of Directors" or the "Board") presently consists of nine directors. In accordance with our by-laws, the Board of Directors has determined that five directors will be elected at the Meeting.

The term of office of each of the present directors expires at the Meeting. The persons named in the table below will be presented for election at the Meeting as management's nominees and the persons named in the accompanying form of proxy intend to vote for the election of these nominees. Management does not contemplate that any of these nominees will be unable to serve as a director. However, if before the Meeting any nominee becomes unable to serve as a director for any reason, the persons named in the accompanying proxy reserve the right to vote for another nominee in their discretion. Each director elected will hold office until the next annual general meeting of the Corporation or until his or her successor is elected or appointed, unless his or her office is earlier vacated in accordance with the provisions of the *Canada Business Corporations Act*.

In the following table and notes thereto is stated the name of each person proposed to be nominated by management for election as a director, the province, state, territory and country in which each is ordinarily resident, all offices of the Corporation now held by each, their principal occupation, the period of time for which each has been a director of the Corporation, and the number of Common Shares beneficially owned directly or indirectly, or over which each exercises control or direction, as at the date hereof.

| Name, Position, Province or State and Country of Residence⁽¹⁾ | Principal Occupation and if not at Present an Elected Director, Occupation during the past 5 years | Previous Service as a Director | Number of Shares owned⁽²⁾ |
|--|---|---------------------------------------|---|
| Peter J. Hawley Chairman, and Director Quebec, Canada | Chairman and Director of the Corporation and Chief Executive Officer of Scorpio Gold Corporation. | May 12, 1998 | 1,567,736 Common Shares |
| Parviz Farsangi President, Chief Executive Officer and Director Ontario, Canada | President, Chief Executive Officer and Director of the Corporation. Mr. Farsangi was formerly Executive Vice-President and Chief Operating Officer of Vale (formerly, Vale Inco Limited) from 2007 to 2009. From 2005-2007, Mr. Farsangi was President of Gramercy Alumina and St. Ann Bauxite. | November 15, 2010 | 210,100 Common Shares |
| Jonathan Berg Director New York, United States | Corporate Director. From December 2007 until November 2009, Mr. Berg was non-executive Chairman of Colombia Goldfields, Ltd. From April 2005 to May 2010, Mr. Berg was Vice-President, Finance of PeriCor Therapeutics, Inc. | January 20, 2011 | Nil |

| Name, Position, Province or State and Country of Residence ⁽¹⁾ | Principal Occupation and if not at Present an Elected Director, Occupation during the past 5 years | Previous Service as a Director | Number of Shares owned ⁽²⁾ |
|---|---|--------------------------------|---------------------------------------|
| Ewan Mason ⁽³⁾⁽⁴⁾ Director Ontario, Canada | Owner and Proprietor of Bert's Sports, Mississauga, Ontario, November 2009 to present. Chief Financial Officer of Tryniti Inc. since April 2010. Strategic consultant at HudBay Minerals Inc., from June 2009 to October 2009; Managing Director and Head of Global Mining Investment Banking at TD Securities Inc from January 2005 to May 2009. | January 5, 2010 | 10,000 Common Shares |
| Pierre Lacombe ⁽³⁾ Director Québec, Canada | Principal Process Engineer with AMEC Mining & Metals, March 2000 to present. | March 1, 2010 | 8,000 Common Shares |

(1) The information as to province or state and country of residence and principal occupation, not being within the knowledge of the Corporation, has been furnished by the respective directors individually.

(2) The information as to shares beneficially owned or over which a director exercises control or direction, not being within the knowledge of the Corporation, has been furnished by the respective directors individually.

(3) Denotes current member of the Compensation Committee.

(4) Denotes current member of the Nomination and Corporate Governance Committee.

Cease Trade Orders, Bankruptcies, Penalties or Sanctions

No proposed director of the Corporation is, or has been, within 10 years prior to the date of this Information Circular, a director, chief executive officer, chief financial officer of the Corporation or any company that while that person was acting in that capacity:

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

No proposed director of the Corporation is, or has been, within 10 years prior to the date of this Information Circular, a director or executive officer of any company (including the Corporation) 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.

No proposed director of the Corporation 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.

STATEMENT OF EXECUTIVE COMPENSATION

During the most recent fiscal year ended December 31, 2010, the Corporation had five Named Executive Officers.

“NEOs” means:

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

The following table sets forth the compensation awarded, paid to or earned by the Corporation's NEOs during the fiscal year ended December 31, 2010.

Summary Compensation Table

| Name and principal position | Year | Salary | Non-equity discretionary annual incentive plan | Share-based awards | Option - based awards ⁽¹⁾ | All other compensation | Total compensation |
|---|----------------------|-------------------------------|---|---------------------------|---|--------------------------------------|-------------------------------|
| | | (\$) | (\$) | (\$) | (\$) | (\$) | (\$) |
| Parviz Farsangi ⁽²⁾ President, Chief Executive Officer and Director | 2010 | 60,577 | Nil | Nil | 305,901 | Nil | 366,478 |
| Peter J. Hawley ⁽³⁾ Chief Executive Officer | 2010 2009 2008 | 325,000 267,750 315,000 | 200,000 100,000 Nil | Nil Nil Nil | 437,882 67,106 238,577 | Nil Nil Nil | 962,882 434,856 553,577 |
| Gilbert Comtois Chief Financial Officer | 2010 2009 2008 | 200,000 130,500 145,000 | 25,000 25,000 Nil | Nil Nil Nil | 182,451 22,369 59,644 | Nil Nil Nil | 407,451 177,869 204,644 |
| D. Roger Scammell Former President | 2010 2009 2008 | 177,188 183,422 262,500 | Nil 40,000 Nil | Nil Nil Nil | 90,901 26,842 178,933 | 210,000 ⁽⁴⁾ Nil Nil | 478,089 250,264 441,433 |
| John Sadek Mexico Country Manager | 2010 | 190,932 ⁽⁵⁾ | 99,000 ⁽⁵⁾ | Nil | 136,351 | Nil | 426,283 |

- (1) The fair value of option-based awards is determined in accordance with Section 3870 of the CICA Handbook. The Corporation uses the Black-Scholes model to estimate fair value of stock options annually granted and is determined by multiplying the number of stock options granted by their value following this method. This value is equal to the accounting value established in accordance with generally accepted accounting principles.
- (2) Mr. Farsangi was appointed as President, Chief Executive Officer and Director the Corporation effective November 15, 2010.
- (3) Mr. Hawley resigned as Chief Executive Officer the Corporation effective November 15, 2010.
- (4) The Corporation paid Mr. Scammell \$210,000 in connection with the termination of his employment with the Corporation, which occurred on December 10, 2010.
- (5) Mr. Sadek's salary and bonus were converted from United States dollars to Canadian dollars using exchange rates of 0.99 and 1.03, respectively.

Compensation Discussion and Analysis

The Corporation's executive compensation program is administered by the Compensation Committee comprised of three independent directors of the Board of Directors. The Compensation Committee has, as part of its mandate, the responsibility for reviewing recommendations from management for subsequent approval by the Board of Directors with respect to the appointment and remuneration of executive officers of the Corporation. The Committee also monitors the performance of the Corporation's executive officers and reviews the design and competitiveness of the Corporation's executive compensation plans.

Composition of Compensation Committee

The Compensation Committee of the Board of Directors is currently comprised of James Henderson (Chair), Neil Seldon and Ewan Mason, all independent directors of the Board of Directors and none of whom is or was during the most recently completed fiscal year ended December 31, 2010, an officer or employee of the Corporation or any of its subsidiaries.

Executive Compensation Program

While the Board of Directors has not adopted a written program concerning the compensation of NEOs, it has developed a consistent approach relating to executive compensation. The objective in the determination of executive compensation is the need to provide total compensation packages that will:

- ensure external competitiveness by developing and maintaining compensation levels that reflect current market rates of pay;
- promote pay-for-performance levels that rewards consistently high performance levels;
- provide the Corporation with the resources to recruit and retain a highly capable work force; and
- establish incentives to develop and achieve performance targets that maximize the success and value of the Corporation to the benefit of the shareholders and other stakeholders.

