

**ABBASTAR RESOURCES CORP.**

**NOTICE OF MEETING**

**AND**

**MANAGEMENT INFORMATION CIRCULAR**

**FOR**

**ANNUAL GENERAL AND SPECIAL MEETING OF SHAREHOLDERS**

**IN RESPECT OF AN ANNUAL GENERAL MEETING OF ABBASTAR RESOURCES CORP.**

**AND**

**AN ARRANGEMENT**

**BETWEEN**

**ABBASTAR RESOURCES CORP.**

**AND**

**Anacott RESOURCES CORP.**

**AND**

**Brunello RESOURCES CORP.**

**AND**

**Sparx ENERGY CORP.**

**AND**

**Teldar RESOURCES CORP.**

**October 31, 2012**

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## ABBASTAR RESOURCES CORP.

### NOTICE OF ANNUAL GENERAL AND SPECIAL MEETING OF SHAREHOLDERS

NOTICE IS HEREBY GIVEN that pursuant to the order of the Supreme Court of British Columbia dated October 31, 2012, an annual general and special meeting (the "Meeting") of the shareholders (the "**Abbastar Shareholders**") of ABBASTAR RESOURCES CORP. (the "**Company**") will be held at the offices of Computershare Investor Services Inc., 510 Burrard Street, 2nd Floor, Vancouver, B.C. on the 30<sup>th</sup> day of November, 2012 at 11 a.m. for the following purposes:

1. To receive the audited financial statements of the Company for the fiscal year ended December 31, 2011, together with the auditors' report thereon.
2. To appoint the auditors for the Company.
3. To fix the number of directors and to elect directors for the ensuing year.
4. To consider and, if thought fit, to approve with or without amendment the Ordinary Resolution set forth in the accompanying Information Circular, to grant the Board of Directors of the Company the authority to proceed, if they so choose, with a consolidation of the Company's issued and outstanding share capital using a ratio of up to 6 to 1.
5. To consider and, if thought fit, pass, with or without variation, a special resolution approving an arrangement (the "Plan of Arrangement") under Division 5 of Part 9 of the *Business Corporations Act* (British Columbia) (the "Act") which involves, among other things, the distribution to the Abbastar Shareholders shares of the Company's wholly-owned subsidiaries, being Anacott Resources Corp. ("Anacott"), Brunello Resources Corp. ("Brunello"), Sparx Energy Corp. ("Sparx") and Teldar Resources Corp. ("Teldar") and transfer of certain assets of the Company to these subsidiaries, all as more fully set forth in the accompanying management information circular of the Company.
6. To consider and, if thought fit, pass, with or without variation, an ordinary resolution to approve, ratify and affirm the stock option plans for Anacott, Brunello, Sparx and Teldar.
7. To transact such other business as may properly be brought before the Meeting.

Information relating to the matters to be brought before the Meeting is set forth in the information circular accompanying this Notice of Meeting.

**AND TAKE NOTICE that Abbastar Shareholders who validly dissent from the Arrangement will be entitled to be paid the fair value of their common shares subject to strict compliance with the provisions of the interim order (as set forth herein), the Plan of Arrangement and sections 237 to 247 of the Act. The dissent rights are described in Schedule "E" of the accompanying management information circular (the "Circular"). Failure to comply strictly with the requirements set forth in the Plan of Arrangement and sections 237 to 247 of the Act may result in the loss of any right of dissent.**

The Circular provides additional information relating to the matters to be dealt with at the Meeting and is deemed to form part of this Notice. Also accompanying the Notice and the Circular is a form of proxy for use at the Meeting. Any adjourned meeting resulting from an adjournment of the Meeting will be held at a time and place to be specified at the Meeting. Only Abbastar Shareholders of record at the close of business on October 15, 2012, will be entitled to receive notice of and vote at the Meeting.

Registered Abbastar Shareholders unable to attend the Meeting are requested to date, sign and return the enclosed form of proxy and deliver it in accordance with the instructions set out in the proxy and in the Circular. If you are a non-registered Abbastar Shareholder and receive the materials through your broker or through another intermediary, please complete and return the materials in accordance with the instructions provided to you by your broker or the other intermediary. Failure to do so may result in your shares of the Company not being voted at the Meeting.

Dated at Vancouver, British Columbia, this 31st day of October, 2012.

BY ORDER OF THE BOARD OF DIRECTORS

*“Donald Gordon”*

Donald Gordon  
President

**ABBASTAR RESOURCES CORP.  
1150 - 750 West Pender St.  
Vancouver, British Columbia V6C 2T8**

**This Circular is furnished in connection with the solicitation of proxies by management of ABBASTAR RESOURCES CORP. for use at an annual general and special meeting of shareholders of the Company (the "Meeting") to be held on November 30, 2012 at 11:00am (Vancouver time) at the offices of Computershare Investor Services Inc., 510 Burrard Street, 2nd Floor, Vancouver, BC.**

This Circular describes the matters that need to be dealt with in an annual general and special meeting of the Company and the Arrangement.

Unless the context otherwise requires, capitalized terms used herein and not otherwise defined shall have the meanings set forth in the Glossary of Terms in this Circular.

In considering whether to vote for the approval of the Arrangement, Abbastar Shareholders should be aware that there are various risks, including those described in the Section entitled "Risk Factors" in this Circular. Abbastar Shareholders should carefully consider these risk factors, together with other information included in this Circular, before deciding whether to approve the Arrangement.

**ANNUAL GENERAL MEETING MATTERS**

At the Meeting, the Abbastar Shareholders will be asked, to consider and, if thought fit, to pass resolutions fixing the number of directors, electing directors, appointing auditors and the Arrangement Resolution approving the Arrangement among the Company, Anacott Shareholders, Brunello Shareholders, Sparx Shareholders and Teldar Shareholders and the Abbastar Shareholders. The Arrangement will consist of the distribution of Anacott Shares, Brunello Shares, Sparx Shares and Teldar Shares to the Abbastar Shareholders. Abbastar Shareholders will also be requested to consider and, if thought fit, to pass the Anacott Option Plan Resolution, Brunello Option Plan Resolution, Sparx Option Plan Resolution and Teldar Option Plan Resolution approving the Anacott Option Plan, Brunello Option Plan, Sparx Option Plan and Teldar Option Plan.

**By passing the Arrangement Resolution, the Abbastar Shareholders will also be giving authority to the Board to use its best judgment to proceed with and cause the Company to complete the Arrangement without any requirement to seek or obtain any further approval of the Abbastar Shareholders.**

**INFORMATION CONTAINED IN THIS CIRCULAR**

The information contained in this Circular is given as at October 31, 2012, unless otherwise noted.

No person has been authorized to give any information or to make any representation in connection with the Arrangement and other matters described herein other than those contained in this Circular and, if given or made, any such information or representation should be considered not to have been authorized by the Company.

This Circular does not constitute the solicitation of an offer to purchase any securities or the solicitation of a proxy by any person in any jurisdiction in which such solicitation is not authorized or in which the person making such solicitation is not qualified to do so or to any person to whom it is unlawful to make such solicitation.

Information contained in this Circular should not be construed as legal, tax or financial advice and Abbastar Shareholders are urged to consult their own professional advisers in connection therewith.

Descriptions in the body of this Circular of the terms of the Arrangement Agreement and the Plan of Arrangement are merely summaries of the terms of those documents. Abbastar Shareholders should refer to the full text of the Arrangement Agreement and the Plan of Arrangement for complete details of those documents. The full text of the Arrangement Agreement is attached to this Circular as Schedule "C" and the Plan of Arrangement is attached as Schedule "A" to the Arrangement Agreement.

## INFORMATION CONCERNING FORWARD-LOOKING STATEMENTS

Except for statements of historical fact contained herein, the information presented in this Circular constitutes "forward-looking statements" or "information" (collectively "**statements**"). These statements relate to analyses and other information that are based on forecasts of future results, estimates of amounts not yet determinable and assumptions of management.

In some cases, forward-looking statements can be identified by terminology such as "may", "will", "expect", "plan", "anticipate", "believe", "intend", "estimate", "predict", "forecast", "outlook", "potential", "continue", "should", "likely", or the negative of these terms or other comparable terminology. Although management believes that the anticipated future results, performance or achievements expressed or implied by the forward-looking statements and information are based upon reasonable assumptions and expectations, the reader should not place undue reliance on forward-looking statements and information because they involve assumptions, known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company or Anacott, Brunello, Sparx, or Teldar to differ materially from anticipated future results, performance or achievements expressed or implied by such forward-looking statements and information. Factors that could cause actual results to differ materially from those set forth in the forward-looking statements and information include, but are not limited, risks related to our limited operating history and history of no earnings, competition from other companies in the exploration industry, uncertainties with respect to titles of mineral properties, aboriginal land title claims, changes to government regulations; dependence on key personnel; general economic conditions, local economic conditions, interest rates; availability of equity and debt financing, development costs, including costs of labor, equipment and environmental compliance, inability to secure drilling and exploration permits, lack of mineral reserves and other risks factors described from time to time in the documents filed by us with applicable securities regulators, including in this Circular under the heading "Risk Factors".

Forward-looking statements are made based on management's beliefs, estimates and opinions on the date the statements are made and the Company undertakes no obligation to update any forward-looking statement if these beliefs, estimates and opinions or other circumstances should change, except as may be required by applicable law.

## GENERAL PROXY INFORMATION

### *Solicitation of Proxies*

This Circular is furnished in connection with the solicitation of proxies by management of Abbastar for use at the Meeting, and at any adjournment(s) or postponement(s) thereof.

The solicitation of proxies will be primarily by mail, but proxies may be solicited personally or by telephone by directors or officers of the Company. The Company will bear all costs of this solicitation. The Company has arranged for Intermediaries to forward the meeting materials to Beneficial Shareholders held of record by those Intermediaries and the Company may reimburse the Intermediaries for their reasonable fees and disbursements in that regard.

### *Currency*

In this Circular, except where otherwise indicated, all dollar amounts are expressed in the lawful currency of Canada.

### *Record Date*

The Board has fixed October 15, 2012 as the record date (the "**Record Date**") for determination of persons entitled to receive notice of and to vote at the Meeting. Only Abbastar Shareholders of record at the close of business on the Record Date who either attend the Meeting personally or complete, sign and deliver a form of proxy in the manner and subject to the provisions described herein will be entitled to vote or to have their Abbastar Shares voted at the Meeting.

### *Appointment of Proxy holders*

The individual(s) named in the accompanying form of proxy are management's representatives. **If you are a shareholder entitled to vote at the Meeting, you have the right to appoint a person or company other than the person(s) designated in the Proxy, who need not be a shareholder of the Company, to attend and act for you and on your behalf at the Meeting. You may do so either by inserting the name of that other person in the blank space provided in the Proxy or by completing and delivering another proper proxy and, in either case, delivering the completed Proxy to the office of Computershare Investor Services Inc., Proxy Department, 510 Burrard Street, 2nd Floor, Vancouver, BC, V6C 3B9,**

**not less than 48 hours (excluding Saturdays and holidays) before the time fixed for the Meeting or any adjournment(s) or postponement(s) thereof.**

***Voting by Proxy holder***

The person(s) named in the Proxy will vote or withhold from voting the Abbastar Shares represented thereby in accordance with your instructions on any ballot that may be called for. If you specify a choice with respect to any matter to be acted upon, your Abbastar Shares will be voted accordingly. The Proxy confers discretionary authority on the person(s) named therein with respect to:

- (a) 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;
- (b) any amendment to or variation of any matter identified therein; and
- (c) any other matter that properly comes before the Meeting.

As at the date hereof, the Board knows of no such amendments, variations or other matters to come before the Meeting, other than the matters referred to in the Notice of Meeting. However, if other matters should properly come before the Meeting, the Proxy will be voted on such matters in accordance with the best judgment of the person(s) voting the Proxy.

**In respect of a matter for which a choice is not specified in the Proxy, the person(s) named in the Proxy will vote the Abbastar Shares represented by the Proxy for the approval of such matter.**

***Registered Shareholders***

Registered Shareholders may wish to vote by Proxy whether or not they are able to attend the Meeting in person. Registered Shareholders electing to submit a Proxy may do so by completing, dating and signing the enclosed form of Proxy and returning it to the Company's transfer agent Computershare Trust Company by mail to Proxy Department, 510 Burrard Street, 2nd Floor, Vancouver, BC V6C 3B9 not less than 48 hours (excluding Saturdays and holidays) before the time fixed for the Meeting or any adjournment(s) or postponement(s) thereof, or in such other manner as may be provided for in the Proxy.

***Beneficial Shareholders***

The following information is of significant importance to shareholders who do not hold Abbastar Shares in their own name. Beneficial Shareholders should note that the only Proxies that can be recognized and acted upon at the Meeting are those deposited by Registered Shareholders (those whose names appear on the records of the Company as the registered holders of Abbastar Shares).

If Abbastar Shares are listed in an account statement provided to a shareholder by a broker, then in almost all such cases those Abbastar Shares will not be registered in the shareholder's name on the records of the Company. Such Abbastar 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 Abbastar Shares are registered under the name of CDS & 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, which acts as nominee for many Canadian brokerage firms).

Intermediaries are required to seek voting instructions from Beneficial Shareholders in advance of shareholders' meetings. Every intermediary has its own mailing procedures and provides its own return instructions to clients.

***If you are a Beneficial Shareholder:***

There are two kinds of Beneficial Shareholders, those who object to their name being made known to the issuers of securities which they own (called "**OBOs**" for objecting beneficial owners) and those who do not object to the issuers of the securities they own knowing who they are (called "**NOBOs**" for non – objecting beneficial owners).

The Company is taking advantage of those provisions of National Instrument 54–101 – "Communication of Beneficial Owners of Securities" of the Canadian Securities Administrators, which permits it to deliver proxy-related materials directly to its NOBOs and OBOs. As a result, NOBOs and OBOs can expect to receive a voting instruction form ("**VIF**"). These

VIFs are to be completed and returned to Computershare in the envelope provided or by facsimile to the number provided in the VIF. In addition, Computershare will tabulate the results of the VIFs received from NOBOs and OBOs and will provide appropriate instructions at the Meeting with respect to the Abbastar Shares represented by the VIFs it receives.

This Circular, with related material, is being sent to both Registered and Beneficial Shareholders. If you are a Beneficial Shareholder and the Company or its agent has sent these materials directly to you, your name and address and information about your Abbastar Shares have been obtained in accordance with applicable securities regulatory requirements from the Intermediary who holds your Abbastar Shares on your behalf.

By choosing to send these materials to you directly, the Company (and not the Intermediary holding your Abbastar Shares on your behalf) has assumed responsibility for (i) delivering these materials to you, and (ii) executing your proper voting instructions. Please return your VIF as specified in your request for voting instructions that you receive.

Beneficial Shareholders who are OBOs should carefully follow the instructions of their Intermediary in order to ensure that their Abbastar Shares are voted at the Meeting.

The form of proxy that will be supplied to Beneficial Shareholders by the Intermediaries will be similar to the Proxy provided to Registered Shareholders by the Company. However, its purpose is limited to instructing the Intermediary on how to vote on behalf of the Beneficial Shareholder. Most Intermediaries now delegate responsibility for obtaining instructions from clients to Broadridge Financial Solutions, Inc. in the United States and Broadridge Financial Solutions Inc., Canada, in Canada (collectively "**BFS**"). BFS mails a VIF in lieu of a Proxy provided by the Company. The VIF will name the same person(s) as the Proxy to represent Beneficial Shareholders at the Meeting. Beneficial Shareholders have the right to appoint a person (who need not be a Beneficial Shareholder of the Company), other than the person(s) designated in the VIF, to represent them at the Meeting. To exercise this right, Beneficial Shareholders should insert the name of the desired representative in the blank space provided in the VIF. The completed VIF must then be returned to BFS in the manner specified and in accordance with BFS's instructions. BFS then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of Abbastar Shares to be represented at the Meeting. **If you receive a VIF from BFS, you cannot use it to vote Abbastar Shares directly at the Meeting. The VIF must be completed and returned to BFS in accordance with its instructions, well in advance of the Meeting in order to have the Abbastar Shares voted.**

Although as a Beneficial Shareholder you may not be recognized directly at the Meeting for the purposes of voting Abbastar Shares registered in the name of your Intermediary, you, or a person designated by you, may attend at the Meeting as proxy holder for your Intermediary and vote your Abbastar Shares in that capacity. If you wish to attend the Meeting and indirectly vote your Abbastar Shares as proxy holder for your Intermediary, or have a person designated by you to do so, you should enter your own name, or the name of the person you wish to designate, in the blank space on the VIF provided to you and return the same to your Intermediary in accordance with the instructions provided by such Intermediary, well in advance of the Meeting.

Alternatively, you can request in writing that your broker send you a legal proxy which would enable you, or a person designated by you, to attend the Meeting and vote your Abbastar Shares.

#### ***Revocation of Proxies***

In addition to revocation in any other manner permitted by law, a Registered Shareholder who has given a proxy may revoke it by:

- (a) executing a proxy bearing a later date or by executing a valid notice of revocation, either of the foregoing to be executed by the Registered Shareholder or the Registered Shareholder's authorized attorney in writing, or if the Registered Shareholder is a corporation, under its corporate seal by an officer or attorney duly authorized, and by delivering the Proxy bearing a later date to Computershare or at the registered office of the Company at Suite 1150 – 750 West Pender Street, Vancouver, British Columbia V6C 2T8, at any time up to and including the last Business Day that precedes the date of the Meeting or, if the Meeting is adjourned or postponed, the last Business Day that precedes any reconvening thereof, or to the Chairman of the Meeting on the day of the Meeting or any reconvening thereof, or in any other manner provided by law; or
- (b) personally attending the Meeting and voting the Registered Shareholder's Abbastar Shares.

A revocation of a proxy will not affect a matter on which a vote is taken before the revocation.

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

No director or executive officer of the Company, or any person who has held such a position since the beginning of the last completed financial year—end of the Company, nor any nominee for election as a director of the Company, nor any associate or affiliate of the foregoing persons, has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted on at the Meeting, other than the election of directors, the appointment of the auditor and as may be otherwise set out herein.

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

Except as otherwise disclosed herein, no informed person of the Company, proposed director of the Company or any associate or affiliate of an informed person or proposed director, has 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 has materially affected or would materially affect the Company or any of its subsidiaries.

#### **VOTING SECURITIES AND PRINCIPAL HOLDERS OF VOTING SECURITIES**

##### **Outstanding Abbastar Shares**

The Company is authorized to issue unlimited number of Abbastar Shares. As at October 31, 2012, there were 6,068,614 Abbastar Shares issued and outstanding, each carrying the right to one vote.

##### **Principal Holders of Abbastar Shares**

To the knowledge of the directors and executive officers of the Company, no person or company beneficially owns, directly or indirectly, or exercises control or direction over, Abbastar Shares carrying more than 10% of the voting rights attached to all outstanding Abbastar Shares.

#### **VOTES NECESSARY TO PASS RESOLUTIONS**

A simple majority of affirmative votes cast in person or by proxy at the Meeting is required to pass the resolution(s) described herein as ordinary resolutions and an affirmative vote of 66 and 2/3rds of the votes cast in person or by proxy at the Meeting is required to pass the resolution(s) described herein as special resolutions.

#### **GLOSSARY OF TERMS**

The following is a glossary of general terms and abbreviations used in this Circular:

**"Abbastar Meeting"** means the special meeting of the Abbastar Shareholders to be held on November 30, 2012, and any adjournment(s) or postponement(s) thereof;

**"Abbastar Options"** means the outstanding stock options, whether or not vested, to acquire Abbastar Shares;

**"Abbastar Shareholders"** means the holders from time to time of Abbastar Shares;

**"Abbastar Shares"** means the common shares without par value in the authorized share capital of Abbastar, as constituted on the date of this Agreement;

**"Abbastar Share Commitments"** means an obligation of Abbastar to issue Abbastar Shares to the holders of Abbastar Options and Abbastar Warrants which are outstanding on the Effective Date, upon the exercise of such stock options and warrants;

**"Abbastar Subsidiaries"** means collectively Anacott, Brunello, Sparx, and Teldar;

**"Abbastar Warrants"** means the common share purchase warrants of Abbastar outstanding on the Effective Date.

"**Act**" means the *Business Corporations Act* (British Columbia), S.B.C. 2002, c. 57, as may be amended or replaced from time to time;

"**Anacott**" means Anacott Resources Corp., a private company incorporated under the BCBCA;

"**Anacott Class A Preferred Shares**" means Class "A" preferred shares without par value which will be created and issued pursuant to §3.1 of this Plan of Arrangement;

"**Anacott Option Plan Resolution**" means an ordinary resolution to be considered by the Abbastar Shareholders to approve the Anacott Option Plan, the full text of which is set out in Schedule "D" to the Plan of Arrangement;

"**Anacott Shareholder**" means a holder of Anacott Shares;

"**Anacott Shares**" means the common shares without par value in the authorized share structure of Anacott, as constituted on the date of this Agreement;

"**Applicable Laws**" means all applicable corporate laws, rules of applicable stock exchanges and applicable securities laws, including the rules, regulations, notices, instruments, blanket orders and policies of the securities regulatory authorities in Canada;

"**Arrangement**" means the arrangement pursuant to Section 288 of the BCBCA set forth in the Plan of Arrangement;

"**Arrangement Agreement**" means the agreement dated effective October 26, 2012 between the Company, Anacott, Brunello, Sparx and Teldar, a copy of which is attached as Schedule "C" to this Circular, and any amendment(s) or variation(s) thereto;

"**Arrangement Provisions**" means Part 9, Division 5 of the BCBCA;

"**Arrangement Resolution**" means the special resolution in respect to the Arrangement and other related matters to be considered at the Abbastar Meeting, the full text of which is set out as Schedule "C" to the Plan of Arrangement and as Schedule "B" to this Circular;

"**Assets**" means the assets of Abbastar to be transferred to the Abbastar Subsidiaries pursuant to the Arrangement, as more particularly described in Schedule B attached to the Plan of Arrangement;

"**BCBCA**" means the Business Corporations Act, S.B.C. 2002, c. 57, as amended, including the regulations promulgated thereunder;

"**Board**" means the board of directors of the Company;

"**Brunello**" means Brunello Resources Corp., a private company incorporated under the BCBCA;

"**Brunello Class A Preferred Shares**" means Class "A" preferred shares without par value which will be created and issued pursuant to §3.1 of this Plan of Arrangement;

"**Brunello Option Plan Resolution**" means an ordinary resolution to be considered by the Abbastar Shareholders to approve the Brunello Option Plan, the full text of which is set out in Schedule "D" to the Plan of Arrangement;

"**Brunello Shareholder**" means a holder of Brunello Shares;

"**Brunello Shares**" means the common shares without par value in the authorized share structure of Brunello, as constituted on the date of this Agreement;

"**Business Day**" means a day other than a Saturday, Sunday or other than a day when banks in the City of Vancouver, British Columbia are not generally open for business;

"**CEO**" means an individual who acted as chief executive officer of the company, or acted in a similar capacity, for any part of the most recently completed financial year;

“**CFO**” means an individual who acted as chief financial officer of the company, or acted in a similar capacity, for any part of the most recently completed financial year;

"**Circular**" means this management information circular;

“**Closing Date**” has the meaning ascribed in §5.2 of the Arrangement Agreement;

"**Company**" means Abbastar Resources Corp.;

“**Computershare**” means Computershare Investor Services Inc.;

“**Conversion Factor**” means one (1) if Abbastar consolidates its shares on a six (6) to one (1) basis or one-sixth (1/6) if Abbastar does not consolidate its shares on a six (6) to one (1) basis as of the close of business on the Share Distribution Record date;

"**Court**" means the Supreme Court of British Columbia;

“**Dissenting Shareholder**” means an Abbastar Shareholder who validly exercises rights of dissent under the Arrangement and who will be entitled to be paid fair value for his, her or its Abbastar Shares;

“**Dissenting Shares**” means the Abbastar Shares in respect of which Dissenting Shareholders have exercised a right of dissent;

"**Effective Date**" means the date the Arrangement becomes effective under the BCBCA;

“**Effective Time**” means 10:00 a.m. (Vancouver time) on the Effective Date;

"**Final Order**" means the order of the Court approving the Arrangement; as such order may be affirmed, amended or modified by any court of competent jurisdiction;

"**IFRS**" means international financial reporting standards in effect in Canada at the relevant time, including the accounting recommendations in the Handbook of the Canadian Institute of Chartered Accountants;

“**Incentive Plan**” means any plan providing compensation that depends on achieving certain performance goals or similar conditions within a specified period;

“**Incentive Plan Award**” means compensation awarded, earned, paid, or payable under an Incentive Plan;

"**Information Circular**" means the management proxy circular of Abbastar to be sent by Abbastar to the Abbastar Shareholders in connection with the Abbastar Meeting;

"**Interim Order**" means an interim order of the Court concerning the Arrangement in respect of Abbastar, containing declarations and directions with respect to the Arrangement and the holding of the Abbastar Meeting, as such order may be affirmed, amended or modified by any court of competent jurisdiction;

"**Intermediaries**" refers to brokers, investment firms, clearing houses and similar entities that own securities on behalf of Beneficial Shareholders;

“**Laws**” means all laws, by-laws, statutes, rules, regulations, principles of law, orders, ordinances, protocols, codes, guidelines, policies, notices, directions and judgments or other requirements and the terms and conditions of any grant of approval, permission, authority or license of any governmental entity (including the TSXV) or self-regulatory authority, to the extent each of the foregoing have the force of law, and the term "applicable" with respect to such laws and in a context that refers to one or more Parties, means such laws as are applicable to such Party or its business, undertaking, property or securities and emanate from a Person having jurisdiction over the Party or Parties or its or their business, undertaking, property or securities; and "Laws" includes environmental laws;

“**Meeting**” means Abbastar Meeting;

“**NEO**” or “**named executive officer**” means each of the following individuals:

- (a) a CEO;
- (b) a CFO;
- (c) each of the three most highly compensated executive officers, or the three most highly compensated individuals acting in a similar capacity, other than the CEO and CFO, at the end of the most recently completed financial year whose total compensation was, individually, more than \$150,000, for that financial year; and
- (d) each individual who would be a NEO under paragraph (c) but for the fact that the individual was neither an executive officer of the company, nor acting in a similar capacity, at the end of that financial year;

**"Notice of Meeting"** means the notice of special meeting of the Abbastar Shareholders in respect of the Abbastar Meeting;

**"Parties"** means Abbastar and the Abbastar Subsidiaries; and "Party" means any one of them;

**"Person"** means an individual, partnership, unincorporated association, unincorporated syndicate, unincorporated organization, trust, trustee, executor, administrator or other legal representative;

**"Plan of Arrangement"** means the plan of arrangement substantially in the form set out in Schedule "A" to the Arrangement Agreement, which Arrangement Agreement is attached as Schedule "C" to this Circular, and any amendment(s) or variation(s) thereto ;

**"Registrar"** means the Registrar of Companies for the Province of British Columbia duly appointed under the BCBCA;

**"Registered Shareholder"** means a registered holder of Abbastar Shares as recorded in the shareholder register of Abbastar maintained by Computershare;

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

**"SEDAR"** means the System for Electronic Document Analysis and Retrieval;

**"Sparx"** means Sparx Energy Corp., a private company incorporated under the BCBCA;

**"Sparx Class A Preferred Shares"** means Class "A" preferred shares without par value which will be created and issued pursuant to §3.1 of this Plan of Arrangement;

**"Sparx Option Plan Resolution"** means an ordinary resolution to be considered by the Abbastar Shareholders to approve the Sparx Option Plan, the full text of which is set out in Schedule "D" to the Plan of Arrangement;

**"Sparx Shareholder"** means a holder of Sparx Shares;

**"Sparx Shares"** means the common shares without par value in the authorized share structure of Sparx, as constituted on the date of this Agreement;

**"Subsidiaries"** means

**"Tax Act"** means the Income Tax Act (Canada) and the regulations thereunder, all as amended from time to time;

**"Teldar"** means Teldar Resources Corp., a private company incorporated under the BCBCA;

**"Teldar Class A Preferred Shares"** means Class "A" preferred shares without par value which will be created and issued pursuant to §3.1 of this Plan of Arrangement;

**"Teldar Option Plan Resolution"** means an ordinary resolution to be considered by the Abbastar Shareholders to approve the Teldar Option Plan, the full text of which is set out in Schedule "D" to the Plan of Arrangement;

**"Teldar Shareholder"** means a holder of Teldar Shares;

**"Teldar Shares"** means the common shares without par value in the authorized share structure of Teldar, as constituted on the date of this Agreement;

"TSXV" means the TSX Venture Exchange;

"U.S. Securities Act" means the United States *Securities Act of 1933*, as may be amended, or replaced, from time to time.

### ELECTION OF DIRECTORS

The size of the Board of the Company is currently determined at four (4). The board proposes that the number of directors is fixed at four (4). Shareholders will therefore be asked to approve by an ordinary resolution that the number of directors elected be fixed at four (4).

The term of office of each of the current directors will end at the conclusion of the Meeting. Unless the director's office is earlier vacated in accordance with the provisions of the Act, each director elected will hold office until the conclusion of the next annual general meeting of the Company, or if no director is then elected, until a successor is elected.

The following table sets out the names of management's nominees for election as directors, all major offices and positions with the Company and any of its significant affiliates each now holds, each nominee's principal occupation, business or employment for the five preceding years for new director nominees, the period of time during which each has been a director of the Company and the number of Abbastar Shares of the Company beneficially owned by each, directly or indirectly, or over which each exercised control or direction, as at October 31, 2012.

Name of Nominee; Current Position with the Company; Age and City and Province of Residence	Principal Occupation, Business or Employment within 5 preceding years <sup>(1)</sup>	Director Since	Abbastar Shares Beneficially Owned or Controlled <sup>(1)</sup>
<b>Richard W. Grayston</b> <sup>(6)</sup> 68, Calgary, Alberta	Consulting economist and public company management.	Nominee	Nil
<b>Keir Reynolds</b> 32, Vancouver, BC	President of Mammoth Market Advisory Corp., specializing in advising public and private companies with capital markets strategies since April 2011. From 2009 to 2011 he was self-employed consulting to Contact Financial. From 2008 to 2009 he was communications manager for the Grosso Group and from 2006 to 2008 he was an account manager with Ascenta Capital.	Nominee	Nil
<b>Mark L. P. Ferguson</b> 59, Calgary, Alberta	Independent semi-retired businessman	Nominee	Nil
<b>James A. Turner, P. Geo.</b> <sup>(2) (3) (4)</sup> 66, White Rock, BC <sup>(5)</sup>  Director	Self-employed geologist.	May 11, 2007	Nil

Notes:

- (1) The information as to principal occupation, business or employment, penalties, sanctions, cease trade orders, bankruptcies and Common Shares beneficially owned or controlled is not within the knowledge of the management of the Company and has been furnished by the respective nominees.
- (2) Member of the Audit Committee.
- (3) Member of the Compensation and Human Resources Committee.
- (4) Member of the Corporate Governance Committee.
- (5) Member of the Litigation Committee.
- (6) Richard Grayston was a director, President, CEO and CFO of Ranger Canyon Energy Inc., a reporting issuer in Alberta, when a cease trade order was issued against Ranger Canyon Energy Inc. on May 21, 2009 by the Alberta Securities Commission for failure to file audited financial statements for the year ended December 31, 2008. Mr. Grayston has since resigned from his positions with Ranger Canyon Energy.

## **Management of Abbastar**

It is the intention of Abbastar to appoint Mr. Grayston as the Chief Executive Officer and Mr. Reynolds as the Chief Financial Officer.

Mr. Grayston has extensive experience acting as a director and officer of various resource companies listed on the TSX and the TSX Venture Exchange. He holds the following university degrees: B. Com. from the University of British Columbia, and M.B.A and Ph.D. from the University of Chicago. He plans to devote up to 50% of his time on Abbastar and will be an independent contractor.

Mr. Reynolds has experience acting as a director for several companies listed on the TSX Venture Exchange. He holds a college diploma, completed courses in business at Ryerson University and the Canadian Securities Course. He plans to devote up to 50% of his time on Abbastar and will be an independent contractor.

None of the proposed directors will enter into a non-competition or non-disclosure agreement with Abbastar.

**If any of the nominees is for any reason unavailable to serve as a director, proxies in favour of management will be voted for another nominee in their discretion unless the shareholder has specified in the proxy that the shareholder's shares are to be withheld from voting in the election of directors.**

## **CORPORATE GOVERNANCE**

### **General**

The Board believes that good corporate governance improves corporate performance and benefits all shareholders. National Instrument 58-101 Disclosure of Corporate Governance Practices prescribes certain disclosure by the Company of its corporate governance practices. This section sets out the Company's approach to corporate governance and addresses the Company's compliance with National Instrument 58-101.

### **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 which 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.

The board facilitates its independent supervision over management by holding periodic board meetings to discuss the operations of the Company.

The non-independent directors are Donald Gordon and Patrick Lavin by virtue of their capacity as President and Chief Executive Officer and Chief Financial Officer respectively.

Thomas Bell and James Turner are independent members of the Board of Directors of the Company.

### **Directorships**

The following is the information about directorships of the current and proposed directors of the Company in other reporting issuers.

Mr. Gordon is also a director of 0922518 B.C. Ltd., AFG Flameguard Ltd., Avatar Ocean Technology Inc., Newlox Gold Ventures Corp., NU2U Resources Corp., Organic Potash Company and Tomco Developments Inc.

Mr. Bell is also a director of AFG Flameguard Ltd., Newlox Gold Ventures Corp. and NU2U Resources Corp.

Mr. Lavin is also a director of NU2U Resources Corp.

Mr. Turner is also a director of AKA Ventures Inc., Anglo Canadian Uranium Corp. and Entourage Mining Ltd.

Mr. Grayston is also a director of Buccaneer Gold Corp., Camex Energy Corp., Intensity Company Inc., Logan Resources Ltd., SG Spirit Gold Inc. and Xtra-Gold Resources Corp.

Mr. Reynolds is also a director of Camex Energy Corp., Enterprise Group Inc., Indigo Exploration Inc. and Intensity Company Inc.

Mr. Ferguson is also a director of Camex Energy Corp. and Intensity Company Inc.

### **Orientation and Continuing Education**

When new directors are appointed they receive orientation, commensurate with their previous experience, on the Company's business 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. Directors are encouraged to take continuing education courses to enhance their knowledge of corporate governance

### **Ethical Business Conduct**

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 directors' 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.

### **Nomination of Directors**

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. The Board does not have a nominating committee, and these functions are currently performed by the Board as a whole. However, if there is a change in the number of directors required by the Company, this policy will be reviewed.

### **Compensation**

The Board, as a whole, determines compensation for the directors and the Chief Executive Officer. The following criteria have been taken into consideration while determining compensation: financial position of the Company, amount of time spent on the business of the Company, qualifications of directors and the Chief Executive Officer and organizational commitment.

### **Other Board Committees**

In addition to the Audit Committee, in May 2010 the Compensation and Human Resources Committee, Corporate Governance Committee and Litigation Committee were established. Mr. Gordon, Mr. Lavin, Mr. Bell and Mr. Turner are members of all committees.

### **Assessments**

The Board monitors the adequacy of information given to directors, communication between the Board and management and the strategic direction and processes of the Board and committees.

## **EXECUTIVE COMPENSATION**

### **Compensation Discussion and Analysis**

The Company relies on the board of directors in determining executive compensation and option based awards to executive officers. The objectives of the compensation program of the Company are attraction and retention of qualified executives, compensation for services, improving the financial situation of the Company and advancement of exploration projects.

The amount of compensation is determined by the board of directors.

During the previously completed financial year, the compensation consisted of cash based compensation. The Company has a stock option plan which it can utilize by granting stock options to its executive officers, directors and employees in the future.

Previous grants of option-based awards, the financial performance of the Company, the position of an executive officer and the amount of time spent on the affairs of the Company are taken into account when considering new stock option grants.

The board of directors considered the implications of the risks associated with the Company's compensation practices. The lack of available funds and the level of debt of the Company have been identified as the major risk in implementing the compensation program of the Company.

The Company does not prohibit its executive officers to purchase financial instruments that are designed to hedge or offset a decrease in market value of equity securities granted as compensation or held, directly or indirectly, by the executive officers of directors.

### Summary Compensation Table

The following table reflects compensation of each NEO of the Company's three most recently completed financial years.

Name and principal position	Year	Salary (\$)	Share based awards (\$)	Option based awards <sup>(3)</sup> (\$)	Non-equity incentive plan compensation		Pension value (\$)	All other compensation (\$)	Total compensation (\$)
					Annual incentive plans	Long term incentive plans			
Donald Gordon, President and CEO <sup>(1)</sup>	2011	Nil	Nil	Nil	Nil	Nil	Nil	48,000 <sup>(4)</sup>	48,000
	2010	Nil	Nil	27,670	Nil	Nil	Nil	45,000 <sup>(4)</sup>	72,670
	2009	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Patrick Lavin, CFO <sup>(2)</sup>	2011	Nil	Nil	Nil	Nil	Nil	Nil	48,000	48,000
	2010	24,000	Nil	14,819	Nil	Nil	Nil	Nil	38,819
	2009	24,000	Nil	Nil	Nil	Nil	Nil	Nil	24,000

Notes:

- (1) Donald Gordon was appointed President and CEO on April 9, 2010.
- (2) The Company accrued a management fee in 2011. Salary for 2010 includes a \$7,000 accrual and for 2009 includes \$12,000 in management fees.
- (3) These amounts were determined using the Black-Scholes option pricing model with the following weighted average assumptions: no dividends were paid, expected volatility of 99.94%; risk-free rate of return of 2.12%; and expected lives of 1.3 years.
- (4) The Company accrued management fees to DAG Consulting Corp., a company owned by Mr. Gordon, pursuant to a consulting agreement.

### Incentive Plan Awards

The following table provides for each NEO for all awards outstanding at the end of the most recently completed financial year and includes awards granted before the most recently completed financial year.

Name	Option-based Awards				Share-based Awards	
	Number of securities underlying unexercised options (#) <sup>(4)</sup>	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options <sup>(2) (3)</sup> (\$)	Number of shares or units of shares that have not vested (#)	Market or payout value of share – based awards that have not vested (\$)
Donald Gordon, President and CEO <sup>(1)</sup>	12,500 37,500	0.84 0.80	15-Jul-13 20-May-15	Nil Nil	Nil Nil	Nil Nil
Patrick Lavin, CFO	25,000 50,000	1.00 0.80	15-Apr-13 20-May-15	Nil Nil	Nil Nil	Nil Nil

Notes:

- (1) Donald Gordon was appointed President and CEO on April 9, 2010.
- (2) An option-based award is in-the-money at year-end if the market value of the underlying security at that date exceeds the exercise price of the option. The closing price of the Abbastar Shares on the TSX Venture Exchange at December 30, 2011 was \$0.09.
- (3) Options vested at December 31, 2011, were 50,000 to Donald Gordon and 75,000 to Patrick Lavin, respectively
- (4) On October 10, 2012 the Company cancelled all issued and outstanding options and at the date of this Circular, there are no issued and outstanding stock options.

The following table provides incentive plan awards – value vested or earned during the most recently completed financial year for NEOs.

Name	Option – based awards Value vested during the year (\$)	Share – based awards Value vested during the year (\$)	Non-equity incentive plan compensation Value earned during the year (\$)
Donald Gordon, President and CEO	2,291	Nil	Nil
Patrick Lavin, CFO	3,055	Nil	Nil

### Pension Plan Benefits

The Company does not provide any pension plan benefits to its executive officers, directors or employees.

### Termination and Change of Control Benefits

There are no written employment contracts between the Company and NEOs. There are no compensatory plan(s) or arrangement(s), with respect to the NEOs resulting from the resignation, retirement or any other termination of employment of the officer's employment or from a change of NEOs' responsibilities following a change in control. The Company has no termination or change of control benefits. In case of termination of NEOs common law and statutory law applies.

### Director Compensation

The following are all amounts of compensation provided to the directors, who were not NEOs, for the Company's most recent completed financial year.

Name	Fees earned (\$)	Share – based awards (\$)	Option based awards (\$) <sup>(1)</sup>	Non-equity incentive plan compensation (\$)	Pension value (\$)	All other compensation (\$)	Total (\$)
Thomas Bell	Nil	Nil	Nil	Nil	Nil	Nil	Nil
James Turner	Nil	Nil	Nil	Nil	Nil	Nil	Nil

Note:

<sup>(1)</sup> On October 10, 2012 the Company cancelled all issued and outstanding options and at the date of this Circular, there are no issued and outstanding stock options.

The following table provides incentive plan awards – value vested or earned during the most recently completed financial year for directors, who were not NEOs.

Name	Option – based awards Value vested during the year (\$)	Share – based awards Value vested during the year (\$)	Non-equity incentive plan compensation – Value earned during the year (\$)
Thomas Bell	764	Nil	Nil
James Turner	764	Nil	Nil

There are no other arrangements from those disclosed above under which directors were compensated by the Company and its subsidiaries during the most recently completed financial year for their services in their capacity as directors or consultants.

#### SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The only equity compensation plan which the Company has in place is the share option plan (the “Plan”) which was previously approved by shareholders on June 23, 2010. The Plan has been established to provide incentive to qualified parties to increase their proprietary interest in the Company and thereby encourage their continuing association with the Company. The Plan is administered by the directors of the Company. The Plan provides that options will be granted to directors, officers, employees or consultants of the Company or a subsidiary of the Company. The Plan provides that the number of Shares issuable under the Plan, together with all of the Company’s other previously established or proposed share compensation arrangements, may not exceed 1,000,000 Shares. All options expire on a date not later than five years after the date of grant of such option.

The following table sets out equity compensation plan information as at the end of the financial year ended December 31, 2011.

#### EQUITY COMPENSATION PLAN INFORMATION

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 - (the Plan)	238,750	\$0.87	761,250
Equity compensation plans not approved by securityholders	Nil	Nil	Nil
Total	238,750	\$0.87	761,250

Note:

- (1) On October 10, 2012 the Company cancelled all issued and outstanding options. As at the date of this Circular, there are no issued and outstanding stock options and there are 1,000,000 stock options available for issuance.

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

No directors, proposed nominees for election as directors, executive officers or their respective associates or affiliates, or other management of the Company were indebted to the Company as of the end of the most recently completed financial year or as at the date hereof.

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

To the knowledge of management of the Company, no informed person (a director, officer or holder of 10% or more of the Abbastar Shares) or nominee for election as a director of the Company or any associate or affiliate of any informed person or proposed director had any interest in any transaction which has materially affected or would materially affect the Company or any of its subsidiaries during the year ended December 31, 2011, or has any interest in any material transaction in the current year other than as set out herein.

### **MANAGEMENT CONTRACTS**

There are no management functions of the Company, which are to any substantial degree performed by a person or company other than the directors or executive officers of the Company.

### **APPOINTMENT OF AUDITOR**

DeVisser Gray LLP, Chartered Accountants, Suite 401, 905 West Pender Street, Vancouver, British Columbia, V6C 1L6, will be nominated at the Meeting for reappointment as auditor of the Company at a remuneration to be fixed by the directors.

### **APPROVAL OF SHARE CONSOLIDATION**

The shareholders of the Company will be asked at the Meeting to consider, and if thought fitting, to pass an ordinary resolution authorizing the consolidation of the Company's share capital at a ratio of up to 6:1, to be determined at the sole discretion of the Board of Directors and subject to the policies of TSXV, consolidating its approximate 6,068,614, issued and outstanding common shares without par value into approximately 1,011,435 common shares without par value if on the basis of up to six of the said issued and outstanding common shares would become one common share. No fractional shares will be issued and the number of the consolidated shares will be rounded down to the nearest whole common share.

Should the Company proceed with the stock consolidation, the Company may change its name. Pursuant to the Company's articles, the Company's name can be changed by Directors' resolution.

Management believes a share consolidation may be necessary and in the Company's best interest. Accordingly, at the Meeting shareholders will be asked to consider, and if thought fitting, to approve, with or without amendment, the following ordinary resolutions:

- (a) *all Company's issued and outstanding common shares be consolidated at such ratio of up to 6:1, to be determined at the sole discretion of the Board of Directors and subject to the policies of the TSXV; and*
- (b) *the Board of Directors of the Company is authorized to effect or abandon any of the foregoing ordinary resolutions approving the consolidation and related matters before they are enacted without further approval of the shareholders.*

Pursuant to the Company's Articles, the Company's unissued, or fully paid issued, shares may be consolidated either by directors' resolution or by ordinary resolution of shareholders as determined by the directors.

Upon consolidation becoming effective, the existing share certificates will be replaced by new share certificates representing the consolidated shares and new Company name, if shareholders request receiving new share certificates and submit completed letters of transmittal to the Company's transfer agent.

The proposed consolidation will not alter or change in any way any shareholder's proportion of votes to total votes; however, the total votes capable of being cast by shareholders at a general meeting of the Company in the future will be reduced if the ordinary resolution is passed. The proposed consolidation will not alter any rights attached to the common shares of the Company.

The above ordinary resolutions, if passed, and if implemented by the Board of Directors, will become effective upon receipt of regulatory approval.

*If the share consolidation is approved, the shareholders will have 6 years from the date of the consolidation to deliver their share certificates representing Abbastar Shares and all other documents required by the Company on or before the sixth anniversary of the date of the consolidation. If they fail to deliver their share certificates and all other documents, they will lose their right to receive the post consolidated shares and will not be paid any cash or compensation.*

#### SUMMARY OF ARRANGEMENT

The following is a summary of the information contained elsewhere in this Circular concerning a proposed reorganization of the Company by way of the Arrangement. Certain capitalized words and terms used in this summary are defined in the Glossary of Terms. This summary is qualified in its entirety by the more detailed information provided in the Arrangement Agreement and the Plan of Arrangement and financial statements appearing or referred to elsewhere in this Circular and the schedules attached hereto.

The Company is a publicly traded company with its shares listed on the TSXV. The Company has the following assets:

- a) a 35% interest in the Doran Uranium Property in Quebec (the **"Doran Interest"**);
- b) an option agreement with Denison Mines Inc. to acquire up to 100% interest in a gold property called the Talbot Lake Property in Ontario (the **"Talbot Lake Option"**);
- c) an option agreement with Reza Mohammed to acquire 100% interest in a gold property called the Smith Creek Property located in British Columbia (the **"Smith Creek Option"**);
- d) an option agreement with Reza Mohammed to acquire 100% interest in a copper property called the Kid Copper Property located in British Columbia (the **"Kid Copper Option"**); and
- e) an option agreement with Reza Mohammed to acquire 100% interest in a zinc property called the Manson River Zinc located in British Columbia (the **"Manson River Zinc Option"**).

(collectively, the Doran Interest, Talbot Lake Option, Smith Creek Option, Kid Copper Option and Manson River Zinc Option are referred to as the **"Doran Interest and Property Options"**)

The Company has incurred \$1,520,190 in exploration expenditures with respect to the Doran Property and \$1,306,084 with respect to the Talbot Lake Property and no exploration expenditures with respect to the other three properties. The Company plans to keep and develop the Talbot Lake Option and to spin out the other four properties to its four wholly owned subsidiaries Anacott, Brunello, Sparx and Teldar.

The Company believes that separating Abbastar into four additional public companies offers a number of benefits to shareholders.

- i) First, the Company believes that after the separation, each company will be better able to pursue its own specific operating strategies without being subject to the financial constraints of the other businesses.
- ii) After the separation, each company will also have the flexibility to implement its own unique growth strategies, allowing each organization to refine and refocus its business strategy.
- iii) Additionally, because the resulting businesses will be focused on separate exploration properties, they will be more readily understood by public investors, allowing each company to be better positioned to raise capital and align management and employee incentives with the interests of shareholders.

The following will be the result of the Arrangement:

- a) Abbastar will transfer to Anacott \$17,500 in cash and the Smith Creek Option in exchange for the same number of Anacott Shares as the number of Abbastar Shares that are issued on the Distribution Record Date multiplied by the Conversion Factor. Abbastar will distribute the Anacott Shares to the shareholders of Abbastar;
- b) Abbastar will transfer to Brunello \$17,500 in cash and the Manson River Zinc Option in exchange for the same number of Brunello Shares as the number of Abbastar Shares that are issued on the Distribution Record Date multiplied by the Conversion Factor. Abbastar will distribute the Brunello Shares to the shareholders of Abbastar;
- c) Abbastar will transfer to Sparx \$17,500 and the Doran Interest in exchange for the same number of Sparx Shares as the number of Abbastar Shares that are issued on the Distribution Record Date multiplied by the Conversion Factor. Abbastar will distribute the Sparx Shares to the shareholders of Abbastar;
- d) Abbastar will transfer to Teldar \$17,500 in cash and the Kid Copper Option in exchange for the same number of Teldar Shares as the number of Abbastar Shares that are issued on the Distribution Record Date multiplied by the Conversion Factor. Abbastar will distribute the Teldar Shares to the shareholders of Abbastar.

Each Abbastar Shareholder as of the Share Distribution Record Date, other than a Dissenting Shareholder, will, immediately after the Arrangement, hold one Abbastar Share and its pro-rata share of the Anacott Shares, Brunello Shares, Sparx Shares and Teldar Shares to be distributed under the Arrangement for each currently held Abbastar Share. See "The Arrangement – Details of the Arrangement".

#### **Effect of the Arrangement on Abbastar Share Commitments**

- 1) As of the Effective Date, the Abbastar Share Commitments will be exercisable, in accordance with the corporate reorganization provisions of such securities, into Anacott Shares, Brunello Shares, Sparx Shares and Teldar Shares on the basis that the holder will receive, upon exercise, a number of Anacott Shares, Brunello Shares, Sparx Shares and Teldar Shares that is equal to the number of Abbastar Shares so acquired.
- 2) Anacott, Brunello, Sparx and Teldar have agreed, pursuant to the respective Anacott Commitment, Brunello Commitment, Sparx Commitment and Teldar Commitment to issue Anacott Shares, Brunello Shares, Sparx Shares and Teldar Shares upon exercise of the Abbastar Share Commitments and the Company is obligated, as the agent of Anacott, Brunello, Sparx and Teldar to collect and pay to Anacott, Brunello, Sparx and Teldar a portion of the proceeds received for each Abbastar Share Commitment so exercised, with the balance of the exercise price to be retained by Abbastar.
- 3) Any entitlement to a fraction of an Anacott Share, Brunello Share, Sparx Share and Teldar Share resulting from the exercise of Abbastar Share Commitments will be cancelled without compensation.

#### **Recommendation and Approval of the Board of Directors**

**The directors of the Company have concluded that the terms of the Arrangement are fair and reasonable to, and in the best interests of, the Company and the Abbastar Shareholders. The Board has therefore approved the Arrangement and authorized the submission of the Arrangement to the Abbastar Shareholders, TSXV and the Court for approval. The Board recommends that Abbastar Shareholders vote FOR the approval of the Arrangement. See "The Arrangement – Recommendation of Directors".**

#### **Reasons for the Arrangement**

The decision to proceed with the Arrangement was based on the following primary considerations:

1. the Company plans to focus on the Talbot Lake Property, which will become the core asset of the Company;
2. the formation of Anacott, Brunello, Sparx and Teldar should facilitate separate development strategies for the Smith Creek Option, Manson River Zinc Option, Doran Interest and Kid Copper Option;
3. following the Arrangement, management of the Company will be free to focus entirely on the Talbot Lake Option;

4. it is planned to establish new management for Anacott, Brunello, Sparx and Teldar;
5. the distribution of Anacott Shares, Brunello Shares, Sparx Shares and Teldar Shares will give the Abbastar Shareholders a direct interest in these four subsidiaries of Abbastar;
6. as a separate companies with separate assets, the Company, Anacott, Brunello, Sparx and Teldar will have direct access to public and private capital markets and will be able to issue debt and equity to fund improvements and development of their assets and to finance the acquisition and development of any new assets they may acquire on a priority basis; and
7. as separate companies Anacott, Brunello, Sparx and Teldar will be able to establish equity based compensation programs to enable them to better attract, motivate and retain directors, officers and key employees, thereby better aligning management and employee incentives with the interests of shareholders;

### **Conduct of Meeting and Shareholder Approval**

The Interim Order provides that in order for the Arrangement to proceed, the Arrangement Resolution must be passed, with or without variation, by at least 66 and 2/3rds of the eligible votes cast with respect to the Arrangement Resolution by Abbastar Shareholders present in person or by proxy at the Meeting. See "The Arrangement – Shareholder Approval".

### **TSXV Approval**

The Company has obtained a conditional approval of TSXV of the Arrangement.

### **Court Approval**

The Arrangement, as structured, requires the approval of the Court. Prior to the mailing of this Circular, the Company obtained the Interim Order authorizing the calling and holding of the Meeting and providing for certain other procedural matters. The Interim Order does not constitute approval of the Arrangement or the contents of this Circular by the Court.

The Notice of Hearing of the Petition with respect to the Final Order is attached to this Circular. In hearing the petition for the Final Order, the Court will consider, among other things, the fairness of the Arrangement to the Abbastar Shareholders. The Court will also be advised that based on the Court's approval of the Arrangement, the Company and Anacott, Brunello, Sparx and Teldar will rely on an exemption from registration pursuant to Section 3(a)(10) of the U.S. Securities Act for the issuance of the Anacott Shares, Brunello Shares, Sparx Shares and Teldar Shares to any United States based Abbastar Shareholders. Assuming approval of the Arrangement by the Abbastar Shareholders at the Meeting, the hearing for the Final Order is scheduled to take place at 9:45 a.m. (Vancouver time) on or after December 5, 2012, at the Courthouse located at 800 Smithe Street, Vancouver, British Columbia, or at such other date and time as the Court may direct. At this hearing, any Abbastar Shareholder or director, creditor, auditor or other interested party of the Company who wishes to participate or to be represented or who wishes to present evidence or argument may do so, subject to filing an application response and satisfying certain other requirements. See "The Arrangement – Court Approval of the Arrangement".

### **Income Tax Considerations**

Canadian Federal income tax considerations for Abbastar Shareholders who participate in the Arrangement or who dissent from the Arrangement are set out in the summary herein entitled "Income Tax Considerations – Certain Canadian Federal Income Tax Considerations".

