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# **CGA MINING LIMITED**

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## **NOTICE OF SPECIAL MEETING AND INFORMATION MEMORANDUM**

**A Special Meeting of CGA Mining Limited will be held at the ground floor of The BGC Centre, 28 The Esplanade, Perth, Western Australia on 2 July 2010 at 10am (WST).**

CGA Mining Limited is incorporated in Australia and listed on both the Australian Securities Exchange (**ASX**) and the Toronto Stock Exchange (**TSX**).

This Notice of Special Meeting is designed to comply with the requirements of the Australian Corporations Act, the Listing Rules of the ASX and the TSX and the requirements of the Ontario Securities Commission (**OSC**).

This Notice of Special Meeting and the accompanying Information Memorandum should be read in its entirety. If shareholders are in doubt as to how they should vote, they should seek advice from their accountant, solicitor or other professional adviser prior to voting.

This Notice of Special Meeting and the accompanying Information Memorandum does not constitute an offer to sell or a solicitation of any offer to buy the securities referred to herein. The securities discussed herein have not been registered under the United States Securities Act of 1933, as amended (the "1933 Act"), or the securities laws of any state of the United States, and may not be offered, issued, sold or otherwise distributed in the United States or to, or for the account or benefit of, any U.S. Person (as defined in Regulation S under the 1933 Act) or person in the United States absent such registration or an exemption therefrom. This Notice of Special Meeting and accompanying Information Memorandum is being delivered in the United States or to, or for the account or benefit of, a U.S. Person or person in the United States for informational purposes only and for voting at the Special Meeting and does not constitute an offer to sell or the solicitation of an offer to buy in the United States or to, or for the account or benefit of, a U.S. Person or person in the United States.

Neither the ASX, TSX, ASIC nor OSC nor any securities regulatory authority has in any way passed any views on the merits of the transaction contemplated in the Notice of Special Meeting and accompanying Information Memorandum

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# CGA MINING LIMITED

ACN 009 153 128

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## NOTICE OF SPECIAL MEETING

Notice is hereby given that a special meeting of shareholders of CGA Mining Limited (CGA, and the shareholders, the **Shareholders**) will be held at the ground floor of The BGC Centre, 28 The Esplanade Perth, Western Australia on 2 July 2010 at 10am (WST) (**Meeting**).

The Information Memorandum attached to this Notice provides additional information on matters to be considered at the Meeting. Shareholders should read the Information Memorandum carefully before deciding how to vote on the matters of the Meeting.

The Information Memorandum and the Proxy Form, form part of this Notice.

The Directors have determined pursuant to regulation 7.11.37 of the *Corporations Regulations 2001 (Cth)* that the persons eligible to vote at the Meeting are those who are registered as Shareholders of CGA at 10.00am (WST) on 30 June 2010.

## AGENDA

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### 1. Resolution 1 – Approval of Proposed Spin Off

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To consider, and if thought fit to pass, the following resolution as an **ordinary resolution**:

*“That Shareholders approve the proposed spin-off (**Proposed Spin Off**) of Ratel Gold Limited (**Ratel**), a wholly-owned subsidiary of CGA, by way of Ratel undertaking the Initial Public Offering (**IPO**) and the listing of Ratel Shares on the Toronto Stock Exchange (**TSX**).”*

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### 2. Resolution 2 – Issue of Ratel Options to Mr Michael Joseph Carrick

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To consider, and if thought fit to pass, the following resolution as an **ordinary resolution**:

*“That, for the purposes of Part 2E.1 of the Corporations Act and for all other purposes, Ratel, being an entity controlled by CGA, be authorised to grant 1,000,000 Ratel Options to subscribe for Ratel Shares to Mr Michael Joseph Carrick, in his capacity as a director of Ratel, on the terms and conditions set out in the Ratel Stock Option Plan.”*

In accordance with section 224 of the Corporations Act any votes cast on Resolution 2 (other than by a person as proxy for a member who is entitled to vote, where the instrument of proxy specifies how the proxy is to vote on Resolution 2 or by the chairman of the Meeting as an undirected proxy for a member who is entitled to vote) by, or on behalf of, Mr Michael Joseph Carrick, his associates, or any other person who might obtain a direct benefit if Resolution 2 is passed, except a benefit solely in the capacity of a holder of Shares, will be disregarded.

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### 3. Resolution 3 – Issue of Ratel Options to Mr Mark Stuart Savage

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To consider, and if thought fit to pass, the following resolution as an **ordinary resolution**:

*“That, for the purposes of Part 2E.1 of the Corporations Act and for all other purposes, Ratel, being an entity controlled by CGA, be authorised to grant 1,500,000 Ratel Options to subscribe for Ratel Shares to Mr Mark Stuart Savage, in his capacity as a director of Ratel, on the terms and conditions set out in the Ratel Stock Option Plan.”*

In accordance with section 224 of the Corporations Act any votes cast on Resolution 3 (other than by a person as proxy for a member who is entitled to vote, where the instrument of proxy specifies how the proxy is to vote on Resolution 3 or by the chairman of the Meeting as an undirected proxy for a member who is entitled to vote) by, or on behalf of, Mr Mark Stuart Savage, his associates, or any other person who might obtain a direct benefit if Resolution 3 is passed, except a benefit solely in the capacity of a holder of Shares, will be disregarded.

By Order of the Board



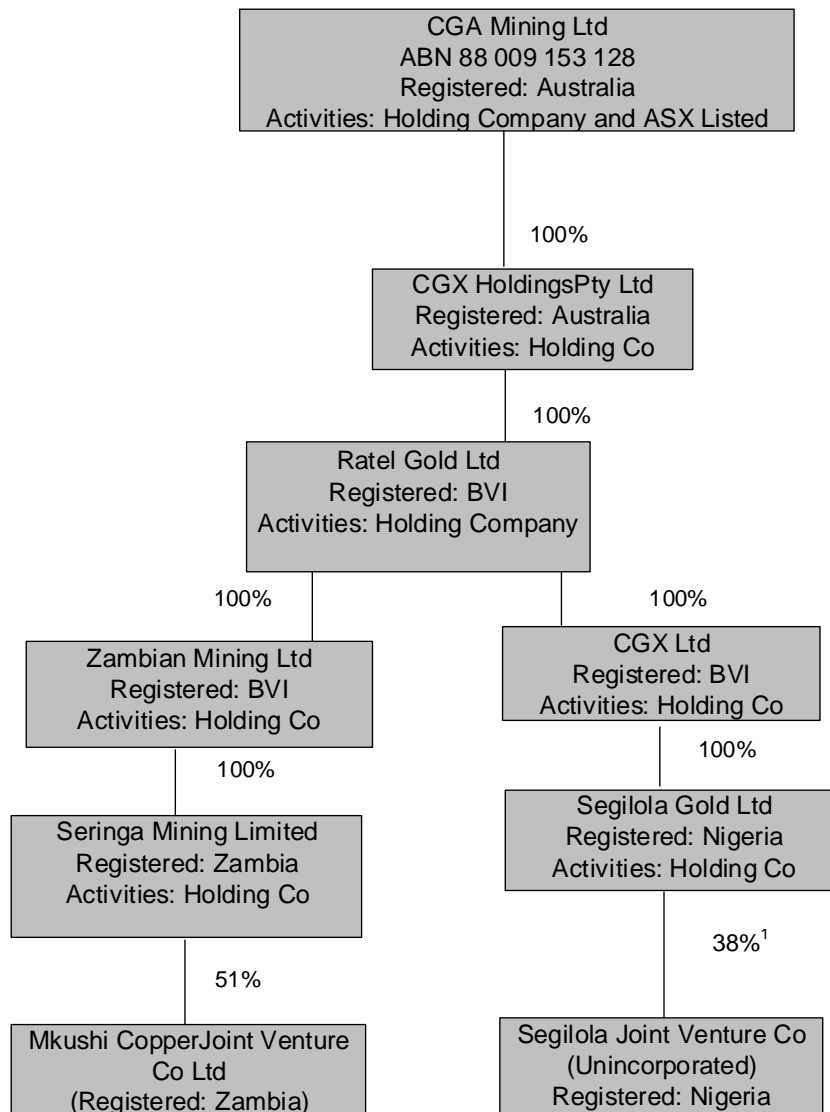
Hannah Hudson  
Company Secretary

**CGA MINING LIMITED**  
**INFORMATION MEMORANDUM**

**1. Resolution 1 – Approval of Proposed Spin Off**

**Background**

CGA has transferred its interests in the African Assets to its wholly owned subsidiary, Ratel, in anticipation of the Proposed Spin Off. CGX Holdings Pty Ltd currently holds 17,500,000 shares in Ratel. The current structure of CGA in respect of the African Assets is as follows:



<sup>1</sup> SGL is in the process of earning a 51% undivided interest in the mine tenements of the Segilola Joint Venture. SGL will acquire the remaining 13% on delivery of the Feasibility Study which is currently underway.

On completion of the IPO, CGA will own approximately 20% of all Ratel Shares (assuming that the IPO is fully subscribed). This will constitute a material dilution of CGA's direct interest in Ratel, its subsidiaries and indirect interest in the African Assets, however Eligible Shareholders and Approved Eligible Holders will be entitled to participate directly in an investment in Ratel through the Priority Offer and may apply for shares in the Base Offer, with final allocations to be determined by Ratel management and the Broker.

Ratel will focus on the development of new mining projects in Africa. Initially, Ratel will hold the same interests as CGA currently holds in the advanced-stage Segilola Gold Project in Nigeria which is currently subject to the preparation of a feasibility study and the Mkushi Copper Project in Zambia. Ratel's immediate objective will be to focus on a potential development of the Segilola Gold Project and acquire further projects as and when appropriate opportunities arise.

### ***IPO and Priority Offer***

The IPO is anticipated to be completed in July 2010 or such later date as may be determined by the board of Directors and will consist of the offer of a minimum of 40,000,000 and a maximum of 70,000,000 Ratel Shares at a price of C\$0.20 per Ratel Share (**Issue Price**) to raise up to C\$14,000,000 as follows:

- (a) a public offer of up to 60,000,000 Ratel Shares to raise approximately C\$12,000,000 (**Base Offer**) on a commercially reasonable efforts basis to be undertaken by Haywood Securities Inc (**Broker**); and
- (b) an offer of up to 10,000,000 Ratel Shares on a commercially reasonable efforts basis to parties on the President's List, to be undertaken by the Broker in conjunction with Ratel management to raise up to C\$2,000,000 (**President's List Offer**).

Shareholders resident in the Eligible Jurisdictions (**Eligible Shareholders**) will be given the opportunity to participate in the Base Offer on a pro-rata basis to their CGA shareholdings (**Priority Offer**), based on the total number of CGA Shares on issue on the entitlement date to be determined.

The Priority Offer will only be available to Shareholders resident in each Province of Canada, except Quebec, and in Australia (collectively, the **Eligible Jurisdictions**). The Priority Offer is not, and under no circumstances is to be construed as, an offering of any Ratel Share in any jurisdiction outside of the Eligible Jurisdictions (an **Ineligible Jurisdiction**) or a solicitation therein of an offer to buy any securities. The Ratel Shares are not qualified under the securities laws of any Ineligible Jurisdictions and the Priority Offer may not be taken up by or on behalf of a Shareholder resident in an Ineligible Jurisdiction. Ratel may elect to extend the Priority Offer to certain Shareholders who are not resident in an Eligible Jurisdiction if Ratel determines that such offering to and subscription by such person for Ratel Shares is lawful and in compliance with all securities and other laws applicable in the jurisdiction where such person is resident (an **Approved Eligible Holder**).

The securities to be offered under the IPO have not been and will not be registered under the 1933 Act or any state securities laws or approved or disapproved by the United States Securities and Exchange Commission (the **SEC**) or any state securities commission. This Notice of Special Meeting and accompanying Information Memorandum is being delivered in the United States or to, or for the account or benefit of, a U.S. Person or person in the United States for informational purposes only and for voting at the Special Meeting and does not constitute an

offer to sell or the solicitation of an offer to buy in the United States or to, or for the account or benefit of, a U.S. Person or person in the United States. Notwithstanding the foregoing discussion on Approved Eligible Holders the securities offered under the Priority Offer will not be offered, issued or distributed to any U.S. Person, person in the United States or person acting for the account or benefit of any U.S. Person or person in the United States.