The Corporation's executive compensation program is based on a pay for performance philosophy. It is designed to retain, encourage, compensate and reward employees on the basis of individual and corporate performance, both in the short and the long term. The Compensation Committee reviews and recommends to the Board of Directors base salaries based on a number of factors enabling the Corporation to compete for and retain executives critical to the Corporation's long term success. Incentive compensation in the form of cash bonuses is directly tied to corporate and individual performance. Share ownership opportunities through stock options are provided to align the interests of executive officers with the longer term interests of shareholders. Independent consultants may be retained on as a needed basis by the Corporation to assess the executive compensation program.

In general, compensation paid by the Corporation to its NEOs and other executive officers consists of base salary, annual incentive compensation in the form of a discretionary annual bonuses and long-term incentive compensation in the form of stock options. Generally, The Corporation attempts to pay competitively in the aggregate and achieve an appropriate balance between annual compensation (base salary and cash bonuses) and long-term compensation (stock options). The portion of the CEO's total compensation attributable to long-term incentives is intended to be greater than the portion attributable to annual compensation.

In determining specific compensation amounts for the NEOs, the Compensation Committee considers factors such as experience, individual performance, length of service, role in achieving corporate objectives, positive production, exploration and development results, stock price, and compensation compared to other employment opportunities for executives. As an executive officer's level of responsibility increases, a greater percentage of total compensation is based on performance (as opposed to base salary and standard employee benefits) and the mix of total compensation shifts towards annual bonuses and in particular stock options, thereby increasing the mutuality of interest between executive officers and shareholders. The Corporation does not have precise criteria or formulas to determine global remuneration of NEO's and uses its senior officers and Board of Director's experience and knowledge of the market to do so. The Corporation's compensation program is designed to reward the success of the Corporation in achieving its technical and financial objectives. The Corporation operates in a volatile market and the following elements of the compensation package are required to provide the motivation to NEO's and other employees and achieve retention of the Corporation's skilled people in such market.

Base Salary

Senior management of the Corporation make recommendations to the Compensation Committee, as applicable, as to base salaries for officers and employees at all levels of the Corporation based on assigned responsibilities, the performance of each of the officers and employees as well as the overall financial performance of the Corporation and other reviews of market data available for other mining companies of a similar size. The level of base salary for each employee within a specified range is determined by the level of past performance, as well as by the level of responsibility, the importance of the position to the Corporation and market factors. In 2010, the base salary of Peter Hawley, the former Chief Executive Officer and the Gilbert Comtois, Chief Financial Officer was increased to \$325,000 and \$200,000, respectively. The base salary of Mr. Farsangi, Chief Executive Officer, was determined based on negotiations between the Corporation and Mr. Farsangi and the recommendations of the Compensation Committee. In determining Mr. Farsangi's base salary, the Compensation Committee considered, among other things, the salary demands of other potential candidates for the position of Chief Executive Officer. The NEO's employment contracts will be reviewed periodically and, if appropriate, adjusted in order to take into account, among other things, the NEO's and the Corporation's performance and competitive conditions.

Annual Bonus

The Board of Directors determines on a discretionary basis, incentive awards or bonuses to be paid by the Corporation to the executive officers of the Corporation, in respect of a fiscal year, following advice from the Compensation Committee. The CEO determines, on a discretionary basis, bonuses to be paid by the Corporation to all other eligible employees and consultants of the Corporation in respect of a fiscal year. Corporate performance is assessed by reference to a number of factors including the Corporation's progress towards budgeted milestones, corporate efficiency and success in enhancing shareholder value. Individual performance is measured by reviewing personal performance and other significant factors, such as level of responsibility and importance of the position to the Corporation. The individual

performance factor allows the Corporation to recognize and reward those individuals whose efforts have particularly assisted the Corporation to attain its corporate performance objectives.

Stock Options

The Corporation has a stock option plan for officers, directors, employees and consultants of the Corporation, prepared in compliance with the policies of the Toronto Stock Exchange (the “TSX”) and approved by the Corporation’s shareholders, which is administered by the Compensation Committee. The purpose of the stock option plan is to improve the Corporation’s long-term financial success by closely aligning the participants’ personal interests with those of the Corporation’s shareholders.

Subject to the provisions of the stock option plan of the Corporation (the “Stock Option Plan”), the Corporation may grant stock options that entitle the holders to purchase in total up to a maximum of 10% of the issued and outstanding share capital of the Corporation at the time the options are granted. If the Common Shares increase in value, stock options provide participants with a potential reward for their contribution to such increase. The Corporation’s current practice is to make annual and periodic grants of stock options to its directors, officers, employees and consultants, as it deems appropriate. Options help in retaining NEOs and employees during difficult economic periods when salaries and bonuses are restricted by necessity. The Compensation Committee considers such factors as individual performance, the significance of individual contribution to the success of the Corporation, experience and length of service in determining the amount of options that are awarded. Previous grants of stock options are taken into account when stock options are granted. As at May 11, 2011, the Stock Option Plan allowed the Corporation to grant stock options to purchase up to 19,210,602 Common Shares (10% of the issued and outstanding Common Shares on such date). During the fiscal year ended December 31, 2010, the Corporation granted an aggregate of 3,700,000 stock options to NEOs. These options have a five year term and are subject to periodic vesting. On May 5, 2011, the Board of Directors approved certain amendments to the Stock Option Plan including (i) revising certain definitions to reflect the Corporation’s proposed change of registered office to the Province of Ontario from the Province of British Columbia; (ii) removing “dependant contractor” from the list of eligible persons under the Stock Option Plan; and (iii) adding a provision with respect to withholding tax requirements. These amendments were made in accordance with the amendment provision of the Stock Option Plan without shareholder approval.

Long-Term Incentive Plan Awards

Long term incentive plan awards (“LTIP”) means any plan providing compensation intended to serve as an incentive for performance to occur over a period longer than one fiscal year whether performance is measured by reference to financial performance of the Corporation or an affiliate, or the price of the Corporation’s shares but does not include option or stock appreciation rights plans or plans for compensation through restricted shares or units. The Corporation did not grant any LTIPs during the fiscal year ended December 31, 2010.

Stock Appreciation Rights

Stock appreciation rights (“SARs”) means a right, granted by an issuer or any of its subsidiaries as compensation for services rendered or in connection with office or employment, to receive a payment of cash or an issue or transfer of securities based wholly or in part on changes in the trading price of the Corporation’s shares. No SARs were granted to or exercised by the NEOs or directors during the fiscal year ended December 31, 2010.

Outstanding share-based awards and option-based awards

The following table sets forth information concerning option-based awards granted by the Corporation to NEOs and outstanding as at December 31, 2010.

| Name | Number of securities underlying unexercised options (#) | Option exercise price (\$) | Option expiration date | Value of unexercised in-the-money options⁽¹⁾ (\$) |
|---|--|---------------------------------------|--|---|
| Parviz Farsangi President and Chief Executive Officer | 1,000,000 500,000 | 1.12 1.40 | 17/11/15 17/11/15 | Nil ⁽²⁾ Nil ⁽²⁾ |
| Peter J. Hawley Former Chief Executive Officer | 1,200,000 1,200,000 400,000 375,000 | 0.80 1.88 1.18 0.295 | 08/04/15 04/03/12 21/01/13 15/01/14 | 228,000 ⁽³⁾ Nil Nil 260,625 |
| Gilbert Comtois Chief Financial Officer | 500,000 50,000 25,000 100,000 | 0.80 0.95 1.89 1.18 | 08/04/15 30/08/11 14/03/12 21/01/13 | 95,000 ⁽³⁾ 2,000 Nil Nil |
| D. Roger Scammell Former President | 200,000 600,000 300,000 | 0.80 1.88 1.18 | 08/04/15 04/03/12 21/01/13 | 38,000 Nil Nil |
| John Sadek Mexico Country Manager | 300,000 | 0.80 | 08/04/15 | 57,000 ⁽³⁾ |

- (1) Calculated based on the difference between \$0.99, the closing price of the Common Shares on the TSX on December 31, 2010, and the exercise price.
- (2) The options granted on November 17, 2010 vested or will vest as follows: (i) as to 25% of such options, on the grant date and (ii) as to a further 25% of such options, on the 6, 12 and 18 month anniversaries of such date.
- (3) The options granted on April 8, 2010 vested or will vest as follows: (i) as to 25% of such options, on the grant date and (ii) as to a further 25% of such options, on the 6, 12 and 18 month anniversaries of such date.

