

SANATANA DIAMONDS INC.

**MANAGEMENT INFORMATION CIRCULAR
AS AT AND DATED AUGUST 11, 2009**

Solicitation of Proxies

THIS INFORMATION CIRCULAR IS PROVIDED IN CONNECTION WITH THE SOLICITATION BY THE MANAGEMENT OF SANATANA DIAMONDS INC. (THE “CORPORATION”) OF PROXIES TO BE USED AT THE ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS OF THE CORPORATION AND ANY ADJOURNMENT THEREOF (THE “MEETING”) TO BE HELD AT THE TIME AND PLACE AND FOR THE PURPOSES SET FORTH IN THE ENCLOSED NOTICE OF MEETING. It is expected that the solicitation will be primarily by mail but proxies may also be solicited personally by regular employees of the Corporation at nominal cost. The cost of solicitation by management will be borne directly by the Corporation.

Appointment and Revocation of Proxies

The persons named in the enclosed form of proxy are directors and officers of the Corporation. **A SHAREHOLDER DESIRING TO APPOINT SOME OTHER PERSON TO REPRESENT HIM AT THE MEETING MAY DO SO** either by inserting such person’s name in the blank space provided in that form of proxy or by completing another proper form of proxy. To be effective, completed and executed proxies for the Meeting must be delivered by mail or fax to the transfer agent of the Corporation, Computershare Investor Services Inc., 3rd Floor, 510 Burrard Street, Vancouver, B.C., Attention: Proxy Department (Fax: 604-661-9401) not later than 48 hours before the time of holding the Meeting or any adjournment thereof. The Chairman of the Meeting will have the discretion to accept or reject proxies delivered thereafter and up to the time of the Meeting or any adjournment thereof.

A proxy given pursuant to this solicitation may be revoked by instrument in writing, including another proxy bearing a later date, executed by the shareholder or by his attorney authorized in writing, and deposited with Computershare Investor Services Inc. not later than 48 hours before the time of holding the Meeting, or with the Chairman of the Meeting on the day of the Meeting, or in any other manner permitted by law.

Voting of Proxies

The common shares of the Corporation (“**Common Shares**”) represented by the accompanying form of proxy will be voted or withheld from voting in accordance with the instructions of the shareholder on any ballot that may be called for and if the shareholder specifies a choice with respect to any matter to be acted upon, the Common Shares will be voted accordingly. In the absence of such instructions, the persons named in the proxy **WILL VOTE IN FAVOUR OF EACH OF THE MATTERS TO BE VOTED ON BY SHAREHOLDERS AS DESCRIBED IN THIS INFORMATION CIRCULAR.** The enclosed form of proxy confers discretionary authority upon the persons named therein with respect to amendments or variations to matters identified in the Notice of Meeting, or other matters which may properly come before the Meeting. At the time of printing this information circular, management of the Corporation knows of no such amendments, variations or other matters to come before the Meeting.

Non-Registered Holders

Only registered shareholders of the Common Shares or the persons they appoint as their proxies are permitted to vote at the Meeting. However, in many cases, Common Shares beneficially owned by a holder who is not a registered holder (a “**Non-Registered Holder**”) are registered either: (i) in the name of an intermediary with whom the Non-Registered Holder deals in respect of the Common Shares such as, among others, banks, trust companies, securities dealers or brokers and trustees or administrators of self-administered RRSPs, RRIFFs, RESPs and similar plans (an “**Intermediary**”); or (ii) in the name of a clearing agency (such as The Canadian Depository for Securities Limited of which the Intermediary is a participant). In accordance with the requirements of National Instrument 54-

101, the Corporation will distribute copies of the Notice of Meeting, form of proxy and this information circular to the clearing agencies and Intermediaries for onward distribution to Non-Registered Holders.

Intermediaries are then required to forward the materials to the appropriate Non-Registered Holders unless a Non-Registered Holder has waived the right to receive them. Non-Registered Holders will typically be given, in substitution for the proxy otherwise contained in proxy-related materials, a request for voting instructions (the “**Voting Instructions Form**”) which, when properly completed and signed by the Non-Registered Holder and returned to the Intermediary, will constitute voting instructions which the Intermediary must follow.

The purpose of this procedure is to permit Non-Registered Holders to direct the voting of the shares they beneficially own. Should a Non-Registered Holder who receives the Voting Instructions Form wish to vote at the Meeting in person (or have another person attend and vote on behalf of the Non-Registered Holder), the Non-Registered Holder should so indicate in the place provided for that purpose in the Voting Instructions Form and a form of legal proxy will typically be sent to the Non-Registered Holder. In any event, Non-Registered Holders should carefully follow the instructions of their Intermediary set out in the Voting Instructions Form.

Voting Securities and Principal Holders Thereof

The authorized capital of the Corporation consists of an unlimited number of Common Shares. As of the date hereof, the Corporation had **62,762,623** issued and outstanding Common Shares, each Common Share carrying the right to one vote.

The Corporation has fixed August 4, 2009 as the record date (the “**Record Date**”) for the purpose of determining shareholders entitled to receive notice of and vote at the Meeting. Only registered holders of Common Shares at the close of business on the Record Date are entitled to receive notice of and vote at the Meeting.

To the knowledge of the directors and officers of the Corporation, as of the date hereof, no person beneficially owns, or controls or directs, directly or indirectly, securities carrying 10% or more of the voting rights attached to the Common Shares.

A simple majority of the votes cast is required to pass an ordinary resolution at the Meeting. A majority of two-thirds of the votes cast is required to pass a special resolution at the Meeting. In certain instances, a different majority may be required, for example, if specified by a regulatory authority.

If there are more nominees for election as directors or appointment of the Corporation’s auditor than there are vacancies to fill, those nominees receiving the greatest number of votes will be elected or appointed, as the case may be, until all such vacancies have been filled. If a number of nominees for election or appointment is equal to the number of vacancies to be filled, all such nominees will be declared elected or appointed by acclamation.

PARTICULARS OF MATTERS TO BE ACTED UPON

Number of Directors

The number of directors was last determined at five and it is proposed that the size of the board of directors remain at five persons for the ensuing year. Each director will hold office until the next annual meeting or until his successor is duly elected unless his office is earlier vacated in accordance with the articles of the Corporation. Shareholders will be asked to approve an ordinary resolution that the number of directors elected be fixed at five.

Unless otherwise directed, the persons named in the enclosed form of proxy intend to vote FOR the fixing of the number of directors at five.

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT EACH SHAREHOLDER VOTE “FOR” THE ESTABLISHMENT OF THE SIZE OF THE BOARD OF DIRECTORS OF THE CORPORATION AT FIVE.

Election of Directors

At the Meeting, shareholders will be asked to elect five directors (the “**Nominees**”) by ordinary resolution. The following table provides the names of the Nominees and information concerning such Nominees. Management does not contemplate that any of the Nominees will be unable to serve as a director. Each Nominee elected will hold office until his successor is elected at the next annual meeting of the Corporation, or any adjournment thereof, or until his successor is elected or appointed.

Advance notice of this Meeting was published on July 10, 2009. No nomination for election of directors has been received by the Corporation in response thereto.

Name and Municipality of Residence	Principal Occupation	Director Since	Number of Shares Beneficially Owned or Controlled or Directed⁽¹⁾
Peter L. Miles ⁽⁴⁾ British Columbia, Canada	Business Executive, President & Chief Executive Officer of the Corporation; formerly Registered Representative with CIBC World Markets (Financial Services)	June 24, 2004	3,839,001
Edward Marlow ⁽²⁾⁽³⁾ United Kingdom	Business Executive; Emerging Markets Managing Director of Principal Investments at HSBC; non-executive director of ESO Uranium Corp. (Uranium Exploration) & Kopane Diamonds plc.	July 21, 2005	358,000
Harley Hotchkiss ⁽²⁾⁽³⁾ Alberta, Canada	Business Executive; Geologist, President of Spartan Holdings Ltd. (Investments); Part owner of the Calgary Flames Hockey Club	July 21, 2005	2,876,500
Buddy Doyle British Columbia, Canada	Business Executive; Geologist, VP Exploration of the Corporation, President of Amarillo Gold Corp., VP Exploration of Arctic Star Diamonds Inc., Non-executive Director of Kopane Diamonds plc., Non-executive Director of Western Potash Corp.	Nov. 15, 2006	400,000
Dr. Nicholas Archibald ⁽²⁾⁽⁴⁾ Australia	Business Executive; Geologist.	Dec. 19, 2006	NIL

Notes:

- (1) The information as to Common Shares beneficially owned, or controlled or directed, directly or indirectly, by the Nominees, not being within the knowledge of the Corporation, has been furnished by the respective Nominees.
- (2) A member of the Audit Committee.
- (3) A member of the Compensation Committee.
- (4) A member of the Corporate Governance Committee.