Details of the IPO and the Priority Offer are set out in the preliminary prospectus lodged by Ratel with securities regulatory authorities in each of the provinces of Canada except Quebec (**Canadian Securities Regulators**) on 28 May 2010 which is available online at [www.sedar.com](http://www.sedar.com). Ratel is finalising the prospectus in respect of the IPO which CGA anticipates will be lodged with Canadian Securities Regulators and ASIC on or about 6 July 2010 and will thereafter be made available to Eligible Shareholders and, if applicable, Approved Eligible Holders. Eligible Shareholders and, if applicable, Approved Eligible Holders who wish to take advantage of the Priority Offer to acquire Ratel Shares under the Base Offer will need to complete an application form that will be distributed following the entitlement date.

### ***Rationale for Proposed Spin Off***

In addition to its interests in the African Assets, CGA has a significant economic interest in the Masbate Gold Project, an operating gold mine in the Philippines. The main focus of CGA's activities over the past few years has been the financing, development and commissioning of the Masbate Gold Project with the result that CGA has now achieved a new status: a producing gold company. The Masbate Gold Project is planned to have an annual production level of 200,000 ounces. Given the advanced stage of the asset and scale relative to the African Assets, the Directors believe the value of the African Assets may be better recognised in a dedicated, new listed resource company. The Proposed Spin Off will also provide Shareholders with greater flexibility in managing their investments in different geographic regions with different sovereign risk profiles, by enabling Shareholders to decide whether to participate in any further investment in the African Assets via Ratel.

The Directors believe that the market currently attributes to CGA only a nominal value for its interests in the African Assets. The IPO of Ratel will see Ratel become a new gold and copper explorer, focussed in Africa. CGA will retain approximately a 20% interest in the African Assets through its shareholding in Ratel post the IPO, assuming the Base Offer and the President's List Offer are fully subscribed. It is intended that Ratel will be a listed company, which will enable a more ready valuation of the African Assets, enhancing the ability of CGA and Shareholders to realise value and providing Shareholders with an opportunity to hold their existing investment in two separate listed companies.

The Directors consider Ratel to provide a structure by which Shareholders may better realise the value of the African Assets at an earlier stage than might otherwise have been the case if the Proposed Spin Off did not occur.

### ***Effect of the Proposed Spin Off on Shareholders***

Immediately following completion of the Proposed Spin Off:

- (a) there will be no change to a Shareholder's shareholding in CGA. However, as the interests in the African Assets held by CGA have been transferred to Ratel and Ratel will have issued new Ratel Shares, each Shareholder's indirect interest in the African Assets (through their holding of Shares) will be diluted;

- (b) CGA's exposure to any future funding obligations for the African Assets will be materially reduced;
- (c) The Base Offer will provide Shareholders with an opportunity to hold their indirect interest in the African Assets directly through an investment in Ratel;
- (d) CGA will retain a shareholding in Ratel (approximately 20% post the IPO) and the market will be in a position to more readily place a value on that holding as it is proposed that Ratel will be publicly traded; and
- (e) CGA will be released from any obligations it had to the joint venturers holding the African Assets.

Assuming that the IPO is fully subscribed, the proposed capital structure of Ratel following the IPO can be summarised as follows:<sup>(1)</sup>

Shareholder	Number of Shares	%
CGA Mining Limited	17,500,000	20
Base Offer	60,000,000	69
President's List Offer	10,000,000	11
<b>TOTAL</b>	<b>87,500,000</b>	<b>100</b>

<sup>(1)</sup> The number of Ratel Shares is approximate and may alter on the completion of the IPO and accordingly the percentages may change.

***Effect of the Proposed Spin Off on CGA's Financial Position***

Set out below for illustrative purposes is the reviewed balance sheet of CGA as at 31 December 2009 and a pro forma balance sheet as at 31 December 2009 including the effect of the Proposed Spin Off assuming that the IPO is fully subscribed.

BALANCE SHEET  
FOR THE HALF YEAR ENDED 31 DECEMBER 2009

		Consolidated		Proforma adjustments			Proforma	
		31-Dec					31-Dec	
	Notes	2009 US\$	Deconsolidate Ratel cash	Deconsolidate Ratel receivables	Deconsolidate Ratel fixed assets	Deconsolidate Ratel payables	Non-refundable future Ratel expenditure	2009 US\$
<b>ASSETS</b>								
<b>Current Assets</b>								
Cash and cash equivalents	1	32,036,274	-71,792				-632,313	31,332,169
Trade and other receivables	2	2,208,640		-267,353				1,941,287
Inventory		12,408,062						12,408,062
Prepayments		2,064,136						2,064,136
Derivative financial assets		1,393,422						1,393,422
<b>Total Current Assets</b>		<b>50,110,534</b>	<b>-71,792</b>	<b>-267,353</b>	<b>0</b>	<b>0</b>	<b>-632,313</b>	<b>49,139,076</b>
<b>Non-Current Assets</b>								
Investment in associate		33,501,179						33,501,179
Property plant and equipment	3	187,149,232			-175,708			186,973,524
Other assets		2,241,486						2,241,486
Intangible assets		42,221,005						42,221,005
Derivative financial assets		2,090,132						2,090,132
Deferred tax assets		17,021,828						17,021,828
<b>Total Non-current Assets</b>		<b>284,224,862</b>	<b>0</b>	<b>0</b>	<b>-175,708</b>	<b>0</b>	<b>0</b>	<b>284,049,154</b>
<b>TOTAL ASSETS</b>		<b>334,335,396</b>	<b>-71,792</b>	<b>-267,353</b>	<b>-175,708</b>	<b>0</b>	<b>-632,313</b>	<b>333,188,230</b>
<b>LIABILITIES</b>								
<b>Current Liabilities</b>								
Trade and other payables	4	3,598,038				-115,071		3,482,967
Interest bearing loans and borrowings		32,820,028						32,820,028
Derivative liability-warrants		5,726,953						5,726,953
Derivative financial liabilities		14,970,203						14,970,203
Provisions		75,240						75,240
<b>Total Current Liabilities</b>		<b>57,190,462</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-115,071</b>	<b>0</b>	<b>57,075,391</b>
<b>Non-Current Liabilities</b>								
Interest bearing loans and borrowings		83,522,151						83,522,151
Provisions		601,539						601,539
Derivative financial liabilities		43,502,645						43,502,645
Deferred Tax Liability		5,535,227						5,535,227
<b>Total Non-current Liabilities</b>		<b>133,161,562</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>133,161,562</b>
<b>TOTAL LIABILITIES</b>		<b>190,352,024</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-115,071</b>	<b>0</b>	<b>190,236,953</b>
<b>NET ASSETS</b>		<b>143,983,372</b>	<b>-71,792</b>	<b>-267,353</b>	<b>-175,708</b>	<b>115,071</b>	<b>-632,313</b>	<b>142,951,277</b>
<b>Equity</b>								
Contributed equity		211,707,323						211,707,323
Reserves		-44,238,778						-44,238,778
Accumulated losses		-23,485,173	-71,792	-267,353	-175,708	115,071	-632,313	-24,517,268
<b>TOTAL EQUITY</b>		<b>143,983,372</b>	<b>-71,792</b>	<b>-267,353</b>	<b>-175,708</b>	<b>115,071</b>	<b>-632,313</b>	<b>142,951,277</b>

Notes to the proforma adjustments

1. This reflects the deconsolidation adjustment for the cash held by Ratel and its subsidiaries and the future non-refundable expenditure on Ratel made by the group to 31 March 2010.
2. This reflects the adjustment on deconsolidation for the receivables balances held by Ratel and its subsidiaries.
3. This reflects the adjustment on deconsolidation for the property and equipment held by Ratel and its subsidiaries.
4. This reflects the adjustment on deconsolidation for the payables in Ratel and its subsidiaries.



## ***Advantages and Disadvantages of the Proposed Spin Off***

The principal advantages and disadvantages to Shareholders of the Proposed Spin Off are as follows:

### Advantages

- (a) All Shareholders retain their current percentage ownership interest in the capital of CGA.
- (b) All Shareholders retain an interest (albeit diluted from that presently held) in the African Assets through CGA's shareholding in Ratel.
- (c) The Base Offer will provide an opportunity for Shareholders to maintain an interest in the African Assets by taking up Ratel Shares under the IPO.
- (d) The exposure of Shareholders to any further dilution as a result of capital raisings undertaken to provide funding to progress development of the African Assets will be reduced.
- (e) The Proposed Spin Off is intended to take advantage of increased commodity prices and the opportunity to fully explore the African Assets without impacting on CGA's current capital, thereby enabling CGA to fully utilise its resources to enhance further gold production at the Masbate Gold Project. Ratel will, if successfully listed, have its own resources to further the exploration of the African Assets.
- (f) The respective values of CGA's interests in the Masbate Gold Project and the African Assets should be more fully reflected in separate entities, with the potential for Shareholders to realise the value of the African Assets at an earlier stage than might otherwise have been the case if the Proposed Spin Off had not occurred.
- (g) The Proposed Spin Off will enable Shareholders to have greater flexibility in managing their exposure to different sovereign risk profiles, and will allow them to elect whether they wish to invest further in the African Assets.

### Disadvantages

- (a) There is no guarantee that the market value of Shares or Ratel Shares (once listed) will increase in value from the current market price in the case of Shares and the Issue Price in the case of Ratel Shares.
- (b) Shareholders' interest in the African Assets will be diluted.

## ***Directors' Recommendations***

After considering all relevant factors, the Directors recommend that Shareholders vote in favour of Resolution 1 for the following reasons:

- (a) after a full and proper assessment of all available information they believe that the Proposed Spin Off is in the best interests of the Shareholders; and
- (b) in the opinion of the Directors, the benefits of the Proposed Spin Off outweigh its disadvantages.

## **2. Resolutions 2 and 3 – Issue of Ratel Options to Mr Michael Joseph Carrick and Mr Mark Stuart Savage**

The Directors seek separate approvals for the grant of Ratel Options by Ratel to two of its directors who are common directors with CGA.

Ratel is currently an entity controlled by CGA and will remain an entity controlled by CGA until completion of the Proposed Spin Off. If, whilst Ratel is an entity controlled by CGA, Ratel issues Ratel Options to directors of Ratel who are also directors of CGA, notwithstanding they are not issued in connection with their directorship of CGA, Shareholder approval to the issue of the Ratel Options is required.

Ratel is planning to grant:

- (a) a total of 1,000,000 Ratel Options to Michael Carrick (and/or his nominee); and
- (b) a total of 1,500,000 Ratel Options to Mark Savage (and/or his nominee) (together, the **Related Parties**),

each in accordance with the terms and conditions set out in the Ratel Stock Option Plan, which is annexed to the Notice of Meeting as Annexure A.

### ***Requirement for Shareholder Approval***

Subject to certain exceptions (none of which is relevant to Resolutions 2 and 3), section 208 of the Corporations Act prohibits an entity that a public company controls from giving a financial benefit to a related party of the public company without shareholder approval. Directors are considered to be related parties within the meaning of the Corporations Act. The Ratel Options to be issued to the Related Parties will constitute a financial benefit for the purposes of Chapter 2E of the Corporations Act. Ratel is, at the date of the Notice, a wholly owned subsidiary of CGA and accordingly is an entity which CGA controls. Therefore, the proposed issue of Ratel Options by Ratel to each of the Related Parties requires Shareholder approval under Chapter 2E of the Corporations Act.

### ***Information Provided to Shareholders***

The following information is provided to Shareholders in accordance with section 219 of the Corporations Act to enable them to assess whether or not it is in CGA's interest to pass Resolutions 2 and 3.