The Corporation did not grant any share-based awards during the year ended December 31, 2010.

Incentive Plan Awards-Value Vested or Earned During the Year

The following table sets out the aggregate dollar value that would have been realized by the NEOs if the options under the option-based awards had been exercised by the NEOs on the vesting date during the most recently completed fiscal year ended December 31, 2010.

| Name | Option-based awards-Value vested during the year⁽¹⁾ | Share-based awards-Value vested during the year⁽²⁾ | Non-equity incentive plan compensation-Value earned during the year⁽³⁾ |
|---|---|--|--|
| | (\$) | (\$) | (\$) |
| Parviz Farsangi President and Chief Executive Officer | Nil | Nil | Nil |
| Peter J. Hawley Former Chief Executive Officer | 42,000 | Nil | 200,000 |
| Gilbert Comtois Chief Financial Officer | 17,500 | Nil | 25,000 |
| D. Roger Scammell Former President | 14,000 | Nil | Nil |
| John Sadek Mexico Country Manager | 10,500 | Nil | 99,000 ⁽⁴⁾ |

- (1) Calculated using the difference between the exercise price and the closing price of the Common Shares of the Corporation on the TSX immediately before the vesting date.
- (2) No share-based awards were granted during the fiscal year ended December 31, 2010.
- (3) These amounts represent cash bonuses paid to the NEOs, relating to performance as determined at the discretion of the Compensation Committee.
- (4) Mr. Sadek's bonus was converted from United States dollars to Canada dollars using an exchange rate of 0.99.

Defined Benefit or Actuarial Plan Disclosure

The Corporation does not provide retirement benefits for its directors or officers other than as referred to herein. The Corporation and Gilbert Comtois, the former CFO of the Corporation, were parties to an employment agreement (the "Comtois Agreement") dated effective January 1, 2010. Mr. Comtois resigned as CFO effective on April 30, 2011 and, at such time, the Comtois Agreement terminated with respect to the retirement benefits provided for therein. These terminated benefits provided that, if Mr. Comtois terminated his employment agreement after he reached the age of 65, the Corporation would have paid him a retirement fee equal to six months of his then annual base salary, plus one month of his then annual base salary for each full year of service or employment or part thereof provided to the Corporation from and after July 24, 2006.

Termination, Change of control benefits and Employment Contracts of NEOs

The Corporation has the following arrangements that provide for payments to an NEO at, following or in connection with any termination (whether voluntary, involuntary or constructive), resignation, retirement, a change in control of the Corporation or a change in an NEO's responsibilities:

Parviz Farsangi

Pursuant to an employment agreement (the “Farsangi Agreement”) dated effective November 15, 2010 between the Corporation and Parviz Farsangi, the Corporation’s President and CEO, Mr. Farsangi receives an annual base salary of \$450,000.

If the Corporation terminates the Farsangi Agreement without cause, the Corporation agreed to (a) pay to Mr. Farsangi an amount equal to 24 months of his base salary, (b) continue his group health insurance and other benefits for a period of 24 months or pay him an amount equal to the premium cost or contributions the Corporation would otherwise have made in respect of his participation in the relevant plans for 24 months, and (c) pay to him an amount equal to two times his annual bonus. The annual bonus shall be either (i) 50% of Mr. Farsangi’s base salary on the termination date if the termination date occurs at any time before the Corporation has paid an annual bonus to him, or (ii) the amount paid to him in respect of an annual bonus with respect to the fiscal year immediately preceding the termination date if such termination date occurs at any time after the Corporation has paid an annual bonus to him.

If (i) there is a change of control and (ii) the Involuntary Termination (as defined below) of Mr. Farsangi’s employment occurs within 12 months of the date of the change of control, Mr. Farsangi will be entitled to elect to terminate his employment with the Corporation and the Corporation will (a) pay to Mr. Farsangi an amount equal to 24 months of his base salary, (b) continue his group health insurance and other benefits for a period of 24 months or pay him an amount equal to the premium cost or contributions the Corporation would otherwise have made in respect of his participation in the relevant plans for 24 months, and (c) pay to him an amount equal to two times his annual bonus, determined in the manner described above.

For purposes hereof, “Involuntary Termination” means: (i) any requirement by the Corporation that the officer’s position be relocated to a location more than 25km from the officer’s location on the date of the change of control, without consent; (ii) any material reduction in the officer’s title, reporting relationship, responsibilities or authority; (iii) any reduction in the officer’s base salary without consent; (iv) any material reduction in the value of the officer’s employee benefit programs without consent; or (v) the termination of the officer’s employment other than for cause.

Hemdat Sawh

Pursuant to an employment agreement (the “Sawh Agreement”) dated effective May 1, 2011 between the Corporation and Hemdat Sawh, the Corporation’s CFO, Mr. Sawh receives an annual base salary of \$240,000.

If the Corporation terminates the Sawh Agreement without cause, the Corporation agreed to (a) pay to Mr. Sawh an amount equal to 12 months of his base salary, (b) continue his group health insurance and other benefits for a period of 12 months or pay him an amount equal to the premium cost or contributions the Corporation would otherwise have made in respect of his participation in the relevant plans for 12 months, and (c) pay to him an amount equal to the amount paid to him in respect of an annual bonus with respect to the fiscal year immediately preceding the fiscal year in which his employment is terminated without cause.

If (i) there is a change of control and (ii) the Involuntary Termination of Mr. Sawh’s employment occurs within 12 months of the date of the change of control, Mr. Sawh will be entitled to elect to terminate his employment with the Corporation and the Corporation will (a) pay to Mr. Sawh an amount equal to 18 months of his base salary, (b) continue his group health insurance and other benefits for a period of 18

months or pay him an amount equal to the premium cost or contributions the Corporation would otherwise have made in respect of his participation in the relevant plans for 18 months, and (c) pay to him an amount equal to the amount paid to him in respect of an annual bonus with respect to the fiscal year immediately preceding the fiscal year in which his employment is terminated without cause..

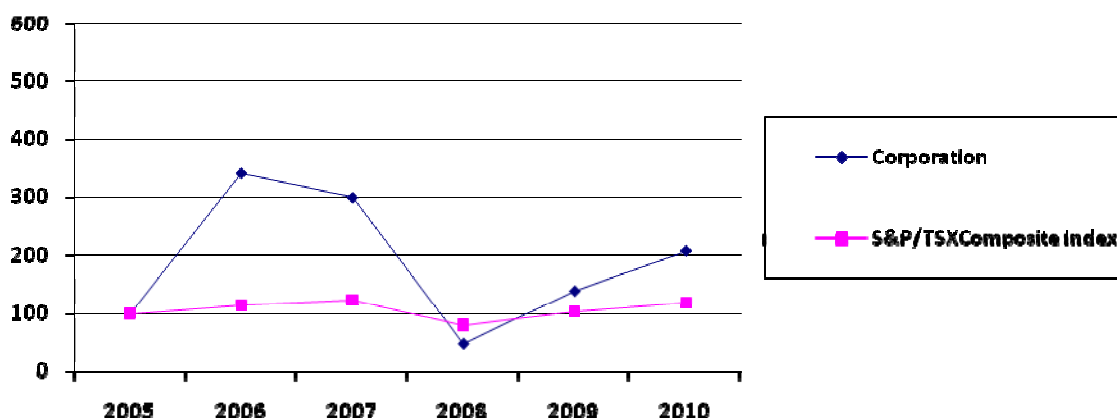
John Sadek

Pursuant to an employment agreement (the “Sadek Agreement”) dated effective February 1, 2010 between the Corporation and John Sadek, the Corporation’s Mexico Country Manager, the Mexico Country Manager receives an annual base salary of US\$300,000.