IF ANY OF THE FOREGOING NOMINEES IS FOR ANY REASON UNAVAILABLE TO SERVE AS A DIRECTOR, PROXIES IN FAVOUR OF MANAGEMENT WILL BE VOTED FOR ANOTHER NOMINEE IN

THEIR DISCRETION UNLESS THE SHAREHOLDER HAS SPECIFIED IN THE PROXY THAT HIS COMMON SHARES ARE TO BE WITHHELD FROM VOTING IN THE ELECTION OF DIRECTORS.

Unless otherwise directed, the persons named in the enclosed form of proxy intend to vote FOR the election of the Nominees.

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT EACH SHAREHOLDER VOTE “FOR” THE ELECTION OF THE ABOVE NOMINEES AS DIRECTORS.

Appointment of Auditors

BDO Dunwoody, LLP, were first appointed as auditors of the Corporation on March 31, 2005.

Unless otherwise directed, the persons named in the enclosed form of proxy intend to vote FOR the re-appointment of the firm of BDO Dunwoody, LLP, Chartered Accountants, of Vancouver, British Columbia, as auditors of the Corporation until the close of the next annual meeting of shareholders and to authorize the directors to fix their remuneration.

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT EACH SHAREHOLDER VOTE “FOR” THE RE-APPOINTMENT OF BDO DUNWOODY LLP AS AUDITOR OF THE CORPORATION.

Approval of Stock Option Plan

An incentive stock option plan for directors, officers, consultants and employees of the Corporation was first approved by the shareholders on May 11, 2005. In 2007, a new stock option plan (the “**Option Plan**”, attached hereto as Schedule G) that is compliant with the rules of the TSX Venture Exchange was approved by shareholders and replaced the previous plan. The Option Plan is a “rolling” plan that provides for the issuance (under the Option Plan or any other plan) of up to 10% of the Common Shares issued and outstanding at the date of the stock option grant.

The rules of the TSX Venture Exchange require that the shareholders of the Corporation approve the Option Plan on an annual basis by ordinary resolution. Accordingly, the shareholders will be asked to pass the following ordinary resolution at the Meeting:

“BE IT RESOLVED THAT:

- (i) the Option Plan be and is hereby ratified and approved; and
- (ii) any director or officer of the Corporation is hereby authorized to execute (whether under the corporate seal of the Corporation or otherwise) and deliver all such documents and to do all such other acts and things as such director or officer may determine to be necessary or advisable in connection with such ratification and approval, the execution of any such document or the doing of any such other act or thing by any director or officer of the Corporation being conclusive evidence of such determination.”

Unless otherwise directed, the persons named in the enclosed form of proxy intend to vote FOR the foregoing ordinary resolution.

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT EACH SHAREHOLDER VOTE “FOR” THE RATIFICATION AND APPROVAL OF THE OPTION PLAN.

Executive Compensation

In this section “Named Executive Officer” means the Chief Executive Officer, the Chief Financial Officer and each of the three most highly compensated executive officers, other than the Chief Executive Officer and Chief Financial Officer, who were serving as executive officers at the end of the most recently completed financial year and whose total compensation was more than \$150,000 as well as any additional individuals for whom disclosure would have been provided except that the individual was not serving as an executive officer of the Corporation at the end of the most recently completed financial year.

Peter Miles, President and Chief Executive Officer and Simon Anderson, Chief Financial Officer, are each a "Named Executive Officer" of the Corporation for the purposes of the following disclosure.

(a) Compensation Discussion and Analysis

The Compensation Committee is composed of Edward Marlow and Harley Hotchkiss. The function of the Compensation Committee generally is to assist the board in carrying out its responsibilities relating to executive and director compensation, including reviewing and recommending director compensation, overseeing the Corporation's base compensation structure and equity-based compensation programs, recommending compensation of the Corporation's officers and employees, and evaluating the performance of officers generally and in light of annual goals and objectives. The Board assumes responsibility for reviewing and monitoring the long-range compensation strategy for the senior management of the Corporation although the Compensation Committee guides it in this role.

The Compensation Committee determines the compensation of the Chief Executive Officer. The Chief Executive Officer makes salary recommendations for all other executive officers and senior employees of the Corporation to the Compensation Committee. The Corporation did not increase management fees during the financial year ended March 31, 2009. The two members of management that serve on the Corporation's board of directors agreed to forgo their directors' fees from October 1, 2008 in view of the difficult financing environment for junior mineral exploration companies.

Philosophy and Objectives

The compensation program for the senior management of the Corporation is designed to ensure that the level and form of compensation achieves certain objectives, including:

- to align executive compensation with shareholders' interests;
- to attract and retain highly qualified management;
- to focus performance by linking incentive compensation to the achievement of business objectives and financial results; and
- to encourage retention of key executives for leadership succession.

The Corporation's executive compensation program comprises three elements: base salary, bonus incentives and equity participation. The compensation program is designed to pay for performance. Employees, including senior executives, are rewarded for the achievement of annual operating and financial goals, progress in executing the Corporation's long-term growth strategy and delivering strong total shareholder return performance.

The Corporation reviews industry compensation information and compares its level of overall compensation with those of comparable sized mineral exploration companies. Generally, the committee targets base management fees at levels approximating those holding similar positions in comparably sized companies in the industry and hopes to achieve competitive compensation levels through the fixed and variable components.

The Corporation's total compensation mix places a significant portion of the executive's compensation at risk and relies heavily on the award of stock options. The design takes into account individual and corporate performance. Compensation practices, including the mix of base management fees, short-term incentives and long-term incentives, are regularly assessed to ensure they are competitive, take account of the external market trends and support the Corporation's long-term growth strategies. Due to the early stage of the Corporation's development programs, the flexibility to quickly increase or decrease appropriate human resources is critical. Accordingly, the Corporation does not enter into long-term commitments with its officers.

Base Salary

In the Board's view, paying base salaries which are competitive in the markets in which the Corporation operates is a first step to attracting and retaining talented, qualified and effective executives. Base salary is compensation for discharging job responsibilities and reflect the level of skills and capabilities demonstrated by the executive. Annual

salary adjustments take into account the market value of the role and the executive's demonstration of capability during the year.

Bonus Incentive Compensation

The Corporation's objective is to achieve certain strategic objectives and milestones. The Board will consider executive bonus compensation dependent upon the executive's Corporation meeting those strategic objectives and milestones, the executive's individual performance and sufficient cash resources being available for the granting of bonuses. The Board approves executive bonus compensation dependent upon compensation levels based on recommendations of the Compensation Committee, and such recommendations are generally based on survey data provided by independent consultants.

Equity Participation

The Corporation believes that encouraging its executives and employees to become shareholders is the best way of aligning their interests with those of its shareholders. Equity participation is accomplished through the Corporation's stock option plan. Stock options are granted to executives and employees taking into account a number of factors, including the amount and term of options previously granted, base salary and bonuses and competitive factors. The amounts and terms of options granted are determined by the Compensation Committee.

(b) Summary Compensation Table

The following table summarizes the compensation paid to the Named Executive Officers during the Corporation's most recently completed financial year ended March 31, 2009:

Name and Principal Position	Year	Salary (\$)	Share-Based Awards (\$)	Option-Based Awards (\$)	Non-Equity Incentive Plan Compensation (\$)		Pension Value (\$)	All Other Compensation (\$)	Total Compensation (\$)
					Annual Incentive Plans	Long-Term Incentive Plans			
Peter Miles President and Chief Executive Officer and a Director ⁽¹⁾	2009	Nil	Nil	113,000 ⁽²⁾	Nil	Nil	Nil	71,135 ⁽¹⁾	184,135
Simon Anderson Chief Financial Officer ⁽³⁾	2009	Nil	Nil	113,000 ⁽²⁾	Nil	Nil	Nil	23,376 ⁽³⁾	136,376

Notes:

- (1) Effective July 21, 2005, the Corporation and Mr. Miles entered into a verbal agreement pursuant to which Mr. Miles receives \$5,500 per month for his services as Executive Vice President and subsequently as President and Chief Executive Officer. Mr. Miles is not an employee of the Corporation.
- (2) The Corporation employed the Black-Scholes option pricing method to calculate the grant date fair value as it is a widely used and relatively objective methodology. The principal assumptions employed were a share price of \$0.90, an expected option term of 5 years, volatility of 83%, a dividend yield of 0% and a risk-free rate of return of 3.25% .
- (3) Effective June 30, 2008, the Corporation entered into a verbal agreement with MCSI Consulting Services Inc. ("MCSI") pursuant to which the Corporation procured the services of Simon Anderson and MCSI recovered fees for Mr. Anderson's services to the Corporation. From May 2009, Mr. Anderson provided his services to the Corporation through S2 Management Inc. ("S2 Management"). Compensation to Mr. Anderson includes charges for secretarial services provided by S2 Management. MCSI and S2 Management paid Mr. Anderson an aggregate of \$18,788 that is attributable to services he provided to the Corporation. Mr. Anderson is not an employee of the Corporation.