- (a) Michael Carrick is a related party of CGA to whom Resolution 2 would permit a financial benefit to be given, if Resolution 2 is passed. Mark Savage is a related party of CGA to whom Resolution 3 would permit a financial benefit to be given, if Resolution 3 is passed.
- (b) The nature of the financial benefit to be given to each of the Related Parties is the issuing of Ratel Options to subscribe for Ratel Shares in the numbers set out below:
  - (i) a total of 1,000,000 Ratel Options to Michael Carrick (and/or his nominee); and
  - (ii) a total of 1,500,000 Ratel Options to Mark Savage (and/or his nominee).
- (c) The issue of Ratel Options to each of the Related Parties is proposed to assist in each of their retention and motivation as directors of Ratel during the advancement of Ratel's prospects, including the exploration and development of the African Assets. The number of Ratel Options to be issued, the exercise price and expiry date have been determined after consideration of other remuneration packages in the market, the Issue Price of Ratel Shares under the IPO and the objectives of Ratel over the coming two years.
- (d) The Ratel Options are granted to each of the Related Parties for no monetary consideration and therefore no funds will be raised from the grant of the Ratel Options. Any funds raised from the exercise of the Ratel Options will be used for general working capital purposes.
- (e) The Ratel Options to be issued will be issued upon approval by Shareholders with an exercise price of C\$0.25.
- (f) Ratel is currently not listed on any financial market, and accordingly Ratel Shares are not currently tradeable. The Issue Price of the Ratel Shares under the IPO will be C\$0.20.
- (g) The Ratel Options will not be listed on any financial market.
- (h) The Ratel Options will be offered to and, if accepted, issued to the relevant Related Party as soon as is practicable after, and in any event, no later than one month after the Special Meeting. It is anticipated that the Ratel Options will be issued on one date.
- (i) The Ratel Options will vest on the date that Ratel is admitted to the official list of the TSX and upon completion of the IPO (**Vesting Condition**). If the Vesting Condition is not met then the Ratel Options will lapse.
- (j) The Ratel Options will be exercisable on or before 30 June 2012.
- (k) The Ratel Options are not transferable without the prior written consent of the board of directors of Ratel.
- (l) Assuming that Ratel is admitted to the official list of the TSX, should Ratel Shares be trading on the TSX at a price in excess of the exercise price of the

Ratel Options granted to a Related Party (and/or his nominee) pursuant to a Resolution passed at the Special Meeting, the holders of the Ratel Options will obtain a financial gain on the exercise of the Ratel Options and subsequent sale of Ratel Shares.

- (m) Based on a Binomial valuation method, CGA estimates the Ratel Options have a value of approximately C\$0.088 per Option. The key assumptions used in arriving at this valuation are:

Exercise price:	C\$0.25
Exercise start date:	Admission of Ratel to the official list of the TSX and the completion of the IPO.
Expiry date:	30 June 2012
Volatility:	55%
Issue Price under the IPO:	C\$0.20
Risk-free interest rate:	2.54

On the basis of that valuation the total value of the Ratel Options proposed to be issued to:

- (i) Michael Carrick is C\$88,000; and
- (ii) Mark Savage is C\$132,000.
- (n) Assuming that the Vesting Condition is satisfied and that the IPO is fully subscribed, if all of the Ratel Options granted to the Related Parties are exercised, a total of 2,500,000 Ratel Shares will be allotted and issued. This will increase the number of Ratel Shares on issue from 87,500,000 (being the number of Ratel Shares on issue assuming that the IPO is fully subscribed) to 90,000,000, assuming that no other options are exercised and no other Ratel Shares are issued. CGA's shareholding in Ratel will be diluted by approximately 0.6%.
- (o) As at 28 May 2010, being the last practicable date before finalising this Information Memorandum, the Related Parties have relevant interests in the following securities of CGA (as opposed to Ratel):

<b>Related Party</b>	<b>Shares</b>	<b>Unlisted options</b>
Michael Carrick <sup>4</sup>	1,155,000 <sup>3</sup>	5,000,000 <sup>1</sup>
Mark Savage <sup>4</sup>	3,573,880	1,500,000 <sup>2</sup>

#### Notes

1. Michael Carrick has been issued with 2,000,000 unlisted options to subscribe for one Share per option exercisable at A\$0.65 on or before 30 June 2012, and 3,000,000 unlisted options to subscribe for one Share per option exercisable at A\$1.50 on or before 20 November 2013.

2. Mark Savage has been issued with 1,500,000 unlisted options to subscribe for one Share per option exercisable at A\$0.65 on or before 30 June 2012.
3. 55,000 of the Shares issued to Michael Carrick were not issued as part of remuneration, but issued to Michael Carrick in his capacity as a shareholder of AGR Limited, an entity acquired by CGA, and subsequently sold on 30 June 2004.
4. 1,100,000 of the Shares listed as held by each of Michael Carrick and Mark Savage are Shares held by a non-related entity, which Michael Carrick and Mark Savage are directors of and have no beneficial interest in.

No Ratel Shares have been issued to the Related Parties as at the date of this Notice of Special Meeting.

- (p) The total remuneration package for each of the Related Parties for the year ended 30 June 2009 paid by CGA, as disclosed in the 2009 Annual Report, is as follows:

- (i) Michael Carrick

Base Salary	US\$366,975
Superannuation	US\$44,037

The total remuneration package for the year ended 30 June 2010 will be US\$458,970 plus superannuation at the rate of 12%.

- (ii) Mark Savage

Base Salary	US\$118,177
Superannuation	Nil

The total remuneration package for the year ended 30 June 2010 will be US\$152,990.

- (q) No compensation is currently being paid by Ratel to the Related Parties. It is anticipated that after the IPO:

- (i) Michael Carrick will be paid an annual remuneration package of US\$25,000. In addition Michael Carrick will receive an additional benefit of C\$88,000 being the approximate value of the Ratel Options proposed to be issued in accordance with Resolution 2; and
- (ii) Mark Savage will be paid an annual remuneration package of US\$25,000. In addition Mark Savage will receive an additional benefit of C\$132,000 being the approximate value of the Ratel Options proposed to be issued in accordance with Resolution 3.

- (r) Ownership of Ratel Shares pursuant to the exercise of the Ratel Options will entitle the holder of Ratel Shares to receive benefits of ownership/membership on the same basis as the existing shareholders of Ratel.
- (s) There are no significant opportunity costs to CGA or Ratel or benefits foregone by CGA or Ratel in issuing the Ratel Options upon the terms proposed.
- (t) All Ratel Options issued pursuant to Resolutions 2 and 3 will be subject to the terms and conditions of the Ratel Stock Option Plan as set forth in Annexure A.
- (u) Michael Carrick has a material personal interest in the outcome of Resolution 2.
- (v) Mark Savage has a material personal interest in the outcome of Resolution 3.
- (w) Other than the information specified above, CGA believes there is no other information that would be reasonably required by Shareholders in order to decide whether it is in the best interests of CGA to pass any or all of Resolutions 2 and 3.

### ***Recommendations***

In respect of Resolution 2, all Directors recommend that Shareholders vote in favour of Resolution 2, save for Michael Carrick who has an interest in the outcome of Resolution 2 and declines to make a recommendation in respect of it.

In respect of Resolution 3, all Directors recommend that Shareholders vote in favour of Resolution 3, save for Mark Savage who has an interest in the outcome of Resolution 3 and declines to make a recommendation in respect of it.

### 3. Definitions

In this Information Memorandum and the Notice:

"**AFE**" means African Eagle Resources plc.

"**African Assets**" means the Segilola Gold Project as more particularly described in the Independent Technical Report Resource Estimate of the Segilola Gold Project, Osun State, Nigeria dated 1 May 2010 prepared by Mr Alfred Gillman of Odessa Resources Pty Ltd a copy of which has been filed on [www.sedar.com](http://www.sedar.com) and the Mkushi Copper Project as more particularly described in the Independent Technical Report Resource Estimate of the Mkushi Copper Project, Zambia dated August 2008 prepared by Mr Matthew Nimmo of Snowden Mining Industry Consultants and reissued to Ratel in March 2010 a copy of which has been filed on [www.sedar.com](http://www.sedar.com).

"**Approved Eligible Holders**" mean Shareholders who are not resident in an Eligible Jurisdiction who Ratel determines that an offering to and subscription by such Shareholders for Ratel Shares is lawful and in compliance with all securities and other laws applicable in the jurisdiction where such Shareholders are resident.

"**ASIC**" means the Australian Securities and Investments Commission.

"**ASX**" means ASX Limited.

"**Broker**" means Haywood Securities Inc.

"**CGA**" means CGA Mining Limited.

"**CGA Shares**" means the fully paid ordinary shares of CGA.

"**Corporations Act**" means the Corporations Act 2001 (Cth).

"**C\$**" means Canadian dollars.

"**Directors**" mean the directors of CGA.

"**Eligible Jurisdiction**" means each Province of Canada, except Quebec and Australia.

"**Eligible Shareholders**" mean the Shareholders in the Eligible Jurisdictions.

"**Ineligible Jurisdiction**" means any jurisdiction outside of the Eligible Jurisdictions.

"**Information Memorandum**" means this Information Memorandum.

"**Initial Public Offering**" or "**IPO**" means the planned initial public offering of a minimum of 40,000,000 and a maximum of 70,000,000 Ratel Shares by Ratel.

"**Issue Price**" means C\$0.20.

"**Katanga**" means Katanga Resources Limited.

**"Meeting"** or **"Special Meeting"** means the special (in Australia, general) meeting of Shareholders convened by the Notice.

**"Notice"** or **"Notice of Special Meeting"** means the notice of Special Meeting accompanying the Information Memorandum.

**"Base Offer"** means the offer of up to 60,000,000 Ratel Shares to be undertaken by the Broker on a commercially reasonable efforts basis to raise up to C\$12,000,000.

**"President's List"** means a list of strategic investors, family members, friends, management and business associates of the Company determined by Ratel and the Broker.

**"President's List Offer"** means an offer of up to 10,000,000 Ratel Shares on a commercially reasonable efforts basis to parties on the President's List, to be undertaken by the Broker in conjunction with Ratel management to raise up to C\$2,000,000.

**"Priority Offer"** means the offer to Eligible Shareholders and, if applicable, Approved Eligible Holders to participate in the Base Offer on a pro-rata basis to their CGA shareholdings based on the total number of CGA Shares on issue on the entitlement date to be determined.

**"Ratel Options"** means the right to acquire Ratel Shares to be granted to Michael Carrick and Mark Savage pursuant to the Ratel Stock Option Plan, subject to approval by Shareholders at the Special Meeting of Resolutions 2 and 3.

**"Proposed Spin Off"** means the dilution of CGA's holding in Ratel resulting from the IPO.

**"Proxy Form"** means the proxy form attached to the Notice of Special Meeting.

**"Ratel"** means Ratel Gold Limited, a company incorporated in the British Virgin Islands.

**"Ratel Share"** means a fully paid ordinary share in the capital of Ratel.

**"Ratel Stock Option Plan"** means the Ratel Stock Option Plan approved by the board of Ratel on 18 May 2010 and by its shareholder, CGX Holdings Pty Ltd.

**"Resolution"** means a resolution referred to in the Notice of Special Meeting.

**"SEC"** means the United States Securities and Exchange Commission.

**"Segilola Joint Venture Agreement"** means the joint venture agreement between SGL and TML dated 25 May 2007 as varied by the supplementary agreement dated 25 May 2007.

**"Seringa Joint Venture Agreement"** means the joint venture agreement executed in 2007 between AFE, Katanga, SML and CGA.

**"SGL"** Segilola Gold Limited.

**"Share"** means a fully paid ordinary share in the capital of CGA.

**"Shareholder"** means a shareholder of CGA.

**"SML"** means Seringa Mining Limited.



"**TML**" means Tropical Mines Limited.

"**TSX**" means Toronto Stock Exchange.