**Abbastar Shareholders should carefully review the tax considerations applicable to them under the Arrangement and are urged to consult their own legal, tax and financial advisors in regard to their particular circumstances.**

### **Right to Dissent**

Abbastar Shareholders will have the right to dissent from the Plan of Arrangement as provided in the Interim Order, the Plan of Arrangement and sections 237 to 247 of the Act. Any Abbastar Shareholder who dissents will be entitled to be paid in cash the fair value for their Abbastar Shares held so long as such Dissenting Shareholder: (i) does not vote any of his, her or its Abbastar Shares in favour of the Arrangement Resolution, (ii) provides to the Company written objection to the Plan of Arrangement to the Company's head office at 1150 -750 West Pender Street, Vancouver, British Columbia V6C 2T8, at least

two (2) days before the Meeting or any postponement(s) or adjournment(s) thereof, and (iii) otherwise complies with the requirements of the Plan of Arrangement and section 237 to 247 of the Act. See "Right of Dissent".

### **Stock Exchange Listing**

The Abbastar Shares are currently listed and traded on the TSXV and will continue to be listed on the TSXV following completion of the Arrangement.

**The closing of the Arrangement is conditional on the TSXV approving the Plan of Arrangement.**

**The Anacott Shares, Brunello Shares, Sparx Shares and Teldar Shares will not be listed on the TSXV as a result of the completion of the Arrangement.**

### ***Information Concerning the Company and Anacott after the Arrangement***

Following completion of the Arrangement, the Company will continue to carry on its primary business activities and will focus on the Talbot Lake Option. The Abbastar Shares will continue to be listed on the TSXV. Each Abbastar Shareholder will continue to be a shareholder of the Company. Each Abbastar Shareholder on the Share Distribution Record Date will receive one Anacott Shares for every Abbastar Share (multiplied by the Conversion Factor). See "The Company after the Arrangement" for a summary description of the Company assuming completion of the Arrangement, including selected pro-forma unaudited financial information for the Company.

Following completion of the Arrangement, Anacott will be a reporting issuer, the shareholders of which will be the holders of Abbastar Shares on the Share Distribution Record Date. Anacott will have all of Abbastar's interest in the Smith Creek Option. See "Anacott after the Arrangement" for a description of the Smith Creek Option, corporate structure and business, including selected pro-forma unaudited financial information of Anacott assuming completion of the Arrangement.

### ***Information Concerning the Company and Brunello after the Arrangement***

Following completion of the Arrangement, the Company will continue to carry on its primary business activities and will focus on the Talbot Lake Option. The Abbastar Shares will continue to be listed on the TSXV. Each Abbastar Shareholder will continue to be a shareholder of the Company. Each Abbastar Shareholder on the Share Distribution Record Date will receive one Brunello Shares for every Abbastar Share (multiplied by the Conversion Factor). See "The Company after the Arrangement" for a summary description of the Company assuming completion of the Arrangement, including selected pro-forma unaudited financial information for the Company.

Following completion of the Arrangement, Brunello will be a reporting issuer, the shareholders of which will be the holders of Abbastar Shares on the Share Distribution Record Date. Brunello will have all of Abbastar's interest in the Manson River Zinc Option. See "Brunello after the Arrangement" for a description of the Manson River Zinc Option, corporate structure and business, including selected pro-forma unaudited financial information of Brunello assuming completion of the Arrangement.

### ***Information Concerning the Company and Sparx after the Arrangement***

Following completion of the Arrangement, the Company will continue to carry on its primary business activities and will focus on the Talbot Lake Option. The Abbastar Shares will continue to be listed on the TSXV. Each Abbastar Shareholder will continue to be a shareholder of the Company. Each Abbastar Shareholder on the Share Distribution Record Date will receive one Sparx Shares for every Abbastar Share (multiplied by the Conversion Factor). See "The Company after the Arrangement" for a summary description of the Company assuming completion of the Arrangement, including selected pro-forma unaudited financial information for the Company.

Following completion of the Arrangement, Sparx will be a reporting issuer, the shareholders of which will be the holders of Abbastar Shares on the Share Distribution Record Date. Sparx will have all of Abbastar's Doran Interest. See "Sparx after the Arrangement" for a description of the Doran Interest, corporate structure and business, including selected pro-forma unaudited financial information of Sparx assuming completion of the Arrangement.

**Information Concerning the Company and Teldar after the Arrangement**

Following completion of the Arrangement, the Company will continue to carry on its primary business activities and will focus on the Talbot Lake Option. The Abbastar Shares will continue to be listed on the TSXV. Each Abbastar Shareholder will continue to be a shareholder of the Company. Each Abbastar Shareholder on the Share Distribution Record Date will receive one Teldar Shares for every Abbastar Share (multiplied by the Conversion Factor). See "The Company after the Arrangement" for a summary description of the Company assuming completion of the Arrangement, including selected pro-forma unaudited financial information for the Company.

Following completion of the Arrangement, Teldar will be a reporting issuer, the shareholders of which will be the holders of Abbastar Shares on the Share Distribution Record Date. Teldar will have all of Abbastar's interest in the Kid Copper Option. See "Teldar after the Arrangement" for a description of the Kid Copper Option, corporate structure and business, including selected pro-forma unaudited financial information of Teldar assuming completion of the Arrangement.

**Selected Unaudited Pro-forma Financial Information for the Company**

The following selected unaudited pro-forma financial information for the Company is based on the assumptions described in the notes to the Company's unaudited pro-forma balance sheet as at June 30, 2012, attached to this Circular as Schedule "F". The pro-forma balance sheet has been prepared based on the assumption that, among other things, the Arrangement occurred on June 30, 2012.

	<b>Pro-forma as at June 30, 2012 on completion of the Arrangement</b>
	(unaudited)
Cash .....	\$ 66,318
Amounts receivable .....	13,633
<b>Total assets .....</b>	<b>\$ 79,951</b>
Payables and accruals .....	\$ 231,270
Loans payable .....	100,000
Due to related parties .....	455,331
Equity.....	(706,650)
<b>Total liabilities and shareholders' equity .....</b>	<b>\$ 79,951</b>

**Selected Unaudited Pro-forma Financial Information for Anacott**

In connection with the Arrangement, Abbastar will transfer the Smith Creek Option plus \$17,500 cash to Anacott.

The following selected unaudited pro-forma financial information for Anacott is based on the assumptions described in the notes to the Anacott unaudited pro-forma balance sheet as at June 30, 2012, attached to this Circular as Schedule "G". The pro-forma balance sheet has been prepared based on the assumption that, among other things, the Arrangement had occurred on June 30, 2012.

	<b>As of June 30, 2012</b>	<b>Pro-forma as at June 30, 2012 on completion of the Arrangement</b>
	(unaudited)	(unaudited)
Cash .....	\$ 1	\$ 10,000
Smith Creek Option .....	-	-
<b>Total assets .....</b>	<b>\$ 1</b>	<b>\$ 10,000</b>

**Selected Unaudited Pro-forma Financial Information for Brunello**

In connection with the Arrangement, Abbastar will transfer the Manson River Zinc Option plus \$17,500 cash to Brunello.

The following selected unaudited pro-forma financial information for Brunello is based on the assumptions described in the notes to the Brunello unaudited pro-forma balance sheet as at June 30, 2012, attached to this Circular as Schedule "H". The pro-forma balance sheet has been prepared based on the assumption that, among other things, the Arrangement had occurred on June 30, 2012.

	As of <b>June 30, 2012</b> (unaudited)	<b>Pro-forma as at June 30, 2012 on completion of the Arrangement</b> (unaudited)
Cash .....	\$ 1	\$ 10,000
Manson River Zinc Option .....	-	-
<b>Total assets</b> .....	<b>\$ 1</b>	<b>\$ 10,000</b>

***Selected Unaudited Pro-forma Financial Information for Sparx***

In connection with the Arrangement, Abbastar will transfer the Doran Interest plus \$17,500 cash to Sparx.

The following selected unaudited pro-forma financial information for Sparx is based on the assumptions described in the notes to the Sparx unaudited pro-forma balance sheet as at June 30, 2012, attached to this Circular as Schedule "I". The pro-forma balance sheet has been prepared based on the assumption that, among other things, the Arrangement had occurred on June 30, 2012.

	As of <b>June 30, 2012</b> (unaudited)	<b>Pro-forma as at June 30, 2012 on completion of the Arrangement</b> (unaudited)
Cash .....	\$ 1	\$ 10,000
Doran Interest .....	-	100,000
<b>Total assets</b> .....	<b>\$ 1</b>	<b>\$ 110,000</b>

***Selected Unaudited Pro-forma Financial Information for Teldar***

In connection with the Arrangement, Abbastar will transfer the Kid Copper Option plus \$17,500 cash to Teldar.

The following selected unaudited pro-forma financial information for Teldar is based on the assumptions described in the notes to the Teldar unaudited pro-forma balance sheet as at June 30, 2012, attached to this Circular as Schedule "J". The pro-forma balance sheet has been prepared based on the assumption that, among other things, the Arrangement had occurred on June 30, 2012.

	As of <b>June 30, 2012</b> (unaudited)	<b>Pro-forma as at June 30, 2012 on completion of the Arrangement</b> (unaudited)
Cash .....	\$ 1	\$ 10,000
Kid Copper Option .....	-	-
<b>Total assets</b> .....	<b>\$ 1</b>	<b>\$ 10,000</b>

***Risk Factors***

***In considering whether to vote for the approval of the Arrangement, Abbastar Shareholders should be aware that there are various risks, including those described in the Section entitled "Risk Factors" in this Circular. Abbastar Shareholders should carefully consider these risk factors, together with other information included in this Circular, before deciding whether to approve the Arrangement.***

## THE ARRANGEMENT

### *General*

The Arrangement has been proposed to facilitate the separation of the Company's primary business activities from development of the Doran Interest and Property Options. Pursuant to the Arrangement,

- i) "Anacott", currently a wholly-owned subsidiary of the Company, will acquire the Smith Creek Option for the aggregate consideration of the number of Anacott Shares equal to the number of Abbastar Shares on the Share Distribution Record Date multiplied by the Conversion Factor;
- ii) "Brunello", currently a wholly-owned subsidiary of the Company, will acquire the Manson River Zinc Option for the aggregate consideration of the number of Brunello Shares equal to the number of Abbastar Shares on the Share Distribution Record Date multiplied by the Conversion Factor;
- iii) "Sparx", currently a wholly-owned subsidiary of the Company, will acquire the Doran Interest for the aggregate consideration of the number of Sparx Shares equal to the number of Abbastar Shares on the Share Distribution Record Date multiplied by the Conversion Factor;
- iv) "Teldar", currently a wholly-owned subsidiary of the Company, will acquire the Kid Copper Option for the aggregate consideration of the number of Teldar Shares equal to the number of Abbastar Shares on the Share Distribution Record Date multiplied by the Conversion Factor;

Following the Arrangement, the Company will continue to carry on its primary business activities. Each Abbastar Shareholder will receive one common share of each of Anacott, Brunello, Sparx and Teldar for every Abbastar Share (multiplied by the Conversion Factor) they own on the Share Distribution Record Date.

### *Recommendation of Directors*

The Board approved the Arrangement and authorized the submission of the Arrangement to the TSXV, the Abbastar Shareholders and the Court for approval. **The Board has concluded that the Arrangement is in the best interests of the Company and the Abbastar Shareholders, and recommends that the Abbastar Shareholders vote FOR the Arrangement Resolution at the Meeting.** In reaching this conclusion, the Board considered the benefits to the Company and the Abbastar Shareholders, as well as the financial position, opportunities and the outlook for the future potential and operating performance of the Company and Anacott, Brunello, Sparx and Teldar.

### *Fairness of the Arrangement*

The Arrangement was determined to be fair to the Abbastar Shareholders by the Board based upon the following factors, among others:

1. the procedures by which the Arrangement will be approved, including the requirement for 66 and 2/3rds Abbastar Shareholder approval and approval by the Court after a hearing at which fairness will be considered;
2. the possibility of pursuing a proposed listing of the Anacott Shares, Brunello Shares, Sparx Shares and Teldar Shares on a stock exchange and the continued listing of the Abbastar Shares on the TSXV;
3. the opportunity for Abbastar Shareholders who are opposed to the Arrangement, upon compliance with certain conditions, to dissent from the approval of the Arrangement in accordance with the Interim Order, and to be paid fair value for their Abbastar Shares; and
4. each Abbastar Shareholder on the Share Distribution Record Date will participate in the Arrangement on a *pro-rata* basis and, upon completion of the Arrangement, will continue to hold substantially the same *pro-rata* interest that such Abbastar Shareholder held in the Company prior to completion of the Arrangement and substantially the same *pro-rata* interest in Anacott, Brunello, Sparx and Teldar through its direct holdings of Anacott Shares, Brunello Shares, Sparx Shares and Teldar Shares rather than indirectly through the Company's holding of Anacott Shares, Brunello Shares, Sparx Shares and Teldar Shares.

### *Details of the Arrangement*

The following description of the Arrangement is qualified in its entirety by reference to the full text of the Arrangement Agreement, a copy of which is annexed as Schedule "C" to this Circular, and the Plan of Arrangement, which is attached as Schedule "A" to the Arrangement Agreement. Each of these documents should be read carefully in their entirety.

Pursuant to the Plan of Arrangement, save and except for Dissenting Shares, the following principal steps will occur and be deemed to occur in the following chronological order as part of the Arrangement:

The authorized share structure of Anacott, Brunello, Sparx and Teldar will be changed by creating a new class of shares consisting of an unlimited number of class "A" preferred shares without par value ("**Anacott Class A Preferred Shares**", "**Brunello Class A Preferred Shares**", "**Sparx Class A Preferred Shares**" and "**Teldar Class A Preferred Shares**"), having the rights and restrictions described in Schedule "A" to the Plan of Arrangement;

Abbastar will transfer the Assets to Anacott, Brunello, Sparx and Teldar in consideration for the same number of each Anacott Class A Preferred Shares, Brunello Class A Preferred Shares, Sparx Class A Preferred Shares and Teldar Class A Preferred Shares (the "**Asset Consideration Anacott Shares**", "**Asset Consideration Brunello Shares**", "**Asset Consideration Sparx Shares**" and "**Asset Consideration Teldar Shares**") as the number of Abbastar Shares that are issued on the Distribution Record Date multiplied by the Conversion Factor. Thereafter, Abbastar will be added to the central securities registers of such Anacott Class A Preferred Shares, Brunello Class A Preferred Shares, Teldar Class A Preferred Shares and Sparx Class A Preferred Shares;

Abbastar will convert the Asset Consideration Anacott Shares, Asset Consideration Brunello Shares, Asset Consideration Sparx Shares and Asset Consideration Teldar Shares into common shares of Anacott, Brunello, Sparx and Teldar (the "**Anacott Converted Shares**", "**Brunello Converted Shares**", "**Sparx Converted Shares**" and "**Teldar Converted Shares**"). As a result of the conversion, the number of outstanding Anacott Shares, Brunello Shares, Sparx Shares and Teldar Shares (being all of all the Anacott Converted Shares, Brunello Converted Shares, Sparx Converted Shares and Teldar Converted Shares already held by Abbastar prior to the step described in §3.1(b) of the Plan of Arrangement, all of which will be held by Abbastar) will be equal to the number of outstanding Abbastar Shares multiplied by the Conversion Factor immediately prior to the Effective Date;

Abbastar will be removed from the central securities registers of Anacott, Brunello, Sparx and Teldar as the only holder of the Anacott Class A Preferred Shares, Brunello Class A Preferred Shares, Sparx Class A Preferred Shares and Teldar Class A Preferred Shares;

Abbastar will distribute to the Abbastar Shareholders all of Anacott Shares, Brunello Shares, Sparx Shares and Teldar Shares by way of a reduction of the Paid-Up Capital of Abbastar, in accordance with the terms hereof (for greater certainty, any reference hereinafter to "Anacott Shares", "Brunello Shares", "Sparx Shares" and "Teldar Shares", includes the Anacott Converted Shares, Brunello Converted Shares, Sparx Converted Shares and Teldar Converted Shares and Anacott Shares, Brunello Shares, Sparx Shares and Teldar Shares held by Abbastar prior to the step described in §3.1(b) of the Plan of Arrangement);

Upon completion of the transactions set forth above, each Abbastar Shareholder at the Share Distribution Record Date will be entitled to receive one (1) Anacott Share, one (1) Brunello Share, one (1) Teldar Share and one (1) Sparx Share for every one (1) Abbastar Share multiplied by the Conversion Factor held by said Abbastar Shareholder;

The Anacott Shares, Brunello Shares, Sparx Shares and Teldar Shares transferred to the holders of Abbastar Shares pursuant to §3.1(e) of the Plan of Arrangement will be registered in the names of the holders of the Abbastar Shares and appropriate entries will be made in the central securities registers of Anacott, Brunello, Sparx and Teldar;

The Anacott Class A Preferred Shares, Brunello Class A Preferred Shares, Sparx Class A Preferred Shares and Teldar Class A Preferred Shares, none of which will be issued or outstanding once the steps referred in §3.1(c) and §3.1(d) of the Plan of Arrangement are completed, will be cancelled and the authorized share structures of Anacott, Brunello, Sparx and Teldar will be changed by eliminating the Anacott Class A Preferred Shares, Brunello Class A Preferred Shares, Sparx Class A Preferred Shares and Teldar Class A Preferred Shares therefrom;

The Notices of Articles of Anacott, Brunello, Sparx and Teldar will be amended to reflect the changes to its authorized share structure made pursuant to this Plan of Arrangement; and

After the Effective Date:

All Abbastar Share Commitments will be exercisable for Abbastar Shares and Anacott Shares, Brunello Shares, Sparx Shares and Teldar Shares in accordance with the corporate reorganization and adjustment provisions of such commitments, whereby the exercise of an Abbastar Share Commitment will result in the holder of the Abbastar Share Commitment receiving one Abbastar Share and one Anacott Share, one Brunello Share, One Sparx Share and one Teldar Share;

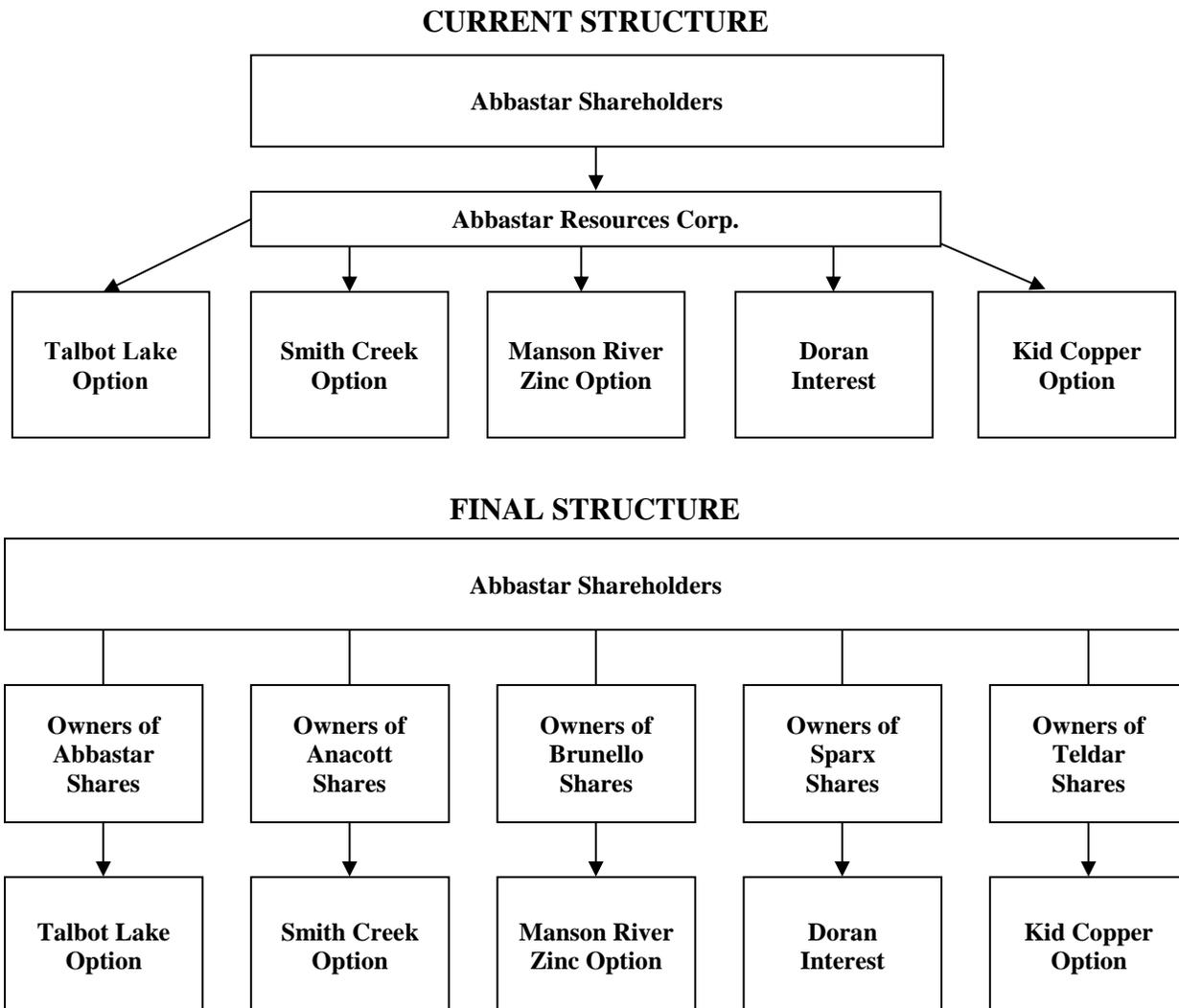
Pursuant to the Anacott Commitment, Brunello Commitment, Sparx Commitment and Teldar Commitment, Anacott, Brunello, Sparx and Teldar will issue the required number of Anacott, Brunello, Sparx and Teldar Shares upon the exercise of Abbastar Share Commitments as is directed by Abbastar, and

Abbastar will, as agent for Anacott, Brunello, Sparx and Teldar, collect and pay to Anacott, Brunello, Sparx and Teldar Sparx a portion of the proceeds received for each Abbastar Share Commitment so exercised, with the balance of the exercise price to be retained by Abbastar, as determined in accordance with §3.4 of the Arrangement Agreement.

For information concerning the number of outstanding Abbastar Share Commitments as at the date hereof, see "The Company after the Arrangement – Changes in Share Capital".

The effects of the Arrangement with respect to Abbastar, Anacott, Brunello, Sparx and Teldar can be summarized by the following Abbastar diagram.

Effect of the Arrangement:



### ***Authority of the Board***

By passing the Arrangement Resolution, the Abbastar Shareholders will also be giving authority to the Board to use its best judgment to proceed with and cause the Company to complete the Arrangement without any requirement to seek or obtain any further approval of the Abbastar Shareholders.

The Arrangement Resolution also provides that the Plan of Arrangement may be amended by the Board before or after the Meeting without further notice to Abbastar Shareholders. The Board has no current intention to amend the Plan of Arrangement, however it is possible that the Board may determine that it is appropriate that amendments be made.

### ***Conditions to the Arrangement***

The Arrangement Agreement provides that the Arrangement will be subject to the fulfillment of certain conditions, including the following:

1. the Arrangement Agreement must be approved by the Abbastar Shareholders at the Meeting in the manner referred to under "Shareholder Approval";
2. the Arrangement must be approved by the TSXV;
3. the Arrangement must be approved by the Court in the manner referred to under "Court Approval of the Arrangement";
4. all other consents, orders, regulations and approvals, including regulatory and judicial approvals and orders, required, necessary or desirable for the completion of the Arrangement must have been obtained or received, each in a form acceptable to the Company and Anacott, Brunello, Sparx and Teldar; and
5. the Arrangement Agreement must not have been terminated.

If any of the conditions set out in the Arrangement Agreement are not fulfilled or performed, the Arrangement Agreement may be terminated, or in certain cases the Company or Anacott, Brunello, Sparx and Teldar, as the case may be, may waive the condition in whole or in part. As soon as practicable after the fulfillment of the conditions contained in the Arrangement Agreement, the Board intends to cause a certified copy of the Final Order to be filed with the Registrar under the Act, together with such other material as may be required by the Registrar, in order that the Arrangement will become effective.

### ***Approval***

#### ***Abbastar Shareholder Approval***

In order for the Arrangement to become effective, the Arrangement Resolution must be passed, with or without variation, by a special resolution of at least 66 and 2/3rds of the eligible votes cast in respect of the Arrangement Resolution by Abbastar Shareholders present in person or by proxy at the Meeting.

#### ***Shareholder Approval for Anacott, Brunello, Sparx and Teldar***

The Company, being the sole shareholder of Anacott, Brunello, Sparx and Teldar, has approved the Arrangement by consent resolution.

#### ***TSXV Approval***

The Arrangement will have to be approved by the TSXV.

#### ***Court Approval of the Arrangement***

The Arrangement as structured requires the approval of the Court. Prior to the mailing of this Circular, the Company obtained the Interim Order authorizing the calling and holding of the Meeting and providing for certain other procedural matters. The Interim Order is attached as Schedule "D" to this Circular. The Notice of Hearing for the Final Order is attached as Schedule "Q".

Assuming approval of the Arrangement Resolution by the Abbastar Shareholders at the Meeting, the hearing for the Final Order is scheduled to take place at 9:45 a.m. (Vancouver time) on or after December 5, 2012 at the Courthouse located at 800 Smith Street, Vancouver, British Columbia or at such other date and time as the Court may direct. At this hearing, any security holder, director, auditor or other interested party of the Company who wishes to participate or to be represented or present evidence or argument may do so, subject to filing an appearance and satisfying certain other requirements.

The Court has broad discretion under the Act when making orders in respect of arrangements and the Court may approve the Arrangement as proposed or as amended in any manner the Court may direct, subject to compliance with such terms and conditions, if any, as the Court thinks appropriate. The Court, in hearing the application for the Final Order, will consider, among other things, the fairness of the terms and conditions of the Arrangement to the Abbastar Shareholders.

### ***Proposed Timetable for Arrangement***

The anticipated timetable for the completion of the Arrangement and the key dates proposed are as follows:

Meeting:	November 30, 2012
Final Court Approval:	December 5, 2012
Share Distribution Record Date:	January 15, 2013
Effective Date:	To be determined
Mailing of Share Certificates of the Subsidiaries:	To be determined

Notice of the actual Share Distribution Record Date and Effective Date will be given to the Abbastar Shareholders through one or more press releases. The boards of directors of the Company and Anacott, Brunello, Sparx and Teldar, respectively, will determine the Effective Date depending upon satisfaction that all of the conditions to the completion of the Arrangement are satisfied.

### ***Anacott, Brunello, Sparx and Teldar Share Certificates***

As soon as practicable after the Effective Date, share certificates representing the appropriate number of Anacott Shares, Brunello Shares, Sparx Shares and Teldar Shares will be sent to all Abbastar Shareholders of record on the Share Distribution Record Date.

### ***Relationship between the Company and Anacott, Brunello, Sparx and Teldar after the Arrangement***

It is expected that on completion of the Arrangement, Abbastar will have no common directors with the Subsidiaries.

See "Anacott after the Arrangement — Directors and Officers of Anacott", "Brunello after the Arrangement — Directors and Officers of Brunello", "Sparx after the Arrangement — Directors and Officers of Sparx", and "Teldar after the Arrangement — Directors and Officers of Teldar".

### ***Effect of Arrangement on Outstanding Abbastar Share Commitments***

Abbastar Share Commitments which are outstanding on the Effective Date will be exercisable, in accordance with the corporate reorganization provisions of such securities, for Anacott Shares, Brunello Shares, Sparx Shares and Teldar Shares on the basis that the holder will receive, upon exercise, a number of Anacott Shares, Brunello Shares, Sparx Shares and Teldar Shares that is equal to the number of Abbastar Shares multiplied by the Conversion Factor. Anacott, Brunello, Sparx and Teldar have agreed, pursuant to the Anacott Commitment, Brunello Commitment, Sparx Commitment and Teldar Commitment, to issue Anacott Shares, Brunello Shares, Sparx Shares and Teldar Shares upon exercise of Abbastar Share Commitments and the Company is obligated, as the agent of Anacott, Brunello, Sparx and Teldar, to collect and pay to Anacott, Brunello, Sparx and Teldar a portion of the proceeds received for each Anacott Share, Brunello Share, Sparx Share and Teldar Share so issued. Any entitlement to a fraction of an Anacott Share, Brunello Share, Sparx Share or Teldar Share resulting from the exercise of an Abbastar Share Commitment will be cancelled without compensation.

### ***Resale of Anacott Shares, Brunello Shares, Sparx Shares and Teldar Shares***

#### ***Exemption from Canadian Prospectus Requirements and Resale Restrictions***

The issue of the Anacott Shares, Brunello Shares, Sparx Shares and Teldar Shares pursuant to the Arrangement will be made pursuant to exemptions from the registration and prospectus requirements contained in applicable provincial securities

legislation in Canada. Under applicable provincial securities laws, such Anacott Shares, Brunello Shares, Sparx Shares and Teldar Shares may be resold in Canada without hold period restrictions, except that any person, company or combination of persons or companies holding a sufficient number of the Anacott Shares, Brunello Shares, Sparx Shares or Teldar Shares to affect materially the control of the Company, Anacott, Brunello, Sparx or Teldar, respectively, will be restricted from reselling such shares. In addition, existing hold periods on any Abbastar Shares in effect on the Effective Date will remain in effect.

**The foregoing discussion is only a general overview of the requirements of Canadian securities laws for the resale of the Abbastar Shares, the Anacott Shares, Brunello Shares, Sparx Shares and Teldar Shares received upon completion of the Arrangement. All holders of Abbastar Shares are urged to consult with their own legal counsel to ensure that any resale of their Abbastar Shares, Anacott Shares, Brunello Shares, Sparx Shares or Teldar Shares complies with applicable securities legislation.**

#### *Application of United States Securities Laws*

The Anacott Shares, Brunello Shares, Sparx Shares and Teldar Shares to be issued to the Abbastar Shareholders under the Arrangement have not been registered under the U.S. Securities Act, or under the securities laws of any state of the United States, and will be issued to Abbastar Shareholders resident in the United States in reliance on the exemption from registration set forth in Section 3(a)(10) of the U.S. Securities Act on the basis of the approval of the Arrangement by the Court, and pursuant to available exemptions from registration under applicable state securities laws. The Court will be advised that the Court's approval, if obtained, will constitute the basis for an exemption from the registration requirements of the U.S. Securities Act.

#### *U.S. Resale Restrictions – Securities Issued to Abbastar Shareholders*

Anacott Shares, Brunello Shares, Sparx Shares or Teldar Shares to be issued to an Abbastar Shareholder who is an "affiliate" of either the Company or Anacott, Brunello, Sparx or Teldar prior to the Arrangement or will be an "affiliate" of Anacott, Brunello, Sparx or Teldar after the Arrangement will be subject to certain restrictions on resale imposed by the U.S. Securities Act. Pursuant to Rule 144 under the U.S. Securities Act, an "affiliate" of an issuer for the purposes of the U.S. Securities Act is a person that directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, such issuer.

**The foregoing discussion is only a general overview of certain requirements of United States securities laws applicable to the securities received upon completion of the Arrangement. All holders of securities received in connection with the Arrangement are urged to consult with counsel to ensure that the resale of their securities complies with applicable securities legislation.**

#### *Additional Information for U.S. Security Holders*

**THE SECURITIES ISSUABLE IN CONNECTION WITH THE ARRANGEMENT HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SEC OR SECURITIES REGULATORY AUTHORITIES IN ANY STATE, NOR HAS THE SEC OR THE SECURITIES REGULATORY AUTHORITIES OF ANY STATE PASSED ON THE ADEQUACY OR ACCURACY OF THIS CIRCULAR AND ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.**

This Circular has been prepared in accordance with the applicable disclosure requirements in Canada. Residents of the United States should be aware that such requirements are different than those of the United States applicable to proxy statements under the U.S. Exchange Act. Likewise, information concerning the operations of the Company and Anacott, Brunello, Sparx and Teldar and their assets have been prepared in accordance with Canadian standards, and may not be comparable to similar information for United States companies.

Financial statements included herein have been prepared in accordance with IFRS and are subject to auditing and auditor independence standards in Canada, and thus may not be comparable to financial statements of United States companies. Abbastar Shareholders should be aware that the acquisition of the securities described herein may have tax consequences both in the United States and in Canada.

The enforcement by investors of civil liabilities under the United States federal securities laws may be affected adversely by the fact that the Company, Anacott, Brunello, Sparx and Teldar are incorporated or organized under the laws of a foreign country, that some or all of their officers and directors and any experts named herein may be residents of a foreign country,

and that all or a substantial portion of the assets of the Company, Anacott, Brunello, Sparx and Teldar and said persons may be located outside the United States.

### ***Expenses of Arrangement***

Pursuant to the Arrangement Agreement, the costs relating to the Arrangement, including without limitation, financial, advisory, accounting and legal fees will be borne by the Company.

## **INCOME TAX CONSIDERATIONS**

### ***Distribution of Anacott, Brunello, Sparx and Teldar Shares***

Each Resident Holder who receives Anacott, Brunello, Sparx and Teldar Shares distributed by the Company in payment of a reduction of Paid-Up Capital of the Company should not have adverse Canadian Federal Income Tax consequences provided that the fair market value of the Anacott, Brunello, Sparx and Teldar Shares distributed:

- a) does not exceed the amount by which the Paid-Up Capital of the Abbastar Shares is correspondingly reduced; and
- b) does not exceed the adjusted cost base of the Abbastar Shares to the Resident Holder.

In such circumstances, the Anacott, Brunello, Sparx and Teldar Shares distributed should be received as a return of capital and constitute a non-taxable capital receipt. An amount equal to the fair market value of the Anacott, Brunello, Sparx and Teldar Shares received by a Resident Holder in respect of the reductions of the Paid-Up Capital of the Abbastar Shares will be deducted in computing the adjusted cost base of the Resident Holder's Abbastar Shares.

If the fair market value of the Anacott, Brunello, Sparx and Teldar Shares distributed exceeds the amount by which the Paid-Up Capital of the Abbastar Shares is reduced, the excess will be treated as a taxable dividend to the Resident Holder and will be included in computing the Resident Holder's taxable income as described below (see "Holders Resident in Canada – Taxation corporate reorganizations of Dividends").

Any amount treated as a taxable dividend will not be deducted in computing the adjusted cost base of the Resident Holder's Abbastar Shares. If the amount deducted in computing the adjusted cost base of the Resident Holder's Abbastar Shares exceeds the Resident Holder's adjusted cost base of their Abbastar Shares at that time, the Resident Holder will realize a capital gain equal to the amount of excess. Any capital gain so arising will be subject to the usual rules applicable to the taxation of capital gains described below (see "Holders Resident in Canada – Taxation of Capital Gains and Losses").

### ***Disposition of Shares***

A Resident Holder who disposes of a Abbastar Share or Anacott, Brunello, Sparx and Teldar Shares will realize a capital gain (capital loss) equal to the amount by which the proceeds of disposition of the share, less reasonable costs of disposition, exceed (are exceeded by) the ACB of the share to the Resident Holder determined immediately before the disposition. Any capital gain or loss so arising will be subject to the usual rules applicable to the taxation of capital gains and losses described below. See "Holders Resident in Canada — Taxation of Capital Gains and Losses".

### ***Taxation of Capital Gains and Losses***

A Resident Holder who realizes a capital gain (capital loss) in a taxation year must include one half of the capital gain ("taxable capital gain") in income for the year, and may deduct one half of the capital loss ("allowable capital loss") against taxable capital gains realized in the year, and to the extent not so deductible, against taxable capital gains arising in any of the three preceding taxation years or any subsequent taxation year.

The amount of any capital loss arising from a disposition or deemed disposition of an Abbastar Share or Anacott, Brunello, Sparx and Teldar Shares by a Resident Holder that is a corporation may, to the extent and under circumstances specified in the Tax Act, be reduced by the amount of certain dividends received or deemed to be received by the corporation on the share.

Similar rules may apply if the Company is a member of a partnership or beneficiary of a trust that owns shares, or where a partnership or trust of which the corporation is a member or beneficiary is a member of a partnership or a beneficiary of a trust that owns shares.

A Resident Holder that is a "Canadian-controlled private corporation" for the purposes of the Tax Act may be required to pay an additional 6% refundable tax in respect of any net taxable capital gain that it realizes on disposition of a Abbastar Share or Anacott, Brunello, Sparx and Teldar Shares.

### ***Taxation of Dividends***

A Resident Holder who is an individual will be required to include in income any dividend that the Resident Holder receives, or is deemed to receive, on Abbastar Shares or Anacott, Brunello, Sparx and Teldar Shares, and will be subject to the gross-up and dividend tax credit rules applicable to taxable dividends received from taxable Canadian corporations.

A Resident Holder that is a corporation will be required to include in income any dividend that it receives or is deemed to be received on Abbastar Shares or Anacott, Brunello, Sparx and Teldar Shares, and generally will be entitled to deduct an equivalent amount in computing its taxable income. A "private corporation" (as defined in the Tax Act) or any other corporation controlled or deemed to be controlled by or for the benefit of an individual or a related group of individuals may be liable under Part IV of the Tax Act to pay a refundable tax of 33% on any dividend that it receives or is deemed to be received on Abbastar Shares or Anacott, Brunello, Sparx and Teldar Shares to the extent that such dividends are deductible in computing the corporation's taxable income. Any such Part IV tax will be refundable to it at the rate of \$1 for every \$3 of taxable dividends that it pays on its shares.

### ***Alternative Minimum Tax on Individuals***

A capital gain realized, or deemed to be realized, by a Resident Holder who is an individual (including certain trusts and estates) may give rise to liability to alternative minimum tax under the Tax Act.

### ***Dissenting Resident Holders***

A Resident Holder who validly exercises Dissent Rights (a "Resident Dissenter") and consequently is paid the fair value for the Resident Dissenter's Abbastar Shares in accordance with the Arrangement will be deemed to have received a dividend equal to the amount, if any, by which the payment exceeds the paid-up capital of the Resident Dissenter's Abbastar Shares. Any such deemed dividend will be subject to tax as discussed above under "Holders Resident in Canada — Taxation of Dividends". The Resident Dissenter will also realize a capital gain (capital loss) equal to the amount, if any, by which the payment, less the deemed dividend (if any) and less reasonable costs of disposition, exceeds (is exceeded by) the ACB of the shares. The Resident Dissenter will be required to include any resulting taxable capital in income, and to deduct any resulting allowable capital loss, in accordance with the usual rules applicable to capital gains and losses. See "Holders Resident in Canada – Taxation of Capital Gains and Losses".

The Resident Dissenter must also include in income any interest awarded by a court to the Resident Dissenter.

### ***Eligibility for Investment***

Anacott, Brunello, Sparx and Teldar Shares may be qualified investments under the Tax Act for trusts governed by registered retirement savings plans, registered retirement income funds, deferred profit sharing plans, and registered education savings plans ("Registered Plans") at any particular time provided that, at that time, either the shares are listed on a "prescribed stock exchange" or Anacott, Brunello, Sparx and Teldar is a "public corporation" as defined for the purposes of the Tax Act.

At the time of this information circular, the Company can provide no guarantees or representations that the Anacott, Brunello, Sparx and Teldar Shares will be listed a designated stock exchange, at the Effective Date under the Arrangement. On March 19, 2007, the Government of Canada eliminated the concept of "prescribed stock exchange" for these purposes and replaced it with the concept of "designated stock exchange". The amendment, which provides that the list of designated stock exchanges includes all of the former prescribed stock exchanges, became effective on December 14, 2007.

### ***Holders Not Resident in Canada***

The following portion of this summary is applicable only to Holders (each in this portion of the summary a "Non-resident Holder") who:

- a) have not been, are not, and will not be resident or deemed to be resident in Canada for purposes of the Tax Act;
- b) do not and will not, and are not and will not be deemed to, use or hold Abbastar Shares in connection with carrying on a business in Canada;

- c) do not and will not, and are not and will not be deemed to, use or hold Anacott, Brunello, Sparx and Teldar Shares or Anacott, Brunello, Sparx and Teldar Converted Shares in connection with carrying on a business in Canada;
- d) whose Abbastar Shares will not at the Effective Date under the Arrangement, or at any material time thereafter, constitute "taxable Canadian property" for the purposes of the Tax Act; and
- e) whose Anacott, Brunello, Sparx and Teldar Shares and Anacott, Brunello, Sparx and Teldar Converted Shares will not at the Effective Date under the Arrangement, or at any material time thereafter, constitute "taxable Canadian property" for the purposes of the Tax Act.

Generally, an Abbastar Share, Anacott, Brunello, Sparx and Teldar Shares or Anacott, Brunello, Sparx and Teldar Converted Share, as applicable, owned by a Non-resident Holder will not be taxable Canadian property of the Non-resident Holder at a particular time provided that, at that time, (i) the share is listed on a designated stock exchange (which includes the TSXV), (ii) neither the Non-resident Holder nor persons with whom the Non-resident Holder does not deal at arm's length alone or in any combination has owned 25% or more of the shares of any class or series in the capital of the issuing corporation within the previous five years, and (iii) the share was not acquired in a transaction as a result of which it was deemed to be taxable Canadian property of the Non-resident Holder.

Special rules, which are not discussed in this summary, may apply to a Non-resident Holder that is an insurer carrying on business in Canada.

#### ***Capital Gains and Capital Losses on Distributions and Subsequent Dispositions of Shares***

A Non-resident Holder who participates in the Arrangement will not be subject to tax under the Tax Act on any capital gain realized on the distribution of Anacott, Brunello, Sparx and Teldar Shares in payment of a reduction of Paid-Up Capital of the Company.

Similarly, any capital gain realized by a Non-resident Holder on the subsequent disposition or deemed disposition of a Abbastar Share or Anacott, Brunello, Sparx and Teldar Shares or Anacott, Brunello, Sparx and Teldar Converted Share acquired pursuant to the Arrangement will not be subject to tax under the Tax Act, provided either that the shares do not constitute taxable Canadian property of the Non-resident Holder at the time of disposition, or an applicable income tax treaty exempts the capital gain from tax under the Tax Act.

#### ***Deemed Dividends on the Distribution of Anacott, Brunello, Sparx and Teldar Shares***

For the reasons set above under "Holders Resident in Canada — Distribution of Anacott, Brunello, Sparx and Teldar Shares", the Company expects that no Non-Resident Holder will be deemed to have received a dividend on the distribution of Anacott, Brunello, Sparx and Teldar Shares in payment of a reduction of Paid-Up Capital of the Company.

#### ***Taxation of Dividends***

A Non-resident Holder to whom a dividend on a Abbastar Share or Anacott, Brunello, Sparx and Teldar Shares is or is deemed to be paid, or credited, will be subject to Canadian withholding tax under the Tax Act at the rate of 25% of the gross amount of the dividend, unless reduced by an applicable income tax treaty, if any.

#### ***Dissenting Non-resident Holders***

A Non-resident Holder who validly exercises Dissent Rights (a "Non-resident Dissenter") and consequently is paid the fair value for the Non-resident Dissenter's Abbastar Shares in accordance with the Arrangement, will be deemed to have received a dividend equal to the amount, if any, by which the payment exceeds the paid-up capital of the Non-resident Dissenter's Abbastar Shares. Any such deemed dividend will be subject to tax as discussed above under "Holders Not Resident in Canada — Taxation of Dividends". The Non-resident Dissenter will not be subject to tax under the Tax Act on any capital gain that may arise in respect of the resulting disposition of the Abbastar Shares.

The Non-resident Holder will also be subject to Canadian withholding tax on that portion of any such payment that is on account of interest at the rate of 25%, unless reduced by an applicable income tax treaty, if any.

## APPROVAL OF THE ANACOTT STOCK OPTION PLAN

### *Stock Option Plan of Anacott*

The directors of Anacott established the Anacott Stock Option Plan as a rolling stock option plan. The maximum number of Anacott Shares reserved for issuance under the Anacott Stock Option Plan is ten (10%) percent of the issued and outstanding Anacott Shares on a "rolling" basis. See "Anacott after the Arrangement – Stock Options and Warrants".

### *Purpose of the Anacott Stock Option Plan*

The purpose of the Anacott Stock Option Plan is to provide an incentive to Anacott's directors, officers, employees, management companies and consultants to continue their involvement with Anacott, to increase their efforts on Anacott's behalf and to attract new qualified employees, while at the same time reducing the cash compensation Anacott would otherwise have to pay. The Anacott Stock Option Plan is also intended to assist in aligning management and employee incentives with the interests of shareholders.

### *General Description*

The following is a brief description of the principal terms of the Anacott Stock Option Plan, which description is qualified in its entirety by the terms of the Anacott Stock Option Plan. A full copy of the Anacott Stock Option Plan is available to Abbastar Shareholders upon request and will be available at the Meeting.

Number of Shares Reserved. The number of Anacott Shares which may be issued pursuant to options granted under the plan shall not exceed ten (10%) percent of the issued and outstanding Anacott Shares from time to time at the date of grant.

Maximum Term of Options. The term of any options granted under the plan is fixed by the board of directors and may not exceed five years from the date of grant. The options are non-assignable and non-transferable.

Exercise Price. The exercise price of options granted under the plan is determined by the board of directors, provided that the exercise price is not less than the price permitted by an exchange or a quotation system on which the Anacott Shares may be listed or quoted for trading.

Amendment. The terms of an option may not be amended once issued unless such an amendment is permitted under policies of an exchange or quotation system where the Anacott Shares may be listed or if the Anacott Shares are not listed then by the directors of Anacott.

Vesting. Vesting, if any, and other terms and conditions relating to such options shall be determined by the board of directors of Anacott or the Committee (as hereinafter defined) from time to time.

Termination. Any options granted pursuant to the plan will terminate generally within ninety days of the option holder ceasing to act as a director or officer, and generally within thirty days of the option holder ceasing to act as an employee, management company or consultant of the Company or any of its affiliates, or as an employee engaged in investor relations activities, unless such cessation is on account of death. If such cessation is on account of death, the options terminate on the first anniversary of such cessation. If such cessation is on account of cause, or terminated by regulatory sanction or by reason of judicial order, the options terminate immediately. Options that have been canceled or that have expired without having been exercised shall continue to be issuable under the plan. The plan also provides for adjustments to outstanding options in the event of any consolidation, subdivision or exchange of the Anacott Shares.

Administration. The plan is administered by the board of directors of Anacott or, if the board of Anacott so elects, by a committee (the "**Committee**"), which committee shall consist of at least two board members, appointed by the board of directors of Anacott.

Board Discretion. The plan provides that, generally, the number of Anacott Shares subject to each option, the exercise price, the expiry date, the extent to which such option is exercisable, including vesting schedules and other terms and conditions relating to such options shall be determined by the board of directors of Anacott or the Committee and in accordance with the requirements of an exchange or quotation system where the shares may be listed.

The Abbastar Shareholders will be asked at the Meeting to approve, ratify and affirm by ordinary resolution the Anacott Option Plan Resolution in substantially the form of resolution set out in Schedule "B" attached to this Circular. A full copy of the Anacott Stock Option Plan is available to Abbastar Shareholders upon request and will be available at the Meeting.

**The Board unanimously recommends that shareholders vote FOR the Anacott Stock Option Plan Resolution.**

## APPROVAL OF THE BRUNELLO STOCK OPTION PLAN

### *Stock Option Plan of Brunello*

The directors of Brunello established the Brunello Stock Option Plan as a rolling stock option plan. The maximum number of Brunello Shares reserved for issuance under the Brunello Stock Option Plan is ten (10%) percent of the issued and outstanding Brunello Shares on a "rolling" basis. See "Brunello after the Arrangement – Stock Options and Warrants".

### *Purpose of the Brunello Stock Option Plan*

The purpose of the Brunello Stock Option Plan is to provide an incentive to Brunello's directors, officers, employees, management companies and consultants to continue their involvement with Brunello, to increase their efforts on Brunello's behalf and to attract new qualified employees, while at the same time reducing the cash compensation Brunello would otherwise have to pay. The Brunello Stock Option Plan is also intended to assist in aligning management and employee incentives with the interests of shareholders.

### *General Description*

The following is a brief description of the principal terms of the Brunello Stock Option Plan, which description is qualified in its entirety by the terms of the Brunello Stock Option Plan. A full copy of the Brunello Stock Option Plan is available to Abbastar Shareholders upon request and will be available at the Meeting.

Number of Shares Reserved. The number of Brunello Shares which may be issued pursuant to options granted under the plan shall not exceed ten (10%) percent of the issued and outstanding Brunello Shares from time to time at the date of grant.

Maximum Term of Options. The term of any options granted under the plan is fixed by the board of directors and may not exceed five years from the date of grant. The options are non-assignable and non-transferable.

Exercise Price. The exercise price of options granted under the plan is determined by the board of directors, provided that the exercise price is not less than the price permitted by an exchange or a quotation system on which the Brunello Shares may be listed or quoted for trading.

Amendment. The terms of an option may not be amended once issued unless such an amendment is permitted under policies of an exchange or quotation system where the Brunello Shares may be listed or if the Brunello Shares are not listed then by the directors of Brunello.

Vesting. Vesting, if any, and other terms and conditions relating to such options shall be determined by the board of directors of Brunello or the Committee (as hereinafter defined) from time to time.

Termination. Any options granted pursuant to the plan will terminate generally within ninety days of the option holder ceasing to act as a director or officer, and generally within thirty days of the option holder ceasing to act as an employee, management company or consultant of the Company or any of its affiliates, or as an employee engaged in investor relations activities, unless such cessation is on account of death. If such cessation is on account of death, the options terminate on the first anniversary of such cessation. If such cessation is on account of cause, or terminated by regulatory sanction or by reason of judicial order, the options terminate immediately. Options that have been canceled or that have expired without having been exercised shall continue to be issuable under the plan. The plan also provides for adjustments to outstanding options in the event of any consolidation, subdivision or exchange of the Brunello Shares.

Administration. The plan is administered by the board of directors of Brunello or, if the board of Brunello so elects, by a committee (the "**Committee**"), which committee shall consist of at least two board members, appointed by the board of directors of Brunello.

**Board Discretion.** The plan provides that, generally, the number of Brunello Shares subject to each option, the exercise price, the expiry date, the extent to which such option is exercisable, including vesting schedules and other terms and conditions relating to such options shall be determined by the board of directors of Brunello or the Committee and in accordance with the requirements of an exchange of quotation system where the shares may be listed.

The Abbastar Shareholders will be asked at the Meeting to approve, ratify and affirm by ordinary resolution the Brunello Option Plan Resolution in substantially the form of resolution set out in Schedule "B" attached to this Circular. A full copy of the Brunello Stock Option Plan is available to Abbastar Shareholders upon request and will be available at the Meeting.

***The Board unanimously recommends that shareholders vote FOR the Brunello Stock Option Plan Resolution.***

## **APPROVAL OF THE SPARX STOCK OPTION PLAN**

### ***Stock Option Plan of Sparx***

The directors of Sparx established the Sparx Stock Option Plan as a rolling stock option plan. The maximum number of Sparx Shares reserved for issuance under the Sparx Stock Option Plan is ten (10%) percent of the issued and outstanding Sparx Shares on a "rolling" basis. See "Sparx after the Arrangement – Stock Options and Warrants".

### ***Purpose of the Sparx Stock Option Plan***

The purpose of the Sparx Stock Option Plan is to provide an incentive to Sparx's directors, officers, employees, management companies and consultants to continue their involvement with Sparx, to increase their efforts on Sparx's behalf and to attract new qualified employees, while at the same time reducing the cash compensation Sparx would otherwise have to pay. The Sparx Stock Option Plan is also intended to assist in aligning management and employee incentives with the interests of shareholders.

### ***General Description***

The following is a brief description of the principal terms of the Sparx Stock Option Plan, which description is qualified in its entirety by the terms of the Sparx Stock Option Plan. A full copy of the Sparx Stock Option Plan is available to Abbastar Shareholders upon request and will be available at the Meeting.

**Number of Shares Reserved.** The number of Sparx Shares which may be issued pursuant to options granted under the plan shall not exceed ten (10%) percent of the issued and outstanding Sparx Shares from time to time at the date of grant.

**Maximum Term of Options.** The term of any options granted under the plan is fixed by the board of directors and may not exceed five years from the date of grant. The options are non-assignable and non-transferable.

**Exercise Price.** The exercise price of options granted under the plan is determined by the board of directors, provided that the exercise price is not less than the price permitted by an exchange or a quotation system on which the Sparx Shares may be listed or quoted for trading.

**Amendment.** The terms of an option may not be amended once issued unless such an amendment is permitted under policies of an exchange or quotation system where the Sparx Shares may be listed or if the Sparx Shares are not listed then by the directors of Sparx.

**Vesting.** Vesting, if any, and other terms and conditions relating to such options shall be determined by the board of directors of Sparx or the Committee (as hereinafter defined) from time to time.

**Termination.** Any options granted pursuant to the plan will terminate generally within ninety days of the option holder ceasing to act as a director or officer, and generally within thirty days of the option holder ceasing to act as an employee, management company or consultant of the Company or any of its affiliates, or as an employee engaged in investor relations activities, unless such cessation is on account of death. If such cessation is on account of death, the options terminate on the first anniversary of such cessation. If such cessation is on account of cause, or terminated by regulatory sanction or by reason of judicial order, the options terminate immediately. Options that have been canceled or that have expired without having been exercised shall continue to be issuable under the plan. The plan also provides for adjustments to outstanding options in the event of any consolidation, subdivision or exchange of the Sparx Shares.

Administration. The plan is administered by the board of directors of Sparx or, if the board of Sparx so elects, by a committee (the "**Committee**"), which committee shall consist of at least two board members, appointed by the board of directors of Sparx.

Board Discretion. The plan provides that, generally, the number of Sparx Shares subject to each option, the exercise price, the expiry date, the extent to which such option is exercisable, including vesting schedules and other terms and conditions relating to such options shall be determined by the board of directors of Sparx or the Committee and in accordance with the requirements of an exchange of quotation system where the shares may be listed.

The Abbastar Shareholders will be asked at the Meeting to approve, ratify and affirm by ordinary resolution the Sparx Option Plan Resolution in substantially the form of resolution set out in Schedule "B" attached to this Circular. A full copy of the Sparx Stock Option Plan is available to Abbastar Shareholders upon request and will be available at the Meeting.