(c) **Incentive Plan Awards**

Outstanding Option-Based Awards

The following table sets out all option-based awards outstanding as at March 31, 2009 for each Named Executive Officer:

Name	Number of Securities Underlying Unexercised Options (#)	Option Exercise Price (\$)	Option Expiration Date	Value of Unexercised In-The-Money Options (\$)
Peter Miles President and Chief Executive Officer and a Director	400,000	\$1.40	March 26, 2012	Nil
	200,000	\$1.35	April 25, 2013	Nil
Simon Anderson Chief Financial Officer	300,000	\$0.75	July 18, 2012	Nil
	200,000	\$1.35	April 25, 2013	Nil

Value Vested or Earned During The Year

The following table sets out the value vested or earned under incentive plans during the year ended March 31, 2009 for each Named Executive Officer:

Name	Option-based Awards – Value vested during the year (\$)	Non-equity incentive plan compensation – Value earned during the year (\$)
Peter Miles President and Chief Executive Officer and a Director	Nil	Nil
Simon Anderson Chief Financial Officer	30,000	Nil

See “Securities Authorized for Issuance Under Equity Compensation Plans” for further information on the Corporation’s Option Plan.

(d) **Termination of Employment, Changes in Responsibilities and Employment Contracts**

There is no contract, agreement, plan or arrangement that provides for payments to a Named Executive Officer at, following or in connection with any termination, resignation, retirement, a change of control of the Corporation or a change in a Named Executive Officer’s responsibilities.

(e) **Compensation of Directors**

During the year ended March 31, 2009 Mr. Marlow was paid £10,000 (\$19,269 at exchange rates prevailing at the dates of payment) and the remaining directors were paid £5,000 (\$9,634 at exchange rates at the dates of payment). Messrs Miles and Doyle have agreed not to receive fees for their services as directors until the financial position of the Corporation improves. Directors are entitled to participate in the Corporation’s stock option plan.

The following table summarizes the compensation paid to the directors during the Corporation’s most recently completed financial year ended March 31, 2009:

Name⁽¹⁾	Fees Earned (\$)⁽²⁾	Share-Based Awards (\$)	Option-Based Awards (\$)⁽³⁾	Non-Equity Incentive Plan Compensation (\$)	Pension Value (\$)	All Other Compensation (\$)	Total (\$)
Edward Marlow	19,269	Nil	113,000	Nil	Nil	Nil	132,269
Harley Hotchkiss	9,634	Nil	113,000	Nil	Nil	Nil	122,634
Nick Archibald	9,634	Nil	113,000	Nil	Nil	Nil	122,634
Buddy Doyle	5,135	Nil	113,000	Nil	Nil	54,000	172,135

Notes:

- (1) Peter Miles does not appear on this table as he is a Named Executive Officer.
- (2) These fees were paid in English Pounds Sterling and converted to Canadian dollars based on rates prevailing at the time of payment. The average exchange rate was £1.00=C\$1.92..
- (3) The Corporation employed the Black-Scholes option pricing method to calculate the grant date fair value as it is a widely used and relatively objective methodology. The principal assumptions employed were a share price of \$0.90, an expected option term of 5 years, volatility of 83%, a dividend yield of 0% and a risk-free rate of return of 3.25% .

Incentive Plan Awards – Outstanding Option-Based Awards

The following table sets out all option-based awards outstanding as at March 31, 2009, for each director of the Corporation:

Name⁽¹⁾	Number of Securities Underlying Unexercised Options (#)	Option Exercise Price (\$)	Option Expiration Date	Value of Unexercised In-The-Money Options (\$)
Edward Marlow	400,000	\$1.40	March 26, 2012	Nil
	200,000	\$1.35	April 25, 2013	Nil
Harley Hotchkiss	400,000	\$1.40	March 26, 2012	Nil
	200,000	\$1.35	April 25, 2013	Nil
Nick Archibald	300,000	\$1.40	March 26, 2012	Nil
	200,000	\$1.35	April 25, 2013	Nil
Buddy Doyle	400,000	\$1.40	March 26, 2012	Nil
	200,000	\$1.35	April 25, 2013	Nil

Notes:

- (1) Peter Miles does not appear on this table as he is a Named Executive Officer.

Incentive Plan Awards – Value Vested or Earned During The Year

The following table sets out the value vested or earned under incentive plans during the year ended March 31, 2009, for each director of the Corporation, excluding Peter Miles (whose compensation is already set out in disclosure for a Named Executive Officer for the Corporation):

Name⁽¹⁾	Option-based Awards – Value vested during the year (\$)	Non-equity incentive plan compensation – Value earned during the year (\$)
Edward Marlow	Nil	Nil
Harley Hotchkiss	Nil	Nil
Nick Archibald	Nil	Nil
Buddy Doyle	Nil	Nil

Notes:

(1) Peter Miles does not appear on this table as he is a Named Executive Officer.

(f) Termination of Employment, Changes in Responsibilities and Employment Contracts

The Corporation has no contract, plan or arrangement providing for payment to a Named Executive Officer on resignation, retirement or termination or in the event of a change of control of the corporation or of a change in the Named Executive Officer's responsibilities following a change of control at the Corporation.

(g) Composition of Compensation Committee

Refer to "Election of Directors" for the members of the Corporation's Compensation Committee.

(h) Report on Executive Compensation

STATEMENT OF EXECUTIVE COMPENSATION

Form 51-102F6 - Statement of Executive Compensation, defines "Named Executive Officers" as the Chief Executive Officer, the Chief Financial Officer and each of the Corporation's three most highly compensated officers (or other employees who would otherwise qualify as Named Executive Officers if they were officers) other than the Chief Executive Officer and Chief Financial Officer, whose total compensation was more than \$150,000.

Compensation Discussion and Analysis

The Corporation's executive compensation program comprises three elements: base management fee, annual incentives and long-term incentives. Together, these components support the Corporation's long-term growth strategy and the following objectives:

- to align executive compensation with shareholders' interests;
- to attract and retain highly qualified management;
- to focus performance by linking incentive compensation to the achievement of business objectives and financial results; and
- to encourage retention of key executives for leadership succession.

The compensation program is designed to pay for performance. Employees, including senior executives, are rewarded for the achievement of annual operating and financial goals, progress in executing the Corporation's long-term growth strategy and delivering strong total shareholder return performance.

The Corporation reviews industry compensation information and compares its level of overall compensation with those of comparable sized mineral exploration companies. Generally, the committee targets base management fees at levels approximating those holding similar positions in comparably sized companies in the industry and hopes to achieve competitive compensation levels through the fixed and variable components.

The Corporation's total compensation mix places a significant portion of the executive's compensation at risk and relies heavily on the award of stock options. The design takes into account individual and corporate performance. Compensation practices, including the mix of base management fees, short-term incentives and long-term incentives, are regularly assessed to ensure they are competitive, take account of the external market trends and support the Corporation's long-term growth strategies. Due to the early stage of the Corporation's development programs, the flexibility to quickly increase or decrease appropriate human resources is critical. Accordingly, the Company does not enter into long-term commitments to its officers.

Base management fees are compensation for discharging job responsibilities and reflect the level of skills and capabilities demonstrated by the executive. Annual salary adjustments take into account the market value of the role and the executive's demonstration of capability during the year. The Chief Executive Officer makes salary recommendations for all other executive officers and senior employees of the Corporation to the compensation committee.

The Company's compensation committee determines the compensation of the Chief Executive Officer. The Company did not increase management fees in fiscal 2009. The two members of management that serve on the Company's board of directors agreed to forgo their directors' fees from October 1, 2008 in view of the difficult financing environment for small public mineral exploration companies.

Annual incentives, in the form of cash bonus payments, are designed to add a variable component of compensation based on overall corporate performance and the executive's individual performance.

The Corporation's stock option plan is designed to provide an incentive to the optionees to achieve the longer-term objectives of the Corporation. The Corporation does not provide financial assistance in connection with the exercise of options.

The Corporation has not established benefit plans in areas such as health care, dental care, disability or life insurance as its operations are too small to justify the overhead.

Securities Authorized for Issuance Under Equity Compensation Plans

The table below sets out the outstanding options under the Corporation's existing Option Plan under which Common Shares are authorized for issuance as of the end of the Corporation's most recently completed fiscal year.

	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted-average exercise price of outstanding options, warrants and rights	Number of securities remaining available under equity compensation plans (excluding securities reflected in column (a))
Plan Category	(a)	(b)	(c)
Equity compensation plans approved by security holders	5,220,000	\$1.16 ⁽¹⁾	1,056,262
Equity compensation plans not approved by security holders	-	-	-
TOTAL	5,220,000	\$1.16	1,056,262

Indebtedness of Directors and Executive Officers

None of the directors or executive officers of the Corporation or any of their associates was indebted to the Corporation during the fiscal year ended March 31, 2009, including under any securities purchase or other program, or is currently indebted to the Corporation.

Interest of Informed Persons in Material Transactions

Except as disclosed under this heading, no informed person of the Corporation, proposed director of the Corporation, or any associate or affiliate of any informed person or proposed director of the Corporation has any material interest, direct or indirect, in any transaction which has occurred within the fiscal year ended March 31, 2008, or in any proposed transaction that has materially affected or will materially affect the Corporation.