# **CGA MINING LIMITED**

## **MANAGEMENT INFORMATION CIRCULAR**

As at 31 May 2010  
Unless otherwise stated

Unless otherwise indicated, all references in this Management Information Circular to:

US\$, refer to the lawful currency of the U.S;  
C\$, refer to the lawful currency of Canada; and  
A\$, refer to the lawful currency of Australia.

### **FORWARD LOOKING STATEMENTS**

Certain statements contained in this Information Memorandum constitute forward looking statements within the meaning of applicable securities laws including, among others, statements made or implied relating to analyses and other information that are based on forecasts of future results and estimated of amounts not yet determinable. These statements also relate to CGA's future prospects, developments and business strategies.

All statements, other than statements of historical fact, included in this Information Memorandum that address activities, events or developments that management of CGA expects or anticipates will or may occur in the future, including such things as future revenues, capital expenditures (including the amount and nature thereof), business strategies and measures to implement strategies, competitive strengths, goals, expansion and growth of the business and operations, plans and references to the future success of CGA, and such other matters, are forward looking statements. Forward looking statements generally can be identified by words such as "objective", "may", "will", "expect", "likely", "intend", "estimate", "anticipate", "believe", "should", "plans", or similar expressions suggesting future outcomes or events. These statements are based on certain assumptions and analyses made by management of CGA in light of their experience and their perceptions of historical trends, current conditions and expected future developments as well as other factors they believe are appropriate in the circumstances. However, whether actual results and developments will conform with the expectations and predictions of management of CGA is subject to a number of risks and uncertainties, including the special considerations discussed in this Information Memorandum general economic, market or business conditions and the opportunities (or lack thereof) that may be presented to and pursued by CGA and other risks and uncertainties set forth in CGA's most recent Annual Information Form, a copy of which is available for download at the SEDAR website at [www.sedar.com](http://www.sedar.com) under CGA's SEDAR profile. Consequently, all of the forward looking statements made in this Information Memorandum are qualified by these cautionary statements.

Readers are cautioned not to place undue reliance on these forward looking statements, which speak only as of the date the statements were made and readers are advised to consider such forward looking statements in light of the risks set forth in this Information Memorandum and CGA's Annual Information Form. There can be no assurance that the actual results or developments of CGA anticipated by CGA will be realized or, even if substantially realized, that they will have the expected consequences, to, or effect on, CGA. CGA assumes no obligation to update or revise any forward looking statements to reflect new information or the occurrence of future events or circumstances.

## SOLICITATION OF PROXIES

This Management Information Circular is furnished in connection with a solicitation of proxies being made by the management of CGA for use at the Special Meeting of the Shareholders to be held at the date, place and time and for the purposes set forth in the Notice of Special Meeting accompanying this Management Information Circular and at any adjournment thereof.

## APPOINTMENT AND REVOCATION OF PROXY

The persons named as proxyholders in the accompanying Proxy Form are directors and/or officers of CGA. **A Shareholder has the right to appoint as proxyholder a person (who is not required to be a Shareholder) other than the persons whose names are printed as proxyholders in the accompanying Proxy Form, by striking out said printed names and inserting the name of his or her chosen proxyholder in the blank space provided for that purpose in the Proxy Form.** If a Shareholder appoints a body corporate as the Shareholder's proxy to attend and vote for the shareholder at the Meeting, the representative of the body corporate to attend the Meeting must produce the appropriate Certificate of Appointment of Representation prior to admission. A form of the certificate may be obtained from CGA's transfer agent.

To be valid, proxies of Shareholders outside of Australia must be received at the office of Computershare Trust Company of Canada, Proxy Department, 100 University Avenue, 9th Floor, Toronto, Ontario, M5J 2Y1, no later than 48 hours prior to the time of commencement of the Meeting (WST). The proxies of CGA's Australian Shareholders must be received at the office of CGA Mining Limited (Level 5, 28 The Esplanade, Perth WA 6000, or via facsimile on 08 9263 4020), no later than 48 hours prior to the time of commencement of the Meeting (WST).

Any Shareholder giving a proxy to attend and vote at the Meeting has the right to revoke the proxy:

- (a) in respect of Shareholders outside of Australia, by depositing an instrument in writing executed by such Shareholder or by his or her attorney authorised in writing at the office of Computershare Trust Company of Canada, Proxy Department, 100 University Avenue, 9<sup>th</sup> Floor, Toronto, Ontario, M5J 2Y1, at any time up to and including 48 hours before the day of the Meeting, or an adjournment therefore, at which the proxy is to be used;
- (b) in respect of CGA's Australia Shareholders, by depositing an instrument in writing executed by such Shareholder or by his or her attorney authorized in writing at the office of CGA at Level 5, BGC Centre, 28 The Esplanade, Perth, Western Australia, 6000, at any time up to and including 48 hours before the day of the Meeting, or an adjournment thereof, at which the proxy is to be used; or
- (c) in any other manner permitted by law.

## **VOTING BY NON-REGISTERED SHAREHOLDERS**

Non-registered Shareholders may vote Shares that are held by their nominees in two manners. Applicable securities laws and regulations, including Canadian National Instrument 54-101 — *Communication with Beneficial Owners of Securities of a Reporting Issuer*, require nominees of non-registered Shareholders to seek their voting instructions in advance of the Meeting. Non-registered Shareholders will receive (or will have received) from their nominees either a request for voting instructions or a proxy form for the number of shares held by them. The nominees' voting instructions or proxy forms will contain instructions relating to signature and return of the document and these instructions should be carefully read and followed by non-registered Shareholders to ensure that their Shares are accordingly voted at the Meeting.

Non-registered Shareholders who would like their Shares to be voted for them must therefore follow the voting instructions provided by their nominees.

Non-registered Shareholders who wish to vote their Shares in person at the Meeting must insert their own name in the space provided on the request for voting instructions or proxy form, as the case may be, in order to appoint themselves as proxyholders and carefully follow the signature and return instructions provided by their nominees.

## **METHOD OF SOLICITATION**

The solicitation of proxies by management of CGA will be made primarily by mail, but may also be carried out by officers and employees of CGA by telephone, electronic mail, telecopier or personally. These persons will receive no compensation for such solicitation other than their regular fees or salaries. The solicitation of proxies for the Meeting are being made by or on behalf of management of the Corporation, and the cost of soliciting proxies in connection with the meetings will be borne directly by CGA.

## **VOTE REQUIRED**

Resolutions to be presented at the Meeting which are ordinary resolutions require the favourable vote of a majority of the Shares represented and voted in person or by proxy on such resolutions at the Meeting.

## **PROXY VOTING**

Shares represented by proxies in favour of the persons named in the enclosed Proxy Form will be voted on any poll at the Meeting and, where the Shareholder specifies a choice with respect to any matter to be acted upon, the Shares will be voted on such poll in accordance with the specification so made.

**In the absence of such specification, such Shares will be voted FOR the matters to be acted upon as set out herein. The persons appointed under the Proxy Form furnished by CGA are conferred with discretionary authority with respect to amendments or variations of those matters specified in the Proxy Form, Notice of Special Meeting, Information Memorandum and Management Information Circular and with respect to any other matters which may properly be brought before the Meeting. In the event that amendments or variations to matters identified in the Notice of Special Meeting, Information Memorandum and Management Information Circular are properly brought before the Meeting, it is the intention of the persons designated in the enclosed Proxy Form to vote in accordance with their best judgement on such matter or business. At the**

**time of printing this Management Information Circular, the management of CGA knows of no such amendment, variation or other matter.**

## **VOTING SHARES AND PRINCIPAL HOLDERS THEREOF**

CGA has fixed 12 May 2010 as the record date for determining Shareholders entitled to receive the Notice of Meeting. As of the close of business on 30 April 2010, there were issued (or in Canada, outstanding) a total of 331,194,976 Shares. Each Share is entitled to one vote on any matter submitted to Shareholders.

CGA has fixed 5.00pm WST on 30 June 2010 as the record date for determining Shareholders entitled to vote at the Meeting. All Shareholders as of this record date are entitled to one vote at the Meeting with respect to each Share held.

To the knowledge of the directors and officers of CGA as at 30 April 2010, no person beneficially owns, directly or indirectly, or exercises control or direction over ordinary shares carrying more than 10% of the votes attached to all of the outstanding Shares of CGA.

## **MANAGEMENT CONTRACTS**

The management functions of CGA are performed by the Directors, executive officers and full-time consultants of CGA. CGA has no management agreements or arrangements under which such management functions are performed by persons other than the Directors, executive officers and full time consultants of CGA.

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

Management of CGA is not aware of any material interest, direct or indirect, in any matter to be acted upon at the Meeting by way of beneficial ownership of securities or otherwise, of any Director or executive officer of CGA who has held that position at any time since the beginning of CGA's last financial year, or of such Directors' or executive officers' associates or affiliates, other than Michael Carrick's material personal interest in the outcome of Resolution 2 and Mark Savage's material personal interest in the outcome of Resolution 3.

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

No informed person of CGA, and no associate or affiliate of the foregoing persons, has or had any interest, directly or indirectly, in any material transaction since the commencement of financial year ended 30 June 2009 or in any proposed transaction which, in any such case, has materially affected or will materially affect CGA or any of its subsidiaries.

## **RELATIONSHIP BETWEEN COMPANY AND PROFESSIONAL PERSONS**

In this paragraph, "professional person" means any person whose profession gives authority to a statement made by the person in the person's professional capacity and includes a barrister and solicitor (attorney), a public accountant, an appraiser, valuator, auditor, engineer or geologist.

No professional person or associate of a professional person that has made a statement in this Management Information Circular, holds any beneficial interest, direct or indirect, in any securities or property of CGA or of an associate or affiliate of CGA and no such person is

expected to be elected, appointed or employed as a director, executive officer or employee of CGA or of an associate or affiliate of CGA and no such person is a promoter of CGA or an associate or affiliate of CGA.

## **SECURITIES AUTHORIZED FOR ISSUANCE UNDER CGA'S EQUITY COMPENSATION PLANS**

The following table sets forth information as of 30 April 2010 regarding CGA's Employee Option Plan implemented on 15 June 2004, and reapproved by shareholders on 27 November 2008.

<b>Plan Category</b>	<b>Number of securities to be issued upon exercise of outstanding options, warrants and rights</b>	<b>Weighted-average exercise price of outstanding options, warrants and rights (A\$)</b>	<b>Number of securities remaining available for future issuance under equity compensation plans (ie up to 10% of issued capital)</b>
Equity compensation plans approved by securityholders	4,002,000	\$1.51	23,554,498
Equity compensation plans not approved by securityholders	N/A	N/A	N/A
<b>Total</b>	<b>4,002,000</b>	<b>\$1.51</b>	<b>23,554,498</b>

The number of options available for issuance is 10% of CGA's issued and outstanding capital.

In addition, at 30 April 2010, 5,000,000 outstanding options, exercisable at A\$0.65, expiring on 31 March 2012 and 3,000,000 outstanding options exercisable at A\$1.50, expiring on 28 November 2014 were on issue to Directors. These options were not issued pursuant to the Employee Option Plan.

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

None of the Directors or executive officers or any associate or affiliate of such persons have been: (i) indebted to CGA or any subsidiary, or (ii) indebted to any other entity which indebtedness is or has been the subject of a guarantee, support agreement, letter of credit or similar arrangement by CGA or any subsidiary, at any time since 1 July 2009.

## **EXECUTIVE COMPENSATION**

### **Exchange Rate**

On 30 June 2009, the following rates of exchange were quoted:

**Currency Exchange**

US\$/C\$ - 1.2430

US\$/A\$ - 1.1560

C\$/A\$ - 1.0758

**Reference**[www.oanda.com](http://www.oanda.com)[www.oanda.com](http://www.oanda.com)[www.oanda.com](http://www.oanda.com)

CGA uses the United States dollar to report its financial statements and any amounts paid to Named Executive Officers in another currency have been converted into United States dollars using the exchange rates listed above.

