



**NOTICE OF MEETING  
INFORMATION CIRCULAR  
FOR THE  
ANNUAL GENERAL MEETING  
OF  
AMERIGO RESOURCES LTD.**

to be held on  
**June 24, 2009**



## **NOTICE OF ANNUAL GENERAL MEETING OF SHAREHOLDERS**

TAKE NOTICE that the 2009 Annual General Meeting (the "Meeting") of the shareholders of **AMERIGO RESOURCES LTD.** (the "Company") will be held at the Cypress Room, Hyatt Regency Vancouver, 655 Burrard Street, Vancouver, British Columbia, on Wednesday, June 24, 2009 at 2:30 in the afternoon (Vancouver time) for the following purposes:

1. to receive the Report of the Directors;
2. to receive the audited consolidated financial statements of the Company for the fiscal year ended December 31, 2008 and the report of the auditors thereon;
3. to appoint PricewaterhouseCoopers LLP as auditors of the Company for the ensuing year;
4. to elect two Class III directors of the Company;
5. to consider and, if thought fit, to approve an ordinary resolution providing the required three-year reapproval of the Company's 2006 incentive stock option plan, as more particularly described in the accompanying Information Circular;
6. to consider and, if thought fit, to approve an ordinary resolution adopting the shareholder rights plan of the Company previously approved by the Board of Directors on December 24, 2008, as more particularly described in the accompanying Information Circular; and
7. to transact any other business that may properly come before the Meeting and any adjournment thereof.

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

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

Please advise the Company of any change in your address.

DATED at Vancouver, British Columbia, this 28<sup>th</sup> day of April, 2009.

**BY ORDER OF THE BOARD OF DIRECTORS**

A handwritten signature in black ink, appearing to read 'S. G. Dean', written over a horizontal line.

Steven G. Dean  
Chairman

## 2008 REPORT TO SHAREHOLDERS

As many of our shareholders already know, Amerigo owns a 100% interest in Minera Valle Central S.A., a Chilean copper and molybdenum producer that has a long-term partnership with the National Copper Corporation of Chile to treat fresh and old tailings from Codelco's El Teniente mine, the largest underground copper mine in the world. Chile is the world's largest copper mining country, and Codelco is the world's largest copper producer with an estimated 20% of all known copper reserves on earth.

The fresh tailings come from El Teniente's current production, and the old tailings mainly from Colihues, a tailings pond located near MVC's plant that contains more than 200 million tonnes of material. The old tailings from Colihues contain approximately 2-3 times the copper content of the fresh tailings and, once MVC gears up to process these tailings at the maximum contractual rate, the Company will be in a position to substantially increase production and profitability from current levels. In addition, there are 2 other tailings ponds in the area, the rights to which MVC hopes to obtain in future. These 3 tailings ponds combined contain a similar size copper resource as that of Highland Valley Copper, the largest copper mine in Canada, when it first started operations.

MVC has been in continuous operation since 1992, and in management's view the 2008 global financial crisis constituted the single most significant and challenging event in the Company's history.

During the latter part of Q3-2008, and after the Company declared its second semi-annual dividend for the year, global financial markets and metal prices virtually went into freefall. The Company's copper selling price declined from \$3.80/lb in Q2-2008 to \$2.81/lb in Q3-2008 and finally to \$1.31/lb in Q4-2008. The decline in the Company's molybdenum selling price was even more dramatic, falling from more than \$33/lb to less than \$10/lb in a period of two weeks.

Although the Company's production of both copper and molybdenum were higher in 2008 than in 2007, significantly lower metals prices negatively affected financial results. Revenues declined from \$105.7 million in 2007 to \$97.6 million in 2008. The Company incurred a loss of \$19 million compared to a net profit of \$24.3 million in 2007, in large part due to an \$18.9 million non cash write-down of the Company's investments in Candente Resource Corp. and Los Andes Copper Ltd. In addition, the Company suffered from extremely high energy prices, particularly in the first half of the year. This was due to the fact that Chile's already tight energy situation was exacerbated by severe droughts, particularly in Q1-2008 and Q2-2008. Power, the Company's most significant cost, rose to \$0.2103/kWh in 2008 from \$0.1732/kWh in 2007. Fortunately signs of improvement were visible as of Q3-2008, however, as intensive rains during the Chilean winter allowed increased access to hydroelectric power supplies.

In accordance with industry standard pricing conventions, before each year the copper smelter and molybdenum roaster choose the method by which the Company's production will be priced. For 2008 the smelter chose M+4, which means that the final payment the Company receives for copper it delivers to the smelter is calculated based on the price 4 months after the copper is delivered to the smelter. On delivery the Company receives a provisional payment based on the price at that time. When metals prices are falling, the difference between the final and provisional payments constitutes a negative settlement pricing adjustment, and can be substantial. During the latter part of 2008 and the first two months of 2009 the Company's negative settlement adjustments reached a total in excess of \$16 million.

Faced with extremely high negative pricing adjustments, a sharp reduction in operating cash flows and high operating costs, management proceeded to take a number of steps to stabilize the Company's financial situation and improve its liquidity. Agreement was reached for the deferral of payments due on account of negative pricing adjustments, extending payment to 2011, and the Company secured additional bank financing in Chile, extended credit terms with its key suppliers, and negotiated royalty deferrals with El Teniente and power cost deferrals with its energy supplier. The Company also completed a private placement in February 2009, raising approximately \$8.5 million (Cdn\$10.5 million),

and has reduced capital and discretionary expenditures and suspended dividend distributions for the foreseeable future in order to conserve working capital.

Capital expenditures for the year were approximately \$22.7 million, with the bulk of these funds applied to two main projects, the electrical generation plant and old tailings extraction infrastructure. Although the generators are now operational, power costs are seasonally lower therefore management has decided to first complete the synchronization system which will allow the plant to switch seamlessly from the grid to self generation before they are put into operation. Investment will be much lower in 2009, with capital expenditures budgeted to be approximately \$5.6M. The most significant cost is expected to be approximately \$2.6M for the completion of the self-generation project and for synchronization of the generators.

Extraction of old tailings was suspended during much of Q1-2009 as MVC completed the reorientation of the hydraulic extraction equipment and mining faces. Although production was adversely affected in Q1-2009 as a result, management believes that this change to the extraction plan will result in higher grades and recoveries and increased copper and molybdenum production commencing in Q2-2009. Management expects 2009 production to be 5 to 10% higher than in 2008, and unit costs to continue to trend downward.

Given the positive production trends and expected continued reductions in cash and total cost, at copper and molybdenum prices prevailing as of the date of this report management expects to generate operating profits and positive cash flows from operations commencing in Q2-2009, excluding the effect of changes in non-cash working capital accounts.

Finally, due to the sharp decline in copper and molybdenum prices experienced in Q4-2008, the Company completed an assessment of the carrying value of its plant, equipment and contractual rights. Management reached the conclusion that the MVC asset has a carrying value far in excess of the Company's current market capitalization, and its auditors agreed that no impairment to the carrying value of the Company's assets is required. We believe that the long term prospects of the Company remain solid.

The Company once again wishes to thank all of our management and staff in Chile and Vancouver for their dedication and hard work during the course of the year. As always, we are also thankful to the Board for their insight and to our fellow shareholders for their continuing support, and look forward to a much better year in 2009.



Steven G. Dean

Chairman



Klaus M. Zeitler

President



**AMERIGO RESOURCES LTD.  
(the "Company")**

**Suite 3083, 595 Burrard Street, Box 49298, Vancouver, B.C., V7X 1L3  
Telephone: (604) 681-2802, Facsimile: (604) 682-2802**

**INFORMATION CIRCULAR FOR  
ANNUAL GENERAL MEETING**

(As at April 28, 2009, except as indicated)

**GENERAL PROXY INFORMATION**

**SOLICITATION OF PROXIES**

The Company is providing this Information Circular and a form of proxy in connection with management's solicitation of proxies for use at the Annual General Meeting (the "*Meeting*") of the Company to be held on June 24, 2009 and at any adjournments. Unless the context otherwise requires, when we refer in this Information Circular to the Company, its subsidiaries are also included.

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

**APPOINTMENT OF PROXYHOLDERS**

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

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

**PROXY INSTRUCTIONS**

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

wish to vote by Proxy whether or not they are able to attend the Meeting in person. Registered shareholders may vote by Proxy as follows: by mail or fax, or by hand delivery to Computershare Trust Company of Canada, Proxy Department, 100 University Avenue, 9<sup>th</sup> Floor, Toronto, Ontario, M5J 2Y1 Fax: Within North America: 1-866-249-7775 Outside North America: (416) 263-9524.

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

## **REVOCABILITY OF PROXIES**

In addition to revocation in any other manner permitted by law, a shareholder who has given a Proxy may revoke it by either executing a Proxy bearing a later date or by executing a valid notice of revocation, either of the foregoing to be executed by the shareholder or the shareholder's authorized attorney in writing, or; if the shareholder is a company, under its corporate seal by an officer or attorney duly authorized; and by depositing (a) the Proxy bearing a later date with Computershare Trust Company of Canada, Proxy Department, 100 University Avenue, 9<sup>th</sup> Floor, Toronto, Ontario, M5J 2Y1, not later than 48 hours (excluding Saturdays, Sundays and holidays) before the commencement of the Meeting or the adjournment thereof at which the Proxy is to be used; or (b) the notice of revocation at the registered office of the Company, Suite 2300, 550 Burrard Street, Vancouver, British Columbia, V6C 2B5, at any time up to and including the last business day that precedes the day of the Meeting or, if the Meeting is adjourned, that precedes any reconvening thereof, or to the chair of the Meeting on the day of the Meeting or any reconvening thereof, or in any other manner provided by law. In addition, a Proxy may be revoked by the shareholder personally attending the Meeting and voting the shareholder's shares. A revocation of a Proxy will not affect a matter on which a vote is taken before the revocation.