Jamie Mackie and Matthew Mason, shareholders of the Corporation, and Peter Miles, a shareholder, director and President and Chief Executive Officer of the Corporation, are members of the Jaeger Joint Venture, the entity from whom the Corporation acquired the diamond and other mineral rights to the prospecting permits which comprise the Mackenzie Diamond Project.

Dr. Nicholas Archibald, a director of the Corporation was, for part of the year ended March 31, 2009, the Chief Executive Officer of Geoinformatics Exploration Inc., a company which has provided services to the Corporation.

Mr. Buddy Doyle is a beneficial owner of Lithosphere Services Inc., a company which has provided services to the corporation.

Interest of Persons in Matters To be Acted Upon

No director, executive officer, proposed nominee for election as a director nor their respective associates or affiliates has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise in any matter to be acted upon at this Meeting other than the election of directors.

Management Contracts

No management functions of the Corporation are performed to any substantial degree by a person other than the directors or executive officers of the Corporation.

Other Business

Management does not know of any other matters to come before the Meeting other than those referred to in the Notice of Meeting. Should any other matters properly come before the Meeting, the shares represented by the proxy solicited hereby will be voted on such matters in accordance with the best judgment of the persons voting the proxy.

Audit Committee and Relationship with Auditors

Multilateral Instrument 52-110 - *Audit Committees* requires the Corporation to disclose in its management information circular certain information relating to the Corporation's audit committee. This disclosure in Form 51-101F2 is appended as Schedule A to this management information circular.

Corporate Governance

National Instrument 58-101 - *Disclosure of Corporate Governance Practices* requires the Corporation to disclose in its management information circular certain information relating to the Corporation's corporate governance practices. This disclosure in Form 58-101F2 is appended as Schedule B to this management information circular.

Additional Information

Additional information relating to the Corporation is on SEDAR at www.sedar.com. To obtain copies of the Corporation's financial statements and Management Discussion and Analysis (which contain financial information about the Corporation), shareholders are directed to the Corporation's filings on SEDAR or may request copies of such information in writing by contacting the Corporation at: Suite 1925 – 925 West Georgia Street, Vancouver, BC V6C 3L2.

The contents and sending of this information circular have been approved by the directors of the Corporation.

BY ORDER OF THE BOARD OF DIRECTORS

Peter L. Miles
Chief Executive Officer and Director

SCHEDULE A

FORM 52-110F2

DISCLOSURE BY VENTURE ISSUERS

1. The Audit Committee's Charter

Disclose the text of the audit committee's charter.

A copy of the charter of the audit committee is attached as Schedule C to this management information circular.

2. Composition of the Audit Committee

Disclose the name of each audit committee member and state whether or not the member is (i) independent and (ii) financially literate.

The members of the audit committee are Edward Marlow (Chair), Harley Hotchkiss and Nicholas Archibald. The Board has determined that all members of the audit committee are independent and financially literate.

3. Relevant Education and Experience

Describe the education and experience of each audit committee member that is relevant to the performance of his or her responsibilities as an audit committee member and, in particular, disclose any education or experience that would provide the member with:

- (a) an understanding of the accounting principles used by the issuer to prepare its financial statements;*
- (b) the ability to assess the general application of such accounting principles in connection with the accounting for estimates, accruals and reserves;*
- (c) experience preparing, auditing, analyzing or evaluating financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the issuer's financial statements, or experience actively supervising one or more individuals engaged in such activities; and*
- (d) an understanding of internal controls and procedures for financial reporting.*

Mr. Edward Marlow holds an MBA degree from Cranfield University, a post graduate certificate in Law and is a graduate of Manchester University, RMA Sandhurst and of the US Army Command and General Staff College. He is currently the Emerging Markets Managing Director of Principal Investments at HSBC and a non-executive director of both ESO Uranium Corp. and Kopane Diamonds plc. Prior to that he held similar banking positions at Insinger de Beaufort, UBS and Citigroup and before this was an officer in the British Army.

Mr. Harley Hotchkiss After World War II service in the Canadian Merchant Marine he graduated in geology and worked as a geologist, manager and president of a number of petroleum companies. He is now self employed with business interests in oil and gas, real estate, agriculture and professional sports. He is a member of several professional societies relating to petroleum and mineral exploration and has served on a number of corporate boards including Alberta Energy Company, Nova Corporation, Mesa Petroleums, TransCanada Pipelines and Telus Corporation in Canada. He is part owner of the Calgary Flames Hockey Club and past Chairman of the Board of Governors of the National Hockey League. He is an Officer of the Order of Canada, a member of the Alberta Order of Excellence and holds an Honorary Doctor of Laws Degree from both the University of Calgary and the University of Lethbridge and an Honorary Doctor of Science Degree from Michigan State University.

Dr. Nicholas John Archibald is a geologist with more than 30 years of minerals industry experience. During the course of his career, Dr. Archibald trained as a field-based structural geologist/metamorphic petrologist, has a BSc Hons from James Cook University, a PhD from the University of Western Australia, and completed a Research Fellowship at Monash University in Australia. He worked for numerous Australian companies, including Golden Plateau before becoming a consultant. Dr. Archibald was the recipient of the Gibb Maitland Medal from the Western Australian division of the Geological Society of Australia and is a Fellow of the Australian Institute of Mining and Metallurgy, the Society of Economic Geologists and Australian Institute of Geoscientists. He has also been also elected as a Fellow of the Australian Academy of Technological Sciences and Engineering.

4. Audit Committee Oversight

If, at any time since the commencement of the issuer's most recently completed financial year, a recommendation of the audit committee to nominate or compensate an external auditor was not adopted by the board of directors, state that fact and explain why.

At no time since the commencement of the Corporation's most recently completed financial year was a recommendation of the audit committee to nominate or compensate an external auditor not adopted by the board of directors.

5. Reliance on Certain Exemptions

If, at any time since the commencement of the issuer's most recently completed financial year, the issuer has relied on (a) the exemption in section 2.4 (De Minimis Non-audit Services), or (b) an exemption from this Instrument, in whole or in part, granted under Part 8 (Exemptions), state that fact.

At no time since the commencement of the Corporation's most recently completed financial year has the corporation relied on the exemption in section 2.4 of MI 52-110 (De Minimis Non-audit Services), or an exemption from MI 52-110, in whole or in part, granted under Part 8 of MI 52-110 (Exemptions).

6. Pre-Approval Policies and Procedures

If the audit committee has adopted specific policies and procedures for the engagement of non-audit services, describe those policies and procedures.

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

7. External Auditor Service Fees (By Category)

- (a) Disclose, under the caption "Audit Fees", the aggregate fees billed by the issuer's external auditor in each of the last two fiscal years for audit fees.*
- (b) Disclose, under the caption "Audit-Related Fees", the aggregate fees billed in each of the last two fiscal years for assurance and related services by the issuer's external auditor that are reasonably related to the performance of the audit or review of the issuer's financial statements and are not reported under clause (a) above. Include a description of the nature of the services comprising the fees disclosed under this category.*
- (c) Disclose, under the caption "Tax Fees", the aggregate fees billed in each of the last two fiscal years for professional services rendered by the issuer's external auditor for tax compliance, tax advice, and tax planning. Include a description of the nature of the services comprising the fees disclosed under this category.*
- (d) Disclose, under the caption "All Other Fees", the aggregate fees billed in each of the last two fiscal years for products and services provided by the issuer's external auditor, other than the services reported under clauses (a), (b) and (c), above. Include a description of the nature of the services comprising the fees disclosed under this category.*

BDO Dunwoody, LLP has been the auditor of the Corporation since March 31, 2005. Fees payable to BDO Dunwoody, LLP for the year ended March 31, 2009 and the year ended March 31, 2008 were as follows:

	2009	2008
Audit fees	43,570	47,681
Audit-related fees	-	960
Tax fees	1,508	2,809
All other fees	-	-
TOTAL	45,078	51,450

Audit Fees. The audit fees relate to the audit of financial statements, and other statutory and regulatory filings, including procedures performed in connection with the Corporation's prospectus filings.

Audited-Related Fees. The audit-related fees relate to review and audit services performed in connection with proposed business transactions by the Corporation, as well as advising management, securities regulators and legal counsel.

Tax Fees. Tax fees relate to tax compliance, tax advice and tax planning, including the preparation and review of the corporate tax returns, assistance with tax audits and federal, provincial or international tax advisory services.

All Other Fees. There were no other fees billed by the Corporation's external auditors in the past two fiscal years.

8. Exemption

Disclose that the issuer is relying upon the exemption in section 6.1 of the Instrument.

The Corporation is relying upon the exemption in section 6.1 of MI 52-110.

SCHEDULE B

**FORM 58-101F2
CORPORATE GOVERNANCE DISCLOSURE
(VENTURE ISSUERS)**

The Corporation believes that its corporate governance practices ensure that the business and affairs of the Corporation are effectively managed so as to enhance shareholder value. The disclosure requirements of National Instrument 58-101 and a commentary on the Corporation's approach with respect to each requirement are set forth below.