**Aggregate Compensation**

For the fiscal year ended June 30, 2009, there were four executive officers of CGA and the aggregate cash compensation paid to them by CGA was US\$1,094,281. Except as described herein, there are no plans in effect pursuant to which cash or non-cash compensation was paid or distributed to such officers during the most recently completed financial year or is proposed to be paid or distributed in a subsequent year.

**Compensation Table**

The following table sets forth a summary of the total compensation during the most recently completed financial years paid to CGA's Chief Executive Officer ("CEO"), Chief Financial Officer ("CFO"), and the three other most highly compensated executive officers, or the three most highly compensated individuals acting in a similar capacity, other than the Chief Executive Officer and Chief Financial Officer, at the end of the most recently completed financial year whose total compensation was, individually, more than C\$150,000 and any additional individuals who satisfy these criteria but for the fact that individual was not serving as an officer, nor acting in a similar capacity, at the end of the most recently completed financial year, hereinafter referred to as the "Named Executive Officers" or "NEOs". These amounts were paid in their capacity as an officer of CGA and not Ratel, which is the entity proposing to issue new options.

Summary Compensation Table (US \$)

Name and Principal Position	Financial Year	Salary <sup>(1)</sup>	Share-based awards	Option-based awards <sup>(2)</sup>	Non-equity incentive plan compensation		Pension value	All Other Compensation <sup>(4)</sup>	Total compensation
					Annual incentive plans <sup>(5)</sup>	Long-term incentive plans			
Michael Carrick <sup>(3)</sup> CEO	2009	411,012	-	1,110,000	-	-	-	89,019	1,610,031
Justine Magee <sup>(3)</sup> CFO	2009	282,830	-	-	82,589	-	-	18,138	383,557
Mark Savage <sup>(3)</sup> Chairman	2009	118,177	-	-	-	-	-	-	118,117
Mark Turner COO	2009	199,673	-	179,899	-	-	-	25,879	405,451

Notes:

1. Salary is calculated based on the NEO's base salary, including superannuation
2. Share-based awards amounts are valued at the date of issue using the Black-Scholes methodology, consistent with its valuation of other option issues. The valuation is based on a volatility of 55%.
3. Of these amounts \$118,177 paid to Mark Savage was as compensation for his services as a director of CGA. Michael Carrick and Justine Magee do not receive any specific compensation for their services as directors of CGA.
4. All other compensation includes personal insurance payments and any fringe benefits tax paid by CGA for benefits provided to the NEO.
5. Annual incentive plans includes discretionary bonus payments

**Outstanding Share-based Awards and Option-based Awards**

The following table summarizes awards outstanding at fiscal year ended June 30, 2009 for each NEO. These awards were issued in their capacity as an officer of CGA and not Ratel, which is the entity proposing to issue new options.



Name	Option-based Awards				Share-based Awards	
	Number of securities underlying unexercised options	Option exercise price (A\$)	Option expiration date	Value of unexercised in-the-money options <sup>(1)</sup> (A\$)	Number of share or units of share that have not vested (#)	Market or payout value of share-based awards that have not vested
Michael Carrick	3,000,000 2,000,000	A\$1.50 A\$0.65	28 Nov 2013 30 Jun 2012	- A\$1,200,000	-	-
Justine Magee	1,500,000	A\$0.65	30 Jun 2012	A\$900,000	-	-
Mark Savage	1,500,000	A\$0.65	30 Jun 2012	A\$900,000	-	-
Mark Turner	400,000	A\$1.20	15 Oct 2013	A\$20,000	-	-

Notes:

1. Value of unexercised in-the-money options is calculated using the closing price of Ordinary Shares of CGA on the ASX on June 30 2009 of A\$1.25 per Share, less the exercise price.

#### Incentive Plan Awards – Value Vested or Earned during the Year

Name	Option-based awards – Value vested during the year	Share-based awards – Value vested during the year	Non-equity incentive plan compensation – Value earned during the year
Michael Carrick <sup>(1)(2)</sup>	-	-	-
Justine Magee <sup>(2)</sup>	-	-	-
Mark Savage <sup>(2)</sup>	-	-	-
Mark Turner <sup>(3)</sup>	-	-	-

Notes:

1. Michael Carrick was granted 3,000,000 options during the 2009 fiscal year which vested immediately. The options were granted at a strike price greater than the current market price, hence had a nil value upon vesting.
2. Michael Carrick, Justine Magee and Mark Savage were all granted options in the 2007 fiscal year which vested in that year.
3. Mark Turner was granted 400,000 options in the 2009 fiscal year which have not yet vested.

#### Pension Plan Benefits

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

## **Termination and Change of Control Benefits**

Except for Mark Turner, CGA has no current compensation plans, contracts or arrangements, with its NEO's in the event of:

- (i) the resignation, retirement or any other termination of the Named Executive Officer's employment with CGA or its subsidiaries;
- (ii) a change of control of CGA or any of its subsidiaries; or
- (iii) a change in the Named Executive Officer's responsibilities following a change of control.

CGA had a service contract in place with Mr. Michael Carrick, Chief Executive Officer ("CEO"), which expired 31 March 2009. CGA intends to renew the contract on similar terms.

CGA currently has a service contract in place with Mark Turner. Mr Turner is entitled to three months salary in lieu of notice and any accrued entitlements should CGA choose to terminate him at their option. In the case of poor performance, as evidenced by file notes showing the employee has been counselled in this regard, Mr Turner is entitled to 13 weeks pay in lieu of notice, and any accrued entitlements owing to him.

## **Composition of Remuneration Committee and Report on Executive Compensation**

The Remuneration Committee is currently composed of two members, Messrs. Mark Savage, and Michael Carrick. Mr Savage is the Chairman of CGA and Mr Carrick is the Chief Executive Officer of CGA.

The Remuneration Committee's responsibilities include the review and recommendation of compensation policies for CGA; the review and recommendation to the Board for approval of compensation and incentive plans including bonus and option grants; and the performance review, recruitment and compensation for the Chief Executive Officer (including establishing objectives on an annual basis) and other senior officers. It is the responsibility of the Remuneration Committee to ensure management compensation is competitive to enable CGA to attract talented individuals. The Remuneration Committee ensures that CGA has a plan for continuity of its officers and an executive compensation plan that is motivational and competitive, to attract, hold and inspire the performance of executive management and other key personnel.

Each executive officer's compensation, consists of a base salary and bonus, together with certain perquisites. Base compensation is determined following a review of comparable compensation packages for that position, together with an assessment of the responsibility and experience required for the position to ensure that it reflects the contribution expected from each executive officer. Information regarding comparable salaries and overall compensation is derived from the knowledge and experience of the members of the Remuneration Committee takes into consideration a variety of factors. These factors include overall financial and operating performance of CGA, the Committee and the Board's overall assessment of each executive's individual performance and contribution towards meeting corporate objectives, levels of responsibility, length of service and industry comparables.

The salary for each executive officer's position is primarily determined having regard for the incumbent's responsibilities, individual performance factors, overall corporate performance, and the assessment of such individuals as presented by management to the Board and the Remuneration Committee and is benchmarked against comparable levels of remuneration paid to executives of other companies of comparable size and development within the mineral exploration sector. The CEO's compensation is also primarily determined in this manner. Remuneration levels are reviewed as required by the compensation committee on an individual contribution basis in the form of performance appraisal meeting. This incorporates analysis of key performance indicators with each individual to ensure that the level of reward is aligned with respective responsibilities and individual contributions made to the success of CGA.

During the 2009 fiscal year, total compensation paid to the Named Executive Officers has increased relative to the prior year from \$1,078,942 to \$2,517,156. The reason for the 122% increase in compensation to the Named Executive Officers includes, (i) the nominal value placed value of stock option grants, (ii) an increase in the number of NEO's.

The Remuneration Committee does not rely on any formula, or objective criteria and analysis to determine an exact amount of compensation to pay. Compensation decisions are made through discussion by the Remuneration Committee, with the final recommendations being submitted to the Board of Directors for further discussion and final approval. The target is for the total compensation package granted to the CEO to be approximately in the middle range of other comparably sized mining companies, however there is not fixed formula, or pre-determined set of peer companies that is used for this determination.

#### *Base Compensation*

In the committee's view, paying base compensation that is competitive in the markets in which CGA operates is a first step to attracting and retaining talented, qualified and effective executives.

#### *Short Term Incentive Plan*

CGA does not maintain any Short Term Incentive Plans for its CEO or other Named Executive Officers.

#### *Option-based Awards*

CGA believes that encouraging its executive officers and employees to become shareholders is the best way of aligning their interests with those of its shareholders. Equity participation is accomplished through CGA's stock option plan. Stock options are granted to executive officers taking into account a number of factors, including the amount and terms of options previously granted, base compensation and performance bonuses, if any, and competitive factors. During the 2009 fiscal year, the Board granted options to purchase a total of 3,400,000 Common Shares to NEO's, which represented 1.3% of the outstanding Common Shares of CGA at year-end.

All options granted were granted at or above market prices, with a term of five years. Suggested grants of options are subject to recommendation from the board of directors for approval.

These options are unrelated to any Ratel Options proposed to be granted by Ratel, to Ratel's employees and directors, which are issued as a further incentive to align the interests of Ratel shareholders and its officers.

### *Performance bonuses*

Executive compensation in the form of performance bonuses awarded is related in part to CGA's performance. It is difficult in the mineral exploration and early stage mining industry, where growth of CGA is in its early stages, to quantitatively measure CGA's performance. However, it is possible to apply a combination of qualitative and quantitative metrics to this process, and CGA measures its performance by reviewing such items as:

- earnings per share, cash flow per share, and overall financial performance;
- growth in CGA's total resources and reserves;
- development progress on CGA's projects;
- the ability of CGA to recruit and attract professionals who are recognized as leaders within their sector;
- confidence of the investment community in CGA; and
- absence of negative dealings with respect to environmental issues, safety issues, or regulatory agencies.

Consideration for performance bonus awards for the fiscal 2009 year were based primarily on share performance, company performance, and the executive officer's performance.

### **Performance Graph**

The Shares of CGA currently trade on the ASX (under the symbol "CGX") and the TSX (under the symbol "CGA"). The Ordinary Shares were initially listed on the TSX on February 21, 2005.

The following chart (Figure 1) presents the performance of the Ordinary Shares of CGA as traded on the TSX from February 21, 2005 to April 30, 2010 with the performance of the S&P/TSX Composite Index from February 21, 2005 to April 30, 2010. The Ordinary Share performance as set out in the graph does not necessarily indicate future price performance

