

# **GREAT WESTERN MINERALS GROUP LTD.**

226 Cardinal Crescent  
Saskatoon, Saskatchewan  
S7L 6H8

## **INFORMATION CIRCULAR**

(Containing information as at August 11, 2009, unless indicated otherwise)

This Information Circular ("**Circular**") has been sent to you to provide you with important information about the Annual and Special Meeting of Shareholders (the "**Meeting**"), of Great Western Minerals Group Ltd. (the "**Company**") to be held on Thursday, September 10, 2009 at The Saskatoon Club, 417 21<sup>st</sup> St E, Saskatoon, Saskatchewan, at 10 a.m.

Specifically, this Circular explains how to vote your shares, and the details of the matters to be voted on at the Meeting.

## **VOTING INFORMATION**

### **MATTERS TO BE VOTED ON**

At this year's Meeting, shareholders are voting on re-appointment of the auditor, election of directors, approval of the stock option plan and the repricing of options held by certain directors, officers, and consultants of the Company. More detail about these matters can be found below.

### **WHO CAN VOTE**

Each shareholder is entitled to one vote for each common share he or she owns on August 11, 2009, the Record Date. If you acquired your shares after the Record Date and wish to vote, you should take the following steps by 4:00 pm on September 6, 2009:

1. Request that the transfer agent for the Company, Computershare Trust Company of Canada ("**Computershare**"), add your name to the voter's list; and
2. Produce properly endorsed share certificates or provide sufficient information to establish that you own the shares.

As of August 11, 2009 there were 155,973,116 Common Shares of the Company outstanding, each entitled to one vote.

To the best of the knowledge and belief of the Directors and Officers of the Company, no person or corporation beneficially owns or exercises control or direction over shares carrying more than 10% of the voting rights attached to all shares of the Company.

Except as disclosed herein, no person has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in matters to be acted upon at the Meeting except that directors and senior officers of the Company and persons proposed as nominees for election as directors of the Company are eligible to receive stock options pursuant to the Stock Option Plan, approval of which will be sought at the Meeting.

## HOW TO VOTE

### Registered Shareholders

Registered shareholders may vote in person at the Meeting or may give another person authority to vote at the Meeting on their behalf by appointing a proxyholder, as described below under **Voting By Proxy** and **Appointing a Proxyholder**.

### Non-Registered Shareholders

If you hold your shares through a broker, you are most likely not the registered shareholder, but a “non-registered shareholder”. You beneficially own shares, as shown on your account statement, but the shares are actually held in the name your broker, bank, or trust company (called a “nominee”), so the Company does not have access to your name, and cannot accept a proxy from you directly because your name is not on the list of registered shareholders.

You may vote your shares by proxy through your broker (or other nominee) or you may vote your shares in person at the Meeting, by following the instructions below.

#### **Voting By Proxy if you are a Non-Registered Shareholder**

**Your broker, bank, or trust company is not allowed to vote your shares without instructions from you.** To get instructions from you, they send you a form to find out how you want your shares voted. To vote your shares by proxy through your broker without going to the Meeting, you should follow the instructions on the form provided to you by your broker, who will then vote your shares as you instruct.

#### **Voting at the Meeting if you are a Non-Registered Shareholder**

To vote your shares in person at the Meeting you should:

1. Appoint yourself as the proxyholder by writing your own name in the space provided on the form; and
2. Return the form to your broker in the envelope provided.
3. Do not complete the voting section of the proxy form as your vote will be taken at the Meeting.

Keep in mind that votes at meetings are taken by a show of hands, unless a poll is requested. On a show of hands, you only have one vote. If you hold more than one share, and want all of your shares to be counted, it is best to send in a proxy with voting instructions. You are still welcome to attend the meeting in person. Be sure to sign in as a guest, and tell the scrutineer that you voted in advance, by proxy.

If you have voted through your nominee and would like to change your mind and vote in person, contact your nominee to discuss whether this is possible and what procedures you need to follow.

### VOTING BY PROXY

If you will not be at the Meeting, you may still vote by using the proxy form. Please vote, sign, date and return the proxy form in the envelope provided to Computershare Trust Company of Canada, 9th Floor, 100 University Avenue, Toronto, Ontario, M5J 2Y1, or by fax: Within North America: 1-866-249-7775, Outside North America: (416) 263-9524, not less than 48 hours (excluding Saturdays, Sundays and holidays) before the time for holding the meeting, or delivered it to the Chair of the meeting prior to the beginning of the meeting.

Unless otherwise noted, a simple majority of the votes cast at the Meeting, in person or by proxy, will constitute approval of any matter submitted to a vote.

Keep in mind that votes at meetings are taken by a show of hands, unless a poll is requested. On a show of hands, you only have one vote. If you hold more than one share, and want all of your shares to be counted, it is best to send in a proxy with voting instructions. You are still welcome to attend the meeting in person. Be sure to sign in as a guest, and tell the scrutineer you voted in advance, by proxy.

### **Appointing a Proxyholder**

A proxyholder is the person you appoint to act on your behalf at the meeting and to vote your shares. **You may choose anyone to be your proxyholder. The person you choose does not have to be a shareholder, director or officer of the Company.** Simply insert the person's name in the blank space provided on the proxy form. You should be sure that this person is attending the Meeting and is aware that he or she has been appointed to vote your shares. If you do not insert a name in the blank space, then the persons already named on the proxy form are appointed to act as your proxyholder.

Your appointed proxyholder is authorized to vote and act for you at the Meeting, including any continuation after an adjournment of the meeting. On the proxy form you can indicate how you want your proxyholder to vote your shares. You may vote FOR or WITHHOLD your vote on the appointment of an auditor and election of directors. You may vote FOR or AGAINST on the other voting matters. Otherwise you can let your proxyholder decide for you.

### **Voting Discretion of Proxyholder**

If you give instructions on how you want your shares voted, your proxyholder must vote your shares according to your instructions. If you do not give instructions on how to vote on a particular issue, then your proxyholder can vote your shares as he or she sees fit. **If neither you nor your proxyholder gives specific instructions, your shares will be voted as follows:**

- 1. FOR the re-appointment of Hergott Duval Stack & Partners LLP as auditors;**
- 2. FOR the election to the board of directors of all nominees listed in this Circular;**
- 3. FOR the approval of the Stock Option Plan, as amended, attached as Appendix B**
- 4. FOR the approval of the repricing of stock options for directors, officers and consultants.**

Your proxyholder also has discretionary authority for amendments that are made to matters identified in the Notice of Meeting or other matters that properly come before the Meeting. At the time of printing of this Circular, management of the Company does not know of any matter to come before the Meeting other than the matters referred to in the Notice of Meeting.

### **Revoking Your Proxy**

If you change your mind and want to revoke your proxy, you can do so by signing a written statement (or having your attorney, authorized in writing, sign a statement) saying so and delivering it to our Corporate Secretary at our office at 226 Cardinal Crescent, Saskatoon, Saskatchewan, S7L 6H8, or by fax at (306) 659-4501, any time before 4:00 p.m. on the day before the meeting, or by depositing it with the Chairman on the day of the Meeting.

## SOLICITATION OF PROXIES

This Circular is provided in connection with the solicitation of proxies by the management of the Company to be used at the Meeting where the matters set out in the accompanying Notice of Meeting will be considered. Proxies will be solicited primarily by mail, but may also be solicited personally by officers or employees of the Company, in person, in writing, or by phone. The cost of solicitation will be paid by the Company.

If the proxy is executed by a corporation, it must be signed by a duly authorized officer or agent, and the corporate seal must be affixed thereto.

## PARTICULARS OF MATTERS TO BE ACTED UPON

### FINANCIAL STATEMENTS

The consolidated financial statements of the Company for the year ended December 31, 2008 are included in the materials mailed to shareholders with this Circular. No vote is required in relation to the financial statements, but shareholders at the meeting will have an opportunity to ask questions of management or the auditors.

### RE-APPOINTMENT OF AUDITORS

Shareholders will be asked to approve the appointment of Hergott, Duval, Stack & Partners LLP, Chartered Accountants, as the auditor of the Company to hold office until the next annual meeting of shareholders at remuneration to be fixed by the directors. Hergott, Duval, Stack & Partners LLP, Chartered Accountants, were appointed auditor of the Company on May 15, 2002.