If the Corporation terminates the Sadek Agreement without cause upon 10 calendar days notice, the Corporation agreed to pay to Mr. Sadek an amount equal to one month of his then current base salary for each full year of service or employment or part thereof, subject to a minimum of three months and an amount equal to one month of his group health insurance and other benefit plan costs for each full year of service or employment or part thereof, subject to a minimum of three months. In the event of Mr. Sadek’s death or disability, he will be paid for a period of one month and thereafter, and in the case of incapacity, he will be paid 80% of his then annual base salary until the group disability carrier grants or denies the disability claim. If Mr. Sadek terminates the Sadek Agreement after he reaches the age of 65, the Corporation shall pay the Mexico Country Manager a retirement fee equal to six months of his then annual base salary, plus one month of his then annual base salary for each full year of service or employment or part thereof provided to the Corporation from and after February 1, 2010. If the Corporation terminates his employment within 120 days of a change of control of the Corporation, he shall receive one and a half times his then-current annual base salary, together with payment of an amount equal to 8 months of his group health insurance and other benefit plan costs. If Mr. Sadek resigns within 120 days following a change of control of the Corporation, he shall receive one and a half times his then-current annual base salary, together with payment of an amount equal to 8 months of his group health insurance and other benefit plan costs. If Mr. Sadek is terminated without cause or is terminated or resigns following a change in control, the Corporation will engage him as a consultant for a one year period on an if, as and when required basis at daily compensation rates consistent with Mr. Sadek’s compensation prior to such termination or resignation, with the result that his stock options will, unless otherwise exercised or terminated, continue for such one year period.

Performance Graph

The following graph compares the total cumulative shareholder return for \$100 invested in Common Shares during the period commencing on December 31, 2005 and ending on December 31, 2010 with the cumulative total return of the S&P/TSX Composite Index during the same period⁽¹⁾:



(1) The Common Shares were listed for trading on the TSX Venture Exchange from February 22, 2000 to October 17, 2006 and on the TSX from October 18, 2006 to December 31, 2010.

| December 31, | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 |
|-------------------------|-------|-------|-------|------|-------|-------|
| Corporation | \$100 | \$341 | \$299 | \$49 | \$139 | \$208 |
| S&P/TSX Composite Index | \$100 | \$115 | \$123 | \$80 | \$104 | \$119 |

During the period commencing on December 31, 2005 and ending on December 31, 2010, the Corporation's cumulative shareholder return out-performed the total return of the S&P/TSX Composite Index during the same period. The NEOs compensation during the periods reported in this Information Circular was not based on the Corporation's cumulative shareholder return during the same periods and, accordingly, bears no direct relationship to the trend shown in the above graph.

Director Compensation

The following table sets forth the compensation awarded, paid to or earned, by the Corporation's non-executive directors during the fiscal year ended December 31, 2010.

| Name of Director | Fees earned (\$) | Share-based awards (\$) | Option-based awards ⁽¹⁾ (\$) | Non-equity incentive plan compensation (\$) | All other compensation (\$) | Total (\$) |
|------------------|---------------------|----------------------------|--|--|--------------------------------|---------------|
| Robert Bryce | 26,500 | Nil | 145,951 | Nil | Nil | 172,451 |
| James Henderson | 30,250 | Nil | 145,951 | Nil | Nil | 176,201 |
| Lisa Riley | 29,000 | Nil | 145,951 | Nil | 18,000 ⁽²⁾ | 192,951 |
| Neil S. Seldon | 27,750 | Nil | 145,951 | Nil | 44,233 ⁽³⁾ | 217,934 |
| Ewan Mason | 30,250 | Nil | 145,951 | Nil | Nil | 176,201 |
| Pierre Lacombe | 21,250 | Nil | 145,951 | Nil | Nil | 167,201 |

(1) The fair value of option-based awards is determined in accordance with Section 3870 of the CICA Handbook. The Corporation uses the Black-Scholes model to estimate fair value of stock options annually granted and is determined by multiplying the number of stock options granted by their value following this method. This value is equal to the accounting value established in accordance with generally accepted accounting principles.

- (2) Ms. Riley received \$18,000 in consideration for administrative services rendered during the year ended December 31, 2010.
- (3) Under a consulting agreement between the Corporation and Neil S. Seldon & Associates Limited (“NSA”), a corporation controlled by Mr. Seldon, NSA was paid during 2010 an amount of \$2,000 per month plus an amount equal to \$1.00 per tonne of concentrate produced and sold for consulting fees mainly in respect of concentrate off-take agreements.

All non-executive directors of the Corporation were paid a fee of \$2,000 per month, in consideration for acting as a director of the Corporation during the fiscal year ended December 31, 2010. Directors of the Corporation who were also executive officers of the Corporation did not receive any compensation in their capacities as directors of the Corporation during the period that they served as executive officers. In addition to the base fees paid to such directors, starting in July 2010, the Corporation paid an amount of \$10,000 per annum, payable on a quarterly basis, to the Chairman of the Board of Directors and the following annual amounts to the Chairman and members of the following committees of the Board of Directors:

| <u>Committee</u> | <u>Chairman</u> | <u>Other Committee Members</u> |
|------------------------|-----------------|--------------------------------|
| | \$ | \$ |
| Audit Committee | 10,000 | 5,000 |
| Compensation Committee | 5,000 | 2,500 |

Outstanding share-based awards and option-based awards

The following table sets forth information concerning all awards outstanding as of December 31, 2010 to non-executive directors of the Corporation. This includes awards granted in prior years.

| Name | Number of securities underlying unexercised option (#) | Option exercise price (\$) | Option expiration date | Value of unexercised in-the-money options ⁽¹⁾ (\$) |
|-----------------|---|-------------------------------|------------------------|--|
| Robert Bryce | 400,000 | 0.80 | 08/04/2015 | 76,000 ⁽²⁾ |
| | 400,000 | 1.88 | 04/03/2012 | Nil |
| | 200,000 | 1.18 | 21/01/2013 | Nil |
| James Henderson | 400,000 | 0.80 | 08/04/2015 | 76,000 ⁽²⁾ |
| | 400,000 | 1.88 | 04/03/2012 | Nil |
| | 200,000 | 1.18 | 21/01/2013 | Nil |
| | 200,000 | 0.295 | 15/01/2014 | 139,000 |
| Lisa Riley | 400,000 | 0.80 | 08/04/2015 | 76,000 ⁽²⁾ |
| | 400,000 | 1.88 | 04/03/2012 | Nil |
| | 200,000 | 1.18 | 21/01/2013 | Nil |
| Neil Seldon | 400,000 | 0.80 | 08/04/2015 | 76,000 ⁽²⁾ |
| | 200,000 | 1.18 | 21/01/2013 | Nil |
| | 200,000 | 0.295 | 15/01/2014 | 139,000 |
| Ewan Mason | 400,000 | 0.80 | 08/04/2015 | 76,000 ⁽²⁾ |
| Pierre Lacombe | 400,000 | 0.80 | 08/04/2015 | 76,000 ⁽²⁾ |

- (1) Calculated based on the difference between \$0.99, the closing price of the Common Shares on the TSX on December 31, 2010, and the exercise price of the options.
- (2) The options granted on April 8, 2010 vested or will vest as follows: (i) as to 25% of such options, on the grant date and (ii) as to a further 25% of such options, on the 6, 12 and 18 month anniversaries of such date.

The Corporation did not grant any share-based awards during the fiscal year ended December 31, 2010.

Incentive Plan Awards-Value Vested or Earned During the Year

The following table sets out the aggregate dollar value that would have been realized by the directors of the Corporation if the options under the option-based award had been exercised on the vesting date during the most recently completed fiscal year ended December 31, 2010.

| Name | Option-based awards- Value vested during the year ⁽¹⁾⁽²⁾ | Share-based awards-Value vested during the year | Non-equity incentive plan compensation-Value earned during the year |
|-----------------|---|--|---|
| | (\$) | (\$) | (\$) |
| Robert Bryce | 14,000 | Nil | Nil |
| Jamie Henderson | 14,000 | Nil | Nil |
| Lisa Riley | 14,000 | Nil | Nil |
| Neil Seldon | 14,000 | Nil | Nil |
| Ewan Mason | 14,000 | Nil | Nil |
| Pierre Lacombe | 14,000 | Nil | Nil |

- (1) Calculated using the difference between the exercise price and the closing price of the Common Shares on the TSX immediately before the vesting date.
- (2) All options were granted at market price and vested or will vest as follows: (i) as to 25% of such options, on the grant date and (ii) as to a further 25% of such options, on the 6, 12 and 18 month anniversaries of such date.