**The Board unanimously recommends that shareholders vote FOR the Sparx Stock Option Plan Resolution.**

### **APPROVAL OF THE TELDAR STOCK OPTION PLAN**

#### ***Stock Option Plan of Teldar***

The directors of Teldar established the Teldar Stock Option Plan as a rolling stock option plan. The maximum number of Teldar Shares reserved for issuance under the Teldar Stock Option Plan is ten (10%) percent of the issued and outstanding Teldar Shares on a "rolling" basis. See "Teldar after the Arrangement – Stock Options and Warrants".

#### ***Purpose of the Teldar Stock Option Plan***

The purpose of the Teldar Stock Option Plan is to provide an incentive to Teldar's directors, officers, employees, management companies and consultants to continue their involvement with Teldar, to increase their efforts on Teldar's behalf and to attract new qualified employees, while at the same time reducing the cash compensation Teldar would otherwise have to pay. The Teldar Stock Option Plan is also intended to assist in aligning management and employee incentives with the interests of shareholders.

#### ***General Description***

The following is a brief description of the principal terms of the Teldar Stock Option Plan, which description is qualified in its entirety by the terms of the Teldar Stock Option Plan. A full copy of the Teldar Stock Option Plan is available to Abbastar Shareholders upon request and will be available at the Meeting.

Number of Shares Reserved. The number of Teldar Shares which may be issued pursuant to options granted under the plan shall not exceed ten (10%) percent of the issued and outstanding Teldar Shares from time to time at the date of grant.

Maximum Term of Options. The term of any options granted under the plan is fixed by the board of directors and may not exceed five years from the date of grant. The options are non-assignable and non-transferable.

Exercise Price. The exercise price of options granted under the plan is determined by the board of directors, provided that the exercise price is not less than the price permitted by an exchange or a quotation system on which the Teldar Shares may be listed or quoted for trading.

Amendment. The terms of an option may not be amended once issued unless such an amendment is permitted under policies of an exchange or quotation system where the Teldar Shares may be listed or if the Teldar Shares are not listed then by the directors of Teldar.

Vesting. Vesting, if any, and other terms and conditions relating to such options shall be determined by the board of directors of Teldar or the Committee (as hereinafter defined) from time to time.

Termination. Any options granted pursuant to the plan will terminate generally within ninety days of the option holder ceasing to act as a director or officer, and generally within thirty days of the option holder ceasing to act as an employee, management company or consultant of the Company or any of its affiliates, or as an employee engaged in investor relations activities, unless such cessation is on account of death. If such cessation is on account of death, the options terminate on the

first anniversary of such cessation. If such cessation is on account of cause, or terminated by regulatory sanction or by reason of judicial order, the options terminate immediately. Options that have been canceled or that have expired without having been exercised shall continue to be issuable under the plan. The plan also provides for adjustments to outstanding options in the event of any consolidation, subdivision or exchange of the Teldar Shares.

Administration. The plan is administered by the board of directors of Teldar or, if the board of Teldar so elects, by a committee (the "**Committee**"), which committee shall consist of at least two board members, appointed by the board of directors of Teldar.

Board Discretion. The plan provides that, generally, the number of Teldar Shares subject to each option, the exercise price, the expiry date, the extent to which such option is exercisable, including vesting schedules and other terms and conditions relating to such options shall be determined by the board of directors of Teldar or the Committee and in accordance with the requirements of an exchange of quotation system where the shares may be listed.

The Abbastar Shareholders will be asked at the Meeting to approve, ratify and affirm by ordinary resolution the Teldar Option Plan Resolution in substantially the form of resolution set out in Schedule "B" attached to this Circular. A full copy of the Teldar Stock Option Plan is available to Abbastar Shareholders upon request and will be available at the Meeting.

**The Board unanimously recommends that shareholders vote FOR the Teldar Stock Option Plan Resolution.**

## **RIGHTS OF DISSENT**

### *Dissenters' Rights*

The Act does not contain a provision requiring the Company to purchase Abbastar Shares from Abbastar Shareholders who dissent from the Arrangement. However, pursuant to the terms of the Interim Order and the Plan of Arrangement, the Company has granted the Abbastar Shareholders who object to the Arrangement Resolution the right to dissent (the "**Dissent Right**") in respect of the Arrangement. A Dissenting Shareholder will be entitled to be paid in cash the fair value of the Dissenting Shareholder's Abbastar Shares so long as the dissent procedures are strictly adhered to. The Dissent Right is granted in Article 5 of the Plan of Arrangement. **A registered Dissenting Shareholder who intends to exercise the Dissent Right is referred to the full text of Sections 237 to 247 of the Act which is attached as Schedule "E" to this Circular.**

An Abbastar Shareholder who wishes to exercise his or her Dissent Right must give written notice of his or her dissent (a "**Notice of Dissent**") to the Company at its head office at 1150, 750 West Pender Street, Vancouver, British Columbia V6C 2T8, marked to the attention of the Corporate Secretary, by either delivering the Notice of Dissent to the Company at least two days before the Meeting or by mailing the Notice of Dissent to the Company by registered mail post marked not later than two days before the Meeting.

The giving of a Notice of Dissent does not deprive a Dissenting Shareholder of his or her right to vote at the Meeting on the Arrangement Resolution. However, the procedures for exercising Dissent Rights given in Schedule "E" must be strictly followed as a vote against the Arrangement Resolution or the execution or exercise of a proxy voting against the Arrangement Resolution does not constitute a Notice of Dissent.

Abbastar Shareholders should be aware that they will not be entitled to exercise a Dissent Right with respect to any Abbastar Shares if they vote (or instruct or are deemed, by submission of any incomplete proxy, to have instructed his or her proxy holder to vote) in favour of the Arrangement Resolution. A Dissenting Shareholder may, however, vote as a proxy for an Abbastar Shareholder whose proxy requires an affirmative vote on the Arrangement Resolution, without affecting his or her right to exercise the Dissent Right.

In the event that an Abbastar Shareholder fails to perfect or effectively withdraws its claim under the Dissent Right or forfeits its right to make a claim under the Dissent Right, each Abbastar Share held by that Abbastar Shareholder will thereupon be deemed to have been exchanged in accordance with the terms of the Arrangement as of the Effective Date.

**Abbastar Shareholders who wish to exercise Dissent Rights should review the dissent procedures described in Schedule "E" and seek legal advice, as failure to adhere strictly to the Dissent Right requirements will result in the loss or unavailability of any right to dissent.**

## RISK FACTORS

In evaluating the Arrangement, Abbastar Shareholders should carefully consider, in addition to the other information contained in this Circular, the following risk factors associated with Anacott, Brunello, Sparx and Teldar. These risk factors are not a definitive list of all risk factors associated with Abbastar and the business to be carried out by Anacott, Brunello, Sparx and Teldar.

**Prior to making an investment decision, investors should consider the investment risks set out below and those described elsewhere in this document, which are in addition to the usual risks associated with an investment in a business at an early stage of development. The directors of the Company consider the risks set out below to be the most significant to potential investors of the Company, but not all of the risks associated with an investment in Shares of the Company may be described below. If any of these risks materialize into actual events or circumstances or other possible additional risks and uncertainties of which the directors are currently unaware or which they consider not to be material in relation to the Company's business, actually occur, the Company's assets, liabilities, financial conditions, results of operations (including future results of operations), business and business prospects, are likely to be materially and adversely affected. In such circumstances, the price of the Company's Shares could decline and investors may lose all or part of their investment**

### *Competition*

Significant and increasing competition exists in the area of exploration of mineral properties. Abbastar, Anacott, Brunello, Sparx and Teldar will compete with other mineral exploration companies which may have better, expertise, financial and human resources. The existence of competition could adversely affect Abbastar's, Anacott's, Brunello's, Sparx's and Teldar's ability to attract financing, develop existing projects and acquire new projects.

### *Proposed Plan of Arrangement not Approved*

The completion of the Plan of Arrangement is subject to the approval of the TSXV, the Abbastar Shareholders and the Supreme Court of British Columbia. There can be no assurance that all of the necessary approvals will be obtained. If the Plan of Arrangement is not approved, the Company will continue to search for other opportunities; however, it will have incurred significant costs associated with the Plan of Arrangement.

The TSXV may refuse to accept the Plan of Arrangement if significant concerns arise from its review and where, among other things, the Company fails to meet the minimum listing requirements prescribed by the TSXV upon completion of the Plan of Arrangement, or the consideration proposed to be paid by the Company in connection with the transaction is objectionable to the TSXV.

The Court may refuse to approve the Plan of Arrangement if the Company fails to meet the statutory or common law tests required to approve the Plan of Arrangement.

### *The Market Price for the Shares may Fluctuate Widely*

The market price of the Abbastar Shares may be subject to wide fluctuation in response to many factors, including variations in the operating results of the Company, divergence in financial results from analysts' expectations, changes in earnings estimates by stock market analysts, changes in the business prospects of the Company, general economic conditions, changes in mineral reserve or resource estimates, results of exploration, changes in results of mining operations, legislative changes, and other events and factors outside of the Company's control.

At this time there is no market for the Anacott, Brunello, Sparx and Teldar Shares. There can be no guarantee that these shares will be listed on a stock exchange or that there will be market for these shares.

### *Conflicts of Interest*

Certain directors and officers of Abbastar and the Subsidiaries are and may continue to be, involved in acquiring assets through their direct and indirect participation in corporations, partnerships or joint ventures which are potential competitors of Abbastar, Anacott, Brunello, Sparx and Teldar. Situations may arise in connection with potential acquisitions or investments where the other interests of these directors and officers may conflict with the interests of Abbastar, Anacott, Brunello, Sparx and Teldar. The directors of Abbastar, Anacott, Brunello, Sparx and Teldar are required by law, however, to act honestly and in good faith with a view to the best interests of Abbastar, Anacott, Brunello, Sparx and Teldar and their

shareholders and to disclose any personal interest which they may have in any material transaction which is proposed to be entered into with Abbastar, Anacott, Brunello, Sparx or Teldar and to abstain from voting as a director for the approval of any such transaction.

### **Dependency on a Small Number of Management Personnel**

Abbastar, Anacott, Brunello, Sparx or Teldar are dependent on a very small number of key personnel, the loss of any of whom could have an adverse effect on Abbastar, Anacott, Brunello, Sparx or Teldar and their business operations. Abbastar, Anacott, Brunello, Sparx and Teldar also need to retain qualified technical and sales personnel.

### ***Exploration and Mining Risks***

Development of mineral properties depends on satisfactory exploration results. Exploration and development involves a high degree of risk and few properties which are explored are ultimately developed into producing mines. There is no assurance that expenditures made on future exploration by the Company or the Subsidiaries will result in new discoveries of commercial quantities.

The long-term profitability of the operations of the Company and the subsidiaries will be in part directly related to the cost and success of its exploration programs, which may be affected by a number of factors beyond their control.

Exploration involves many risks, which even a combination of experience, knowledge and careful evaluation may not be able to overcome. Operations in which the Company and the Subsidiaries have a direct or indirect interest will be subject to all the hazards and risks normally incidental to exploration, development and production of mineral resources, any of which could result in work stoppages, damage to property, and possible environmental damage.

Hazards such as unusual or unexpected formations and other conditions such as formation pressures, fire, power outages, labour disruptions, flooding, explorations, cave-ins, landslides and the inability to obtain suitable machinery, equipment or labour are involved in mineral exploration, development and operation. The Company and the Subsidiaries may become subject to liability for pollution, cave-ins or hazards against which it cannot insure or against which it may elect not to insure. The payment of such liabilities may have a material, adverse effect on the financial position of the Company and the Subsidiaries.

The Company and the Subsidiaries will continue to rely upon consultants and others for exploration and development expertise. Substantial expenditures are required to establish mineral reserves through drilling, to develop metallurgical processes to extract minerals from the ore and, in the case of new properties, to develop the mining and processing facilities and infrastructure at any site chosen for mining. Although substantial benefits may be derived from the discovery of a major mineralized deposit, no assurance can be given that gold or other metals will be discovered in sufficient quantities to justify commercial operations or that funds required for development can be obtained on a timely basis. The economics of developing gold properties is affected by many factors including the cost of operations, variations in the grade of ore mined, fluctuations in mineral markets, allowable production, importing and exporting of minerals and metals and environmental protection. The Company has no earnings record, no reserves and producing resource properties.

### ***Financing Risks***

The Company and the Subsidiaries are limited in both financial resources, and sources of operating cash flow and has no assurance that additional funding will be available to it for further exploration and development of its projects or to fulfill its obligations under any applicable agreements. There can be no assurance that the Company will be able to obtain adequate financing in the future or that the terms of such financing will be favourable. Failure to obtain such additional financing could result in delay or indefinite postponement of further exploration and development of its projects with the possible loss of such properties. The lack of funds has been identified by the auditors of the Company as a concern with respect to the ability of the Company to continue its operations.

### ***Uninsurable Risks***

In the course of exploration, development of mineral properties, certain risks, and in particular, unexpected or unusual geological operating conditions including rock bursts, cave-ins, fires, flooding and earthquakes may occur. It is not always possible to fully insure against such risks and the Company and the Subsidiaries may decide not to take out insurance against such risks as a result of high premiums or other reasons. Should such liabilities arise, they could reduce or eliminate any future profitability and result in increasing costs and a decline in the value of the Shares of the Company.

### ***Title Matters***

A legal opinion with respect to the Doran Property was obtained. The opinion states that the owner of the Doran Property has a valid title. However, it remains possible that any of the Doran Property may be subject to prior unregistered agreements or transfers or native land claims and title may be affected by undetected defects.

The Company has performed due diligence with respect to the title of Talbot Lake, Smith Creek, Kid Copper and Manson River properties. However, no legal opinion has been obtained with respect to these properties. The properties may be subject to prior unregistered agreements or transfers and well as aboriginal claims.

### ***Permits and Licenses***

The operations of the Company and the Subsidiaries may require licenses and permits from various governmental authorities. There can be no assurance that such licenses and permits as may be required to carry out exploration, development and mining operations at their projects will be granted.

### ***Competition***

The mineral exploration industry is intensely competitive in all its phases. The Company and the Subsidiaries compete with many companies possessing greater financial resources and technical facilities than itself for the acquisition of concessions, claims, leases and other mineral interests as well as for the recruitment and retention of qualified employees.

In addition, there is no assurance that a ready market will exist for the sale of commercial quantities of ore. Factors beyond the control of the Company may affect the marketability of any substances discovered. These factors include market fluctuations, the proximity and capacity of natural resource markets and processing equipment, government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of ore and environmental protection. The exact effect of these factors cannot be accurately predicted, but the combination of these factors may result in the Company or Subsidiaries not receiving an adequate return on invested capital or losing its investment capital.

### ***Environmental Regulations***

The operations of the Company and the Subsidiaries may be subject to environmental regulations promulgated by government agencies from time to time. Environmental legislation provides for restrictions and prohibitions on spills, releases or emissions of various substances produced in association with certain mining industry operations, such as seepage from tailings disposal areas, which would result in environmental pollution. A breach of such legislation may result in imposition of fines and penalties. In addition, certain types of operations require the submission and approval of environmental impact assessments. Environmental legislation is evolving in a manner which will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. The cost of compliance with changes in governmental regulations has a potential to reduce the profitability of operations. There is no assurance that future changes in environmental regulation, if any, will not adversely affect the operations of the Company or the Subsidiaries. The Company and the Subsidiaries intend to fully comply with all environmental regulations.

### ***Fluctuating Price of Metals***

The revenues of the Company and the Subsidiaries, if any, are expected to be in large part derived from the mining and sale of metals and other mineral resources. The price of those commodities has fluctuated widely, particularly in recent years, and is affected by numerous factors beyond the Company's control including international economic and political trends, expectations of inflation, currency exchange fluctuations, interest rates, and improved mining and production methods. The effect of these factors on the price of mineral resources and therefore the economic viability of any of the exploration projects of the Company or the Subsidiaries cannot be accurately predicted.

### ***Stage of Development***

On completion of the Plan of Arrangement, the Company and the Subsidiaries will be in the business of exploring for, with the ultimate goal of developing and producing, metals from their mineral exploration properties. None of the Company's or the Subsidiaries' properties will have commenced commercial production and the Company and the Subsidiaries will have no history or earnings or cash flow from their operations. As a result of the foregoing, there can be no assurance that the Company or the Subsidiaries will be able to develop any of their properties profitably or that their activities will generate

positive cash flow. The Company and the Subsidiaries will not have paid any dividends and it is unlikely to enjoy earnings or pay dividends in the immediate or foreseeable future. The Company and the Subsidiaries will have limited cash and other assets. A prospective investor in the Company or the Subsidiaries must be prepared to rely solely upon the ability, expertise, judgment, discretion, integrity and good faith of the management of the Company and the Subsidiaries in all aspects of the development and implementation of the business activities of the Company and the Subsidiaries.

There can be no assurance that an active trading market in the Abbastar, Anacott, Brunello, Sparx or Teldar Shares will be established and sustained. The market price for these shares could be subject to wide fluctuations. Factors such as commodity prices, government regulation, interest rates, share price movements of the Company's peer companies and competitors, as well as overall market movements, may have a significant impact on the market price of the Shares of the Company and the Subsidiaries. The stock market has from time to time experienced extreme price and volume fluctuations, particularly in the mining sector, which have often been unrelated to the operating performance of particular companies.

### ***No History of Earnings or Dividends***

Abbastar, Anacott, Brunello, Sparx and Teldar have no history of earnings, and there is no assurance that they will generate earnings, operate profitably or provide a return on investment in the future. Abbastar, Anacott, Brunello, Sparx and Teldar have no plans to pay dividends for the foreseeable future.

### ***Securities of Anacott, Brunello, Sparx and Teldar and Dilution***

A.

Anacott plans to focus on the development of the Smith Creek Option as well as other agreements and interests it may acquire from time to time, and will use its working capital to carry out such activities. However, Anacott will require additional funds to further such activities. To obtain such funds, Anacott may sell additional securities including, but not limited to, Anacott Shares or some form of convertible security, the effect of which would result in substantial dilution of the equity interests of the holders of Anacott Shares.

There is no assurance that additional funding will be available to Anacott to develop the Smith Creek Option, to acquire additional properties or for the substantial capital that is typically required to expand operations to generate increased revenues. There is no assurance that Anacott will be able to obtain adequate financing in the future or that the terms of such financing will be favourable. Failure to obtain such additional financing could result in the delay or indefinite postponement of further development of the Smith Creek Option or any other properties that Anacott may acquire.

B.

Brunello plans to focus on the development of the Manson River Zinc Option as well as other mineral properties it may acquire from time to time, and will use its working capital to carry out such activities. However, Brunello will require additional funds to further such activities. To obtain such funds, Brunello may sell additional securities including, but not limited to, Brunello Shares or some form of convertible security, the effect of which would result in substantial dilution of the equity interests of the holders of Brunello Shares.

There is no assurance that additional funding will be available to Brunello to develop the Manson River Zinc Option, to acquire additional mineral exploration properties or for the substantial capital that is typically required in order to develop a mineral property. There is no assurance that Brunello will be able to obtain adequate financing in the future or that the terms of such financing will be favourable. Failure to obtain such additional financing could result in the delay or indefinite postponement of further development of the Manson River Zinc Option or any other marketing and sales agreement that Brunello may acquire.

C.

Sparx plans to focus on the development of the Doran Interest as well as other power assets it may acquire from time to time, and will use its working capital to carry out such activities. However, Sparx will require significant additional funds to further such activities. To obtain such funds, Sparx may sell additional securities including, but not limited to, Sparx Shares or some form of convertible security, the effect of which would result in substantial dilution of the equity interests of the holders of Sparx Shares.

There is no assurance that additional funding will be available to Sparx to develop the Doran Interest and to acquire additional assets. There is no assurance that Sparx will be able to obtain adequate financing in the future or that the terms of

such financing will be favourable. Failure to obtain such additional financing could result in the delay or indefinite postponement of further development of the Doran Interest or any other assets that Sparx may acquire.

D.

Teldar plans to focus on the development of the Kid Copper Option as well as other assets it may acquire from time to time, and will use its working capital to carry out such activities. However, Teldar will require additional funds to further such activities. To obtain such funds, Teldar may sell additional securities including, but not limited to, Teldar Shares or some form of convertible security, the effect of which would result in substantial dilution of the equity interests of the holders of Teldar Shares.

There is no assurance that additional funding will be available to Teldar to develop the Kid Copper Option or to acquire additional assets. There is no assurance that Teldar will be able to obtain adequate financing in the future or that the terms of such financing will be favourable. Failure to obtain such additional financing could result in the delay or indefinite postponement of further development of the Kid Copper Option or any other assets that Teldar may acquire.

**The Anacott Shares, Brunello Shares, Sparx Shares and Teldar Shares will not be listed on the TSXV as a result of the completion of the Arrangement and there can be no guarantee that these shares will ever be listed on a stock exchange or quotation system.**

### **THE COMPANY AFTER THE ARRANGEMENT**

The following is a description of the Company assuming completion of the Arrangement.

#### ***Name, Address and Incorporation***

The full name of the Company is Abbastar Resources Corp. The head, registered and records office of the Company is located at 1150 - 750 West Pender St., Vancouver, BC, V6C 2T8.

The Company was incorporated in the Province of British Columbia under the name 424025 B.C. Ltd. on April 13, 1992. The Company changed its name to Fountain House Holding Corp. on May 21, 1992, and to Abbastar Holdings Ltd. on September 3, 2002. On June 14, 2006, the Company adopted new Articles and changed its authorized capital to an unlimited number of common shares without par value. On May 29, 2007, the Company changed its name to Abbastar Uranium Corp. and on July 28, 2008 to Abbastar Resources Corp.

Anacott, Brunello, Sparx and Teldar are wholly owned subsidiaries of the Company.

#### ***Directors and Officers***

The completion of the Arrangement will not cause any changes in the directors of the Company who are elected at the Meeting. It is planned that Mr. Richard Grayston will be appointed as the Chief Executive Officer of the Company and Mr. Keir Reynolds will be the Chief Financial Officer of the Company.

#### ***Business of the Company – Three-year history***

The Company's principal business activity is the acquisition and exploration of properties in the natural resource industry.

On February 13, 2007, the Company and Entourage Mining Ltd. ("Entourage") entered into an option agreement (the "Doran Agreement") wherein the Company was granted the sole option and right to acquire up to 70% of Entourage's interest (the "Doran Transaction") in the Doran uranium property (the "Doran Property") situated in Costebelle Township, on the north shore of the Gulf of St. Lawrence in south-eastern Quebec. To October 31, 2012, the Company has incurred \$1,520,190 in mineral property exploration expenditures as defined in the Doran Agreement and earned a 35% interest. The Company elected not to make the necessary exploration expenditures on the Doran Property during the third year and may proceed on a joint venture basis with Entourage.

On September 21, 2009, the Company and Denison Mines Inc. ("Denison") entered into an option agreement ("Talbot Lake Agreement") wherein the Company has been granted the right to earn a 100% undivided interest in the Talbot Lake project ("Talbot Lake Project") situated in the Talbot Lake area in Northern Ontario. Pursuant to the Talbot Lake Agreement, the

Company is required to spend a further \$693,916 in exploration expenditures on or before September 30, 2013 to keep it in good standing.

On October 23, 2012 the Company acquired the Smith Creek Option, the Manson River Zinc Option and the Kid Copper Option.

***Business of the Company Following the Arrangement***

Following completion of the Arrangement, Abbastar will continue to operate as a publicly traded company focused on the exploration of the Talbot Lake Property.

***Description of Share Capital***

The authorized share capital of the Company consists of an unlimited number of Abbastar Shares. There are no special rights and restrictions attached to the Abbastar Shares.

***Changes in Share Capital***

As at October 31, 2012, the Company had 6,068,614 common shares issued and outstanding and no options or warrants issued or outstanding. On September 24, 2012 the Company announced a private placement comprised of 1,000,000 Abbastar Shares at a price of \$0.05 per share for a total consideration of \$50,000. The Company closed the private placement on October 4, 2012.

***Dividend Policy***

Abbastar has not paid dividends since incorporation. Abbastar currently intends to retain all available funds, if any, for use in its business.

***Trading Price and Volume***

The Abbastar Shares are listed and posted for trading on the TSXV under the symbol "ABA". The following tables set forth information relating to the trading of the Abbastar Shares on the TSXV for the months indicated:

	TSX Venture Exchange		
	Closing Price (\$)		
	High	Low	Volume (#)
October 2011	0.12	0.09	53,266
November 2011	0.10	0.09	57,789
December 2011	0.11	0.07	229,230
January 2012	0.18	0.08	93,250
February 2012	0.11	0.08	44,663
March 2012	0.09	0.06	156,833
April 2012	0.10	0.05	202,719
May 2012	0.10	0.06	55,158
June 2012	0.07	0.05	106,100
July 2012	0.06	0.04	123,000
August 2012	0.04	0.04	40,618
September 2012	0.04	0.04	13,000
October 2012	0.06	0.03	82,773

***Selected Unaudited Pro-Forma Financial Information of the Company***

On October 4, 2010 the Company closed a private placement s of 1,000,000 Abbastar Shares at a price of \$0.05 per share for proceeds of \$50,000. The funds are to be used to reduce payables.

The following selected unaudited pro-forma financial information for the Company is based on the assumptions described in the respective notes to the Company's unaudited pro-forma balance sheet as at June 30, 2012, attached to this Circular as Schedule "F". This unaudited pro-forma balance sheet has been prepared based on the assumption that, among other things, the Arrangement had occurred on June 30, 2012. The pro-forma balance sheet has been derived from the balance sheet of the Company as at June 30, 2012, giving effect to the Arrangement. The pro-forma balance sheet is not intended to reflect the financial position that would have resulted if the events reflected therein had occurred on the dates indicated. In addition, the pro-forma balance sheet is not necessarily indicative of the financial position that may be attained in the future. The pro-forma balance sheet should be read in conjunction with the Company's audited December 31, 2011 annual financial statements which are appended to this Circular as Schedule "K".

	<b>Pro-forma as at June 30, 2012 on completion of the Arrangement</b>
	(unaudited)
Cash .....	\$ 66,318
Amounts receivable .....	13,633
<b>Total assets .....</b>	<b>\$ 79,951</b>
Payables and accruals .....	\$ 231,270
Loans payable .....	100,000
Due to related parties .....	455,331
Equity .....	(706,650)
<b>Total liabilities and shareholders' equity .....</b>	<b>\$ 79,951</b>

***The Company's Year-End Audited Financial Statements***

The Company's audited consolidated financial statements and management's discussion and analysis for the year ended December 31, 2011 are attached hereto as Schedule "K".

***Material Contracts***

The following are the contracts material to Abbastar:

- (1) The Arrangement Agreement; and
- (2) Talbot Lake Option;

**ANACOTT AFTER THE ARRANGEMENT**

The following is a description of Anacott assuming completion of the Arrangement.

***Name, Address and Incorporation***

Anacott was incorporated as "Anacott Resources Corp." pursuant to the Act on October 5, 2012, for the purposes of the Arrangement. Anacott is currently a private company and a wholly-owned subsidiary of Abbastar. Anacott's head office and registered and records offices are located at 1150 - 750 West Pender Street, Vancouver, BC, V6C 2T8.

***Inter-corporate Relationships***

Anacott does not have any subsidiaries.

***Significant Acquisition and Dispositions***

Anacott has not completed a fiscal year. There are no significant acquisitions or dispositions, completed or probable, for which financial statements would be required under applicable securities legislation, save pursuant to this Arrangement described herein. Details of the Arrangement are provided under "The Arrangement". The Arrangement, if successfully completed, will result in Anacott evaluating various business opportunities and the Smith Creek Option, which Abbastar does not consider material, and receiving funds necessary to commence operations. The future operating results and financial position of Anacott cannot be predicted. Shareholders may review the Abbastar and Anacott pro-forma financial statements attached as Schedule "F" and Schedule "G" hereto respectively.

***Trends***

Anacott plans to become mineral exploration company; however, it may pursue other business opportunities. Anacott's principal business following the Arrangement will be the evaluation of various business opportunities and the potential acquisition of mineral exploration properties and the Smith Creek Option. Accordingly, Anacott's financial success may be dependent upon the extent to which it can explore and develop mineral properties or other types of business.

The success of Anacott is largely dependent upon factors beyond Anacott's control. See "Risk Factors".

Other than as disclosed in this Circular, Anacott is not aware of any trends, uncertainties, demands, commitments or events which are reasonably likely to have a material effect upon its revenues, income from continuing operations, profitability, liquidity or capital resources, or that would cause reported financial information not necessarily to be indicative of future operating results or financial condition.

***General Development of Anacott's Business***

Anacott was incorporated on October 5, 2012 and has not yet commenced commercial operations. Anacott will acquire the Smith Creek Option and \$17,500 in cash from Abbastar as part of the Arrangement, will evaluate that option and may pursue other business opportunities. The \$17,500 coming from Abbastar as part of the Arrangement should provide Anacott with the capital necessary to fulfill its short-term needs. Completion of the Arrangement is subject to the approval of the Arrangement by the Abbastar Shareholders, the Court and the TSXV.

***Anacott's Business History***

Anacott was incorporate on October 5, 2012 and does not yet have a business history.

***Selected Unaudited Pro-Forma Financial Information of Anacott***

Anacott was incorporated on October 5, 2012. Anacott has not yet conducted any commercial operations. The following is a summary of certain financial information on a pro-forma basis for Anacott as at June 30, 2012, assuming completion of the Arrangement as of such date, and should be read in conjunction with the unaudited pro-forma balance sheet of Anacott appended to this Circular as Schedule "G". This pro-forma balance sheet was prepared as if the Arrangement had occurred on June 30, 2012, taking into account the assumptions stated therein. The pro-forma balance sheet is not necessarily reflective of the financial position that would have resulted if the events described therein had occurred on June 30, 2012. In addition, the pro-forma balance sheet is not necessarily indicative of the financial position that may be attained in the future.

	<b>Pro-forma Financial Information as at June 30, 2012 (unaudited)</b>
Cash .....	\$ 10,000
Smith Creek Option .....	-
<b>Total assets</b> .....	<b>\$ 10,000</b>
Current liabilities .....	\$ -
Share capital .....	10,000
<b>Total liabilities and shareholders' equity</b> .....	<b>\$ 10,000</b>

**Number of issued Anacott Shares** .....

**1,011,435**

***Dividends***

Anacott does not anticipate paying any dividends on its common shares in the short or medium term. Any decision to pay dividends on the Anacott Shares in the future will be made by the board of directors of Anacott on the basis of the earnings, financial requirements and other conditions existing at such time.

***Business of Anacott***

Anacott is not carrying on any business at the present time. On completion of the Arrangement, Anacott plans to commence its business as a mineral exploration company and will be evaluating the Smith Creek Option and other business opportunities.

A copy of the Smith Creek Option is attached as Schedule "M" to this Circular.

***Liquidity and Capital Resources***

Pursuant to the Arrangement, Abbastar will transfer to Anacott all of Abbastar's interest in the Smith Creek Option and \$17,500 in cash in exchange for the same number of Anacott Shares as the issued and outstanding number of Abbastar Shares multiplied by the Conversion Factor, which shares will be distributed to the Abbastar Shareholders who hold Abbastar Shares on the Share Distribution Record Date.

Anacott is a start-up company and therefore has no regular source of income. As a result, Anacott's ability to conduct operations, including the evaluation of mineral properties and the Smith Creek Option, is based on its current cash and its ability to raise funds, primarily from equity sources, and there can be no assurance that Anacott will be able to do so.

See "Selected Unaudited Pro-forma Financial Information" for information concerning the financial assets of Anacott resulting from the Arrangement.

***Results of Operations***

Anacott has not carried out any commercial operations to date.

***Available Funds***

Pursuant to the Arrangement, Abbastar will transfer to Anacott all of Abbastar's interest in the Smith Creek Option and \$17,500 in cash. The estimated unaudited pro-forma working capital of Anacott at June 30, 2012 was approximately \$10,000, which will be available to Anacott upon completion of the Arrangement.

***Share Capital of Anacott***

The following table represents the share capitalization of Anacott as at June 30, 2012, both prior to and assuming completion of the Arrangement.

Share Capital	Authorized	Prior to the Completion of The Arrangement	After Completion of the Arrangement
Common Shares	Unlimited	1 <sup>(1)</sup>	1,011,435 <sup>(2)</sup>

Notes:

<sup>(1)</sup> One Anacott Share was issued to Abbastar upon incorporation.

<sup>(2)</sup> As at October 31, 2012, subject to multiplication by the Conversion Factor.

Anacott is authorized to issue an unlimited number of common shares without par value, of which approximately 1,011,435 common shares (subject to multiplication by the Conversion Factor) and no preferred shares will be issued and outstanding following completion of the Arrangement. There are no special rights or restrictions attached to Anacott Shares.

### ***Fully Diluted Share Capital of Anacott***

The pro-forma fully diluted share capital of Anacott, assuming completion of the Arrangement and the exercise of all Abbastar Share Commitments is set out below:

<b>Designation of Anacott Shares</b>	<b>Number of Anacott Shares</b>	<b>Percentage of Total</b>
Subscriber's share issued on incorporation <sup>(1)</sup>	1	0.00
Anacott Shares issued in exchange for Assets, which shares will be distributed to the Abbastar Shareholders <sup>(2)</sup>	1,011,435	100.00
Anacott Shares to be issued pursuant to the Anacott Commitment <sup>(3)</sup>	-	0.00
<b>Total</b>	<b>1,011,435</b>	<b>100.00</b>

Notes:

- <sup>(1)</sup> One common share of Anacott was issued on incorporation and will be redeemed and cancelled concurrent with the completion of the Arrangement.
- <sup>(2)</sup> Subject to multiplication by the Conversion Factor.
- <sup>(3)</sup> Based on nil Abbastar Stock Options outstanding as at the date hereof.

### ***Prior Sales of Securities of Anacott***

Anacott issued one common share to Abbastar at a price of \$0.05 on incorporation on October 5, 2012.

### ***Options and Warrants***

#### ***Stock Options***

The Abbastar Shareholders will be asked at the Meeting to approve the Anacott Option Plan. See "Approval of the Anacott Stock Option Plan". As of the Effective Date, assuming approval of the Anacott Option Plan by the Abbastar Shareholders, there will be approximately 101,143 Anacott Shares available for issuance under the Anacott Option Plan. As of the date of this Circular, Anacott has not granted any options under the Anacott Option Plan.

### ***Convertible Securities***

The following convertible securities of Anacott will be outstanding as of the Effective Date.

<b>Designation of Security</b>	<b>Expiration Date</b>	<b>Common Shares issuable upon Exercise (#)</b>	<b>Exercise Price</b>
Anacott Commitment	N/A	Nil	N/A

### ***Principal Shareholders of Anacott***

To the knowledge of the directors and executive officers of the Company, no person or company will hold, directly or indirectly, as of the Effective Date or will have control or direction over, or a combination of direct or indirect beneficial ownership of and control or direction over, voting securities that will constitute more than 10% of the issued Anacott Shares as of the Effective Date.

### ***Directors and Officers of Anacott***

The following table sets out the names of the current and proposed directors and officers of Anacott, the municipalities of residence of each, all offices currently held by each of them, their principal occupations within the five preceding years, the period of time for which each has been a director or executive officer of Anacott, and the number and percentage of Anacott Shares to be beneficially owned by each, directly or indirectly, or over which control or direction will be exercised, upon completion of the Arrangement.

Name, City and Province of Residence	Principal Occupation or Employment During the Past 5 Years	Current Position(s) with Anacott	Director/ Officer Since	Number/ Percentage of Anacott Shares Beneficially Owned or over which Control or Direction is Exercised
<b>Anita Algie</b> <sup>(1)</sup> Vancouver, BC	Self-employed; president of Unity Energy Corp. since 2006; president of Patrone Gold Corp. since 2011; CFO of Titus Capital Corp. since June 2006.	Nominee Director	N/A	Nil/ 0.0%
<b>Gilbert Santos</b> <sup>(1)</sup> Vancouver, BC	Self-employed.	Nominee Director	N/A	Nil/ 0.0%
<b>Samantha Stewart</b> <sup>(1)</sup> Vancouver, BC	Financial Services Co-ordinator at the Bank of Montreal since August 2010; bachelor of arts student at Simon Fraser University from 2004 to 2010.	Nominee Director	N/A	Nil/ 0.0%
<b>Thomas Bell</b> <sup>(2)</sup> White Rock, BC	President and CEO of AFG Flameguard Ltd. since December 2011; President and CEO of Katabatic Power Corp. since October 2009; Executive Vice President, Corporate Development of Great Canadian Gaming Corporation from 1993 to 2009.	Director	October 5, 2012	Nil/ 0.0%

Notes:

<sup>(1)</sup> Proposed Member of the Audit Committee.

<sup>(2)</sup> Mr. Bell will not serve as director after the nominee directors are appointed.

### ***Management of Anacott***

The following is a description of the individuals who will be directors and officers of Anacott following the completion of the Arrangement:

**Anita Algie, CEO and Director** - Ms. Algie is a self-employed business person. She has been serving as a director and officer of a number of public TSXV listed companies since 2005. She is 31 years old and holds a B.Sc. honours degree from the University of British Columbia.

Ms. Algie is a director of the following reporting issuers: Deloro Resources Ltd., Patrone Gold Corp., Portia Exploration Ltd., Titus Capital Corp. and Unity Energy Corp. She plans to devote up to 25% of her time to Anacott and will be an independent contractor.

**Gilbert Santos, CFO and Director** – Mr. Santos is a business person and customer relations consultant. He is 41 years old and holds a B.A. degree from Simon Fraser University.

Mr. Santos is a director of the following reporting issuers: Portia Exploration Ltd. He plans to devote up to 25% of his time to Anacott and will be an independent contractor.

**Samantha Stewart, Director** – Ms. Stewart is a client service representative at the Bank of Montreal. She is 27 years old and holds a B.A. degree from Simon Fraser University.

There are no non-competition and non-disclosure agreements between Anacott and the proposed directors and officers.

### ***Corporate Cease Trade Orders***

Other than as disclosed below, no director, officer, promoter or other member of management of Anacott is, or within the ten years prior to the date of this Circular has been, a director, officer, promoter or other member of management of any other issuer that, while that person was acting in the capacity of a director, officer, promoter or other member of management of

that issuer, was the subject of a cease trade order or similar order or an order that denied the issuer access to any statutory exemptions for a period of more than thirty consecutive days.

Ms. Algie was a director of Gold Key Capital Corp. (“Gold Key”) which received a suspension order from the TSXV for failure to complete a qualifying transaction within the prescribed time period as per Policy 2.4. Gold Key had initially filed its documentation in November 2008, however was not able to raise the appropriate funds required under the concurrent financing due to the economic crisis. As a result of this delay, Gold Key received a suspension on November 30, 2009 and was to be transferred to the NEX if a qualifying transaction had not been completed by February 27, 2010. Gold Key filed the required documentation and received final approval for the qualifying transaction and the concurrent private placement on December 30, 2009, after which time Gold Key was brought back to trade on December 31, 2009 concurrent to the completion of its qualifying transaction.

Ms. Algie was a director of Alderon Resource Corp. (“Alderon”) when it was halted from trading by the TSXV after a cease trade order was issued by the British Columbia Securities Commission on May 11, 2009. Alderon had not filed its annual financial statements and management’s discussion and analysis for the year ended December 31, 2008 within the required timeframe because of financial hardship. The order was revoked in August 2009 when Alderon completed the required documentation.

Ms. Algie was a director of Aroway Minerals Inc. (“Aroway”) when it was halted from trading by the TSXV after a cease trade order was issued by the British Columbia Securities Commission on November 5, 2009. Aroway had not filed its annual financial statements and management’s discussion and analysis for the year ended June 30, 2009 within the required timeframe because of financial hardship. The order was revoked and reinstated for trading on November 26, 2009 when Aroway completed the required documentation.

Ms. Algie is currently a director of Portia Exploration Ltd. (“Portia”) which received a suspension order from the TSXV for failure to complete a qualifying transaction within the prescribed time period as per Policy 2.4. Portia had initially filed its documentation in April 2010, however was not able to raise the appropriate funds required under the concurrent financing. As a result of this delay, Portia received a suspension and was to be transferred to the NEX if a qualifying transaction had not been completed by August 7, 2010. Portia was subsequently transferred to the NEX. On June 7, 2011, Portia received a second cease trade order for outstanding fees and compliance with AGM requirements. On October 7, 2011, Portia was reinstated for trading after meeting the requirements of the TSXV. On May 1, 2012 Portia received a suspension for failure to pay outstanding fees owed to the transfer agent.

### ***Penalties or Sanctions***

No director, officer, promoter or other member of management of Anacott has, during the ten years prior to the date of this Circular, been subject to any penalties or sanctions imposed by a court or securities regulatory authority relating to trading in securities, promotion, formation or management of a publicly traded company, or involving fraud or theft.

### ***Personal Bankruptcies***

No director, officer, promoter or other member of management of Anacott has, during the ten years prior to the date of this Circular, been declared bankrupt or made a voluntary assignment into bankruptcy, made a proposal under any legislation relating to bankruptcy or insolvency or has been subject to or instituted any proceedings, arrangement, or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold his or her assets.

### ***Conflicts of Interest***

The directors of Anacott are required by law to act honestly and in good faith with a view to the best interest of Anacott and to disclose any interests which they may have in any project or opportunity of Anacott. If a conflict of interest arises at a meeting of the board of directors, any director in a conflict will disclose his interest and abstain from voting on such matter. In determining whether or not Anacott will participate in any project or opportunity, that director will primarily consider the degree of risk to which Anacott may be exposed and its financial position at that time.

Except as disclosed in this Circular, to the best of the Company's knowledge, there are no known existing or potential conflicts of interest among Anacott and its promoters, directors, officers or other members of management as a result of their outside business interests except that certain of the directors, officers, promoters and other members of management serve as directors, officers, promoters and members of management of other public companies, and therefore it is possible that a conflict may arise between their duties as a director, officer, promoter or member of management of such other companies.

### ***Executive Compensation of Anacott***

The proposed executive officers of Anacott (the "**Executive Officers**") will be:

Anita Algie – Chief Executive Officer  
Gilbert Santos – Chief Financial Officer

Anacott does not have an employment contract with any of its Executive Officers pursuant to which the Executive Officers will be compensated for their services as executive officers of Anacott.

### ***Indebtedness of Directors and Executive Officers of Anacott***

No individual who is, or at any time from the date of Anacott's incorporation to the date hereof was a director or executive officer of Anacott, or an associate or affiliate of such an individual, is or has been indebted to Anacott.

### ***Anacott's Auditor***

DeVisser Gray LLP, Chartered Accountants, Suite 401 - 905 West Pender Street, Vancouver, British Columbia, V6C 1L6, is the auditor of Anacott.

### ***Anacott's Material Contracts***

The following are the contracts which are material to Anacott:

1. the Arrangement Agreement;
2. the assignment of the Smith Creek Option; and
3. the Anacott Option Plan.

The material contracts described above may be inspected at the registered office of Anacott at Suite 1150 - 750 West Pender Street, Vancouver, British Columbia, during normal business hours prior to the Meeting and for a period of thirty days thereafter.

### ***Promoters***

The Company is the promoter of Anacott.

## **BRUNELLO AFTER THE ARRANGEMENT**

The following is a description of Brunello assuming completion of the Arrangement.

### ***Name, Address and Incorporation***

Brunello was incorporated as "Brunello Resources Corp." pursuant to the Act on October 10, 2012, for the purposes of the Arrangement. Brunello is currently a private company and a wholly-owned subsidiary of Abbastar. Brunello's head office and registered and records offices are located at 1150 - 750 West Pender Street, Vancouver, BC, V6C 2T8.

### ***Inter-corporate Relationships***

Brunello does not have any subsidiaries.

### ***Significant Acquisition and Dispositions***

Brunello has not completed a fiscal year. There are no significant acquisitions or dispositions, completed or probable, for which financial statements would be required under applicable securities legislation, save pursuant to this Arrangement described herein. Details of the Arrangement are provided under "The Arrangement". The Arrangement, if successfully completed, will result in Brunello evaluating various business opportunities and the Manson River Zinc Option, which Abbastar does not consider material, and receiving funds necessary to commence operations. The future operating results and financial position of Brunello cannot be predicted. Shareholders may review the Abbastar and Brunello pro-forma financial statements attached as Schedule "F" and Schedule "H" hereto respectively.

**Trends**

Brunello plans to become a mineral exploration company; however, it will be considering other business opportunities. Brunello's principal business following the Arrangement will be the evaluation of various business opportunities and potential acquisition of mineral exploration properties and the Manson River Zinc Option. Accordingly, Brunello's financial success may be dependent upon the extent to which it can explore and develop mineral properties or other types of business.

The success of Brunello is largely dependent upon factors beyond Brunello's control. See "Risk Factors".

Other than as disclosed in this Circular, Brunello is not aware of any trends, uncertainties, demands, commitments or events which are reasonably likely to have a material effect upon its revenues, income from continuing operations, profitability, liquidity or capital resources, or that would cause reported financial information not necessarily to be indicative of future operating results or financial condition.

**General Development of Brunello's Business**

Brunello was incorporated on October 10, 2012 and has not yet commenced commercial operations. Brunello will acquire the Manson River Zinc Option and \$17,500 in cash from Abbastar as part of the Arrangement, will evaluate that option and may pursue other business opportunities. The \$17,500 coming from Abbastar as part of the Arrangement should provide Brunello with the capital necessary to fulfill its short-term needs. Completion of the Arrangement is subject to the approval of the Arrangement by the Abbastar Shareholders, the Court and the TSXV.

**Brunello's Business History**

Brunello was incorporated on October 10, 2012 and does not yet have a business history.

**Selected Unaudited Pro-Forma Financial Information of Brunello**

Brunello was incorporated on October 10, 2012. Brunello has not yet conducted any commercial operations. The following is a summary of certain financial information on a pro-forma basis for Brunello as at June 30, 2012, assuming completion of the Arrangement as of such date, and should be read in conjunction with the unaudited pro-forma balance sheet of Brunello appended to this Circular as Schedule "H". This pro-forma balance sheet was prepared as if the Arrangement had occurred on June 30, 2012, taking into account the assumptions stated therein. The pro-forma balance sheet is not necessarily reflective of the financial position that would have resulted if the events described therein had occurred on June 30, 2012. In addition, the pro-forma balance sheet is not necessarily indicative of the financial position that may be attained in the future.

	<b>Pro-forma Financial Information as at June 30, 2012 (unaudited)</b>
Cash .....	\$ 10,000
Manson River Zinc Option .....	-
<b>Total assets</b> .....	<b>\$ 10,000</b>
Current liabilities .....	\$ -
Share capital .....	10,000
<b>Total liabilities and shareholders' equity</b> .....	<b>\$ 10,000</b>
<b>Number of issued Brunello Shares</b> .....	<b>1,011,435</b>

**Dividends**

Brunello does not anticipate paying any dividends on its common shares in the short or medium term. Any decision to pay dividends on the Brunello Shares in the future will be made by the board of directors of Brunello on the basis of the earnings, financial requirements and other conditions existing at such time.

***Business of Brunello***

Brunello is not carrying on any business at the present time. On completion of the Arrangement, Brunello plans to commence its business as a mineral exploration company and will be evaluating the Manson River Zinc Option and other business opportunities.

***Liquidity and Capital Resources***

Pursuant to the Arrangement, Abbastar will transfer to Brunello all of Abbastar's interest in the Manson River Zinc Option and \$17,500 in cash in exchange for the same number of Brunello Shares equal to the number of Abbastar Shares issued and outstanding multiplied by the Conversion Factor, which shares will be distributed to the Abbastar Shareholders who hold Abbastar Shares on the Share Distribution Record Date.

Brunello is a start-up company and therefore has no regular source of income. As a result, Brunello's ability to conduct operations, including the evaluation of mineral properties and the Manson River Zinc Option, is based on its current cash and its ability to raise funds, primarily from equity sources, and there can be no assurance that Brunello will be able to do so.

See "Selected Unaudited Pro-forma Financial Information" for information concerning the financial assets of Brunello resulting from the Arrangement.

***Results of Operations***

Brunello has not carried out any commercial operations to date.

***Available Funds***

Pursuant to the Arrangement, Abbastar will transfer to Brunello all of Abbastar's interest in the Manson River Zinc Option and \$17,500 in cash. The estimated unaudited pro-forma working capital of Brunello at June 30, 2012 was approximately \$10,000, which will be available to Brunello upon completion of the Arrangement.

***Share Capital of Brunello***

The following table represents the share capitalization of Brunello as at June 30, 2012, both prior to and assuming completion of the Arrangement.

Share Capital	Authorized	Prior to the Completion of The Arrangement	After Completion of the Arrangement
Common Shares	Unlimited	1 <sup>(1)</sup>	1,011,435 <sup>(2)</sup>

Notes:

<sup>(1)</sup> One Brunello Share was issued to Abbastar upon incorporation.

<sup>(2)</sup> As at October 31, 2012, subject to multiplication by the Conversion Factor.

Brunello is authorized to issue an unlimited number of common shares without par value, of which approximately 1,011,435 common shares (subject to multiplication by the Conversion Factor) and no preferred shares will be issued and outstanding following completion of the Arrangement. There are no special rights or restrictions attached to the Brunello Shares.

***Fully Diluted Share Capital of Brunello***

The pro-forma fully diluted share capital of Brunello, assuming completion of the Arrangement and the exercise of all Abbastar Share Commitments is set out below:

Designation of Brunello Shares	Number of Brunello Shares	Percentage of Total
Subscriber's share issued on incorporation <sup>(1)</sup>	1	0.00
Brunello Shares issued in exchange for Assets, which shares will be distributed to the Abbastar Shareholders <sup>(2)</sup>	1,011,435	100.00

Brunello Shares to be issued pursuant to the Brunello Commitment <sup>(3)</sup>	-	0.00
<b>Total</b>	<b>1,011,435</b>	<b>100.00</b>

Notes:

- (1) One common share of Brunello was issued on incorporation and will be redeemed and cancelled concurrent with the completion of the Arrangement.
- (2) Subject to multiplication by the Conversion Factor.
- (3) Based on nil Abbastar Stock Options outstanding as at the date hereof.

### ***Prior Sales of Securities of Brunello***

Brunello issued one common share to Abbastar at a price of \$0.05 on incorporation on October 10, 2012.

### ***Options and Warrants***

#### ***Stock Options***

The Abbastar Shareholders will be asked at the Meeting to approve the Brunello Option Plan. See "Approval of the Brunello Stock Option Plan". As of the Effective Date, assuming approval of the Brunello Option Plan by the Abbastar Shareholders, there will be approximately 101,143 Brunello Shares available for issuance under the Brunello Option Plan. As of the date of this Circular, Brunello has not granted any options under the Brunello Option Plan.

### ***Convertible Securities***

The following convertible securities of Brunello will be outstanding as of the Effective Date.

<b>Designation of Security</b>	<b>Expiration Date</b>	<b>Common Shares issuable upon Exercise (#)</b>	<b>Exercise Price</b>
Brunello Commitment	N/A	Nil	N/A

### ***Principal Shareholders of Brunello***

To the knowledge of the directors and executive officers of the Company, no person or company will hold, directly or indirectly, as of the Effective Date or will have control or direction over, or a combination of direct or indirect beneficial ownership of and control or direction over, voting securities that will constitute more than 10% of the issued Brunello Shares as of the Effective Date.

### ***Directors and Officers of Brunello***

The following table sets out the names of the current and proposed directors and officers of Brunello, the municipalities of residence of each, all offices currently held by each of them, their principal occupations within the five preceding years, the period of time for which each has been a director or executive officer of Brunello, and the number and percentage of Brunello Shares to be beneficially owned by each, directly or indirectly, or over which control or direction will be exercised, upon completion of the Arrangement.

<b>Name, City and Province of Residence</b>	<b>Principal Occupation or Employment During the Past 5 Years</b>	<b>Current Position(s) with Brunello</b>	<b>Director/ Officer Since</b>	<b>Number/ Percentage of Brunello Shares Beneficially Owned or over which Control or Direction is Exercised</b>
<b>Anita Algie</b> <sup>(1)</sup> Vancouver, BC	Self-employed; president of Unity Energy Corp. since 2006; president of Patrone Gold Corp. since 2011; CFO of Titus Capital Corp. since June 2006.	Nominee Director	N/A	Nil/ 0.0%

Name, City and Province of Residence	Principal Occupation or Employment During the Past 5 Years	Current Position(s) with Brunello	Director/ Officer Since	Number/ Percentage of Brunello Shares Beneficially Owned or over which Control or Direction is Exercised
<b>Gilbert Santos</b> <sup>(1)</sup> Vancouver, BC	Self-employed.	Nominee Director	N/A	Nil/ 0.0%
<b>Samantha Stewart</b> <sup>(1)</sup> Vancouver, BC	Financial Services Co-ordinator at the Bank of Montreal since August 2010; bachelor of arts student at Simon Fraser University from 2004 to 2010.	Nominee Director	N/A	Nil/ 0.0%
<b>Thomas Bell</b> <sup>(2)</sup> White Rock, BC	President and CEO of AFG Flameguard Ltd. since December 2011; President and CEO of Katabatic Power Corp. since October 2009; Executive Vice President, Corporate Development of Great Canadian Gaming Corporation from 1993 to 2009.	Director	October 10, 2012	Nil/ 0.0%

Notes:

<sup>(1)</sup> Proposed Member of the Audit Committee.

<sup>(2)</sup> Mr. Bell will not serve as director after the nominee directors are appointed.

### ***Management of Brunello***

The following is a description of the individuals who will be directors and officers of Brunello following the completion of the Arrangement:

**Anita Algie, CEO and Director** - Ms. Algie is a self-employed business person. She has been serving as a director and officer of a number of public TSXV listed companies since 2005. She is 31 years old and holds a B.Sc. honours degree from the University of British Columbia.

Ms. Algie is a director of the following reporting issuers: Deloro Resources Ltd., Patrone Gold Corp., Portia Exploration Ltd., Titus Capital Corp. and Unity Energy Corp. She plans to devote up to 25% of her time to Brunello and will be an independent contractor.