## **EXERCISE OF DISCRETION**

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

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

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

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

The information set forth in this section is of significant importance to many shareholders of the Company, as a substantial number of shareholders do not hold Shares in their own name. Shareholders who do not hold their Shares in their own name (referred to in this Information Circular, collectively, as "*Beneficial Shareholders*") should note that only Proxies deposited by shareholders whose names appear on the records of the Company as the registered holders of Shares can be recognized and acted upon at the Meeting. If Shares are listed in an account statement provided to a shareholder by a broker, then in almost all cases those Shares will not be registered in the shareholder's name on the records of the Company. Such Shares will more likely be registered under the names of the shareholder's broker or an agent of that broker. In the

United States the vast majority of such shares are registered under the name of Cede & Co. as nominee for The Depository Trust Company (which acts as depository for many U.S. brokerage firms and custodian banks), and in Canada under the name of CDS & Co. (the registration name for The Canadian Depository for Securities Limited; and which acts as nominee for many Canadian brokerage firms). **Beneficial Shareholders should ensure that instructions respecting the voting of their Shares are communicated to the appropriate person.**

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

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

#### **RECORD DATE AND VOTING SECURITIES**

The Company has set the close of business on April 28, 2009 as the record date (the "*Record Date*") for determination of persons entitled to receive notice of the Meeting. Only the registered holders of Shares, and those beneficial holders entitled to receive notice pursuant to NI 54-101 through their intermediaries, as at that date, are entitled to receive notice of and to vote at the Meeting unless after that date a shareholder of record transfers his or her Shares and the transferee, upon producing properly endorsed certificates evidencing such Shares or otherwise establishing that he or she owns such Shares, requests by contacting Computershare Trust Company of Canada, Proxy Department, 100 University Avenue, 9<sup>th</sup> Floor, Toronto, Ontario, M5J 2Y1, at least 10 calendar days prior to the Meeting that the transferee's name be included in the list of shareholders entitled to vote, in which case such transferee is entitled to vote such Shares at the Meeting.

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

The Company is authorized to issue an unlimited number of Shares, of which 132,115,944 Shares are issued and outstanding as at the date hereof. Persons who are registered shareholders at the close of business on April 28, 2009 will be entitled to receive notice of and vote at the Meeting and will be entitled to one vote for each share held. The Company has only one class of shares.

To the knowledge of the Directors and executive officers of the Company, only the following shareholder beneficially owns, controls or directs, directly or indirectly, Shares carrying 10% or more of the voting rights attached to any class of voting securities of the Company:

Shareholder Name	Number of Shares Beneficially Owned, Controlled or Directed, Directly or Indirectly	Percentage of Outstanding Shares
Ross J. Beaty	26,003,500 <sup>(1)</sup>	19.68%

<sup>(1)</sup> Of these shares, 25,953,500 are held through Mr. Beaty's wholly-owned company, Kestrel Holdings Ltd.

### ELECTION OF DIRECTORS

The directors of the Company are elected for three year terms, and are divided into Class I, Class II, and Class III with terms expiring at the Annual General Meeting in 2010, 2011, and 2009 respectively.

The Directors have set the number of directors of the Company at five (5).

The Company has an Audit Committee, a Compensation Committee, a Nominating Committee and a Disclosure Policy Committee. Details of board membership in such committees are set out below.

### ELECTION OF CLASS III DIRECTORS

The term of office of the Class III directors expires at the Meeting. The persons named below will be presented for election at the Meeting as management's nominees. Management does not contemplate that the nominees will be unable to serve as directors. Each director elected will hold office for a term of three years, or until his successor is elected or appointed, unless his office is earlier vacated in accordance with the Articles of the Company or with the provisions of the *Business Corporations Act* (British Columbia). Each of the directors has been classified by the Board of Directors as a Class I, Class II or Class III director. In addition to the slate of nominees herein, registered shareholders present at the Meeting shall be entitled to nominate and vote for the election of any other person or persons as a director. The Company has not received notice of and management is not aware of any proposed nominees additional to those named.

In the following table and notes are the name of each person proposed to be nominated by management for election as a director (a "proposed director"), the province and country in which he is ordinarily resident, all offices of the Company now held by him, his principal occupation, the period of time for which he has been a director of the Company, and the number of Shares of the Company beneficially owned by him, directly or indirectly, or over which he exercises control or direction, as at the date hereof.

Name, Province and Country of Residence and Position <sup>(1)</sup>	Principal occupation or employment and, if not a previously elected director, occupation during the past 5 years <sup>(1)</sup>	Date of appointment/election as a Director	Number of Common Shares beneficially owned, directly or indirectly, or controlled or directed <sup>(2)</sup>
Steven G. Dean <sup>(3)</sup> British Columbia, Canada Chairman & Class III Director	Businessman, Chairman of the Company	April 1, 2003	2,818,450 common shares <sup>(4)</sup>
Sidney Robinson <sup>(5)</sup> Ontario, Canada Class III Director	Corporate Director and Consultant, Director of the Company	May 8, 2003	653,000 common shares <sup>(6)</sup>

(1) The information as to country and province of residence, and principal occupation, not being within the knowledge of the Company, has been furnished by the respective nominees.

(2) Shares beneficially owned, directly or indirectly, or over which control or direction is exercised, as at April 28, 2009, based upon information furnished to the Company by the individual directors. Unless otherwise indicated, such shares are held directly.

(3) Member of the Disclosure Policy Committee.

(4) 2,295,250 are held in a trust of which Mr. Dean is a beneficiary, 393,200 owned indirectly.

(5) Member of the Audit and Nominating Committees and Chairman of the Compensation Committee.

(6) 278,000 owned indirectly.



The following directors are Class I and Class II directors, the terms for which expire after the 2010 and 2011 Annual General Meeting respectively.

Name, province and country of Residence and Position <sup>(1)</sup>	Principal occupation or employment and, if not a previously elected director, occupation during the past 5 years <sup>(1)</sup>	Date of appointment/election as a Director	Number of Common Shares beneficially owned, directly or indirectly, or controlled or directed <sup>(2)</sup>
Robert Gayton <sup>(3)</sup> British Columbia, Canada Class I Director	Chartered Accountant and financial consultant, Director of the Company	August 5, 2004	20,000 common shares <sup>(4)</sup>
Klaus M. Zeitler <sup>(5)</sup> British Columbia, Canada President & Class II Director	Businessman, President of the Company	April 1, 2003	3,133,751 common shares <sup>(6)</sup>
Ruston Goepel <sup>(7)</sup> British Columbia, Canada Class II Director	Senior Vice President of Raymond James Ltd., Director of the Company	August 5, 2004	125,000 common shares

- (1) The information as to country and province of residence, and principal occupation, not being within the knowledge of the Company, has been furnished by the respective nominees.
- (2) Shares beneficially owned, directly or indirectly, or over which control or direction is exercised, as at April 28, 2009, based upon information furnished to the Company by the individual directors. Unless otherwise indicated, such shares are held directly.
- (3) Member of the Compensation and Nominating Committees and Chairman of the Audit Committee.
- (4) 10,000 owned indirectly.
- (5) Member of the Disclosure Policy Committee.
- (6) 1,925,001 owned indirectly.
- (7) Member of the Audit and Compensation Committees and Chairman of the Nominating Committee.

Robert Gayton was a director and an officer of Newcoast Silver Mines Ltd. (now known as Southern Silver Exploration Corp.) at the date of a Cease Trade Order issued by the Alberta Securities Commission on October 23, 2003 for failure to file financial statements. The order was revoked on March 25, 2004.

Other than as set out above, to the knowledge of the Company no director or proposed director (or any of their personal holding companies):

- (a) is, as at the date of this Information Circular, or has been, within 10 years before the date of this Information Circular, a director, chief executive officer ("CEO") or chief financial officer ("CFO") of any company (including the Company) that:
  - (i) was the subject, while the proposed director was in the capacity as director, CEO or CFO of such company of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days; or
  - (ii) was subject to a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days, that was issued after the proposed director ceased to be a director, CEO or CFO but which resulted from an event that occurred while the proposed director was acting in the capacity as director, CEO or CFO of such company; or
- (b) is, as at the date of this Information Circular, or has been within 10 years before the date of the Information Circular, a director or executive officer of any company (including the Company) that, while that person was acting in that capacity or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or

- (c) has, within the 10 years before the date of this Information Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the proposed director; or
- (d) has been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or
- (e) has been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable securityholder in deciding whether to vote for a proposed director.

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

## STATEMENT OF EXECUTIVE COMPENSATION

### Compensation Committee

The Compensation Committee of the Board has the following responsibilities:

- reviewing and approving the corporate goals and objectives relevant to senior management's compensation, evaluating their performance, and setting compensation levels based upon this evaluation;
- reviewing the recommendations of senior management with respect to compensation of other management members, and for fixing their compensation, including annual bonuses and the granting of stock options to them under the Company's stock option plan;
- reviewing executive compensation disclosure before the Company publicly discloses this information; and
- reviewing compensation policies and proposals with reference to industry sectors and markets in which the Company operates.

The Compensation Committee members are Sidney Robinson (Chairman), Robert Gayton and Ruston Goepel, all of whom are independent directors. Meetings of the Committee are documented in the form of meeting minutes. In establishing policies covering compensation, including annual bonuses and stock option grants, the Committee takes into consideration the recommendations of senior management. In March 2008 the Company retained the services of Coopers Consulting Ltd. to provide specific support on management compensation as well as director compensation, including surveys of market practices and a technical analysis of this information relative to the Company's compensation plans and practices. In its report to the Company, Coopers Consulting Ltd. (the "Coopers Report") referred to a number of North American mining companies, including the following (the "Benchmark Group"):

Capstone Mining Corp./Silverstone Mining Corp.  
The Grosso Group  
The Northair Group  
Fronteer Development Group  
Blackstone Ventures Inc./Western Keltic Mines  
Lumina Copper Group  
Apex Silver Mines  
Dundee Precious Metals  
First Nickel  
Frontera Copper Corporation  
Golden Star Resources  
Imperial Metals  
Katanga Mining

The Lang Mining Group  
The Discovery Group  
Manex Resource Group  
Western Goldfields Inc./Silver Bear Resources Inc.  
Hunter Dickinson Inc.  
Anatolia Minerals  
Aurizon Mines Ltd.  
Etruscan Resources  
Fortune Minerals  
Glencairn Gold/Central Sun  
Idaho General Mines/General Moly  
Ivernia Inc.  
Mercator Minerals

NewGold Inc.  
NovaGold  
Sherwood Copper  
Skye Resources Inc.  
Taseko Mines  
Western Canadian Coal  
Zinifex Canada

Northgate Minerals  
Redcorp Ventures  
ShoreGold Inc.  
St Andrew Goldfields  
Terrane Metals  
Yukon Nevada Gold Corporation

## **Compensation Discussion and Analysis**

### **Objectives of Executive Compensation**

The Compensation Committee endeavors to ensure that the Company's compensation policies:

- attract and retain highly qualified and experienced executives and managers;
- recognize and reward contribution to the success of the Company as measured by the accomplishment of specific performance objectives; and
- ensure that a significant proportion of compensation is at risk and directly linked to the success of the Company.