Except to the extent that such authority is withheld, the proxies hereby solicited will be voted to re-appoint Hergott Duval Stack & Partners LLP, Chartered Accountants, as auditors of the Company. The text of the resolution shareholders will be asked to pass is as follows:

**“BE IT RESOLVED that Hergott, Duval, Stack & Partners LLP, Chartered Accountants, be re-appointed as the auditor of the Company, to hold office until the next annual general meeting of shareholders at a remuneration to be fixed by the directors.”**

### ELECTION OF DIRECTORS

Shareholders will be asked to elect of the persons listed below as directors of the Company. Except to the extent that such authority is withheld, the proxies hereby solicited will be voted to elect the persons listed. The text of the resolution shareholders will be asked to pass is as follows:

**“BE IT RESOLVED that the persons listed in the information circular for this meeting be elected as directors of the Company, to hold office until the next annual meeting of shareholders or until their successor is duly elected unless their office is earlier vacated in accordance with the Articles of the Company and the *Canada Business Corporations Act* or unless he or she becomes disqualified to act as a director.”**

The board consists of a minimum of 5 and a maximum of 12 Directors to be elected annually. The persons named in the table below, the majority of whom are ordinarily resident in Canada, are the nominees for election to the Board of Directors.

IF ANY OF THE LISTED NOMINEES IS FOR ANY REASON UNAVAILABLE TO SERVE AS A DIRECTOR, PROXIES IN FAVOUR OF MANAGEMENT MAY BE VOTED FOR ANOTHER NOMINEE IN THE DISCRETION OF MANAGEMENT UNLESS THE SHAREHOLDER HAS SPECIFIED IN THE PROXY THAT THEIR SHARES ARE TO BE WITHHELD FROM VOTING IN THE ELECTION OF DIRECTORS.

NAME	RESIDENCE (4)	POSITION WITH THE COMPANY	DIRECTOR SINCE	SHARES (4)
J. Rupert Allan <sup>(1)</sup>	Vancouver, BC	Director, Independent	2007	nil
Gary L. Billingsley <sup>(3)</sup>	Saskatoon, SK	Executive Chairman and Director	1998	888,667
James B. Engdahl <sup>(2)</sup>	Saskatoon, SK	President, CEO & Director	2006	103,750
Ian S. McNaughton <sup>(1)</sup>	Saskatoon, SK	Director, Independent	2007	170,000
Robert J. Quinn <sup>(1)(2)</sup>	Houston, Texas	Director	2006	150,000
David Kennedy <sup>(3)</sup>	Christleton, Chester, UK	Director, Managing Director Metals & Alloys	2009	493,466

(1) Members of the Audit Committee.

(2) Members of the HR, Compensation and Corporate Governance Committee.

(3) Members of the Safety, Health & Environment Committee

(4) The information as to the province or state of residence, principal occupation, and shares beneficially owned or over which a director exercises control or direction, not being within the knowledge of the Company, has been furnished by the respective directors individually.

**J. Rupert Allan** In addition to serving as a director of the Company, Mr. Allan sits on the audit committee. Mr. Allan has forty years of technical and management experience with Canadian junior mining and exploration companies engaged in search and development of base and precious metals, diamonds, and uranium. Mr. Allan is based in Vancouver, B.C., and is a Professional Geologist with the Association of Professional Engineers, Geologists and Geophysicists of Alberta, as well as a member of the Prospectors and Developers Association of Canada.

The majority of Mr. Allan's work has been focused on a diverse range of properties in Canada, but he also has worked in many areas around the world including: Bulgaria, Sweden, Mali, Burkina Faso, Cote d'Ivoire, Zimbabwe, Jamaica, Ecuador, Mexico, the mainland United States, and parts of Alaska. Currently, he is the President and Chief Executive Officer of Skeena Resources Limited, which is active with gold exploration projects in Canada and Mexico. This diversity of experience is enhanced by directorships with mineral exploration companies and consulting firms such as Boss Power Corp (VP of Exploration), Santoy Resources Limited (technical advisor), and Keewatin Consultants (2002) Inc. (managing director).

**Gary L. Billingsley** Mr. Billingsley is Executive Chairman of the Board and sits on the Safety, Health & Environment Committee. As Executive Chair, he is responsible for overseeing the corporate development and overall direction of the Company and ensuring that the business strategy of the Company is communicated to its board of directors and shareholders. Mr. Billingsley has a Bachelor of Science Advanced degree in Geology from the University of Saskatchewan. He is also a Chartered Accountant and a member of the Institute of Chartered Accountants of Saskatchewan; a Professional Engineer and a Professional Geoscientist and a member of the Association of Professional Engineers and Geoscientists of Saskatchewan.

Since 1998, Mr. Billingsley has been a director and an officer of the Company (serving as President from November 1998 to May 2001 and from October 2002 to February 2006, and as Vice President from May 2001 to October 2002). He is also a director of Wescan Goldfields Inc. (appointed in 2005).

Mr. Billingsley was also the President of Northmin Development Limited from 1988 to 2003, and a former director of Great Western Diamonds Corp (2005-2008) and Athabasca Potash Inc. (2007-2009).

**David Kennedy, C.Eng.** In addition to serving as a director of the Company, Mr. Kennedy is the Managing Director – Metals & Alloys.

Mr. Kennedy founded Less Common Metals Ltd. (LCM) in 1992 and held the position of Managing Director of LCM until his appointment as Managing Director, Metals and Alloys, GWMG. He has worked with rare-earth materials since 1980 and has published several papers on the technology and economics of rare earth alloy production. Some of his previous experience includes working as Technical Manager at Johnson Matthey Rare Earth Products.

Mr. Kennedy is a graduate in Metallurgy and a Chartered Engineer; he is also a Professional Member of the Institute of Materials, Minerals and Mining. David has held the positions of Chairman of the Liverpool Metallurgical Society and President of the Birmingham University Metallurgical Society.

**James B. Engdahl** In addition to serving as a director of the Company, Mr. Engdahl is currently the President and Chief Executive Officer of the Company and sits on the Human Resources, Compensation & Corporate Governance Committee. Mr. Engdahl is also a director of Formation Capital Corporation, a Toronto Stock Exchange listed company.

Mr. Engdahl has over 20 years experience in corporate finance at the executive level, with extensive expertise in financing mergers, acquisitions, and reorganizations. A former Vice President of Barclays Bank of Canada, Mr. Engdahl has also served as President, Chief Executive Officer, and director of Pacific & Western Trust Corporation (now Pacific & Western Credit Corp.), President and director of Shore Gold Inc., and Vice President Finance and director of Claude Resources Inc., all public companies. More recently, Mr. Engdahl was the Regional Advisory Partner of the corporate finance arm of one of western Canada's largest accounting firms. This position resulted from the accounting firm's purchase of Cascadia Ventures Inc., a corporate finance and consulting group responsible for raising project financing in excess of \$100 million, of which Mr. Engdahl was the Managing Partner.

**Ian S. McNaughton** In addition to serving as a director, Mr. McNaughton chairs the Audit Committee. Mr. McNaughton has over 35 years experience in corporate banking, commercial banking, management, accounting and administration with The Toronto Dominion Bank. He holds a Fellowship in the Institute of Canadian Bankers (FICB). He has the expertise to understand and evaluate financial statements that are prepared using both US and Canadian GAAP, the principles applied to natural resource companies' financial statements and the internal controls required to accurately report the company's financial position.

**Robert J. Quinn** In addition to serving as a director, Mr. Quinn chairs the Human Resources, Compensation & Corporate Governance Committee, and sits on the Audit Committee. He also serves on the boards of Mercator Minerals Ltd., North American Palladium Ltd., and Formation Capital Corp.

Mr. Quinn has over 27 years of mining industry legal and management experience. He earned an undergraduate degree in economics from the University of Denver and a law degree from the University of Denver College of Law. He also completed two years of graduate studies in Mineral Economics at The Colorado School of Mines. He is a partner in the Houston law firm of Quinn & Brooks LLP which represents mining industry investment, exploration, development and operating clients. He practiced resource law with the Denver firm of Holland & Hart LLP and served as Vice-President and General Counsel for Battle Mountain Gold Company in Houston. He has extensive experience in mining industry merger and acquisition transactions, exploration and development agreements, financings, corporate governance, international, permitting, environmental and land management matters.

## APPROVAL OF THE STOCK OPTION PLAN

Except to the extent that such authority is withheld, the proxies hereby solicited will be voted to approve the Company's Stock Option Plan, a copy of which is attached hereto as Appendix B.

In order to exercise stock options granted under the Plan, the Plan must be approved by the Exchange, which requires that it be approved at the meeting of shareholders each year.

Accordingly, the shareholders will be asked to consider and, if thought fit, pass the following ordinary resolution:

**“BE IT RESOLVED that, subject to TSX Venture Exchange (“TSXV”) approval, the Stock Option Plan attached as Appendix B to the information circular for this meeting is hereby approved, subject to such amendments as may be required by the TSXV.”**

## REPRICING OF STOCK OPTIONS

On July 27, 2009, the Board of Directors approved the repricing of stock options previously granted to directors, officers, employees and consultants.