Disclosure Requirements	Comments
<p>1. Board of Directors — Disclose how the board of directors (the board) facilitates its exercise of independent supervision over management, including (i) the identity of directors that are independent, and (ii) the identity of directors who are not independent, and the basis for that determination.</p>	<p>The Board of Directors has five directors, three of whom are independent. The definition of independence used by the Corporation is that used by the Canadian Securities Administrators, which is set out in section 1.4 of MI 52-110. A director is independent if he or she has no direct or indirect material relationship to the Corporation. A "material relationship" is a relationship which could, in the view of the Board of Directors, be reasonably expected to interfere with the exercise of a director's independent judgment. Certain types of relationships are by their very nature considered to be material relationships and are specified in section 1.4 of MI 52-110.</p> <p>Edward Marlow, Nicholas Archibald and Harley Hotchkiss are all considered to be independent directors. Peter Miles is not considered to be independent by virtue of his position as Chief Executive Officer of the Corporation. Buddy Doyle is not considered to be independent by virtue of his position as Vice President, Exploration.</p> <p>A copy of the Corporation's directors' position description is attached as Schedule D to this management information circular.</p>
<p>2. Directorships — If a director is presently a director of any other issuer that is a reporting issuer (or the equivalent) in a jurisdiction or a foreign jurisdiction, identify both the director and the other issuer.</p>	<p>Edward Marlow is a director of ESO Uranium Corp. and Kopane Diamonds plc.</p> <p>Peter Miles is a director of Gamehost Income Fund.</p> <p>Buddy Doyle is a director of Arctic Star Diamonds Corp., Kopane Diamonds plc, Amarillo Gold Corp. & Western Potash Corp.</p>
<p>3. Orientation and Continuing Education — Describe what steps, if any, the board takes to orient new board members, and describe any measures the board takes to provide continuing education for directors.</p>	<p>To date Dr. Archibald and Mr. Doyle are the only new directors appointed to the Board of Directors since the Corporation's initial public offering.</p> <p>Mr. Doyle was already familiar with the Corporation by virtue of his position of Vice President of Exploration for the Corporation, while Dr. Archibald has a prestigious background and vast business experience.</p> <p>Orientation as to the new director's roles was provided on an informal basis, and is expected to be sufficient, given the relatively small size of the Corporation, and</p>

	<p>the fact that all relevant information is publicly available as well as posted on the Corporation’s own website.</p> <p>The Board of Directors does not provide formal continuing education for directors. Directors maintain the skill and knowledge necessary to meet their obligations as directors through a combination of their existing education, experience as businesspersons and managers, service as directors of other issuers and advice from the Corporation’s legal counsel, auditors and other advisors.</p>
<p>4. Ethical Business Conduct — Describe what steps, if any, the board takes to encourage and promote a culture of ethical business conduct.</p>	<p>Management, with the support of the Board, has put structures in place to ensure effective communication between the Corporation and its shareholders and the public. The Corporation provides disclosure as required by law, and legal counsel reviews press releases and reports to shareholders as required.</p> <p>The Board manages the business of the Corporation on behalf of the shareholders and is responsible for, among other things, strategic planning and management of the Corporation’s principal risks. Any responsibility that is not delegated to senior management or a committee of the Board remains with the full Board. In addition to those matters, which must by law be approved by the Board, the approval of the Board is required for major transactions or expenditures.</p>
<p>5. Nomination of Directors — Disclose what steps, if any, are taken to identify new candidates for board nomination, including: (i) who identifies new candidates, and (ii) the process of identifying new candidates.</p>	<p>All directors are responsible for recommending suitable candidates for nomination to the Board, when required, and when doing so consider:</p> <ul style="list-style-type: none"> (a) the competencies and skills that the Board considers to be necessary for the Board, as a whole, to possess; (b) the competencies and skills that the Board considers necessary for each existing director to possess; and (c) the competencies and skills each new nominee will bring to the boardroom.
<p>6. Compensation — Disclose what steps, if any, are taken to determine compensation for the directors and CEO, including: (i) who determines compensation, and (ii) the process of determining compensation.</p>	<p>The Corporation has established a compensation committee, currently comprised of Edward Marlow and Harley Hotchkiss, to ensure that independent directors determine and review the remuneration of executives on behalf of the Board of Directors and that the remuneration policies and packages attract retain and motivate quality individuals without exceeding market rates.</p> <p>The compensation committee determines and agrees with the Board of Directors the framework or broad policy for the remuneration of the Corporation’s executive directors, CEO and other members of the executive management of the Corporation. The remuneration of non-executive directors is determined by the Chairman of the board and the executive members of the Board of Directors. No director or manager is involved in any decisions as to their own remuneration.</p> <p>A copy of the compensation committee mandate is attached as Schedule E to this management information</p>

	circular.
7. Other Board Committees — If the board has standing committees other than the audit, compensation and nominating committees, identify the committees and describe their function.	The Board has established a corporate governance committee, currently comprised of Peter Miles and Dr. Nicholas Archibald but currently has no other standing committees. A copy of the corporate governance committee mandate is attached as Schedule F to this management information circular.
8. Assessments — Disclose what steps, if any, that the board takes to satisfy itself that the board, its committees, and its individual directors are performing effectively.	The board does not, at present, have a formal process in place for assessing the effectiveness of the board as a whole, its committees or individual directors, but will consider implementing one in the future should circumstances warrant.

SCHEDULE C

AUDIT COMMITTEE CHARTER

(Implemented Pursuant to Multilateral Instrument 52-110)

This Charter has been adopted by the Board in order to comply with the Instrument and to more properly define the role of the Committee in the oversight of the financial reporting process of the Corporation. Nothing in this Charter is intended to restrict the ability of the Board or Committee to alter or vary procedures in order to comply more fully with the Instrument, as amended from time to time.

- (a) The Board shall elect annually from among its members at the first meeting of the Board following the annual meeting of the shareholders, a committee to be known as the audit committee to be composed of three directors or such other number not less than three as the Board may from time to time determine, of whom the majority shall not be officers or employees of the Corporation or an affiliate of the Corporation. A majority of the audit committee shall constitute a quorum.
- (b) Any member of the committee may be removed or replaced at any time by the Board. Any member of the committee ceasing to be a director shall cease to be a member of the audit committee. Subject to the foregoing, each member of the audit committee shall hold office as such until the next annual appointment of members after his election. Any vacancy occurring in the committee shall be filled at the next meeting of the Board.
- (c) The responsibilities of the audit committee shall be to:

With respect to Financial Accounting Matters,

1. Review with management and the external auditors the annual consolidated financial statements, the annual report including the management discussion and analysis and the press release before making recommendations to the Board relating to approval of the statements. *Timing: year-end.*
2. Review with management, and if deemed necessary with the external auditors, interim financial statements, the quarterly report including the management discussion and analysis and the press release before making recommendations to the Board relating to approval of the statements. *Timing: first three quarters.*
3. Review with management, and if deemed necessary with the external auditors, all financial statements included in a prospectus or annual information form or any other public disclosure document containing financial information before making recommendations to the Board relating to the approval of the same. *Timing: as required.*
4. Review annually the accounting principles and practices followed by the Corporation and any changes in the same as they occur. *Timing: annually near year-end.*
5. Review new accounting principles of the Canadian Institute of Chartered Accountants, which would have a significant impact on the Corporation's financial reporting as reported to the audit committee by management. *Timing: annually near year-end or as required.*
6. Review estimates and judgments and choices of accounting alternatives, which are material to reported financial information as reported to the audit committee by management. *Timing: each quarter and year-end.*
7. Review the status of material contingent liabilities as reported to the audit committee by management. *Timing: each quarter and year-end.*
8. Review the status of income tax returns and potentially significant tax problems as reported to the audit committee by management. *Timing: immediately as known.*

9. Review any errors or omissions in the current or prior year's financial statements. *Timing: immediately as known.*

With respect to Internal Controls,

Review with management, and if deemed necessary with the external auditors, the adequacy of the Corporation's internal controls over financial reporting and disclosure controls and procedures to ensure that:

- (a) effective internal controls over financial reporting have been designed to provide a reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the Corporation's GAAP; and
- (b) disclosure controls and procedures have been designed to provide reasonable assurance that material information relating to the Corporation, including its consolidated subsidiaries, is made known to the board of directors in a timely manner.