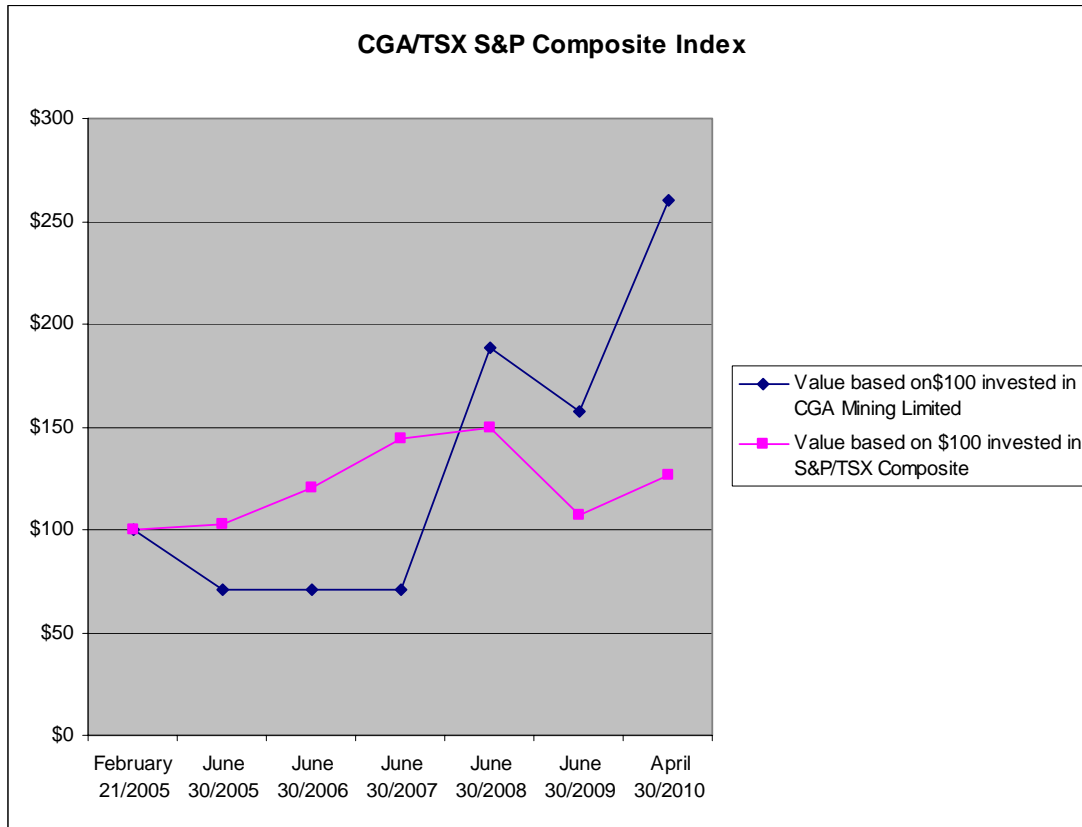


Fig 1 – CGA/TSX S&P Composite Index

	February 21/2005	June 30/2005	June 30/2006	June 30/2007	June 30/2008	June 30/2009	April 30/2010
<b>Value based on \$100 invested in CGA Mining Limited</b>	\$100	70.59	70.59	70.59	188.24	157.65	260
<b>Value based on \$100 invested in S&amp;P/TSX Composite</b>	\$100	102.42	120.11	143.84	149.63	107.31	126.30

The following chart (Figure 2) presents the performance of the Ordinary Shares of CGA as traded on the ASX from February 21, 2005 to April 30, 2010 with the performance of the All Ordinaries Index from February 21, 2005 to April 30, 2010. The Ordinary Share performance as set out in the graph does not necessarily indicate future price performance

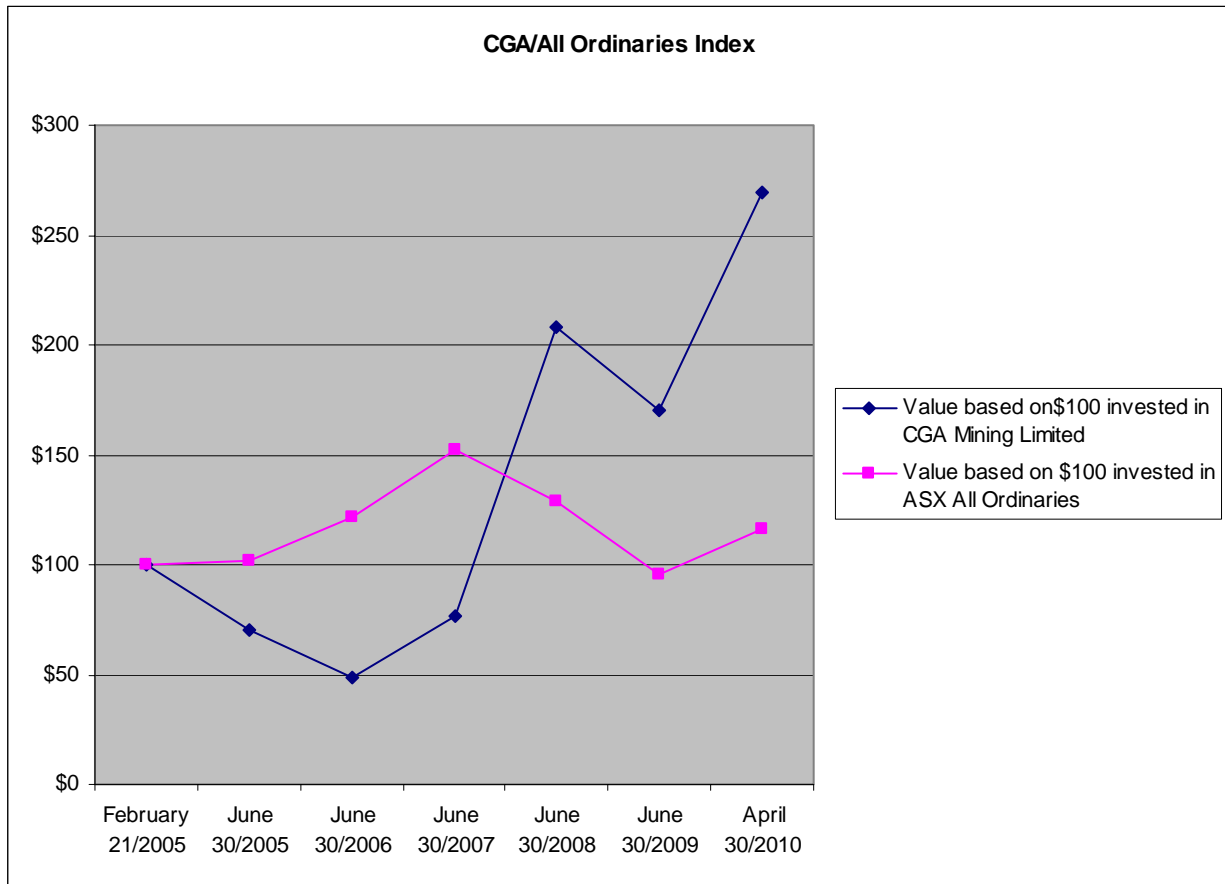


Fig 2 – CGA/All Ordinaries Index

	February 21/2005	June 30/2005	June 30/2006	June 30/2007	June 30/2008	June 30/2009	April 30/2010
<b>Value based on \$100 invested in CGA Mining Limited</b>	\$100	70.59	48.24	76.47	208.24	170.59	269
<b>Value based on \$100 invested in ASX All Ordinaries</b>	\$100	101.84	121.20	151.93	128.39	95.05	116

The majority of trading in CGA historically was principally undertaken on the ASX, however more recently this has shifted so that the majority of trading now occur on the TSX. Accordingly, comparisons between the TSX and ASX traded share price at times may not necessarily be reflective of trading history.

## COMPENSATION OF DIRECTORS

The compensations matters set out below relate only to compensation for services provided to CGA. The proposed issue of Ratel Options is not related to such matters, but is in connection with services being provided to Ratel, which is planned to be spun off by CGA.

### Compensation Table

The following table sets forth a summary of the total compensation during the most recently completed financial years paid to CGA's Directors. Disclosure about compensation paid to Michael Carrick, Justine Magee and Mark Savage in their capacities as directors has already been disclosed previously under the heading "Executive Compensation – Summary Compensation Table".

Name and Principal Position	Financial Year	Fees Earned	Share-based awards	Option-based awards	Non-equity incentive plan compensation	Pension value	All Compensation	Other	Total compensation
Robert Scott <sup>(1)</sup> Non-executive director	2009	22,433	-	-	-	-	-	-	22,433
Phillip Lockyer <sup>(1)</sup> Non-executive director	2009	22,142	-	-	-	-	-	-	22,142
Paul Maxwell <sup>(2)</sup> Non-executive director	2009	29,470	-	-	-	-	-	-	29,470

Notes:

1. Mr Lockyer and Mr Scott were appointed as Directors on 9 January 2009, hence only received fees for the second half of the fiscal year.
2. Mr Maxwell resigned as a Director of CGA on 31 March 2009.

### Outstanding Share-based Awards and Option-based Awards

Name	Option-based Awards				Share-based Awards	
	Number of securities underlying unexercised options	Option exercise price	Option expiration date	Value of unexercised in-the-money options	Number of share or units of share that have not vested (#)	Market or payout value of share-based awards that have not vested (CAD\$)

Robert Scott	-	-	-	-	-	-
Phillip Lockyer	-	-	-	-	-	-
Paul Maxwell	-	-	-	-	-	-

## **APPOINTMENT OF AUDITOR**

The auditors of CGA are Ernst & Young LLP, and they were appointed August 31, 2005.

## **OTHER MATTERS**

CGA will consider and transact such other business as may properly come before the Meeting or any adjournment thereof. Management of CGA knows of no other matters to come before the Meeting other than those referred to in the Notice. Should any other matters come before the Meeting, Shares represented by proxies solicited by this information Memorandum will be voted on such matter in accordance with the best judgment of the person voting the proxy.

## **ADDITIONAL INFORMATION**

Information relating to CGA can be found on the SEDAR website at [www.sedar.com](http://www.sedar.com) or CGA's website [www.cgamining.com](http://www.cgamining.com). The most recent financial information of CGA is provided in the annual financial statements of CGA and management's discussion and analysis related thereto for the year ended 30 June 2009. Shareholders may request copies of such documents by written request to CGA at Level 5, BGC Centre, 28 The Esplanade, Perth, Western Australia, 6000 (telephone: +61 (08) 9263 4000).

APPROVED BY THE BOARD OF DIRECTORS OF CGA MINING LIMITED.

DATED at Perth, Western Australia, this 31<sup>st</sup> day of May, 2010.

**BY ORDER OF THE BOARD**

Hannah Hudson  
Company Secretary



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CGA MINING LIMITED

PROXY

SOLICITED BY MANAGEMENT OF CGA

Special MEETING OF SHAREHOLDERS OF

CGA Mining Limited ("CGA")

TO BE HELD AT           The BGC Centre  
28 The Esplanade,  
Perth, Western Australia 6000

ON 2 July 2010, AT 10:00 a.m. (WST time)

The undersigned shareholder ("Registered Shareholder") of CGA hereby appoints, Michael Carrick, the Chief Executive Officer of CGA, or failing this person, Justine Magee, the Chief Financial Officer of CGA, or in the place of the foregoing, \_\_\_\_\_ as proxyholder for and on behalf of the Registered Shareholder with the power of substitution to attend, act and vote for and on behalf of the Registered Shareholder in respect of all matters that may properly come before the Meeting of the Registered Shareholders of CGA and at every adjournment thereof, to the same extent and with the same powers as if the undersigned Registered Shareholder were present at the said Meeting, or any adjournment thereof.

The Registered Shareholder hereby directs the proxyholder to vote the securities of CGA registered in the name of the Registered Shareholder as specified herein.

The undersigned Registered Shareholder hereby revokes any proxy previously given to attend and vote at said Meeting.