RELATED PARTY TRANSACTIONS

During the financial year ended December 31, 2010, the Corporation incurred certain charges for services provided by the following directors to the Corporation by the following private companies of which certain directors of the Corporation have an interest and Lisa Riley, a director, as follows:

| | |
|-------------------------------------|--------------------------|
| Servicios MRGP S.A. de C.V. | \$490,689 ⁽¹⁾ |
| Neil S. Seldon & Associates Limited | \$44,233 ⁽²⁾ |
| Lisa Riley | \$18,000 ⁽³⁾ |

- (1) Fees were incurred for operating and capital expenditures at the Nuestra Señora project. Peter Hawley, Chairman and former Chief Executive Officer, and Roger Scammell, former director and President, owned 25% of the issued and outstanding shares of Servicios MRGP S.A. de C.V. Mr. Hawley divested his interest in this company as at September 3, 2010 and as a result, Mr. Scammell owned a 33% interest as of such date.
- (2) Neil S. Seldon & Associates Limited, a corporation controlled by Mr. Seldon, a director of the Company provides consulting services to the Corporation, mainly related to concentrate offtake agreements.
- (3) Fees were incurred for administrative services rendered by Ms. Riley.

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The following table sets forth information regarding compensation plans under which securities of the Corporation are authorized for issuance as at December 31, 2010.

| Plan Category | Number of securities to be issued upon exercise of outstanding options, warrants and rights | Weighted-average exercise price of outstanding options, warrants and rights | Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) |
|---|--|--|--|
| | (a) | (b) | (c) |
| Equity compensation plans approved by securityholders (<i>Stock Option Plan</i>) | 13,459,856 ⁽²⁾ | \$1.13 | 5,451,505 ⁽¹⁾ |
| Equity compensation plans not approved by securityholders | N/A | N/A | N/A |
| Total | 13,459,856 | \$1.13 | 5,451,505 |

Note:

- (1) *The Stock Option Plan is a “rolling” stock option plan whereby the maximum number of Common Shares that may be reserved for issuance pursuant to the Stock Option Plan will not exceed 10% of the issued shares of the Corporation at the time of the stock option grant. As at December 31, 2010, 18,911,361 Common Shares may be reserved for issuance pursuant to the Stock Option Plan.*
- (2) *The Corporation assumed 1,448,106 stock options upon closing of the acquisition of Platte River Gold Inc. These options have an exercise price of USD 0.85 and an expiry date of May 8, 2013. 23,529 of these options were exercised in 2010 and 1,424,577 remained outstanding as of December 31, 2010.*

Stock Option Plan

The Stock Option Plan was approved by the Shareholders of the Corporation at the annual and special meeting held on April 30, 2007 and reconvened on May 1, 2007. Unallocated options under the Stock Option Plan were approved at the annual and special meeting held on June 15, 2010. The Stock Option Plan provides for a maximum number of Common Shares issuable pursuant to options granted under the Stock Option Plan equal to 10% of the then issued and outstanding Common Shares.

As at the date of this Information Circular, the Stock Option Plan provides the Corporation with the ability to grant stock options to purchase up to 19,210,602 Common Shares (10% of shares currently issued and outstanding). As at May 11, 2011, stock options to purchase a total of 14,124,754 Common Shares are issued and outstanding under the Stock Option Plan, representing approximately 7.35% of the issued and outstanding Common Shares on such date.

Terms of the Stock Option Plan

The Stock Option Plan is administered by the Board or a committee of the Board duly authorized for this purpose by the Board and consisting of not less than three directors. The following is a summary of the terms of the Stock Option Plan:

1. Any director, officer, employee (whether part-time or full-time), or consultant of the Corporation or any of its subsidiaries (collectively an “Eligible Person”) is eligible to receive stock options under the Stock Option Plan.
2. The number of Common Shares available for purchase pursuant to stock options granted under the Stock Option Plan will not exceed 10% of the number of Common Shares which are issued and outstanding on the particular date of grant.
3. Any Common Shares subject to a stock option which for any reason is cancelled or terminated without having been exercised, shall again be available for grant under the Stock Option Plan. No fractional shares shall be issued.
4. In accordance with the Stock Option Plan, the Board may, at any time, without further approval by the shareholders of the Corporation, amend the Stock Option Plan or any stock option granted hereunder in such respects as it may consider advisable and, without limiting the generality of the foregoing, it may do so to:
 - (a) amend typographical, clerical and grammatical errors;
 - (b) reflect changes to applicable securities laws;
 - (c) change the termination provisions of stock options or the Stock Option Plan which do not entail an extension beyond the original expiry date;
 - (d) include the addition of a cashless exercise feature, payable in cash or securities, which must provide for deduction of the full number of underlying securities from the Common Shares reserved for issuance under the Stock Option Plan;
 - (e) ensure that the stock options granted under the Stock Option Plan will comply with any provisions respecting income tax and other laws in force in any country or jurisdiction of which an Eligible Person to whom a stock option has been granted may from time to time be resident or a citizen; and
 - (f) reduce the exercise price of a stock option for an optionee who is not an insider.
5. The Board shall establish the option exercise price at the time each stock option is granted, which shall in all cases be not less than the closing price of the Common Shares on the TSX immediately preceding the date of grant.
6. The stock options may be exercised for a period not to exceed 10 years, such period and any vesting schedule to be determined by the Board, and must be non-assignable. The expiry date of outstanding Options which may expire during a restricted trading period imposed by the Corporation in accordance with applicable securities laws (a “Blackout Period”), will be extended for a period of 10 business days commencing on the first business day after the expiry date of the

Blackout Period to provide such participants with an extension to the right to exercise such options.

7. Stock options held by an optionee that ceases to be an Eligible Person for any reason other than death, will cease to be exercisable on or before the earlier of the expiry date of the stock options and 90 days after the termination date of such stock options. If any portion of a stock option is not vested by such date, that portion of the stock option may not under any circumstances be exercised by the optionee.
8. If an optionee dies while an Eligible Person, the legal representative of the optionee may exercise the optionee's stock options within twelve months after the date of the optionee's death, but only to the extent the stock options were by their terms exercisable on the date of death.
9. There are no limits in the Stock Option Plan or the number of stock options that can be granted to insiders or any other individual.
10. The Stock Option Plan contains adjustment provisions in the event of the subdivision or consolidation of the shares of the Corporation, or in the event that the Corporation is re-organized, amalgamated or merged with or consolidated into another corporation or in the event there is a change in control of the Corporation.
11. In the event of a takeover bid for the Corporation, including a corporate combination, the Stock Option Plan provides, inter alia, that notwithstanding any vesting restriction that would otherwise apply, outstanding stock options may be exercised in whole or in part by the optionee so as to permit the optionee to tender the shares received upon such exercise pursuant to the takeover bid.
12. There is no financial assistance available to participants for the exercise of stock options under the Stock Option Plan.
13. The Stock Option Plan provides that, upon and as a condition of the exercise of stock options, participants shall pay to the Corporation amounts necessary to satisfy applicable withholding tax requirements or shall otherwise make arrangements satisfactory to the Corporation for such requirements.

AGGREGATE INDEBTEDNESS

As of the date hereof and during the fiscal period ended December 31, 2010, there was no indebtedness owing to the Corporation in connection with the purchase of securities or other indebtedness by any current or former executive officers, directors, employees of the Corporation.