**Gilbert Santos, CFO and Director** – Mr. Santos is a business person and customer relations consultant. He is 41 years old and holds a B.A. degree from Simon Fraser University. He plans to devote up to 25% of his time to Brunello and will be an independent contractor.

Mr. Santos is a director of the following reporting issuers: Portia Exploration Ltd.

**Samantha Stewart, Director** – Ms. Stewart is a client service representative at the Bank of Montreal. She is 27 years old and holds a B.A. degree from Simon Fraser University.

There are no non-competition and non-disclosure agreements between Brunello and the proposed directors and officers.

### ***Corporate Cease Trade Orders***

Other than as disclosed below, no director, officer, promoter or other member of management of Brunello is, or within the ten years prior to the date of this Circular has been, a director, officer, promoter or other member of management of any other issuer that, while that person was acting in the capacity of a director, officer, promoter or other member of management of that issuer, was the subject of a cease trade order or similar order or an order that denied the issuer access to any statutory exemptions for a period of more than thirty consecutive days.

Ms. Algie was a director of Gold Key Capital Corp. (“Gold Key”) which received a suspension order from the TSXV for failure to complete a qualifying transaction within the prescribed time period as per Policy 2.4. Gold Key had initially filed its documentation in November 2008, however was not able to raise the appropriate funds required under the concurrent financing due to the economic crisis. As a result of this delay, Gold Key received a suspension on November 30, 2009 and was to be transferred to the NEX if a qualifying transaction had not been completed by February 27, 2010. Gold Key filed the required documentation and received final approval for the qualifying transaction and the concurrent private placement on December 30, 2009, after which time Gold Key was brought back to trade on December 31, 2009 concurrent to the completion of its qualifying transaction.

Ms. Algie was a director of Alderon Resource Corp. (“Alderon”) when it was halted from trading by the TSXV after a cease trade order was issued by the British Columbia Securities Commission on May 11, 2009. Alderon had not filed its annual financial statements and management’s discussion and analysis for the year ended December 31, 2008 within the required timeframe because of financial hardship. The order was revoked in August 2009 when Alderon completed the required documentation.

Ms. Algie was a director of Aroway Minerals Inc. (“Aroway”) when it was halted from trading by the TSXV after a cease trade order was issued by the British Columbia Securities Commission on November 5, 2009. Aroway had not filed its annual financial statements and management’s discussion and analysis for the year ended June 30, 2009 within the required timeframe because of financial hardship. The order was revoked and reinstated for trading on November 26, 2009 when Aroway completed the required documentation.

Ms. Algie is currently a director of Portia Exploration Ltd. (“Portia”) which received a suspension order from the TSXV for failure to complete a qualifying transaction within the prescribed time period as per Policy 2.4. Portia had initially filed its documentation in April 2010, however was not able to raise the appropriate funds required under the concurrent financing. As a result of this delay, Portia received a suspension and was to be transferred to the NEX if a qualifying transaction had not been completed by August 7, 2010. Portia was subsequently transferred to the NEX. On June 7, 2011, Portia received a second cease trade order for outstanding fees and compliance with AGM requirements. On October 7, 2011, Portia was reinstated for trading after meeting the requirements of the TSXV. On May 1, 2012 Portia received a suspension for failure to pay outstanding fees owed to the transfer agent.

#### ***Penalties or Sanctions***

No director, officer, promoter or other member of management of Brunello has, during the ten years prior to the date of this Circular, been subject to any penalties or sanctions imposed by a court or securities regulatory authority relating to trading in securities, promotion, formation or management of a publicly traded company, or involving fraud or theft.

#### ***Personal Bankruptcies***

No director, officer, promoter or other member of management of Brunello has, during the ten years prior to the date of this Circular, been declared bankrupt or made a voluntary assignment into bankruptcy, made a proposal under any legislation relating to bankruptcy or insolvency or has been subject to or instituted any proceedings, arrangement, or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold his or her assets.

#### ***Conflicts of Interest***

The directors of Brunello are required by law to act honestly and in good faith with a view to the best interest of Brunello and to disclose any interests which they may have in any project or opportunity of Brunello. If a conflict of interest arises at a meeting of the board of directors, any director in a conflict will disclose his interest and abstain from voting on such matter. In determining whether or not Brunello will participate in any project or opportunity, that director will primarily consider the degree of risk to which Brunello may be exposed and its financial position at that time.

Except as disclosed in this Circular, to the best of the Company's knowledge, there are no known existing or potential conflicts of interest among Brunello and its promoters, directors, officers or other members of management as a result of their outside business interests except that certain of the directors, officers, promoters and other members of management serve as directors, officers, promoters and members of management of other public companies, and therefore it is possible that a conflict may arise between their duties as a director, officer, promoter or member of management of such other companies.

### ***Executive Compensation of Brunello***

The proposed executive officers of Brunello (the "**Executive Officers**") are:

Anita Algie – Chief Executive Officer  
Gilbert Santos – Chief Financial Officer

Brunello does not have an employment contract with any of its Executive Officers pursuant to which the Executive Officers will be compensated for their services as executive officers of Brunello.

### ***Indebtedness of Directors and Executive Officers of Brunello***

No individual who is, or at any time from the date of Brunello's incorporation to the date hereof was a director or executive officer of Brunello, or an associate or affiliate of such an individual, is or has been indebted to Brunello.

### ***Brunello's Auditor***

DeVisser Gray LLP, Chartered Accountants, Suite 401 - 905 West Pender Street, Vancouver, British Columbia, V6C 1L6, is the auditor of Brunello.

### ***Brunello's Material Contracts***

The following are the contracts which are material to Brunello:

1. the Arrangement Agreement;
2. the assignment of the Manson River Zinc Option; and
3. the Brunello Option Plan.

The material contracts described above may be inspected at the registered office of Brunello at Suite 1150 - 750 West Pender Street, Vancouver, British Columbia, during normal business hours prior to the Meeting and for a period of thirty days thereafter.

### ***Promoters***

The Company is the promoter of Brunello.

## **SPARX AFTER THE ARRANGEMENT**

The following is a description of Sparx assuming completion of the Arrangement.

### ***Name, Address and Incorporation***

Sparx was incorporated as "Sparx Energy Corp." pursuant to the Act on October 5, 2012, for the purposes of the Arrangement. Sparx is currently a private company and a wholly-owned subsidiary of Abbastar. Sparx's head office and registered and records offices are located at 1150 - 750 West Pender Street, Vancouver, BC, V6C 2T8..

### ***Inter-corporate Relationships***

Sparx does not have any subsidiaries.

### ***Significant Acquisition and Dispositions***

Sparx has not completed a fiscal year. There are no significant acquisitions or dispositions, completed or probable, for which financial statements would be required under applicable securities legislation, save pursuant to this Arrangement described herein. Details of the Arrangement are provided under "The Arrangement". The Arrangement, if successfully completed, will result in Sparx being assigned the Doran Interest and \$17,500 in cash in exchange for the issue of the number of Sparx Shares equal to the number of Abbastar Shares multiplied by the Conversion Factor. The future operating results and financial position of Sparx cannot be predicted. Shareholders may review the Abbastar and Sparx pro-forma financial statements attached as Schedule "F" and Schedule "I" hereto respectively.

**Trends**

Sparx is an exploration company whose principal business following the Arrangement will be the development of mineral exploration projects. Sparx’s financial success will be dependent upon the extent to which it can develop these projects.

The success of Sparx is largely dependent upon factors beyond Sparx's control, such as the equities markets in general. See "Risk Factors".

Other than as disclosed in this Circular, Sparx is not aware of any trends, uncertainties, demands, commitments or events which are reasonably likely to have a material effect upon its revenues, income from continuing operations, profitability, liquidity or capital resources, or that would cause reported financial information not necessarily to be indicative of future operating results or financial condition.

**General Development of Sparx’s Business**

Sparx was incorporated on October 5, 2012 and has not yet commenced commercial operations. Sparx will acquire the Doran Interest and \$17,500 in cash from Abbastar as part of the Arrangement, and will commence operations as a mineral exploration company. The \$17,500 coming from Abbastar as part of the Arrangement should provide Sparx with the capital necessary to fulfill its short-term needs. Completion of the Arrangement is subject to the approval of the Arrangement by the Abbastar Shareholders, the Court and the TSXV.

**Sparx's Business History**

Sparx was incorporated on October 5, 2012 and does not yet have a business history.

The Board of Abbastar has determined that it would be in the best interests of the Company to continue to focus its business efforts on the acquisition of an interest in the Talbot Lake Property and potential acquisitions of interests in other properties, and transfer its interest in the Doran Interest to a newly-formed subsidiary company, being Sparx, pursuant to a plan of arrangement, in exchange for Sparx Shares that would be distributed to the Abbastar Shareholders.

Pursuant to the Arrangement, Abbastar will transfer to Sparx all of Abbastar's interest in the Doran Interest and \$17,500 in cash in exchange for the number of the Sparx Shares equal to the number of Abbastar Shares multiplied by the Conversion Factor, which shares will be distributed to the Abbastar Shareholders who hold Abbastar Shares on the Share Distribution Record Date. The funds to be received by Sparx pursuant to the Arrangement should provide Sparx with the capital necessary to fund its short-term objectives. Completion of the Arrangement is subject to the approval of the Arrangement by the Abbastar Shareholders, the Court and the TSXV.

**Selected Unaudited Pro-Forma Financial Information of Sparx**

Sparx was incorporated on October 5, 2012. Sparx has not yet conducted any commercial operations. The following is a summary of certain financial information on a pro-forma basis for Sparx as at June 30, 2012, assuming completion of the Arrangement as of such date, and should be read in conjunction with the unaudited pro-forma balance sheet of Sparx appended to this Circular as Schedule "I". This pro-forma balance sheet was prepared as if the Arrangement had occurred on June 30, 2012, taking into account the assumptions stated therein. The pro-forma balance sheet is not necessarily reflective of the financial position that would have resulted if the events described therein had occurred on June 30, 2012. In addition, the pro-forma balance sheet is not necessarily indicative of the financial position that may be attained in the future.

	<b>Pro-forma Financial Information as at June 30, 2012 (unaudited)</b>
Cash .....	\$ 10,000
Doran Interest .....	100,000
<b>Total assets</b> .....	<b>\$ 110,000</b>
Current liabilities .....	\$ -
Share capital .....	110,000
<b>Total liabilities and shareholders’ equity</b> .....	<b>\$ 110,000</b>

**Number of issued Sparx Shares**.....

**1,011,435**

***Dividends***

Sparx does not anticipate paying any dividends on its common shares in the short or medium term. Any decision to pay dividends on the Sparx Shares in the future will be made by the board of directors of Sparx on the basis of the earnings, financial requirements and other conditions existing at such time.

***Business of Sparx***

Sparx is not carrying on any business at the present time. On completion of the Arrangement, Sparx will commence its business as a mineral exploration company.

***Liquidity and Capital Resources***

Pursuant to the Arrangement, Abbastar will transfer to Sparx all of Abbastar's interest in the Doran Interest and \$17,500 in cash in exchange for the number of Sparx Shares equal to the number of Abbastar Shares multiplied by the Conversion Factor, which shares will be distributed to the Abbastar Shareholders who hold Abbastar Shares on the Share Distribution Record Date.

Sparx is a start-up mineral exploration company and therefore has no regular source of income. other than interest income it may earn on funds invested in short-term deposits. As a result, Sparx's ability to conduct operations, including the development of the Doran Interest or the evaluation and acquisition of additional assets, is based on its current cash and its ability to raise funds, primarily from equity sources, and there can be no assurance that Sparx will be able to do so.

See "Selected Unaudited Pro-forma Financial Information" for information concerning the financial assets of Sparx resulting from the Arrangement.

***Results of Operations***

Sparx has not carried out any commercial operations to date.

***Available Funds***

Pursuant to the Arrangement, Abbastar will transfer to Sparx all of Abbastar's interest in the Doran Interest and \$17,500 in cash. The estimated unaudited pro-forma working capital of Sparx at June 30, 2012 was approximately \$10,000, which will be available to Sparx upon completion of the Arrangement.

***Share Capital of Sparx***

The following table represents the share capitalization of Sparx as at June 30, 2012, both prior to and assuming completion of the Arrangement.

<b>Share Capital</b>	<b>Authorized</b>	<b>Prior to the Completion of The Arrangement</b>	<b>After Completion of the Arrangement</b>
Common Shares	Unlimited	1 <sup>(1)</sup>	1,011,435 <sup>(2)</sup>

Notes:

<sup>(1)</sup> One Brunello Share was issued to Abbastar upon incorporation.

<sup>(2)</sup> As at October 31, 2012, subject to multiplication by the Conversion Factor.

Sparx is authorized to issue an unlimited number of common shares without par value, of which approximately 1,011,435 common shares (subject to multiplication by the Conversion Factor) and no preferred shares will be issued and outstanding following completion of the Arrangement. There are no special rights or restrictions attached to the Sparx Shares.

### ***Fully Diluted Share Capital of Sparx***

The pro-forma fully diluted share capital of Sparx, assuming completion of the Arrangement and the exercise of all Abbastar Share Commitments is set out below:

<b>Designation of Sparx Shares</b>	<b>Number of Sparx Shares</b>	<b>Percentage of Total</b>
Subscriber's share issued on incorporation <sup>(1)</sup>	1	0.00
Sparx Shares issued in exchange for Assets, which shares will be distributed to the Abbastar Shareholders <sup>(2)</sup>	1,011,435	100.00
Sparx Shares to be issued pursuant to the Sparx Commitment <sup>(3)</sup>	-	0.00
<b>Total</b>	<b>1,011,435</b>	<b>100.00</b>

Notes:

- <sup>(1)</sup> One common share of Sparx was issued on incorporation and will be redeemed and cancelled concurrent with the completion of the Arrangement.
- <sup>(2)</sup> Subject to multiplication by the Conversion Factor.
- <sup>(3)</sup> Based on nil Abbastar Stock Options outstanding as at the date hereof.

### ***Prior Sales of Securities of Sparx***

Sparx issued one common share to Abbastar at a price of \$0.05 on incorporation on October 5, 2012.

### ***Options and Warrants***

#### ***Stock Options***

The Abbastar Shareholders will be asked at the Meeting to approve the Sparx Option Plan. See "Approval of the Sparx Stock Option Plan". As of the Effective Date, assuming approval of the Sparx Option Plan by the Abbastar Shareholders, there will be approximately 101,143 Sparx Shares available for issuance under the Sparx Option Plan. As of the date of this Circular, Sparx has not granted any options under the Sparx Option Plan.

#### ***Convertible Securities***

The following convertible securities of Sparx will be outstanding as of the Effective Date.

<b>Designation of Security</b>	<b>Expiration Date</b>	<b>Common Shares issuable upon Exercise (#)</b>	<b>Exercise Price</b>
Sparx Commitment	N/A	Nil	N/A

### ***Principal Shareholders of Sparx***

To the knowledge of the directors and executive officers of the Company, no person or company will hold, directly or indirectly, as of the Effective Date or will have control or direction over, or a combination of direct or indirect beneficial ownership of and control or direction over, voting securities that will constitute more than 10% of the issued Sparx Shares as of the Effective Date.

### ***Directors and Officers of Sparx***

The following table sets out the names of the current and proposed directors and officers of Sparx, the municipalities of residence of each, all offices currently held by each of them, their principal occupations within the five preceding years, the period of time for which each has been a director or executive officer of Sparx, and the number and percentage of Sparx Shares to be beneficially owned by each, directly or indirectly, or over which control or direction will be exercised, upon completion of the Arrangement.

Name, City and Province of Residence	Principal Occupation or Employment During the Past 5 Years	Current Position(s) with Sparx	Director/ Officer Since	Number/ Percentage of Sparx Shares Beneficially Owned or over which Control or Direction is Exercised
<b>Thomas Bell</b> <sup>(1)</sup> White Rock, BC	President and CEO of AFG Flameguard Ltd. since 2011; President and CEO of Katabatic Power Corp. since 2009; Executive Vice President, Corporate Development of Great Canadian Gaming Corporation from 1993 to 2009.	Director	October 5, 2012	66,456
<b>Patrick Lavin</b> <sup>(2)</sup> Vancouver, BC	CFO of AFG Flameguard Ltd. and its predecessor companies since 2006; CFO of Abbastar Resources Corp. since June 2005.	Nominee Director	N/A	81,875

Notes:

<sup>(1)</sup> Member of the Audit Committee.

<sup>(2)</sup> Proposed member of the Audit Committee.

Sparx plans to appoint additional director(s) at a later date.

### ***Management of Sparx***

The following is a description of the individuals who will be directors and officers of Sparx following the completion of the Arrangement:

**Thomas Bell, President, CEO and Director** - Mr. Bell is President and CEO of AFG Flameguard Ltd. since 2011 and President and CEO of Katabatic Power Corp. since October 2009. He has extensive executive and business experience which he gained in the position of Executive Vice President, Corporate Development at Great Canadian Gaming Corporation from 1993 to 2009. He is 43.

Mr. Bell is a director of the following reporting issuers: Abbastar Resources Corp., AFG Flameguard Ltd., Newlox Gold Ventures Corp. and NU2U Resources Corp. He plans to devote up to 25% of his time to Sparx and will be an independent contractor.

**Patrick Lavin, Chief Financial Officer and Director** - Mr. Lavin is a certified general accountant and has over 20 years of experience in the areas of corporate finance and financial administration of public companies. Mr. Lavin is also the CFO of AFG Flameguard Ltd. and Abbastar Resources Corp. He is 47.

Mr. Lavin is a director of the following reporting issuers: Abbastar Resources Corp. and NU2U Resources Corp. He plans to devote up to 25% of his time to Sparx and will be an independent contractor.

Sparx will appoint additional director(s).

There are no non-competition and non-disclosure agreements between Sparx and the proposed directors and officers.

### ***Corporate Cease Trade Orders or Bankruptcies***

No director, officer, promoter or other member of management of Sparx is, or within the ten years prior to the date of this Circular has been, a director, officer, promoter or other member of management of any other issuer that, while that person was acting in the capacity of a director, officer, promoter or other member of management of that issuer, was the subject of a cease trade order or similar order or an order that denied the issuer access to any statutory exemptions for a period of more than thirty consecutive days.

### ***Penalties or Sanctions***

No director, officer, promoter or other member of management of Sparx has, during the ten years prior to the date of this Circular, been subject to any penalties or sanctions imposed by a court or securities regulatory authority relating to trading in securities, promotion, formation or management of a publicly traded company, or involving fraud or theft.

### ***Personal Bankruptcies***

No director, officer, promoter or other member of management of Sparx has, during the ten years prior to the date of this Circular, been declared bankrupt or made a voluntary assignment into bankruptcy, made a proposal under any legislation relating to bankruptcy or insolvency or has been subject to or instituted any proceedings, arrangement, or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold his or her assets.

### ***Conflicts of Interest***

The directors of Sparx are required by law to act honestly and in good faith with a view to the best interest of Sparx and to disclose any interests which they may have in any project or opportunity of Sparx. If a conflict of interest arises at a meeting of the board of directors, any director in a conflict will disclose his interest and abstain from voting on such matter. In determining whether or not Sparx will participate in any project or opportunity, that director will primarily consider the degree of risk to which Sparx may be exposed and its financial position at that time.

Except as disclosed in this Circular, to the best of the Company's knowledge, there are no known existing or potential conflicts of interest among Sparx and its promoters, directors, officers or other members of management as a result of their outside business interests except that certain of the directors, officers, promoters and other members of management serve as directors, officers, promoters and members of management of other public companies, and therefore it is possible that a conflict may arise between their duties as a director, officer, promoter or member of management of such other companies.

### ***Executive Compensation of Sparx***

The proposed executive officers of Sparx (the "**Executive Officers**") are:

Thomas Bell	– Chief Executive Officer
Patrick Lavin	– Chief Financial Officer

Sparx does not have an employment contract with any of its Executive Officers pursuant to which the Executive Officers will be compensated for their services as executive officers of Sparx.

### ***Indebtedness of Directors and Executive Officers of Sparx***

No individual who is, or at any time from the date of Sparx's incorporation to the date hereof, was a director or executive officer of Sparx, or an associate or affiliate of such an individual, is or has been indebted to Sparx.

### ***Sparx's Auditor***

DeVisser Gray LLP, Chartered Accountants, Suite 401 - 905 West Pender Street, Vancouver, British Columbia, V6C 1L6, is the auditor of Sparx.

### ***Sparx's Material Contracts***

The following are the contracts which are material to Sparx:

1. the Arrangement Agreement;
2. the assignment of the Doran Interest; and
3. the Sparx Option Plan.

The material contracts described above may be inspected at the registered office of Sparx at 1150 - 750 West Pender Street, Vancouver, British Columbia, during normal business hours prior to the Meeting and for a period of thirty days thereafter.

### ***Promoters***

The Company is the promoter of Sparx.

## **TELDAR AFTER THE ARRANGEMENT**

The following is a description of Teldar assuming completion of the Arrangement.

### ***Name, Address and Incorporation***

Teldar was incorporated as "Teldar Resources Corp." pursuant to the Act on October 5, 2012 as wholly owned subsidiary of Abbastar. Teldar's head office and registered and records offices are located at 1150 - 750 West Pender Street, Vancouver, BC, V6C 2T8.

### ***Inter-corporate Relationships***

Teldar does not have any subsidiaries.

### ***Significant Acquisition and Dispositions***

Teldar has not completed a fiscal year. There are no significant acquisitions or dispositions, completed or probable, for which financial statements would be required under applicable securities legislation, save pursuant to this Arrangement described herein. Details of the Arrangement are provided under "The Arrangement". The Arrangement, if successfully completed, will result in Teldar evaluating various business opportunities and the Kid Copper Option, which Abbastar does not consider material, and receiving funds necessary to commence operations. The future operating results and financial position of Teldar cannot be predicted. Shareholders may review the Abbastar and Teldar pro-forma financial statements attached as Schedule "F" and Schedule "J" hereto respectively.

### ***Trends***

Teldar plans to become a mineral exploration company; however it also plans to evaluate other business opportunities. Teldar's principal business following the Arrangement will be the evaluation of various business opportunities and potential acquisition of mineral exploration properties and the Kid Copper Option. Accordingly, Teldar's financial success will be dependent upon the extent to which it can explore and develop mineral properties or other types of business.

The success of Teldar is largely dependent upon factors beyond Teldar's control. See "Risk Factors".

Other than as disclosed in this Circular, Teldar is not aware of any trends, uncertainties, demands, commitments or events which are reasonably likely to have a material effect upon its revenues, income from continuing operations, profitability, liquidity or capital resources, or that would cause reported financial information not necessarily to be indicative of future operating results or financial condition.

### ***General Development of Teldar's Business***

Teldar was incorporated on October 5, 2012 and has not yet commenced commercial operations. Teldar will acquire the Kid Copper Option and \$17,500 in cash from Abbastar as part of the Arrangement, will evaluate that option and may pursue other business opportunities. The \$17,500 coming from Abbastar as part of the Arrangement should provide Teldar with the capital necessary to fulfill its short-term needs. Completion of the Arrangement is subject to the approval of the Arrangement by the Abbastar Shareholders, the Court and the TSXV.

### ***Teldar's Business History***

Teldar was incorporated on October 5, 2012 and does not yet have a business history.

### ***Selected Unaudited Pro-Forma Financial Information of Teldar***

Teldar was incorporated on October 5, 2012. Teldar has not yet conducted any commercial operations. The following is a summary of certain financial information on a pro-forma basis for Teldar as at June 30, 2012, assuming completion of the Arrangement as of such date, and should be read in conjunction with the unaudited pro-forma balance sheet of Teldar

appended to this Circular as Schedule "J". This pro-forma balance sheet was prepared as if the Arrangement had occurred on June 30, 2012, taking into account the assumptions stated therein. The pro-forma balance sheet is not necessarily reflective of the financial position that would have resulted if the events described therein had occurred on June 30, 2012. In addition, the pro-forma balance sheet is not necessarily indicative of the financial position that may be attained in the future.

	<b>Pro-forma Financial Information as at June 30, 2012</b>
	(unaudited)
Cash .....	\$ 10,000
Kid Copper Option .....	-
<b>Total assets</b> .....	<b>\$ 10,000</b>
Current liabilities .....	\$ -
Share capital .....	10,000
<b>Total liabilities and shareholders' equity</b> .....	<b>\$ 10,000</b>
<b>Number of issued Teldar Shares</b> .....	<b>1,011,435</b>

### *Dividends*

Teldar does not anticipate paying any dividends on its common shares in the short or medium term. Any decision to pay dividends on the Teldar Shares in the future will be made by the board of directors of Teldar on the basis of the earnings, financial requirements and other conditions existing at such time.

### *Business of Teldar*

Teldar is not carrying on any business at the present time. On completion of the Arrangement, Teldar plans to commence its business as a mineral exploration company and will be evaluating the Kid Copper Option and other suitable business opportunities.

### *Liquidity and Capital Resources*

Pursuant to the Arrangement, Abbastar will transfer to Teldar all of Abbastar's interest in the Kid Copper Option and \$17,500 in cash in exchange for the same number of the Teldar Shares equal to the number of Abbastar Shares multiplied by the Conversion Factor, which shares will be distributed to the Abbastar Shareholders who hold Abbastar Shares on the Share Distribution Record Date.

Teldar is a start-up company and therefore has no regular source of income. As a result, Teldar's ability to conduct operations, including the evaluation of mineral properties and the Kid Copper Option, is based on its current cash and its ability to raise funds, primarily from equity sources, and there can be no assurance that Teldar will be able to do so.

See "Selected Unaudited Pro-forma Financial Information" for information concerning the financial assets of Teldar resulting from the Arrangement.

### *Results of Operations*

Teldar has not carried any commercial operations to date.

### *Available Funds*

Pursuant to the Arrangement, Abbastar will transfer to Teldar all of Abbastar's interest in the Kid Copper Option and \$17,500 in cash. The estimated unaudited pro-forma working capital of Teldar at June 30, 2012 was approximately \$10,000, which will be available to Teldar upon completion of the Arrangement.

### ***Share Capital of Teldar***

The following table represents the share capitalization of Teldar as at June 30, 2012, both prior to and assuming completion of the Arrangement.

<b>Share Capital</b>	<b>Authorized</b>	<b>Prior to the Completion of The Arrangement</b>	<b>After Completion of the Arrangement</b>
Common Shares	Unlimited	1 <sup>(1)</sup>	1,011,435 <sup>(2)</sup>

Notes:

- <sup>(1)</sup> One Teldar Share was issued to Abbastar upon incorporation.  
<sup>(2)</sup> As at October 31, 2012, subject to multiplication by the Conversion Factor.

Teldar is authorized to issue an unlimited number of common shares without par value, of which approximately 1,011,435 common shares (subject to multiplication by the Conversion Factor) will be issued and outstanding following completion of the Arrangement. There are no special rights or restrictions attached to the Teldar Shares.

### ***Fully Diluted Share Capital of Teldar***

The pro-forma fully diluted share capital of Teldar, assuming completion of the Arrangement and the exercise of all Abbastar Share Commitments is set out below:

<b>Designation of Teldar Shares</b>	<b>Number of Teldar Shares</b>	<b>Percentage of Total</b>
Subscriber's share issued on incorporation <sup>(1)</sup>	1	0.00
Teldar Shares issued in exchange for Assets, which shares will be distributed to the Abbastar Shareholders <sup>(2)</sup>	1,011,435	100.00
Teldar Shares to be issued pursuant to the Teldar Commitment	-	0.00
<b>Total</b>	<b>1,011,435</b>	<b>100.00</b>

Notes:

- <sup>(1)</sup> One common shares of Teldar was issued on incorporation and will be cancelled concurrent with the completion of the Arrangement.  
<sup>(2)</sup> Subject to multiplication by the Conversion Factor.  
<sup>(3)</sup> Based on nil Abbastar Stock Options outstanding as at the date hereof.

### ***Prior Sales of Securities of Teldar***

Teldar issued one common share to Abbastar at a price of \$0.05 on incorporation on October 5, 2012.

### ***Options and Warrants***

#### ***Stock Options***

The Abbastar Shareholders will be asked at the Meeting to approve the Teldar Option Plan. See "Approval of the Teldar Stock Option Plan". As of the Effective Date, assuming approval of the Teldar Option Plan by the Abbastar Shareholders, there will be approximately 101,143 Teldar Shares available for issuance under the Teldar Option Plan. As of the date of this Circular, Teldar has not granted any options under the Teldar Option Plan.

#### ***Convertible Securities***

The following convertible securities of Teldar will be outstanding as of the Effective Date.

<b>Designation of Security</b>	<b>Expiration Date</b>	<b>Common Shares issuable upon Exercise (#)</b>	<b>Exercise Price</b>
Teldar Commitment	N/A	Nil	N/A

### ***Principal Shareholders of Teldar***

To the knowledge of the directors and executive officers of the Company, no person or company will hold, directly or indirectly, as of the Effective Date or will have control or direction over, or a combination of direct or indirect beneficial ownership of and control or direction over, voting securities that will constitute more than 10% of the issued Teldar Shares as of the Effective Date.

### ***Directors and Officers of Teldar***

The following table sets out the names of the current and proposed directors and officers of Teldar, the municipalities of residence of each, all offices currently held by each of them, their principal occupations within the five preceding years, the period of time for which each has been a director or executive officer of Teldar, and the number and percentage of Teldar Shares to be beneficially owned by each, directly or indirectly, or over which control or direction will be exercised, upon completion of the Arrangement.

<b>Name, City and Province of Residence</b>	<b>Principal Occupation or Employment During the Past 5 Years</b>	<b>Current Position(s) with Teldar</b>	<b>Director/Officer Since</b>	<b>Number/Percentage of Teldar Shares Beneficially Owned or over which Control or Direction is Exercised</b>
<b>Anita Algie</b> <sup>(1)</sup> Vancouver, BC	Self-employed; president of Unity Energy Corp. since 2006; president of Patrone Gold Corp. since 2011; CFO of Titus Capital Corp. since June 2006.	Nominee Director	N/A	Nil/ 0.0%
<b>Gilbert Santos</b> <sup>(1)</sup> Vancouver, BC	Self-employed.	Nominee Director	N/A	Nil/ 0.0%
<b>Samantha Stewart</b> <sup>(1)</sup> Vancouver, BC	Financial Services Co-ordinator at the Bank of Montreal since August 2010; bachelor of arts student at Simon Fraser University from 2004 to 2010.	Nominee Director	N/A	Nil/ 0.0%
<b>Thomas Bell</b> <sup>(2)</sup> White Rock, BC	President and CEO of AFG Flameguard Ltd. since December 2011; President and CEO of Katabatic Power Corp. since October 2009; Executive Vice President, Corporate Development of Great Canadian Gaming Corporation from 1993 to 2009.	Director	October 5, 2012	Nil/ 0.0%

Notes:

<sup>(1)</sup> Proposed Member of the Audit Committee.

<sup>(2)</sup> Mr. Bell will not serve as director after the nominee directors are appointed.

### ***Management of Teldar***

The following is a description of the individuals who will be directors and officers of Teldar following the completion of the Arrangement:

**Anita Algie, CEO and Director** - Ms. Algie is a self-employed business person. She has been serving as a director and officer of a number of public TSXV listed companies since 2005. She is 31 years old and holds a B.Sc. honours degree from the University of British Columbia.

Ms. Algie is a director of the following reporting issuers: Deloro Resources Ltd., Patrone Gold Corp., Portia Exploration Ltd., Titus Capital Corp. and Unity Energy Corp. She plans to devote up to 25% of her time to Teldar and will be an independent contractor.

**Gilbert Santos, CFO and Director** – Mr. Santos is a business person and customer relations consultant. He is 41 years old and holds a B.A. degree from Simon Fraser University.

Mr. Santos is a director of the following reporting issuers: Portia Exploration Ltd. He plans to devote up to 25% of his time to Teldar and will be an independent contractor.

**Samantha Stewart, Director** – Ms. Stewart is a client service representative at the Bank of Montreal. She is 27 years old and holds a B.A. degree from Simon Fraser University.

There are no non-competition and non-disclosure agreements between Teldar and the proposed directors and officers.

### ***Corporate Cease Trade Orders***

Other than as disclosed below, no director, officer, promoter or other member of management of Brunello is, or within the ten years prior to the date of this Circular has been, a director, officer, promoter or other member of management of any other issuer that, while that person was acting in the capacity of a director, officer, promoter or other member of management of that issuer, was the subject of a cease trade order or similar order or an order that denied the issuer access to any statutory exemptions for a period of more than thirty consecutive days.

Ms. Algie was a director of Gold Key Capital Corp. (“Gold Key”) which received a suspension order from the TSXV for failure to complete a qualifying transaction within the prescribed time period as per Policy 2.4. Gold Key had initially filed its documentation in November 2008, however was not able to raise the appropriate funds required under the concurrent financing due to the economic crisis. As a result of this delay, Gold Key received a suspension on November 30, 2009 and was to be transferred to the NEX if a qualifying transaction had not been completed by February 27, 2010. Gold Key filed the required documentation and received final approval for the qualifying transaction and the concurrent private placement on December 30, 2009, after which time Gold Key was brought back to trade on December 31, 2009 concurrent to the completion of its qualifying transaction.

Ms. Algie was a director of Alderon Resource Corp. (“Alderon”) when it was halted from trading by the TSXV after a cease trade order was issued by the British Columbia Securities Commission on May 11, 2009. Alderon had not filed its annual financial statements and management’s discussion and analysis for the year ended December 31, 2008 within the required timeframe because of financial hardship. The order was revoked in August 2009 when Alderon completed the required documentation.

Ms. Algie was a director of Aroway Minerals Inc. (“Aroway”) when it was halted from trading by the TSXV after a cease trade order was issued by the British Columbia Securities Commission on November 5, 2009. Aroway had not filed its annual financial statements and management’s discussion and analysis for the year ended June 30, 2009 within the required timeframe because of financial hardship. The order was revoked and reinstated for trading on November 26, 2009 when Aroway completed the required documentation.

Ms. Algie is currently a director of Portia Exploration Ltd. (“Portia”) which received a suspension order from the TSXV for failure to complete a qualifying transaction within the prescribed time period as per Policy 2.4. Portia had initially filed its documentation in April 2010, however was not able to raise the appropriate funds required under the concurrent financing. As a result of this delay, Portia received a suspension and was to be transferred to the NEX if a qualifying transaction had not been completed by August 7, 2010. Portia was subsequently transferred to the NEX. On June 7, 2011, Portia received a second cease trade order for outstanding fees and compliance with AGM requirements. On October 7, 2011, Portia was reinstated for trading after meeting the requirements of the TSXV. On May 1, 2012 Portia received a suspension for failure to pay outstanding fees owed to the transfer agent.

### ***Penalties or Sanctions***

No director, officer, promoter or other member of management of Teldar has, during the ten years prior to the date of this Circular, been subject to any penalties or sanctions imposed by a court or securities regulatory authority relating to trading in securities, promotion, formation or management of a publicly traded company, or involving fraud or theft.

### ***Personal Bankruptcies***

No director, officer, promoter or other member of management of Teldar has, during the ten years prior to the date of this Circular, been declared bankrupt or made a voluntary assignment into bankruptcy, made a proposal under any legislation

relating to bankruptcy or insolvency or has been subject to or instituted any proceedings, arrangement, or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold his or her assets.

### ***Conflicts of Interest***

The directors of Teldar are required by law to act honestly and in good faith with a view to the best interest of Teldar and to disclose any interests which they may have in any project or opportunity of Teldar. If a conflict of interest arises at a meeting of the board of directors, any director in a conflict will disclose his interest and abstain from voting on such matter. In determining whether or not Teldar will participate in any project or opportunity, that director will primarily consider the degree of risk to which Teldar may be exposed and its financial position at that time.

Except as disclosed in this Circular, to the best of the Company's knowledge, there are no known existing or potential conflicts of interest among Teldar and its promoters, directors, officers or other members of management as a result of their outside business interests except that certain of the directors, officers, promoters and other members of management serve as directors, officers, promoters and members of management of other public companies, and therefore it is possible that a conflict may arise between their duties as a director, officer, promoter or member of management of such other companies.

### ***Executive Compensation of Teldar***

The proposed executive officers of Teldar (the "Executive Officers") are:

Anita Algie	– Chief Executive Officer
Gilbert Santos	– Chief Financial Officer

Teldar does not have an employment contract with any of its Executive Officers pursuant to which the Executive Officers will be compensated for their services as executive officers of Teldar.

### ***Indebtedness of Directors and Executive Officers of Teldar***

No individual who is, or at any time from the date of Teldar's incorporation to the date hereof, was a director or executive officer of Teldar, or an associate or affiliate of such an individual, is or has been indebted to Teldar.

### ***Teldar's Auditor***

DeVisser Gray LLP, Chartered Accountants, Suite 401 - 905 West Pender Street, Vancouver, British Columbia, V6C 1L6, is the auditor of Teldar.

### ***Teldar's Material Contracts***

The following are the contracts which are material to Teldar:

1. the Arrangement Agreement;
2. the assignment of Kid Copper Option; and
3. the Teldar Option Plan.

The material contracts described above may be inspected at the registered office of Teldar at Suite 1150 -, 750 West Pender Street, Vancouver, British Columbia, during normal business hours prior to the Meeting and for a period of thirty days thereafter.

### ***Promoters***

The Company is the promoter of Teldar.

## **ADDITIONAL INFORMATION**

Additional information relating to the Company and the Arrangement is available on SEDAR at [www.sedar.com](http://www.sedar.com). Abbastar Shareholders may contact the Company to request copies of the Company's financial statements and management's discussion and analysis by sending a written request to Suite 1150 - 750 West Pender Street, Vancouver, British Columbia,

V6C 2T8, Attention: President. Financial information is provided in the Company's comparative financial statements and management discussion and analysis for its most recently completed financial year.

#### **TRANSFER AGENT AND REGISTRAR**

Abbastar's registrar and transfer agent is Computershare Investor Services Inc., 2nd Floor, 510 Burrard Street, Vancouver, British Columbia, V6C 3B9.

Anacott, Brunello, Sparx and Teldar intend to appoint Computershare Investor Services Inc. or another transfer agent as their registrar and transfer agent.

#### **EXPERTS**

The audited consolidated financial statements of Abbastar as at December 31, 2011, included in this Circular have been so included in reliance upon the report of DeVisser Gray LLP, Chartered Accountants, and upon the authority of such firm as experts in accounting and auditing. DeVisser Gray LLP, Chartered Accountants, is independent within the meaning of the applicable rules of professional conduct in Canada.

Each of the above named experts has advised the Company that they beneficially own, directly or indirectly, less than 1% of the outstanding Abbastar Shares, and as a group they own less than one (1%) percent of the issued Abbastar Shares.

#### **LEGAL PROCEEDINGS**

The Company is unaware of pending legal proceedings to which the Company or Anacott, Brunello, Sparx or Teldar is or is likely to be a party or of which any of its properties are, or to the best of knowledge of management of Abbastar or Anacott, Brunello, Sparx or Teldar are, likely to be subject.

#### **OTHER MATTERS**

The Directors are not aware of any other matters which they anticipate will come before the Meeting as of the date of this Circular.

#### **APPROVAL OF INFORMATION CIRCULAR**

The undersigned hereby certifies that the contents and the sending of this Circular have been approved by the Board.

Dated at Vancouver, British Columbia this 31<sup>st</sup> day of October, 2012.

BY ORDER OF THE BOARD OF DIRECTORS

/s/ "Donald Gordon"  
Donald Gordon  
President

#### **CERTIFICATE OF THE CORPORATION**

Date: October 31, 2012

The foregoing management information circular constitutes full, true and plain disclosure of all material facts relating to the transactions contemplated in this management information circular as required by the securities legislation of the Provinces of British Columbia and Alberta.

By: /s/ "Patrick Lavin"  
Patrick Lavin  
CFO and Director

By: /s/ "Don Gordon"  
Don Gordon  
President, CEO and Director

## **AUDITORS' CONSENT**

We have read the information circular of Abbastar Resources Corp. ("the Company") dated October 31, 2012 relating to the proposed arrangement between the Company and Anacott Resources Corp., and Brunello Resources Corp., and Sparx Energy Corp., and Teldar Resources Corp. We have complied with Canadian generally accepted standards for the auditors' involvement with offering documents.

We consent to the use in the above-referenced information circular of our report to the Shareholders of the Company on the statements of financial position of the Company as at December 31, 2011, December 31, 2010, and January 1, 2010 and the statements of operations, comprehensive loss, shareholders' deficiency and cash flows for the years ended December 31, 2011 and December 31, 2010. Our report is dated April 27, 2012.

*De Visser Gray LLP*

**CHARTERED ACCOUNTANTS**

Vancouver, British Columbia

October 31, 2012

## LIST OF SCHEDULES

SCHEDULE A:	ABBASTAR RESOURCES CORP. THE AUDIT COMMITTEE DISCLOSURE
SCHEDULE B:	FORM OF ARRANGEMENT RESOLUTIONS
SCHEDULE C:	THE ARRANGEMENT AGREEMENT
SCHEDULE D:	THE INTERIM ORDER
SCHEDULE E:	DISSENT PROCEDURES
SCHEDULE F:	UNAUDITED PRO-FORMA BALANCE SHEET OF ABBASTAR AS AT JUNE 30, 2012
SCHEDULE G:	UNAUDITED PRO-FORMA BALANCE SHEET OF ANACOTT AS AT JUNE 30, 2012
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SCHEDULE J:	UNAUDITED PRO-FORMA BALANCE SHEET OF TELDAR AS AT JUNE 30, 2012
SCHEDULE K:	AUDITED FINANCIAL STATEMENTS AND MD&A OF ABBASTAR RESOURCES CORP. FOR THE YEAR ENDED DECEMBER 31, 2011
SCHEDULE L:	UNAUDITED FINANCIAL STATEMENTS AND MD&A OF ABBASTAR RESOURCES CORP. FOR THE SIX MONTHS ENDED JUNE 30, 2012
SCHEDULE M:	SMITH CREEK OPTION
SCHEDULE N:	MANSON RIVER ZINC OPTION
SCHEDULE O:	DORAN INTEREST
SCHEDULE P:	KID COPPER OPTION
SCHEDULE Q:	NOTICE OF HEARING

## SCHEDULE "A"

### ABBASTAR RESOURCES CORP.

#### FORM 52 – 110F2 THE AUDIT COMMITTEE DISCLOSURE

National Instrument 52-110 ("NI 52-110") requires the Company, as a venture issuer, to disclose annually in its Information Circular certain information concerning the constitution of its audit committee and its relationship with its independent auditor, as set forth in the following:

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

##### *1. Purpose*

The purpose of the Audit Committee (the "Committee") is to assist the Board of Directors in fulfilling its oversight responsibilities by reviewing and reporting on the financial information which will be provided to Abbastar Shareholders and others, the system of corporate internal controls which management and the Board have established, and the audit process; identifying the principal risks of the Company and ensuring the implementation of appropriate systems to monitor those risks; reviewing accounting principles, capital budgeting and major transactions (acquisitions, divestitures and funding); and reviewing compliance with applicable legal and regulatory requirements.

##### *2. Composition and Term of Office*

Members of the Committee are generally appointed by the Board of Directors for a one (1) year term at the first meeting of the Directors of the Company following the Annual General Meeting. It is comprised of not less than three (3) Directors who are financially literate. Majority of the members of the Committee have to be independent. At least one member of the committee shall have an accounting designation or related financial expertise. The Chair of the Committee shall be appointed by the Board of Directors. The quorum for the Committee is a majority of members.

##### *3. Financial Reporting*

The Committee shall exercise the following functions with respect to financial reporting:

- review and recommend to the Board the annual financial reports (AIF, MIC, N.I. 52-110F1, financial statements, MD&A, reports to shareholders and press releases) for approval;
- review and recommend to the Board the quarterly financial statements (financial statements, MD&A, reports to shareholders and press releases) for approval;
- be satisfied that for all other public disclosures or information that is extracted or derived from the financial statements, that management has procedures in place to review such information, and periodically assess the adequacy of such procedures;
- review and approve any other press releases that relate to material financial disclosures;
- review and recommend any changes to accounting policies to the Board; and
- review with the auditors any areas of judgment or where estimates have been made, including effects of alternatives under international financial reporting standards.

##### *4. Other Review and Procedures*

The Committee shall exercise the following functions with respect to corporate policies and procedures:

- review with management the opportunities and risks inherent in the business and the effectiveness of the controls thereon, including risk mitigation and management strategies;
- oversee management reporting on and review of adequacy of internal controls (while it is management's responsibility to design and implement an effective system of internal control, it is the responsibility of the Committee to ensure that management has done so);
- gain reasonable assurance that the Company complies with all applicable laws, regulations, rules, policies and other requirements of governments, regulatory agencies and stock exchanges relating to financial reporting and disclosure;
- confirm or review the Company's disclosure policy;
- review material transactions (acquisitions, divestitures and funding);
- review policies and compliance with same that require significant actual or potential liabilities, contingent or otherwise to be reported to the committee in a timely fashion;
- approve annually the reasonableness of the expenses of the President and CFO;
- establish procedures for receipt, retention and treatment of complaints and concerns regarding accounting matters, internal accounting controls and auditing matters or related questionable practices, including anonymous submissions by employees;

- ensure for each meeting that minutes are recorded, drafted and circulated on a timely basis to committee members;
- confirm or amend the Committee's charter annually, for review by external auditors and legal counsel and approval by the Board; and
- prior to renewals, review Director & Officer Liability insurance and other corporate insurance coverage.

#### *5. External Auditors*

The external auditor reports directly to the Committee and will meet with the Committee as determined by the Committee. Matters discussed will include the annual audit, quarterly reviews, the quality of the Company's accounting policies and principles, and the adequacy and effectiveness of the Company's internal control and management information systems. In-camera sessions with the external auditors will be held quarterly or as determined by the Committee.

The Committee shall exercise the following functions in relation to the external auditor (s):

- a) provide approval and recommend to the Board the engagement of the external auditors, their remuneration, or their discharge;
- b) provide oversight to the audit engagement by way of a direct reporting relationship with the external auditor and ensure their independence;
- c) review external audit plans for the year;
- d) review with the external auditors any difficulties which arose during the course of their engagement and the ongoing relationship with management;
- e) pre-approve all audit and non-audit services to be provided by the external auditor (which may be delegated to one or more members of the Committee for ratification at the next scheduled Audit, Risk & Finance Committee meeting); and
- f) review and approve any hiring of partners/employees of the external auditors.

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

The current members of the audit committee are Patrick Lavin, James Turner and Thomas Bell. James Turner and Thomas Bell are independent members of the audit committee. Each member of the audit committee is financially literate as defined by NI 52-110.

A member of the audit committee is independent if the member has no direct or indirect material relationship with the Company. A material relationship means a relationship which could, in the view of the Company's Board, reasonably interfere with the exercise of a member's independent judgement.

A member of the audit committee is considered financially literate if he or she has the ability to read and understand a set of financial statements that present a breadth and level of 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.

#### **Relevant Education and Experience**

The following is the description of education and experience of each audit committee member that is relevant to the performance of his duties.

Mr. Bell acquired his financial literacy mainly while serving in various management positions including Executive Vice President, Corporate Development, of Great Canadian Gaming Corporation ("Great Canadian"), a company listed on the Toronto Stock Exchange, where he worked from 1993 to 2009. While working for Great Canadian, among other things, Mr. Bell reviewed the financial performance and financial statements of Great Canadian as an executive and as a member of the company's disclosure committee, participated in raising capital, answered inquiries from various institutional investors and brokers. Mr. Bell was the senior executive responsible for the general oversight of an operating division that generated approximately \$90 million in annual revenues. Mr. Bell reported to the CEO and/or the CFO during his employment.

Mr. Patrick Lavin is a certified general accountant (CGA). He has over 20 years of experience in preparing, analyzing and evaluating financial statements for various public and private companies.

Mr. Turner has a Bachelor of Science degree from the University of British Columbia where he predominantly studied physics, mathematics and geology. He also took courses in management and economics at the British Columbia Institute of Technology. Mr. Turner is a professional geologist. He enhanced his financial literacy while serving as a director and qualified person of various exploration companies

## Audit Committee Oversight

The audit committee has not made any recommendations to the Board to nominate or compensate any external auditor.

## Reliance on Certain Exemptions

The Company's auditors, DeVisser Gray LLP, have not provided any material non-audit services.

## Pre-Approval Policies and Procedures

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

## External Auditor Service Fees

The audit committee has reviewed the nature and amount of the non-audit services provided by DeVisser Gray LLP to the Company to ensure auditor independence. Fees incurred with DeVisser Gray LLP for audit and non-audit services during the last two fiscal years for audit fees are outlined in the following table.

Financial Year Ending	Audit Fees <sup>(1)</sup>	Audit Related Fees <sup>(2)</sup>	Tax Fees <sup>(3)</sup>	All Other Fees <sup>(4)</sup>
December 31,2011	13,500	Nil	Nil	Nil
December 31,2010	13,500	Nil	Nil	Nil

Notes:

<sup>(1)</sup> "Audit Fees" include fees necessary to perform the annual audit and quarterly reviews of the Company's consolidated financial statements. Audit Fees include fees for review of tax provisions and for accounting consultations on matters reflected in the financial statements. Audit Fees also include audit or other attest services required by legislation or regulation, such as comfort letters, consents, reviews of securities filings and statutory audits. For 2010, these fees have been accrued.

<sup>(2)</sup> "Audit Related Fees" include services that are traditionally performed by the auditor. These audit-related services include employee benefit audits, due diligence assistance, accounting consultations on proposed transactions, internal control reviews and audit or attest services not required by legislation or regulation.

<sup>(3)</sup> "Tax Fees" include fees for all tax services other than those included in "Audit Fees" and "Audit-Related Fees". This category includes fees for tax compliance, tax planning and tax advice. Tax planning and tax advice includes assistance with tax audits and appeals, tax advice related to mergers and acquisitions, and requests for rulings or technical advice from tax authorities.

<sup>(4)</sup> "All Other Fees" include all other non-audit services.

## Exemption

In respect to the most recently completed financial year, the Company is relying on the exemption set out in section 6.1 of the Instrument with respect to compliance with the requirements of Part 3 (Composition of the Audit Committee) and Part 5 (Reporting Obligations) of National Instrument 52 -110.

## SCHEDULE "B"

### FORM OF ARRANGEMENT RESOLUTIONS

Capitalized words used in this Schedule "B" and not otherwise defined shall have the meaning ascribed to such terms in the Circular.

#### 1. BE IT RESOLVED AS A SPECIAL RESOLUTION THAT:

- a) the Arrangement Agreement dated October 26, 2012, between Abbastar Resources Corp. (the "*Company*") and Anacott Resources Corp., Brunello Resources Corp., Sparx Energy Corp. and Teldar Resources Corp. is hereby approved, ratified and affirmed;
- b) the Arrangement under Division 5 of Part 9 of the Act, substantially as set forth in the Plan of Arrangement attached as Schedule "A" to the Arrangement Agreement, is hereby approved and authorized;
- c) notwithstanding that this special resolution has been passed by the shareholders of the Company or that the Arrangement has received the approval of the Court, the Board may amend the Arrangement Agreement and/or decide not to proceed with the Arrangement or revoke this special resolution at any time prior to the filing of a certified copy of the court order approving the Arrangement with the Registrar without further approval of the shareholders of the Company; and
- d) any director or officer of the Company be and is hereby authorized and directed, for and on behalf of the Company, to execute and deliver all such documents and to do all such other acts and things as such director or officer may determine to be necessary or advisable to give effect to this special resolution, the execution and delivery of any such document or the doing of any such other act or thing being conclusive evidence of such determination.

#### 2. BE RESOLVED AS AN ORDINARY RESOLUTION THAT:

- a) Share option plan of Anacott is hereby ratified and approved with such changes and variations as may be deemed necessary by the board of Anacott;
- b) Share option plan of Brunello is hereby ratified and approved with such changes and variations as may be deemed necessary by the board of Brunello;
- c) Share option plan of Sparx is hereby ratified and approved with such changes and variations as may be deemed necessary by the board of Sparx;
- d) Share option plan of Teldar is hereby ratified and approved with such changes and variations as may be deemed necessary by the board of Teldar;
- e) any one director or officer of the Company be and is hereby authorized and directed, for and on behalf of the Company to execute and deliver all such documents and do all such other acts and things as such director or officer may determine to be necessary or advisable to give effect to this ordinary resolution, the execution and delivery of any such document or the doing of any such other act or thing being conclusive evidence of such determination.