SIGN HERE: \_\_\_\_\_

Please Print Name: \_\_\_\_\_

Date: \_\_\_\_\_

Number of Shares  
Represented by Proxy: \_\_\_\_\_

***THIS PROXY FORM IS NOT VALID UNLESS IT IS SIGNED.***

***SEE IMPORTANT INFORMATION AND INSTRUCTIONS ON REVERSE***

**Resolutions** (For full details of each item, please see the enclosed Notice of Meeting and Information Memorandum)

1.	Approval of Proposed Spin Off	For	Against	Abstain
2.	Issue of Rate Options to Mr Michael Carrick	For	Against	Abstain
2.	Issue of Rate Options to Mr Mark Savage	For	Against	Abstain

## INSTRUCTIONS FOR COMPLETION OF PROXY

1. **This Proxy is solicited by the Management of CGA.**
  2. This form of proxy ("Instrument of Proxy") ***must be signed*** by you, the Registered Shareholder, or by your attorney duly authorized by you in writing, or, in the case of a corporation, by a duly authorized officer or representative of the corporation; and ***if executed by an attorney, officer, or other duly appointed representative***, the original or a certified or notarial copy of the instrument so empowering such person, or such other documentation in support as shall be acceptable to the Chairman of the Meeting, must accompany the Instrument of Proxy.
  3. ***If this Instrument of Proxy is not dated*** in the space provided, authority is hereby given by you, the Registered Shareholder, for the proxyholder to date this proxy seven (7) calendar days after the date on which it was mailed to you, the Registered Shareholder, by Computershare Trust Company of Canada.
  4. ***A Registered Shareholder who wishes to attend the Meeting and vote on the resolutions in person*** may simply register with the scrutineers before the Meeting begins.
  5. ***A Registered Shareholder who is not able to attend the Meeting in person but wishes to vote on the resolutions***, may do the following:
    - (a) ***appoint one of the management proxyholders*** named on the Instrument of Proxy, by leaving the wording appointing a nominee as is (i.e. do not strike out the management proxyholders shown and do not complete the blank space provided for the appointment of an alternate proxyholder). Where no choice is specified by a Registered Shareholder with respect to a resolution set out in the Instrument of Proxy, a management appointee acting as a proxyholder will vote in favour of each matter identified on this Instrument of Proxy and for the nominees of management for directors and auditor as identified in this Instrument of Proxy;
- OR**
- (b) ***appoint another proxyholder***, who need not be a Registered Shareholder of CGA, to vote according to the Registered Shareholder's instructions, by striking out the management proxyholder names shown and inserting the name of the person you wish to represent you at the Meeting in the space provided for an alternate proxyholder. If no choice is specified, the proxyholder has discretionary authority to vote as the proxyholder sees fit.
6. ***The securities represented by this Instrument of Proxy will be voted or withheld from voting in accordance with the instructions of the Registered Shareholder on any poll*** of a resolution that may be called for and, if the Registered Shareholder specifies a choice with respect to any matter to be acted upon, the securities will be voted accordingly. Further, the securities will be voted by the appointed proxyholder with respect to any amendments or variations of any of the resolutions set out on the Instrument of Proxy or matters which may properly come before the Meeting as the proxyholder in its sole discretion sees fit.

If a Registered Shareholder has submitted an Instrument of Proxy, ***the Registered Shareholder may still attend the Meeting and may vote in person***. To do so, the Registered Shareholder must record his/her attendance with the scrutineers before the commencement of the Meeting and revoke, in writing, the prior votes.

For **Shareholders outside Australia**, to be represented at the Meeting, this proxy form must be received at the office of **Computershare Trust Company of Canada** by mail or by fax no later than forty eight (48) hours (excluding Saturdays, Sundays and holidays) prior to the time of the Meeting (WST) or adjournment thereof. The mailing address is:

Computershare Trust Company of Canada  
Proxy Department 100 university Avenue 9<sup>th</sup> Floor  
Toronto Ontario M5J 2Y1  
Fax: Within North America: 1-866-249-7775  
Outside North America: (416) 263-9524

For **Australian Shareholders**, to be represented at the Meeting, this proxy form must be received at the office of **CGA Mining Limited** by mail or by fax no later than forty eight (48) hours (excluding Saturdays, Sundays and holidays) prior to the time of the Meeting (WST) or adjournment thereof.

The mailing address is:

CGA Mining Limited

Level 5, BGC Centre

28 The Esplanade

Perth, Western Australia 6000

Fax: Within Australia: 08 9263-4020

Outside Australia: +61 8 9263-4020

## Annexure A – Ratel Stock Option Plan

### ARTICLE I INTERPRETATION

1.1 **Definitions.** As used in this Plan, the following words and terms will have the following meanings:

- (a) **“Board”** means the board of directors of the Company;
- (b) **“Committee”** means the committee appointed by the Board to administer this Plan, or if no committee is appointed, the Board;
- (c) **“Company”** means Ratel Gold Limited or any successor corporation;
- (d) **“Disability”** means the mental or physical state of an individual such that:
  - (i) the Board, other than such individual, determine that such individual has been unable, due to illness, disease, mental or physical disability or similar cause, to fulfil his or her obligations as an employee, independent contractor, consultant or director of the Company either for any consecutive 6 month period or for any period of 8 months (whether or not consecutive) in any consecutive 12 month period; or
  - (ii) a court of competent jurisdiction has declared such individual to be mentally incompetent or incapable of managing his or her affairs.
- (e) **“Effective Date”** means 18 May 2010;
- (f) **“Eligible Person”** means any person who is:
  - (i) a full-time employee or independent contractor of the Company and its majority-owned subsidiaries (**“subsidiaries”**), or a part-time employee or independent contractor of the Company and its subsidiaries working not less than 20 hours per week; or
  - (ii) a consultant to the Company or a subsidiary in respect of whom the Company is permitted to grant Options; or
  - (iii) an Outside Director of the Company or a subsidiary;
- (g) **“Expiration Date”** means the expiration date specified in the Stock Option Certificate; provided, however, that if at any time the expiry of the term of an Option should be determined to occur either during a period in which the trading of Shares by the optionee is restricted under the insider trading policy or other policy of the Company or within ten business days following such a period, such Expiry Date shall be deemed to be the date that is the tenth business day following the date of expiry of such restriction.
- (h) **“Exercise Price”** means the price at which a holder of an Option may purchase the Shares issuable upon exercise of the Option;

- (i) **"Market Price"** means, as of any date, the value of the Shares, determined as follows:
  - (i) if the Shares are listed on the Toronto Stock Exchange, the Market Price shall be the volume weighted average price (VWAP) of the Shares for the 5-day period ending on the last trading day prior to the date of the grant of the Option. The "VWAP" shall be determined by dividing the total value of the Shares by the total volume of Shares traded for the relevant 10-day period;
  - (ii) if the Shares are listed on an exchange other than the Toronto Stock Exchange, the Market Price shall be the closing price of the Shares (or the closing bid, if no sales were reported) as quoted on such exchange on the last trading day prior to the date of the grant of the Option; and
  - (iii) if the Shares are not listed on an exchange, the Market Price shall be determined in good faith by the Committee.
- (j) **"Option"** means an award of an option to purchase Shares hereunder.
- (k) **"Outside Director"** means every director of the Company who is not a full-time employee or independent contractor of the Company or a part-time employee or independent contractor of the Company working not less than 20 hours per week;
- (l) **"Participant"** means every Eligible Person who is approved for participation in the Plan by the Committee;
- (m) **"Plan"** means this 2010 Stock Option Plan;
- (n) **"Shares"** means the Common Shares (of any series, if applicable) in the capital of the Company and include any shares of the Company into which such shares may be converted, reclassified, redesignated, subdivided, consolidated, exchanged or otherwise changed;
- (o) **"Termination"** or **"Terminated"** means, for purposes of this Plan with respect to a Participant that the Participant has for any reason ceased to provide continuous services as an employee, independent contractor, director or consultant to the Company. An employee will not be deemed to have ceased to provide services in the case of:
  - (i) sick leave; or
  - (ii) any other leave of absence approved by the Committee, provided that such leave is for a period of not more than 90 days unless reemployment upon the expiration of such leave is guaranteed by contract or statute, or unless provided otherwise pursuant to formal policy adopted from time to time by the Company and issued and promulgated to employees in writing.

The Committee will have sole discretion to determine whether a Participant has ceased to provide continuous services and the effective date on which the

Participant ceased to provide services (the “**Termination Date**”). The foregoing notwithstanding, for Participants who possess incentive stock options, employment shall not be deemed to continue beyond the first 90 days of such leave, unless the Participant’s reemployment rights are guaranteed by statute or by contract.

- (p) “**Trigger Event**” means:
- (i) the mailing of a notice of meeting to consider an arrangement between the Company and its creditors or members or any class thereof;
  - (ii) a bona fide offer for Shares is made to the optionee or to shareholders generally, or to a class of shareholders which includes the optionee, which offer, if accepted in whole or in part, would affect materially the control of the Company; or
  - (iii) the date upon which a person, or group of associated persons, becomes entitled, subsequent to the date of issue of the Option, to sufficient shares to give it or them the ability in a general meeting to replace all or allow a majority of directors of the Company in circumstances where such ability was not already held by a person associated with such person or group of associated persons.

## **ARTICLE II THE PLAN/GRANT OF OPTIONS**

**2.1 Number of Shares Available.** Subject to Section 2.2 and Article 5, the total number of Shares reserved and available for grant and issuance pursuant to this Plan, as at the Effective Date, shall be a rolling number equal to 10% of the total issued and outstanding Shares from time to time. Subject to Section 2.2 and Article 5, any unissued Shares in respect of which Options are granted but that are subject to issuance upon exercise of an Option but cease to be issuable under such Option for any reason (other than exercise of such Option), including without limitation, expiry of the Option or surrender of the Option pursuant to an option exchange program, will again be available for grant and issuance in connection with future Options granted under this Plan. At all times the Company will reserve and keep available a sufficient number of Shares as will be required to satisfy the requirements of all outstanding Options granted under this Plan. Notwithstanding the foregoing: (i) the number of Shares reserved for issuance to any one person pursuant to Options granted under the Plan shall not exceed 10% of the issued and outstanding Shares; (ii) the number of Shares which may be reserved for issuance pursuant to the Plan (together with those Shares which may be issued pursuant to any other share compensation arrangement of the Company) to all insiders of the Company shall not exceed 10% of the Shares outstanding on a non-diluted basis from time to time; and (iii) the number of Shares which may be issued pursuant to the Plan (together with those Shares which may be issued pursuant to any other share compensation arrangement of the Company) to all insiders of the Company, within a one-year period, shall not exceed 10% of the Shares outstanding on a non-diluted basis from time to time;

**2.2 Adjustment of Shares.** In the event that the number of outstanding Shares is changed by a stock dividend, recapitalization, stock split, reverse stock split, subdivision,

consolidation, combination, reclassification or similar change in the capital structure of the Company without consideration, then:

- (a) the number of Shares reserved for issuance under the Plan; and
- (b) the number of Shares subject to outstanding Options; and
- (c) the Exercise Prices of outstanding Options;

will be proportionately adjusted, subject to any required action by the Board or the shareholders of the Company and compliance with applicable securities laws; provided, however, that fractions of a Share will not be issued but will either be: (i) paid in cash at the closing market price of the Shares on The Toronto Stock Exchange on the date of such aforementioned event; or (ii) rounded down to the nearest whole Share, as determined by the Committee.

**2.3 Options.** The Committee may grant Options to Eligible Persons and will determine the number of Shares subject to the Option, the Exercise Price of the Option, the period during which the Option may be exercised, and all other terms and conditions of the Option, subject to the following:

- (a) **Form of Option Grant.** Each Option granted under this Plan will be evidenced by a stock option agreement or stock option certificate (whether a stock option agreement or stock option certificate, called the “**Stock Option Certificate**”) which will be in such form and contain such provisions (which need not be the same for each Participant) as the Committee may from time to time approve, and which will comply with and be subject to the terms and conditions of this Plan;
- (b) **Date of Grant.** The date of grant of an Option will be the date on which the Committee makes the determination to grant such Option, unless otherwise specified by the Committee. The Stock Option Certificate and a copy of this Plan will be delivered to the Participant within a reasonable time after the granting of the Option;
- (c) **Vesting and Exercise Period.** Options may be exercisable, up to the Expiration Date determined by the Committee and specified in the Stock Option Certificate, while the Participant is in continuous service and has not ceased to provide services to the Company. The Committee may provide for Options to vest at one time or from time to time, periodically or otherwise, in such manner of Shares or percentage of Shares as the Committee determines. Subject to the terms of the Plan, the Committee may make the vesting of Options conditional upon the achievement of performance criteria in line with the Participant’s responsibilities and seniority. Any such conditions shall be set out in the Stock Option Certificate. If the application of vesting causes the Option to become exercisable with respect to a fractional Share, such Share shall be rounded down to the nearest whole Share;
- (d) **Exercise Price.** The Exercise Price of an Option will be determined by the Committee when the Option is granted and shall not be less than the Market Price of the Shares.