The directors and officers of the Company are insiders and, accordingly, the policies of the TSXV require that the repricing of their stock options be approved by the TSXV and by the shareholders of the Company. The insiders whose stock options are proposed to be repriced (together, the “Optionees”) are as follows:

Optionee	Common Shares under Option	Date of Grant	Original Exercise Price	Repriced Exercise Price	Expiry Date
Gary Billingsley	100,000	May 30, 2005	.42	.18	May 30, 2010
	100,000	April 18, 2006	.45	.18	April 18, 2011
	150,000	August 3, 2007	.40	.18	August 3, 2012
John Pearson	100,000	May 30, 2005	.42	.18	May 30, 2010
	150,000	August 3, 2007	.40	.18	August 3, 2012
James Engdahl	100,000	May 30, 2005	.42	.18	May 30, 2010
	50,000	June 29, 2005	.44	.18	June 29, 2010
	500,000	April 18, 2006	.45	.18	April 18, 2011
Richard Hogan	150,000	August 3, 2007	.40	.18	August 3, 2012
	250,000	June 29, 2005	.44	.18	June 29, 2010
	100,000	December 16, 2005	.42	.18	December 16, 2010
Robert Quinn	150,000	August 3, 2007	.40	.18	August 3, 2012
	100,000	September 20, 2006	.44	.18	September 20, 2011
	100,000	August 3, 2007	.40	.18	August 3, 2012
Ian McNaughton	200,000	October 5, 2007	.40	.18	October 5, 2012
	350,000	October 5, 2007	.40	.18	October 5, 2012
Rupert Allan	350,000	October 5, 2007	.40	.18	October 5, 2012
Audrey McMillan	250,000	October 5, 2007	.40	.18	October 5, 2012
	100,000	December 4, 2007	.40	.18	December 4, 2012

The last closing price of the Common Shares on the TSXV on the date that the Optionees' stock options were re-priced was \$0.155 per share.

Accordingly, the shareholders of the Company are requested at the Meeting to consider and, if thought fit, to approve the following resolution:

**“BE IT RESOLVED THAT the exercise price of the outstanding, unexpired stock options previously granted to directors and officers of the Company during the years 2005, 2006 and 2007 be amended to \$0.18 per share.”**

In order for the repricing of the Optionees' outstanding stock options to become effective, the above resolution must be passed by a majority of the votes cast at the Meeting (excluding any

votes attaching to any Common Shares held by the Optionees and their associates and affiliates which, as at August 10, 2009, total 2,354,639 Common Shares).

## **CORPORATE GOVERNANCE DISCLOSURE**

New rules in Canada require that the Company provide shareholders with certain information about how the Board of Directors operates itself and runs the Company, as follows:

**Board of Directors** — Directors are considered to be independent if they have no direct or indirect material relationship with the Company. A “material relationship” is a relationship that could, in the view of the Company’s Board of Directors, be reasonably expected to interfere with the exercise of a director’s independent judgment.

Messrs. Allan and McNaughton are “independent” because the Board has determined that they do not have such material relationships which could or could reasonably be perceived to materially interfere with their ability to act in the best interests of the Company, other than the interests and relationships arising from their shareholdings. Gary Billingsley, James Engdahl and David Kennedy are executive officers of the Company and are therefore not considered to be “independent”. Mr. Quinn receives compensation for legal services.

The Board of Directors facilitates its exercise of independent supervision over management by carefully examining issues and consulting with outside counsel and other advisors in appropriate circumstances. The Board of Directors believes that sufficient policies and procedures have been implemented to ensure that the directors who are not independent exercise independent judgment in carrying out their responsibilities. Directors are required to be of sufficient stature and security of employment to express independent views on any matter.

**Directorships** — The directors are also directors of the following other public companies:

J. Rupert Allan:	Skeena Resources Limited
Gary Billingsley:	Wescan Goldfields Inc
James Engdahl:	Formation Capital Corp.
Robert J. Quinn:	Mercator Minerals Ltd.; North American Palladium Ltd., Formation Capital Corp.

**Orientation and Continuing Education** — When new directors are appointed, they receive orientation, commensurate with their previous experience, on the Company’s properties, business, technology and industry and on the responsibilities of directors. Board meetings may also include presentations by the Company’s management and employees to give the directors additional insight into the Company’s business. Individual directors are responsible for maintaining their own education, skills and knowledge at an appropriate level. Board members are encouraged to attend educational courses or presentations in relation to the Company’s projects or the industry within which the Company operates.

**Ethical Business Conduct** — The Board of Directors has not, to date, adopted a formal written Code of Ethical Business Conduct. The current limited size of the Company’s operations and the small number of officers and employees allow the Board to monitor, on an ongoing basis, the activities of management and to ensure that the highest standard of ethical conduct is maintained. The Board is aware of the recommendation in NP 58-201 to adopt a written code of business conduct and ethics and is reviewing different standards that may be appropriate for the Company to adopt.

To date, the Board has found that the fiduciary duties placed on individual directors by the Company's governing corporate legislation and the common law and the restrictions placed by applicable corporate legislation on an individual director's participation in decisions of the Board in which the director has an interest have been sufficient to ensure that the Board operates independently of management and in the best interests of the Company. Under corporate law, a director is required to act honestly and in good faith with a view to the best interests of the Company and exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. A director must disclose to the Board the nature and extent of any interest of the director in any material contract or material transaction, whether made or proposed, if the director is a party to the contract or transaction, is a director or officer (or an individual acting in a similar capacity) of a party to the contract or transaction or has a material interest in a party to the contract or transaction. The disclosure must be evidenced in writing by being included in the consent resolutions or minutes of the meeting that approved the transaction or in a written disclosure delivered to the Company's records office. Unless the director properly discloses his interest and has the transaction properly approved, he may be liable to account to the Company for any profit he makes as a result of the transaction, unless the court finds that the transaction was fair and reasonable to the Company. Once the appropriate disclosure has been made by the interested director, the transaction must be approved by the directors or by the shareholders by special resolution. An interested director would not be entitled to vote at meetings of directors which evoke any such conflict.

**Nomination of Directors** — The Board of Directors is responsible for identifying individuals qualified to become new Board members and recommending to the Board new director nominees to fill vacancies and for the next annual meeting the shareholders. The Board considers its size each year when it considers the number of directors to recommend to the shareholders for election at the annual meeting of shareholders, taking into account the number required to carry out the Board's duties effectively and to maintain a diversity of views and experience. New nominees must have a track record in general business management, special expertise in an area of strategic interest to the Company, the ability to devote the time required, shown support for the Company's mission and strategic objectives, and a willingness to serve.

The Company has a Human Resource, Compensation and Governance Committee of the Board which will annually review the general and specific criteria for candidates to be considered for nomination to the Board, and provide advice and input to the Board with respect to the nomination of suitable candidates for the Board to consider.

**Compensation** — The Human Resource, Compensation and Governance Committee periodically reviews the compensation paid to directors, management and other employees based on such factors as time commitment and level of responsibility, comparative fees paid by other companies in the industry in North America and the Company's current position as a development company with limited operating revenue. The Committee meets no less than once each year and is responsible for making recommendations to the Board with reference to industry standards and the Company's financial situation regarding salaries, bonuses and option grants. The Board then determines whether to adopt the recommendations of the Committee as submitted or otherwise. Directors do not receive compensation for their services.

**Other Board Committees** — Other than the Audit Committee and the Human Resource, Compensation and Governance Committee, the Board has a Safety, Health and Environment Committee. This committee is recently appointed and is still developing its charter and procedures for recommendation to the Board.

**Assessments** — The Board of Directors conducts periodic assessments of its members including individual assessments to determine that the board, its committee and the individual

directors are performing efficiently. Based on the Company's size, stage of development and the limited number of individuals on the Board of Directors, the Board considers a formal assessment process to be inappropriate at this time. As the activities of the Company develop, it will consider the establishment of more formal evaluation procedures, including more quantitative measures of performance.

## **AUDIT COMMITTEE**

### **The Audit Committee's Charter**

The Audit Committee's Charter is attached hereto as Appendix A.

### **Composition of the Audit Committee**

The Company is required to disclose the members of its audit committee, whether they are independent and financially literate, and their relevant education and experience.

The Audit Committee currently consists of Ian McNaughton (chair), J. Rupert Allan and Robert Quinn. Their relevant education and experience can be found under "Election of Directors", above.

For the purposes of the audit committee, a member is independent if the member has no direct or indirect material relationship with the Company. However, section 1.5 of National Instrument 52-110 *Audit Committees* stipulates that anyone who has accepted any consulting or other fee from the company, other than remuneration for acting as a member of the board or any committee, is considered to have a material relationship with the issuer.