**SCHEDULE "C"**

**THE ARRANGEMENT AGREEMENT**

## ARRANGEMENT AGREEMENT

**THIS ARRANGEMENT AGREEMENT** is dated for reference October 26, 2012.

**AMONG:**

**Abbastar Resources Corp.**, a corporation incorporated under the laws of the Province of British Columbia ("**Abbastar**")

- and -

**Anacott Resources Corp.**, a corporation incorporated under the laws of the Province of British Columbia ("**Anacott**")

- and -

**Brunello Resources Corp.**, a corporation incorporated under the laws of the Province of British Columbia ("**Brunello**")

- and -

**Sparx Energy Corp.**, a corporation incorporated under the laws of the Province of British Columbia ("**Sparx**")

- and -

**Teldar Resources Corp.**, a corporation incorporated under the laws of the Province of British Columbia ("**Teldar**")

**AND WHEREAS** the Parties hereto intend to carry out the transactions contemplated herein by way of an arrangement under the provisions of the *Business Corporations Act* (British Columbia);

**AND WHEREAS** the Parties hereto have entered into this Agreement to provide for the matters referred to in the foregoing recital and for other matters relating to such arrangement;

**NOW THEREFORE**, in consideration of the covenants and agreements herein contained and other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged), the Parties hereto do hereby covenant and agree as follows:

### ARTICLE 1 INTERPRETATION

#### 1.1 Definitions

In this Agreement, unless there is something in the context or subject matter inconsistent therewith, the following defined terms have the meanings hereinafter set forth:

- (a) "**Abbastar Meeting**" means the special meeting of the Abbastar Shareholders to be held on November 30, 2012, and any adjournment(s) or postponement(s) thereof;
- (b) "**Abbastar Options**" means the outstanding stock options, whether or not vested, to acquire Abbastar Shares;
- (c) "**Abbastar Shares**" means the common shares without par value in the authorized share capital of Abbastar, as constituted on the date of this Agreement;
- (d) "**Abbastar Shareholders**" means the holders from time to time of Abbastar Shares;

- (e) "**Abbastar Share Commitments**" means an obligation of Abbastar to issue Abbastar Shares to the holders of Abbastar Options and Abbastar Warrants which are outstanding on the Effective Date, upon the exercise of such stock options and warrants;
- (f) "**Abbastar Subsidiaries**" means collectively Anacott, Brunello, Sparx, and Teldar;
- (g) "**Abbastar Warrants**" means the common share purchase warrants of Abbastar outstanding on the Effective Date.
- (h) "**Agreement**", "**herein**", "**hereof**", "**hereto**", "**hereunder**" and similar expressions mean and refer to this arrangement agreement (including the schedules hereto) as supplemented, modified or amended, and not to any particular article, section, schedule or other portion hereof;
- (i) "**Anacott**" means Anacott Resources Corp., a private company incorporated under the BCBCA;
- (j) "**Anacott Class A Preferred Shares**" means Class "A" preferred shares without par value which will be created and issued pursuant to §3.1 of this Plan of Arrangement;
- (k) "**Anacott Option Plan Resolution**" means an ordinary resolution to be considered by the Abbastar Shareholders to approve the Anacott Option Plan, the full text of which is set out in Schedule "D" to the Plan of Arrangement;
- (l) "**Anacott Shares**" means the common shares without par value in the authorized share structure of Anacott, as constituted on the date of this Agreement;
- (m) "**Anacott Shareholder**" means a holder of Anacott Shares;
- (n) "**Applicable Laws**" means all applicable corporate laws, rules of applicable stock exchanges and applicable securities laws, including the rules, regulations, notices, instruments, blanket orders and policies of the securities regulatory authorities in Canada;
- (o) "**Arrangement**" means the arrangement pursuant to Section 288 of the BCBCA set forth in the Plan of Arrangement;
- (p) "**Arrangement Provisions**" means Part 9, Division 5 of the BCBCA;
- (q) "**Arrangement Resolution**" means the special resolution in respect to the Arrangement and other related matters to be considered at the Abbastar Meeting, the full text of which is set out as Schedule "C" to the Plan of Arrangement;
- (r) "**Assets**" means the assets of Abbastar to be transferred to the Abbastar Subsidiaries pursuant to the Arrangement, as more particularly described in Schedule B attached to the Plan of Arrangement and forming part of this Agreement;
- (s) "**BCBCA**" means the *Business Corporations Act*, S.B.C. 2002, c. 57, as amended, including the regulations promulgated thereunder;
- (t) "**Brunello**" means Brunello Resources Corp., a private company incorporated under the BCBCA;
- (u) "**Brunello Class A Preferred Shares**" means Class "A" preferred shares without par value which will be created and issued pursuant to §3.1 of this Plan of Arrangement;
- (v) "**Brunello Option Plan Resolution**" means an ordinary resolution to be considered by the Abbastar Shareholders to approve the Brunello Option Plan, the full text of which is set out in Schedule "D" to the Plan of Arrangement;

- (w) **"Brunello Shareholder"** means a holder of Brunello Shares;
- (x) **"Brunello Shares"** means the common shares without par value in the authorized share structure of Brunello, as constituted on the date of this Agreement;
- (y) **"Business Day"** means a day other than a Saturday, Sunday or other than a day when banks in the City of Vancouver, British Columbia are not generally open for business;
- (z) **"Closing Date"** has the meaning ascribed thereto in §5.2;
- (aa) **"Computershare"** means Computershare Investor Services Inc.;
- (bb) **"Conversion Factor"** means one (1) if Abbastar consolidates its shares on a six (6) to one (1) basis or one-sixth (1/6) if Abbastar does not consolidate its shares on a six (6) to one (1) basis as of the close of business on the Share Distribution Record date;
- (cc) **"Court"** means the Supreme Court of British Columbia;
- (dd) **"Dissenting Shareholder"** means an Abbastar Shareholder who validly exercises rights of dissent under the Arrangement and who will be entitled to be paid fair value for his, her or its Abbastar Shares;
- (ee) **"Dissenting Shares"** means the Abbastar Shares in respect of which Dissenting Shareholders have exercised a right of dissent;
- (ff) **"Effective Date"** means the date the Arrangement becomes effective under the BCBCA;
- (gg) **"Effective Time"** means 10:00 a.m. (Vancouver time) on the Effective Date;
- (hh) **"Final Order"** means the order of the Court approving the Arrangement, as such order may be affirmed, amended or modified by any court of competent jurisdiction;
- (ii) **"IFRS"** means international financial reporting standards in effect in Canada at the relevant time, including the accounting recommendations in the Handbook of the Canadian Institute of Chartered Accountants;
- (jj) **"Information Circular"** means the management proxy circular of Abbastar to be sent by Abbastar to the Abbastar Shareholders in connection with the Abbastar Meeting;
- (kk) **"Interim Order"** means an interim order of the Court concerning the Arrangement in respect of Abbastar, containing declarations and directions with respect to the Arrangement and the holding of the Abbastar Meeting, as such order may be affirmed, amended or modified by any court of competent jurisdiction;
- (ll) **"Laws"** means all laws, by-laws, statutes, rules, regulations, principles of law, orders, ordinances, protocols, codes, guidelines, policies, notices, directions and judgments or other requirements and the terms and conditions of any grant of approval, permission, authority or license of any governmental entity (including the TSXV) or self-regulatory authority, to the extent each of the foregoing have the force of law, and the term "applicable" with respect to such laws and in a context that refers to one or more Parties, means such laws as are applicable to such Party or its business, undertaking, property or securities and emanate from a Person having jurisdiction over the Party or Parties or its or their business, undertaking, property or securities; and "Laws" includes environmental laws;
- (mm) **"Notice of Meeting"** means the notice of special meeting of the Abbastar Shareholders in respect of the Abbastar Meeting;

- (nn) **"Parties"** means Abbastar and the Abbastar Subsidiaries; and **"Party"** means any one of them;
- (oo) **"Person"** means an individual, partnership, unincorporated association, unincorporated syndicate, unincorporated organization, trust, trustee, executor, administrator or other legal representative;
- (pp) **"Plan of Arrangement"** means the plan of arrangement substantially in the form set out in **Schedule A** to this Agreement, as amended or supplemented from time to time in accordance with Article 6 thereof and Article 6 hereof;
- (qq) **"Registrar"** means the Registrar of Companies for the Province of British Columbia duly appointed under the BCBCA;
- (rr) **"Registered Shareholder"** means a registered holder of Abbastar Shares as recorded in the shareholder register of Abbastar maintained by Computershare;
- (ss) **"Sparx"** means Sparx Energy Corp., a private company incorporated under the BCBCA;
- (tt) **"Sparx Class A Preferred Shares"** means Class "A" preferred shares without par value which will be created and issued pursuant to §3.1 of this Plan of Arrangement;
- (uu) **"Sparx Option Plan Resolution"** means an ordinary resolution to be considered by the Abbastar Shareholders to approve the Sparx Option Plan, the full text of which is set out in Schedule "D" to the Plan of Arrangement;
- (vv) **"Sparx Shareholder"** means a holder of Sparx Shares;
- (ww) **"Sparx Shares"** means the common shares without par value in the authorized share structure of Sparx, as constituted on the date of this Agreement;
- (xx) **"Tax Act"** means the *Income Tax Act* (Canada) and the regulations thereunder, all as amended from time to time;
- (yy) **"Teldar"** means Teldar Resources Corp., a private company incorporated under the BCBCA;
- (zz) **"Teldar Class A Preferred Shares"** means Class "A" preferred shares without par value which will be created and issued pursuant to §3.1 of this Plan of Arrangement;
- (aaa) **"Teldar Option Plan Resolution"** means an ordinary resolution to be considered by the Abbastar Shareholders to approve the Teldar Option Plan, the full text of which is set out in Schedule "D" to the Plan of Arrangement;
- (bbb) **"Teldar Shareholder"** means a holder of Teldar Shares;
- (ccc) **"Teldar Shares"** means the common shares without par value in the authorized share structure of Teldar, as constituted on the date of this Agreement;
- (ddd) **"TSXV"** means the TSX Venture Exchange;

## **1.2 Interpretation Not Affected by Headings, etc.**

The division of this Agreement into articles, sections and subsections is for convenience of reference only and does not affect the construction or interpretation of this Agreement. The terms "this Agreement", "hereof", "herein" and "hereunder" and similar expressions refer to this Agreement (including all attached Schedules) and not to any particular article, section or other portion hereof and include any agreement or instrument supplementary or ancillary hereto.

### **1.3 Number, etc.**

Words importing the singular number include the plural and vice versa, words importing the use of any gender include all genders, and words importing persons include firms and corporations and vice versa.

### **1.4 Date for Any Action**

If any date on which any action is required to be taken hereunder by any of the Parties is not a Business Day and a business day in the place where an action is required to be taken, such action is required to be taken on the next succeeding day which is a Business Day and a business day, as applicable, in such place.

### **1.5 Entire Agreement**

This Agreement, together with the agreements and documents herein and therein referred to, constitute the entire agreement among the Parties pertaining to the subject matter hereof and supersede all prior agreements, understandings, negotiations and discussions, whether oral or written, among the Parties with respect to the subject matter hereof.

### **1.6 Currency**

All sums of money which are referred to in this Agreement are expressed in lawful money of Canada.

### **1.7 Accounting Matters**

Unless otherwise stated, all accounting terms used in this Agreement shall have the meanings attributable thereto under International Financial Reporting Standards and all determinations of an accounting nature are required to be made shall be made in a manner consistent with International Financial Reporting Standards.

### **1.8 References to Legislation**

References in this Agreement to any statute or sections thereof shall include such statute as amended or substituted and any regulations promulgated thereunder from time to time in effect.

### **1.9 Enforceability**

All representations, warranties, covenants and opinions in or contemplated by this Agreement as to the enforceability of any covenant, agreement or document are subject to enforceability being limited by applicable bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and other laws relating to or affecting creditors' rights generally, and the discretionary nature of certain remedies (including specific performance and injunctive relief and general principles of equity).

### **1.10 Schedules**

The following schedules attached hereto are incorporated into and form an integral part of this Agreement:

A - Plan of Arrangement which also includes the following schedules:

Schedule A to the Plan of Arrangement – Special Rights and Restrictions for Anacott, Brunello, Sparx and Teldar Preferred Shares

Schedule B to the Plan of Arrangement – Abbastar Assets to be transferred to Anacott, Brunello, Sparx and Teldar

Schedule C to the Plan of Arrangement – Special Resolutions to Approve the Plan of Arrangement

Schedule D to the Plan of Arrangement – Ordinary Resolutions to Approve Stock Option Plans of Anacott, Brunello, Sparx and Teldar

**ARTICLE 2  
THE ARRANGEMENT**

**2.1 Plan of Arrangement**

Abbastar and the Abbastar Subsidiaries will forthwith jointly file, proceed with and diligently prosecute an application for an Interim Order providing for, among other things, the calling and holding of the Abbastar Meeting for the purpose of considering and, if deemed advisable, approving the Arrangement Resolution and upon receipt thereof, Abbastar and each of the Abbastar Subsidiaries will forthwith carry out the terms of the Interim Order to the extent applicable to it. Provided all necessary approvals for the Arrangement Resolution are obtained from the Abbastar Shareholders, Abbastar and the Abbastar Subsidiaries shall jointly submit the Arrangement to the Court and apply for the Final Order. Upon issuance of the Final Order and subject to the conditions precedent in Article 5, Abbastar and the Subsidiaries shall forthwith proceed to file the Final Order and such other documents as may be required to give effect to the Arrangement with the Registrar pursuant to the Arrangement Provisions, whereupon the transactions comprising the Arrangement shall occur and shall be deemed to have occurred in the order set out therein without any act or formality.

**2.2 Interim Order**

The Interim Order shall provide that:

- (a) the securities of Abbastar for which holders shall be entitled to vote on the Arrangement Resolution shall be the Abbastar Shares;
- (b) the Abbastar Shareholders shall be entitled to vote on the Arrangement Resolution, with each Abbastar Shareholder being entitled to one vote for each Abbastar Share held by such holder;
- (c) the requisite majority for the approval of the Arrangement Resolution shall be:
  - (i) two-thirds of the votes cast by the Abbastar Shareholders present in person or by proxy at the Abbastar Meeting; and
  - (ii) and a majority of the votes cast by the Abbastar Shareholders, after excluding the votes cast by those persons whose votes must be excluded pursuant to Ontario Securities Commission Rule 61-501 – “Insider Bids, Business Combinations and Related Party Transactions”;
- (d) the grant of the Dissent Rights as set forth in the Plan of Arrangement;
- (e) that the Abbastar Meeting may be adjourned from time to time by management of Abbastar in accordance with the terms of the Agreement without the need for additional approval of the Court;
- (f) that the record date of Abbastar Shareholders entitled to notice and to vote at the Meeting will not change in respect of any adjournment(s) of the Abbastar Meeting; and
- (g) for the notice requirements with respect to the presentation of the application to the Court for the Final Order.

**2.3 Information Circular and Meetings**

As promptly as practical following the execution of this Agreement and in compliance with the Interim Order and Applicable Laws:

- (a) Abbastar shall:
  - (i) prepare the Information Circular and cause such circular to be mailed to the Abbastar Shareholders and filed with applicable regulatory authorities and other governmental authorities in all jurisdictions where the same are required to be mailed and filed; and
  - (ii) convene the Abbastar Meeting.

## **2.4 Effective Date**

The Arrangement shall become effective in accordance with the terms of the Plan of Arrangement on the Effective Date.

## **ARTICLE 3 COVENANTS**

### **3.1 Covenants Regarding the Arrangement**

From the date hereof until the Effective Date, Abbastar and each of the Abbastar Subsidiaries will use all reasonable efforts to satisfy (or cause the satisfaction of) the conditions precedent to its obligations hereunder and to take, or cause to be taken, all other action and to do, or cause to be done, all other things necessary, proper or advisable under Applicable Laws to complete the Arrangement, including using reasonable efforts:

- (a) to obtain all necessary waivers, consents and approvals required to be obtained by it from other parties to loan agreements, leases and other contracts;
- (b) to obtain all necessary consents, assignments, waivers and amendments to or terminations of any instruments and take such measures as may be appropriate to fulfill its obligations hereunder and to carry out the transactions contemplated hereby; and
- (c) to effect all necessary registrations and filings and submissions of information requested by governmental authorities required to be effected by it in connection with the Arrangement.

### **3.2 Covenants Regarding Execution of Documents**

Abbastar and each of the Abbastar Subsidiaries will perform all such acts and things, and execute and deliver all such agreements, notices and other documents and instruments as may reasonably be required to facilitate the carrying out of the intent and purpose of this Agreement.

### **3.3 Giving Effect to the Arrangement**

The Arrangement shall be effected in the following manner:

- (a) The Parties shall proceed forthwith to apply for the Interim Order providing for, among other things, the calling and holding of the Abbastar Meeting for the purpose of, among other things, considering and, if deemed advisable, approving and adopting the Arrangement;
- (b) The Anacott Shareholder(s), Brunello Shareholder(s), Sparx Shareholder(s) and Teldar Shareholder(s) shall approve the Arrangement by a consent resolution;

- (c) Upon obtaining the Interim Order, Abbastar shall call the Abbastar Meeting and mail the Information Circular and related Notice of Meeting and form of Proxy to the Abbastar Shareholders;
- (d) If the Abbastar Shareholders approve the Arrangement as set out in §2.2 hereof, Abbastar shall thereafter (subject to the exercise of any discretionary authority granted to Abbastar's directors by the Abbastar Shareholders) take the necessary actions to submit the Arrangement to the Court for approval and grant of the Final Order; and
- (e) Upon receipt of the Final Order, Abbastar shall, subject to compliance with any of the other conditions provided for in §3.3 hereof and to the rights of termination contained in §7.1 hereof, file the material described in §5.1 with the Registrar in accordance with the terms of the Plan of Arrangement.

### **3.4 Abbastar Stock Options and Warrants**

Anacott, Brunello, Sparx and Teldar covenant and agree to issue, upon the exercise after the Effective Date of any Abbastar Share Commitments, to the holder of the Abbastar Share Commitments, that number of Anacott, Brunello, Sparx and Teldar Shares that is equal to the number of Abbastar Shares acquired upon the exercise of the Abbastar Share Commitments multiplied by the Conversion Factor, and Abbastar covenants and agrees to act as agent for Anacott, Brunello, Sparx and Teldar to collect and pay to Anacott, Brunello, Sparx and Teldar, a portion of the proceeds received for each Abbastar Share Commitment so exercised, with the balance of the exercise price to be retained by Abbastar as determined in accordance with the following formula:

$$A = B \times C/D$$

Where:

- A is the portion of the proceeds to be received by each of the Abbastar Subsidiaries for each Abbastar Share Commitment exercised after the Effective Date;
- B is the exercise price of the Abbastar Share Commitment;
- C is the fair market value of the Assets to be transferred to the Abbastar Subsidiaries under the Arrangement, such fair market to be determined as at the Effective Date by resolution of the board of directors of Abbastar; and
- D is the total fair market value of all of the assets of Abbastar immediately prior to completion of the Arrangement on the Effective Date, which total fair market value shall include, for greater certainty, the Assets.

Fractions of Anacott Shares, Brunello Shares, Sparx Shares or Teldar Shares resulting from such calculation shall be cancelled as provided for in the Plan of Arrangement.

Abbastar covenants and agrees that it will not issue any new Abbastar Share Commitments until the Effective Date, without a prior written approval of Anacott, Brunello, Sparx and Teldar.

## **ARTICLE 4 REPRESENTATIONS AND WARRANTIES**

### **4.1 Representations and Warranties**

Each of the Parties hereby represents and warrants to the other that.

- (a) It is a corporation duly incorporated and validly subsisting under the laws of its jurisdiction of existence, and has full capacity and authority to enter into this Agreement and to perform its covenants and obligations hereunder;
- (b) It has taken all corporate actions necessary to authorize the execution and delivery of this Agreement and this Agreement has been duly executed and delivered by it;
- (c) Neither the execution and delivery of this Agreement nor the performance of any of its covenants and obligations hereunder will constitute a material default under, or be in any material contravention or breach of: (i) any provision of its constating or governing corporate documents, (ii) any judgment, decree, order, law, statute, rule or regulation applicable to it or (iii) any agreement or instrument to which it is a party or by which it is bound; and
- (d) No dissolution, winding up, bankruptcy, liquidation or similar proceedings have been commenced or are pending or proposed in respect of it.

## **ARTICLE 5 CONDITIONS PRECEDENT**

### **5.1 Mutual Conditions Precedent**

The respective obligations of the Parties to consummate the transactions contemplated hereby, and in particular the Arrangement, are subject to the satisfaction, on or before the Effective Date or such other time specified, of the following conditions, any of which may be waived by the mutual written consent of such Parties without prejudice to their right to rely on any other of such conditions:

- (a) the Interim Order shall have been granted in form and substance satisfactory to Abbastar and each of the Abbastar Subsidiaries, acting reasonably, and such order shall not have been set aside or modified in a manner unacceptable to Abbastar and each of the Abbastar Subsidiaries, acting reasonably, on appeal or otherwise;
- (b) the Arrangement Resolution shall have been passed by the Abbastar Shareholders at the Abbastar Meeting in accordance with the Arrangement Provisions, the constating documents of Abbastar, the Interim Order and the requirements of any applicable regulatory authorities;
- (c) the Arrangement and this Agreement, with or without amendment, shall have been approved by the Anacott Shareholder(s), Brunello Shareholder(s), Sparx Shareholder(s) and Teldar Shareholder(s) to the extent required by, and in accordance with, the Arrangement Provisions and the constating documents of each of the Abbastar Subsidiaries;
- (d) the Final Order shall have been granted in form and substance satisfactory to Abbastar and the Abbastar Subsidiaries, acting reasonably;
- (e) the TSXV shall have conditionally approved the Arrangement, subject to compliance with the requirements of the TSXV;
- (f) the notice (s) of alteration and such other documents as may be required to be filed with the Registrar in accordance with the Arrangement shall be in the form and substance satisfactory to Abbastar and each of the Abbastar Subsidiaries, acting reasonably;

- (g) all other consents, orders, regulations and approvals, including regulatory and judicial approvals and orders required or necessary or desirable for the completion of the transactions provided for in this Agreement and the Plan of Arrangement shall have been obtained or received from the persons, authorities or bodies having jurisdiction in the circumstances, each in form acceptable to Abbastar and each of the Abbastar Subsidiaries;
- (h) there shall not be in force any order or decree restraining or enjoining the consummation of the transactions contemplated by this Agreement and the Arrangement; and
- (i) this Agreement shall not have been terminated under §7.

Except for the conditions set forth in this §5.1 which, by their nature, may not be waived, any of the other conditions in this §5.1 may be waived, either in whole or in part, by either Abbastar or any of the Abbastar Subsidiaries, as the case may be, at its discretion.

## **5.2 Closing**

Unless this Agreement is terminated earlier pursuant to the provisions hereof, the parties shall meet at the offices of Abbastar, 1150 - 750 West Pender Street, Vancouver, British Columbia V6C 2T8, at 10:00 a.m. (Vancouver time) on such date as they may mutually agree (the "Closing Date"), and each of them shall deliver to the other of them:

- (a) the documents required to be delivered by it hereunder to complete the transactions contemplated hereby, provided that each such document required to be dated the Effective Date shall be dated as of, or become effective on, the Effective Date and shall be held in escrow to be released upon the occurrence of the Effective Date; and
- (b) written confirmation as to the satisfaction or waiver by it of the conditions in its favour contained in this Agreement.

## **5.3 Merger of Conditions**

The conditions set out in §5.1 hereof shall be conclusively deemed to have been satisfied, waived or released upon the occurrence of the Effective Date.

## **5.4 Merger of Representations and Warranties**

The representations and warranties in §4.1 shall be conclusively deemed to be correct as of the Effective Date and each shall accordingly merge in and not survive the effectiveness of the Arrangement.

# **ARTICLE 6 AMENDMENT**

## **6.1 Amendment**

This Agreement may at any time and from time to time before or after the holding of the Abbastar Meeting be amended by written agreement of the Parties hereto without, subject to Applicable Laws, further notice to or authorization on the part of their respective securityholders and any such amendment may, without limitation:

- (a) change the time for performance of any of the obligations or acts of the Parties;
- (b) waive any inaccuracies or modify any representation or warranty contained herein or in any document delivered pursuant hereto;

- (c) waive compliance with or modify any of the covenants herein contained and waive or modify performance of any of the obligations of the Parties; or
- (d) waive compliance with or modify any other conditions precedent contained herein;

provided that no such amendment reduces or materially adversely affects the consideration to be received by a Abbastar Shareholder without approval by the Abbastar Shareholders, given in the same manner as required for the approval of the Arrangement or as may be ordered by the Court.

## **ARTICLE 7 TERMINATION**

### **7.1 Termination**

Subject to §7.2, this Agreement may at any time before or after the holding of the Abbastar Meeting, and before or after the granting of the Final Order, but in each case prior to the Effective Date, be terminated by a unanimous direction of the boards of directors of Abbastar, Anacott, Brunello, Sparx and Teldar without further action on the part of the Abbastar Shareholders, or by the board of directors of each of the Abbastar Subsidiaries without further action on the part of the respective Anacott Shareholder(s), Brunello Shareholder(s), Sparx Shareholder(s) or Teldar Shareholder(s), and nothing expressed or implied herein or in the Plan of Arrangement shall be construed as fettering the absolute discretion by the board of directors of Abbastar or any of the Abbastar Subsidiaries, respectively, to elect to terminate this Agreement and discontinue efforts to effect the Arrangement for whatever reasons it may consider appropriate.

### **7.2 Cessation of Right**

The right of Abbastar or any of the Abbastar Subsidiaries or any other party to amend or terminate the Plan of Arrangement pursuant to §6.1 and §7.1 shall be extinguished upon the occurrence of the Effective Date.

## **ARTICLE 8 NOTICES**

### **8.1 Notices**

All notices which may or are required to be given pursuant to any provision of this Agreement are to be given or made in writing and served personally or by registered mail in the case of:

**Abbastar Resources Corp., addressed to:**

Suite 1150, 750 West Pender Street  
Vancouver, British Columbia V6C 2T8  
Attention: Chief Financial Officer

**Anacott Resources Corp., addressed to:**

Suite 1150, 750 West Pender Street  
Vancouver, British Columbia V6C 2T8  
Attention: President

**Brunello Resources Corp.**, addressed to:  
Suite 1150, 750 West Pender Street  
Vancouver, British Columbia V6C 2T8  
Attention: President

**Teldar Resources Corp.**, addressed to:  
Suite 1150, 750 West Pender Street  
Vancouver, British Columbia V6C 2T8  
Attention: President

**Sparx Energy Corp.**, addressed to:  
Suite 1150, 750 West Pender Street  
Vancouver, British Columbia V6C 2T8  
Attention: President

or such other address as the Parties may, from time to time, advise to the other Parties hereto by notice in writing. The date or time of receipt of any such notice will be deemed to be the date of delivery or the time such telecopy is received.

## **ARTICLE 9 GENERAL**

### **9.1 Assignment and Enurement**

This Agreement shall enure to the benefit of and be binding upon the Parties hereto and their respective successors and assigns. This Agreement may not be assigned by any party hereto without the prior consent of the other Parties hereto.

### **9.2 Disclosure**

Each Party shall receive the prior consent, not to be unreasonably withheld, of the other Parties prior to issuing or permitting any director, officer, employee or agent to issue, any press release or other written statement with respect to this Agreement or the transactions contemplated hereby. Notwithstanding the foregoing, if any Party is required by law or administrative regulation to make any disclosure relating to the transactions contemplated herein, such disclosure may be made, but that Party will consult with the other Parties as to the wording of such disclosure prior to its being made.

### **9.3 Costs**

Each party will bear its own costs and expenses in connection with the transactions contemplated hereby.

### **9.4 Severability**

If any one or more of the provisions or parts thereof contained in this Agreement should be or become invalid, illegal or unenforceable in any respect in any jurisdiction, the remaining provisions or parts

thereof contained herein shall be and shall be conclusively deemed to be, as to such jurisdiction, severable therefrom and:

- (a) the validity, legality or enforceability of such remaining provisions or parts thereof shall not in any way be affected or impaired by the severance of the provisions or parts thereof severed; and
- (b) the invalidity, illegality or unenforceability of any provision or part thereof contained in this Agreement in any jurisdiction shall not affect or impair such provision or part thereof or any other provisions of this Agreement in any other jurisdiction.

#### **9.5 Further Assurances**

Each Party hereto shall, from time to time and at all times hereafter, at the request of any other Party hereto, but without further consideration, do all such further acts, and execute and deliver all such further documents and instruments as may be reasonably required in order to fully perform and carry out the terms and intent hereof.

#### **9.6 Time of Essence**

Time shall be of the essence of this Agreement.

#### **9.7 Governing Law**

This Agreement shall be governed by and construed in accordance with the laws of the Province of British Columbia and the laws of Canada applicable therein and the Parties hereto irrevocably attorn to the jurisdiction of the courts of the Province of British Columbia. Each of the Parties hereto hereby irrevocably and unconditionally consents to and submits to the jurisdiction of the courts of the Province of British Columbia in respect of all actions, suits or proceedings arising out of or relating to this Agreement or the matters contemplated hereby (and agrees not to commence any action, suit or proceeding relating thereto except in such courts) and further agrees that service of any process, summons, notice or document by single registered mail to the addresses of the parties set forth in this Agreement shall be effective service of process for any action, suit or proceeding brought against any Party in such court. The Parties hereby irrevocably and unconditionally waive any objection to the laying of venue of any action, suit or proceeding arising out of this Agreement or the matters contemplated hereby in the courts of the Province of British Columbia and hereby further irrevocably and unconditionally waive and agree not to plead or claim in any such court that any such action, suit or proceeding so brought has been brought in an inconvenient forum.

#### **9.8 Waiver**

No waiver by any Party shall be effective unless in writing and any waiver shall affect only the matter, and the occurrence thereof, specifically identified and shall not extend to any other matter or occurrence.

#### **9.9 Counterparts**

This Agreement may be executed in counterparts, each of which shall be deemed an original, and all of which together constitute one and the same instrument.

**IN WITNESS WHEREOF** the Parties have executed this Agreement as of the date first above written.

**ABBASTAR RESOURCES CORP.**

By: *"Patrick Lavin"*

Patrick Lavin, CFO, Director

**ANACOTT RESOURCES CORP.**

By: *"Thomas Bell"*

Thomas Bell, Director

**BRUNELLO RESOURCES CORP.**

By: *"Thomas Bell"*

Thomas Bell, Director

**TELDAR RESOURCES CORP.**

By: *"Thomas Bell"*

Thomas Bell, Director

**SPARX ENERGY CORP.**

By: *"Thomas Bell"*

Thomas Bell, Director

**SCHEDULE "A" TO THE ARRANGEMENT AGREEMENT  
PLAN OF ARRANGEMENT UNDER DIVISION 5 OF PART 9  
OF THE  
BUSINESS CORPORATIONS ACT (BRITISH COLUMBIA)  
S.B.C. 2002, c. 57**

**ARTICLE 1  
INTERPRETATION**

1.1 In this Plan of Arrangement, the following terms have the following meanings:

“**Abbastar**” means Abbastar Resources Corp., a company existing under the BCBCA;

“**Abbastar Class B Shares**” means the renamed and re-designated Abbastar Shares, as described in §3.1 of this Plan of Arrangement;

“**Abbastar Meeting**” means the special meeting of Abbastar Shareholders to be held to consider the Arrangement Resolution and related matters, and any adjournments thereof;

“**Abbastar Options**” means share purchase options issued pursuant to the Abbastar Stock Option Plan;

“**Abbastar Share Commitments**” means an obligation of Abbastar to issue Abbastar Shares to the holders of Abbastar Options and Abbastar Warrants which are outstanding on the Effective Date upon the exercise of such options and warrants;

“**Abbastar Shares**” means the common shares of Abbastar and “**Abbastar Shareholder**” means the holders from time to time of Abbastar Shares;

“**Abbastar Stock Option Plan**” means the stock option plan of Abbastar dated June 23, 2010; and

“**Abbastar Warrants**” means share purchase warrants of Abbastar that are outstanding on the Effective Date.

“**Anacott**” means Anacott Resources Corp., a private company incorporated under the BCBCA;

“**Anacott Class A Preferred Shares**” means the Class “A” preferred shares without par value which Anacott will create and issue pursuant to §3.1 of this Plan of Arrangement;

“**Anacott Commitment**” means the covenant of Anacott to issue Anacott Shares to the holders of Abbastar Share Commitments who exercise their rights thereunder after the Effective Date, and are entitled pursuant to the corporate reorganization provisions thereof to receive Anacott Shares upon such exercise;

“**Anacott Shares**” means the common shares without par value in the authorized share structure of Anacott, as constituted on the date of the Arrangement Agreement;

“**Anacott Stock Option Plan**” means the proposed common share purchase option plan of Anacott, which is subject to Abbastar Shareholder approval;

“**Arrangement**”, “**herein**”, “**hereof**”, “**hereto**”, “**hereunder**” and similar expressions mean and refer to the proposed arrangement involving Abbastar, Anacott, Brunello, Teldar and Sparx and the Abbastar Shareholders pursuant to the Arrangement Provisions on the terms and conditions set forth in this Plan of Arrangement as supplemented, modified or amended, and not to any particular article, section or other portion hereof;

"**Arrangement Agreement**" means the arrangement agreement dated effective October 26, 2012, between Abbastar, Anacott, Brunello, Teldar, and Sparx with respect to the Arrangement, and all amendments thereto;

"**Arrangement Provisions**" means Division 5 of Part 9 of the BCBCA;

"**Assets**" means the assets of Abbastar described in Schedule B to the Plan of Arrangement;

"**BCBCA**" means the *Business Corporations Act* (British Columbia), S.B.C. 2002, c. 57, as may be amended or replaced from time to time;

"**Brunello**" means Brunello Resources Corp., a private company incorporated under the BCBCA;

"**Brunello Class A Preferred Shares**" means the Class "A" preferred shares without par value which Brunello will create and issue pursuant to §3.1 of this Plan of Arrangement;

"**Brunello Commitment**" means the covenant of Brunello to issue Brunello Shares to the holders of Abbastar Share Commitments who exercise their rights thereunder after the Effective Date, and are entitled pursuant to the corporate reorganization provisions thereof to receive Brunello Shares upon such exercise;

"**Brunello Shares**" means the common shares without par value in the authorized share structure of Brunello, as constituted on the date of the Arrangement Agreement;

"**Brunello Stock Option Plan**" means the proposed common share purchase option plan of Brunello, which is subject to Abbastar Shareholder approval;

"**Business Day**" means a day, other than a Saturday, Sunday or statutory holiday, when banks are generally open in the City of Vancouver, in the Province of British Columbia, for the transaction of banking business;

"**Court**" means the Supreme Court of British Columbia;

"**Depository**" means Computershare Investor Services Inc.;

"**Distributed Anacott, Brunello, Teldar, and Sparx Shares**" means the Anacott Shares, Brunello Shares, Teldar Shares and Sparx Shares that are to be distributed to the Abbastar Shareholders pursuant to §3.1;

"**Effective Date**" means the date the Arrangement becomes effective under the BCBCA;

"**Final Order**" means the final order of the Court approving the Arrangement; as such order may be affirmed, amended or modified by any court of competent jurisdiction;

"**Information Circular**" means the management information circular to be sent to the Abbastar Shareholders in connection with the Abbastar Meeting;

"**Interim Order**" means the interim order of the Court concerning the Arrangement under the BCBCA in respect of the Parties, containing declarations and directions with respect to the Arrangement and the holding of the Meetings, as such order may be affirmed, amended or modified by any court of competent jurisdiction;

"**Parties**" means, collectively, Abbastar, Anacott, Brunello, Teldar and Sparx and "**Party**" means any one of them;

"**Plan**" or "**Plan of Arrangement**" means this plan of arrangement as amended or supplemented from time to time in accordance with the terms hereof and Article 6 of the Arrangement Agreement;

"**Registrar**" means the Registrar of Companies duly appointed under the BCBCA;

**“Share Distribution Record Date”** means the close of business on January 15, 2013 or such other date as agreed to by Abbastar and Anacott, Brunello, Teldar and Sparx, which date establishes the Abbastar Shareholders who will be entitled to receive Anacott Shares, Brunello Shares, Teldar Shares and Sparx Shares pursuant to this Plan of Arrangement;

**"Sparx"** means Sparx Energy Corp., a private company incorporated under the BCBCA;

**“Sparx Class A Preferred Shares”** means the Class “A” preferred shares without par value which Sparks will create and issue pursuant to §3.1 of this Plan of Arrangement;

**"Sparx Commitment"** means the covenant of Sparx to issue Sparx Shares to the holders of Abbastar Share Commitments who exercise their rights thereunder after the Effective Date, and are entitled pursuant to the corporate reorganization provisions thereof to receive Sparx Shares upon such exercise;

**"Sparx Shares"** means the common shares without par value in the authorized share structure of Sparx, as constituted on the date of the Arrangement Agreement;

**"Sparx Stock Option Plan"** means the proposed common share purchase option plan of Sparx, which is subject to Abbastar Shareholder approval;

**“Tax Act”** means the *Income Tax Act* (Canada), as amended;

**"Teldar"** means Teldar Resources Corp., a private company incorporated under the BCBCA;

**“Teldar Class A Preferred Shares”** means the Class “A” preferred shares without par value which Teldar will create and issue pursuant to §3.1 of this Plan of Arrangement;

**"Teldar Commitment"** means the covenant of Teldar to issue Teldar Shares to the holders of Abbastar Share Commitments who exercise their rights thereunder after the Effective Date, and are entitled pursuant to the corporate reorganization provisions thereof to receive Teldar Shares upon such exercise;

**"Teldar Shares"** means the common shares without par value in the authorized share structure of Teldar, as constituted on the date of the Arrangement Agreement;

**"Teldar Stock Option Plan"** means the proposed common share purchase option plan of Teldar, which is subject to Abbastar Shareholder approval;

**"TSXV"** means the TSX Venture Exchange; and

**“Transfer Agent”** means Computershare Investor Services Inc. at its principal office in Vancouver, British Columbia;

- 1.2 The division of this Plan of Arrangement into articles and sections and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Plan of Arrangement.
- 1.3 Unless reference is specifically made to some other document or instrument, all references herein to articles and sections are to articles and sections of this Plan of Arrangement.
- 1.4 Unless the context otherwise requires, words importing the singular number shall include the plural and vice versa; words importing any gender shall include all genders; and words importing persons shall include individuals, partnerships, associations, corporations, funds, unincorporated organizations, governments, regulatory authorities, and other entities.
- 1.5 In the event that the date on which any action is required to be taken hereunder by any of the Parties is not a Business Day in the place where the action is required to be taken, such action shall be required to be taken on the next succeeding day which is a Business Day in such place.

- 1.6 References in this Plan of Arrangement to any statute or sections thereof shall include such statute as amended or substituted and any regulations promulgated thereunder from time to time in effect.

**ARTICLE 2  
ARRANGEMENT AGREEMENT**

- 2.1 This Plan of Arrangement is made pursuant and subject to the provisions of, and forms part of, the Arrangement Agreement.
- 2.2 This Plan of Arrangement will become effective in accordance with its terms and be binding on the Effective Date on the Abbastar Shareholders.

**ARTICLE 3  
ARRANGEMENT**

- 3.1 On the Effective Date, the following shall occur and be deemed to occur in the following chronological order without further act or formality, notwithstanding anything contained in the provisions attaching to any of Abbastar, Anacott, Brunello, Teldar or Sparx, but subject to the provisions of Article 6:
- (a) The authorized share structure of Anacott, Brunello, Teldar and Sparx will be changed by creating a new class of shares consisting of an unlimited number of class "A" preferred shares without par value ("**Anacott Class A Preferred Shares**", "**Brunello Class A Preferred Shares**", "**Teldar Class A Preferred Shares**" and "**Sparx Class A Preferred Shares**"), having the rights and restrictions described in Schedule A to the Plan of Arrangement;
  - (b) Abbastar will transfer the Assets to Anacott, Brunello, Sparx and Teldar in consideration for the same number of each Anacott Class A Preferred Shares, Brunello Class A Preferred Shares, Teldar Class A Preferred Shares and Sparx Class A Preferred Shares (the "**Asset Consideration Anacott Shares**", "**Asset Consideration Brunello Shares**", "**Asset Consideration Teldar Shares**" and "**Asset Consideration Sparx Shares**") as the number of Abbastar Shares that are issued on the Distribution Record Date multiplied by the Conversion Factor. Thereafter, Abbastar will be added to the central securities registers of such Anacott Class A Preferred Shares, Brunello Class A Preferred Shares, Teldar Class A Preferred Shares and Sparx Class A Preferred Shares;
  - (c) Abbastar will convert the Asset Consideration Anacott Shares, Asset Consideration Brunello Shares, Asset Consideration Teldar Shares and Asset Consideration Sparx Shares into common shares of Anacott, Brunello, Teldar and Sparx (the "**Anacott Converted Shares**", "**Brunello Converted Shares**", "**Teldar Converted Shares**" and "**Sparx Converted Shares**"). As a result of the conversion, the number of outstanding Anacott Shares, Brunello Shares, Teldar Shares and Sparx Shares (being all of all the Anacott Converted Shares, Brunello Converted Shares, Teldar Converted Shares and Sparx Converted Shares already held by Abbastar prior to the step described in §3.1(b) above, all of which will be held by Abbastar) will be equal to the number of outstanding Abbastar Shares multiplied by the Conversion Factor immediately prior to the Effective Date;
  - (d) Abbastar will be removed from the central securities registers of Anacott, Brunello, Teldar and Sparx as the only holder of the Anacott Class A Preferred Shares, Brunello Class A Preferred Shares, Teldar Class A Preferred Shares and Sparx Class A Preferred Shares;

- (e) Abbastar will distribute to the Abbastar Shareholders all of Anacott Shares, Brunello Shares, Teldar Shares and Sparx Shares by way of a reduction of the Paid-Up Capital of Abbastar, in accordance with the terms hereof (for greater certainty, any reference hereinafter to “Anacott Shares”, “Brunello Shares”, “Teldar Shares”, “Sparx Shares” includes the Anacott Converted Shares, Brunello Converted Shares, Teldar Converted Shares and Sparx Converted Shares and Anacott Shares, Brunello Shares, Teldar Shares and Sparx Shares held by Abbastar prior to the step described §3.1(b) above);
- (f) Upon completion of the transactions set forth above, each Abbastar Shareholder at the Share Distribution Record Date will be entitled to receive one (1) Anacott Share, one (1) Brunello Share, one (1) Teldar Share and one (1) Sparx Share for every one Abbastar Share on the post consolidation basis of six (6) to one (1) held by Abbastar Shareholder;
- (g) The Anacott Shares, Brunello Shares, Sparx Shares and Teldar Shares transferred to the holders of Abbastar Shares pursuant to §3.1(e) above will be registered in the names of the holders of Abbastar Shares and appropriate entries will be made in the central securities registers of Anacott, Brunello, Sparx and Teldar;
- (h) The Anacott Class A Preferred Shares, Brunello Class A Preferred Shares, Sparx Class A Preferred Shares, Teldar Class A Preferred Shares, none of which will be issued or outstanding once the steps referred in §3.1(c) and §3.1(d) above completed, will be cancelled and the authorized share structures of Anacott, Brunello, Sparx and Teldar will be changed by eliminating the Anacott Class A Preferred Shares, Brunello Class A Preferred Shares, Sparx Class A Preferred Shares and Teldar Class A Preferred Shares therefrom;
- (i) The Notices of Articles of Anacott, Brunello, Teldar and Sparx will be amended to reflect the changes to its authorized share structure made pursuant to this Plan of Arrangement; and
- (j) After the Effective Date:
  - (i) All Abbastar Share Commitments will be exercisable for Abbastar Shares and Anacott Shares, Brunello Shares, Teldar Shares and Sparx Shares in accordance with the corporate reorganization and adjustment provisions of such commitments, whereby the exercise of an Abbastar Share Commitment will result in the holder of the Abbastar Share Commitment receiving one Abbastar Share and one Anacott Share, one Brunello Share, one Teldar Share and One Sparx Share;
  - (ii) Pursuant to the Anacott Commitment, Brunello Commitment, Teldar Commitment and Sparx Commitment, Anacott, Brunello, Teldar and Sparx will issue the required number of Anacott, Brunello, Teldar or Sparx Shares upon the exercise of Abbastar Share Commitments as is directed by Abbastar, and
  - (iii) Abbastar will, as agent for Anacott, Brunello, Teldar and Sparx, collect and pay to Anacott, Brunello, Teldar and Sparx a portion of the proceeds received for each Abbastar Share Commitment so exercised, with the balance of the exercise price to be retained by Abbastar, as determined in accordance with §3.4 of the Arrangement Agreement.

3.2 Notwithstanding §3.1(e) and §3.1(j), no fractional Anacott, Brunello, Teldar or Sparx Shares shall be distributed to the Abbastar Shareholders or the holders of Abbastar Share Commitments and as a result all fractional share amounts arising under such sections shall be rounded down to the nearest whole number. Any Distributed Anacott, Brunello, Teldar and Sparx Shares not

distributed as a result of this rounding down shall be dealt with as determined by the board of directors of Abbastar in its absolute discretion.

- 3.3 The transactions and events set out in §3.1 shall occur and shall be deemed to occur at the Effective Time on the Effective Date in the chronological order in which they are set out in §3.1.
- 3.4 All Anacott Class A Preferred Shares, Brunello Class A Preferred Shares, Sparx Class A Preferred Shares, Teldar Class A Preferred Shares and Anacott Shares, Brunello Shares, Sparx Shares and Teldar Class A Preferred Shares issued pursuant to this Plan of Arrangement shall be deemed to be validly issued and outstanding as fully paid and non-assessable shares for all purposes of BCBCA.
- 3.5 The Arrangement shall become final and conclusively binding on the Abbastar Shareholders, the Anacott Shareholders, the Brunello Shareholders, the Sparx Shareholders, the Teldar Shareholders, Abbastar, Anacott, Brunello, Sparx and Teldar on the Effective Date.
- 3.6 Notwithstanding that the transactions and events set out in §3.1 shall occur and shall be deemed to occur in the chronological order therein set out without any act or formality, each of Abbastar and Anacott, Brunello, Sparx and Teldar shall be required to make, do and execute or cause and procure to be made, done and executed all such further acts, deeds, agreements, transfers, assurances, instruments or documents as may be required to give effect to, or further document or evidence, any of the transactions or events set out in §3.1, including, without limitation, any resolutions of directors authorizing the issue, transfer or redemption of shares, any share transfer powers evidencing the transfer of shares and any receipt therefore, and any necessary additions to or deletions from share registers.
- 3.7 It is a condition of this Plan of Arrangement that Thomas Bell and Patrick Lavin will be appointed to the board or directors of Sparx and the board of directors of Sparx shall not exceed 3 directors until the next annual general meeting of Sparx, which will be called no earlier than 10 months from the date of incorporation of Sparx.

#### **ARTICLE 4 PROCEDURES FOR EXCHANGE OF CERTIFICATES**

- 4.1 Recognizing that the Anacott Class A Preferred Shares, Brunello Class A Preferred Shares, Sparx Class A Preferred Shares, Teldar Class A Preferred Shares and Anacott Shares, Brunello Shares, Sparx Shares and Teldar Shares shall be converted and transferred to the Abbastar Shareholders pursuant to §3.1 (c), Anacott, Brunello, Sparx and Teldar each shall issue one share certificate representing all of the Anacott Converted Shares, Brunello Converted Shares, Sparx Converted Shares and Teldar Converted Shares registered in the name of Abbastar, which share certificates shall be held by the Depository until the Abbastar Shares are transferred to the Abbastar Shareholders and such certificates shall be cancelled by the Depository.
- 4.2 Abbastar shall deposit with the Depository a direction to distribute the Anacott Shares, Brunello Shares, Sparx Shares and Teldar Shares to the Abbastar Shareholders and the Depository will forward, in accordance with §3.1 hereof and the direction, to each registered Abbastar Shareholder of record on the Share Distribution Record Date who has not validly dissented to the Arrangement, certificates representing the Anacott Shares, Brunello Shares, Sparx Shares and Teldar Shares to which they are entitled under the Arrangement.

#### **ARTICLE 5 DISSENTING SHAREHOLDERS**

- 5.1 Notwithstanding §3.1 hereof, holders of Abbastar Shares may exercise rights of dissent (the “**Dissent Right**”) in connection with the Arrangement pursuant to the Interim Order and in the manner set forth in sections 237 – 247 of the BCBCA (collectively, the “**Dissent Procedures**”).

- 5.2 Abbastar Shareholders who duly exercise Dissent Rights with respect to their Abbastar Shares (“**Dissenting Shares**”) and who:
- (a) are ultimately entitled to be paid fair value for their Dissenting Shares, shall be deemed to have transferred their Dissenting Shares to Abbastar for cancellation immediately before the Effective Date; or
  - (b) for any reason are ultimately not entitled to be paid fair value for their Dissenting Shares, shall be deemed to have participated in the Arrangement on the same basis as a non-dissenting Abbastar Shareholder and shall receive Anacott Shares, Brunello Shares, Teldar Shares and Sparx Shares on the same basis as every other non-dissenting Abbastar Shareholder, and in no case shall Abbastar be required to recognize such person as holding Abbastar Shares on or after the Effective Date.
- 5.3 If an Abbastar Shareholder exercises the Dissent Right, Abbastar shall on the Effective Date set aside and not distribute that portion of the Distributed Anacott, Brunello, Teldar and Sparx Shares that is attributable to the Abbastar Shares for which the Dissent Right has been exercised. If the dissenting Abbastar Shareholder is ultimately not entitled to be paid for their Dissenting Shares, Abbastar shall distribute to such Abbastar Shareholder his, her or its pro-rata portion of the Distributed Anacott, Brunello, Teldar and Sparx Shares. If a Abbastar Shareholder duly complies with the Dissent Procedures and is ultimately entitled to be paid for their Dissenting Shares, then Abbastar shall retain the portion of the Distributed Anacott, Brunello, Teldar and Sparx Shares attributable to such Abbastar Shareholder (the “**Non-Distributed Anacott, Brunello, Teldar and Sparx Shares**”), and the Non-Distributed Anacott, Brunello, Teldar and Sparx Shares shall be dealt with as determined by the board of directors of Abbastar in its absolute discretion.

## ARTICLE 6 AMENDMENTS

- 6.1 Abbastar, Anacott, Brunello, Teldar and Sparx may amend, modify and/or supplement this Plan of Arrangement at any time and from time to time prior to the Effective Date, provided that each such amendment, modification and/or supplement must be:
- (i) set out in writing;
  - (ii) filed with the Court and, if made following the Abbastar Meeting, approved by the Court; and
  - (iii) communicated to holders of Abbastar Shares and Anacott Shares, Brunello Shares, Teldar Shares and Sparx Shares, as the case may be, if and as required by the Court.
- 6.2 Any amendment, modification or supplement to this Plan of Arrangement may be proposed by Abbastar at any time prior to the Abbastar Meeting with or without any other prior notice or communication, and if so proposed and accepted by the persons voting at the Abbastar Meeting (other than as may be required under the Interim Order), shall become part of this Plan of Arrangement for all purposes.
- 6.3 Abbastar, with the consent of the other parties, may amend, modify and/or supplement this Plan of Arrangement at any time and from time to time after the Abbastar Meeting and prior to the Effective Date with the approval of the Court.
- 6.4 Any amendment, modification or supplement to this Plan of Arrangement may be made following the Effective Date but shall only be effective if it is consented to by Abbastar and Anacott, Brunello, Teldar, and Sparx, provided that such amendment, modification or supplement concerns a matter which, in the reasonable opinion of Abbastar, Anacott, Brunello, Teldar and Sparx, is of an administrative nature required to better give effect to the implementation of this

Plan of Arrangement and is not adverse to the financial or economic interests of Abbastar, Anacott, Brunello, Teldar and Sparx or any former holder of Abbastar Shares, Anacott Shares, Brunello Shares, Teldar Shares and Sparx Shares, as the case may be.

**ARTICLE 7**  
**REFERENCE DATE**

7.1 This plan of arrangement is dated for reference the 26<sup>th</sup> day of October, 2012.

## SCHEDULE "A" TO THE PLAN OF ARRANGEMENT

### SPECIAL RIGHTS AND RESTRICTIONS FOR ANACOTT, BRUNELLO, SPARX AND TELDAR PREFERRED SHARES

Anacott, Brunello, Sparx and Teldar each is referenced as the "Company". The class A preferred shares of Anacott Brunello, Sparx and Teldar as a class shall have attached to them the following special rights and restrictions:

#### *Definitions*

(1) *In* these Special Rights and Restrictions,

(a) "*Arrangement*" means the arrangement pursuant to Division 5 of Part 9 of the **Business Corporations Act** (British Columbia) S.B.C 2002, c.57 as contemplated by the Arrangement Agreement,

(b) "*Arrangement Agreement*" means the Arrangement Agreement dated as of October 26, 2012, among Abbastar Resources Corp., Anacott Resources Corp., Brunello Resources Corp., Sparx Energy Corp. and Teldar Resources Corp.,

(c) "*Converted Shares*" means the common shares without par value in the authorized share structure of the Company,

(d) "*Effective Date*" means the date upon which the Arrangement becomes effective, and

(e) "*Plan of Arrangement*" means the Plan of Arrangement attached as Schedule "A" to the Arrangement Agreement.

(2) The holders of the class A preferred shares are not as such entitled to receive notice of, nor to attend or vote at, any general meeting of the shareholders of the Company.

(3) The holders of the class A preferred shares shall be entitled to convert class A preferred shares into Converted Shares, on a one-for-one basis, pursuant to and in accordance with the Plan of Arrangement.

(4) The capital to be allocated to the class A preferred shares shall be the amount determined in accordance with §3.1(e) of the Plan of Arrangement.

(5) The class A preferred shares shall be convertible at the option of the class A preferred shareholder pursuant to and in accordance with the Plan of Arrangement.

(6) Any class A preferred share that is or is deemed to be converted pursuant to and in accordance with the Plan of Arrangement shall be cancelled and may not be reissued.

**SCHEDULE "B"**

**ABBASTAR ASSETS TO BE TRANSFERRED TO ANACOTT, BRUNELLO, SPARX AND  
TELDAR**

**ABBASTAR ASSETS TO BE TRANSFERRED TO ANACOTT RESOURCES CORP.**

Option Agreement between Abbastar Resources Corp. and Reza Mohammed, dated October 23, 2012 to acquire 100% interest in the Smith Creek Property and \$17,500 cash.

**ABBASTAR ASSETS TO BE TRANSFERRED TO BRUNELLO RESOURCES CORP.**

Option Agreement between Abbastar Resources Corp. and Reza Mohammed dated October 23, 2012 to acquire 100% interest in the Manson River Zinc Property and \$17,500 cash.

**ABBASTAR ASSETS TO BE TRANSFERRED TO SPARX ENERGY CORP.**

35% Interest in the Doran Uranium Property acquired by Abbastar from Entourage Mining Ltd. pursuant to the Option Agreement between Abbastar Resources Corp. and Entourage Mining Ltd. dated February 13, 2007 and \$17,500 cash.

**ABBASTAR ASSETS TO BE TRANSFERRED TO TELDAR RESOURCES CORP.**

Option Agreement between Abbastar Resources Corp. and Reza Mohammed dated October 23, 2012 to acquire 100% interest in the Kid Copper Property and \$17,500 cash.