Executive compensation is based upon the need to provide a compensation package that will allow the Company to attract and retain qualified and experienced executives, balanced with a pay-for-performance philosophy. Compensation for the 2008 and prior fiscal years has historically been based upon negotiated salaries and management fees, with stock options and bonus potentially being issued and paid as an incentive for performance.

### **Analysis of Elements**

The principal elements of the executive officers' compensation consists of the following: base salary, long-term incentive awards (stock options), and annual performance bonuses. These elements, described below in more detail, are designed to reward corporate and individual performance. Corporate performance is generally measured relative to operational objectives and corporate values. Individual performance is evaluated based on individual expertise, leadership, ethics, and achievement of personal performance and commitments.

### **Benchmarking**

As mentioned above, the services of a compensation consultant were retained in 2008 to review the compensation strategy and policies of the Company. This consultant has performed a benchmark analysis with respect to the base salary and annual performance bonus components for officer and director compensation. The analysis performed by the consultant was presented to the Compensation Committee which took the analysis into account in establishing the base salaries and annual performance bonuses of the Named Executive Officers for the 2008 financial year.

The analysis set ranges for salaries and bonuses, and takes into account the Company's position relative to its peer group in terms of organizational structure and size.

### **Base Compensation**

Base compensation is determined through analysis of compensation paid by the Benchmark Group referred to in the Coopers Report, as well as individual performance as determined by the degree of achievement of business and operating goals. Base compensation is normally reviewed in the first quarter of each year. Senior management recommends base compensation adjustments to the Compensation Committee. The Compensation Committee determines base compensation adjustments for senior management taking into consideration recommendations contained in the Coopers Report. As a result of business conditions in late 2008, the Company decided to freeze base compensation of management and other staff employees, and therefore the base compensation review which normally would have taken place during the first quarter of 2009 was deferred.

## **Annual Incentive Bonus**

In each year the Compensation Committee reviews management performance against corporate and individual goals set for the year. In taking into account corporate performance, it is recognized that many factors are beyond the control of management, such as foreign exchange, interest rates and metal prices. Goals are based on factors over which management can exercise control, including overall production targets, targeted levels for old tailings production, actual operating and capital expenditure costs as compared to budget, and maintenance and improvement of relationships with suppliers, shareholders, partners and concentrate purchasers, such as Codelco-El Teniente, Enami and Molybdenum.

As the Compensation Committee assessed management's performance at year-end 2008, it took into consideration the objectives of executive compensation related to the annual incentive bonus and the stock option plan. The Compensation Committee and the Board had extensive discussions with respect to the question of whether paying annual incentive bonuses to management was appropriate in the context of the Company's financial position and the rapid decline of the Company's share price in 2008. We are acutely aware that many of our shareholders, employees and other stakeholders have experienced significant financial losses as a result of the global economic slowdown, and that the Company's share price performance has been particularly affected by reason of the sudden deterioration of commodity prices and the disruption of credit markets. We are also cognizant that the Company's position is not unusual in the industry. After considerable discussion, the Compensation Committee agreed with senior management that it would not be appropriate to pay annual incentive bonuses for 2008 in the form of cash payments, in order to help preserve working capital in uncertain economic times.

## **Option-based Awards**

The shareholders have approved a stock option plan pursuant to which stock options are granted to executive officers. The stock option plan comprises part of management's compensation package and an additional incentive to work toward long-term Company performance.

The stock option plan has been and will be used to provide share purchase options which are granted in consideration of the level of responsibility of the executive as well as his or her impact and/or contribution to the longer-term operating performance of the Company. In determining the number of options to be granted to the executive officers each year, the Board takes into account the number of options, if any, previously granted to each executive officer, and the performance of that officer to the date options are granted each year. The Company's stock option plan is the sole long term component of management compensation, and we believe helps ensure that compensation is closely aligned with shareholder interests. As a result, the fact that many years of long term compensation decreased significantly in value in the 2008 global financial crisis (all options granted prior to 2009 are significantly out of the money at this point) is consistent with the objectives of executive compensation.

Although the Committee and Board agreed it was not appropriate to pay in cash annual incentive bonuses in respect of 2008, all directors felt that it was important to respect the objectives of the annual incentive plan while taking into account the extraordinary events of late 2008. As a result, senior management recommended and the Compensation Committee agreed that it was appropriate in 2008 to provide management with stock option allotments in a greater number than were given in previous years, in recognition of the fact that, in spite of the global financial crisis, management did accomplish many goals set for the year.

## **Summary Compensation Table**

For financial years ending before December 31, 2008, "Named Executive Officers" or "NEOs" means the Chief Executive Officer ("CEO") and the Chief Financial Officer ("CFO") of the Company, or any individual who acted in a similar capacity, for any part of the most recently completed financial year, each of the Company's three most highly compensated executive officers, or the three most highly compensated individuals acting in a similar capacity, other than the CEO and CFO, who were serving as executive officers at the end of the most recent financial year and whose total salary and bonus exceeds \$150,000, and any individual who would have satisfied these criteria but for the fact that such individual was not serving as an officer of the Company at the end of the most recently completed financial year.

The following table (presented in accordance with National Instrument Form 51-102F6 *Statement of Executive Compensation* which came into force on March 30, 2004 (the "Old Form 51-102F6")) sets forth all annual and long term compensation for services in all capacities to the Company and its subsidiaries (to the extent required by the Old Form 51-102F6) for the financial years ending December 31, 2007 and December 31, 2006 in respect of each of the Company's Named Executive Officers. All amounts in all of the following tables are in Canadian dollars.

**Summary Compensation Table  
for financial years ending December 31, 2006 and 2007**

NEO Name and Principal Position	Year <sup>(1)</sup>	Annual Compensation			Long-Term Compensation			All Other Compensation (\$)
		Salary (\$)	Bonus (\$)	Other Annual Compensation (\$)	Awards		Payouts	
					Securities Under Option/SAR's Granted <sup>(2)</sup> (#)	Shares/Units Subject to Resale Restrictions (\$)	LTIP Payouts (\$)	
Steven G. Dean <sup>(3)</sup> Chairman & Director	2007	Nil	175,000 <sup>(4) (5)</sup>	191,666 <sup>(4)</sup>	400,000	Nil	N/A	Nil
	2006	Nil	120,000 <sup>(4) (6)</sup>	150,000 <sup>(4)</sup>	300,000	Nil	N/A	Nil
Klaus M. Zeitler <sup>(7)</sup> President & Director	2007	Nil	175,000 <sup>(8) (5)</sup>	191,666 <sup>(8)</sup>	400,000	Nil	N/A	Nil
	2006	Nil	120,000 <sup>(8) (6)</sup>	150,000 <sup>(8)</sup>	300,000	Nil	N/A	Nil
Aurora G. Davidson <sup>(9)</sup> CFO	2007	Nil	30,000 <sup>(10) (5)</sup>	68,850 <sup>(10)</sup>	100,000	Nil	N/A	Nil
	2006	Nil	18,144 <sup>(10) (6)</sup>	63,000 <sup>(10)</sup>	75,000	Nil	N/A	Nil

- (1) Fiscal years ending December 31 2006 and 2007.
- (2) The Company does not have any Stock Appreciation Rights.
- (3) Chairman since April 1, 2003.
- (4) Paid to Sirocco Advisory Services Limited, a company owned by an associate of Mr. Dean, pursuant to an agreement made as of January 1, 2004.
- (5) Bonus for 2007 related performance approved and paid in 2008.
- (6) Bonus for 2006 related performance approved and paid in 2007.
- (7) President since April 1, 2003.
- (8) Paid to Zeitler Holdings Corp., a company owned by Dr. Zeitler and an associate of Dr. Zeitler, pursuant to an agreement made as of January 1, 2004.
- (9) Chief Financial Officer since January 2, 2004.
- (10) Paid to Delphis Financial Strategies Inc. of which Ms. Davidson is the principal, pursuant to a letter agreement dated December 8, 2003.

The following table (presented in accordance with National Instrument Form 51-102F6 ("*Statement of Executive Compensation*" which came into force on December 31, 2008 (the "*New Form 51-102F6*")) sets forth all annual and long term compensation for services in all capacities to the Company for the most recently completed financial year of the Company (to the extent required by the New Form 51-102F6) in respect of each Named Executive Officer, as defined in New Form 51-102F6.

**Summary Compensation Table  
for financial year ending on December 31, 2008**

Name and Principal Position	Year <sup>(1)</sup>	Salary (\$)	Option-Based Awards <sup>(2)</sup> (\$)	Non-Equity Incentive Plan Compensation (\$)		All Other Compensation (\$)	Total Compensation (\$)
				Annual Incentive Plans	Long-term Incentive Plans		
Steven G. Dean Chairman & Director	2008	Nil	3,750	Nil	Nil	210,000 <sup>(3)</sup>	213,750
Klaus M. Zeitler President & Director	2008	Nil	3,750	Nil	Nil	210,000 <sup>(3)</sup>	213,750
Aurora G. Davidson CFO	2008	Nil	1,000	Nil	Nil	90,000 <sup>(3)</sup>	91,000

(1) Fiscal year ending December 31.

(2) Value of stock options granted during the year. Please see Incentive Plan Awards: Value vested or earned during the year, below, for details of stock option grants to NEOs

(3) Paid to Sirocco Advisory Services Limited, a company owned by an associate of Mr. Dean, pursuant to an agreement made as of January 1, 2008. See the section herein entitled "Termination and Change of Control Benefits, Changes in Responsibility and Employment Contracts".

(4) Paid to Zeitler Holdings Corp., a company owned by Dr. Zeitler and an associate of Dr. Zeitler, pursuant to an agreement made as of January 1, 2008. See the section herein entitled "Termination and Change of Control Benefits, Changes in Responsibility and Employment Contracts".