An individual is financially literate if he has the ability to read and understand a set of financial statements that present a breadth and complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Company's financial statements.

The Board of Directors of the Company is of the view that all of the members of its audit committee are both independent and financially literate, with the exception of Mr. Quinn, who receives legal fees from the Company.

### **Audit Committee Oversight**

At no time since the commencement of the Company's most recently completed financial year was a recommendation of the Audit Committee to nominate or compensate an external auditor not adopted by the Board of Directors.

### **Reliance on Certain Exemptions**

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

### **Pre-Approval Policies and Procedures**

The Audit Committee is authorized by the Board of Directors to pre-approve all non-audit services proposed to be provided by the external auditor. Such approval may, at the discretion of the Committee, be done either by the Chair of the Audit Committee, who will advise the Audit Committee of such approval or, if the Chair prefers, through the Audit Committee itself.

## External Auditor Service Fees (By Category)

The aggregate fees billed by the Company's external auditors in each of the last two fiscal years for audit and non-audit services are as follows:

Type of Work	2008 Fees <sup>(1)</sup>	2007 Fees <sup>(1)</sup>
Audit Fees <sup>(2)</sup>	\$67,500	\$24,900
Audit Related Fees <sup>(3)</sup>	16,433	18,767
Subtotal	\$83,933	\$43,667
Tax Fees <sup>(4)</sup>	14,256	2,720
All Other Fees <sup>(5)</sup>	nil	nil
Total	\$98,189	\$46,387

(1) Financial years ended December 31.

(2) The aggregate audit fees billed.

(3) The aggregate fees billed for assurance and related services that are reasonably related to the performance of the audit or review of the Company's financial statements which are not included under the heading "Audit Fees", including consultations on GAAP and financial statement disclosures, and discussion with management and audit committee members on internal controls and account procedures.

(4) The aggregate fees billed for professional services rendered for tax compliance, tax advice and tax planning. (5) The aggregate fees billed for products and services other than as set out under the headings "Audit Fees", "Audit Related Fees" and "Tax Fees".

## Exemption

The Company has relied upon the exemption provided by section 6.1 of MI 52-110 which exempts venture issuers from certain disclosure requirements relating to its audit committee.

## EXECUTIVE COMPENSATION

### Compensation Discussion and Analysis

The Human Resource, Compensation and Governance Committee periodically reviews the compensation paid to directors, management and other employees based on such factors as time commitment and level of responsibility, comparative fees paid by other companies in the industry in North America and the Company's current position as a development company with limited operating revenue. The Committee meets no less than once each year and is responsible for making recommendations to the Board with reference to industry standards and the Company's financial situation regarding salaries, bonuses and option grants. The Board then determines whether to adopt the recommendations of the Committee as submitted or otherwise. Directors do not receive compensation for their services.

Neither the board nor the committee uses formal objectives, criteria or analysis.

Total Compensation for Named Executive Officers (“NEOs”)<sup>1</sup> is as follows:

Summary Compensation Table

Name and Position	Year	Annual Compensation		Options Based Awards <sup>(6)</sup> (\$)	Total Compensation (\$)
		Salary	Other <sup>(2)</sup>		
Gary Billingsley, Executive Chair, former CEO <sup>(3)</sup> and former CFO	2008	\$156,667	0	\$9,921	\$166,588
	2007	\$77,261	\$24,000	\$28,483	\$129,744
	2006	nil	\$72,000	\$20,200	\$92,200
James Engdahl, President & CEO <sup>(3)</sup>	2008	\$154,375	0	\$9,921	\$164,296
	2007	\$108,334	\$22,500	\$28,483	\$159,317
	2006	\$55,172	\$26,667	\$10,100	\$91,939
Audrey McMillan, CFO <sup>(4)</sup>	2008	\$136,979	0	\$9,921	\$146,900
	2007	\$17,067	0	\$58,882	\$75,949
	2006	n/a	n/a	n/a	n/a
John Pearson, VP Exploration	2008	nil	\$163,200	\$7,440	\$170,640
	2007	nil	\$153,070	\$28,483	\$181,553
	2006	nil	\$74,155	n/a	\$74,155

(1) “Named Executive Officers” by definition, includes the CEO, CFO, and each of the three most highly compensated executive officers other than the CEO and CFO, whose total salary and bonus exceeds \$150,000.

(2) Bonus, Fees or options for management or consulting services.

(3) Mr. Billingsley was President & CEO until March 15, 2006, when Mr. Engdahl was appointed.

(4) Mrs. McMillan joined the Company November 13, 2007.

(5) The Company has no long term incentive plans (“LTIPs”) and does not grant stock appreciation rights (“SARs”), shares or units subject to resale restrictions, or any other form of compensation not disclosed herein.

(6) Options granted under the share option plan are accounted for using the Black Scholes fair-value method. Under this method, the fair-value of stock options granted is measured at estimated fair-value at the grant date and recognized over the vesting period. This method is used in the preparation of the corporate financial statements.

### Stock Option Plan

Pursuant to the Stock Option Plan, all directors, officers, employees and consultants are eligible to receive options, in accordance with the terms of the Plan, attached as Appendix B.

The following table sets out the value of options granted to NEOs during the year, as well as options outstanding at the end of the most recently completed financial year, including options granted in prior years, at other than fair market value.

Name	Number of securities underlying unexercised options (#)	Option Exercise Price	Option Expiration Date	Value of Unexercised in-the-money options (\$) <sup>(1)</sup>
Gary Billingsley	200,000	.20	October 31, 2013	0
	150,000	.40	August 3, 2012	0
	100,000	.45	April 18, 2011	0
	100,000	.42	May 30, 2010	0
James Engdahl	200,000	.20	October 31, 2013	0
	150,000	.40	August 3, 2012	0
	500,000	.45	April 18, 2011	0
	50,000	.44	June 29, 2010	0
	100,000	.42	May 30, 2010	0
Audrey McMillan	200,000	.20	October 31, 2013	0
	100,000	.40	December 4, 2012	0
	250,000	.40	October 5, 2012	0
John Pearson	150,000	.20	October 31, 2013	0
	150,000	.40	August 3, 2012	0
	100,000	.42	May 30, 2010	0

(1) Value of unexercised in the money options at December 31, 2008 is equal to the product of the difference between the exercise price of the options and the fair market value of the Company's shares on December 31, 2008, which was \$0.05 per share, and the number of unexercised options held by each Named Executive Officer.

### Termination of Employment, Change in Responsibilities and Employment Contracts

Employment contracts exist between the Company and each of Jim Engdahl, Gary Billingsley, Richard Hogan and Audrey McMillan (the "Employees"). The Employees shall not engage in any business enterprise or undertaking other than their employment without prior written consent of the Board of Directors. There is nothing to prevent them from sitting on other companies Board of Directors as long as the Board has been advised and concurs. They may terminate their contract on giving 3 months' written notice to the Company. The Company may waive notice and their entitlement to remuneration would cease on the date it waives such notice. The Company may terminate their employment at any time without cause on giving 30 month's advance notice in writing or paying the equivalent pay in lieu of notice. Such payment shall not be subject to any obligation to mitigate. The Company may terminate the agreement for cause without notice and without pay in lieu of notice. If there is a change of control, the Company shall ensure that each Employee retains his/her position with the successor on the same terms and conditions as this agreement. If there is a change of control, the Employee may resign and the Company shall compensation the Employee in the same manner as termination without cause mentioned previously. Salary, bonuses and stock options are as defined by the compensation committee and approved by the Board of Directors. The Company shall carry directors' and officers' liability insurance for the benefit of the Employees, to a maximum value of five million dollars, each. The Employee shall be entitled to five weeks of vacation time. The Employee agrees that he will not solicit, interfere with or endeavor to entice away from the Company any Person who, at any time during two years prior to the date that the

employment of the Employee was terminated, was an officer, director or employee of the Company.

An employment contract exists between the Company and David Kennedy. The Employee shall not engage in any business enterprise or undertaking other than their employment without prior written consent of the Board of Directors. The Employee may terminate the contract on giving 6 months' written notice to the Company. The Company may waive notice and his entitlement to remuneration would cease on the date it waives such notice. The Company may terminate the employment contract at any time without cause on giving 24 month's advance notice in writing or paying the equivalent pay in lieu of notice. Such payment shall not be subject to any obligation to mitigate. The Company may terminate the agreement for cause without notice and without pay in lieu of notice. The Employee agrees that he will not, for a period of 12 months from the termination date, be employed, engaged, concerned or interested in or provide technical, commercial or professional advice to any other business which supplies products or services in competition with the Company or any relevant group company.