**SCHEDULE "C"****SPECIAL RESOLUTION TO APPROVE THE PLAN OF ARRANGEMENT**

BE IT RESOLVED AS A SPECIAL RESOLUTION THAT:

1. the Arrangement Agreement dated October 26, 2012, between Abbastar Resources Corp. (the "*Company*") and Anacott Resources Corp., Brunello Resources Corp. Sparx Energy Corp. and Teldar Resources Corp. is hereby approved, ratified and affirmed;
2. the Arrangement under Division 5 of Part 9 of the Act, substantially as set forth in the Plan of Arrangement attached as Schedule "A" to the Arrangement Agreement, is hereby approved and authorized;
3. notwithstanding that this special resolution has been passed by the shareholders of the Company or that the Arrangement has received the approval of the Court, the Board may amend the Arrangement Agreement and/or decide not to proceed with the Arrangement or revoke this special resolution at any time prior to the filing of a certified copy of the court order approving the Arrangement with the Registrar without further approval of the shareholders of the Company; and
4. any director or officer of the Company be and is hereby authorized and directed, for and on behalf of the Company, to execute and deliver all such documents and to do all such other acts and things as such director or officer may determine to be necessary or advisable to give effect to this special resolution, the execution and delivery of any such document or the doing of any such other act or thing being conclusive evidence of such determination."

**SCHEDULE "D"**

**ORDINARY RESOLUTIONS TO APPROVE STOCK OPTION PLANS OF ANACOTT,  
BRUNELLO, SPARX AND TELDAR**

BE IT RESOLVED THAT:

- a) Share option plan of Anacott is hereby ratified and approved with such changes and variations as may be deemed necessary by the board of Anacott;
- b) Share option plan of Brunello is hereby ratified and approved with such changes and variations as may be deemed necessary by the board of Brunello;
- c) Share option plan of Sparx is hereby ratified and approved with such changes and variations as may be deemed necessary by the board of Sparx;
- d) Share option plan of Teldar is hereby ratified and approved with such changes and variations as may be deemed necessary by the board of Teldar;

any one director or officer of the Company be and is hereby authorized and directed, for and on behalf of the Company to execute and deliver all such documents and do all such other acts and things as such director or officer may determine to be necessary or advisable to give effect to this ordinary resolution, the execution and delivery of any such document or the doing of any such other act or thing being conclusive evidence of such determination.

**SCHEDULE "D"**

**THE INTERIM ORDER**



No. S127602  
VANCOUVER REGISTRY

IN THE SUPREME COURT OF BRITISH COLUMBIA

RE: ABBASTAR RESOURCES CORP. (THE “PETITIONER”), ANACOTT RESOURCES CORP. (“ANACOTT”), BRUNELLO RESOURCES CORP. (“BRUNELLO”), SPARX ENERGY CORP. (“SPARX”), TELDAR RESOURCES CORP. (“TELDAR”) AND THE SHAREHOLDERS OF ABBASTAR RESOURCES CORP.

ORDER

BEFORE MASTER *TAYLOR* ) WEDNESDAY, THE 31<sup>ST</sup> DAY  
)  
) OF OCTOBER, 2012  
)

ON THE APPLICATION WITHOUT NOTICE of the Petitioner for an interim order for direction of the Court in connection with a proposed arrangement pursuant to Sections 288 and 291 of the Business Corporations Act (British Columbia), S.B.C., 2002 c. 57 as amended (the “BCBCA”), coming on for hearing at Vancouver, British Columbia on the 31<sup>st</sup> day of October, 2012.

AND ON HEARING Linas Antanavicius, counsel for the Petitioner.

AND UPON READING the Petition herein dated October 29, 2012 and the Affidavit #1 of Patrick Lavin sworn and filed on the 29<sup>th</sup> day of October, 2012. This court orders that:

THE MEETING

1. Abbastar Resources Corp. (“**Abbastar**”) is authorized and directed to call, hold and conduct an annual general and special meeting (the “**Meeting**”) of the common shareholders of Abbastar (the “**Abbastar Shareholders**”) to be held at 11 a.m. on November 30, 2012 at the offices of Computershare Investor Services Inc., 510 Burrard Street, 2nd Floor, Vancouver, British Columbia or such other location in Vancouver, British Columbia to be determined by Abbastar.
2. At the Meeting, Abbastar Shareholders will, *inter alia*, consider, and if deemed advisable, approve, with or without variation, a special resolution (the “**Arrangement Resolution**”) adopting, with or without amendment, the arrangement (the “**Arrangement**”) involving Abbastar, Abbastar Shareholders, Anacott Resources Corp., Brunello Resources Corp., Sparx Energy Corp. and Teldar Resources Corp., as set forth more particularly in the plan of arrangement (the “**Plan of Arrangement**”) attached as Exhibit “A” to the Affidavit #1 of Patrick Lavin sworn October 29, 2012 (the “**Affidavit**”) and filed herein.
3. The Meeting will be called, held and conducted in accordance with the Notice of Annual General and Special Meeting to be delivered to the Abbastar Shareholders in substantially the form attached to and forming part of the Management Information Circular (the “**Circular**”) attached as

Exhibit "B" to the Affidavit, and in accordance with applicable provisions of the BCBCA, the Articles of Abbastar, the *Securities Act* (British Columbia), R.S.B.C. 1996, c. 418, as amended (the "**Securities Act**"), and related rules and policies, the terms of this Order (the "**Interim Order**") and any further Order of this Court, the rulings and directions of the Chairman of the Meeting, and, to the extent of any inconsistency or discrepancy between the Interim Order and the terms of any of the foregoing, the Interim Order will govern.

#### RECORD DATE FOR NOTICE

4. The record date for determination of the Abbastar Shareholders entitled to receive the notice of Meeting, the Circular and a form of proxy (the "**Meeting Materials**") will be the close of business (Vancouver time) on October 15, 2012 (the "**Record Date**") or such other date as the directors of Abbastar may determine in accordance with the Articles of Abbastar, the BCBCA and the Securities Act, and as disclosed in the Meeting Materials.

#### NOTICE OF MEETING

5. The Meeting Materials, with such amendments or additional documents as counsel for Abbastar may advise are necessary or desirable, and that are not inconsistent with the terms of this Interim Order, and a copy of this Interim Order, will be sent at least twenty-one (21) days prior to the date of the Meeting, to: (a) Abbastar Shareholders who are registered shareholders on the Record Date and to brokerage intermediaries on behalf of beneficial Abbastar Shareholders where applicable, by prepaid ordinary mail addressed to each registered Abbastar Shareholder at his, her or its address as maintained by the registrar and transfer agent of Abbastar or delivery of same by courier service or by facsimile transmission or e-mail transmission to any such Abbastar Shareholder who identifies himself, herself or itself to the satisfaction of Abbastar and who requests such courier, facsimile or e-mail transmission.

6. The accidental failure or omission by Abbastar to give notice of the Meeting or the Petition to any person in accordance with this Interim Order, as a result of mistake or of events beyond the reasonable control of Abbastar (including, without limitation, any inability to utilize postal services) shall not constitute a breach of this Interim Order or a defect in the calling of the Meeting and shall not invalidate any resolution passed or proceeding taken at the Meeting, but if any such accidental failure or omission is brought to the attention of Abbastar, then it shall use reasonable best efforts to rectify it by the method and in the time most reasonably practicable in the circumstances. Such rectified notice shall be deemed to be good and sufficient notice of the Meeting and/or this Petition, as the case may be.

7. The distribution of the Meeting Materials pursuant to paragraph 5 of this Interim Order shall constitute good and sufficient notice of the Meeting to registered and non-registered Abbastar Shareholders.

8. Abbastar is hereby authorized to make such amendments, revisions or supplements to the Meeting Materials ("**Additional Information**") in accordance with the terms of the Arrangement, as Abbastar may determine to be necessary or desirable and notice of such Additional Information may be communicated to Abbastar Shareholders by news release, newspaper advertisement or one of the methods by which the Meeting Materials will be distributed.

#### DEEMED RECEIPT OF MEETING MATERIALS

9. The Meeting Materials will be deemed, for the purposes of this Interim Order, to have been received by the Abbastar Shareholders:

a. In the case of mailing to registered Abbastar Shareholders or, in the case of delivery by courier of materials to brokerage intermediaries, five days after delivery thereof to the post office or acceptance by the courier service, respectively; and

b. In the case of delivery by courier, facsimile transmission or e-mail transmission directly to a registered Abbastar Shareholder, the business day after such delivery or transmission of same.

10. Subject to other provisions of this Interim Order, no other form of service or delivery of the Meeting Materials or any portion thereof need be made, or notice given, or other material served in respect of the Meeting to any persons described in paragraph 5 of this Interim Order or to any other persons.

#### PERMITTED ATTENDEES

11. The persons entitled to attend the Meeting will be Abbastar Shareholders of record as of the close of business (Vancouver time) on the Record Date, their respective proxies, the officers, directors and advisors of Abbastar and such other persons who receive the consent of the Chairman of the Meeting to attend.

#### VOTING AT THE MEETING

12. The only persons permitted to vote at the Meeting will be the registered Abbastar Shareholders as of the close of business (Vancouver time) on the Record Date or their valid proxy holders as described in the Circular and as determined by the Chairman of the Meeting upon consultation with the Scrutineer (as hereinafter defined) and legal counsel to Abbastar.

13. The requisite approval of the Arrangement Resolution will be 66.66% of the votes cast on the resolution by the Abbastar Shareholders present in person or by proxy at the Meeting. Each common share of Abbastar voted will carry one vote.

14. A quorum for the Meeting will be the quorum required by the Articles of Abbastar.

15. In all other respects, the terms, restrictions and conditions of the constating documents of Abbastar will apply in respect of the Meeting.

16. For the purposes of the Meeting, any spoiled votes, illegible votes, defective votes and abstentions shall be deemed to be votes not cast. Proxies that are properly signed and dated but which do not contain voting instructions shall be voted in favour of the Arrangement Resolution.

#### ADJOURNMENT OF MEETING

17. Notwithstanding any provision of the BCBCA or the Articles of Abbastar, the board of directors of Abbastar shall be entitled if it deems advisable, to adjourn or postpone the Meeting on one or more occasions without the necessity of first convening the Meeting or first obtaining any votes of the Abbastar Shareholders respecting the adjournment or postponement and without the need for approval of the Court.

18. The record date for Abbastar Shareholders entitled to notice of and to vote at the Meeting will not change in respect of adjournments or postponements of the Meeting.

#### AMENDMENTS

19. Abbastar is authorized to make such amendments, revisions or supplements to the Plan of Arrangement as it may determine, provided it has obtained any required consents, and the Plan of Arrangement as so amended, revised or supplemented will be the Plan of Arrangement which is submitted to the Meeting and which will thereby become the subject of the Arrangement Resolution.

#### SCRUTINEER

20. A representative of Abbastar's registrar and transfer agent (or any agent thereof) (the "Scrutineer") will be authorized to act as scrutineer for the Meeting.

#### PROXY SOLICITATION

21. Abbastar is authorized to permit the Abbastar Shareholders to vote by proxy using the form of proxy, in substantially the same form as attached as Exhibit "B" to the Affidavit. Abbastar is authorized, at its expense, to solicit proxies, directly and through its officers, directors and employees, and through such agents or representatives as it may retain for the purpose, and by mail or such other forms of personal or electronic communications as it may determine.

22. Abbastar may in its discretion waive the time limits for deposit of proxies by Abbastar Shareholders if Abbastar deems it reasonable to do so.

#### DISSENT RIGHTS

23. The Abbastar Shareholders will, as set out in the Plan of Arrangement, be permitted to dissent from the Arrangement Resolution in accordance with the dissent procedures set forth in Division 2 of Part 8 of the BCBCA, strictly applied and as may be modified by the Plan of Arrangement.

#### SERVICE OF COURT MATERIALS

24. Abbastar will include in the Meeting Materials a copy of this Interim Order, the Notice of Hearing of Petition and will make available to any Abbastar Shareholder requesting same, a copy of each of the Petition herein and the accompanying Affidavit (collectively, the "Court Materials"). The service of the Petition and Affidavit in support of the within proceedings to any Abbastar Shareholder requesting same is hereby dispensed with.

25. Delivery of the Court Materials given in accordance with this Interim Order will constitute good, sufficient and timely service of such Court Materials upon all persons who are entitled to receive the Court Materials pursuant to this Interim Order and no other form of service need be made and no other material need to be served on such persons in respect of these proceedings.

#### FINAL APPROVAL HEARING

26. Upon the approval by the Abbastar Shareholders of the Plan of Arrangement in the manner set forth in this Interim Order, Abbastar may apply for an order of this Honourable Court approving the

Plan of Arrangement (the "Final Order") and that the Petition be set down for hearing before the presiding Judge in Chambers at the Courthouse at 800 Smithe Street, Vancouver, British Columbia at 9:45 a.m. on December 5, 2012 or such later date as counsel for Abbastar may be heard.

27. The Court shall consider at the hearing for the Final Order, the fairness of the terms and conditions of the Arrangement, as provided for in the Arrangement, and the rights and interest of every person affected thereby.

28. Any Abbastar Shareholder has the right to appear (either in person or by counsel) and make submissions at the hearing of the application for the Final Order provided that such Abbastar Shareholder shall file a Response to Petition, in the form provided by the Rules of Court of the Supreme Court of British Columbia, with this Court and deliver a copy of the filed Response to Petition together with a copy of all materials on which such Abbastar Shareholder intends to rely at the submissions to the Petitioner at Abbastar Resources Corp., 1150 - 750 West Pender Street, Vancouver, BC, V6C 2T8, Attention: Patrick Lavin at or before 10:00 a.m. on November 30, 2012, subject to the direction of this Honourable Court.

29. If the application for the Final Order is adjourned, only those persons who have filed and delivered a Response to the Petition, in accordance with the preceding paragraph of this Interim Order, need to be served with notice of the adjourned date.

30. The Petitioner shall not be required to comply with Rule 8-1 and Rule 16-1 of the Rules of Court in relation to the hearing of the Final Order approving the Plan of Arrangement and such rules will not apply to any application to vary this Interim Order.

#### VARIANCE

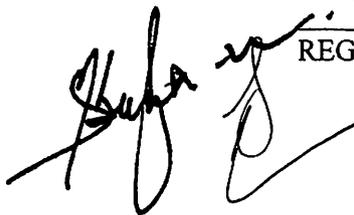
31. Abbastar is at liberty to apply to this Honourable Court to vary this Interim Order and for advice and direction with respect to the Plan of Arrangement or any of the matters related to this Interim Order and such further and other relief as this Honourable Court may consider just.

BY THE COURT

REGISTRAR

APPROVED AS TO FORM:

  
Counsel for the Petitioner



No. \_\_\_\_\_  
Vancouver  
Registry

**RE: ABBASTAR RESOURCES CORP. (THE "PETITIONER"), ANACOTT RESOURCES  
CORP. ("ANACOTT"), BRUNELLO RESOURCES CORP. ("BRUNELLO"), SPARX ENERGY  
CORP. ("SPARX"), TELDAR RESOURCES CORP. ("TELDAR") AND THE SHAREHOLDERS  
OF ABBASTAR RESOURCES CORP.**

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**ORDER**

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Linas Antanavicius  
Barrister & Solicitor  
1150 – 750 West Pender Street  
Vancouver, B.C. V6C 2T8  
Tel: 778-322-5100

## SCHEDULE "E"

### DISSENT PROCEDURES

#### Division 2 — Dissent Proceedings of Part 8 of the Business Corporations Act (British Columbia)

##### Definitions and application

**237** (1) In this Division:

"**dissenter**" means a shareholder who, being entitled to do so, sends written notice of dissent when and as required by section 242;

"**notice shares**" means, in relation to a notice of dissent, the shares in respect of which dissent is being exercised under the notice of dissent;

"**payout value**" means,

(a) in the case of a dissent in respect of a resolution, the fair value that the notice shares had immediately before the passing of the resolution,

(b) in the case of a dissent in respect of an arrangement approved by a court order made under section 291 (2) (c) that permits dissent, the fair value that the notice shares had immediately before the passing of the resolution adopting the arrangement, or

(c) in the case of a dissent in respect of a matter approved or authorized by any other court order that permits dissent, the fair value that the notice shares had at the time specified by the court order,

excluding any appreciation or depreciation in anticipation of the corporate action approved or authorized by the resolution or court order unless exclusion would be inequitable.

(2) This Division applies to any right of dissent exercisable by a shareholder except to the extent that

(a) the court orders otherwise, or

(b) in the case of a right of dissent authorized by a resolution referred to in section 238 (1) (g), the court orders otherwise or the resolution provides otherwise.

##### Right to dissent

**238** (1) A shareholder of a company, whether or not the shareholder's shares carry the right to vote, is entitled to dissent as follows:

(a) under section 260, in respect of a resolution to alter the articles to alter restrictions on the powers of the company or on the business it is permitted to carry on;

(b) under section 272, in respect of a resolution to adopt an amalgamation agreement;

(c) under section 287, in respect of a resolution to approve an amalgamation under Division 4 of Part 9;

(d) in respect of a resolution to approve an arrangement, the terms of which arrangement permit dissent;

(e) under section 301 (5), in respect of a resolution to authorize or ratify the sale, lease or other disposition of all or substantially all of the company's undertaking;

(f) under section 309, in respect of a resolution to authorize the continuation of the company into a jurisdiction other than British Columbia;

(g) in respect of any other resolution, if dissent is authorized by the resolution;

(h) in respect of any court order that permits dissent.

(2) A shareholder wishing to dissent must

(a) prepare a separate notice of dissent under section 242 for

(i) the shareholder, if the shareholder is dissenting on the shareholder's own behalf, and

(ii) each other person who beneficially owns shares registered in the shareholder's name and on whose behalf the shareholder is dissenting,

(b) identify in each notice of dissent, in accordance with section 242 (4), the person on whose behalf dissent is being exercised in that notice of dissent, and

(c) dissent with respect to all of the shares, registered in the shareholder's name, of which the person identified under paragraph (b) of this subsection is the beneficial owner.

(3) Without limiting subsection (2), a person who wishes to have dissent exercised with respect to shares of which the person is the beneficial owner must

(a) dissent with respect to all of the shares, if any, of which the person is both the registered owner and the beneficial owner, and

(b) cause each shareholder who is a registered owner of any other shares of which the person is the beneficial owner to dissent with respect to all of those shares.

### **Waiver of right to dissent**

**239** (1) A shareholder may not waive generally a right to dissent but may, in writing, waive the right to dissent with respect to a particular corporate action.

(2) A shareholder wishing to waive a right of dissent with respect to a particular corporate action must

(a) provide to the company a separate waiver for

(i) the shareholder, if the shareholder is providing a waiver on the shareholder's own behalf, and

(ii) each other person who beneficially owns shares registered in the shareholder's name and on whose behalf the shareholder is providing a waiver, and

(b) identify in each waiver the person on whose behalf the waiver is made.

(3) If a shareholder waives a right of dissent with respect to a particular corporate action and indicates in the waiver that the right to dissent is being waived on the shareholder's own behalf, the shareholder's right to dissent with respect to the particular corporate action terminates in respect of the shares of which the shareholder is both the registered owner and the beneficial owner, and this Division ceases to apply to

(a) the shareholder in respect of the shares of which the shareholder is both the registered owner and the beneficial owner, and

(b) any other shareholders, who are registered owners of shares beneficially owned by the first mentioned shareholder, in respect of the shares that are beneficially owned by the first mentioned shareholder.

(4) If a shareholder waives a right of dissent with respect to a particular corporate action and indicates in the waiver that the right to dissent is being waived on behalf of a specified person who beneficially owns shares registered in the name of the shareholder, the right of shareholders who are registered owners of shares beneficially owned by that specified person to dissent on behalf of that specified person with respect to the particular corporate action terminates and this Division ceases to apply to those shareholders in respect of the shares that are beneficially owned by that specified person.

### **Notice of resolution**

**240** (1) If a resolution in respect of which a shareholder is entitled to dissent is to be considered at a meeting of shareholders, the company must, at least the prescribed number of days before the date of the proposed meeting, send to each of its shareholders, whether or not their shares carry the right to vote,

(a) a copy of the proposed resolution, and

(b) a notice of the meeting that specifies the date of the meeting, and contains a statement advising of the right to send a notice of dissent.

(2) If a resolution in respect of which a shareholder is entitled to dissent is to be passed as a consent resolution of shareholders or as a resolution of directors and the earliest date on which that resolution can be passed is specified in the resolution or in the statement referred to in paragraph (b), the company may, at least 21 days before that specified date, send to each of its shareholders, whether or not their shares carry the right to vote,

(a) a copy of the proposed resolution, and

(b) a statement advising of the right to send a notice of dissent.

(3) If a resolution in respect of which a shareholder is entitled to dissent was or is to be passed as a resolution of shareholders without the company complying with subsection (1) or (2), or was or is to be passed as a directors' resolution without the company complying with subsection (2), the company must, before or within 14 days after the passing of the resolution, send to each of its shareholders who has not, on behalf of every person who beneficially owns shares registered in the name of the shareholder, consented to the resolution or voted in favour of the resolution, whether or not their shares carry the right to vote,

(a) a copy of the resolution,

(b) a statement advising of the right to send a notice of dissent, and

(c) if the resolution has passed, notification of that fact and the date on which it was passed.

(4) Nothing in subsection (1), (2) or (3) gives a shareholder a right to vote in a meeting at which, or on a resolution on which, the shareholder would not otherwise be entitled to vote.

### **Notice of court orders**

**241** If a court order provides for a right of dissent, the company must, not later than 14 days after the date on which the company receives a copy of the entered order, send to each shareholder who is entitled to exercise that right of dissent

(a) a copy of the entered order, and

(b) a statement advising of the right to send a notice of dissent.

### **Notice of dissent**

**242** (1) A shareholder intending to dissent in respect of a resolution referred to in section 238 (1) (a), (b), (c), (d), (e) or (f) must,

(a) if the company has complied with section 240 (1) or (2), send written notice of dissent to the company at least 2 days before the date on which the resolution is to be passed or can be passed, as the case may be,

(b) if the company has complied with section 240 (3), send written notice of dissent to the company not more than 14 days after receiving the records referred to in that section, or

(c) if the company has not complied with section 240 (1), (2) or (3), send written notice of dissent to the company not more than 14 days after the later of

(i) the date on which the shareholder learns that the resolution was passed, and

(ii) the date on which the shareholder learns that the shareholder is entitled to dissent.

(2) A shareholder intending to dissent in respect of a resolution referred to in section 238 (1) (g) must send written notice of dissent to the company

(a) on or before the date specified by the resolution or in the statement referred to in section 240 (2) (b) or (3) (b) as the last date by which notice of dissent must be sent, or

(b) if the resolution or statement does not specify a date, in accordance with subsection (1) of this section.

(3) A shareholder intending to dissent under section 238 (1) (h) in respect of a court order that permits dissent must send written notice of dissent to the company

(a) within the number of days, specified by the court order, after the shareholder receives the records referred to in section 241, or

(b) if the court order does not specify the number of days referred to in paragraph (a) of this subsection, within 14 days after the shareholder receives the records referred to in section 241.

(4) A notice of dissent sent under this section must set out the number, and the class and series, if applicable, of the notice shares, and must set out whichever of the following is applicable:

(a) if the notice shares constitute all of the shares of which the shareholder is both the registered owner and beneficial owner and the shareholder owns no other shares of the company as beneficial owner, a statement to that effect;

(b) if the notice shares constitute all of the shares of which the shareholder is both the registered owner and beneficial owner but the shareholder owns other shares of the company as beneficial owner, a statement to that effect and

- (i) the names of the registered owners of those other shares,
  - (ii) the number, and the class and series, if applicable, of those other shares that are held by each of those registered owners, and
  - (iii) a statement that notices of dissent are being, or have been, sent in respect of all of those other shares;
- (c) if dissent is being exercised by the shareholder on behalf of a beneficial owner who is not the dissenting shareholder, a statement to that effect and
- (i) the name and address of the beneficial owner, and
  - (ii) a statement that the shareholder is dissenting in relation to all of the shares beneficially owned by the beneficial owner that are registered in the shareholder's name.
- (5) The right of a shareholder to dissent on behalf of a beneficial owner of shares, including the shareholder, terminates and this Division ceases to apply to the shareholder in respect of that beneficial owner if subsections (1) to (4) of this section, as those subsections pertain to that beneficial owner, are not complied with.

### **Notice of intention to proceed**

- 243** (1) A company that receives a notice of dissent under section 242 from a dissenter must,
- (a) if the company intends to act on the authority of the resolution or court order in respect of which the notice of dissent was sent, send a notice to the dissenter promptly after the later of
    - (i) the date on which the company forms the intention to proceed, and
    - (ii) the date on which the notice of dissent was received, or
  - (b) if the company has acted on the authority of that resolution or court order, promptly send a notice to the dissenter.
- (2) A notice sent under subsection (1) (a) or (b) of this section must
- (a) be dated not earlier than the date on which the notice is sent,
  - (b) state that the company intends to act, or has acted, as the case may be, on the authority of the resolution or court order, and
  - (c) advise the dissenter of the manner in which dissent is to be completed under section 244.

### **Completion of dissent**

- 244** (1) A dissenter who receives a notice under section 243 must, if the dissenter wishes to proceed with the dissent, send to the company or its transfer agent for the notice shares, within one month after the date of the notice,
- (a) a written statement that the dissenter requires the company to purchase all of the notice shares,
  - (b) the certificates, if any, representing the notice shares, and
  - (c) if section 242 (4) (c) applies, a written statement that complies with subsection (2) of this section.
- (2) The written statement referred to in subsection (1) (c) must
- (a) be signed by the beneficial owner on whose behalf dissent is being exercised, and
  - (b) set out whether or not the beneficial owner is the beneficial owner of other shares of the company and, if so, set out
    - (i) the names of the registered owners of those other shares,
    - (ii) the number, and the class and series, if applicable, of those other shares that are held by each of those registered owners, and
    - (iii) that dissent is being exercised in respect of all of those other shares.
- (3) After the dissenter has complied with subsection (1),
- (a) the dissenter is deemed to have sold to the company the notice shares, and
  - (b) the company is deemed to have purchased those shares, and must comply with section 245, whether or not it is authorized to do so by, and despite any restriction in, its memorandum or articles.

(4) Unless the court orders otherwise, if the dissenter fails to comply with subsection (1) of this section in relation to notice shares, the right of the dissenter to dissent with respect to those notice shares terminates and this Division, other than section 247, ceases to apply to the dissenter with respect to those notice shares.

(5) Unless the court orders otherwise, if a person on whose behalf dissent is being exercised in relation to a particular corporate action fails to ensure that every shareholder who is a registered owner of any of the shares beneficially owned by that person complies with subsection (1) of this section, the right of shareholders who are registered owners of shares beneficially owned by that person to dissent on behalf of that person with respect to that corporate action terminates and this Division, other than section 247, ceases to apply to those shareholders in respect of the shares that are beneficially owned by that person.

(6) A dissenter who has complied with subsection (1) of this section may not vote, or exercise or assert any rights of a shareholder, in respect of the notice shares, other than under this Division.

### **Payment for notice shares**

**245** (1) A company and a dissenter who has complied with section 244 (1) may agree on the amount of the payout value of the notice shares and, in that event, the company must

(a) promptly pay that amount to the dissenter, or

(b) if subsection (5) of this section applies, promptly send a notice to the dissenter that the company is unable lawfully to pay dissenters for their shares.

(2) A dissenter who has not entered into an agreement with the company under subsection (1) or the company may apply to the court and the court may

(a) determine the payout value of the notice shares of those dissenters who have not entered into an agreement with the company under subsection (1), or order that the payout value of those notice shares be established by arbitration or by reference to the registrar, or a referee, of the court,

(b) join in the application each dissenter, other than a dissenter who has entered into an agreement with the company under subsection (1), who has complied with section 244 (1), and

(c) make consequential orders and give directions it considers appropriate.

(3) Promptly after a determination of the payout value for notice shares has been made under subsection (2) (a) of this section, the company must

(a) pay to each dissenter who has complied with section 244 (1) in relation to those notice shares, other than a dissenter who has entered into an agreement with the company under subsection (1) of this section, the payout value applicable to that dissenter's notice shares, or

(b) if subsection (5) applies, promptly send a notice to the dissenter that the company is unable lawfully to pay dissenters for their shares.

(4) If a dissenter receives a notice under subsection (1) (b) or (3) (b),

(a) the dissenter may, within 30 days after receipt, withdraw the dissenter's notice of dissent, in which case the company is deemed to consent to the withdrawal and this Division, other than section 247, ceases to apply to the dissenter with respect to the notice shares, or

(b) if the dissenter does not withdraw the notice of dissent in accordance with paragraph (a) of this subsection, the dissenter retains a status as a claimant against the company, to be paid as soon as the company is lawfully able to do so or, in a liquidation, to be ranked subordinate to the rights of creditors of the company but in priority to its shareholders.

(5) A company must not make a payment to a dissenter under this section if there are reasonable grounds for believing that

(a) the company is insolvent, or

(b) the payment would render the company insolvent.

### **Loss of right to dissent**

**246** The right of a dissenter to dissent with respect to notice shares terminates and this Division, other than section 247, ceases to apply to the dissenter with respect to those notice shares, if, before payment is made to the dissenter of the full amount of money to which the dissenter is entitled under section 245 in relation to those notice shares, any of the following events occur:

- (a) the corporate action approved or authorized, or to be approved or authorized, by the resolution or court order in respect of which the notice of dissent was sent is abandoned;
- (b) the resolution in respect of which the notice of dissent was sent does not pass;
- (c) the resolution in respect of which the notice of dissent was sent is revoked before the corporate action approved or authorized by that resolution is taken;
- (d) the notice of dissent was sent in respect of a resolution adopting an amalgamation agreement and the amalgamation is abandoned or, by the terms of the agreement, will not proceed;
- (e) the arrangement in respect of which the notice of dissent was sent is abandoned or by its terms will not proceed;
- (f) a court permanently enjoins or sets aside the corporate action approved or authorized by the resolution or court order in respect of which the notice of dissent was sent;
- (g) with respect to the notice shares, the dissenter consents to, or votes in favour of, the resolution in respect of which the notice of dissent was sent;
- (h) the notice of dissent is withdrawn with the written consent of the company;
- (i) the court determines that the dissenter is not entitled to dissent under this Division or that the dissenter is not entitled to dissent with respect to the notice shares under this Division.

#### **Shareholders entitled to return of shares and rights**

**247** If, under section 244 (4) or (5), 245 (4) (a) or 246, this Division, other than this section, ceases to apply to a dissenter with respect to notice shares,

- (a) the company must return to the dissenter each of the applicable share certificates, if any, sent under section 244 (1) (b) or, if those share certificates are unavailable, replacements for those share certificates,
- (b) the dissenter regains any ability lost under section 244 (6) to vote, or exercise or assert any rights of a shareholder, in respect of the notice shares, and
- (c) the dissenter must return any money that the company paid to the dissenter in respect of the notice shares under, or in purported compliance with, this Division.

**SCHEDULE “F”**

**ABBASTAR RESOURCES CORP.**

PRO-FORMA STATEMENT OF FINANCIAL POSITION

June 30, 2012

(Unaudited – Expressed in Canadian Dollars)

**ABBASTAR RESOURCES CORP.**

## PRO-FORMA STATEMENT OF FINANCIAL POSITION

JUNE 30, 2012

(Unaudited – Expressed in Canadian Dollars)

	Abbastar Resources Corp. \$	Pro-Forma Adjustments (Note 2) \$		Abbastar Resources Corp. Pro-Forma \$
<b>Assets</b>				
Current				
Cash	2,318	50,000	(a)	66,318
		100,000	(b)	
		(70,000)	(c)	
		(16,000)	(e)	
Amounts receivables	13,633			13,633
	15,951	64,000		79,951
Doran Interest	100,000	(100,000)	(c)	-
	115,951	(36,000)		79,951
<b>Liabilities</b>				
Current				
Payables and accruals	231,270			231,270
Loans payable		100,000	(b)	100,000
Due to related parties	455,331			455,331
	686,601	100,000		786,601
<b>Equity</b>				
Share capital	11,534,666	50,000	(a)	11,414,666
		(170,000)	(c)	
Reserves	1,215,821			1,215,821
Deficit	(13,321,137)	(16,000)	(e)	(13,337,137)
	(570,650)	(136,000)		(706,650)
	115,951	(36,000)		79,951

## ABBASTAR RESOURCES CORP.

### NOTES TO THE PRO-FORMA STATEMENT OF FINANCIAL POSITION

(Unaudited – Expressed in Canadian Dollars)

June 30, 2012

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#### Note 1 Basis of Presentation

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This unaudited pro-forma statement of financial position has been compiled for the purposes of inclusion in the Management Information Circular of Abbastar Resources Corp. (“Abbastar” or the “Company”) dated October 15, 2012, in connection with the reorganization of Abbastar’s interests in the Smith Creek Option, Manson River Zinc Option, Doran Interest and Kid Copper Option to four separate corporate entities. A pro-forma presentation of operations for any period ending June 30, 2012 is not considered practicable in this circumstance nor would it provide any meaningful information to a financial statement reader.

This pro-forma statement of financial position has been derived from the unaudited statement of financial position of Abbastar as at June 30, 2012 and gives effect to the Company’s proposed Plan of Arrangement (the “Arrangement”) under the *Business Corporations Act* (British Columbia), as described herein. Upon completion of the Arrangement, as more fully described in Note 2:

- Abbastar’s interest in the Smith Creek Option and \$17,500 cash will be owned by Anacott Resources Corp. (“Anacott”), which itself will be owned directly by the current shareholders of Abbastar;
- Abbastar’s interest in the Manson River Zinc Option. and \$17,500 cash will be owned by Brunello Resources Corp. (“Brunello”), which itself will be owned directly by the current shareholders of Abbastar;
- Abbastar’s ownership of the Doran Interest and \$17,500 cash will be owned by Sparx Energy Corp. (“Sparx”), which itself will be owned directly by the current shareholders of Abbastar; and
- Abbastar’s interest in the Kid Copper Option and \$17,500 cash will be owned by Teldar Resources Corp. (“Teldar”), which itself will be owned directly by the current shareholders of Abbastar.

The pro-forma statement of financial position has been prepared as if the Arrangement had occurred on June 30, 2012 and that the adjustments disclosed in Note 2 had occurred on the same date. In the opinion of management, the pro-forma statement of financial position includes all the adjustments necessary for fair presentation in accordance with International Financial Reporting Standards (“IFRS”), inclusive of the effect of the assumptions disclosed in Note 3.

This pro-forma statement of financial position is not necessarily reflective of the financial position that would have resulted if the events reflected herein under the Arrangement had occurred on June 30, 2012, but rather expresses the pro-forma results of specific transactions currently proposed. Further, this pro-forma statement of financial position is not necessarily indicative of the financial position that may be attained in the future. This pro-forma statement of financial position should also be read in conjunction with Abbastar’s audited December 31, 2011 annual financial statements included in the Circular.

## ABBASTAR RESOURCES CORP.

### NOTES TO THE PRO-FORMA STATEMENT OF FINANCIAL POSITION

(Unaudited – Expressed in Canadian Dollars)

June 30, 2012

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#### Note 2 Pro-forma Adjustments

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The unaudited pro-forma statement of financial position gives effect to the following transactions as if they had occurred at June 30, 2012:

- (a) Subsequent to the period ended June 30, 2012, Abbastar closed a private placement of 1,000,000 common shares at a price of \$0.05 per share for a total consideration of \$50,000. As a result, Abbastar's common shares outstanding are expected to be 6,068,614 prior to the issuance of the Asset Consideration Anacott, Brunello, Sparx and Teldar Shares.
- (b) Subsequent to the period ended June 30, 2012, Abbastar arranged for loans from arm length parties totaling \$100,000.
- (c) The Company will transfer the assets referred to in Note 1 to each of Anacott, Brunello, Sparx and Teldar in consideration for 6,068,614 class A preferred shares from each of Anacott, Brunello, Sparx and Teldar (the "Asset Consideration Anacott, Brunello, Sparx and Teldar Shares") such Asset Consideration Anacott, Brunello, Sparx and Teldar Shares to be multiplied by the Conversion Factor so that Abbastar shall receive from each Abbastar Subsidiary, in consideration for the Assets, the number of shares equal to the issued and outstanding Abbastar Shares as of the Share Distribution Record Date (See Note 3).
- (d) The Company will convert the Asset Consideration Shares into common shares of each of Anacott, Brunello, Sparx and Teldar ("Converted Shares") and distribute the Converted Shares to the Abbastar Shareholders by way of a reduction of the paid-up capital of Abbastar. As a result of the conversion, the number of outstanding Anacott, Brunello, Sparx and Teldar Shares will be equal to the number of Abbastar Shares outstanding multiplied by the Conversion Factor as of the Share Distribution Record Date.
- (e) The Company is to pay \$16,000 of the \$46,000 estimated total costs to complete the Arrangement and Anacott, Brunello, Sparx and Teldar are to pay \$7,500 each.

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#### Note 3 Pro-forma Assumptions

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Pursuant to the Arrangement, the Assets to be transferred to Anacott, Brunello, Sparx and Teldar, based on their carrying values in the financial statements of Abbastar at June 30, 2012, are as follows:

Assets:

Smith Creek Option	\$	Nil
Manson River Zinc Option		Nil
Doran Interest		100,000
Kid Copper Option		Nil
Cash		<u>70,000</u>
	\$	<u>170,000</u>

## **ABBASTAR RESOURCES CORP.**

### **NOTES TO THE PRO-FORMA STATEMENT OF FINANCIAL POSITION**

(Unaudited – Expressed in Canadian Dollars)

June 30, 2012

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#### **Note 3 Pro-forma Assumptions (continued)**

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The Arrangement envisions the transfer of these Assets from their ownership by Abbastar to ownership by Abbastar's wholly-owned subsidiaries Anacott, Brunello, Sparx and Teldar, and the immediate distribution of a controlling interest in the common shares of Anacott, Brunello, Sparx and Teldar to the current shareholders of Abbastar. The shareholders of Abbastar at the time of the Arrangement will continue to collectively own these assets, albeit through an altered corporate structure. Consequently, given that there will be no substantive change in the beneficial ownership of these assets at the time that they are vended to these subsidiaries, the transfer is recorded under IFRS using the historical carrying values of the assets in the accounts of Abbastar.

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#### **Note 4 Investment Commitments**

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Abbastar Options and Abbastar Warrants outstanding at the Effective Date of the Arrangement will entitle the holder to acquire common shares of Anacott, Brunello, Sparx and Teldar based on the Conversion Factor, being the number arrived at by dividing the number of issued Abbastar Shares as of the close of business on the Share Distribution Record Date by 6,068,614. Abbastar will be required to remit to Anacott, Brunello, Sparx and Teldar a portion of the funds received by Abbastar in accordance with the formula set out in the Arrangement Agreement.

**SCHEDULE “G”**

**ANACOTT RESOURCES CORP.**

PRO-FORMA STATEMENT OF FINANCIAL POSITION

June 30, 2012

(Unaudited – Expressed in Canadian Dollars)

**ANACOTT RESOURCES CORP.**

## PRO-FORMA STATEMENT OF FINANCIAL POSITION

JUNE 30, 2012

(Unaudited – Expressed in Canadian Dollars)

	Anacott Resources Corp. \$	Pro-Forma Adjustments (Note 2) \$		Anacott Resources Corp. Pro-Forma \$
<b>Assets</b>				
Current				
Cash	1	17,500 (7,500) (1)	(a) (b) (c)	10,000
	1	9,999		10,000
Smith Creek Option	-	-		-
	1	9,999		10,000
<b>Liabilities</b>				
Current				
Payables and accruals	-			-
<b>Equity</b>				
Share capital	1	17,500 (7,500) (1)	(a) (b) (c)	10,000
Deficit	-			-
	1	9,999		10,000
	1	9,999		10,000

## **ANACOTT RESOURCES CORP.**

### NOTES TO THE PRO-FORMA STATEMENT OF FINANCIAL POSITION

(Unaudited – Expressed in Canadian Dollars)

June 30, 2012

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#### **Note 1 Basis of Presentation**

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This unaudited pro-forma statement of financial position has been compiled for the purposes of inclusion in the Management Information Circular of Abbastar Resources Corp. (“Abbastar”) dated October 15, 2012, in connection with the reorganization of Abbastar’s interests in the Smith Creek Property with Anacott Resources Corp. (the “Smith Creek Option”) to a separate corporate entity by a Plan of Arrangement (the “Arrangement”). Anacott Resources Corp. (“Anacott” or the “Company”) has been incorporated under the *Business Corporations Act* (British Columbia) with one common share issued to its initial and sole shareholder, Abbastar. Under the terms of the Arrangement, Anacott will own all of Abbastar’s interest in the Smith Creek Option. As consideration for the Smith Creek Option, Anacott will be expected to issue 1,011,435 common shares (equal to the same number of Abbastar shares expected to be outstanding as of the Share Distribution Record Date) to Abbastar, which will then be distributed to the current shareholders of Abbastar pro-rata based on their relative shareholdings of Abbastar.

The pro-forma statement of financial position has been prepared as if the Arrangement had occurred on June 30, 2012 and that the adjustments disclosed in Note 2 had occurred on the same date. In the opinion of management, the pro-forma statement of financial position includes all the adjustments necessary for fair presentation in accordance with International Financial Reporting Standards, inclusive of the effect of the assumptions disclosed in Note 3. A pro-forma presentation of operations for the period ending June 30, 2012 is not considered practicable in this circumstance nor would it provide any meaningful information to a financial statement reader.

This pro-forma statement of financial position is not necessarily reflective of the financial position that would have resulted if the events reflected herein under the Arrangement had actually occurred on June 30, 2012, but rather expresses the pro-forma results of specific transactions currently proposed. Further, this pro-forma statement of financial position is not necessarily indicative of the financial position that may be attained in the future.

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#### **Note 2 Pro-forma Adjustments**

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The pro-forma statement of financial position gives effect to the following transactions as if they had occurred at June 30, 2012:

- (a) Abbastar transfers certain assets, described further in Note 3, to Anacott and receives in consideration 1,011,435 Anacott Shares of Anacott multiplied by the Conversion Factor (the “Asset Consideration Anacott Shares”).
- (b) Total costs to complete the Arrangement are estimated at \$46,000 and \$7,500 is to be borne by Anacott and is recorded as share issue costs.
- (c) The Company will redeem the incorporator share of one share.

## ANACOTT RESOURCES CORP.

### NOTES TO THE PRO-FORMA STATEMENT OF FINANCIAL POSITION

(Unaudited – Expressed in Canadian Dollars)

June 30, 2012

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#### Note 3 Pro-forma Assumptions

---

Pursuant to the Arrangement, the Assets to be transferred to Anacott, based on their carrying values in the financial statements of Abbastar at June 30, 2012, are as follows:

Assets:

Cash	\$	17,500
Smith Creek Option		<u>-</u>
	\$	<u>17,500</u>

The Arrangement envisions the transfer of these Assets from their ownership by Abbastar to ownership by Abbastar's wholly-owned subsidiary Anacott and the immediate distribution of a controlling interest in Anacott Shares to the current shareholders of Abbastar. The shareholders of Abbastar at the time of the Arrangement will continue to collectively own these assets, albeit through an altered corporate structure. Consequently, given that there will be no substantive change in the beneficial ownership of these assets at the time that they are vended to Anacott; the transfer must be recorded using the historical carrying values of the assets in the accounts of Abbastar.

Anacott will assume the position of Abbastar with respect to the Smith Creek Option. To earn a 100% interest in the Smith Creek Property, Anacott shall make certain expenditures and cash payments over a period of four years.

Further, the pro-forma statement of financial position reflects the assumption that Anacott will acquire a tax basis in its option equal to the carrying amount for accounting purposes, such that no liability exists for future income taxes.

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#### Note 4 Share Capital

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	Shares	\$
Issued at incorporation	1	1
Redemption of incorporator share	(1)	(1)
Issued on acquisition of Smith Creek Option, net of \$7,500 share issue costs	<u>1,011,435</u>	<u>10,000</u>
Pro-forma issued and outstanding	<u>1,011,435</u>	<u>10,000</u>

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#### Note 5 Investment Commitments

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Abbastar Options and Abbastar Warrants outstanding at the Effective Date of the Arrangement will entitle the holder to acquire Abbastar Shares and Anacott Shares based on the Conversion Factor, being the number arrived at by dividing the number of issued Abbastar Shares as of the close of business on the Share Distribution Record Date by 1,011,435. Upon exercise of Abbastar Options or Abbastar Warrants, Abbastar will be required to remit to Anacott a portion of the funds received by Abbastar in accordance with the formula set out in the Arrangement Agreement.

**SCHEDULE “H”**

**BRUNELLO RESOURCES CORP.**

PRO-FORMA STATEMENT OF FINANCIAL POSITION

June 30, 2012

(Unaudited – Expressed in Canadian Dollars)

**BRUNELLO RESOURCES CORP.**

## PRO-FORMA STATEMENT OF FINANCIAL POSITION

JUNE 30, 2012

(Unaudited – Expressed in Canadian Dollars)

	Brunello Resources Corp. \$	Pro-Forma Adjustments (Note 2) \$		Brunello Resources Corp. Pro-Forma \$
<b>Assets</b>				
Current				
Cash	1	17,500 (7,500) (1)	(a) (b) (c)	10,000
	1	9,999		10,000
Manson River Zinc Option	-	-		-
	1	9,999		10,000
<b>Liabilities</b>				
Current				
Payables and accruals	-	-		-
<b>Equity</b>				
Share capital	1	17,500 (7,500) (1)	(a) (b) (c)	10,000
Deficit	-	-		-
	1	9,999		10,000
	1	9,999		10,000

## **BRUNELLO RESOURCES CORP.**

### NOTES TO THE PRO-FORMA STATEMENT OF FINANCIAL POSITION

(Unaudited – Expressed in Canadian Dollars)

June 30, 2012

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#### **Note 1 Basis of Presentation**

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This unaudited pro-forma statement of financial position has been compiled for the purposes of inclusion in the Management Information Circular of Abbastar Resources Corp. (“Abbastar”) dated October 15, 2012, in connection with the reorganization of Abbastar’s interests in the Manson River Zinc Property with Brunello Resources Corp. (the “Manson River Zinc Option”) to a separate corporate entity by a Plan of Arrangement (the “Arrangement”). Brunello Resources Corp. (“Brunello” or the “Company”) has been incorporated under the *Business Corporations Act* (British Columbia) with one common share issued to its initial and sole shareholder, Abbastar. Under the terms of the Arrangement, Brunello will own all of Abbastar’s interest in the Manson River Zinc Option. As consideration for the Manson River Zinc Option, Brunello will be expected to issue 1,011,435 common shares (equal to the same number of Abbastar shares expected to be outstanding as of the Share Distribution Record Date) to Abbastar, which will then be distributed to the current shareholders of Abbastar pro-rata based on their relative shareholdings of Abbastar.

The pro-forma statement of financial position has been prepared as if the Arrangement had occurred on June 30, 2012 and that the adjustments disclosed in Note 2 had occurred on the same date. In the opinion of management, the pro-forma statement of financial position includes all the adjustments necessary for fair presentation in accordance with International Financial Reporting Standards, inclusive of the effect of the assumptions disclosed in Note 3. A pro-forma presentation of operations for the period ending June 30, 2012 is not considered practicable in this circumstance nor would it provide any meaningful information to a financial statement reader.

This pro-forma statement of financial position is not necessarily reflective of the financial position that would have resulted if the events reflected herein under the Arrangement had actually occurred on June 30, 2012, but rather expresses the pro-forma results of specific transactions currently proposed. Further, this pro-forma statement of financial position is not necessarily indicative of the financial position that may be attained in the future.

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#### **Note 2 Pro-forma Adjustments**

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The pro-forma statement of financial position gives effect to the following transactions as if they had occurred at June 30, 2012:

- (a) Abbastar transfers certain assets, described further in Note 3, to Brunello and receives in consideration 1,011,435 Brunello Shares of Brunello multiplied by the Conversion Factor (the “Asset Consideration Brunello Shares”).
- (b) Total costs to complete the Arrangement are estimated at \$46,000 and \$7,500 is to be borne by Brunello and is recorded as share issue costs.
- (c) The Company will redeem the incorporator share of one share.

## BRUNELLO RESOURCES CORP.

### NOTES TO THE PRO-FORMA STATEMENT OF FINANCIAL POSITION

(Unaudited – Expressed in Canadian Dollars)

June 30, 2012

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#### Note 3 Pro-forma Assumptions

---

Pursuant to the Arrangement, the Assets to be transferred to Brunello, based on their carrying values in the financial statements of Abbastar at June 30, 2012, are as follows:

Assets:

Cash	\$	17,500
Manson River Zinc Option		<u>-</u>
	\$	<u>17,500</u>

The Arrangement envisions the transfer of these Assets from their ownership by Abbastar to ownership by Abbastar's wholly-owned subsidiary Brunello and the immediate distribution of a controlling interest in Brunello Shares to the current shareholders of Abbastar. The shareholders of Abbastar at the time of the Arrangement will continue to collectively own these assets, albeit through an altered corporate structure. Consequently, given that there will be no substantive change in the beneficial ownership of these assets at the time that they are vended to Brunello; the transfer must be recorded using the historical carrying values of the assets in the accounts of Abbastar.

Brunello will assume the position of Abbastar with respect to the Manson River Zinc Option. To earn a 100% interest in the Manson River Zinc Property, Brunello shall make certain expenditures and cash payments over a period of four years.

Further, the pro-forma statement of financial position reflects the assumption that Brunello will acquire a tax basis in its option equal to the carrying amount for accounting purposes, such that no liability exists for future income taxes.

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#### Note 4 Share Capital

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	Shares	\$
Issued at incorporation	1	1
Redemption of incorporator share	(1)	(1)
Issued on acquisition of Manson River Zinc Option, net of \$7,500 share issue costs	<u>1,011,435</u>	<u>10,000</u>
Pro-forma issued and outstanding	<u>1,011,435</u>	<u>10,000</u>

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#### Note 5 Investment Commitments

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Abbastar Options and Abbastar Warrants outstanding at the Effective Date of the Arrangement will entitle the holder to acquire Abbastar Shares and Brunello Shares based on the Conversion Factor, being the number arrived at by dividing the number of issued Abbastar Shares as of the close of business on the Share Distribution Record Date by 1,011,435. Upon exercise of Abbastar Options or Abbastar Warrants, Abbastar will be required to remit to Brunello a portion of the funds received by Abbastar in accordance with the formula set out in the Arrangement Agreement.

**SCHEDULE "I"**

**SPARX ENERGY CORP.**

PRO-FORMA STATEMENT OF FINANCIAL POSITION

June 30, 2012

(Unaudited – Expressed in Canadian Dollars)

**SPARX ENERGY CORP.**

## PRO-FORMA STATEMENT OF FINANCIAL POSITION

JUNE 30, 2012

(Unaudited – Expressed in Canadian Dollars)

	Sparx Energy Corp. \$	Pro-Forma Adjustments (Note 2) \$		Sparx Energy Corp. Pro-Forma \$
<b>Assets</b>				
Current				
Cash	1	17,500 (7,500) (1)	(a) (b) (c)	10,000
	1	9,999		10,000
Doran Interest	-	100,000	(a)	100,000
	1	109,999		110,000
<b>Liabilities</b>				
Current				
Payables and accruals	-			-
<b>Equity</b>				
Share capital	1	117,500 (7,500) (1)	(a) (b) (c)	110,000
Deficit	-			-
	1	109,999		110,000
	1	109,999		110,000

## SPARX ENERGY CORP.

### NOTES TO THE PRO-FORMA STATEMENT OF FINANCIAL POSITION

(Unaudited – Expressed in Canadian Dollars)

June 30, 2012

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#### Note 1 Basis of Presentation

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This unaudited pro-forma statement of financial position has been compiled for the purposes of inclusion in the Management Information Circular of Abbastar Energy Corp. (“Abbastar”) dated October 15, 2012, in connection with the reorganization of Abbastar’s interests in the Doran Property with Sparx Energy Corp. (the “Doran Interest”) to a separate corporate entity by a Plan of Arrangement (the “Arrangement”). Sparx Energy Corp. (“Sparx” or the “Company”) has been incorporated under the *Business Corporations Act* (British Columbia) with one common share issued to its initial and sole shareholder, Abbastar. Under the terms of the Arrangement, Sparx will own all of Abbastar’s interest in the Doran Property. As consideration for the Doran Interest, Sparx will be expected to issue 1,011,435 common shares (equal to the same number of Abbastar shares expected to be outstanding as of the Share Distribution Record Date) to Abbastar, which will then be distributed to the current shareholders of Abbastar pro-rata based on their relative shareholdings of Abbastar.

The pro-forma statement of financial position has been prepared as if the Arrangement had occurred on June 30, 2012 and that the adjustments disclosed in Note 2 had occurred on the same date. In the opinion of management, the pro-forma statement of financial position includes all the adjustments necessary for fair presentation in accordance with International Financial Reporting Standards, inclusive of the effect of the assumptions disclosed in Note 3. A pro-forma presentation of operations for the period ending June 30, 2012 is not considered practicable in this circumstance nor would it provide any meaningful information to a financial statement reader.

This pro-forma statement of financial position is not necessarily reflective of the financial position that would have resulted if the events reflected herein under the Arrangement had actually occurred on June 30, 2012, but rather expresses the pro-forma results of specific transactions currently proposed. Further, this pro-forma statement of financial position is not necessarily indicative of the financial position that may be attained in the future.

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#### Note 2 Pro-forma Adjustments

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The pro-forma statement of financial position gives effect to the following transactions as if they had occurred at June 30, 2012:

- (a) Abbastar transfers certain assets, described further in Note 3, to Sparx and receives in consideration 1,011,435 Sparx Shares of Sparx multiplied by the Conversion Factor (the “Asset Consideration Sparx Shares”).
- (b) Total costs to complete the Arrangement are estimated at \$46,000 and \$7,500 is to be borne by Sparx and is recorded as share issue costs.
- (c) The Company will redeem the incorporator share of one share.