(5) Paid to Delphis Financial Strategies Inc. of which Ms. Davidson is the principal, pursuant to an agreement made as of January 1, 2008. See the section herein entitled "Termination and Change of Control Benefits, Changes in Responsibility and Employment Contracts".

**Incentive Plan Awards: Value vested or earned during the year**

The value vested or earned during the most recently completed financial year of incentive plan awards granted to NEOs are as follows:

Name	Option-Based Awards - Value Vested During The Year (\$) <sup>(1)</sup>	Share-Based Awards - Value Vested During The Year (\$)	Non-Equity Incentive Plan Compensation - Value Earned During The Year (\$)
Steven G. Dean Chairman & Director	3,750	Nil	Nil
Klaus M. Zeitler President & Director	3,750	Nil	Nil
Aurora G. Davidson CFO	1,000	Nil	Nil

(1) Value is calculated for options granted during the year on each vesting date. The value is calculated by multiplying the number of shares which may be acquired on exercise on the vesting date by the difference, if any, between the market value of the securities underlying the options on the vesting date and the \$2.13 exercise price of the options. Options granted to all three NEOs during the year vested as follows: 25% on grant, 25% on April 1, 2008, 25% on July 1, 2008 and 25% on October 1, 2008. The closing price for the Company's shares on each of these dates was \$2.13, \$2.18, \$1.60 and \$1.04, respectively, therefore only the options which vested on April 1, 2008 were in the money on the date of vesting and are considered to have a value to be included in this table. As the closing price for the Company's shares was \$0.38 on December 31, 2008, all options issued in 2008 were significantly out of the money on that date, and remain out of the money to the date of this Information Circular. None of the options granted to NEOs in 2008 have been exercised.

## Incentive Plan Awards: Outstanding Share-Based Awards and Option-Based Awards

The following table sets forth information concerning all awards outstanding under incentive plans of the Company pursuant to which compensation depends on achieving certain performance goals or similar conditions within a specified period, at the end of the most recently completed financial year, including awards granted before the most recently completed financial year, to each of the Named Executive Officers.

Name	Option-Based Awards				Share-Based Awards	
	Number of Securities Underlying Unexercised Options (#)	Option Exercise Price (\$)	Option Expiration Date	Value <sup>(1)</sup> of Unexercised In-The-Money Options (\$)	Number of Shares Or Units Of Shares That Have Not Vested (#)	Market or Payout Value <sup>(1)</sup> Of Share-Based Awards That Have Not Vested (\$)
Steven G. Dean Chairman & Director	300,000 <sup>(2)</sup>	2.71	Feb. 21, 2011	N/A	Nil	N/A
	400,000	2.23	Feb. 28, 2012	N/A	Nil	N/A
	300,000	2.13	March 20, 2013	N/A	Nil	N/A
Klaus M. Zeitler President & Director	300,000 <sup>(3)</sup>	2.71	Feb. 21, 2011	N/A	Nil	N/A
	400,000	2.23	Feb. 28, 2012	N/A	Nil	N/A
	300,000	2.13	March 20, 2013	N/A	Nil	N/A
Aurora G. Davidson CFO	75,000 <sup>(4)</sup>	1.60	Jan. 7, 2010	N/A	Nil	N/A
	75,000	2.71	Feb. 21, 2011	N/A	Nil	N/A
	100,000	2.23	Feb. 28, 2012	N/A	Nil	N/A
	80,000	2.13	March 20, 2013	N/A	Nil	N/A

- (1) Value is calculated by multiplying the number of securities which may be acquired on exercise of the option by the difference, if any, between the market value of the securities underlying the options at financial year-end and the exercise price of the options. The closing price for the Company's shares on December 31, 2008 was \$0.38.
- (2) Subsequent to the year ended December 31, 2008, a stock option to purchase 700,000 common shares exercisable at \$0.31 per share until March 27, 2014 was granted to Mr. Dean.
- (3) Subsequent to the year ended December 31, 2008, a stock option to purchase 700,000 common shares exercisable at \$0.31 per share until March 27, 2014 was granted to Mr. Zeitler.
- (4) Subsequent to the year ended December 31, 2008, a stock option to purchase 250,000 common shares exercisable at \$0.31 per share until March 27, 2014 was granted to Ms. Davidson.

### Pension Plan Benefits

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

### Termination and Change of Control Benefits

The Company and its subsidiaries have no employment contracts with any Named Executive Officers, any contract, agreement, plan or arrangement that provides for payments to the Named Executive Officers at, following or in connection with any termination (whether voluntary, involuntary or constructive), resignation, a change in control of the Company or a change in the NEOs' responsibilities, except as follows:

Pursuant to a consulting services agreement made (the "ZHL Agreement") as of January 1, 2008 between the Company and Zeitler Holdings Corp. ("ZHL", a company owned by Dr. Zeitler, the Company's president, and an associate of Dr. Zeitler), the Company agreed to pay to ZHL an annual fee of \$90,000 (the "ZHL Fee"), with provision for an annual bonus, if any, to be determined by Amerigo's Compensation Committee. The bonus is based upon the Company meeting key criteria each year, as mutually agreed including business growth targets and budget requirements, and other key corporate milestones. On a "change of control" of the Company, ZHL has the right, at any time to the date that is sixty (60) days following the date of the Change of Control, to terminate the ZHL Agreement, whereupon the Company is required to pay to ZHL an amount equal to twice the ZHL Fee then in effect.

Pursuant to a consulting services agreement (the "Sirocco Agreement") made as of January 1, 2008 between the Company and Sirocco Advisory Services Limited ("Sirocco", a company owned by an associate of Mr. Dean, the Company's chairman) and the Company, the Company agreed to pay to Sirocco an annual fee of \$210,000 (the "Sirocco Fee"), with provision for an annual bonus, if any, to be determined by Amerigo's Compensation Committee. The bonus is based upon the Company meeting key criteria each year, as mutually agreed including business growth targets and budget requirements, and other key corporate milestones. On a "change of control" of the Company, Sirocco has the right, at any time to the date that is sixty (60) days following the date of the Change of Control, to terminate the Sirocco Agreement, whereupon the Company is required to pay to Sirocco an amount equal to twice the Sirocco Fee then in effect.

Pursuant to a consulting services agreement (the "MVC Agreement") made as of January 1, 2008 between the Company's subsidiary, Minera Valle Central, S.A. ('MVC') and ZHL, MVC agreed to pay to ZHL an annual fee of \$120,000 (the "MVC Fee). On a "change of control" of the Company, ZHL has the right, at any time to the date that is sixty (60) days following the date of the Change of Control, to terminate the MVC Agreement, whereupon MVC is required to pay to ZHL an amount equal to twice the MVC Fee then in effect.

Pursuant to a consulting services agreement (the "Delphis Agreement") made as of January 1, 2008 between the Company and Delphis Financial Strategies Inc. ("Delphis", a company of which Ms. Davidson is the principal), the Company agreed to pay to Delphis an annual fee of \$90,000 (the "Delphis Fee") with provision for an annual bonus, if any, to be determined by Amerigo's Compensation Committee. The bonus is based upon the Company meeting key criteria each year, as mutually agreed between Delphis and the Company. On a "change of control" of the Company, the Company may only terminate the Delphis Agreement by providing Delphis with 12 months' written notice of termination or payment of the amount of the Delphis Fee then in effect.

The Company believes that all of these provisions, including the potential amounts payable pursuant to a change in control, are consistent with industry standards.

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

As of December 31, 2008, if Sirocco had chosen to terminate the Sirocco Agreement after a change of control of the Company, Sirocco would have been entitled to receive \$420,000 from the Company, the estimated incremental payment upon termination.

As of December 31, 2008, if ZHL had chosen to terminate the ZHL Agreement after a change of control of the Company, ZHL would have been entitled to receive \$180,000 from the Company, the estimated incremental payment upon termination.

As of December 31, 2008, if ZHL had chosen to terminate the MVC Agreement after a change of control of the Company, ZHL would have been entitled to receive \$240,000 from MVC, the estimated incremental payment upon termination.

As of December 31, 2008, if the Company had chosen to terminate the Delphis Agreement after a change of control of the Company, Delphis would have been entitled to receive \$90,000 from the Company in lieu of notice of termination.



## Performance Graph

The following performance graph illustrates the Company's five year (to December 31, 2008) cumulative total shareholder return (assuming reinvestment of dividends, if any, on each dividend payment date) on a \$100 investment on January 1, 2004 in the Company's Shares compared to the return on a comparable investment on the S&P/TSX Composite Index. The share trading data is as reported by the TSX.



The trend shown by the performance graph set out above shows an increase in the Company's stock price until approximately the spring and summer of 2008, just before the start of the global financial crisis. Up until 2008, the Company awarded compensation increases and, in some years, bonuses to the NEOs as the Company's financial results improved and its share price increased. During 2007, however, the Chilean energy crisis began, and the Company's power costs increased six fold from January 2007 to January 2008. Power costs make up the majority of the Company's production costs, and this substantial increase had a significant adverse effect on the Company's 2007 and 2008 financial results and also affected its share price during that period. The large increase in the cost of energy was not factored into the determination of compensation during those years because it is outside of management's control. As mentioned above, the Compensation Committee at its meeting to discuss 2008 bonuses and compensation reviews for 2009, decided that in view of the global financial crisis and its effect on the share prices of the Company and virtually all other companies in the mining industry, it was not appropriate to pay cash bonuses or increase compensation levels of Company management in 2009.

## Director Compensation

The following table sets forth all amounts of compensation provided to directors who are not NEOs for the Company's most recently completed financial year. All amounts in all of the following tables are in Canadian dollars.

Name	Fees Earned (\$)	Option-Based Awards (\$) <sup>(1)</sup>	Total (\$)
Ruston Goepel	34,000	937.50	34,937.50
Robert Gayton	35,000	937.50	35,937.50
Sidney Robinson	34,000	937.50	34,937.50

<sup>(1)</sup> Value of stock options granted during the year. Please see Incentive Plan Awards, below, for details of stock option grants to directors who are not NEOs.

As described in the preceding table, the Directors are compensated for acting in their capacity as Directors, for meeting and committee participation, involvement in special assignments and for services as consultant or expert.