### Compensation of non-employee Directors

The Company does not compensate directors for their services in their capacity as directors except for granting them from time to time incentive stock options in accordance with the policies of the TSX Venture Exchange and the Stock Option Plan. During the most recently completed financial year, the Company granted non-employee directors 400,000 stock options to purchase shares.

Name	Value of options granted during the year (\$) <sup>(1)</sup>	Number of securities underlying unexercised options (#)	Option Exercise Price	Option Expiration Date	Value of Unexercised in-the-money options (\$) <sup>(2)</sup>
J. Rupert Allan	\$4,960	100,000	.20	October 31, 2013	0
		350,000	.40	October 5, 2012	0
I.S. McNaughton	\$4,960	100,000	.20	October 31, 2013	0
		350,000	.40	October 5, 2012	0
Walter Benecki <sup>(3)</sup>	\$4,960	100,000	.20	October 31, 2013	0
		200,000	.40	October 5, 2012	0
		100,000	.40	August 3, 2012	0
		100,000	.44	September 20, 2011	0
R.J. Quinn	\$4,960	100,000	.20	October 31, 2013	0
		200,000	.40	October 5, 2012	0
		100,000	.40	August 3, 2012	0
		100,000	.44	September 20, 2011	0

(1) Options granted under the share option plan are accounted for using the Black Scholes fair-value method. Under this method, the fair-value of stock options granted is measured at estimated fair-value at the grant date and recognized over the vesting period. This method is used in the preparation of the corporate financial statements.

(2) Value of unexercised in the money options at December 31, 2008 is equal to the product of the difference between the exercise price of the options and the fair market value of the Company's shares on December 31, 2008, which was \$0.05 per share, and the number of unexercised options held by each Named Executive Officer.

(3) Walter Benecki resigned during 2009 and his options expired unexercised in accordance with the stock option plan.

## **EQUITY COMPENSATION PLAN INFORMATION**

The only equity compensation plan which the Company has in place is the Stock Option Plan, which is approved by shareholders every year. The Plan provides the Company with a share-related mechanism to attract, retain and motivate qualified executives, employees and consultants, to provide incentive to such individuals to contribute toward the long term goals of the Company, and to encourage such individuals to acquire shares of the Company as long term investments. The Plan is administered by Gary Billingsley. The Plan provides that the number of Common Shares issuable may not exceed 10% of the total number of Common Shares issued and outstanding. The following table show the status of the Plan as of the end of the Company's most recently completed financial year (December 31, 2008):

<b>Plan Category</b>	<b>Number of shares issuable on exercise of options</b>	<b>Weighted-average exercise price of outstanding options</b>	<b>Number of options available for future issuance</b>
<b>Equity compensation plans approved by security holders</b>	11,695,000	\$0.36	1,568,807

## **INDEBTEDNESS OF DIRECTORS AND OFFICERS**

At no time during the Company's last completed financial year was any director, executive officer, employee, nominee for election as a director of the Company (nor any associate of any such person) or any former director, executive officer or employee of the Company or any of its subsidiaries) indebted to the Company or any of its subsidiaries or indebted to another entity where such indebtedness was 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.

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

Except as otherwise disclosed herein, and other than transactions carried out in the ordinary course of business, no director or officer of the Company or a subsidiary, no proposed director, no 10% shareholder, nor any associate or affiliate of any of the foregoing, has since the beginning of the Company's last fiscal year, had any material interest, direct or indirect, in any transaction or proposed transaction which materially affected or would materially affect the Company or any of its subsidiaries.

## **MANAGEMENT CONTRACTS**

There are no management functions of the Company or its subsidiaries which are to any substantial degree performed by anyone other than the officers or directors.

## **ADDITIONAL INFORMATION**

Additional information regarding the Company and its business activities is available on the SEDAR website located at [www.sedar.com](http://www.sedar.com) "Company Profiles – Great Western Minerals Group Ltd." The Company's financial information is provided in the Company's audited comparative financial statements and related Management Discussion and Analysis (MD&A) for its most recently completed financial year and may be viewed on the SEDAR website at the location noted above. Shareholders of the Company may request copies of the Company's financial statements and related management discussion and analysis by contacting the Company at 226 Cardinal Crescent, Saskatoon Saskatchewan, S7L 6H8. Phone: (306) 659-4500.

**Great Western Minerals Group Ltd.**  
**Audit Committee Charter**

**1. Purpose**

The purpose of the Audit Committee (the ‘Committee’) of the Board of Directors (‘the Board’) of Great Western Minerals Group Ltd. (the ‘Company’) is to assist the Board in fulfilling the Board’s oversight responsibilities for:

- (i) the integrity of the Corporation’s financial statements;
- (ii) the Corporation’s compliance with legal and regulatory requirements;
- (iii) the qualifications and independence of the auditors of the Corporation (the “external auditors”); and,
- (iv) the performance of the Corporation’s internal audit function and external auditors.

The Committee will also assist the Board by establishing appropriate procedures for receiving, reviewing and deciding on appropriate action for any and all complaints received relating to accounting, internal accounting controls or auditing matters; and to accommodate confidential, anonymous submission, of concerns regarding questionable accounting or auditing matters, by employees of the Company.

**2. Committee Responsibilities**

2.1. The Committee shall:

2.1.1. ensure that this Committee Charter is maintained and kept current and relevant on an annual basis; with any changes or adjustments adopted by the Board as needed;

2.1.2. with respect to the external auditor of the Company:

2.1.2.1. recommend to the Board, the external auditor to be appointed for the purpose of preparing and issuing an auditor’s report on the annual financial statements of the Company or performing other audit, review or attest services for the Company;

2.1.2.2. recommend to the Board the compensation of the external auditor for those services;

2.1.2.3. establish a clear and unambiguous relationship with the external auditor that establishes that the Committee is responsible to oversee the work of the external auditor and that the external auditor while responsible to the shareholders of the Company will report directly to the Committee.

2.1.3. with respect to the audit process:

2.1.3.1. meet with the external auditor, or make other suitable arrangements to review the audit plan with the external auditor and management, in advance of commencement of audit work;

2.1.3.2. establish, with management, a reporting process whereby any and all issues that may arise before, during the course of, or after completion of the external audit process including, but not limited to, disagreements between management and the external auditor over the accounting treatment or nature of any transaction or valuation of any transaction, asset or liability; or potential weakness or concern, raised by the external auditor over any aspect of the Company’s system of internal controls; or any potential weakness or concern, raised by the external auditor over any aspect of the process of reporting to shareholders, are reported directly to the Committee as they may arise;

2.1.3.3. establish, with the external auditor, a reporting process whereby any and all issues that may arise before, during the course of, or after completion of the external audit process including, but not limited to, disagreements between management and the external auditor over the accounting treatment or nature of any transaction or valuation of any transaction, asset or liability; or potential weakness or concern, raised by the external auditor over any aspect of the Company’s system of internal controls; or any

**APPENDIX A**  
**GWMG Audit Committee Charter**

potential weakness or concern, raised by the external auditor over any aspect of the process of reporting to shareholders, are reported directly to the Committee as they may arise;

2.1.3.4. meet with the external auditor and management to review all material audit findings and resolve any and all areas or issues in dispute between the external auditor and management to the satisfaction of the Committee;

2.1.3.5. report to the Board on the completion of the audit process prior to the release of resulting financial statements to the public.

2.1.4. review the Company's financial statements and MD&A both for the annual report and all interims reports and press releases prior to release of such information to the public;

2.1.5. ensure adequate procedures are established over the review of any public disclosure of any financial information extracted or derived from the Company's financial statements and periodically review such procedures to ensure their continuing adequacy;

2.1.6. review any and all proposed non-audit services to be supplied to the Company by the external auditor and approve any such services and terms in advance of commencement of any such services; or establish appropriate procedures where a designate of the Committee can approve such services in advance; or establish a procedure where such services would be considered to fit the definition of 'De Minimus' non-audit services and subject to pre-approval by the Committee on the condition that any such services are promptly reported by both management and the external auditor directly to the Committee;

2.1.7. establish effective procedures for the receipt, review and deciding on appropriate action for any and all complaints received relating to accounting, internal accounting controls or auditing matters; and to accommodate confidential, anonymous submission, of concerns regarding questionable accounting or auditing matters, by employees of the Company.