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

At no time during the fiscal year ended December 31, 2010, or at any time from December 31, 2010, to the date hereof, was, a director any director, executive officer or officer of the Corporation, proposed management nominee for election as a director of the Corporation or any associate or affiliate of any such director, executive or officer or proposed nominee indebted to the Corporation or any of its subsidiaries or was indebted to another entity where such indebtedness is or has been the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Corporation or any of its subsidiaries.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

There are no material interests, direct or indirect, of any informed person of the Corporation, any proposed director of the Corporation, or any associate or affiliate of any informed person or proposed director since the commencement of the Corporation's most recently completed financial year or in any proposed transaction which has materially affected or would materially affect the Corporation.

MANAGEMENT CONTRACTS

Management functions of the Corporation are substantially performed by senior officers of the Corporation and not, to any substantial degree, by any other person with whom the Corporation has contracted, except as otherwise described herein.

APPOINTMENT OF THE AUDITOR

At the Annual General and Special Meeting of the shareholders of the Corporation held on June 15, 2010, shareholders of the Corporation approved the appointment of Deloitte & Touche LLP as the Corporation's auditor to hold office until the close of the next AGM of shareholders or until the auditor is removed from office or resigns as provided by the Corporation's by-laws.

Shareholders will be asked to vote for the reappointment of Deloitte & Touche LLP as the Corporation's auditor, to hold office until the close of the next AGM of shareholders at a remuneration to be fixed by the Board. Deloitte & Touche LLP has been the Corporation's auditor since July, 2003. KPMG LLP was the Corporation's auditor from May 1998 to July 2003.

Unless such authority is withheld, the persons named in the accompanying proxy intend to vote for the reappointment of Deloitte & Touche LLP as auditor of the Corporation and to authorize the Board to fix its remuneration.

CORPORATE GOVERNANCE DISCLOSURE

In accordance with the requirements of National Instrument 58-101 - *Disclosure of Corporate Governance Practices* ("NI 58-101") and National Policy 58-201 - *Corporate Governance Guidelines* ("NP-58-201") the Corporation is required to give full and complete disclosure of its systems and practices of corporate governance.

In addition, the Corporation is subject to National Instrument 52-110 - *Audit Committees* ("NI 52-110"), which prescribes certain requirements in relation to audit committees and defines the meaning of independence with respect to directors.

These reflect current regulatory guidelines of the Canadian Securities Administrators ("CSA"). The Corporation's corporate governance practices are summarized below.

Board of Directors

The Board currently consists of nine directors, eight of whom are "independent" as such term is defined in NI 52-110. These independent directors are Peter Hawley, Robert Bryce, James Henderson, Lisa Riley, Neil Seldon, Ewan Mason, Pierre Lacombe and Jonathan Berg. Parviz Farsangi is not independent as he is President and Chief Executive Officer of the Corporation.

The Board has determined that it is in the best interests of the Corporation to reduce the number of directors on the Board. Management has determined that the five directors noted above in the section entitled “Election of Directors” be nominated for election as directors at the Meeting. The Corporation may consider adding additional independent directors to the Board in the future. Independent supervision of management is accomplished through choosing management who demonstrate a high level of integrity and ability and having a majority of the Board composed of independent and experienced Board members. The independent directors are able to meet at any time without any members of management, including the non-independent directors, being present. Further supervision is performed through the audit committee which is composed of independent directors who meet with the Corporation's auditors without management being in attendance.

The following table identifies each director of the Corporation that is presently a director of any other issuer that is a reporting issuer (or the equivalent) in a jurisdiction or a foreign jurisdiction and the other issuer.

| Name of Director | Names of Other Reporting Issuers (or equivalent) |
|-------------------------|---|
| Peter J. Hawley | Abitex Resources Inc. |
| | Scorpio Gold Corporation |
| | Maxtech Ventures Inc. |
| Robert Bryce | Abitex Resources Inc. |
| | Western Wind Energy Corp. |
| | Alexis Minerals Corp. |
| | Tagish Lake Gold Corp. |
| | Journey Resources Corp. |
| | Kalahari Resources Inc. |

| Name of Director | Names of Other Reporting Issuers (or equivalent) |
|-------------------------|---|
| James Henderson | Compass Gold Corporation |
| | Actus Minerals Corporation |
| Lisa Riley | Nil |
| Ewan Mason | GoWest Gold Ltd. |
| Pierre Lacombe | Nil |
| Jonathan Berg | Nil |
| Parviz Farsangi | Wallbridge Mining Co. Ltd., INV Metals Inc. |
| Neil S. Seldon | Geodex Minerals Ltd. |

The Board has formal meetings periodically during the year to review and discuss the Corporation’s business activities, consider and approve matters presented to the Board for approval and provide guidance to management. In addition, management provides updates to and consults with the Board when, in its determination, it is appropriate or necessary in order to allow the Board to be informed of the Corporation’s affairs and discharge its duties.

The Board has the responsibility to ensure that it functions independently of management. In order to achieve this independence, the independent directors meet without members of management present at regularly scheduled Board meetings and on an as-needed basis.

The following is the attendance record of each director for all Board and committee meetings held from January 1, 2010 to December 31, 2010:

| Name of Director | Board of Directors | Audit Committee | Compensation Committee |
|--------------------------------|---------------------------|------------------------|-------------------------------|
| Peter J. Hawley | 5 of 5 | N/A | N/A |
| D. Roger Scammell | 4 of 5 | N/A | N/A |
| Robert C. Bryce | 5 of 5 | 4 of 4 | N/A |
| James G. Henderson | 5 of 5 | 4 of 4 | 2 of 2 |
| Lisa Riley | 5 of 5 | 4 of 4 | N/A |
| Neil S. Seldon | 4 of 5 | N/A | 2 of 2 |
| Ewan Mason ⁽¹⁾ | 5 of 5 | N/A | 2 of 2 |
| Pierre Lacombe ⁽²⁾ | 4 of 5 | N/A | N/A |
| Parviz Farsangi ⁽³⁾ | 1 of 1 | N/A | N/A |
| Jonathan Berg ⁽⁴⁾ | N/A | N/A | N/A |

(1) Ewan Mason was appointed as a director on January 5, 2010

(2) Pierre Lacombe was appointed as a director on March 1, 2010

(3) Parviz Farsangi was appointed as a director on November 15, 2010

(4) Jonathan Berg was appointed as a director on January 20, 2011

Board Mandate

The following is a summary of the Board's written mandate:

The mandate of the Board is to supervise the management of and set the strategic direction for the business and affairs of the Corporation. The Board's principal responsibilities are as follows:

1. hiring a CEO and other senior officers who it believes will act with integrity and create a culture of ethical business conduct within the Corporation;
2. adopting a strategic planning process and approving annually (or more frequently if appropriate) a strategic plan which takes into account, among other things, the opportunities and risks of the business of the Corporation;
3. overseeing the identification of the principal risks of the business of the Corporation and overseeing the implementation of appropriate systems to manage these risks;
4. overseeing the integrity of the internal control and management information systems of the Corporation;
5. succession planning, including (with assistance from the CEO) appointing, training, monitoring and replacing the senior officers of the Corporation;
6. ensuring that the Corporation operates at all times within applicable laws and regulations and to the highest ethical standards;
7. approving and monitoring compliance with significant policies and procedures by which the Corporation is operated;
8. developing strong corporate governance policies and procedures for the Corporation;

9. ensuring the Corporation has in place a disclosure policy to enable the Corporation to communicate effectively with its shareholders, other stakeholders and the public generally and receive shareholder feedback;
10. ensuring that the Corporation's financial results are reported fairly and in accordance with generally accepted accounting standards; and
11. ensuring the timely reporting of any other developments that have a significant and material impact on the value of the Corporation.

The Board may delegate certain of its functions to Board committees. The Board has constituted the Audit Committee, the Nomination and Corporate Governance Committee and the Compensation Committee. Responsibilities not delegated to senior management or to a committee of the Board remain those of the full Board. Prior approval by the Board is required in many specific instances under the Canada Business Corporations Act, securities legislation and the rules and policies of the TSX.

The Board has determined that a majority of the members of the Board are "independent" as defined in NI 52-110. The Board, together with the Nomination and Corporate Governance Committee and the Compensation Committee, at least annually assesses the Board's effectiveness with a view to ensuring that the performance of the Board accords with best practices.