The Company has a stock option plan for the granting of incentive stock options to the officers, employees and Directors. The purpose of granting such options is to assist the Company in compensating, attracting, retaining and motivating the Directors of the Company and to more closely align the personal interests of such persons to that of the shareholders.

#### Incentive Plan Awards - Value Vested or earned during the year

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

Director Name	Option-Based Awards - Value Vested During The Year <sup>(1)</sup> (\$)
Ruston Goepel	937.50
Robert Gayton	937.50
Sidney Robinson	937.50

<sup>(1)</sup> Value is calculated for options granted during the year on each vesting date. The value is calculated by multiplying the number of shares which may be acquired on exercise on the vesting date by the difference, if any, between the market value of the securities underlying the options on the vesting date and the \$2.13 exercise price of the options. Options granted to all directors who are not NEOs during the year vested as follows: 25% on grant, 25% on April 1, 2008, 25% on July 1, 2008 and 25% on October 1, 2008. The closing price for the Company's shares on each of these dates was \$2.13, \$2.18, \$1.60 and \$1.04, respectively, therefore only the options which vested on April 1, 2008 were in the money on date of vesting and are considered to have a value to be included in this table. As the closing price for the Company's shares was \$0.38 on December 31, 2008, all options issued in 2008 were significantly out of the money on that date, and remain out of the money to the date of this Information Circular. None of the options granted in 2008 to directors who are not NEOs have been exercised.

#### Incentive Plan Awards - Outstanding Option Based Awards

The following table sets forth information concerning all awards outstanding under incentive plans of the Company pursuant to which compensation depends on achieving certain performance goals or similar conditions within a specified period, at the end of the most recently completed financial year, including awards granted before the most recently completed financial year, to each of the directors of the Company who were not Named Executive Officers, during the last financial year ended December 31, 2008:

Director Name	Option-Based Awards			
	Number of Securities Underlying Unexercised Options (#)	Option Exercise Price (\$)	Option Expiration Date	Value of Unexercised In-The-Money Options <sup>(1)</sup> (\$)
Ruston Goepel <sup>(2)</sup>	75,000	2.00	Oct. 5, 2009	N/A
	75,000	2.71	Feb. 21, 2011	N/A
	100,000	2.23	Feb. 28, 2012	N/A
	75,000	2.13	March 20, 2013	N/A

Director Name	Option-Based Awards			
	Number of Securities Underlying Unexercised Options (#)	Option Exercise Price (\$)	Option Expiration Date	Value of Unexercised In-The-Money Options <sup>(1)</sup> (\$)
Robert Gayton <sup>(2)</sup>	75,000	2.00	Oct. 5, 2009	N/A
	75,000	2.71	Feb. 21, 2011	N/A
	100,000	2.23	Feb, 28, 2012	N/A
	75,000	2.13	March 20, 2013	N/A
Sidney Robinson <sup>(2)</sup>	75,000	2.71	Feb. 21, 2011	N/A
	100,000	2.23	Feb, 28, 2012	N/A
	75,000	2.13	March 20, 2013	N/A
Total:	900,000			N/A

(1) Value is calculated by multiplying the number of securities which may be acquired on exercise of the option by the difference, if any, between the market value of the securities underlying the options at financial year-end and the exercise price of the options. The closing price for the Company's shares on December 31, 2008 was \$0.38.

(2) Subsequent to the year ended December 31, 2008, stock options in the amount of 100,000 common shares exercisable at \$0.31 per share until March 27, 2014 were granted to each of Messrs. Goepel, Gayton and Robinson.

## SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The following table summarizes relevant information as of December 31, 2008 with respect to compensation plans under which equity securities are authorized for issuance. At that date the Company had 93,371,544 Shares issued and outstanding

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted-average exercise price (\$) of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by securityholders	4,420,000	2.32	4,917,154

As of the date of this Information Circular, the Company has 132,115,944 Shares issued and outstanding, outstanding options to purchase a total of 6,720,000 Shares at an average exercise price of \$1.63 each, and there remain 6,491,594 Shares available for future issuance under the Company's stock option plan.

See "Particulars of Other Matters to be Acted Upon – Approval of Existing Stock Option Plan" for the material features of the stock option plan.

## INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

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

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

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

in relation to a securities purchase program or other program.

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

Except as disclosed herein, and other than transactions carried out in the ordinary course of business of the Company, no informed person of the Company or proposed director of the Company, no associate or affiliate of the foregoing persons, nor any shareholder beneficially owning, directly or indirectly, Shares, or exercising control or direction over Shares, or a combination of both, carrying more than 10% of the voting rights attached to the Company's outstanding Shares nor an associate or affiliate of any of the foregoing persons has or has had any material interest, direct or indirect, in any transaction since the commencement of the Company's most recently completed financial year or in any proposed transaction which in either such case has materially affected or would materially affect the Company or any of its subsidiaries.

### **APPOINTMENT OF AUDITORS**

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

### **MANAGEMENT CONTRACTS**

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

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

Except as set out herein, no person who has been a director or executive officer of the Company at any time since the beginning of the Company's last financial year, no proposed nominee of management of the Company for election as a director of the Company and no associate or affiliate of the foregoing persons, has any material interest, direct or indirect, by way of beneficial ownership or otherwise, in matters to be acted upon at the Meeting, other than the election of directors or the appointment of auditors. Directors and executive officers may, however, be interested in the required three-year re-approval approval of the Company's Stock Option Plan as detailed below.

### **STATEMENT OF CORPORATE GOVERNANCE PRACTICES**

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

### **AUDIT COMMITTEE INFORMATION**

Information regarding the Company's Audit Committee, together with a copy of the Audit Committee's charter, is contained in the Company's Annual Information Form dated March 31, 2009 (the "AIF") on pages 22 and 24 and Schedule "A" to the AIF. A copy of the AIF is available under the Company's profile on SEDAR at [www.sedar.com](http://www.sedar.com).

## **PARTICULARS OF OTHER MATTERS TO BE ACTED UPON**

### **APPROVAL OF EXISTING STOCK OPTION PLAN**

The Company currently has a "rolling" stock option plan (the "Plan") which was adopted on June 20, 2006 and approved by the Company's shareholders at the 2006 Annual General Meeting. The Plan reserves, for the grant of incentive stock options, a maximum number of Shares equal to 10% of the issued Shares of the Company at the time of any stock option grant. In accordance with TSX policies, the Plan is required to be re-approved by the shareholders every three years.

### **Purpose and General Description of the Plan**

The purpose of the Plan is to allow the Company to grant options to directors, officers, employees and consultants as an incentive to dedicate their efforts to advance the success of the Company. The granting of options is intended to align the interests of such persons with those of the shareholders of the Company. Options are exercisable over periods of up to five years as determined by the Board of the Company and are required to have an exercise price of not less than the closing price of the Company's shares on the TSX on the trading day immediately preceding the day on which the option is granted. Vesting provisions for all options are at the discretion of the Board. Pursuant to the Plan, the Board may, from time to time, authorize the issue of options to directors, officers, employees and consultants of the Company and its subsidiaries or employees of companies providing management or consulting services to the Company or its subsidiaries.

In addition, the Plan provides that:

- a) the aggregate number of Shares issuable under the Plan must not exceed 10% of the number of Shares of the Company outstanding at the time of any grant.
- b) the aggregate number of Shares reserved for issuance pursuant to the Plan or any other share compensation arrangement (pre-existing or otherwise) to insiders of the Company ("Insiders"), as that term is defined in the Securities Act (British Columbia), shall not exceed 10% of the Shares outstanding at any time unless the Company has obtained prior approval of the disinterested shareholders of the Company to do so.
- c) the aggregate number of Shares issued and options granted pursuant to the Plan or any other share compensation arrangement (pre-existing or otherwise) to Insiders within any one-year period shall not exceed 10% of the Shares outstanding unless the Company has obtained prior approval of the disinterested shareholders of the Company to do so;
- d) subject to section (e) below, upon ceasing to be an eligible optionee for any reason (other than death), such optionee has until the earlier of (i) the original expiry date; and (ii) 30 days from the date that such cessation occurs, to exercise his options;
- e) if an eligible optionee ceases to be an optionee due to death, the options held by such optionee will be exercisable for a period of 12 months from the date of such death by such optionee's legal heirs or representatives;
- f) subject to applicable TSX approval, and if required, shareholder approval, the board of directors may, at any time, amend or revise the terms of the Plan, provided that such amendment or revision shall not alter or impair the terms of any options theretofore granted under the Plan;
- g) in the event that any options granted to an Insider of the Company pursuant to the Plan are re-priced to a lower exercise price, the re-pricing of the options will be subject to the prior approval of the disinterested shareholders of the Company;

- h) the exercise price and the number of Shares which are subject to an option may be adjusted from time to time in the event of reclassifications, reorganizations or changes in the capital structure of the Company;
- i) on the occurrence of a takeover bid, or issuer bid transaction, the Board of Directors will have the right to accelerate the date on which any option becomes exercisable; and
- j) the options are non-assignable and non-transferable. The options can only be exercised by the optionee as long as the optionee remains an eligible optionee pursuant to the Plan, during the 30 day period the optionee ceases to be an eligible optionee pursuant to the Plan, or within twelve months from the date of the optionee's death.

In addition, there are no stock appreciation rights (SAR) associated with options granted under the Plan and there is no provision under the Plan to transform stock options into stock appreciation rights. No financial assistance is or will be provided to participants in the Plan by the Company to facilitate the purchase of Shares under the Plan.

As at the date hereof, the Company had options outstanding under the Plan to purchase a total of 6,720,000 Shares representing approximately 5.09% of the Company's issued and outstanding Shares. Options to purchase an additional 6,491,594 shares (representing 4.91% of the Company's issued and outstanding Shares) may be granted under the Plan.

A copy of the Plan is available for viewing up to the date of the Meeting at the Company's offices at Suite 3083, 595 Burrard Street, Vancouver, British Columbia, V7X 1L3 and at the Meeting. In addition, a copy of the Plan will be mailed free of charge to any holder of Shares who requests a copy from the Corporate Secretary of the Company. Any such requests should be mailed to the Company at its head office to the attention of the Corporate Secretary.

### **Shareholder Approval**

The shareholders of the Company will be asked to pass the following ordinary resolutions, in substantially the following form, re-approving the Plan.