### **3. Responsibilities of the Committee Chair**

3.1. The fundamental responsibility of the Committee Chair is to be responsible for the management and effective performance of the Committee and provide leadership to the Committee in fulfilling its mandate and any other matters delegated to it by the Board. To that end, the Committee Chair's responsibilities shall include:

3.1.1. working with the Chairman of the Board, the Chief Executive Officer and the Secretary to establish the frequency of Committee meetings and the agendas for meetings;

3.1.2. providing leadership to the Committee and presiding over Committee meetings;

3.1.3. ensuring that the Committee is properly organized and effectively discharges its duties;

3.1.4. facilitating the flow of information to and from the Committee and fostering an environment in which Committee members may ask questions and express their viewpoints;

3.1.5. reporting to the Board with respect to the significant activities of the Committee and any recommendations of the Committee;

3.1.6. leading the Committee in annually reviewing and assessing the adequacy of its mandate and evaluating its effectiveness in fulfilling its mandate;

3.1.7. taking such other steps as are reasonably required to ensure that the Committee carries out its mandate; and,

3.1.8. reporting to all other members of the Board any circumstances or instances where the Committee has or appears to be likely to fail in carrying out its mandate.

### **4. Authority of the Committee**

**APPENDIX A**  
**GWMG Audit Committee Charter**

4.1. By the adoption of this Charter, the Committee is authorized to:

4.1.1. select the external auditor to be recommended to the Board for appointment and to negotiate fees for audit services with the external auditor;

4.1.2. engage independent counsel and/or other advisors, as considered necessary by the Committee to discharge its responsibilities hereunder;

4.1.3. to determine fees payable for such services and allocate funds for payment of these fees;

4.1.4. communicate directly with any members of staff, management and with external auditors in relation to the activities of the Committee.

4.1.5. report regularly to the Board;

4.1.6. review and assess its mandate and recommending any proposed changes to the Corporate Governance and Nominating Committee of the Board; and

4.1.7. evaluate the functioning of the Committee on an annual basis.

**5. Composition**

5.1. The Committee shall consist of at least three members of the Board, each of whom shall be appointed by the Board annually and as vacancies arise. If an appointment of the members of the Committee is not made as prescribed, the members shall continue as such until their successors are appointed;

5.2. Each member of the Committee shall be financially literate or shall take reasonable effort to become financially literate upon appointment to the Committee;

5.3. Any member of the Committee may be removed or replaced at any time by the Board and shall cease to be a member on ceasing to be a Director;

5.4. A majority of the members of the Committee shall be directors whom the Board has determined are independent, taking into account the applicable rules and regulations of securities regulatory authorities and/or stock exchanges; and

5.5. The Chairman of the Committee shall be appointed from time to time by the Board; shall be an independent director; and, shall be financially literate at the time of this appointment.

**6. Meetings**

6.1. The time and place of the meetings of the Committee, the calling of meetings and the procedure in all things at such meetings shall be determined by the Chair of the Committee;

6.2. Meetings of the Committee may be conducted in person or via telephone or teleconference call, at the discretion of the Committee Chair;

6.3. The Committee shall hold regular *in-camera* sessions during which the members of the Committee shall meet in the absence of management

**GREAT WESTERN MINERALS GROUP LTD.**

**Stock Option Plan**

**ARTICLE 1**

**DEFINITIONS AND INTERPRETATION**

**1.1 Definitions**

As used herein, unless there is something in the subject matter or context inconsistent therewith, the following terms shall have the meanings set forth below:

- (a) “**Administrator**” means such director or other senior officer or employee of the Company as may be designated as Administrator by the Board from time to time;
- (b) “**Associate**” has the meaning given to it in Policy 1.1 of the TSXV Corporate Finance Manual;
- (c) “**Award Date**” means the date on which the Administrator awards a particular Option;
- (d) “**Board**” means the board of directors of the Company or any committee thereof to which the board of directors of the Company has delegated the power to administer and grant options under this Plan;
- (e) “**Cause**” means:
  - (i) “Cause” as such term is defined in the written employment agreement, if any, between the Company and the Senior Officer or Employee; or
  - (ii) in the event there is no written employment agreement between the Company and the Senior Officer or the Employee, as the case may be, or “Cause” is not defined in any such written employment agreement, the usual meaning of cause under the common law or the laws of Saskatchewan;
- (f) “**Company**” means Great Western Minerals Group Ltd.;
- (g) “**Consultant**” means an individual (other than a director, officer or employee) or a consultant company or consultant partnership, that:
  - (i) is engaged to provide on a *bona fide* basis consulting, technical, accounting, financial, legal, management or other services to the Company or to an affiliated entity of the Company, other than services provided in relation to a distribution;
  - (ii) provides the services under a written contract between the Company or the affiliated entity and the individual, consultant company or consultant partnership; and
  - (iii) in the reasonable opinion of the Company, spends or will spend a significant amount of time and attention on the affairs and business of the Company or an affiliated entity of the Company;
- (h) “**consultant company**” means, for an individual consultant, a company of which the individual consultant is an employee or shareholder;
- (i) “**consultant partnership**” means, for an individual consultant, a partnership of which the individual consultant is an employee or partner;

**APPENDIX B**  
**GWMG Stock Option Plan**

- (j) “**Director**” means any individual holding the office of director or senior officer of the Company or a subsidiary of the Company to whom stock options can be granted in reliance on a prospectus exemption under applicable Securities Laws;
- (k) “**Employee**” means an individual who:
  - (i) is considered an employee under the *Income Tax Act* (Canada) (i.e. for whom income tax, employment insurance and CPP deductions must be made at source);
  - (ii) works full-time for the Company or a subsidiary of the Company providing services normally provided by an employee and who is subject to the same control and direction by the Company, or a subsidiary, over the details and methods of work as an employee of the Company, or a subsidiary, but for whom income tax deductions are not made at source; or
  - (iii) works for the Company or a subsidiary of the Company on a continuing and regular basis for a minimum amount of time per week as shall be satisfactory to the Board providing services normally provided by an employee and who is subject to the same control and direction by the Company, or a subsidiary, over the details and methods of work as an employee of the Company, but for whom income tax deductions are not made at source;
- (l) “**Exercise Notice**” means the notice respecting the exercise of an Option, in the form set out as Schedule “B” hereto, duly executed by the Option Holder;
- (m) “**Exercise Period**” means the period during which a particular Option may be exercised and is the period from and including the Award Date through to and including the Expiry Date;
- (n) “**Exercise Price**” means the price at which an Option may be exercised as determined in accordance with paragraph 3.5;
- (o) “**Expiry Date**” means the date determined in accordance with sections 3.3 and section 3.4 hereof and after which a particular Option cannot be exercised;
- (p) “**Insider**” has the meaning given to it in *The Securities Act, 1988* (Saskatchewan);
- (q) “**Investor Relations Activities**” has the meaning given to it in Policy 1.1 of the TSXV Corporate Finance Manual;
- (r) “**Market Price**” means the last closing price of the Company’s Shares on the TSXV before the issuance of the required news release disclosing the grant of an Option, subject to the exceptions provided for in Policy 1.1 of the TSXV Corporate Finance Manual;
- (s) “**Option**” means an option to acquire Shares, awarded to a Director, Officer, Employee or Consultant pursuant to the Plan;
- (t) “**Option Certificate**” means the certificate, in the form set out as Schedule “A” hereto, evidencing the grant of an Option under this Plan as well as specifying certain terms of such Option;
- (u) “**Option Holder**” means a Director, Officer, Employee or Consultant or former Director, Officer, Employee or Consultant, who holds an unexercised and unexpired Option or, where applicable, the Personal Representative of such person;

**APPENDIX B**  
**GWMG Stock Option Plan**

- (v) “**Plan**” means this stock option plan together with all amendments, deletions and other modifications hereto that may be made in accordance with the terms hereof;
- (w) “**Personal Representative**” means:
  - (i) in the case of a deceased Option Holder, the executor or administrator of the deceased duly appointed by a court or public authority having jurisdiction to do so; and
  - (ii) in the case of an Option Holder who for any reason is unable to manage his or her affairs, the person entitled by law to act on behalf of such Option Holder;
- (x) “**Regulatory Authorities**” means all stock exchanges and other organized trading facilities on which the Company’s Shares are listed and all securities commissions or similar securities regulatory bodies having jurisdiction over the Company;
- (y) “**Securities Laws**” means securities legislation, securities regulations and securities rules, as amended, and the policies, notices, instruments and orders in force from time to time that are applicable to the Company;
- (z) “**Share**” or “**Shares**” means, as the case may be, one or more common shares in the capital stock of the Company;
- (aa) “**Termination Date**” means:
  - (i) in the case of the resignation of the Option Holder as a Senior Officer or Employee of the Company, the date that the Option Holder provides notice of his or her resignation to the Company; or
  - (ii) in the case of the termination of the Option Holder’s employment with the Company by the Company, the date that the Company provides notice of termination of the Option Holder’s employment to the Option Holder; or
  - (iii) in the case of the termination of the written contract of the Option Holder to provide consulting services to the Company, the date that one of the parties to the written contract provides notice of termination of the written contract to the other party; and
- (bb) “**TSXV**” means the TSX Venture Exchange.