With respect to the External Auditors,

1. Review with management the performance and independence of the external auditors and report thereon to the Board at least annually, including, where appropriate, a recommendation to replace the external auditor. *Timing: year-end.*
2. Review with management the engagement letter of the external auditors and the scope and timing of the audit work to be performed as outlined in the Audit Plan. *Timing: annually.*
3. Review with the external auditors the performance of management involved in the preparation of financial statements and any problems encountered by the external auditors, any restrictions on the auditors' work, the cooperation received in the performance of the audit and the audit findings. *Timing: year-end.*
4. Review the management letter with management and the external auditors, noting any significant recommendations on internal control made by them to management and management's response to the recommendations. *Timing: mid-year starting in second year.*
5. Review with management and the external auditors, estimated and actual audit fees. *Timing: mid-year.*
6. Receive and review with the external auditors a formal written statement prepared by the external auditors that discloses all relationships, including the nature of and fees for any non-audit services performed for the Corporation, between the external auditor and the Corporation and consider whether the nature and extent of such services could impact on the objectivity and independence of the external auditor and, if necessary, recommending that the full board take appropriate action to oversee the independence of the external auditor. *Timing: as required.*

With respect to General Audit Matters,

1. Inquire of management, and the external auditors as to any activities that may be or may appear to be illegal or unethical. *Timing: each quarter and year-end.*
2. Review with management, and if deemed necessary, with the external auditors any material frauds reported to the audit committee. *Timing: immediately as known.*
3. Review with the external auditors the adequacy of staffing for accounting and financial responsibilities. *Timing: year-end.*

4. Report and make recommendations to the Board as the committee considers appropriate. *Timing: as required.*
- (d) In addition, the Board may refer to the audit committee such matters and questions relating to the Corporation and its affiliates as the Board may from time to time see fit.
 - (e) Any member of the audit committee may require the auditors to attend any or every meeting of the audit committee.
 - (f) The audit committee shall elect annually a chairman from among its members.
 - (g) The audit committee shall review and reassess the adequacy of the formal mandate on an annual basis.
 - (h) The times of and the places where meetings of the audit committee shall be held and the calling of and procedure at such meetings shall be determined from time to time by the audit committee; provided that notice of every such meeting and the circulation of the financial statements to committee members is at least 48 hours prior to the meeting. The auditors of the Corporation also shall be given such notice of meetings and shall be entitled to attend and be heard thereat, and that meetings shall be convened whenever requested by the auditors, or any member of the audit committee in accordance with the Business Corporations Act (1982).
 - (i) At each meeting of the audit committee the independent members shall meet without management and consider any matters tabled by any such member. At each meeting at which the external auditors of the Corporation are in attendance, the independent members shall meet with the external auditors without management present and consider any matters tabled by any such member or the external auditors.
 - (j) The audit committee shall support the senior management team and the Board in keeping abreast of changes occurring or proposed to regulatory requirements and/or general accounting guidelines, such that the Corporation adopts “best in class” accounting and internal control policies and practices.
 - (k) All prior resolutions of the Board relating to the constitution and responsibilities of the audit committee are hereby repealed.

Outside of the Mandate but as a matter of routine at each Audit Committee Meeting, the Chief Financial Officer will make a series of reports which will include:

1. *The CFO is not aware of any frauds or thefts of Corporation property.*
2. *The CFO is not aware of any activities which may be illegal or unethical.*
3. *There are no new contingent liabilities except as reported.*
4. *There are no new tax reassessments or other tax issues except as reported.*
5. *There are no prior year accounting adjustments except as reported.*

SCHEDULE D

DIRECTORS' POSITION DESCRIPTION

Every Director of the Corporation in exercising his powers and discharging his duties shall:

- (a) act honestly and in good faith with a view to the best interests of the Corporation.
- (b) exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

With respect to Fiduciary Duty or the Duty of Loyalty

1. The fiduciary duty requires a Director to be honest in dealing with other Directors and with the Corporation. In fact, a Director must disclose all information he or she has to the Board. The collegial structure of the Board and the practical delegation of responsibilities to committees will suffer if Directors deprive their fellow Directors of important information they need to carry out their responsibilities and practice due diligence.
2. The fiduciary duty implies a duty of confidentiality. All information about the Board or the Corporation's activities should be presumed to be confidential unless released to the public.
3. Directors may not profit at the expense of the Corporation. They may not divert opportunities or benefits from the Corporation to themselves or put themselves in a position of conflict by competing with the Corporation for business opportunities.
4. Directors must disclose their material interest in a party or contracts and should disclose these interests to the full Board and not just a committee.

With respect to the Duty of Care

1. These responsibilities imply that the Directors attend meetings regularly, read the documents and briefing notes prepared for them prior to the meetings and follow-up on important matters.
2. The business judgement rule protects boards and directors from those that might second-guess their decisions. However, Directors must ensure that the process by which they made a decision ensures that there was adequate information available, agendas and background documents in place, rigorous review and questioning is documented and that in-depth review where warranted is referred to the appropriate committee.

Specific Duties of Directors

1. Overseeing and approving a strategy for the business.

The Directors, individually and collectively, have the responsibility to participate in developing and approving the mission of the business, its objectives and goals, and the strategy by which it proposes to reach those goals. Directors must ensure there is congruence between shareholder expectations, Company plans and management performance.

2. Management of the Board and selection and oversight of senior management.

Directors, individually and collectively, are responsible for managing the Board affairs, including planning its composition, selecting its chair, nominating candidates for election to the Board, appointing committees and determining Director compensation. Directors, individually and collectively, have the responsibility for management succession including the appointment, monitoring and replacement of the Chief Executive

Officer as well as Chief Executive Officer compensation. Directors have the responsibility for approving the appointment and compensation of senior management acting upon the advice of the Chief Executive Officer.

3. Monitoring and Acting.

Directors, individually and collectively, have the responsibility for monitoring the company's performance against goals and revising strategy as appropriate.

4. Approving Policies and Procedures for implementing strategy.

Directors, individually and collectively, have the responsibility for approving all significant policies and procedures and ensuring compliance with all laws and regulations, while adhering to the highest ethical and moral standards.

5. Reporting to shareholders on the performance of the business.

Directors, individually and collectively, have the responsibility for the integrity and timely reporting to shareholders in addition to the approval of all dividends.

6. Approval and completion of routine legal requirements

Directors, individually and collectively, are responsible for ensuring all legal requirements, documents and records have been properly prepared, approved and maintained.

SCHEDULE E

COMPENSATION COMMITTEE MANDATE

This Charter has been adopted by the Board in order to more properly define the role of the Committee in the oversight of the compensation strategy and policies for Directors, Officers and employees of the Corporation. Nothing in this Charter is intended to restrict the ability of the Board or Committee to alter or vary procedures as necessary.

- (a) The Board shall elect annually from among its members at the first meeting of the Board following the annual meeting of the shareholders, a committee to be known as the Compensation Committee to be composed of two independent directors or such other number not less than two as the Board may from time to time determine. A majority of the Compensation Committee members will constitute a quorum, with a minimum of two.
- (b) Any member of the Compensation Committee may be removed or replaced at any time by the Board. Any member ceasing to be a director shall cease to be a member of the Compensation Committee. Subject to the foregoing, each member of the Compensation Committee shall hold office as such until the next annual appointment of members after his election. Any vacancy occurring in the committee shall be filled at the next meeting of the Board.
- (c) The Board of Directors assumes responsibility for the stewardship of the corporation, and as part of this stewardship, through the Compensation Committee, assumes responsibility for the following:

The responsibilities of the Compensation Committee will include reviewing and making recommendations to the Board with respect to the overall compensation strategy and policies for Directors, Officers and employees of the Company, more specifically these will include:

- 1. setting the goals and objectives for the compensation of the Chairman and Chief Executive Officer. *Timing: annually and as required.*
 - 2. evaluating the performance of the Chairman and Chief Executive Officer relative to the goals and objectives set and recommending to the Board the compensation level of the Chairman and Chief Executive Officer based on this evaluation. *Timing: annually and as required.*
 - 3. reviewing the annual compensation of all other senior executive officers of the Company as recommended by the Chief Executive Officer. The Chief Executive Officer shall attend the Compensation Committee meeting when senior executive salaries are discussed. *Timing: annually and as required.*
 - 4. reviewing the Company's issuance of Stock Options and Compensation Shares and recommending to the Board a prudent level for these instruments and any disbursements there from. *Timing: as required.*
 - 5. reviewing employment contracts for senior officers and employees and recommendation thereof and/or changes thereto to the Board. *Timing: on-going.*
 - 6. reviewing the compensation of the Company's Directors, based on work performed, responsibility assigned and liability incurred as assessed by the Chairman, Chief Executive Officer and the other Directors. *Timing: as required.*
- (d) In addition, the Board may refer to the Compensation Committee such matters and questions relating to compensation as the Board may from time to time see fit.
 - (e) Any member of the Compensation Committee may require experts to attend a meeting of the Compensation Committee.
 - (f) The Compensation Committee shall elect annually a chairman from among its outside director members.

- (g) The times of and the places where meetings of the committee shall be held and the calling of and procedure at such meetings shall be determined from time to time by the Compensation Committee.

SCHEDULE F

CORPORATE GOVERNANCE COMMITTEE MANDATE

This Charter has been adopted by the Board in order to more properly define the role of the Committee in the oversight of the strategic planning and corporate governance initiatives of the Corporation. Nothing in this Charter is intended to restrict the ability of the Board or Committee to alter or vary procedures as necessary.