"RESOLVED, AS AN ORDINARY RESOLUTION, THAT:

1. the Company's 2006 incentive stock option plan (the "Plan") of the Company be and is hereby approved, ratified and confirmed;
2. the Company be and is hereby authorized to grant stock options pursuant to the terms and conditions of the Plan equal in number up to an aggregate fixed percentage of 10% of the issued capital of the Company at the time of grant of any stock option from time to time, and all unallocated stock options issuable pursuant to the Plan be and are hereby specifically authorized and approved until June 24, 2012;
3. the Plan shall require re-approval by the shareholders on or before June 24, 2012 in order to remain effective past that date; and
4. any director or officer of the Company is hereby authorized and directed for and in the name of and on behalf of the Company to execute or cause to be executed, whether under corporate seal of the Company or otherwise, and to deliver or cause to be delivered all such documents, and to do or cause to be done all such acts and things, as in the opinion of such director or officer may be necessary or desirable in connection with the foregoing."

The Board considers that the ability to grant incentive stock options is an important component of its compensation strategy and is necessary to enable the Company to attract and retain qualified directors, officers, employees and consultants. **The Board therefore recommends that shareholders vote "For" the resolution re-approving the Company's 2006 Incentive Stock Option Plan.** If the Plan is not reapproved by the shareholders, existing options will not be affected, but the Company will not be entitled to grant additional options, and exercised, expired or terminated options will not be available for re-grant.

## SHAREHOLDER RIGHTS PLAN

The Company is a party to a shareholder rights plan agreement (the "*Rights Plan*") with Computershare Investor Services Inc. as rights agent, dated December 24, 2008. The Rights Plan was adopted: (i) to give adequate time for Shareholders to properly assess a take-over bid without undue pressure; (ii) to provide the Board time to consider value-enhancing alternatives to a take-over bid and to allow competing bids to emerge; and (iii) to ensure that Shareholders of the Company are provided equal treatment under a take-over bid. The Rights Plan is not intended to prevent take-over bids that treat Shareholders fairly and was not adopted in response to any proposal to acquire control of the Company.

Under the Rights Plan, those bids that meet certain requirements intended to protect the interests of all Shareholders are deemed to be "Permitted Bids". Permitted Bids must be made by way of a take-over circular prepared in compliance with applicable securities laws and, among other conditions, must remain open for sixty days. In the event a take-over bid does not meet the Permitted Bid requirements or a person otherwise acquires 20% or more of the outstanding Shares (an "Acquiror"), subject to certain exemptions, the rights will entitle Shareholders, other than any Acquiror, to purchase additional Shares at a substantial discount to the market value at the time. As a result, the investment of any Acquiror will be greatly diluted if a substantial portion of the rights are exercised.

A summary of the Rights Plan is set forth in Schedule "B" to this Management Information Circular. This summary is qualified in its entirety by reference to the text of the Rights Plan, which is available upon request from the Company at Suite 3083, 595 Burrard Street, Bentall III, Box 49298, Vancouver, B.C. V7X 1L3, telephone (604) 689-5564 or fax (604) 682-2802, or a copy of the Rights Plan may be obtained from the Company's public disclosure documents found on SEDAR at [www.sedar.com](http://www.sedar.com). Capitalized terms used in this summary without express definition have the meanings ascribed thereto in the Rights Plan.

### Shareholder Approval

The Rights Plan has been conditionally accepted by the TSX. In order for the Rights Plan to continue in effect and be fully accepted by the TSX, the Rights Plan must be approved both (i) by more than 50% of the votes cast at the Meeting by shareholders present in person or by proxy, and (ii) by more than 50% of the votes cast at the Meeting by shareholders present in person or by proxy, without giving effect to any votes cast by a shareholder that, directly or indirectly, on its own or in concert with others, holds or exercises control over more than 20% of the outstanding Shares of the Company (a "Control Person") and by the associates, affiliates and insiders of such Control Person, and any other shareholder who does not qualify as an Independent Shareholder, as that term is defined in the Rights Plan. To the best of the knowledge of the directors and senior officers of the Company, as of date hereof, no person is a Control Person of the Company and there is no shareholder who does not qualify as an Independent Shareholder, as that term is defined in the Rights Plan. If the Rights Plan is not ratified, it will terminate at the end of the Meeting.

Accordingly, the shareholders of the Company will be asked at the Meeting to approve an ordinary resolution (the "*Rights Plan Resolution*") in substantially the following form:

"RESOLVED, AS AN ORDINARY RESOLUTION, THAT:

1. The shareholder rights plan (the "*Rights Plan*") as set forth in the shareholder rights plan agreement dated as of December 24, 2008 between the Company and Computershare Investor Services Inc., and the issuance of the rights issued pursuant to such Rights Plan, be and the same are hereby approved, ratified and confirmed;
2. Any officer of the Company be and is hereby authorized and directed to negotiate, finalize, execute and deliver any and all such further agreements, documents, authorizations,

elections or other instruments and to do all such further acts and things as such officer in his sole discretion may determine in order to complete and give effect to the foregoing resolution and the transactions contemplated by the Rights Plan, such determination to be conclusively evidenced by such officer's execution and delivery of any such agreement, document, authorization, election or other instrument or the taking of any such action; and

3. Despite the foregoing, the directors may revoke this resolution without further approval of the shareholders at any time."

The form of the proposed resolution set forth above is subject to such amendments as management may propose at the Meeting but which do not materially affect the substance of the proposed resolution.

**The directors of the Company recommend that the Shareholders approve the Rights Plan. It is intended that all proxies received will be voted in favour of the Rights Plan Resolution, unless a proxy contains instructions to vote against such resolution.** If the Rights Plan Resolution is not approved by the shareholders of the Company as described in this Management Information Circular, the Rights Plan will terminate and cease to have effect on the date of the Meeting, and the rights issued under it will be void.

#### **ADDITIONAL INFORMATION**

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

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

#### **OTHER MATTERS**

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

DATED this 28<sup>th</sup> day of April, 2009

BY ORDER OF THE BOARD OF DIRECTORS



Steven G. Dean  
Chairman



**SCHEDULE "A"**

**CORPORATE GOVERNANCE PRACTICES**

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

<b><i>Corporate Governance Disclosure Requirement</i></b>	<b><i>The Company's Approach</i></b>
<b>1. Board of Directors –</b>	
(a) Disclose identity of directors who are independent.	(a) The Company's three independent directors are Robert Gayton, Ruston Goepel and Sidney Robinson.
(b) Disclose identity of directors who are not independent and describe the basis for that determination.	(b) The Company's non-independent directors are Steven Dean and Klaus Zeitler, who are non-independent insofar as they hold senior executive positions with the Company.
(c) Disclose whether or not a majority of directors are independent. If a majority of directors are not independent, describe what the board of directors (the board) does to facilitate its exercise of independent judgment in carrying out its responsibilities.	(c) A majority of the directors are independent.
(d) If a director is presently a director of any other issuer that is a reporting issuer (or the equivalent) in a jurisdiction or a foreign jurisdiction, identify both the director and the other issuer.	(d) The following directors are presently also directors of the following other reporting issuers as of the date of this Information Circular: <ul style="list-style-type: none"> <li>• <b>Steven Dean:</b> Spur Ventures Inc., Infinito Gold Ltd. and Candente Resource Corp.</li> <li>• <b>Klaus Zeitler:</b> Candente Resource Corp., Western Copper Corporation and Los Andes Copper Ltd.</li> <li>• <b>Sidney Robinson:</b> Chartwell Seniors Housing Real Estate Investment Trust.</li> <li>• <b>Robert Gayton:</b> B2Gold Corp.; Canadian Zinc Corporation; Eastern Platinum Limited; Intrinsic Software International, Inc.; Nevsun Resources Ltd.; Palo Duro Energy Inc.; Quaterra Resources Inc.; and Western Copper Corporation.</li> <li>• <b>Ruston Goepel:</b> Spur Ventures Inc.; TELUS Corporation; Auto Canada Income Fund; and Baytex Energy Trust.</li> </ul>
(e) Disclose whether or not the independent directors hold regularly scheduled meetings at which non-independent directors and members of management are not in attendance. If the independent directors hold such meetings, disclose the number of meetings held since the beginning of the issuer's most recently completed financial year. If the independent directors do not hold such meetings, describe what the board does to facilitate open and candid discussion among its independent directors.	(e) The Company holds regular quarterly meetings and other meetings of the full board as required, at which the opinion of the independent directors is sought and duly acted upon for all material matters related to the Company. The independent directors meet after regularly scheduled meetings when non-independent directors and members of management are not in attendance, and also meet regularly as members of the Audit and Compensation Committees, and a portion of those meetings are without non-independent directors and members of management in attendance.

<b>Corporate Governance Disclosure Requirement</b>	<b>The Company's Approach</b>
<p>(f) Disclose whether or not the chair of the board is an independent director. If the board has a chair or lead director who is an independent director, disclose the identity of the independent chair or lead director, and describe his or her role and responsibilities. If the board has neither a chair that is independent nor a lead director that is independent, describe what the board does to provide leadership for its independent directors.</p>	<p>(f) Steven Dean, the Company's Chairman of the Board, is not an independent director. Mr. Dean chairs the meetings of the board and actively seeks out the views of independent directors on all board matters. In addition, the independent directors know each other well and communicate with each other on a regular basis. Since the board itself and the independent directors are a relatively small group, the formality of appointing a lead director has not been considered necessary.</p>
<p>(g) Disclose the attendance record of each director for all board meetings held since the beginning of the issuer's most recently completed financial year.</p>	<p>(g) The Company has held 10 board meetings (8 in 2008 and 2 in 2009) since the beginning of its most recently completed financial year. The attendance record for the directors is: Steven Dean 10/10, Klaus Zeitler 10/10, Robert Gayton 10/10, Ruston Goepel 10/10 and Sidney Robinson 10/10.</p>
<p><b>2. Board Mandate –</b> Disclose the text of the board's written mandate. If the board does not have a written mandate, describe how the board delineates its role and responsibilities.</p>	<p>The board assumes responsibility for stewardship of the corporation, including overseeing the operation of the business, supervising management and setting milestones for the Company. The board reviews the statements of responsibilities for the Company including, but not limited to, the Corporate Governance Charter and the Code of Ethics for Financial Managers.</p> <p>The board approves all significant decisions that affect the Company and its subsidiaries and sets specific milestones towards which management directs their efforts.</p> <p>The board of directors and senior management are responsible for identifying the principal risks of the Company's business and for ensuring these risks are effectively monitored and mitigated to the extent practicable.</p> <p>The Chairman and President are responsible for developing a long-term strategic plan for the Company. The board is responsible for approving the strategic plan and annual operating plans recommended by management. Board consideration and approval is also required for all material contracts and business transactions and all debt and equity financing proposals. The board is responsible for senior executive recruitment and the Compensation Committee for senior executive compensation.</p> <p>The board delegates to management, through the Chairman and President, responsibility for meeting defined corporate objectives, implementing approved strategic and operating plans, carrying on the Company's business in the ordinary course, managing the Company's cash flow, evaluating new business opportunities, recruiting staff and complying with applicable regulatory requirements. Management also furnishes recommendations to the board respecting corporate objectives, long-term strategic plans and annual operating plans.</p> <p>The board appoints senior management. At this time two executives are in place who together perform the CEO role.</p>