**1.2 Choice of Law**

The Plan is established under, and the provisions of the Plan shall be subject to and interpreted and construed in accordance with, the laws of the Province of Saskatchewan.

**1.3 Headings**

The headings used herein are for convenience only and are not to affect the interpretation of the Plan.

**ARTICLE 2**  
**PURPOSE AND PARTICIPATION**

**2.1 Purpose**

The purpose of the Plan is to provide the Company with a share-based compensation plan to attract, retain and motivate qualified Directors, Officers, Employees and Consultants, to reward such of those Directors, Officers, Employees and Consultants as may be awarded Options under the Plan by the Board from time to time for their contributions toward the long term goals of the Company and to enable and encourage such Directors, Officers, Employees and Consultants to acquire Shares as long term investments.

**APPENDIX B**  
**GWMG Stock Option Plan**

**2.2 Participation**

- (a) The Board shall, from time to time and in its sole discretion, determine those Directors, Officers, Employees and Consultants, if any, to whom Options are to be awarded.
- (b) The Board may only grant options to an Employee or Consultant if such Employee or Consultant is a bona fide Employee or Consultant of the Company or a subsidiary of the Company.
- (c) The Board may, in its sole discretion, grant the majority of the Options to insiders of the Company subject to the limits set forth below.
- (d) In no case will an Option Holder be granted an Option where the number of Shares that may be purchased pursuant to that Option in any 12-month period exceed, when added to the number of Shares available for purchase pursuant to Options previously granted to the Option Holder which remain exercisable, 5% of the Company's issued and outstanding share capital as of the Award Date of the Option being granted.
- (e) In no case will a Consultant be granted an Option where the number of Shares that may be purchased pursuant to that Option in a 12-month period exceed, when added to the number of Shares available for purchase pursuant to Options previously granted to Consultants which remain exercisable, 2% of the Company's issued and outstanding share capital as of the Award Date of the Option being granted; or
- (f) In no case will a person employed in Investor Relations Activities be granted an Option where the number of Shares that may be purchased pursuant to that Option in an 12-month period exceed, when added to the number of Shares available for purchase pursuant to Options previously granted to persons employed in Investor Relations Activities which remain exercisable, 2% of the Company's issued and outstanding share capital as of the Award Date of the Option being granted.

**2.3 Notification of Award**

Following the award of an Option, the Administrator shall notify the Option Holder in writing of the award and shall enclose with such notice the Option Certificate representing the Option so awarded.

**2.4 Copy of Plan**

Each Option Holder, concurrently with the notice of the award of the Option, shall be provided with a copy of the Plan. A copy of any amendment to the Plan shall be promptly provided by the Administrator to each Option Holder.

**2.5 Limitation**

The Plan does not give any Option Holder that is a Director the right to serve or continue to serve as a Director of the Company, nor does it give any Option Holder that is an Officer or Employee the right to be or to continue to serve in such office or to be employed by the Company, or any subsidiary, and nor does it give any Option Holder that is a Consultant the right to be or to continue to be retained as a Consultant by the Company.

**ARTICLE 3**  
**TERMS AND CONDITIONS OF OPTIONS**

**3.1 Board to Issue Shares**

The Shares issued to Option Holders upon the exercise of Options shall be issued as fully paid and non-assessable, the issuance of which shall be deemed to have been authorized by the Board.

**APPENDIX B**  
**GWMG Stock Option Plan**

### **3.2 Number of Shares**

Subject to adjustment as provided for in paragraph 3.8 of this Plan, the number of Shares which will be available for purchase pursuant to Options granted under this Plan will not exceed 10% of the issued and outstanding Shares on the Award Date. If any Option expires or otherwise terminates for any reason without having been exercised in full, the number of Shares in respect of which the Option expired or terminated shall again be available for the purposes of the Plan.

### **3.3 Term of Option**

Subject to paragraph 3.4, the Expiry Date of an Option shall be the date so fixed by the Administrator at the time the particular Option is awarded, provided that such date shall be no later than the fifth anniversary of the Award Date of such Option or such later date as allowed by the policies of the TSXV.

### **3.4 Termination of Option**

Subject to such other terms or conditions that may be attached to Options granted hereunder, an Option Holder may exercise an Option in whole or in part at any time or from time to time during the Exercise Period. Any Option or part thereof not exercised within the Exercise Period shall terminate and become null, void and of no effect as of 4:30 p.m. local time in Saskatoon, Saskatchewan on the Expiry Date. The Expiry Date of an Option shall be the earlier of the date so fixed by the Administrator at the time the Option is awarded in accordance with section 3.3 above and the date established, if applicable, in accordance with paragraphs (a) to (c) below:

(a) ***Death of Option Holder***

In the event that the Option Holder should die while still a Director, Officer, Employee, or Consultant, the Expiry Date shall be the first anniversary of the Option Holder's date of death.

(b) ***Ceasing to be Director***

In the event that the Option Holder holds Options as a Director and such Option Holder ceases to be a Director other than by reason of death, the Expiry Date of the Option shall be, unless otherwise provided for in the Option Certificate, the 90th day following the date the Option Holder ceases to be a Director unless the Option Holder ceases to be a Director as a result of:

- (i) ceasing to meet the qualifications set forth in the *Business Corporations Act* (Canada); or
- (ii) his or her removal as a director of the Company pursuant to the *Business Corporations Act* (Canada); or
- (iii) an order made by any Regulatory Authority having jurisdiction to so order;

in which case the Expiry Date shall be the date the Option Holder ceases to be a Director.

Notwithstanding the foregoing, if an Option Holder is a Director who is engaged in Investor Relations Activities, the Expiry Date shall be the 30th day following the date the Option Holder ceases to be employed to provide Investor Relations Activities.

(c) ***Ceasing to be an Officer, Employee or Consultant***

In the event that the Option Holder holds Options as an Officer, Employee or Consultant and such Option Holder ceases to be a Officer, Employee or Consultant other than by reason of death, unless otherwise provided in the Option Certificate, the Expiry Date of the Option shall be the 30th day following the Termination Date unless the Option Holder ceases to be:

**APPENDIX B**  
**GWMG Stock Option Plan**

- (i) an Officer or Employee as a result of termination for Cause; or
- (ii) an Officer, Employee or Consultant as a result of an order made by any Regulatory Authority having jurisdiction to so order;

in which case the Expiry Date shall be the Termination Date.

Notwithstanding anything contained herein, in no case will an Option be exercisable later than the Expiry Date of such Option fixed by the Administrator at the time the Option is awarded to the Option Holder.

**3.5 Exercise Price**

The price at which an Option Holder may purchase a Share upon the exercise of an Option shall be as set forth in the Option Certificate issued in respect of such Option, but in any event shall not be less than the Market Price of the Shares as of the Award Date. Disinterested Shareholder Approval will be obtained for any reduction in the Exercise Price of a previously granted Option if the Option Holder is an Insider of the Company at the time of the proposed amendment.

**3.6 Additional Terms**

Subject to all applicable Securities Laws of all applicable Regulatory Authorities, the Administrator may attach other terms and conditions to the grant of a particular Option, such terms and conditions to be referred to in a schedule attached to the Option Certificate. These terms and conditions may include, but are not necessarily limited to, the following:

- (a) providing that an Option expires on a date other than as provided for herein;
- (b) providing that a portion or portions of an Option vest after certain periods of time or upon the occurrence of certain events, or expire after certain periods of time or upon the occurrence of certain events provided, however, that Options issued to Consultants performing Investor Relations Activities must vest in stages with no more than 25% of the option vesting in any 3 month period;
- (c) providing that an Option be exercisable immediately, in full, notwithstanding that it has vesting provisions, upon the occurrence of certain events, such as a change of control of the Company; and
- (d) providing that an Option issued to, held by or exercised by an Option Holder who is a citizen or resident of the United States of America, and otherwise meets the statutory requirements, be treated as an "Incentive Stock Option" as that term is defined for purposes of the United States of America Internal Revenue Code of 1986, as amended.

**3.7 Assignment of Options**

Options may not be assigned or transferred, but the Personal Representative of an Option Holder may, to the extent permitted by section 4.1, exercise the Option within the Exercise Period.

**3.8 Adjustments**

If prior to the complete exercise of an Option the Shares are consolidated, subdivided, converted, exchanged or reclassified or in any way substituted for (collectively the "Event"), an Option, to the extent that it has not been exercised, shall be adjusted by the Board in accordance with such Event in the manner the Board deems appropriate. No fractional shares shall be issued upon the exercise of the Options and accordingly, if as a result of the Event, an Option Holder would become entitled to a fractional share, such Option Holder shall have the right to purchase only the next lowest whole number of shares and no payment or other adjustment will be made with respect to the fractional interest so disregarded.