- (a) The Board shall elect annually from among its members at the first meeting of the Board following the annual meeting of the shareholders, a committee to be known as the Corporate Governance Committee to be composed of three outside directors or such other number not less than three as the Board may from time to time determine. A majority of the Corporate Governance Committee shall constitute a quorum.
- (b) Any member of the Corporate Governance Committee may be removed or replaced at any time by the Board. Any member of the Corporate Governance Committee ceasing to be a director shall cease to be a member of the committee. Subject to the foregoing, each member of the Corporate Governance Committee shall hold office as such until the next annual appointment of members after his election. Any vacancy occurring in the Corporate Governance Committee shall be filled at the next meeting of the Board.
- (c) The Board of Directors assumes responsibility for the stewardship of the Corporation, and as part of this stewardship, through the committee, assumes responsibility for the following:

With respect to the general management of the Corporation, the Corporate Governance Committee will oversee:

- 1. the strategic planning process and the development of the strategic plan for the Corporation. *Timing: annually.*
- 2. the development of the Code of Conduct and related policies to ensure the organization has a consistent frame of reference for dealing with complex issues relating to compliance with the laws of all jurisdictions within which it operates, confidentiality, integrity and individual responsibility and provide for accountability if employees or members of senior management or the Board fail to meet the Code's standards. *Timing: annual review of policies and as required for compliance issues.*
- 3. the establishment of a succession plan for the Corporation including the appointing, training and assessment of employees, senior management and the Board. *Timing: annually and as required.*
- 4. the development of a communications policy to ensure that public disclosure of the Corporation is timely and complete. *Timing: as required.*
- 5. and support the senior management team and the Board in keeping abreast of changes occurring or proposed to regulatory and market requirements to ensure the Corporation's approach to corporate governance issues, including, among other things, the Corporation's response to the guidelines set out by the TSX Venture Exchange, as appended (and as may be modified from time to time), such that, the Corporation adopts "best in class" corporate governance policies and practices. *Timing: on-going.*

With respect to the Risk Management of the Corporation, the Corporate Governance Committee will conduct:

- 1. a review of the risks inherent in all of the business activities of the Corporation. *Timing: at the first meeting of the committee and thereafter on an on-going basis.*
- 2. an assessment of the integrity and adequacy of the internal control policies and procedures and information systems of the Corporation to ensure the corporation adequately mitigates the risks of its business activities. *Timing: at the first meeting of the committee and thereafter on an on-going basis.*

3. the development of the authorities of senior management and the board regarding the major business activities of the Corporation to ensure a common understanding of these key authorities, including which activities require pre-approval and post approval requirements. Timing: at the first meeting of the committee and thereafter on an on-going basis.
- (d) In addition, the Board may refer to the Corporate Governance Committee such matters and questions relating to the Corporation and its affiliates as the Board may from time to time see fit.
 - (e) Any member of the Corporate Governance Committee may require experts to attend a meeting of the Corporate Governance Committee.
 - (f) The committee shall elect annually a chairman from among its director members.
 - (g) The times of and the places where meetings of the Corporate Governance Committee shall be held and the calling of and procedure at such meetings shall be determined from time to time by the committee.
 - (h) All prior resolutions of the Board relating to the constitution and responsibilities of the Corporate Governance Committee are hereby repealed.

SCHEDULE G

SANATANA DIAMONDS INC. STOCK OPTION PLAN

1. The Plan

A Stock Option Plan (the “Plan”) pursuant to which options to purchase common shares (“Shares”) in the capital of SANATANA DIAMONDS INC. (the “Company”) may be granted to the directors, officers and employees of the Company and its subsidiaries, and to persons providing ongoing management or consulting services to the Company, is hereby established on the terms set forth below.

2. Purpose

The purpose of this Plan is to advance the interests of the Company by encouraging the directors, officers and employees of the Company and consultants retained by the Company to acquire Shares, thereby (i) increasing the proprietary interests of such persons in the Company, (ii) aligning the interests of such persons with the interests of the Company's shareholders generally, (iii) encouraging such persons to remain associated with the Company, and (iv) furnishing such persons with an additional incentive in their efforts on behalf of the Company.

3. Administration

- (a) This Plan shall be administered by the board of directors of the Company (the “Board”).
- (b) Subject to the terms and conditions set forth herein, the Board is authorized to provide for the granting, exercise and method of exercise of Options (as hereinafter defined), all on such terms (which may vary between Options) as it shall determine. In addition, the Board shall have the authority to: (i) construe and interpret this Plan and all option agreements entered into hereunder; (ii) prescribe, amend and rescind rules and regulations relating to this Plan; and (iii) make all other determinations necessary or advisable for the administration of this Plan. All determinations and interpretations made by the Board shall be binding on all Participants (as hereinafter defined) and on their heirs, executors, administrators, legal personal representatives and beneficiaries.
- (c) Notwithstanding the foregoing or any other provision contained herein, the Board shall have the right to delegate the administration and operation of this Plan, in whole or in part, to a committee of the Board or to the President or any other officer of the Company. Whenever used herein, the term “Board” shall be deemed to include any committee or officer to which the Board has, fully or partially, delegated the administration and operation of this Plan pursuant to this Section 3.
- (d) Options to purchase the Shares granted hereunder (“Options”) shall be evidenced by an agreement, signed on behalf of the Company and by the person to whom an Option is granted, which agreement shall be in such form as the Board shall approve.

4. Shares Subject to Plan

- (a) The securities that may be acquired by Participants (as defined below) under this Plan shall consist of authorized but unissued Shares. Whenever used herein, the term “Shares” shall be deemed to include any other securities that may be acquired by a Participant upon the exercise of an Option the terms of which have been modified in accordance with Section 15 below.
- (b) The aggregate number of Shares reserved for issuance under this Plan, or any other plan of the Company, shall not exceed ten percent (10%) of the issued and outstanding Shares (determined at the date the stock option is granted and calculated on a non-diluted basis), unless the Company receives permission to exceed such threshold from the stock exchange or exchanges on which the Shares are listed, and obtains any requisite shareholder approval.

- (c) If any Option granted under this Plan shall expire or terminate for any reason without having been exercised in full, any unpurchased Shares to which such Option relates shall be available for the purposes of the granting of Options under this Plan.

5. Maintenance of Sufficient Capital

The Company shall at all times during the term of this Plan ensure that the number of Shares it is authorized to issue shall be sufficient to satisfy the requirements of this Plan.

6. Eligibility and Participation

- (a) The Board may, in its discretion, select any of the following persons to participate in this Plan:

- (i) directors of the Company;

- (ii) officers of the Company;

- (iii) employees of the Company;

- (iv) consultants retained by the Company, provided such consultants have performed and continue to perform services for the Company on an ongoing basis or are expected to provide a service of considerable value to the Company; and

- (v) persons employed to provide investor relations services,

(any such person having been selected for participation in this Plan by the Board is herein referred to as a "Participant"). Any Participant may assign his Options to a corporation wholly-owned by such Participant or a registered retirement savings plan or registered retirement income fund established by and where the sole beneficiary is such Participant.

- (b) The Board may from time to time, in its discretion, grant an Option to any Participant, upon such terms, conditions and limitations as the Board may determine, including the terms, conditions and limitations set forth herein, provided that the Options granted to any Participant shall be approved, either before or after the date of such grant of Options, by the shareholders of the Company if the rules of any stock exchange on which the Shares are listed require such approval.
- (c) For stock options granted to employees, consultants or management company employees, the Company represents that the Participant is a bona fide employee, consultant or management company employee, as the case may be.
- (d) Subject to any applicable regulatory approvals, Options may also be granted under the Plan in exchange for outstanding Options granted by the Company or any predecessor or affiliate thereof, whether such outstanding options were granted under the Plan or under any other stock option plan of the Company or any predecessor or affiliate thereof.

7. Exercise Price

The Board shall, at the time an Option is granted under this Plan, fix the exercise price at which Shares may be acquired upon the exercise of such Option, provided that such exercise price shall not be less than that from time to time permitted by the stock exchange on which the Shares are listed. Unless exempted from the following condition by the stock exchange or exchanges on which the Shares are then listed, in the event that there is any reduction in the exercise price, disinterested shareholder approval will be required if the Participant is an insider of the Company.

8. Number of Optioned Shares

The number of Shares that may be acquired under an Option granted to a Participant shall be determined by the Board as at the time the Option is granted, provided that the aggregate number of Shares reserved for issuance to any one Participant under this Plan or any other plan of the Company, shall not exceed:

- (a) unless the Company is a Tier 1 issuer (as defined by the TSX Venture Exchange) and has obtained the requisite disinterested shareholder approval, five percent (5%) of the total number of issued and outstanding Shares (determined at the date the Option was granted and calculated on a non-diluted basis) to any one individual in a twelve (12) month period;
- (b) two percent (2%) of the total number of issued and outstanding Shares (determined at the date the Option was granted and calculated on a non-diluted basis) to any one consultant in a twelve (12) month period; and
- (c) two percent (2%) of the total number of issued and outstanding Shares of the issuer (determined at the date the Option was granted and calculated on a non-diluted basis) to persons employed to provide investor relations services in any twelve (12) month period,

unless the Company receives the permission of the stock exchange or exchanges on which the Shares are listed to exceed such threshold.