<b>Corporate Governance Disclosure Requirement</b>	<b>The Company's Approach</b>
	<p>The board approves all of the Company's major communications, including annual and quarterly reports and press releases.</p> <p>Project budgets are brought before the board for approval on a regular basis. The board's direction with respect to these budgets is communicated back to project staff.</p> <p>The board as a whole is responsible for developing the Company's approach to corporate governance.</p> <p>The number of scheduled board meetings varies with circumstances but a minimum of four meetings are held annually. In addition, special meetings are called as necessary. Management establishes the agenda for each board meeting but each director has the opportunity to raise subjects that are not on the agenda at any board meeting. Meeting materials to be reviewed and/or discussed for action by the board are distributed to directors in time for review prior to each meeting.</p> <p>Board members have full and free access to senior management and employees of the Company.</p>
<p><b>3. Position Description –</b></p>	
<p>(a) Disclose whether or not the board has developed written position descriptions for the chair and the chair of each board committee. If the board has not developed written position descriptions for the chair and/or the chair of each board committee, briefly describe how the board delineates the role and responsibilities of each such position.</p>	<p>(a) The board has not developed written position descriptions for the Company's chair and the chair of each board committee. The Chairs of the Nominating and Compensation Committees are responsible for calling the meetings of the respective Committees, establishing meeting agendas with input from management, and supervising the conduct of the meetings. The chair of the Audit Committee has a clear mandate from the board to carry out his responsibilities.</p>
<p>(b) Disclose whether or not the board and CEO have developed a written position description for the CEO. If the board and CEO have not developed such a position description, briefly describe how the board delineates the role and responsibilities of the CEO.</p>	<p>(b) The board and the Chairman and President have not, to date, developed formal, documented position descriptions for the Board and management defining the limits of management's responsibilities. The board annually approves the operating and capital budgets and strategic plan, and the Chairman and President are required to ensure the Company operates within those guidelines. Material departures must be approved by the board. The board is of the view that the respective corporate governance roles of the board and management, as represented by the Chairman and President, are clear, and that the limits to management's responsibility and authority are well-defined.</p>
<p><b>4. Orientation and Continuing Education –</b></p>	
<p>(a) Briefly describe what measures the board takes to orient new directors regarding</p> <ul style="list-style-type: none"> <li>i. The role of the board, its committees and its directors, and</li> <li>ii. The nature and operation of the issuer's business.</li> </ul>	<p>(a) The Company does not have a formal orientation and education program for new directors. However, new directors are provided with relevant materials with respect to the Company, and spend a considerable amount of time being oriented on relevant corporate issues by the Chairman and President. In addition, the directors generally visit the Company's operations in South America each year, in order to meet with local</p>

<b>Corporate Governance Disclosure Requirement</b>	<b>The Company's Approach</b>
	<p>management, view the Company's plant and capital additions, visit the operations and meet with management of our feed material supplier, Codelco-El Teniente, and concentrate purchasers, Enami and Molymet. The directors have not visited the Company's operations in South America in 2009. The last change to the board occurred in August 2004.</p>
<p>(b) Briefly describe what measures, if any, the board takes to provide continuing education for its directors. If the board does not provide continuing education, describe how the board ensures that its directors maintain the skill and knowledge necessary to meet their obligations as directors.</p>	<p>(b) Board members generally travel annually to visit the Company's plant and operations, and particular focus is paid to changes resulting from capital investments. Board members engage in detailed discussions with senior plant managers concerning all matters relating to the business including technical and operational challenges facing the Company, budgets, capital expenditures, MVC's operations, past performance and future goals and objectives for MVC and staff. The board is composed of experienced professionals with a wide range of financial, legal, exploration and mining expertise, and the directors have high levels of communications concerning matters that are important to the Company's business and industry, including events affecting copper and molybdenum markets, merger and acquisition activity, energy markets and other matters that may effect the Company's operations. In addition, there are opportunities for the directors to hear from experts in specialized fields relating to matters such as the political and economic situation in Chile. For example, during the February 2008 visit to MVC the directors spent an afternoon listening to a presentation and engaging in discussions with Chilean energy experts which included their views on current and future challenges in the Chilean energy industry and anticipated responses.</p>
<p><b>5. Ethical Business Conduct –</b></p>	
<p>(a) Disclose whether or not the board has adopted a written code for the directors, officers and employees. If the board has adopted a written code:</p> <ul style="list-style-type: none"> <li>i. Disclose how a person or company may obtain a copy of the code;</li> <li>ii. Describe how the board monitors compliance with its code, or if the board does not monitor compliance, explain whether and how the board satisfies itself regarding compliance with its code; and</li> <li>iii. Provide a cross-reference to any material change report filed since the beginning of the issuer's most recently completed financial year that pertains to any conduct of a director or executive officer that constitutes a departure from the</li> </ul>	<p>(a) The Company has a written Code of Ethical Conduct for Financial Managers and a Whistleblower Policy. Copies may be requested by contacting Amerigo Resources Ltd., at Suite 3083 – 595 Burrard Street, Bentall III, PO Box 49298, Vancouver, BC V7X 1L3, attention Ms. Sarah Drader, (Telephone: (604) 681-2801).</p> <p>The board monitors compliance with the code through the services of WhistleblowerSecurity and management. Toll free numbers to WhistleblowerSecurity are posted at the Company's plant.</p>

<b>Corporate Governance Disclosure Requirement</b>	<b>The Company's Approach</b>
code.	
(b) Describe any steps the board takes to ensure directors exercise independent judgment in considering transactions and agreements in respect of which a director or executive officer has a material interest.	(b) Directors with an interest in a material transaction are required to declare their interest and abstain from voting on such transactions.  A thorough discussion of the documentation related to a material transaction is required for review by the board, particularly independent directors.
(c) Describe any other steps that board takes to encourage and promote a culture of ethical business conduct.	(c) The board seeks directors who have solid track records in spheres ranging from legal and financial to exploration and mining in order to ensure a culture of ethical business conduct.
<b>6. Nomination of Directors -</b>	
(a) Describe the process by which the board identifies new candidates for board nomination	(a) The Nominating Committee draws on all relevant sources in the search for new directors, and all of the Company's directors are involved in the process.
(b) Disclose whether or not the board has a nominating committee composed entirely of independent directors. If the board does not have a nominating committee composed entirely of independent directors, describe what steps the board takes to encourage an objective nomination process.	(b) The board has a Nominating Committee composed entirely of independent directors. A new director should have direct experience in the mining business and significant public company experience. The nominee must not have a significant conflicting public company association.
(c) If the board has a nominating committee, describe the responsibilities, powers and operation of the nominating committee.	(c) The duties and responsibilities of the Nominating Committee are as follows: <ul style="list-style-type: none"> <li>• Identify individuals qualified to become Board members</li> <li>• Recommend candidates to fill Board vacancies and newly created Director positions</li> <li>• Assess the effectiveness of the Board as a whole and individual Board members</li> <li>• Provide an internal orientation program for new recruits to the Board, and provide education to all Board members</li> <li>• Recommend the composition of Committees of the Board</li> </ul>
<b>7. Compensation -</b>	
(a) Describe the process by which the board determines the compensation for the issuer's directors and officers.	(a) The Compensation Committee reviews the adequacy and form of compensation and compares it to other companies of similar size and stage of development. There is no minimum share ownership requirement for directors. Directors' compensation is a combination of annual retainer, meeting fees and stock options. The Company's compensation committee reviews the amounts and effectiveness of such compensation.
(b) Disclose whether or not the board has a compensation committee composed entirely of independent directors.	(b) The board has a Compensation Committee composed of three independent directors.

<b>Corporate Governance Disclosure Requirement</b>	<b>The Company's Approach</b>
(c) If the board has a compensation committee, describe the responsibilities, powers and operation of the compensation committee.	(c) The Compensation Committee's primary responsibility is to make recommendations for approval by the board of directors on an ongoing basis with respect to the appointment and remuneration of directors and officers. The Committee also evaluates the performance of the Company's senior executive officers and reviews the design and competitiveness of the Company's compensation plans. The Compensation Committee meets as required to review and set remuneration.
(d) If a compensation consultant or advisor has, at any time since the beginning of the issuer's most recently completed financial year, been retained to assist in determining compensation for any of the issuer's directors and officers, disclose the identity of the consultant or advisor and briefly summarize the mandate for which they have been retained. If the consultant or advisor has been retained to perform any other work for the issuer, state that fact and briefly describe the nature of the work.	(d) In March 2008 the Company retained the services of Coopers Consulting Ltd. Their mandate was to review mining industry executive compensation arrangements for a number of companies similar to the Company in terms of organizational structure arrangements and size, and to provide the Company with a report summarizing and containing a comparative analysis of both short-term and long-term compensation plans for the chairman, president, chief financial officer and legal counsel for such companies.
<b>8. Other Board Committees –</b>	
If the board has standing committees other than the audit and compensation committees, identify the committees and describe their function.	In addition to the Audit Committee and the Compensation Committee, the Company has a Nominating Committee, the duties and responsibilities of which are outlined in 6. above. The Company also has a Disclosure Policy Committee that consists of the Company's Chairman, President and Corporate Secretary. The function of the Disclosure Policy Committee is to ensure that communications to the investing public about the Company and its subsidiaries are timely, factual and accurate and broadly disseminated in accordance with all applicable legal and regulatory requirements.
<b>9. Assessments –</b>	
Disclose whether or not the board, its committees and individual directors are regularly assessed with respect to their effectiveness and contribution. If assessments are regularly conducted, describe the process used for the assessments. If assessments are not regularly conducted, describe how the board satisfies itself that the board, its committees and its individual directors are performing effectively.	The Audit Committee, as part of its annual review, assesses the effectiveness of the board and its independence. The Audit Committee assesses the adequacy of the information provided, the regular nature of the communication between the board and management and reviews whether management is following the mandated strategic direction as set out in the board's direction and management milestones.  The board assesses management's effectiveness in attaining the Company's corporate objectives, budgets and milestones.