Position Descriptions

The following position descriptions have been adopted by the Board:

CEO

The CEO shall perform all duties customarily performed by a chief executive officer of a publicly-held company engaged in a business similar to the Corporation's business, including without limiting the generality of the foregoing the administration and management of the business and affairs of the Corporation, subject to the power of the Corporation's Board of Directors to expand or limit such duties and to override actions of the CEO. Without limiting the generality of the duties to be provided, the CEO will provide the following services:

1. develop, recommend and implement corporate governance policies and practices, as approved by the Corporation's Board of Directors, for the benefit of the Corporation and in accordance with all regulatory requirements;
2. organize, administer and coordinate the Corporation geological and mining development programs including all administrative, financial and technical operations and coordinate the services and resources that are necessarily incidental to the programs;
3. develop and recommend an organization structure and staffing, and personnel policies and procedures for Board approval, supervise hiring of competent personnel and consultants required for the operation of the Corporation's business and manage the efficient performance of Corporation personnel pertaining to the overall running of the Corporation;
4. administer and assist with relations with regulatory agencies and the Corporation's auditors, legal services and public and investor relations programs;

5. manage the preparation and dissemination of the Corporation annual capital and expense budgets and operating plans, engineering and geological reports;
6. supervise the operation of the various Corporation business enterprises, and seek out, evaluate and, where practicable, negotiate new business opportunities for the Corporation approved by the Board;
7. liaise with the Corporation's project and business partners, corporate allies, customers and suppliers;
8. develop and recommend corporate strategy for Board approval and administer the implementation of approved strategy and operating plans;
9. develop and recommend appropriate Health and Safety and Environmental Management policies and procedures for Board approval and monitor the programs to ensure compliance with Corporation policies and with all government and regulatory requirements; and
10. administer and assist with all other Corporation support services and perform such other activities as are necessary or incidental to the services being provided by the CEO.

Chairman of the Board

The Chairman of the Board is responsible for providing leadership to the Board to enhance the Board's effectiveness, including ensuring that the responsibilities of the Board are well understood by both management and the Board, ensuring that the Board works as a cohesive team with open communication, and ensuring that the resources available to the Board are adequate to support its work. The Chairman is also responsible for managing the Board, including: preparing the agenda of the Board meetings and ensuring pre-meeting material is distributed in a timely manner and is appropriate in terms of relevance, efficient format and detail; chairing all meetings of the Board in a manner that promotes meaningful discussion; adopting procedures to ensure that the Board can conduct its work effectively and efficiently, including committee structure and composition, scheduling, and management of meetings; ensuring meetings are appropriate in terms of frequency, length and content; and ensuring that, where functions are delegated to appropriate committees, the functions are carried out and results are reported to the Board. At the request of the Board, the Chairman will represent the Corporation to shareholders and other stakeholders, including community groups and governments.

Chairs of Committees

The Chair of each Board committee is responsible for managing the committee, including: preparing the agenda of the committee meetings and ensuring pre-meeting material is distributed in a timely manner and is appropriate in terms of relevance, efficient format and detail; chairing all meetings of the committee in a manner that promotes meaningful discussion; adopting procedures to ensure that the committee can conduct its work effectively and efficiently; and ensuring meetings are appropriate in terms of frequency, length and content.

Orientation and Continuing Education

While the Corporation does not have formal orientation and training programs, new Board members are provided with:

1. access to recent, publicly filed documents of the Corporation, technical reports and the Corporation's internal financial information;
2. access to management and technical experts and consultants; and
3. a summary of significant corporate and securities law responsibilities.

Board members are encouraged to communicate with management, auditors, legal and technical consultants, to keep themselves current with industry trends and developments and changes in legislation with management's assistance and to attend related industry seminars and visit the Corporation's operations. Board members have full access to the Corporation's records.

One of the responsibilities of the Nomination and Corporate Governance Committee of the Board is to establish an orientation program for new directors and a continuing education program for all directors of the Corporation.

Ethical Business Conduct

The Board views good corporate governance as an integral component to the success of the Corporation and to meeting its responsibilities to shareholders. The Board has adopted a Code of Business Conduct and Ethics (the "Code"). The Code has been filed on SEDAR and is available under the Corporation's name at www.SEDAR.com.

The Audit Committee ensures that all directors, officers and employees abide by the Code. The Audit Committee has not been advised of any conduct of the directors, officers or employees of the Corporation that constitutes a departure from the Code.

The Code has been developed to communicate to directors, officers and employees standards for business conduct in the use of Corporation time, resources and assets and, to identify and clarify proper conduct in areas of potential conflict of interest. Each director, officer and employee is provided with a copy of the Code, and if requested by the Corporation, asked to sign an acknowledgement that the standards and principles of the Code will be maintained at all times on the Corporation's business.

The Code is designed to deter wrongdoing and promote (a) honest and ethical conduct; (b) compliance with laws, rules and regulations; (c) prompt internal reporting of Code violations; and (d) accountability for adherence to the Code. Violations from standards established in the Code, and specifically under "Whistleblower" situations, are reported to the Chairperson of the Audit Committee and can be reported anonymously. The Chairperson of the Audit Committee will report to the Board any reported violations at least quarterly or, more frequently depending on the specifics of the reported violation. To date there have been no reported violations.

Other Board Committees

The Company has three Committees of the Board of Directors, namely: the Audit Committee, the Nomination and Corporate Governance Committee and the Compensation Committee.

Audit Committee

The Corporation has an Audit Committee that is currently comprised of Lisa Riley (Chair), Robert Bryce and James Henderson, all of whom are independent directors. The composition of this committee will change following the election of the directors at the Meeting.

The Audit Committee meets regularly with the CEO, the CFO and the independent auditors to review and enquire into matters affecting financial reporting, the system of internal accounting, financial and disclosure controls, and the independent auditors' procedures and audit plans. The Audit Committee recommends to the Board of Directors the accounting firm to be appointed as independent auditors. The Audit Committee reviews and recommends to the Board of Directors for approval the annual and interim financial statements and undertakes other activities required by regulatory authorities. The Audit Committee met four times during 2010.

Information concerning the Corporation's Audit Committee is set out under the heading "Audit Committee" in the Corporation's Annual Information Form ("AIF") dated March 30, 2011 which contains information for the fiscal year ended December 31, 2010. The AIF may be obtained from SEDAR under the Corporation's name at www.sedar.com.

Nomination and Corporate Governance Committee

The Nomination and Corporate Governance Committee is currently comprised of Neil Seldon (Chair), James Henderson and Ewan Mason, all of whom are independent directors. The committee meets as frequently as required. The composition of this committee will change following the election of the directors at the Meeting.

The Nomination and Corporate Governance Committee has the following responsibilities: annually and more frequently if appropriate, assess the size, composition and effectiveness of the Board and Board committees, the competencies and skills of the individual directors in relation to those required to enable the Board and Board committees to properly discharge their responsibilities, oversee the process of identifying and recruiting new candidates for election or appointment as directors of the Corporation or for appointment as CEO; assess the effectiveness of the relationship between the Board and the CEO and other senior officers of the Corporation, review with the CEO of the Corporation succession planning for the senior officers of the Corporation, and report the results of that review to the Board; and establish and approve an orientation program for new directors and a continuing education program for all directors of the Corporation.

The committee will primarily consult with members of the Board and representatives of the mining and mineral exploration industry to identify potential new candidates for Board nomination.

The committee also has the following responsibilities with respect to corporate governance of the Corporation: identify corporate governance standards and practices applicable to the Corporation and monitor new developments in corporate governance, and make recommendations to the Board periodically; review and approve the disclosure with respect to corporate governance practices required to be included in the regulatory filings of the Corporation or any other publicly-disclosed document.

Compensation Committee

The Corporation has a Compensation Committee that is currently comprised of James Henderson (Chair), Neil Seldon and Ewan Mason, all of whom are independent directors. These directors have the responsibility for determining compensation for the directors and senior management. The composition of this committee will change following the election of the directors at the Meeting.

The Compensation Committee meets as frequently as required, but not less than twice annually. The Compensation Committee reviews and approves corporate goals and objectives relative to the compensation of the CEO and assesses the performance of the CEO in light of those goals and objectives.