## SPARX ENERGY CORP.

### NOTES TO THE PRO-FORMA STATEMENT OF FINANCIAL POSITION

(Unaudited – Expressed in Canadian Dollars)

June 30, 2012

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#### Note 3 Pro-forma Assumptions

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Pursuant to the Arrangement, the Assets to be transferred to Sparx, based on their carrying values in the financial statements of Abbastar at June 30, 2012, are as follows:

Assets:

Cash	\$	17,500
Doran Interest		<u>100,000</u>
	\$	<u>117,500</u>

The Arrangement envisions the transfer of these Assets from their ownership by Abbastar to ownership by Abbastar's wholly-owned subsidiary Sparx and the immediate distribution of a controlling interest in Sparx Shares to the current shareholders of Abbastar. The shareholders of Abbastar at the time of the Arrangement will continue to collectively own these assets, albeit through an altered corporate structure. Consequently, given that there will be no substantive change in the beneficial ownership of these assets at the time that they are vended to Sparx; the transfer must be recorded using the historical carrying values of the assets in the accounts of Abbastar.

Sparx will assume the position of Abbastar with respect to the Doran Interest.

Further, the pro-forma statement of financial position reflects the assumption that Sparx will acquire a tax basis in its Interest equal to the carrying amount for accounting purposes, such that no liability exists for future income taxes.

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#### Note 4 Share Capital

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	Shares	\$
Issued at incorporation	1	1
Redemption of incorporator share	(1)	(1)
Issued on acquisition of Doran Interest, net of \$7,500 share issue costs	<u>1,011,435</u>	<u>110,000</u>
Pro-forma issued and outstanding	<u>1,011,435</u>	<u>110,000</u>

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#### Note 5 Investment Commitments

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Abbastar Options and Abbastar Warrants outstanding at the Effective Date of the Arrangement will entitle the holder to acquire Abbastar Shares and Sparx Shares based on the Conversion Factor, being the number arrived at by dividing the number of issued Abbastar Shares as of the close of business on the Share Distribution Record Date by 1,011,435. Upon exercise of Abbastar Options or Abbastar Warrants, Abbastar will be required to remit to Sparx a portion of the funds received by Abbastar in accordance with the formula set out in the Arrangement Agreement.

**SCHEDULE “J”**

**TELDAR RESOURCES CORP.**

PRO-FORMA STATEMENT OF FINANCIAL POSITION

June 30, 2012

(Unaudited – Expressed in Canadian Dollars)

**TELDAR RESOURCES CORP.**

## PRO-FORMA STATEMENT OF FINANCIAL POSITION

JUNE 30, 2012

(Unaudited – Expressed in Canadian Dollars)

	Teldar Resources Corp. \$	Pro-Forma Adjustments (Note 2) \$		Teldar Resources Corp. Pro-Forma \$
<b>Assets</b>				
Current				
Cash	1	17,500 (7,500) (1)	(a) (b) (c)	10,000
	1	9,999		10,000
Kid Copper Option	-	-		-
	1	9,999		10,000
<b>Liabilities</b>				
Current				
Payables and accruals	-			-
<b>Equity</b>				
Share capital	1	17,500 (7,500) (1)	(a) (b) (c)	10,000
Deficit	-			-
	1	9,999		10,000
	1	9,999		10,000

## TELDAR RESOURCES CORP.

### NOTES TO THE PRO-FORMA STATEMENT OF FINANCIAL POSITION

(Unaudited – Expressed in Canadian Dollars)

June 30, 2012

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#### Note 1 Basis of Presentation

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This unaudited pro-forma statement of financial position has been compiled for the purposes of inclusion in the Management Information Circular of Abbastar Resources Corp. (“Abbastar”) dated October 15, 2012, in connection with the reorganization of Abbastar’s interests in the Kid Copper Property with Teldar Resources Corp. (the “Kid Copper Option”) to a separate corporate entity by a Plan of Arrangement (the “Arrangement”). Teldar Resources Corp. (“Teldar” or the “Company”) has been incorporated under the *Business Corporations Act* (British Columbia) with one common share issued to its initial and sole shareholder, Abbastar. Under the terms of the Arrangement, Teldar will own all of Abbastar’s interest in the Kid Copper Option. As consideration for the Kid Copper Option, Teldar will be expected to issue 1,011,435 common shares (equal to the same number of Abbastar shares expected to be outstanding as of the Share Distribution Record Date) to Abbastar, which will then be distributed to the current shareholders of Abbastar pro-rata based on their relative shareholdings of Abbastar.

The pro-forma statement of financial position has been prepared as if the Arrangement had occurred on June 30, 2012 and that the adjustments disclosed in Note 2 had occurred on the same date. In the opinion of management, the pro-forma statement of financial position includes all the adjustments necessary for fair presentation in accordance with International Financial Reporting Standards, inclusive of the effect of the assumptions disclosed in Note 3. A pro-forma presentation of operations for the period ending June 30, 2012 is not considered practicable in this circumstance nor would it provide any meaningful information to a financial statement reader.

This pro-forma statement of financial position is not necessarily reflective of the financial position that would have resulted if the events reflected herein under the Arrangement had actually occurred on June 30, 2012, but rather expresses the pro-forma results of specific transactions currently proposed. Further, this pro-forma statement of financial position is not necessarily indicative of the financial position that may be attained in the future.

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#### Note 2 Pro-forma Adjustments

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The pro-forma statement of financial position gives effect to the following transactions as if they had occurred at June 30, 2012:

- (a) Abbastar transfers certain assets, described further in Note 3, to Teldar and receives in consideration 1,011,435 Teldar Shares of Teldar multiplied by the Conversion Factor (the “Asset Consideration Teldar Shares”).
- (b) Total costs to complete the Arrangement are estimated at \$46,000 and \$7,500 is to be borne by Teldar and is recorded as share issue costs.
- (c) The Company will redeem the incorporator share of one share.

## TELDAR RESOURCES CORP.

### NOTES TO THE PRO-FORMA STATEMENT OF FINANCIAL POSITION

(Unaudited – Expressed in Canadian Dollars)

June 30, 2012

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#### Note 3 Pro-forma Assumptions

---

Pursuant to the Arrangement, the Assets to be transferred to Teldar, based on their carrying values in the financial statements of Abbastar at June 30, 2012, are as follows:

Assets:

Cash	\$	17,500
Kid Copper Option		<u>-</u>
	\$	<u>17,500</u>

The Arrangement envisions the transfer of these Assets from their ownership by Abbastar to ownership by Abbastar's wholly-owned subsidiary Teldar and the immediate distribution of a controlling interest in Teldar Shares to the current shareholders of Abbastar. The shareholders of Abbastar at the time of the Arrangement will continue to collectively own these assets, albeit through an altered corporate structure. Consequently, given that there will be no substantive change in the beneficial ownership of these assets at the time that they are vended to Teldar; the transfer must be recorded using the historical carrying values of the assets in the accounts of Abbastar.

Teldar will assume the position of Abbastar with respect to the Kid Copper Option. To earn a 100% interest in the Kid Copper Property, Teldar shall make certain expenditures and cash payments over a period of four years.

Further, the pro-forma statement of financial position reflects the assumption that Teldar will acquire a tax basis in its option equal to the carrying amount for accounting purposes, such that no liability exists for future income taxes.

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#### Note 4 Share Capital

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	Shares	\$
Issued at incorporation	1	1
Redemption of incorporator share	(1)	(1)
Issued on acquisition of Kid Copper Option, net of \$7,500 share issue costs	<u>1,011,435</u>	<u>10,000</u>
Pro-forma issued and outstanding	<u>1,011,435</u>	<u>10,000</u>

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#### Note 5 Investment Commitments

---

Abbastar Options and Abbastar Warrants outstanding at the Effective Date of the Arrangement will entitle the holder to acquire Abbastar Shares and Teldar Shares based on the Conversion Factor, being the number arrived at by dividing the number of issued Abbastar Shares as of the close of business on the Share Distribution Record Date by 1,011,435. Upon exercise of Abbastar Options or Abbastar Warrants, Abbastar will be required to remit to Teldar a portion of the funds received by Abbastar in accordance with the formula set out in the Arrangement Agreement.

**SCHEDULE "K"**

**AUDITED FINANCIAL STATEMENTS  
AND MD&A OF ABBASTAR RESOURCES CORP.  
FOR THE YEAR ENDED DECEMBER 31, 2011**

**ABBASTAR RESOURCES CORP.**

Vancouver, BC

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**FINANCIAL STATEMENTS**

December 31, 2011 and 2010  
(Expressed in Canadian Dollars)

## INDEPENDENT AUDITORS' REPORT

### To the Shareholders of Abbastar Resources Corp.

We have audited the accompanying financial statements of Abbastar Resources Corp., which comprise the statements of financial position at December 31, 2011, December 31, 2010 and January 1, 2010 and the statements of operations and comprehensive loss, shareholders' deficiency and cash flows for the years ended December 31, 2011 and December 31, 2010, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Abbastar Resources Corp. as at December 31, 2011, December 31, 2010 and January 1, 2010 and its financial performance and its cash flows for the years ended December 31, 2011 and December 31, 2010 in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

### Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1 in the financial statements which indicates that the Company has a working capital deficiency, no current sources of revenue and is dependent upon its ability to secure new sources of financing. These conditions, along with other matters as set forth in Note 1, indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.



**CHARTERED ACCOUNTANTS**  
Vancouver, BC  
April 27, 2012

**ABBASTAR RESOURCES CORP.**

## STATEMENTS OF FINANCIAL POSITION

(Expressed in Canadian Dollars)

As at

	December 31, 2011 \$	December 31, 2010 \$ (Note 11)	January 1, 2010 \$ (Note 11)
<b>Assets</b>			
Current			
Cash	12,869	22,555	1,357,536
Amounts receivable	4,833	6,051	18,140
	<b>17,702</b>	28,606	1,375,676
Equipment (Note 3)	242	302	378
Mineral interests (Note 4)	100,000	100,000	100,000
	<b>117,944</b>	128,908	1,476,054
<b>Liabilities</b>			
Current			
Payables and accruals	182,203	163,806	59,044
Due to related parties (Note 5)	395,620	145,957	21,000
Flow-through share liability (Note 11)	-	-	245,271
	<b>577,823</b>	309,763	325,315
<b>Equity (Deficiency)</b>			
Share capital (Note 6)	11,534,666	11,534,666	11,412,434
Reserves	1,215,821	1,207,042	1,140,579
Deficit	(13,210,366)	(12,922,563)	(11,402,274)
	<b>(459,879)</b>	(180,855)	1,150,739
	<b>117,944</b>	128,908	1,476,054

Nature and continuance of operations (Note 1)

Approved on behalf of the board of directors

*"Donald Gordon"*

Director

*"Patrick Lavin"*

Director

The accompanying notes are an integral part of these financial statements.

**ABBASTAR RESOURCES CORP.**

## STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS

(Expressed in Canadian Dollars)

Years ended December 31,

	2011	2010
	\$	\$
		(Note 11)
<b>Expenses</b>		
Amortization	60	76
Bank charges and interest	3,909	1,226
Consulting fees	24,000	113,786
Corporate communications	-	37,242
Management fees	132,000	-
Mineral exploration expenditures (Note 7)	-	1,292,399
Office and miscellaneous	40,597	41,476
Professional fees	13,500	18,800
Regulatory and transfer agent fees	21,238	20,041
Salaries	38,481	90,790
Share-based payments	8,779	102,345
Travel and promotion	5,239	937
<b>Loss from operations</b>	<b>(287,803)</b>	<b>(1,719,118)</b>
<b>Other items</b>		
Premium on flow-through shares	-	245,271
Litigation settlement	-	(55,509)
Gain on settlement of accounts payable	-	4,200
Exploration tax credit (Note 7)	-	4,867
<b>Net loss and comprehensive loss for the year</b>	<b>(287,803)</b>	<b>(1,520,289)</b>
<b>Basic and diluted loss per common share</b>	<b>(0.06)</b>	<b>(\$0.30)</b>
<b>Weighted average number of common shares outstanding</b>	<b>5,068,614</b>	<b>5,027,922</b>

The accompanying notes are an integral part of these financial statements.

**ABBASTAR RESOURCES CORP.**

## STATEMENTS OF SHAREHOLDERS' DEFICIENCY

(Expressed in Canadian Dollars)

	Share Capital		Reserve	Deficit	Equity
	Number	Amount			(Deficiency)
		\$	\$	\$	\$
Balances, January 1, 2010 (Note 11)	4,947,364	11,412,434	1,140,579	(11,402,274)	1,150,739
Stock options exercised	111,250	77,950	-	-	77,950
Warrants exercised	10,000	8,400	-	-	8,400
Fair value of stock options exercised	-	33,360	(33,360)	-	-
Fair value of warrants exercised	-	2,522	(2,522)	-	-
Share-based payments	-	-	102,345	-	102,345
Net loss	-	-	-	(1,520,289)	(1,520,289)
Balances, December 31, 2010 (Note11)	5,068,614	11,534,666	1,207,042	(12,922,563)	(180,855)
Share-based payments	-	-	<b>8,779</b>	-	<b>8,779</b>
Net loss	-	-	-	<b>(287,803)</b>	<b>(287,803)</b>
<b>Balances, December 31, 2011</b>	<b>5,068,614</b>	<b>11,534,666</b>	<b>1,215,821</b>	<b>(13,210,366)</b>	<b>(459,879)</b>

The accompanying notes are an integral part of these financial statements.

**ABBASTAR RESOURCES CORP.**

## STATEMENTS OF CASH FLOWS

(Expressed in Canadian Dollars)

Years ended December 31,

	2011	2010
	\$	\$
		(Note 11)
<b>Cash flows from operating activities</b>		
Net loss for the year	(287,803)	(1,520,289)
Items not involving cash:		
Amortization	60	76
Share-based payments	8,779	102,345
Gain on settlement of accounts payable	-	4,200
Premium on flow-through shares	-	(245,271)
Changes in non-cash working capital		
Amounts receivable	1,218	12,089
Payables and accruals	18,397	100,562
Due to related parties	249,663	124,957
Net cash used in operating activities	(9,686)	(1,421,331)
<b>Cash flows from financing activities</b>		
Issue of common shares	-	86,350
Net cash provided by financing activities	-	86,350
Decrease in cash during the year	(9,686)	(1,334,981)
Cash, beginning of year	22,555	1,357,536
Cash, end of year	12,869	22,555
<b>Supplementary cash flow information</b>		
Interest paid	357	-

The accompanying notes are an integral part of these financial statements.

## **ABBASTAR RESOURCES CORP.**

### **NOTES TO THE FINANCIAL STATEMENTS**

(Expressed in Canadian Dollars)

December 31, 2011 and 2010

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#### **Note 1 Nature and Continuance of Operations**

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Abbastar Resources Corp. (the "Company") was incorporated in the Province of British Columbia under the name 424025 B.C. Ltd. on April 13, 1992. On June 14, 2006, the Company adopted new Articles and changed its authorized capital to an unlimited number of common shares without par value. The Company's principal office and registered and records office is located at 1201-700 West Pender Street, Vancouver, BC V6C 1G8.

On August 10, 2011 the Company's shares were consolidated on the basis of one new share for four old shares. All references to share and per share amounts have been retroactively restated to reflect the share consolidation.

The Company is a junior exploration company engaged in the business of identification, acquisition and exploration of mineral interests.

At the date of the financial statements, the Company has not identified a known body of commercial grade mineral on any of its properties. The ability of the Company to realize the costs it has incurred to date on these properties is dependent upon the Company identifying a commercial mineral body, to finance its development costs and to resolve any environmental, regulatory or other constraints which may hinder the successful development of the property. To date, the Company has not earned any revenues and is considered to be in the exploration stage.

Management is targeting sources of additional financing through alliances with financial, exploration and mining entities, and other business and financial transactions which would assure continuation of the Company's operations and exploration programs. In addition, management closely monitors commodity prices of precious metals, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company if favourable or adverse market conditions occur.

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") on a going concern basis which presumes the realization of assets and settlement of liabilities in the normal course of operations in the foreseeable future. The Company has incurred operating losses and, at December 31, 2011, has a cumulative deficit of \$13,210,366 and a working capital deficiency of \$560,121. The ability of the Company to continue as a going concern is dependent upon a number of factors including obtaining additional financing as required and seeking profitable operations.

These financial statements are presented in Canadian dollars, unless otherwise indicated and are authorized for issue by the Board of Directors on April 27, 2012.

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#### **Note 2 Significant Accounting Policies**

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##### **Basis of presentation**

The Company's annual audited financial statements are issued under International Financial Reporting Standards ("IFRS") for the year ended December 31, 2011 including the 2010 comparative period. They have been prepared in accordance with IFRS 1, First-time Adoption of International Financial Reporting Standards.

## **ABBASTAR RESOURCES CORP.**

### NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Canadian Dollars)

December 31, 2011 and 2010

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#### **Note 2 Significant Accounting Policies (continued)**

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##### **Basis of presentation (continued)**

Previously, the Company prepared its interim and annual financial statements in accordance with Canadian generally accepted accounting principles ("Canadian GAAP").

The preparation of these annual audited financial statements resulted in selected changes to the Company's accounting policies as compared to those disclosed in the Company's annual audited financial statements for the period ended December 31, 2010 issued under Canadian GAAP. A summary of the changes to Abbastar's accounting policies is disclosed in Note 11 along with reconciliations presenting the impact of the transition to IFRS for the comparative periods as at January 1, 2010 and as at the year ended December 31, 2010.

A summary of the Company's significant accounting policies under IFRS is presented below. These policies have been retrospectively and consistently applied except where specific exemptions permitted an alternative treatment upon transition to IFRS in accordance with IFRS 1 as disclosed in Note 11.

These financial statements have been prepared on a historical cost basis, except for financial instruments classified as financial instruments at fair value through profit and loss, which are stated at their fair value.

##### **Use of Estimates**

The preparation of financial statements in conformity with IFRS requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported revenues and expenses during the period.

Although management uses historical experience and its best knowledge of the amount, events or actions to form the basis for judgments and estimates, actual results may differ from these estimates.

The most significant accounts that require estimates as the basis for determining the stated amounts include the recoverability of receivables, valuation of mineral interests, valuation of share-based payments, and the valuation allowance for deferred income tax assets.

##### **Receivables**

The Company records an allowance for doubtful accounts against accounts receivable that management believes are impaired. Specific allowances are recorded against receivables based on the Company's knowledge of the financial condition of its customers. The Company also considers the aging of the receivables, customer and industry concentrations, the current business environment and historical experience.

## **ABBASTAR RESOURCES CORP.**

### NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Canadian Dollars)

December 31, 2011 and 2010

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#### **Note 2 Significant Accounting Policies (continued)**

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##### **Equipment**

Equipment is carried at cost, less accumulated depreciation and accumulated impairment losses. Depreciation is recognized using the declining balance method at the annual rate of 20%. Equipment that is withdrawn from use, or has no reasonable prospect of being recovered through use or sale, is regularly identified and written off. The assets' residual values, depreciation methods and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

##### **Flow-through shares**

Canadian Income Tax legislation permits an enterprise to issue securities referred to as flow-through shares, whereby the investor can claim the tax deductions arising from the renunciation of the related resource expenditures. The Company accounts for flow-through shares whereby the premium paid for the flow-through shares in excess of the market value of the shares without flow-through features at the time of issue is a credit to "flow-through share liability" and such credit is reversed to "premium on flow-through shares" as other income at the time the qualifying expenditures are made.

##### **Impairment**

At the end of each reporting period, the Company's assets are reviewed to determine whether there is any indication that those assets may be impaired. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in the profit or loss for the period. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

##### **Financial instruments**

###### *Financial assets*

Financial assets are initially recognized at fair value and are classified into one of the following categories, depending on the purpose for which the asset was acquired.

Fair value through profit or loss – derivatives or assets acquired or incurred principally for the purpose of selling or repurchasing it in the near term. They are carried in the statement of financial position at fair value with changes in fair value recognized in the statement of operations.

## **ABBASTAR RESOURCES CORP.**

### NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Canadian Dollars)

December 31, 2011 and 2010

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#### **Note 2 Significant Accounting Policies (continued)**

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##### **Financial instruments (continued)**

Loans and receivables - non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are carried at cost less any provision for impairment. Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default.

Held-to-maturity investments - non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the positive intention and ability to hold to maturity. These assets are measured at amortized cost using the effective interest method. If there is objective evidence that the investment is impaired, determined by reference to external credit ratings and other relevant indicators, the financial asset is measured at the present value of estimated future cash flows. Any changes to the carrying amount of the investment, including impairment losses, are recognized in the statement of operations.

Available-for-sale – non-derivative financial assets not included in the above categories are classified as available-for-sale. They are carried at fair value with changes in fair value recognized directly in equity. Where a decline in the fair value of an available-for-sale financial asset constitutes objective evidence of impairment, the amount of the loss is removed from equity and recognized in the statement of operations.

All financial assets except for those at fair value through profit or loss are subject to review for impairment at the minimum of at each reporting date. Financial assets are impaired when there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets described above.

##### *Financial liabilities*

The Company classifies its financial liabilities into one of two categories.

Fair value through profit or loss - derivatives or liabilities acquired or incurred principally for the purpose of selling or repurchasing it in the near term. They are carried in the statement of financial position at fair value with changes in fair value recognized in the statement of operations.

Other financial liabilities - includes promissory notes, amounts due to related parties and payables and accruals, all of which are recognized at amortized cost.

##### *Classification of financial instruments*

The Company has classified its cash as fair value through profit or loss; receivables as loans and receivables; and due to related parties and payables and accruals as other financial liabilities.

##### **Mineral exploration expenditures**

The Company's accounting policy relating to mineral exploration expenditures is to expense all exploration expenditures when incurred.

## **ABBASTAR RESOURCES CORP.**

### NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Canadian Dollars)

December 31, 2011 and 2010

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#### **Note 2 Significant Accounting Policies (continued)**

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##### **Mineral exploration expenditures (continued)**

Significant costs related to property acquisitions are capitalized until the viability of the mineral interest is determined. When it has been established that a mineral interest is commercially mineable and an economic analysis has been completed, the costs subsequently incurred to develop a mine on the property prior to the start of mining operations are capitalized and will be amortized against production following commencement of commercial production, or written-off if the property is sold, allowed to lapse or abandoned.

##### **Share-based payments**

The Company applies the fair value method of accounting for stock option awards using the Black-Scholes option pricing model. Under this method, the Company recognizes compensation expense for employee stock option awards, based on the grant date fair value, for each vesting installment, over the vesting period of the options. Each installment is valued separately, based on assumptions determined from historical data, and recognized as compensation expense over each instalment's individual tranche vesting period. Forfeiture estimates are recognized in the period they are estimated, and are revised for actual forfeitures in subsequent periods.

In situations where stock option awards are issued to non-employees and some or all of the goods or services received by the entity as consideration cannot be specifically identified, they are measured at fair value of the share-based payment. Otherwise, share-based payments are measured at the fair value of goods or services received.

##### **Income taxes**

Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity. Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at year end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is recorded using the statement of financial position liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes; the initial recognition of assets or liabilities that affect neither accounting nor taxable loss; and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the statement of financial position date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. To the extent that the Company does not consider it probable that a future tax asset will be recovered, it provides a valuation allowance against that excess.

Additional income taxes that arise from the distribution of dividends are recognized at the same time as the liability to pay the related dividend. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

## ABBASTAR RESOURCES CORP.

### NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Canadian Dollars)

December 31, 2011 and 2010

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#### Note 2 Significant Accounting Policies (continued)

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##### Loss per share

The Company uses the treasury stock method to compute the dilutive effect of options, warrants and similar instruments. Under this method the dilutive effect on loss per share is recognized on the use of proceeds that could be obtained upon exercise of options, warrants and similar instruments. It assumes that the proceeds would be used to purchase common shares at the average market price during the year. For the years presented, the dilutive effect has not been computed as it proved to be anti-dilutive.

Basic loss per share has been calculated using the weighted average number of common shares outstanding during the period.

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#### Note 3 Equipment

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	December 31, 2011			December 31, 2010		
	Cost \$	Accumulated Depreciation \$	Net \$	Cost \$	Accumulated Depreciation \$	Net \$
Office equipment	2,000	1,758	242	2,000	1,698	302

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#### Note 4 Mineral Interests

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##### Talbot Lake Project – Ontario, Canada

On September 21, 2009, the Company and Denison Mines Inc. (“Denison”) entered into an option agreement (the “Talbot Lake Agreement”) wherein the Company has been granted the right to earn a 100% undivided interest (the “Talbot Lake Transaction”) in the Talbot Lake project (“Talbot Lake Project”) situated in the Talbot Lake Area in Northern Ontario.

The Company will earn a 70% interest in the Talbot Lake Project by incurring \$4,000,000 in exploration expenditures as follows:

- \$400,000 on or before September 30, 2010 (this expenditure requirement has been met);
- \$600,000 on or before September 30, 2011 (this expenditure requirement has been met);
- \$1,000,000 on or before September 30, 2012 (\$306,084 has been expended to date);
- \$1,000,000 on or before September 30, 2013; and
- \$1,000,000 on or before September 30, 2014.

Upon the Company’s notification to Denison of having expended \$4,000,000 and earning the 70% interest in the Talbot Lake Project, the Company may elect to earn an additional 30% interest by making a payment of \$250,000 and expending an additional \$3,000,000 on the Talbot Lake Project on or before September 30, 2017.

## **ABBASTAR RESOURCES CORP.**

### **NOTES TO THE FINANCIAL STATEMENTS**

(Expressed in Canadian Dollars)

December 31, 2011 and 2010

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#### **Note 4 Mineral Interests (continued)**

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If the Company elects not to earn an additional 30%, a joint venture of the Company (70%) and Denison (30%) ("Joint Venture") will be formed and governed by a committee of two people from each party. If a Joint Venture has been formed either party may get diluted down to the point of conversion to a 2% NSR and the party holding 51% or more will be the operator/manager of the Talbot Lake Project.

Upon the Company's notification to Denison of having expended \$7,000,000 and earning a 100% undivided interest in the project, subject to a 2% NSR to Denison, the Company will make an additional payment of \$250,000 to Denison. The Company has a right of first refusal should Denison wish to divest all or part of its royalty interest in the Talbot Lake Project and will have the right at any time to buy back 1% of the NSR for \$1,000,000.

To December 31, 2011, the Company had incurred \$1,306,084 in mineral property exploration expenditures as defined in the Talbot Lake Agreement.

Pursuant to the Talbot Lake Agreement, while the Company is earning its interest in the Talbot Lake Project, it will be the operator/manager of the Talbot Lake Project and have the right to make all exploration and development decisions. The Company may at any time elect to withdraw from the project with no interest earned and no further rights or obligations.

In addition, the Company is to maintain the obligations of an underlying agreement between G.S.W. Bruce & Associates ("Bruce") and Denison ("Bruce Agreement"). Per the Bruce Agreement, as expenditures are incurred on the Talbot Lake Project, Bruce will be paid amounts as follows:

- for any part of the first \$500,000 of expenditures (exclusive of staking or other acquisition costs incurred by the Company or Denison), 5% thereof (threshold met); and
- with respect to each full \$1,000,000 of expenditures thereafter, 3%.

These payments are to be made quarterly within 30 days after the end of the quarter in which any such amount becomes payable. At such time as Bruce has been paid an aggregate of \$300,000, the payment conditions outlined above shall terminate and the Company or Denison will have no further obligations to Bruce with regards to expenditures on the Talbot Lake Project. If a positive feasibility study recommending the production of minerals in commercial quantities from the Talbot Lake Project is prepared or if a decision to produce minerals in commercial quantities from the Talbot Lake Project is made, the Company and Denison shall so advise Bruce and Bruce shall immediately be paid a lump sum payment of \$100,000 which is in addition to the payment structure outlined above.

To December 31, 2011, the Company and Denison have expended \$1,663,396 and paid Bruce \$25,000. At December 31, 2011, the Company owes Bruce \$30,000 (December 31, 2010 - \$30,000) which is included in payables and accruals. As a result of the outstanding Bruce amount, the Talbot Lake Agreement is currently not in good standing. The Company is working towards rectifying the situation with Denison.

## **ABBASTAR RESOURCES CORP.**

### **NOTES TO THE FINANCIAL STATEMENTS**

(Expressed in Canadian Dollars)

December 31, 2011 and 2010

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#### **Note 4 Mineral Interests (continued)**

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##### **Doran Property – Quebec, Canada**

On February 13, 2007, the Company and Entourage Mining Ltd. (“Entourage”) entered into an option agreement (the “Doran Agreement”) wherein the Company was granted the sole option and right to acquire up to 70% of Entourage’s interest (the “Doran Transaction”) in the Doran uranium property (the “Doran Property”) situated in Costebelle Township, on the north shore of the Gulf of St. Lawrence in south-eastern Quebec.

On February 16, 2007, the Company advanced Entourage \$100,000 in the form of a promissory note with interest at 8% per annum. In May 2007, the promissory note was converted into the cash payment required pursuant to the Doran Agreement in order to exercise and acquire the interest in the Doran Property.

To December 31, 2011, the Company has incurred \$1,520,190 in mineral property exploration expenditures as defined in the Doran Agreement and earned a 35% interest. The Company elected not to make the necessary mineral exploration expenditures on the Doran Property during the third year and may, pursuant to the Doran Agreement, proceed on a joint venture basis with Entourage.

Title to mineral properties involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from potential aboriginal claims and frequently ambiguous conveyancing history characteristic of many mineral properties. At the time of the acquisitions, the Company had investigated title to the Doran and Talbot Lake Properties and, to its knowledge, title to both are in good standing.

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#### **Note 5 Related Party Transactions**

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All transactions with related parties have occurred in the normal course of operations and are measured at their fair value as determined by management. Unless otherwise indicated, the year-end balances are unsecured, non-interest bearing, without specific terms of repayment and have arisen from advances or the provision of services and fees described.

During the year ended December 31, 2011, the Company incurred \$48,000 in management fees (2010 - \$45,000 ) from a company owned and controlled by its President and at December 31, 2011 the Company owes the President and his companies \$116,660 (2010 - \$50,400) for management fees, expenses and advances which is included in due to related parties.

During the year ended December 31, 2011, the Company incurred \$48,000 in management fees (2010 - \$nil) and \$nil in salary (2010 - \$24,000) to its Chief Financial Officer and at December 31, 2011 the Company owes this individual \$74,844 (2010 - \$7,000) for unpaid salary, management fees and expenses, and \$38,663 (2010 - \$35,357) for a promissory note, which is included in due to related parties. The note bears 10% annual interest calculated daily and is repayable 30 days from the date of demand.

During the year ended December 31, 2011, the Company incurred \$36,000 in management fees (2010 - \$nil) to a director and at December 31, 2011 the Company owes this individual \$56,187 (2010 - \$nil) for fees, expenses and advances which is included in due to related parties.

## **ABBASTAR RESOURCES CORP.**

### **NOTES TO THE FINANCIAL STATEMENTS**

(Expressed in Canadian Dollars)

December 31, 2011 and 2010

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#### **Note 5 Related Party Transactions (continued)**

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During the year ended December 31, 2011, the Company incurred \$36,000 in salary (2010 - \$36,000) to an officer and at December 31, 2011 the Company owes this individual \$46,500 (2010 - \$10,500) for salary which is included in due to related parties.

During the year ended December 31, 2011, the Company incurred \$26,495 (2010 - \$26,575) in fees and expenses from a company with common directors for rent and filing fees. As at December 31, 2011, the Company owes that company \$62,766 (2010 - \$42,700) which is included in due to related parties.

During the year ended December 31, 2010, the Company incurred \$16,500 in salary to its former president and \$15,000 in fees for investor relation services to the son of this individual.

During the year ended December 31, 2010, the Company incurred \$130,531 in fees from a company owned and controlled by a former officer and at December 31, 2011 the Company owes that company \$30,775 (December 31, 2010 - \$30,775) for fees and expense reimbursements which is included in payables and accruals.

Key management personnel comprise the Company's Board of Directors and executive officers. During the year ended December 31, 2011, key management share-based payments were \$8,016 (2010 - \$92,171).

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#### **Note 6 Share Capital**

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##### **Authorized**

Unlimited number of common shares, without par value.

##### **Common shares**

Effective August 10, 2011, the common shares of the Company were consolidated on the basis of four old shares for one new share as authorized by its shareholders at the Company's annual general and special meeting held on June 29, 2011. As a result of the share consolidation, the number of common shares issued and outstanding is 5,068,614, taking into account rounding of fractional shares.

Renounced exploration expenditures:

In January 2010, the Company renounced \$1,296,975 of mineral exploration expenditures under its flow-through share program, resulting in the recognition of "premium on flow-through shares" as other income.

Warrants/stock options exercised:

No stock options or warrants were exercised during the year ended December 31, 2011. During the year ended December 31, 2010, 111,250 stock options were exercised for proceeds of \$77,950 and 10,000 warrants were exercised for proceeds of \$8,400.

## ABBASTAR RESOURCES CORP.

### NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Canadian Dollars)

December 31, 2011 and 2010

#### Note 6 Share Capital (continued)

##### Finder's options

As at December 31, 2011, there were no (2010 – 78,125) finder's options outstanding. On December 18, 2011, the 78,125 finder's options issued in connection with a private placement completed in 2009 expired unexercised.

##### Warrants

	Year ended December 31, 2011		Year ended December 31, 2010	
	Warrants	Weighted Average Exercise Price \$	Warrants	Weighted Average Exercise Price \$
Outstanding, beginning of year	880,625	1.36	890,625	1.36
Expired	(880,625)	1.36	-	-
Exercised	-	-	(10,000)	0.84
Outstanding, end of year	-	-	880,625	1.36

On August 25, 2011, 490,000 warrants, exercisable at \$0.84 per share, expired unexercised and on December 18, 2011, 390,625 warrants, exercisable at \$2.00 per share, expired unexercised.

##### Stock-based compensation plan

The Company has a stock option plan in place under which it is authorized to grant options to executive officers and directors, employees and consultants enabling them to acquire up to 1,000,000 common shares of the Company. Under the plan, the exercise price of each option cannot be less than the discounted market price as defined in Policy 1.1 of the Exchange policies. The options can be granted for a maximum term of five years and the vesting period of each option grant is at the discretion of the board of directors, subject to applicable Exchange policies.

Options under the plan are summarized as follows:

	Year ended December 31, 2011		Year ended December 31, 2010	
	Options	Weighted Average Exercise Price \$	Options	Weighted Average Exercise Price \$
Outstanding, beginning of year	332,500	0.84	595,000	0.95
Granted	-	-	331,250	0.78
Exercised	-	-	(111,250)	0.70
Cancelled	(93,750)	0.69	(482,500)	0.97
Outstanding, end of year	238,750	0.87	332,500	0.84

The weighted average share price during the period of exercise was \$0.64 for 2010.

## ABBASTAR RESOURCES CORP.

### NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Canadian Dollars)

December 31, 2011 and 2010

#### Note 6 Share Capital (continued)

##### Stock-based compensation plan (continued)

Exercise Price \$	Options Outstanding December 31, 2011			Options Exercisable December 31, 2011	
	Number Outstanding	Weighted Average Remaining Contractual Life (Yrs)	Expiry Date	Number Exercisable	Weighted Average Exercise Price \$
0.80	143,750	3.4	20-May-15	143,750	0.80
0.84	32,500	1.5	15-Jul-13	32,500	0.84
1.00	43,750	1.3	15-Apr-13	43,750	1.00
1.20	18,750	0.1	14-Feb-12	18,750	1.20
	<b>238,750</b>	<b>2.5</b>		<b>238,750</b>	<b>0.87</b>

During the year ended December 31, 2011, the total compensation expense related to the fair value of stock options granted and vested was \$8,779 (2010 - \$102,345). This amount was determined using the Black-Scholes option pricing model with the following weighted average assumptions: no dividends were paid, expected volatility of 106.04%; risk-free rate of return of 2.18%; and expected lives of 1.5 years.

The weighted average fair value of options granted during the year ended December 31, 2010 was \$0.08.

#### Note 7 Mineral Exploration Expenditures

A summary of the exploration expenditures incurred on the Talbot Lake Project during the years ended December 31, 2011 and 2010 is as follows:

	2011 \$	2010 \$
Air support and fuel	-	290,508
Assaying and analysis	-	46,815
Contract labour	-	48,864
Drilling	-	476,827
Field supplies	-	219,480
Geological consulting	-	140,825
Prospecting	-	52,390
Shipping, handling and expediting	-	5,068
Travel and lodging	-	11,622
<b>Incurred during the year</b>	-	1,292,399
Cumulative expenditures, beginning of year	1,306,084	13,685
<b>Cumulative expenditures, end of year</b>	<b>1,306,084</b>	1,306,084

## ABBASTAR RESOURCES CORP.

### NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Canadian Dollars)

December 31, 2011 and 2010

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#### Note 7 Mineral Exploration Expenditures (continued)

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A summary of the exploration expenditures incurred on the Doran Property during the years ended December 31, 2011 and 2010 is as follows:

	2011 \$	2010 \$
<b>Incurred during the year</b>	-	-
Exploration tax credit	-	(4,867)
Cumulative expenditures, beginning of year	<b>824,328</b>	829,195
<b>Cumulative expenditures, end of year</b>	<b>824,328</b>	824,328

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#### Note 8 Capital Management

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The Company manages its capital structure and makes adjustments to it based on the funds available to the Company, in order to support future business opportunities. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

The Company currently has no source of revenues; as such the Company is dependent upon external financings to fund activities. In order to carry future projects and pay for administrative costs, the Company will spend its existing working capital and raise additional funds as needed. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

There were no changes in the Company's approach to capital management during the year ended December 31, 2011. The Company is not subject to externally imposed capital requirements.

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#### Note 9 Financial Instruments

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The fair value of the Company's receivables and payables and accruals approximates their carrying value due to the relatively short periods to maturity of the instruments. The Company's other financial instrument, cash, under the fair value hierarchy is based on level one quoted prices in active markets for identical assets or liabilities. The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

Credit risk:

Credit risk is the risk of loss associated with counterparty's inability to fulfill its payment obligations. The Company believes it has no significant credit risk.

## ABBASTAR RESOURCES CORP.

### NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Canadian Dollars)

December 31, 2011 and 2010

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#### Note 9 Financial Instruments (continued)

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##### Liquidity risk:

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at December 31, 2011, the Company had a cash balance of \$12,869 (December 31, 2010 - \$22,555) to settle current liabilities of \$577,823 (December 31, 2010 - \$309,763). As such, management plans to raise funds and settle debts to address its working capital deficiency. All of the Company's financial liabilities have contractual maturities of 30 days or due on demand and are subject to normal trade terms.

##### Market risk:

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and equity prices.

(a) Interest rate risk - the Company has cash balances and only fixed interest-bearing debt. The Company's current policy is to invest excess cash in investment-grade short-term deposit certificates issued by its banking institution. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks.

(b) Foreign currency risk - the Company currently believes it has no significant foreign exchange risk.

(c) Price risk - the Company is exposed to price risk with respect to equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market.

##### Sensitivity Analysis:

The carrying amount of cash, amounts receivables and payables and accruals approximates their fair value due to their short term nature. The Company does not have any deposits with fixed interest rates and it therefore does not have significant exposure to changing interest rates.

## ABBASTAR RESOURCES CORP.

### NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Canadian Dollars)

December 31, 2011 and 2010

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#### Note 10 Income Taxes

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A reconciliation of income taxes at statutory rates is as follows:

	<b>Year ended December 31, 2011 \$</b>	Year ended December 31, 2010 \$
Loss for the year before taxes	<b>(287,803)</b>	(1,520,289)
Income taxes recovery at statutory rates	<b>(76,268)</b>	(433,282)
Net adjustment for depreciation, deductible and non-deductible amounts	<b>2,342</b>	326,234
Unrecognized benefit of non-capital losses	<b>73,926</b>	107,048
Total income taxes (recovery)	<b>-</b>	-

The significant components of the Company's future income tax assets are as follows:

	<b>December 31, 2011 \$</b>	December 31, 2010 \$
Future income tax assets:		
Mineral property	<b>62,803</b>	61,108
Financing costs	<b>9,873</b>	14,809
Non-capital loss carry forwards	<b>573,250</b>	517,750
Equipment	<b>440</b>	425
	<b>646,366</b>	594,092
Valuation allowance	<b>(646,366)</b>	(594,092)
Net future income tax assets	<b>-</b>	-

The Company has non-capital losses of approximately \$2,293,000 (2010 - \$2,071,000), which are available to reduce future taxable income in Canada and which expire between 2014 and 2031. The Company has not recognized any future tax benefit for these tax losses as it is not considered likely that they will be utilized. If unused, these losses will expire as follows: 2014 - \$65,000; 2015 - \$71,000; 2026 - \$96,000; 2027 - \$327,000; 2028 - \$445,000; 2029 - \$610,000; 2030 - \$380,000; and 2031 - \$299,000.

## **ABBASTAR RESOURCES CORP.**

### **NOTES TO THE FINANCIAL STATEMENTS**

(Expressed in Canadian Dollars)

December 31, 2011 and 2010

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#### **Note 11 Transition to IFRS**

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These financial statements represent the first annual financial statements issued by the Company that comply with IFRS and are issued for the year ending December 31, 2011. These financial statements of the Company were prepared in accordance with the accounting policies described in Note 2 and in accordance with IFRS 1, First-time Adoption of International Financial Reporting Standards ("IFRS 1"). Accordingly, the Company is making an unreserved statement of compliance with IFRS beginning with these 2011 annual financial statements. The first date at which IFRS was applied was January 1, 2010 (the "Transition Date") and the Company has prepared its IFRS opening statement of financial position at that date. In accordance with IFRS 1, the Company has:

- applied the same accounting policies throughout all periods presented;
- applied the policies on a retrospective basis, subject to any mandatory exceptions or any optional exemptions elected which require or allow a different basis of application; and
- selected and applied accounting policies based on the IFRS expected to be effective as at the end of the first IFRS annual reporting period, which is December 31, 2011 for the Company.

IFRS 1 includes a number of elective exemptions and mandatory exceptions that allow or require a first-time adopter to implement certain standards in a manner other than full retrospective application. Set forth below are the IFRS 1 applicable exemptions and exceptions applied in the conversion from Canadian GAAP to IFRS.

- a) to apply the requirements of IFRS 3, Business Combinations, prospectively from the Transition Date; and
- b) to apply the requirements of IFRS 2, Share-based payments, only to equity instruments granted after November 7, 2002 which had not vested as of the Transition Date.

The following reconciliations present the adjustments made to the Company's Canadian GAAP financial results of operations and financial position to comply with IFRS 1. Reconciliations include the Company's Statements of Financial Position and Statements of Shareholders' Equity as at January 1, 2010 and December 31, 2010; and Statements of Operations and Comprehensive Loss, and Statements of Cash Flows for the twelve months ended December 31, 2010.

**ABBASTAR RESOURCES CORP.**

## NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Canadian Dollars)

December 31, 2011 and 2010

**Note 11 Transition to IFRS (continued)**

## IFRS Opening Statement of Financial Position

As at January 1, 2010

	Note	Canadian GAAP	Effect of transition to IFRS	IFRS
<b>Assets</b>				
Current				
Cash		\$ 1,357,536	\$ -	\$ 1,357,536
Amounts receivable		18,140	-	18,140
		1,375,676	-	1,375,676
Equipment		378	-	378
Mineral interests		100,000	-	100,000
		\$ 1,476,054	\$ -	\$ 1,476,054
<b>Liabilities</b>				
Current				
Payables and accruals		\$ 59,044	\$ -	\$ 59,044
Due to related parties		21,000	-	21,000
Flow-through share liability	[b]	-	245,271	245,271
		80,044	245,271	325,315
<b>Equity</b>				
Share capital	[b]	11,525,569	(113,135)	11,412,434
Reserves	[a]	1,115,972	24,607	1,140,579
Deficit	[a]	(11,245,531)	(24,607)	(11,402,274)
	[b]	-	(132,136)	-
		1,396,010	(245,271)	1,150,739
		\$ 1,476,054	\$ -	\$ 1,476,054

**ABBASTAR RESOURCES CORP.**

## NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Canadian Dollars)

December 31, 2011 and 2010

**Note 11 Transition to IFRS (continued)**

## Statement of Financial Position

As at December 31, 2010

	Note	Canadian GAAP	Effect of transition to IFRS	IFRS
<b>Assets</b>				
Current				
Cash		\$ 22,555	\$ -	\$ 22,555
Amounts receivable		6,051	-	6,051
		28,606	-	28,606
Equipment		302	-	302
Mineral interests		100,000	-	100,000
		\$ 128,908	\$ -	\$ 128,908
<b>Liabilities</b>				
Current				
Payables and accruals		\$ 163,806	\$ -	\$ 163,806
Due to related parties		145,957	-	145,957
		309,763	-	309,763
<b>Equity (Deficiency)</b>				
Share capital	[b]	11,258,708	275,958	11,534,666
Reserves	[a]	1,195,417	11,625	1,207,042
Deficit	[a]	(12,634,980)	(11,625)	(12,922,563)
	[b]	-	(275,958)	-
		(180,855)	-	(180,855)
		\$ 128,908	\$ -	\$ 128,908

**ABBASTAR RESOURCES CORP.**

## NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Canadian Dollars)

December 31, 2011 and 2010

**Note 11 Transition to IFRS (continued)**

## Statement of Operations and Comprehensive Loss

Year ended December 31, 2010

	Note	Canadian GAAP	Effect of transition to IFRS	IFRS
<b>Expenses</b>				
Depreciation		\$ 76	\$ -	\$ 76
Bank charges and interest		1,226	-	1,226
Consulting fees		113,786	-	113,786
Corporate communications		37,242	-	37,242
Mineral exploration expenditures		1,292,399	-	1,292,399
Office and miscellaneous		41,476	-	41,476
Professional fees		18,800	-	18,800
Regulatory and transfer agent fees		20,041	-	20,041
Salaries		90,790	-	90,790
Share-based payments	[a]	115,327	(12,982)	102,345
Travel and promotion		937	-	937
<b>Loss from operations</b>		(1,732,100)	12,982	(1,719,118)
<b>Other items</b>				
Premium on flow-through shares	[b]	-	245,271	245,271
Litigation settlement		(55,509)	-	(55,509)
Gain on settlement of accounts payable		4,200	-	4,200
Exploration tax credits		4,867	-	4,867
<b>Loss before income taxes</b>		(1,778,542)	258,253	(1,520,289)
Future income tax recovery		389,093	(389,093)	-
<b>Net loss and comprehensive loss</b>		\$ (1,389,449)	\$ (130,840)	\$ (1,520,289)
Basic and diluted loss per common share		\$ (0.28)		\$ (0.30)
Weighted average number of common shares		5,027,922		5,027,922

**ABBASTAR RESOURCES CORP.**

## NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Canadian Dollars)

December 31, 2011 and 2010

**Note 11 Transition to IFRS (continued)**

## Statement of Shareholders' Equity

As at January 1, 2010

	Share Capital	Reserves	Deficit	Equity
<b>Canadian GAAP</b>	\$ 11,525,569	\$ 1,115,972	\$ (11,245,531)	\$ 1,396,010
Opening adjustment	(113,135)	24,607	(156,743)	(245,271)
<b>IFRS</b>	\$ 11,412,434	\$ 1,140,579	\$ (11,402,274)	\$ 1,150,739

## Statement of Shareholders' Equity (Deficiency)

As at December 31, 2010

	Share Capital	Reserves	Deficit	Equity
<b>Canadian GAAP</b>	\$ 11,258,708	\$ 1,195,417	\$ (12,634,980)	\$ (180,855)
Opening adjustment	(113,135)	24,607	(156,743)	(245,271)
Share-based payments [a]	-	(12,982)	-	(12,982)
Flow-through shares [b]	389,093	-	(130,840)	258,253
<b>IFRS</b>	\$ 11,534,666	\$ 1,207,042	\$ (12,922,563)	\$ (180,855)

**ABBASTAR RESOURCES CORP.**

## NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Canadian Dollars)

December 31, 2011 and 2010

**Note 11 Transition to IFRS (continued)**

## Statement of Cash Flows

Year ended December 31, 2010

	Note	Canadian GAAP	Effect of transition to IFRS	IFRS
<b>Cash flows from operating activities</b>				
Net loss for the year		\$ (1,389,449)	\$ (130,840)	\$ (1,520,289)
Items not involving cash:				
Depreciation		76		76
Share-based payments	[a]	115,327	(12,982)	102,345
Gain on settlement of accounts payable		4,200	-	4,200
Future income tax recovery		(389,093)	389,093	-
Premium on flow-through shares	[b]	-	(245,271)	(245,271)
Changes in non-cash working capital				
Amounts receivable		12,089	-	12,089
Payables and accruals		100,562	-	100,562
Due to related parties		124,957	-	124,957
Net cash used in operating activities		(1,421,331)	-	(1,421,331)
<b>Cash flows from financing activities</b>				
Issue of common shares		86,350	-	86,350
<b>Cash flows from investing activities</b>				
		-	-	-
Decrease in cash		(1,334,981)	-	(1,334,981)
Cash, beginning		1,357,536	-	1,357,536
Cash, ending		\$ 22,555	\$ -	\$ 22,555

## ABBASTAR RESOURCES CORP.

### NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Canadian Dollars)

December 31, 2011 and 2010

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#### Note 11 Transition to IFRS (continued)

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Notes:

[a] Share-based payments

Under Canadian GAAP, the Company measured share-based payments related to stock options at fair value of the stock options granted using the Black-Scholes option pricing formula and recognized this expense over the vesting period of the options. Forfeitures are recognized as they occur.

IFRS 2, similar to Canadian GAAP, requires the Company to measure share-based payments related to stock options granted to employees at the fair value of the stock options on the date of grant and to recognize such expense over the vesting period of the options. However, for stock options granted to non-employees, IFRS requires that share-based payments be measured at the fair value of the services received unless the fair value cannot be reliably measured.

Prior to January 1, 2010, the Company used the straight-line method of calculating vested options. The fair value of stock-based awards with graded vesting was calculated as one grant and the resulting fair value was recognized on a straight-line basis over the vesting period. Effective January 1, 2010, the Company changed from the straight-line method to the graded-vesting method.

Under IFRS each tranche of an award with different vesting dates is considered a separate grant for the calculation of fair value, and the resulting fair value is amortized over the vesting period of the respective tranches.

Prior to January 1, 2010, forfeitures of awards were recognized as they occurred. Under IFRS, forfeiture estimates are recognized on the grant date and revised for actual experiences in subsequent periods.

The adjustments were calculated only for unvested share purchase options issued and outstanding as of and after the Transition Date.

[b] Flow-through shares

Under the terms of the Company's flow-through share subscription agreements the tax attributes of the related expenditures are renounced to subscribers. Under Canadian GAAP, to recognize the foregone tax benefits to the Company, the carrying value of the shares issued was reduced by the tax effect of the tax benefits renounced to subscribers. IFRS is silent with respect to the tax provision accounting treatment for flow-through shares. As of May 2011, there is new guidance as presented by the Mining Industry Task Force of the Canadian Institute of Chartered Accountants as discussed below. In accordance with IAS 12, *Income Taxes*, a deferred tax liability is recognized, with certain specific exceptions, for the taxable temporary differences that arise from the differences between the carrying amount of eligible expenditures capitalized as an asset in the statement of financial position and its tax base.

## **ABBASTAR RESOURCES CORP.**

### **NOTES TO THE FINANCIAL STATEMENTS**

(Expressed in Canadian Dollars)

December 31, 2011 and 2010

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#### **Note 11 Transition to IFRS (continued)**

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[b] Flow-through shares (continued)

At the time flow-through shares are issued, there is a potential premium paid on the flow-through shares calculated based on the share issuance price and the market price at the time of closing. This premium is recorded as a flow-through share liability on the Statement of Financial Position reducing share capital and is drawn down proportionately as the flow-through mineral exploration expenditures occurs and recorded to "premium on flow-through shares" in the Statement of Operations and Comprehensive Loss. The impact of this IFRS at January 1, 2010 is a new liability called "flow-through share liability" of \$245,271 representing the premium paid on the 2009 flow-through share issuances and a reduction of share capital. At December 31, 2010 as the mineral exploration expenditures occurred, flow-through share liability had been reduced to \$nil, with a corresponding credit to premium on flow-through shares.

**ABBASTAR RESOURCES CORP.**

MANAGEMENT DISCUSSION AND ANALYSIS

For the Year Ended December 31, 2011

As at April 27, 2012

**ABBASTAR RESOURCES CORP.**  
**FOR THE YEAR ENDED DECEMBER 31, 2011**

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**INTRODUCTION**

Abbastar Resources Corp. (the “Company”, “we”, “our”) is headquartered in Vancouver, BC. The Company’s principal business activity is the acquisition and exploration of properties in the natural resource industry.

On February 13, 2007, the Company and Entourage Mining Ltd. (“Entourage”) entered into an option agreement wherein the Company was granted the sole option and right to acquire up to 70% of Entourage’s interest (the “Doran Transaction”) in the Doran uranium property (the “Doran Property”) situated in Costebelle Township, on the north shore of the Gulf of St. Lawrence in south-eastern Quebec. The Company elected not to make the necessary exploration expenditures on the Doran Property during the third year and may proceed on a joint venture basis with Entourage.

On September 21, 2009, the Company and Denison Mines Inc. (“Denison”) entered into an option agreement (“Talbot Lake Agreement”) wherein the Company has been granted the right to earn a 100% undivided interest in the Talbot Lake project (“Talbot Lake Project”) situated in the Talbot Lake area in Northern Ontario.

Effective August 10, 2011 the common shares of the Company were consolidated on the basis of four old shares for one new share as authorized by its shareholders at the Company’s annual general and special meeting of shareholders held on June 29, 2011. The total number of common shares outstanding as at the date of this MD&A is 5,068,614, taking into account rounding of fractional shares.

This management discussion and analysis (“MD&A”) of our results of operations, liquidity and capital resources, transactions with related parties, financial position, and other information is dated as of April 27, 2012. This MD&A should be read in conjunction with the audited financial statements of the Company and the notes thereto for the years ended December 31, 2011 and 2010. The audited financial statements are prepared in accordance with International Financial Reporting Standards (“IFRS”). Unless expressly stated otherwise, all financial information is presented in Canadian dollars.

All statements other than statements of historical fact in this MD&A are forward-looking statements. These statements represent the Company’s intentions, plans, expectations and beliefs as of the date hereof, and are subject to risks, uncertainties and other factors of which many are beyond the control of the Company. These factors could cause actual results to differ materially from such forward-looking statements. Readers should not place undue reliance on these forward-looking statements. The Company undertakes no obligation to publicly revise these forward-looking statements to reflect subsequent events or circumstances.