**SCHEDULE "B"**  
**SUMMARY OF AMERIGO SHAREHOLDER RIGHTS PLAN**

**1. Summary of the Principal Terms of the Rights Plan**

This summary is qualified in its entirety by reference to the text of the Amerigo Rights Plan (the "Rights Plan"), which is available upon request from the Company, at Suite 3083, 595 Burrard Street, Bentall III, Box 49298, Vancouver, B.C. V7X 1L3, tel: (604) 681-2802 or fax (604) 682-2802, or from the Company's public disclosure documents found on SEDAR at [www.sedar.com](http://www.sedar.com). Capitalized terms used in this summary are defined in the Rights Plan and, notwithstanding any summary of such terms herein, all such terms have the meanings ascribed to them in the Rights Plan.

**2. Issue of Rights**

The Company issued one right (a "Right") in respect of each Common Share outstanding at the close of business on December 24, 2008 (the "Record Time"). The Company will issue Rights on the same basis for each Common Share issued after the Record Time but prior to the earlier of the Separation Time and the Expiration Time (both defined below).

**3. Rights Certificates and Transferability**

Before the Separation Time, the Rights will be evidenced by the certificates for the Shares and will not be transferable separate from the Shares. From and after the Separation Time, the Rights will be evidenced by separate Rights Certificates which will be transferable separate from and independent of the Shares.

**4. Exercise of Rights**

Rights are not exercisable before the Separation Time. After the Separation Time and before the Expiration Time, each Right entitles the holder to acquire one Common Share for the Exercise Price of \$100 (subject to certain anti-dilution adjustments). This Exercise Price is expected to be in excess of the estimated maximum value per Common Share during the term of the Rights Plan. Upon the occurrence of a Flip-In Event prior to the Expiration Time, each Right (other than any Right held by an Acquiring Person which will become null and void as a result of such Flip-In Event) may be exercised to purchase that number of Shares which have an aggregate Market Price equal to twice the Exercise Price of the Rights for a price equal to the Exercise Price. Effectively, this means a Shareholder of the Company (other than the Acquiring Person) can acquire additional Shares from treasury at half their Market Price.

**5. Acquiring Person**

Subject to certain exceptions as set forth in the Rights Plan, an Acquiring Person is a person who owns or acquires the Beneficial Ownership of 20% or more of the outstanding Shares, other than a person that is a Grandfathered Person under the terms of the Rights Plan.

**6. Beneficial Owner / Beneficial Ownership**

At any given date a person is deemed the "Beneficial Owner" of, and to have "Beneficial Ownership" of, and to "Beneficially Own" any securities of which such person or any of such person's Affiliates or Associates is the owner at law or in equity, and any securities of the Company of which such person or any of such person's Affiliates or Associates has the right to acquire or become the owner at law or in equity, whether such right is exercisable immediately or after the passage of time and whether or not on condition or the happening of any contingency or the making of any payment, upon the exercise of any conversion right, exchange right or purchase right attaching to convertible securities, or pursuant to any agreement, arrangement, pledge or understanding. However, under the Rights Plan a person is deemed not to have Beneficial Ownership of securities in certain circumstances, including:

- (a) securities that are the subject of a Permitted Lock-up Agreement to deposit or tender such securities pursuant to a take-over bid unless or until those securities have been accepted unconditionally for payment or exchange or have been taken up and paid for;
- (b) the person (including an investment manager, trust company, pension fund administrator,

statutory body, crown agent or agency, trustee or nondiscretionary client accounts of registered brokers or dealers) is engaged in the management of mutual funds, investment funds or other specified activities for others, as long as that person:

- (i) holds those Shares in the ordinary course of its business for the account of others; and
  - (ii) is not making a take-over bid or acting jointly or in concert with a person who is making a takeover bid, and did not acquire and does not hold the securities for the purpose of influencing or effecting a change of control (other than in specified circumstances); or
- (c) the person is a registered holder of securities as a result of carrying on the business of or acting as a nominee of a securities depository.

## 7. **Separation Time**

Subject to postponement by the Board of Directors, the Separation Time will generally occur at the close of business on the tenth Trading Day after the earliest of:

- (a) the first date of public announcement that a person has become an Acquiring Person;
- (b) the date of the commencement or announcement of the intent of a person to commence a take-over bid (other than a Permitted Bid or Competing Bid); and
- (c) the date on which a Permitted Bid or Competing Bid ceases to qualify as such; or
- (d) such later date as determined by the Board of Directors acting in good faith.

However, if a take-over bid expires, is cancelled or is withdrawn prior to the Separation Time, or the Board of Directors waives the application of the Rights Plan to a Flip-In Event in accordance with the terms of the Rights Plan, then the Separation Time will be deemed not to have occurred.

## 8. **Expiration Time**

The Rights and the Rights Plan will terminate and expire on the earlier of:

- (a) the time at which the right to exercise Rights is terminated under the terms of the Rights Plan;
- (b) if the Rights Plan is not approved by the requisite majority of Shareholders at the meeting of Shareholders scheduled for June 24, 2009 ("Meeting"); and
- (c) if the Rights Plan is approved by the requisite majority of Shareholders at the Meeting, then the Rights Plan will expire at the close of the third next annual meeting of Shareholders of the Company unless its continuation is again ratified by Shareholders at such meeting.

## 9. **Flip-In Event**

A Flip-In Event occurs when a person becomes an Acquiring Person. Upon the occurrence of a Flip-In Event, any Rights that are beneficially owned by an Acquiring Person and any of its Associates, Affiliates and persons acting jointly or in concert and Rights held by a transferee of any of the foregoing, will become null and void. An Acquiring Person's investment in the Company will be greatly diluted if a substantial portion of the Rights are exercised after a Flip-In Event occurs.

## 10. **Permitted Bid**

A Permitted Bid is a take-over bid made by a person (an "Offeror") pursuant to a take-over bid circular that complies with the following conditions:

- (a) the bid is made to all registered holders of Shares (other than the Offeror), and for all outstanding Shares (other than the Shares held by the Offeror);
- (b) the bid contains an irrevocable and unqualified condition that no Shares will be taken up or paid for under the bid for at least 60 days following the commencement of the bid, and that no Shares will be taken up or paid for unless at such date more than 50% of the outstanding Shares held by Independent Shareholders have been deposited pursuant to the bid and not withdrawn;
- (c) the bid contains an irrevocable and unqualified condition that the Shares may be deposited to and withdrawn from the bid at any time before such Shares are taken up and paid for; and



- (d) the bid contains an irrevocable and unqualified condition that if, on the date specified for take-up and payment, the condition in paragraph (b) above is satisfied, the Offeror will make a public announcement of that fact and the bid will remain open for an additional period of at least 10 business days to permit the remaining Shareholders to tender their Shares.

#### **11. Competing Permitted Bid**

A Competing Permitted Bid is a take-over bid that:

- (a) is made while another Permitted Bid is outstanding; and
- (b) satisfies all the requirements of a Permitted Bid, except that such Competing Permitted Bid contains an irrevocable and unqualified condition that Shares deposited to the Competing Permitted Bid may only be taken up on the later of 35 days after the Competing Permitted Bid was made and 60 days after the date on which the earliest Permitted Bid or Competing Permitted Bid that preceded such Competing Permitted Bid was made, and then only if at such date more than 50% of the outstanding Shares held by Independent Shareholders have been deposited pursuant to such bid and not withdrawn.

#### **12. Redemption of Rights**

The Rights may be redeemed by the Board of Directors at a redemption price of \$0.00001 per Right at any time before a Flip-In Event occurs, provided that if shareholder approval is required pursuant to the terms of the Rights Plan in order for the Board of Directors to waive the operation of the Plan, then shareholder approval will also be required in such circumstances to redeem the Rights. In addition, the Rights will be redeemed automatically in the event of a successful Permitted Bid, Competing Bid or a bid for which the Board of Directors has waived the operation of the Rights Plan.

#### **13. Waiver**

The Board of Directors, acting in good faith, may waive the application of the Flip-In provisions of the Rights Plan to any prospective Flip-In Event which would occur by reason of a take-over bid made by a take-over bid circular to all registered holders of Shares. However, if the Board of Directors waives the Rights Plan with respect to such a take-over bid, it will be deemed to have waived the Rights Plan with respect to any other take-over bid made by take-over bid circular to all registered holders of Shares before the expiry of the bid in respect of which the waiver was granted. The Board of Directors may also waive the "Flip-In" provisions of the Rights Plan in respect of any Flip-In Event provided that the Board of Directors has determined that the Acquiring Person became an Acquiring Person through inadvertence and has reduced its ownership to such a level that it is no longer an Acquiring Person. Other waivers of the "Flip-In" provisions of the Rights Plan will require prior approval of the Shareholders of the Company.

#### **14. Term of the Rights Plan**

If ratified by the Company's shareholders at the June 24, 2009 annual general meeting of shareholders, the Rights Plan will remain in existence until the termination of the Company's annual general meeting in 2012, unless extended upon reconfirmation by shareholders at that meeting. The Rights Plan must then be reconfirmed by shareholders at every third annual meeting of the Company.

#### **15. Amending Power**

If the Rights Plan is ratified by the Company's shareholders at the June 24, 2009 annual general meeting of shareholders, except for minor amendments to correct typographical errors and amendments to maintain the validity of the Rights Plan as a result of a change of law, Shareholder approval is required for amendments to the Rights Plan.

#### **16. Rights Agent**

Computershare Investor Services Inc.

#### **17. Rightsholder not a Shareholder**

Until a Right is exercised, the holder thereof as such will have no rights as a Shareholder of the Company.