9. Restrictions on Insiders

- (a) The number of Shares reserved for issuance under Options granted to insiders of the Company shall not exceed 10% of the total number of issued and outstanding Shares;
- (b) Options granted to insiders of the Company within a 12 month period shall not exceed 10% of the total number of issued and outstanding Shares.

10. Term

The period during which an Option may be exercised (the "Option Period") shall be determined by the Board at the time the Option is granted, subject to any vesting limitations which may be imposed by the Board at the time such Option is granted, provided that:

- (a) for so long as the Company is a Tier 2 issuer (as defined by the TSX Venture Exchange), no Option shall be exercisable for a period exceeding five (5) years from the date the Option is granted;
- (b) the Option Period shall be automatically reduced in accordance with Sections 12 and 13 below upon the occurrence of any of the events referred to therein; and
- (c) no Option in respect of which shareholder approval is required under the rules of any stock exchange or exchanges on which the Shares are listed shall be exercisable until such time as the Option has been approved by the shareholders of the Company.

11. Method of Exercise of Option

- (a) Except as set forth in Sections 12 and 13 below, no Option may be exercised unless the holder of such Option or his permitted assignee under this Plan is, at the time the Option is exercised, a director, officer, employee or consultant of the Company;
- (b) Options may be exercised in whole or in part;
- (c) Any Participant (or his heirs, executors, administrators and legal personal representatives) wishing to exercise an Option shall deliver to the Company, at its principal office:

- (i) a written notice expressing the intention of such Participant (or his heirs, executors, administrators and legal personal representatives) to exercise his Option and specifying the number of Shares in respect of which the Option is exercised; and
 - (ii) a cash payment, by cheque or bank draft or wire transfer, representing the full purchase price of the Shares in respect of which the Option is exercised.
- (d) Upon the exercise of an Option as aforesaid, the Company shall forthwith deliver, or cause the registrar and transfer agent of the Shares to deliver, to the relevant Participant (or his heirs, executors, administrators and legal personal representatives) or to the order thereof, a certificate representing the aggregate number of fully paid and non-assessable Shares as the Participant (or his heirs, executors, administrators and legal personal representatives) shall have then paid for.

12. Ceasing to be a Director, Officer, Employee or Consultant

If any Participant who is a director, officer, employee or consultant of the Company shall cease to be a director, officer, employee or consultant of the Company for any reason other than death, permanent disability or normal retirement, his Option will terminate at 5:00 p.m. (Eastern Standard Time) on the earlier of the date of the expiration of the Option Period and the ninetieth (90th) day after the date such Participant ceases to be a director, officer, employee or consultant of the Company, provided that the Board may extend the expiry date of such Options with any necessary consent of any stock exchange or exchanges on which the Shares are then listed.

If any Participant who is engaged in providing investor relations services to the Company ceases to be retained by the Company for any reason other than death, permanent disability or normal retirement, his Option will terminate at 5:00 p.m. (Eastern Standard Time) on the earlier of the date of the expiration of the Option Period and the thirtieth (30th) day after the date such Participant ceases to be retained by the Company, provided that the Board may extend the expiry date of such Options with any necessary consent of any stock exchange or exchanges on which the Shares are then listed.

Neither the selection of any person as a Participant nor the granting of an Option to any Participant under this Plan shall (i) confer upon such Participant any right to continue as a director, officer, employee or consultant of the Company, as the case may be, or (ii) be construed as a guarantee that the Participant will continue as a director, officer, employee or consultant of the Company, as the case may be.

13. Death, Permanent Disability or Normal Retirement of a Participant

In the event of the death, permanent disability or normal retirement of a Participant, any Option previously granted to him shall be exercisable until the earlier of (i) the end of the Option Period; or (ii) until the expiration of ninety (90) days from the date of the normal retirement of such Participant, or one (1) year from the date of the death or permanent disability of such Participant, and then, in the event of death or permanent disability, only:

- (a) by the person or persons to whom the Participant's rights under the Option shall pass by the Participant's will or applicable law; and
- (b) to the extent that he was entitled to exercise the Option as at the date of his death or permanent disability.

14. Rights of Participants

No person entitled to exercise any Option granted under this Plan shall have any of the rights or privileges of a shareholder of the Company in respect of any Shares issuable upon exercise of such Option until such Shares have been paid for in full and issued to such person.

15. Adjustments

- (a) The number of Shares subject to the Plan shall be increased or decreased proportionately in the event of the subdivision or consolidation of the outstanding Shares of the Company, and in any such event a corresponding adjustment shall be made changing the number of Shares deliverable upon the exercise of any Option granted

prior to such event without any change in the total price applicable to the unexercised portion of the Option, but with a corresponding adjustment in the price for each Share covered by the Option. In the event the Company proposes to amalgamate, merge by way of statutory plan of arrangement or other form of business combination, or consolidate with any other corporation (other than a wholly-owned subsidiary of the Company) or to liquidate, dissolve or wind-up, or in the event an offer to purchase the Shares of the Company or any part thereof shall be made to all holders of Shares of the Company, the Company shall have the right, upon written notice thereof to each Optionee, to require the exercise of the option granted within the thirty (30) day period next following the date of such notice and to determine that upon the expiry of such thirty (30) day period, all rights of the Optionee to exercise same (to the extent not theretofore exercised) shall ipso facto terminate and cease to have any further force or effect whatsoever.

- (b) Adjustments under this Section 15 shall be made by the Board, whose determination as to what adjustments shall be made, and the extent thereof, shall be final, binding and conclusive. No fractional Shares shall be issued under this Plan on any such adjustment.

16. Transferability

Except as specifically provided herein, all benefits, rights and Options accruing to any Participant in accordance with the terms and conditions of this Plan shall not be transferable or assignable. During the lifetime of a Participant, any Options granted hereunder may only be exercised by the Participant or a permitted assignee and in the event of the death or permanent disability of a Participant, by the person or persons to whom the Participant's rights under the Option pass by the Participant's will or applicable law.

17. Amendment and Termination of Plan

The Board may, at any time, suspend or terminate this Plan. The Board may also at any time amend or revise the terms of this Plan, subject to obtaining any necessary regulatory approval and any requisite shareholder approval.

18. Necessary Approvals

The obligation of the Company to issue and deliver Shares in accordance with this Plan is subject to applicable securities legislation and to the receipt of any approvals that may be required from any regulatory authority or stock exchange having jurisdiction over the securities of the Company. If Shares cannot be issued to a Participant upon the exercise of an Option for any reason whatsoever, the obligation of the Company to issue such Shares shall terminate and any funds paid to the Company in connection with the exercise of such Option will be returned to the relevant Participant as soon as practicable.

19. Stock Exchange Rules

This Plan and any option agreements entered into hereunder shall comply with the requirements of the stock exchange or exchanges on which the Shares are listed, including any requirements with respect to the vesting of Options.

20. Gender

Whenever used herein words importing the masculine gender shall include the feminine and neuter genders and vice versa.

21. Interpretation

This Plan will be governed by and construed in accordance with the laws of the Province of British Columbia and the federal laws applicable therein, without reference to conflict of laws principles.

CORPORATE INFORMATION

Directors	Shareholders' Information
<p>Peter Miles ⁽³⁾ Chief Executive Officer and Director Vancouver, British Columbia, Canada</p>	<p>Stock Exchange Listing TSX Venture Exchange Symbol: STA</p>
<p>Edward Marlow ^{(1) (2)} Non-executive Chairman of the Corporation London, United Kingdom</p>	<p>Executive Offices Suite 1925 - 925 West Georgia Street Vancouver, British Columbia, V6C 3L2</p> <p>Telephone: (604) 408-6680 Fax: (604) 408-6682 Toll-free: 1-877-881-6680</p>
<p>Harley Hotchkiss ^{(1) (2)} Non-executive Director Calgary, Alberta, Canada</p>	
<p>Buddy Doyle Vice President Exploration and Non-executive Director Vancouver, British Columbia, Canada</p>	<p>Registrar and Transfer Agent Computershare Investor Services Inc. Vancouver, British Columbia</p>
<p>Dr. Nicholas Archibald ^{(1) (3)} Non-Executive Director Perth, WA, Australia</p>	<p>Auditors BDO Dunwoody LLP Chartered Accountants Vancouver, British Columbia</p>
<p>Annual and Special Meeting The annual and special meeting of shareholders will be held at: 11:00 a.m. on Wednesday, September 9, 2009 at: Suite 1925, 925 West Georgia Street, Vancouver, British Columbia, V6C 3L2</p>	<p>Legal Counsel Lang Michener LLP Lawyers – Patent & Trade Mark Agents Vancouver, British Columbia</p>
<p>Legend:</p> <p>(1) Member of the Audit Committee (2) Member of the Compensation Committee (3) Member of the Corporate Governance Committee</p>	