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**GWMG Stock Option Plan**

**3.9 Vesting**

Options granted to Directors, Officers, Employees and Consultants, other than Consultants engaged in Investor Relations Activities, will vest fully upon the expiry of the hold period of four months from the Award Date, unless otherwise approved by the relevant Regulatory Authorities.

Options granted to Employees engaged in Investor Relations Activities will vest in stages over a minimum period of 12 months with no more than one-quarter of the Options vesting in any three month period.

**3.10 Resale Restrictions**

In addition to any resale restrictions under Securities Laws, any Shares issued upon exercise of the Option will be subject to a hold period of four months from the Award Date of the Option in accordance with the policies of the TSXV. The Shares will bear the following legend if issued prior to the expiry of such hold period:

*Without prior written approval of the TSX Venture Exchange and compliance with all applicable securities legislation, the securities represented by this certificate may not be sold, transferred, hypothecated or otherwise traded on or through the facilities of the TSX Venture Exchange or otherwise in Canada or to or for the benefit of a Canadian resident until [insert expiry date of hold period].*

**ARTICLE 4**  
**EXERCISE OF OPTION**

**4.1 Exercise of Option**

An Option may be exercised only by the Option Holder or the Personal Representative of the Option Holder. An Option Holder or the Personal Representative of an Option Holder may exercise an Option in whole or in part at any time or from time to time during the Exercise Period up to 4:30 p.m. local time in Saskatoon, Saskatchewan on the Expiry Date by delivering to the Administrator an Exercise Notice, the applicable Option Certificate and a certified cheque or bank draft payable to the Company in an amount equal to the aggregate Exercise Price of the Shares to be purchased pursuant to the exercise of the Option.

**4.2 Issue of Share Certificates**

As soon as practicable following the receipt of the Exercise Notice, the Administrator shall cause to be delivered to the Option Holder a certificate for the Shares so purchased. If the number of Shares so purchased is less than the aggregate number of Shares subject to the Option Certificate surrendered, the Administrator shall forward a new Option Certificate to the Option Holder concurrently with delivery of the Share Certificate for the balance of Shares available under the Option.

**4.3 Condition of Issue**

The Options and the issue of Shares by the Company pursuant to the exercise of Options are subject to the terms and conditions of this Plan and compliance with the rules and policies of all applicable Regulatory Authorities and all applicable Securities Laws. The Option Holder agrees to comply with all such rules, policies and Securities Laws and agrees to furnish to the Company any information, reports or undertakings required to comply therewith, and to fully cooperate with the Company in complying therewith.

**ARTICLE 5**  
**ADMINISTRATION**

**5.1 Administration**

The Plan shall be administered by the Administrator on the instructions of the Board. The Board may make, amend and repeal at any time and from time to time such regulations not inconsistent with this Plan as it may deem necessary or advisable for the proper administration and operation of the Plan and

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such regulations shall form part of the Plan. The Board may delegate to any Committee of the Board, the Administrator or any Director, Senior Officer or Employee of the Company such administrative duties and powers as it may see fit.

**5.2 Interpretation**

The interpretation by the Board of any of the provisions of the Plan, the terms of any Options granted hereunder, or any determination by it pursuant hereto shall be final and conclusive and shall not be subject to any dispute by any Option Holder. No member of the Board or any committee or person acting pursuant to authority delegated to it by the Board shall be liable for any action or determination in connection with the Plan made or taken in good faith and each member of the Board and each such committee or person shall be entitled to indemnification with respect to any such action or determination in the manner provided for by the Company.

**ARTICLE 6**  
**AMENDMENT AND TERMINATION**

**6.1 Prospective Amendment**

The Board may from time to time amend the Plan and the terms and conditions of any Option thereafter to be granted and, without limiting the generality of the foregoing, may make such amendment for the purpose of meeting any changes in any relevant law, rule or regulation applicable to the Plan, any Option or the Shares, or for any other purpose which may be permitted by all relevant laws, regulations, rules and policies, provided always that any such amendment shall not alter the terms or conditions of any Option or impair any right of any Option Holder pursuant to any Option awarded prior to such amendment without the prior written consent of the Option Holder.

**6.2 Retrospective Amendment**

The Board may from time to time retrospectively amend the Plan and, with the consent of the affected Option Holders, retrospectively amend the terms and conditions of any Options that have been previously granted.

**6.3 Approvals**

This Plan and any amendments hereto are subject to all Securities Laws and the requirements of all Regulatory Authorities.

**6.4 Termination**

The Board may terminate the Plan at any time provided that such termination shall not alter the terms or conditions of any Option or impair any right of any Option Holder pursuant to any Option awarded prior to the date of such termination, which shall continue to be governed by the provisions of the Plan.

**6.5 Agreement**

The Company and every Option awarded hereunder shall be bound by and subject to the terms and conditions of this Plan. By accepting an Option granted hereunder, the Option Holder has expressly agreed with the Company to be bound by the terms and conditions of this Plan.

SCHEDULE "A"

WITHOUT PRIOR WRITTEN APPROVAL OF THE TSX VENTURE EXCHANGE AND COMPLIANCE WITH ALL APPLICABLE SECURITIES LEGISLATION, THE SECURITIES REPRESENTED BY THIS CERTIFICATE (INCLUDING THE SHARES ISSUABLE ON THE EXERCISE OF THE OPTIONS REPRESENTED HEREBY) MAY NOT BE SOLD, TRANSFERRED, HYPOTHECATED OR OTHERWISE TRADED ON OR THROUGH THE FACILITIES OF THE TSX VENTURE EXCHANGE OR OTHERWISE IN CANADA OR TO OR FOR THE BENEFIT OF A CANADIAN RESIDENT UNTIL [Insert date 4 months and one day from date of grant].

**GREAT WESTERN MINERALS GROUP LTD.**

**Stock Option Plan – Option Certificate**

This Certificate is issued pursuant to the provisions of the Great Western Minerals Group Ltd. (the "Company") Stock Option Plan (the "Plan") and evidences that \_\_\_\_\_ is the holder (the "Option Holder") of an option (the "Option") to purchase up to \_\_\_\_\_ common shares (the "Option Shares") in the capital stock of the Company at a purchase price of Cdn. \_\_\_\_\_ per Share. Subject to the provisions of the Plan:

- (a) the Award Date of this Option is \_\_\_\_\_; and
- (b) the Expiry Date of this Option is \_\_\_\_\_.

This Option may be exercised at any time and from time to time from and including the Award Date through to and including up to 4:30 local time in Saskatoon, Saskatchewan, on the Expiry Date by delivery to the Administrator of the Plan an Exercise Notice, in the form provided in the Plan, together with this Certificate and a certified cheque or bank draft payable to "**Great Western Minerals Group Ltd.**" in an amount equal to the aggregate of the Exercise Price of the Shares in respect of which this Option is being exercised.

This Certificate and the Option evidenced hereby is not assignable, transferable or negotiable and is subject to the detailed terms and conditions contained in the Plan, the terms and conditions of which the Option Holder hereby expressly agrees with the Company to be bound by. This Certificate is issued for convenience only and in the case of any dispute with regard to any matter in respect hereof, the provisions of the Plan and the records of the Company shall prevail.

This Option is also subject to the terms and conditions contained in the schedules, if any, attached hereto.

The foregoing Option has been awarded this \_\_\_\_\_ day of \_\_\_\_\_, 200\_.

**GREAT WESTERN MINERALS GROUP LTD.**

By: \_\_\_\_\_  
Administrator, Great Western Minerals Group Ltd. Stock Option Plan

**SCHEDULE "B"**

**GREAT WESTERN MINERALS GROUP LTD.**

**STOCK OPTION PLAN,**

**NOTICE OF EXERCISE OF OPTION**

**TO: The Administrator, Stock Option Plan  
GREAT WESTERN MINERALS GROUP LTD.**

The undersigned hereby irrevocably gives notice, pursuant to the GREAT WESTERN MINERALS GROUP LTD. (the "Company") Stock Option Plan (the "Plan"), of the exercise of the Option to acquire and hereby subscribes for (cross out inapplicable item):

- (a) all of the Shares; or
- (b) \_\_\_\_\_ of the Shares;

which are the subject of the Option Certificate attached hereto.

The undersigned tenders herewith a certified cheque or bank draft (circle one) payable to "GREAT WESTERN MINERALS GROUP LTD." in an amount equal to the aggregate Exercise Price of the aforesaid shares and directs the Company to issue the certificate evidencing said shares in the name of the undersigned to be mailed to the undersigned at the following address:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**DATED** this \_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.

\_\_\_\_\_  
Signature of Option Holder