- (e) **Method of Exercise.** Options may be exercised only by delivery to the Company of a written stock option exercise agreement (the “**Exercise Agreement**”) in a form approved by the Committee (which need not be the same for each Participant), stating the Participant’s election to exercise the Option, the number of Shares being purchased, the restrictions imposed on the Shares purchased under such Exercise Agreement, if any, and such representations and agreements regarding Participant’s investment intent and access to information and other matters, if any, as may be required or desirable by the Company to comply with applicable securities laws, together with payment in full of the Exercise Price, and any applicable taxes, for the number of Shares being purchased. If someone other than the Participant exercises the Option, then such person must submit documentation reasonably acceptable to the Company that such person has the right to exercise the Option. The Option may not be exercised unless such exercise is in compliance with all applicable securities laws, as they are in effect on the date of exercise.
- (f) **Termination.** Subject to earlier termination pursuant to Article 5 and the discretion of the Committee, and notwithstanding the exercise periods set forth in the Stock Option Certificate, exercise of an Option will always be subject to the following:
- (i) if the Participant is Terminated for any reason other than the Participant’s death or Disability, then the Participant may exercise such Participant’s Options, (but only to the extent that such Options would have been vested and exercisable upon the Termination Date), no later than three months after the Termination Date (but in any event, no later than the Expiration Date) or such other period as may be specified in the Stock Option Certificate; and
  - (ii) if the Participant is Terminated because of the Participant’s death or Disability, then such Participant’s Options may be exercised, (but only to the extent that such Options would have been vested and exercisable by Participant on the Termination Date) by Participant (or Participant’s legal representative or authorized assignee), no later than 12 months after the Termination Date (but in any event no later than the Expiration Date) or such other period as may be specified in the Stock Option Certificate;
- (g) **Limitations on Exercise.** The Committee may specify a reasonable minimum number of Shares that may be purchased on exercise of an Option, provided that such minimum number will not prevent Participant from exercising the Option for the full number of Shares for which it is then exercisable;
- (h) **Modification, Extension or Renewal.** The Committee may modify, extend or renew outstanding Options and authorize the grant of new Options in substitution thereof or, provided that any such action may not, without the written consent of a Participant, impair any of such Participant’s rights under any Option previously granted; and
- (i) **Issuance of Shares.** Provided that the Exercise Agreement and payment are in form and substance satisfactory to counsel for the Company, the Company shall



issue the Shares registered in the name of the Participant or Participant's legal representative and shall deliver certificates representing the Shares with the appropriate legends affixed thereto.

### **ARTICLE III ADMINISTRATION**

**3.1 Committee Authority.** This Plan will be administered by the Committee or the Board acting as the Committee. Subject to the general purposes, terms and conditions of this Plan, and to the direction of the Board, the Committee will have full power to implement and carry out this Plan including, without limitation, the authority to:

- (a) construe and interpret this Plan, any Stock Option Certificate and any other agreement or document executed pursuant to this Plan;
- (b) prescribe, amend and rescind rules and regulations relating to this Plan (subject to Section 6.1);
- (c) select Eligible Persons to receive Options under the Plan;
- (d) determine the form and terms of Options and Stock Option Certificates, not inconsistent with the terms of the Plan;
- (e) determine the Exercise Price of an Option;
- (f) determine the number of Shares to be covered by each Option;
- (g) determine whether Options will be granted singly, in combination with, in tandem with, in replacement of, or as alternatives to, any other incentive or compensation plan of the Company;
- (h) amend or modify each Option (subject to Section 6.1);
- (i) determine the vesting and exercisability of Options; and
- (j) correct any defect, supply any omission, or reconcile any inconsistency in this Plan, any Option, any Stock Option Certificate or any Exercise Agreement (subject to Section 6.1).

**3.2 Committee Discretion.** Any determination made by the Committee with respect to any Option will be made in its sole discretion at the time of grant of the Option or, unless in contravention of any express term of this Plan or Option, at any later time, and such determination will be final and binding on the Company and on all persons having an interest in any Option under this Plan.

### **ARTICLE IV PRIVILEGES OF OWNERSHIP**

**4.1 Voting and Dividends.** No Participant will have any of the rights of a shareholder with respect to any Shares until the Shares are issued as evidenced by the appropriate entry on securities register of the Company. After Shares are issued to the Participant, the

Participant will be a shareholder and have all the rights of a shareholder with respect to such Shares, including the right to vote and receive all dividends or other distributions made or paid with respect to such Shares.

- 4.2 Non-Transferability of Options.** Unless otherwise approved by the Committee, options granted under this Plan, and any interest therein, may not be transferred, assigned, pledged or hypothecated in any manner (whether by operation of law or otherwise) other than by will or by the applicable laws of descent.

## **ARTICLE V CORPORATE TRANSACTIONS**

- 5.1 Trigger Event.** Upon the occurrence of a Trigger Event, the Committee may, in its sole discretion, determine that (i) any number of Options will immediately become fully vested, whereupon such Option may be exercised in whole or in part by the optionee for the remainder of the term of the Option or (ii) use their reasonable efforts to procure that an offer is made to optionees on like terms (having regard to the value of the Options) to the terms proposed under the Trigger Event in which case the Committee may determine an appropriate period during which the optionee may elect to accept.

- 5.2 Assumption or Replacement of Options by Successor.** In the event of:

- (a) a merger or consolidation in which the Company is not the surviving corporation (other than a merger or consolidation with a wholly-owned subsidiary, or other transaction in which there is no substantial change in the shareholders of the Company or their relative shareholdings and the Options granted under this Plan are assumed, converted or replaced by the successor corporation, which assumption will be binding on all Participants);
- (b) a merger in which the Company is the surviving corporation but after which shareholders of the Company immediately prior to such merger (other than any shareholder which merges, or which owns or controls another corporation which merges, with the Company in such merger) cease to own their shares or other equity interests in the Company; or
- (c) the sale of substantially all of the assets of the Company,

any or all outstanding Options may be assumed, converted or replaced by the successor corporation (if any), which assumption, conversion or replacement will be binding on all Participants or, in the alternative, the successor corporation may substitute equivalent Options or provide substantially similar consideration to Participants as was provided to shareholders (after taking into account the existing provisions of the Options). The successor corporation may also issue, in place of outstanding Shares of the Company held by the Participant, substantially similar shares or other property subject to repurchase restrictions and other provisions no less favourable to the Participant than those which applied to such outstanding Shares immediately prior to such transaction described in this Section 5.2, which substitution, provision or other consideration or issuance shall be binding on all Participants. In the event such successor corporation (if any) refuses to assume or substitute Options, as provided above, pursuant to a transaction described in this Section 5.2, then notwithstanding any other provision in this Plan to the contrary, such Options will expire on such transaction at such time and on

such conditions as the Committee will determine (including, without limitation, the Committee may, in the exercise of its sole discretion in such instances, give each Participant the right to exercise his or her Option as to all or a part of the Shares thereof, including Shares as to which the Option would not otherwise be exercisable).

**5.3 Assumption of Options by the Company.** The Company, from time to time, also may substitute or assume outstanding options granted by another company, whether in connection with an acquisition of such other company or otherwise, by either:

- (a) granting an Option under this Plan in substitution of such other company's option; or
- (b) assuming such option as if it had been granted under this Plan if the terms of such assumed option could be applied to an Option granted under this Plan.

Such substitution or assumption will be permissible if the holder of the substituted or assumed option would have been eligible to be granted an Option under this Plan if the other company had applied the rules of this Plan to such grant. In the event the Company assumes an option granted by another company, the terms and conditions of such option will remain unchanged (except that the exercise price and the number and nature of shares issuable upon exercise of any such option will be adjusted appropriately). In the event the Company elects to grant a new Option rather than assuming an existing option, such new Option may be granted with a similarly adjusted Exercise Price.

**5.4 Dissolution or Liquidation.** In the event of the proposed dissolution or liquidation of the Company, to the extent that an Option has not been previously exercised, it will terminate immediately prior to the consummation of such proposed action. The Committee may, in the exercise of its sole discretion in such instances, declare that any Option shall terminate as of a date fixed by the Committee and give each Participant the right to exercise his or her Option as to all or any part of the Shares thereof, including Shares as to which the Option would not otherwise be exercisable.

## **ARTICLE VI AMENDMENT OR TERMINATION OF PLAN**

**6.1 Board May Amend.** The Board of Directors shall have the power to, without shareholder approval, at any time and from time to time, either prospectively or retrospectively, amend, suspend, or terminate the Plan or any Option granted under the Plan:

- (a) for the purposes of making minor or technical modifications to any of the provisions of the Plan;
- (b) to correct any ambiguity, defective provisions, error or omission in the provisions of the Plan;
- (c) to change any vesting provisions of Options;
- (d) to change the termination provisions of the Options or the Plan which does not entail an extension beyond the original expiry date of the Options;

- (e) to add or change provisions relating to any form of financial assistance provided by the Company to Participants that would facilitate the purchase of securities under the Plan;
- (f) to extend the term of any Option previously granted in accordance with the Plan; and
- (g) to reduce the exercise price of any Option previously granted in accordance with the Plan

provided however that:

- (h) such amendment, suspension or termination is in accordance with applicable laws and the rules of any stock exchange on which the Shares are listed;
- (i) no such amendment, suspension or termination shall be made at any time to the extent such action would materially adversely affect the existing rights of an optionee with respect to any then outstanding Option, as determined by the Board of Directors acting in good faith, without his or her consent in writing; and
- (j) the Board or Directors shall obtain shareholder approval of the following:
  - (i) any amendment to the maximum number of Shares specified in Section 2.1 in respect of which Options may be granted under the Plan (other than pursuant to Section 2.2);
  - (ii) any amendment that would reduce the exercise price of an outstanding Option granted to an insider (within the meaning of the rules of the Toronto Stock Exchange), other than pursuant to Section 2.2;
  - (iii) any amendment that would extend the term of any Option granted to an insider (within the meaning of the rules of the Toronto Stock Exchange) beyond the Expiration Date;
  - (iv) any amendment which would permit Options granted under the Plan to be transferable or assignable other than for normal estate settlement purposes; and
  - (v) a change to this Section 6.1 of the Plan.

**6.2 Powers of the Board Following Termination of the Plan.** If the Plan is terminated, the provisions of the Plan and any administrative guidelines and other rules and regulations adopted by the Board of Directors and in force on the date of termination will continue in effect as long as any rights pursuant thereto remain outstanding and, notwithstanding the termination of the Plan, the Board of Directors shall remain able to make such amendments to the Plan or the Options as they would have been entitled to make if the Plan were still in effect.

## **ARTICLE VII GENERAL**

- 7.1 No Obligation to Employ.** Nothing in this Plan or any Option granted under this Plan will confer or be deemed to confer on any Participant any right to continue in the employ of, or to continue any other relationship with, the Company or limit in any way the right of the Company to terminate Participant's employment or other relationship at any time, with or without cause.
- 7.2 Term of Plan.** Unless earlier terminated as provided herein, this Plan will terminate 10 years from the Effective Date or, if earlier, the date of shareholder approval.
- 7.3 Governing Law.** This Plan and all Options granted under this Plan shall be governed by and construed in accordance with the laws of the British Virgin Islands.
- 7.4 Notices.** Any notice required to be given or delivered to the Company under the terms of this Plan shall be in writing and addressed to the Corporate Secretary of the Company at its principal corporate offices. Any notice required to be given or delivered to Participant shall be in writing and addressed to participant at the address indicated in the Stock Option Certificate or to such other address as such party may designate in writing from time to time to the Company. All notices shall be deemed to have been given or delivered upon: personal delivery; three (3) days after deposit in the mail by certified or registered mail (return receipt requested); one (1) business day after deposit with any return receipt express courier (prepaid); or one (1) business day after transmission by confirmed facsimile, rapidfax or telecopier.
- 7.5 Successors and Assigns.** The Company may assign any of its rights under this Plan. This Plan shall be binding upon and inure to the benefit of the successors and assigns of the Company.
- 7.6 Nonexclusivity of the Plan.** Neither the adoption of this Plan by the Board nor any provision of this Plan will be construed as creating any limitations on the power of the Board to adopt such additional compensation arrangements as it may deem desirable, including, without limitation, the granting of stock options otherwise than under this Plan, and such arrangements may be either generally applicable or applicable only in specific cases.