The Committee annually, or more frequently if required: makes recommendations to the Board with respect to the compensation (including salary, bonus and stock options) and benefits of the CEO and the other senior officers of the Corporation; reviews and approves the terms of the employment agreements and severance arrangements of the CEO and other senior officers of the Corporation; researches and identifies trends in employment benefits and compensation structures and reports its findings to the Board; and reviews and approves any executive compensation disclosure before it is publicly disclosed by the Corporation. The Committee reviews periodically the compensation of the directors of the Corporation for service on the Board and Board committees and makes recommendations to the Board with respect thereto. The Committee reviews and assesses periodically the compensation structure and benefit plans (including equity-based incentive plans) of the Corporation and makes recommendations to the Board with respect thereto. To determine compensation payable, the Compensation Committee reviews compensation paid to the directors, CEO and other senior officers, in companies of similar size and stage of development in the mining and mineral exploration industry and determine an appropriate compensation reflecting the need to provide incentive and compensation for the time and effort expended by the directors and senior management while taking into account the financial and other resources of the Corporation.

In setting the compensation, the Compensation Committee annually reviews the performance of the key members of the senior management in light of the Corporation's objectives and considers other factors that may have impacted the success of the Corporation in achieving its objectives.

Assessments

The Board does not consider that formal performance assessments of directors would be useful at this stage of the Corporation's development. The Nomination and Corporate Governance Committee will conduct informal annual assessments of the Board's effectiveness, the individual directors and each of the Board committees. To assist in its review, the Nomination and Corporate Governance Committee will receive an annual report from the Board on its assessment of the functioning of the Board and reports from each committee respecting their own effectiveness. As part of the assessments, the Board or the individual committee may review its mandate and conduct reviews of applicable corporate policies.

PARTICULARS OF MATTERS TO BE ACTED UPON

Change of Registered Office

Proposed Change in Registered Office

Shareholders of the Corporation will be asked at the Meeting to consider a special resolution (the "Registered Office Change Resolution"), the full text of which is set out below, to change the registered office of the Corporation to the Province of Ontario from the Province of British Columbia (the "Registered Office Change").

Background to the Change of Registered Office

In November 2010, the Corporation announced the appointment of Parviz Farsangi as Chief Executive Officer of the Corporation. Mr. Farsangi is located in Toronto, Ontario, where the head office of the Corporation is now located. Accordingly, management believes it to be in the best interest of the Corporation to also have the registered office of the Corporation located in the Province of Ontario.

Implementation of the Registered Office Change

The Registered Office Change is subject to receipt of all required regulatory approvals and to the approval of the Registered Office Change Resolution by the Shareholders at the Meeting. If these approvals are received, the Registered Office Change will be effected at a time determined by the Board of Directors and announced by a press release of the Corporation. Notwithstanding if the approvals are received, the Corporation may determine not to proceed with the Registered Office Change at the discretion of the Board of Directors.

Vote Required

At the Meeting, Shareholders will be asked to consider and if deemed advisable, approve, the Registered Office Change Resolution, as follows:

“BE IT RESOLVED as a special resolution of the holders of common shares (the “Shareholders”) of Scorpio Mining Corporation (the “Corporation”) that:

1. the Corporation changes the province or territory in Canada where the registered office is situated to the Province of Ontario;
2. any director or officer of the Corporation be, and such director or officer of the Corporation hereby is, authorized, instructed and empowered, acting for, in the name of and on behalf of the Corporation, to do or to cause to be done all such other acts and things in the opinion of such director or officer of the Corporation as may be necessary or desirable in order to fulfill the intent of this special resolution; and
3. the board of directors of the Corporation be and is hereby authorized to set the effective date of such Registered Office Change and such effective date shall be the date shown in the certificate of amendment issued by the Registrar appointed under the *Canada Business Corporations Act* or such other date indicated in the Articles of Amendment provided that, in any event, such date shall be prior to the next annual general meeting of the Shareholders of the Corporation.”

The directors of the Corporation consider the Registered Office Change Resolution to be in the best interests of the Corporation and recommend that Shareholders vote FOR the foregoing resolution. Unless the Shareholder has specifically instructed in the enclosed form of proxy that the shares represented by such proxy are to be voted against the Registered Office Change Resolution, the persons named in the enclosed form of proxy will vote FOR the Registered Office Change Resolution.

In order to be effected, the Registered Office Change Resolution must be approved by two-thirds (2/3) of the votes cast at the Meeting in person or by proxy.

Approval of Special Share Bonus

In March 2011, the Corporation’s Board of Directors approved the issuance of 750,000 Common Shares (the “Bonus Shares”), representing 0.39% of the issued and outstanding Common Shares, to Peter Hawley, Chairman, as a special bonus in respect of his past service as Chief Executive Officer of the Corporation. The issuance of the Bonus Shares is subject to the prior approval of the Corporation’s

shareholders and the TSX. Mr. Hawley was also granted a cash bonus of \$200,000 in respect of such service, which has been accrued as of December 31, 2010.

The Corporation has applied to the TSX for its approval of the proposed issuance of the Bonus Shares. The issuance of the Bonus Shares will be subject to the Corporation fulfilling any requirements of the TSX, including, obtaining the approval of the issuance of the Bonus Shares by a majority of the Corporation's shareholders voting at the Meeting, excluding 1,567,736 Common Shares held by Mr. Hawley.

At the Meeting, Shareholders will be asked to consider and, if deemed appropriate, to pass, with or without variation, the following ordinary resolution, subject to such amendments, variations or additions as may be approved at the Meeting:

“BE IT RESOLVED as an ordinary resolution that:

1. The Corporation is hereby authorized to issue the 750,000 Bonus Shares to Peter Hawley, Chairman, as a special bonus in respect of his past service as Chief Executive Officer of the Corporation, without payment of additional consideration, as fully paid and non-assessable and any director or officer of the Corporation is hereby authorized and directed to direct the registrar and transfer agent of the Corporation, issue and deliver certificates evidencing such Bonus Shares; and
2. any one officer or director of the Corporation is hereby authorized to take such steps or execute such documents, whether or not under corporate seal, which are in his or her opinion necessary or advisable in order to give effect to this resolution.”

The directors of the Corporation consider the issuance of the Bonus Shares to be in the best interests of the Corporation and recommend that Shareholders vote FOR the foregoing resolution. Unless the Shareholder has specifically instructed in the enclosed form of proxy that the shares represented by such proxy are to be voted against the foregoing resolution, the persons named in the enclosed form of proxy will vote FOR the foregoing resolution.

In order to be effected, the above resolution must be approved by a simple majority (greater than 50%) of the votes cast at the Meeting in person or by proxy by the disinterested shareholders of the Corporation.

INTEREST OF CERTAIN PERSONS IN MATTERS TO BE ACTED UPON

No person who has been a director or officer of the Corporation at any time since the beginning of the last fiscal year, nor any proposed nominee for election as a director of the Corporation, nor any associate or affiliate of any of the foregoing, has any material interest, directly or indirectly, by way of beneficial ownership of securities or otherwise, in any matter to be acted upon other than the election of directors.

ANY OTHER MATTERS

Management of the Corporation knows of no matters to come before the Meeting other than those referred to in the Notice of Meeting accompanying this Information Circular, however, if any other matters properly come before the Meeting, it is the intention of the persons named in the form of proxy accompanying this Information Circular to vote the same in accordance with their best judgment of such matters.

ADDITIONAL INFORMATION

Additional information relating to the Corporation can be found under the Corporation's name on the SEDAR website at www.sedar.com. Financial information concerning the Corporation is also provided in the Corporation's consolidated comparative financial statements and management's discussion and analysis for its most recently completed financial year and subsequent interim financial statements.

Shareholders may obtain a copy of the Corporation's financial statements and management's discussion and analysis upon request to the Corporation at 40 University Avenue, Suite 606, Toronto, Ontario, M5J 1T1.

DATED: May 11, 2011

The Board of Directors of the Corporation has approved the content and sending of this Information Circular.

"Parviz Farsangi"

Parviz Farsangi, President and Chief Executive Officer