**Changes in Accounting Policies**

**IFRS 1 First-Time Adoption of International Financial Reporting Standards**

Under IFRS 1 ‘First-time Adoption of International Financial Reporting Standards’, the IFRS are applied retrospectively at the transition date with all adjustments to assets and liabilities as restated under Canadian GAAP taken to retained earnings unless certain exemptions are applied. IFRS provides for certain optional exemptions and certain mandatory exceptions for first time IFRS adopters. Set forth below is the applicable IFRS

**ABBASTAR RESOURCES CORP.**  
**FOR THE YEAR ENDED DECEMBER 31, 2011**

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1 optional exemption applied in the conversion from Canadian GAAP to IFRS.

*Share-based payments*

The Company has modified its accounting for share-based payments in two significant respects to conform with the guidance in IFRS 2 Share-Based Payments. Under Canadian GAAP, the fair value of stock-based awards with graded vesting are calculated as one grant and the resulting fair value is recognized on a straight-line basis over the vesting period. Forfeitures of awards are recognized as they occur. Under IFRS, a fair value measurement is required for each vesting installment within the option grant. Each installment must be valued separately, based on assumptions determined from historical data, and recognized as compensation expense over each installment's individual tranche vesting period. Forfeiture estimates are recognized in the period they are estimated, and are revised for actual forfeitures in subsequent periods.

The adoption of IFRS 2 Share-Based Payments resulted in a decrease of \$12,982 in the amount of share-based payments recognized during the year ended December 31, 2010.

*Impairment of assets*

Under Canadian GAAP, if there is an indication that an asset may be impaired, an impairment test must be performed. This is a two-step impairment test in which (1) undiscounted future cash flows are compared to the carrying value; and (2) if those undiscounted cash flows are less than the carrying value, the asset is written down to the fair value.

Under IFRS, an entity is required to assess, at the end of each reporting period, whether there is any indication that an asset may be impaired. If such an indication exists, the entity shall estimate the recoverable amount of the asset by performing a one-step impairment test, which requires a comparison of the carrying value of the asset to the higher of value in use and fair value less costs to sell. Value in use is defined as the present value of future cash flows expected to be derived from the asset in its current state.

Additionally, another difference exists as IAS 36, Impairment of Assets allows for the reversal of any previous impairment losses where circumstances have changed such that the impairments have been reduced. Canadian GAAP prohibits reversal of impairment losses.

The Company has concluded that the adoption of these standards will not result in a change to the carrying value of its assets on transition to IFRS.

*Mineral exploration expenditures*

IFRS allows the election of capitalization or expensing exploration costs prior to the establishment of ore reserves which would support the economic viability of the project. Significant costs related to property acquisitions are capitalized until the viability of the mineral interest is determined. When it has been established that a mineral deposit is commercially mineable and an economic analysis has been completed, the costs subsequently incurred to develop a mine on the property prior to the start of mining operations are capitalized and will be amortized against production following commencement of commercial production, or written off if the property is sold,

**ABBASTAR RESOURCES CORP.**  
**FOR THE YEAR ENDED DECEMBER 31, 2011**

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allowed to lapse or abandoned.

The Company has been expensing mineral exploration expenditures and will maintain this policy as is permitted under IFRS 6 “Exploration for and Evaluation of Mineral Resources”.

*Flow-through shares*

Under the terms of the Company’s flow-through share subscription agreements the tax attributes of the related expenditures are renounced to subscribers. Under Canadian GAAP, to recognize the foregone tax benefits to the Company, the carrying value of the shares issued was reduced by the tax effect of the tax benefits renounced to subscribers. IFRS is silent with respect to the tax provision accounting treatment for flow-through shares. As of May 2011, there is new guidance as presented by the Mining Industry Task Force of the Canadian Institute of Chartered Accountants as discussed below. In accordance with IAS 12, Income Taxes, a deferred tax liability is recognized, with certain specific exceptions, for the taxable temporary differences that arise from the differences between the carrying amount of eligible expenditures capitalized as an asset in the statement of financial position and its tax base.

At the time flow-through shares are issued, there is a potential premium paid on the flow-through shares calculated based on the share issuance price and the market price at the time of closing. This premium is recorded as a flow-through share liability on the Statement of Financial Position reducing share capital and is drawn down proportionately as the flow-through mineral exploration expenditures occurs and recorded to “premium on flow-through shares” in the Statement of Operations and Comprehensive Loss. The impact of this IFRS at January 1, 2010 is a new liability called “flow-through share liability” of \$245,271 representing the premium paid on the 2009 flow-through share issuances and a reduction of share capital. At December 31, 2010 as the mineral exploration expenditures occurred, flow-through share liability had been reduced to \$nil with a corresponding credit to premium on flow-through shares.

**THE TALBOT LAKE PROJECT**

The Talbot Lake Project is located within the gold producing Uchi Sub province in northwestern Ontario.

The Talbot Lake Project hosts the “Main Zone” gold deposit which was discovered by Placer Dome in 1985 and acquired by Denison in 1998. It consists of an East-West striking and vertically dipping quartz vein containing visible gold, pyrite, copper sulphide and zinc sulphide. Channel sampling by Denison indicated an approximate strike length of the Main Zone to be 48m with a weighted average grade of 13.8 g/t Au over a width of 3.3m. One channel over a width of 1.8m yielded a spectacular value of 120.0 g/t Au. The gold deposit extends for a depth of approximately 200m and remains open. The following are some significant drill hole intersections by Placer Dome from the “Main Zone”; 16.4 g/t Au over 7.6m, 37.2 g/t Au over 2.5m, 26.9 g/t Au over 2.9m, 7.5 g/t Au over 7.5m. (source: Resident Geologist, Ministry of Northern Development and Mines, Thunder Bay). Up to September 21, 2009 approximately \$6,000,000 in exploration expenditures had been carried out on the Talbot Lake Project, approximately \$360,000 by Denison and approximately \$5,640,000 by Placer Dome.

A parallel “Sulphide Zone” up to several meters wide is often intersected adjacent to the “Main Zone” and contains

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copper and zinc mineralization with anomalous gold. Further to the east the Main Zone is crosscut by a northeast trending fault with a separate mineralized structure called the “East Zone” located immediately east of this fault. The ‘Sulphide’ and ‘East Zones’ have received less attention than the Main Zone but remain highly prospective and will be part of a more aggressive exploration program on the Talbot Lake Project.

On February 25, 2010, the Company announced the start of a first phase 5000 meter drill program on the Talbot Lake Project. On March 30, 2010, the Company announced the results of the first two holes and on April 22, 2010 announced the results of the remaining seven holes from the first nine holes drilled before spring break-up. On April 30, 2010 drilling commenced on the tenth hole and concluded on May 24, 2010 with just under 4,600 meters drilled on 17 holes during the first phase. The last eight drill holes were testing geological/geophysical targets other than the known East and Main zone gold deposits to possibly discover additional gold bearing zones on the property. Hole No. 13 intersected a new gold zone on the west side of the folded Banded Iron Formation (BIF) with an intersection of 3.2 g/t Au over 0.3m. The remaining seven holes returned no significant values. The area in and around this fold nose has proved to be very important spatially to the alteration and gold mineralization discovered to date. Future exploration efforts will focus drilling in this fold nose area as well as prospecting on the newly acquired ground to the southwest. The best intersection from this first phase program was Hole No. 3, drilled into the Main Zone, which yielded 9.8 g/t Au over 4.7m from 233.8 to 238.5m within silicified mafic volcanics with 80% quartz veining, and locally 15 to 20% pyrrhotite, 6 to 8% pyrite and 2 to 3% chalcopyrite. Within this same drill hole several samples prior to intersecting this Main Zone contained significant gold values and would give a wider weighted average of 2.8 g/t Au over 21.0m from 217.5 to 238.5m. To date the Company has incurred \$1,306,084 in mineral exploration expenditures on the property.

Sample results from the 17 holes drilled during the first phase drill program on the Talbot Lake Project include:

Hole	Interval (m)		Length	Au g/t
	From	To		
1	67.3	76.4	9.1	2.7
includes	69.9	76.4	6.5	3.3
and	69.9	70.4	0.5	11.3
2	173.1	174.6	1.5	3.6
3	217.5	238.5	21.0	2.8
includes	233.8	238.5	4.7	9.8
and	233.8	235.0	1.2	15.8
9	135.0	136.0	1.0	2.5
	139.8	140.3	0.5	1.0

Holes numbered 4-8 intersected mineralized quartz veining with anomalous gold values up to 0.3 g/t. Exploration on the Talbot Lake Project was carried out under the supervision of David Hunt, P.Geo, qualified person under NI 43-101.

**ABBASTAR RESOURCES CORP.**  
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**THE DORAN PROPERTY**

The Doran Property consists of 47 contiguous mineral claims covering approximately 2,500 hectares in the Baie Johan Beetz area of Costebelle Township, Quebec, NTS map sheet 12 L/08. The Doran Property is located in the southeastern part of Quebec, along the north shore of the Gulf of St. Lawrence, approximately 18 kilometers west of Aguanish and 109 kilometers east of Havre St. Pierre. The property extends inland from the Gulf of St. Lawrence a distance of approximately 10 kilometers to the north. The topography of the property for the most part is rolling hills having a maximum relief of 100 meters with elevation ranging from sea level to 100 meters. All mineralized areas of interest are located above sea and river levels.

On May 11, 2007, the Company announced that drilling had commenced on the L anomaly of the Doran Property. In total, 32 holes were drilled in four anomalies (L, N, X and Y) for a total of just under 3,300 meters. At that time, there were 17 identified anomalies on the Doran Property. A total of 1,158 samples were analyzed representing 2,469 linear meters or 75% of the drill-hole length. The results of Doran Phase II were announced August 23, 2007. All 32 holes identified near or at-surface uranium mineralization.

Doran Phase III was completed in early November 2007 on the Doran Showing ("Main Zone"). In total, 15 holes were drilled for a total of just less than 1,700 meters before drilling was terminated due to poor weather. This campaign was designed to further delineate the Doran Showing where Entourage drilled in the summer of 2006. The Doran Showing consists of four distinct pegmatite-bearing structures: the Main Zone, the North End Zone, Dyke Zone and Hot Spot Zone. The results of Doran Phase III were announced February 4, 2008.

During 08Q4 the Company completed its fall 2008 exploration campaign. The fall 2008 exploration campaign consisted of line cutting, scintillometer prospecting, ground based radiometric and magnetic surveys, channel sampling and geological mapping. A technical report entitled "Technical Report and Recommendations - The Doran Property, Aguanish, Lower North Shore, Quebec, Canada NTS sheet 12L08" dated February 19, 2009 (the "Technical Report") was commissioned to review the results of the drilling campaigns in 2006 and 2007 and to present the results of the fieldwork undertaken on the Northern and Southern sections of the Doran Property in October 2008. The Technical Report was prepared by Mr. Michel Boily, Ph.D., P.Geol., an independent "qualified person" as that term is defined in National Instrument 43-101 and by Luc Lepage, B.Sc. (Geology). The Technical Report is available on SEDAR at [www.sedar.com](http://www.sedar.com).

To date the Company has earned a 35% interest in the Doran Property. Additionally, 63 drill holes, covering approximately 6,200 meters, have been completed on five of 22 anomalies identified on the Doran Property. Over \$2,100,000 in mineral exploration expenditures have been incurred by the Company and Entourage on the Doran Property to date, over \$1,500,000 by the Company and \$600,000 by Entourage.

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**SELECTED ANNUAL INFORMATION**

	Year ended December 31,			Year ended December 31,
	2011 \$	2010 \$	Chg %	2009 \$
Loss from operations	<b>(287,803)</b>	(1,719,118)	(83)	(942,739)
Loss from operations - per share <sup>(1)</sup>	<b>(0.06)</b>	(0.34)		(0.24)
Net loss	<b>(287,803)</b>	(1,520,289)	(81)	(806,183)
Net loss - per share <sup>(1)</sup>	<b>(0.06)</b>	(0.30)		(0.21)

<sup>(1)</sup> Fully diluted loss per share has not been calculated, since it would be anti-dilutive.

**RESULTS OF OPERATIONS**

	Three months ended December 31,			Year ended December 31,		
	2011 \$	2010 \$	Chg %	2011 \$	2010 \$	Chg %
<b>Expenses</b>						
Depreciation	15	19	(21)	60	76	(21)
Bank charges and interest	1,005	438	129	3,909	1,226	219
Consulting fees	6,000	28,500	(79)	24,000	113,786	(79)
Corporate communications	-	-	--	-	37,242	(100)
Management fees	33,000	-	--	132,000	-	--
Mineral exploration expenditures	-	1,550	(100)	-	1,292,399	(100)
Office and miscellaneous	9,390	15,461	(39)	40,597	41,476	(2)
Professional fees	13,500	17,300	(22)	13,500	18,800	(28)
Regulatory and transfer agent fees	716	1,062	(33)	21,238	20,041	6
Salaries	9,621	16,022	(40)	38,481	90,790	(58)
Share-based payments	728	5,574	(87)	8,779	102,345	(91)
Travel and promotion	-	-	--	5,239	937	459
<b>Loss from operations</b>	<b>(73,975)</b>	(85,926)	(14)	<b>(287,803)</b>	(1,719,118)	(83)
<b>Other items</b>						
Premium on flow-through shares	-	250	(100)	-	245,271	(100)
Gain of settlement of payables	-	4,200	(100)	-	4,200	(100)
Settlement of litigation	-	(55,509)	(100)	-	(55,509)	(100)
Exploration tax credit	-	4,867	(100)	-	4,867	(100)
<b>Loss before income taxes</b>	<b>(73,975)</b>	(132,118)	(44)	<b>(287,803)</b>	(1,520,289)	(81)
Future income tax recovery	-	(389,093)	(100)	-	-	--
<b>Net loss and comprehensive loss</b>	<b>(73,975)</b>	(521,211)	(86)	<b>(287,803)</b>	(1,520,289)	(81)

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Total expenses, excluding mineral exploration expenditures and share-based payments, for the three and twelve months ended December 31, 2011 amounted to \$73,247 and \$279,024 (2010 - \$78,802 and \$324,374), a decrease of \$5,555 (7%) and \$45,350 (14%) over the 2010 comparative periods. The decrease during Q4 may be attributed to lower office and administrative expenditures and the decrease during the year may be attributed to lower overall compensation fees such as consulting, corporate communication, management and salaries.

During the three and twelve months ended December 31, 2011, \$952 and \$3,663 (2010 – \$357 and \$357) in interest was accrued on the promissory note due to an officer accounting for a majority of the increase in bank charges and interest versus the comparative 2010 period.

There were no corporate communications costs for the three and twelve months ended December 31, 2011. During 2010 the Company paid one investor relations consultant whose contract was terminated during 10Q2 \$15,000 and another investor relations consultant \$15,000 whose contract was amended in October, 2010 by replacing the monthly fee with a fee of \$500 per day on an as needed basis when requested and approved by the Company. This agreement expired June 1, 2011.

Consulting fees paid during the three and twelve months ended December 31, 2011 were lower than the 2010 comparative periods because during the 2010 comparative periods the Company incurred \$20,000 in fees associated with the production of videos for the corporate website. In addition, during 2010, various consultants were retained to assist with investor relations, administrative functions and for business development.

Effective January 1, 2011, the President, Chief Financial Officer and a director accrued monthly management fees totaling \$11,000.

The first phase of the Talbot Lake Project drill program commenced and was completed during the six months ended June 30, 2010; no further drilling or exploration has been conducted on the Talbot Lake Project since that time. Consequently, no mineral exploration expenditures were incurred during the three and twelve months ended December 31, 2011.

Office and miscellaneous expenses recorded during the three and twelve months ended December 31, 2011 were lower than the 2010 comparative periods because in the twelve months ended December 31, 2010 there were increased administrative costs associated with the operation of the Talbot Lake Project and the closing of the private placements.

Professional fees were lower for the three and twelve months ended December 31, 2011 compared to the same periods in 2010. For the current fiscal year; professional fees were comprised solely of an accounting accrual for the Company's 2011 year-end audit. In 2010, in addition to its annual audit fee, the Company incurred fees for the preparation of its corporate income tax return and Quebec Mining Duties return; in 2011 these documents were prepared in-house.

Regulatory and transfer agent expenses incurred during the three and twelve months ended December 31, 2011 were lower and higher, respectively than the comparative periods in 2010. During the twelve months ended December 31, 2011, the costs were higher due to additional filings and fees paid to the TSX Venture Exchange

**ABBASTAR RESOURCES CORP.**  
**FOR THE YEAR ENDED DECEMBER 31, 2011**

with regard to the share consolidation in August 10, 2011.

Salaries accrued during the three and twelve months ended December 31, 2011 were lower than the 2010 comparative periods because there was one salaried employee now compared to three.

During the twelve months ended December 31, 2011 management attended PDAC to investigate potential business and financing opportunities. As a result travel and promotion was higher compared to 2010.

In January 2010 the Company filed claims for renouncing Canadian exploration expenditures totaling \$1,296,975 with Canada Revenue Agency. Previously under Canadian GAAP the tax impact to the Company of the renouncement is recorded on the date that the renunciation is filed with taxation authorities through a decrease in share capital and the recognition of a future tax liability. When flow-through expenditures are incurred, a portion of the future income tax assets that were not previously recognized, due to the recording of a valuation allowance, are recognized as a recovery of income taxes in the statement of operations. IFRS is silent with respect to the tax provision accounting treatment for flow-through shares. Accordingly, the \$389,093 recorded as future income tax recovery under Canadian GAAP was reversed during 2010.

During the year ended December 31, 2010 the Company received \$4,867 in refundable tax credits from the Federal Government and the Province of Quebec in connection with eligible mineral exploration expenditures incurred on the Doran Property for the years ended December 31, 2009 and December 31, 2008.

On November 25, 2010 the Company settled the litigation with its former president and son and paid them a total of \$38,750, wrote off \$11,339 recorded in amounts receivables and incurred \$5,420 in legal fees for a total cost of \$55,509. As part of the settlement the former president surrendered his share purchase warrants which expired on August 25, 2011. The parties discontinued their actions and exercised a mutual release.

**SUMMARY OF QUARTERLY RESULTS**

	2011				2010			
	December 31	September 30	June 30	March 31	December 31	September 30	June 30	March 31
Net loss	\$ (73,975)	\$ (71,748)	\$ (67,156)	\$ (74,924)	\$ (521,211)	\$ (89,767)	\$ (641,572)	\$ (267,739)
Loss per share <sup>(1)</sup>	\$ (0.01)	\$ (0.01)	\$ (0.01)	\$ (0.01)	\$ (0.10)	\$ (0.02)	\$ (0.13)	\$ (0.05)
Expenses – adj <sup>(2)</sup>	\$ 73,247	\$ 70,170	\$ 64,557	\$ 71,050	\$ 78,802	\$ 73,333	\$ 71,208	\$ 101,031

<sup>(1)</sup> Fully diluted loss per share has not been calculated, since it would be anti-dilutive.

<sup>(2)</sup> Expenses after backing-out mineral exploration expenditures and share-based payments.

During the three months ended December 31, 2011, our average monthly spend was approximately \$24,400 per month, up slightly from an average of \$23,400 the previous quarter and down from an average of \$26,300 (net of share-based payments, mineral exploration expenditures and other items) during the comparative period in 2010. At present, as the Company continues to work towards new business opportunities we expect our operations to

**ABBASTAR RESOURCES CORP.**  
**FOR THE YEAR ENDED DECEMBER 31, 2011**

continue to incur no more than \$21,000 per month in human resource, administrative and marketing expenses.

**LIQUIDITY AND CAPITAL RESOURCES**

**Financial Position**

As at	December 31, 2011 \$	December 31, 2010 \$	Chg %	December 31, 2009 \$ <small>(Canadian GAAP)</small>
Cash	12,869	22,555	(43)	1,357,536
Other current assets	4,833	6,051	(20)	18,140
Interest in mineral property	100,000	100,000	--	100,000
Other assets	242	302	(20)	378
	<b>117,944</b>	128,908	(9)	1,476,054
Current liabilities	577,823	309,763	87	325,315
Equity (Deficiency)	<b>(459,879)</b>	(180,855)	154	1,150,739
	<b>117,944</b>	128,908	(9)	1,476,054
Cash dividends declared per share	-	-		-

Total assets have decreased from \$128,908 as at December 31, 2010 to \$117,944 as at December 31, 2011. The \$10,964 decrease is attributed primarily to cash used to fund operations during the year ended December 31, 2011. Total liabilities have increased by \$268,060 since the 2010 year-end as a result of unpaid administrative costs such as salaries, management fees and consulting fees.

As at December 31, 2011, the Company had a working capital deficit of \$560,121 (December 31, 2010 – \$281,157) and equity deficiency of \$459,879 (December 31, 2010 – \$180,855). Management plans to raise funds and settle debts to address its working capital deficit; however there can be no guarantee that future fundraising efforts will be successful.

**Changes in Cash Position**

	Three months ended December 31,		Year ended December 31,	
	2011 \$	2010 \$	2011 \$	2010 \$
Cash flows from:				
Operating activities	1,292	(19,994)	(9,686)	(1,421,331)
Financing activities	-	-	-	86,350
Investing activities	-	-	-	-
Increase (decrease) in cash	1,292	(19,994)	(9,686)	(1,334,981)

**ABBASTAR RESOURCES CORP.**  
**FOR THE YEAR ENDED DECEMBER 31, 2011**

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The Company's cash position decreased from \$22,555 at December 31, 2010 to \$12,869 at December 31, 2011. The \$9,686 decrease is attributed to cash used to fund operations.

The \$1,292 and \$9,686 change in cash during the three and twelve months ended December 31, 2011 is \$21,286 and \$1,325,295 lower than the 2010 comparative periods; however after backing out mineral exploration expenditures and share-based payments during the respective periods the decrease was significantly reduced with the key contributors to any fluctuations between periods being the timing of payments for deposits and payables and gain from premium on flow-through shares.

The net losses of \$73,975 and \$287,803 for the three and twelve months ended December 31, 2011 was for the most part funded by related parties by way of cash advances and/or deferring payment of fees.

During the three and twelve months ended December 31, 2011, there were no financing or investing activities. The \$86,350 cash inflow from financing activities during the twelve months ended December 31, 2010 was from the exercise of 111,250 stock options for gross proceeds of \$77,950 and 10,000 warrants for gross proceeds of \$8,400.

**Financial Instruments**

*Financial assets*

Financial assets are initially recognized at fair value and are classified into one of the following categories, depending on the purpose for which the asset was acquired. The Company's accounting policy for each category is as follows:

*Fair value through profit or loss* – derivatives or assets acquired or incurred principally for the purpose of selling or repurchasing it in the near term. They are carried in the statement of financial position at fair value with changes in fair value recognized in the statement of operations.

*Loans and receivables* - non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are carried at cost less any provision for impairment. Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default.

*Held-to-maturity investments* - non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the positive intention and ability to hold to maturity. These assets are measured at amortized cost using the effective interest method. If there is objective evidence that the investment is impaired, determined by reference to external credit ratings and other relevant indicators, the financial asset is measured at the present value of estimated future cash flows. Any changes to the carrying amount of the investment, including impairment losses, are recognized in the statement of operations.

*Available-for-sale* – non-derivative financial assets not included in the above categories are classified as available-for-sale. They are carried at fair value with changes in fair value recognized directly in equity. Where a decline in the fair value of an available-for-sale financial asset constitutes objective evidence of impairment, the

**ABBASTAR RESOURCES CORP.**  
**FOR THE YEAR ENDED DECEMBER 31, 2011**

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amount of the loss is removed from equity and recognized in the statement of operations.

All financial assets except for those at fair value through profit or loss are subject to review for impairment at the minimum of at each reporting date. Financial assets are impaired when there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets described above.

*Financial liabilities*

The Company classifies its financial liabilities into one of two categories. The Company's accounting policy for each category is as follows:

*Fair value through profit or loss* - derivatives or liabilities acquired or incurred principally for the purpose of selling or repurchasing it in the near term. They are carried in the statement of financial position at fair value with changes in fair value recognized in the statement of operations.

*Other financial liabilities* - includes promissory notes, amounts due to related parties and payables and accruals, all of which are recognized at amortized cost.

*Classification of Financial Instruments*

The Company has classified its cash as fair value through profit or loss; receivables as loans and receivables; and due to related parties and payables and accruals as other financial liabilities.

**Share Capital**

The total number of common shares outstanding as at the date of this MD&A and December 31, 2011 is/was 5,068,614.

Effective August 10, 2011 the common shares of the Company were consolidated on the basis of four old shares for one new share.

As at the date of this report, there were no warrants outstanding. On August 25, 2011, 490,000 warrants, exercisable at \$0.84 per share, expired unexercised and on December 18, 2011 390,625 warrants, exercisable at \$2.00 per share expired unexercised.

As of the date of this report there were 220,000 stock options outstanding, all of which are exercisable with a weighted average exercise price of \$0.85 per share. During the year ended December 31, 2011, 93,750 stock options expired and subsequent to year-end 18,750 stock options expired. The expiration dates of the outstanding stock options range from April 15, 2013 to May 20, 2015. During the year ended December 31, 2011, 78,125 non-flow-through finders' options expired.

On September 7, 2011 the Company cancelled the private placement announced on March 18, 2011 for business reasons.

**ABBASTAR RESOURCES CORP.**  
**FOR THE YEAR ENDED DECEMBER 31, 2011**

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**Future Cash Requirements**

The Company's future capital requirements will depend on many factors, including, among others, property acquisitions and future mineral exploration expenditures. Should the Company wish to acquire a greater than 35% interest in the Doran Property, a 100% interest in the Talbot Lake Project or interests in other properties, additional funding will be required. The Company believes that its current capital plans and requirements can be funded from existing cash on hand and short-term advances from related parties until such time as a financing is completed. To the extent that the Company continues to incur losses and these resources are insufficient to fund the Company's recurring losses until profitability is reached, the Company will need to raise additional funds through debt or equity financing. Current market conditions have made it more difficult to raise additional funds. If additional funds are raised through the issuance of equity securities, the percentage ownership of current shareholders will be reduced and such equity securities may have rights, preferences, or privileges senior to those of the holders of the Company's common stock. No assurance can be given that additional financing will be available, or that it can be obtained on terms acceptable to the Company and its shareholders. If adequate funds are not available, the Company may be required to delay future mineral exploration expenditures or property acquisitions.

**RELATED PARTY TRANSACTIONS**

All transactions with related parties have occurred in the normal course of operations and are measured at their fair value as determined by management. Unless otherwise indicated, the year-end balances are unsecured, non-interest bearing, without specific terms of repayment and have arisen from advances or the provision of services and fees described.

During the year ended December 31, 2011, the Company incurred \$48,000 in management fees (2010 - \$45,000) from a company owned and controlled by its President and at December 31, 2011 the Company owes the President and his companies \$116,660 (2010 - \$50,400) for management fees, expenses and advances which is included in due to related parties.

During the year ended December 31, 2011, the Company incurred \$48,000 in management fees (2010 - \$nil) and \$nil in salary (2010 - \$24,000) to its Chief Financial Officer and at December 31, 2011 the Company owes this individual \$74,844 (2010 - \$7,000) for unpaid salary, management fees and expenses, and \$38,663 (2010 - \$35,357) for a promissory note, which is included in due to related parties. The note bears 10% annual interest calculated daily and is repayable 30 days from the date of demand.

During the year ended December 31, 2011, the Company incurred \$36,000 in management fees (2010 - \$nil) to a director and at December 31, 2011 the Company owes this individual \$56,187 (2010 - \$nil) for fees, expenses and advances which is included in due to related parties.

During the year ended December 31, 2011, the Company incurred \$36,000 in salary (2010 - \$36,000) to an officer and at December 31, 2011 the Company owes this individual \$46,500 (2010 - \$10,500) for salary which is included in due to related parties.

**ABBASTAR RESOURCES CORP.**  
**FOR THE YEAR ENDED DECEMBER 31, 2011**

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During the year ended December 31, 2011, the Company incurred \$26,495 (2010 - \$26,575) in fees and expenses from a company with common directors for rent and filing fees. As at December 31, 2011, the Company owes that company \$62,766 (2010 - \$42,700), which is included in due to related parties.

During the year ended December 31, 2010, the Company incurred \$16,500 in salary to its former president and \$15,000 in fees for investor relation services to the son of this individual.

During the year ended December 31, 2010, the Company incurred \$130,531 in fees from a company owned and controlled by a former officer and at December 31, 2011 the Company owes that company \$30,775 (2010 - \$30,775) for fees and expense reimbursements which is included in payables and accruals.

Key management personnel comprise the Company's Board of Directors and executive officers. During the year ended December 31, 2011, key management share-based payments were \$8,016 (2010 - \$92,171).

**DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROLS OVER FINANCIAL REPORTING**

The Chief Executive Officer and Chief Financial Officer are responsible for establishing and maintaining the Company's disclosure controls and procedures and internal controls over financial reporting to provide reasonable assurance i) that material information about the Company and its subsidiaries would have been made known to them and ii) regarding the reliability of financial reporting and the preparation of financial statements for external purposes.

The Chief Executive Officer and Chief Financial Officer have evaluated and conclude that the Company's disclosure controls and procedures are adequately designed and effective for providing reasonable assurance that material information relating to the Company would have been made known to them as of the end of the fiscal year ended December 31, 2011.

As well, as of the end of the fiscal year ended December 31, 2011, the Chief Executive Officer and Chief Financial Officer have evaluated and conclude that the Company's internal controls over financial reporting have been adequately designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes. However, control systems, no matter how well designed and operated, have inherent limitations, therefore, those systems, although determined adequately designed, can provide only reasonable assurance that the objectives of the system are met.

During 2011, there was no change in our internal controls over financial reporting that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

**ADDITIONAL INFORMATION**

Additional information pertaining to the Company is available on the SEDAR website at [www.sedar.com](http://www.sedar.com).

**SCHEDULE "L"**

**UNAUDITED FINANCIAL STATEMENTS  
AND MD&A OF ABBASTAR RESOURCES CORP.  
FOR THE SIX MONTHS ENDED JUNE 30, 2012**

**ABBASTAR RESOURCES CORP.**

Vancouver, BC

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**CONDENSED FINANCIAL STATEMENTS**

For the Six Months Ended June 30, 2012  
(Unaudited – Expressed in Canadian Dollars)

**ABBASTAR RESOURCES CORP.**

## CONDENSED STATEMENTS OF FINANCIAL POSITION

(Unaudited – Expressed in Canadian Dollars)

As at

	June 30, 2012	December 31, 2011
	\$	\$
<b>Assets</b>		
Current		
Cash	2,318	12,869
Amounts receivable	13,633	4,833
	15,951	17,702
Equipment (Note 3)	-	242
Mineral interests (Note 4)	100,000	100,000
	115,951	117,944
<b>Liabilities</b>		
Current		
Payables and accruals	231,270	228,703
Due to related parties (Note 5)	455,331	349,120
	686,601	577,823
<b>Equity</b>		
Share capital (Note 6)	11,534,666	11,534,666
Reserves	1,215,821	1,215,821
Deficit	(13,321,137)	(13,210,366)
	(570,650)	(459,879)
	115,951	117,944

Nature and continuance of operations (Note 1)

Approved and authorized for issue by the Company's Board of Directors on August 24, 2012.

The accompanying notes are an integral part of these condensed financial statements

**ABBASTAR RESOURCES CORP.****CONDENSED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS**

(Unaudited – Expressed in Canadian Dollars)

	<b>Three months ended June 30,</b>		<b>Six months ended June 30,</b>	
	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Expenses</b>				
Depreciation	-	15	12	30
Bank charges and interest	1,067	984	2,080	1,917
Consulting fees	6,000	6,000	12,000	12,000
Management fees	33,000	33,000	66,000	66,000
Office and miscellaneous	4,849	11,111	12,370	21,216
Professional fees	927	-	927	-
Regulatory and transfer agent fees	3,465	3,827	9,777	9,965
Salaries	-	9,620	7,375	19,240
Share-based payments (Note 6)	-	2,599	-	6,473
Travel and promotion	-	-	-	5,239
<b>Loss from operations</b>	<b>(49,308)</b>	<b>(67,156)</b>	<b>(110,541)</b>	<b>(142,080)</b>
<b>Other item</b>				
Loss on disposal of equipment	(230)	-	(230)	-
<b>Net loss and comprehensive loss</b>	<b>(49,538)</b>	<b>(67,156)</b>	<b>(110,771)</b>	<b>(142,080)</b>
<b>Basic and diluted loss per common share</b>	<b>(0.01)</b>	<b>(0.01)</b>	<b>(0.02)</b>	<b>(0.03)</b>
<b>Weighted average no. of common shares outstanding</b>	<b>5,068,614</b>	<b>5,068,614</b>	<b>5,068,614</b>	<b>5,068,614</b>

The accompanying notes are an integral part of these condensed financial statements.

**ABBASTAR RESOURCES CORP.**

## CONDENSED STATEMENTS OF SHAREHOLDERS' EQUITY

(Unaudited – Expressed in Canadian Dollars)

	Share Capital		Reserve	Deficit	Equity
	Number	Amount			
		\$	\$	\$	\$
Balances, January 1, 2011	5,068,614	11,534,666	1,207,042	(12,922,563)	(180,855)
Share-based payments	-	-	6,473	-	6,473
Net loss	-	-	-	(142,080)	(142,080)
Balances, June 30, 2011	5,068,614	11,534,666	1,213,515	(13,064,643)	(316,462)
Share-based payments	-	-	2,306	-	2,306
Net loss	-	-	-	(145,723)	(145,723)
Balances, December 31, 2011	5,068,614	11,534,666	1,215,821	(13,210,366)	(459,879)
Net loss	-	-	-	(110,771)	(110,771)
<b>Balances, June 30, 2012</b>	<b>5,068,614</b>	<b>11,534,666</b>	<b>1,215,821</b>	<b>(13,321,137)</b>	<b>(570,650)</b>

The accompanying notes are an integral part of these condensed financial statements.

**ABBASTAR RESOURCES CORP.****CONDENSED STATEMENTS OF CASH FLOWS**

(Unaudited – Expressed in Canadian Dollars)

	<b>Three months ended June 30,</b>		<b>Six months ended June 30,</b>	
	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Cash flows from operating activities</b>				
Net loss for the period	<b>(49,538)</b>	(67,156)	<b>(110,771)</b>	(142,080)
Items not involving cash:				
Depreciation	-	15	<b>12</b>	30
Share-based payments	-	2,599	-	6,473
Loss on disposal of equipment	<b>230</b>	-	<b>230</b>	-
Changes in non-cash working capital				
Amounts receivable	<b>(7,241)</b>	(8,150)	<b>(8,800)</b>	(9,376)
Payables and accruals	<b>(4,680)</b>	6,719	<b>2,567</b>	8,958
Due to related parties	<b>53,215</b>	65,453	<b>106,211</b>	121,109
Net cash used in operating activities	<b>(8,014)</b>	(520)	<b>(10,551)</b>	(14,886)
<b>Cash flows from financing activities</b>	-	-	-	-
<b>Cash flows from investing activities</b>	-	-	-	-
Decrease in cash	<b>(8,014)</b>	(520)	<b>(10,551)</b>	(14,886)
Cash, beginning of period	<b>10,332</b>	8,189	<b>12,869</b>	22,555
Cash, end of period	<b>2,318</b>	7,669	<b>2,318</b>	7,669
<b>Supplementary cash flow information</b>				
Interest received	-	-	-	-
Interest paid	-	-	-	-
Income taxes paid	-	-	-	-

The accompanying notes are an integral part of these condensed financial statements.

## **ABBASTAR RESOURCES CORP.**

### **NOTES TO THE CONDENSED FINANCIAL STATEMENTS**

(Unaudited – Expressed in Canadian Dollars)

June 30, 2012

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#### **Note 1 Nature and Continuance of Operations**

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Abbastar Resources Corp. (the “Company”) was incorporated in the Province of British Columbia under the name 424025 B.C. Ltd. on April 13, 1992. On June 14, 2006, the Company adopted new Articles and changed its authorized capital to an unlimited number of common shares without par value. The Company’s principal office and registered and records office is located at 1150-750 West Pender Street, Vancouver, BC V6C 2T8.

On August 10, 2011 the Company’s shares were consolidated on the basis of one new share for four old shares. All references to share and per share amounts have been retroactively restated to reflect the share consolidation.

The Company is a junior exploration company engaged in the business of identification, acquisition and exploration of mineral interests.

At the date of the financial statements, the Company has not identified a known body of commercial grade mineral on any of its properties. The ability of the Company to realize the costs it has incurred to date on these properties is dependent upon the Company identifying a commercial mineral body, to finance its development costs and to resolve any environmental, regulatory or other constraints which may hinder the successful development of the property. To date, the Company has not earned any revenues and is considered to be in the exploration stage.

Management is targeting sources of additional financing through alliances with financial, exploration and mining entities, and other business and financial transactions which would assure continuation of the Company’s operations and exploration programs. In addition, management closely monitors commodity prices of precious metals, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company if favourable or adverse market conditions occur. Since 2010 the Company has not secured necessary equity financing or other sources of working capital such as joint venture revenue, as such management has deferred collection of fees, and advanced funds as needed to meet the ongoing obligations of the Company.

These financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) on a going concern basis which presumes the realization of assets and settlement of liabilities in the normal course of operations in the foreseeable future. The Company has incurred operating losses and, at June 30, 2012, has a cumulative deficit of \$13,321,137 and a working capital deficiency of \$670,650. There is no assurance that management may continue to advance necessary funds to the Company and defer collection of fees until such time as the Company completes an equity financing or secures other sources of working capital such as joint venture revenue. The ability of the Company to continue as a going concern is dependent upon continuing contribution by management if there are no outside sources of working capital. Due to the uncertainties noted above, there is significant doubt regarding the Company’s ability to continue as a going concern. These financial statements do not reflect adjustments, which could be material to the carrying value of assets and liabilities, which may be required should the Company be unable to continue as a going concern.

These condensed financial statements are presented in Canadian dollars, unless otherwise indicated.

## **ABBASTAR RESOURCES CORP.**

### NOTES TO THE CONDENSED FINANCIAL STATEMENTS

(Unaudited – Expressed in Canadian Dollars)

June 30, 2012

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#### **Note 2 Significant Accounting Policies**

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##### **Basis of presentation**

These condensed interim consolidated financial statements, including comparatives, have been prepared in accordance with International Accounting Standards (“IAS”) 34, Interim Financial Reporting. Certain information and note disclosures normally included in the audited annual consolidated financial statements prepared in accordance with International Financial Reporting Standards (“IFRS”) have been omitted or condensed. As a result, these condensed interim consolidated financial statements should be read in conjunction with the Company’s audited consolidated financial statements for the year ended December 31, 2011 (“Annual Financial Statements”).

These condensed interim consolidated financial statements were prepared using the same accounting policies as set out in the Company’s Annual Financial Statements, with the exception of the changes in accounting policies described below.

##### **Use of Estimates and Judgments**

The preparation of financial statements in conformity with IFRS requires management to make estimates, assumptions and judgments that affect the application of accounting policies and reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the reported periods. The Company reviews its estimates and assumptions regularly; however, actual results could differ from those estimates. Significant judgments are used in the Company’s assessment of its ability to continue as a going concern which is described in note 1. Significant accounting estimates are used in the determination of fair value and value in use for purposes of the recoverability of the carrying value of mineral properties, valuation of share-based payments, and the valuation of deferred income taxes. Key estimates made by management with respect to these areas have been described in the notes to these financial statements as appropriate.

##### **New standards and interpretations not yet effective**

###### *IFRS 7, “Financial Instruments: Disclosures” (Amended in 2011)*

The IASB amended the disclosure requirements in IFRS 7, “Financial Instruments: Disclosure” to require information about all recognized financial instruments that are set off in accordance with paragraph 42 of IAS 32 “Financial Instruments: Presentation”.

The IASB believes that these disclosures will allow financial statement users to evaluate the effect or potential effect of netting arrangements, including rights of set-off associated with an entity’s recognized financial assets and recognized financial liabilities, on the entity’s financial position.

The amended standard is effective for annual periods beginning on or after January 1, 2013.

###### *IFRS 13, “Fair Value Measurement”*

IFRS 13, “Fair Value Measurement”, is a comprehensive standard for fair value measurement and disclosure requirements for use across all IFRS standards. The new standard clarifies that fair value is the price that would be received to sell an asset, or paid to transfer a liability in an orderly transaction between market participants, at the measurement date.

## ABBASTAR RESOURCES CORP.

### NOTES TO THE CONDENSED FINANCIAL STATEMENTS

(Unaudited – Expressed in Canadian Dollars)

June 30, 2012

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#### Note 2 Significant Accounting Policies (continued)

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##### New standards and interpretations not yet effective (continued)

It also establishes disclosures about fair value measurement. Under existing IFRS, guidance on measuring and disclosing fair value is dispersed among the specific standards requiring fair value measurements and in many cases does not reflect a clear measurement basis or consistent disclosures. The new converged fair value framework is effective for annual periods beginning on or after January 1, 2013.

The IASB also issued the following new and revised standards addressing the accounting for consolidation, involvements in joint arrangements and disclosure of involvements with other entities:

- IFRS 10, Consolidated Financial Statements (“IFRS 10”) – replaces the consolidation guidance in IAS 27 (2008), Consolidated and Separate Financial Statements, and SIC-12, Consolidated Special Purpose Entities, by introducing a single consolidation model for all entities based on control, irrespective of the nature of the investee.
- IFRS 11, Joint Arrangements (“IFRS 11”) – replaces IAS 31, Interests in Joint Ventures. The option to apply the proportional consolidation method when accounting for jointly controlled entities is removed.
- IFRS 12, Disclosure of Interests in Other Entities (“IFRS 12”) – requires enhanced disclosures about the entity’s interests in subsidiaries, joint arrangements and associates, and unconsolidated structured entities.
- IAS 27 (2011), Separate Financial Statements – the consolidation requirements previously forming part of IAS 27 (2008) have been revised and are now contained in IFRS 10.
- IAS 28 (2011), Investments in Associates and Joint Ventures – amended to conform to changes based on the issuance of IFRS 10, IFRS 11, and IFRS 12.

These five standards must be adopted concurrently and are effective for annual periods beginning on or after January 1, 2013.

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#### Note 3 Equipment

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		June 30, 2012 \$	December 31, 2011 \$
Cost	Balance, beginning of period	2,000	2,000
	Disposal	(2,000)	-
	Balance, end of period	-	2,000
Accumulated Depreciation	Balance, beginning of period	1,758	1,698
	Depreciation	-	60
	Disposal	(1,758)	-
	Balance, end of period	-	1,758
Net value	Balance, beginning of period	242	302
	Balance, end of period	-	242

## **ABBASTAR RESOURCES CORP.**

### **NOTES TO THE CONDENSED FINANCIAL STATEMENTS**

(Unaudited – Expressed in Canadian Dollars)

June 30, 2012

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#### **Note 4 Mineral Interests**

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##### **Talbot Lake Project – Ontario, Canada**

On September 21, 2009, the Company and Denison Mines Inc. (“Denison”) entered into an option agreement (the “Talbot Lake Agreement”) wherein the Company has been granted the right to earn a 100% undivided interest (the “Talbot Lake Transaction”) in the Talbot Lake project (“Talbot Lake Project”) situated in the Talbot Lake Area in Northern Ontario.

The Company will earn a 70% interest in the Talbot Lake Project by incurring \$4,000,000 in exploration expenditures as follows:

- \$400,000 on or before September 30, 2010 (this expenditure requirement has been met);
- \$600,000 on or before September 30, 2011 (this expenditure requirement has been met);
- \$1,000,000 on or before September 30, 2012 (\$306,084 has been expended to date);
- \$1,000,000 on or before September 30, 2013; and
- \$1,000,000 on or before September 30, 2014.

Upon the Company’s notification to Denison of having expended \$4,000,000 and earning the 70% interest in the Talbot Lake Project, the Company may elect to earn an additional 30% interest by making a payment of \$250,000 and expending an additional \$3,000,000 on the Talbot Lake Project on or before September 30, 2017.

If the Company elects not to earn an additional 30%, a joint venture of the Company (70%) and Denison (30%) (“Joint Venture”) will be formed and governed by a committee of two people from each party. If a Joint Venture has been formed either party may get diluted down to the point of conversion to a 2% NSR and the party holding 51% or more will be the operator/manager of the Talbot Lake Project.

Upon the Company’s notification to Denison of having expended \$7,000,000 and earning a 100% undivided interest in the project, subject to a 2% NSR to Denison, the Company will make an additional payment of \$250,000 to Denison. The Company has a right of first refusal should Denison wish to divest all or part of its royalty interest in the Talbot Lake Project and will have the right at any time to buy back 1% of the NSR for \$1,000,000.

To June 30, 2012, the Company had incurred \$1,306,084 in mineral property exploration expenditures as defined in the Talbot Lake Agreement.

Pursuant to the Talbot Lake Agreement, while the Company is earning its interest in the Talbot Lake Project, it will be the operator/manager of the Talbot Lake Project and have the right to make all exploration and development decisions. The Company may at any time elect to withdraw from the project with no interest earned and no further rights or obligations.

In addition, the Company is to maintain the obligations of an underlying agreement between G.S.W. Bruce & Associates (“Bruce”) and Denison (“Bruce Agreement”). Per the Bruce Agreement, as expenditures are incurred on the Talbot Lake Project, Bruce will be paid amounts as follows:

- for any part of the first \$500,000 of expenditures (exclusive of staking or other acquisition costs incurred by the Company or Denison) , 5% thereof (threshold met); and
- with respect to each full \$1,000,000 of expenditures thereafter, 3%.

## **ABBASTAR RESOURCES CORP.**

### **NOTES TO THE CONDENSED FINANCIAL STATEMENTS**

(Unaudited – Expressed in Canadian Dollars)

June 30, 2012

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#### **Note 4 Mineral Interests (continued)**

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##### **Talbot Lake Project – Ontario, Canada (continued)**

These payments are to be made quarterly within 30 days after the end of the quarter in which any such amount becomes payable. At such time as Bruce has been paid an aggregate of \$300,000, the payment conditions outlined above shall terminate and the Company or Denison will have no further obligations to Bruce with regards to expenditures on the Talbot Lake Project. If a positive feasibility study recommending the production of minerals in commercial quantities from the Talbot Lake Project is prepared or if a decision to produce minerals in commercial quantities from the Talbot Lake Project is made, the Company and Denison shall so advise Bruce and Bruce shall immediately be paid a lump sum payment of \$100,000 which is in addition to the payment structure outlined above.

To June 30, 2012, the Company and Denison have expended \$1,663,396 and paid Bruce \$55,000.

The Company is working with Denison to extend the work commitment deadlines.

##### **Doran Property – Quebec, Canada**

In 2007 the Company and Entourage Mining Ltd. (“Entourage”) entered into an option agreement (the “Doran Agreement”) wherein the Company was granted the sole option and right to acquire up to 70% of Entourage’s interest (the “Doran Transaction”) in the Doran uranium property (the “Doran Property”) situated in Costebelle Township, on the north shore of the Gulf of St. Lawrence in south-eastern Quebec. The Company paid Entourage the \$100,000 required pursuant to the Doran Agreement in order to exercise and acquire the interest in the Doran Property.

To June 30, 2012, the Company has incurred \$1,520,190 in mineral property exploration expenditures as defined in the Doran Agreement and earned a 35% interest. The Company elected not to make the necessary mineral exploration expenditures on the Doran Property during the third year and may, pursuant to the Doran Agreement, proceed on a joint venture basis with Entourage.

Title to mineral properties involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from potential aboriginal claims and frequently ambiguous conveyancing history characteristic of many mineral properties. At the time of the acquisitions, the Company had investigated title to the Doran and Talbot Lake Properties and, to its knowledge, title to both are in good standing.

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#### **Note 5 Related Party Transactions**

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All transactions with related parties have occurred in the normal course of operations and are measured at their fair value as determined by management. Unless otherwise indicated, the period-end balances are unsecured, non-interest bearing, without specific terms of repayment and have arisen from advances or the provision of services and fees described.

## **ABBASTAR RESOURCES CORP.**

### **NOTES TO THE CONDENSED FINANCIAL STATEMENTS**

(Unaudited – Expressed in Canadian Dollars)

June 30, 2012

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#### **Note 5 Related Party Transactions (continued)**

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During the three and six months ended June 30, 2012, the Company incurred \$12,000 and \$24,000 in management fees (2011 - \$12,000 and \$24,000) from a company owned and controlled by its President and at June 30, 2012 the Company owes that company \$146,540 (December 31, 2011 - \$116,660) for management fees, expenses and advances which is included in due to related parties.

During the three and six months ended June 30, 2012, the Company incurred \$12,000 and \$24,000 in management fees (2011 - \$12,000 and \$24,000) to its Chief Financial Officer and at June 30, 2012 the Company owes this individual \$105,741 (December 31, 2011 - \$74,844) for unpaid salary, management fees, advances and expenses, and \$40,617 (December 31, 2011 - \$38,663) for a promissory note, all of which is included in due to related parties. The note bears 10% annual interest calculated daily and is repayable 30 days from the date of demand.

During the three and six months ended June 30, 2012, the Company incurred \$9,000 and \$18,000 in management fees (2011 - \$9,000 and \$18,000) to a director and at June 30, 2012 the Company owes this individual \$79,780 (December 31, 2011 - \$56,187) for fees, expenses and advances which is included in due to related parties.

During the three and six months ended June 30, 2012, the Company incurred \$4,000 and \$10,000 (2011 - \$6,000 and \$12,000) in fees from a company with common directors for rent. As at June 30, 2012, the Company owes that company \$76,653 (December 31, 2011 - \$62,766), which is included in due to related parties.

During the three and six months ended June 30, 2012, the Company incurred \$6,900 and \$6,900 in salary (2011 - \$9,000 and \$18,000) and \$927 and \$927 in fees (2011 - \$nil and \$nil) to a former officer and at June 30, 2012 the Company owes this individual \$54,430 (December 31, 2011 - \$46,500) for salary and fees which is included in payables and accruals.

During the three and six months ended June 30, 2012, the Company received a cash advance of \$6,000 and \$6,000 (2011 - \$nil and \$nil) from a company owned and controlled by directors of the Company and at June 30, 2012 the Company owes that company \$6,000 (December 31, 2011 - \$nil) for cash advances which is included in due to related parties.

Key management personnel comprise the Company's Board of Directors and executive officers. During the six months ended June 30, 2012, key management share-based payments were \$nil (2011 - \$5,910).

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#### **Note 6 Share Capital**

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##### **Authorized**

Unlimited number of common shares, without par value.

##### **Common shares**

Effective August 10, 2011, the common shares of the Company were consolidated on the basis of four old shares for one new share as authorized by its shareholders at the Company's annual general and special meeting held on June 29, 2011. As a result of the share consolidation, the number of common shares issued and outstanding is 5,068,614, taking into account rounding of fractional shares.

## ABBASTAR RESOURCES CORP.

### NOTES TO THE CONDENSED FINANCIAL STATEMENTS

(Unaudited – Expressed in Canadian Dollars)

June 30, 2012

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#### Note 6 Share Capital (continued)

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##### Finder's options

As at June 30, 2012, there were no finder's options outstanding. On December 18, 2011, the 78,125 finder's options issued in connection with a private placement completed in 2009 expired unexercised.

##### Warrants

	Six months ended June 30, 2012		Year ended December 31, 2011	
	Warrants	Weighted Average Exercise Price \$	Warrants	Weighted Average Exercise Price \$
Outstanding, beginning of period	-	-	880,625	1.36
Expired	-	-	(880,625)	1.36
Outstanding, end of period	-	-	-	-

On August 25, 2011, 490,000 warrants, exercisable at \$0.84 per share, expired unexercised and on December 18, 2011, 390,625 warrants, exercisable at \$2.00 per share, expired unexercised.

##### Share-based payments

The Company has a stock option plan in place under which it is authorized to grant options to executive officers and directors, employees and consultants enabling them to acquire up to 1,000,000 common shares of the Company. Under the plan, the exercise price of each option cannot be less than the discounted market price as defined in Policy 1.1 of the Exchange policies. The options can be granted for a maximum term of five years and the vesting period of each option grant is at the discretion of the board of directors, subject to applicable Exchange policies.

Options under the plan are summarized as follows:

	Six months ended June 30, 2012		Year ended December 31, 2011	
	Options	Weighted Average Exercise Price \$	Options	Weighted Average Exercise Price \$
Outstanding, beginning of period	238,750	0.87	332,500	0.84
Cancelled/Expired	(18,750)	1.20	(93,750)	0.75
Outstanding, end of period	220,000	0.85	238,750	0.87

# ABBASTAR RESOURCES CORP.

## NOTES TO THE CONDENSED FINANCIAL STATEMENTS

(Unaudited – Expressed in Canadian Dollars)

June 30, 2012

### Note 6 Share Capital (continued)

Exercise Price \$	Options Outstanding June 30, 2012			Options Exercisable June 30, 2012	
	Number Outstanding	Weighted Average Remaining Life (Yrs)	Expiry Date	Number Exercisable	Weighted Average Exercise Price \$
0.80	143,750	2.9	20-May-15	143,750	0.80
0.84	32,500	1.0	15-Jul-13	32,500	0.84
1.00	43,750	0.8	15-Apr-13	43,750	1.00
	<b>220,000</b>	<b>2.2</b>		<b>220,000</b>	<b>0.85</b>

### Note 7 Mineral Exploration Expenditures

A summary of exploration expenditures incurred on the Talbot Lake Project for the periods indicated is provided below.

	Three months ended June 30,		Six months ended June 30,	
	2012	2011	2012	2011
	\$	\$	\$	\$
<b>Incurred during the period</b>	-	-	-	-
Cumulative expenditures, beginning of period	<b>1,306,084</b>	1,306,084	<b>1,306,084</b>	1,306,084
<b>Cumulative expenditures, end of period</b>	<b>1,306,084</b>	1,306,084	<b>1,306,084</b>	1,306,084

A summary of exploration expenditures incurred on the Doran Property for the periods indicated is provided below.

	Three months ended June 30,		Six months ended June 30,	
	2012	2011	2012	2011
	\$	\$	\$	\$
<b>Incurred during the period</b>	-	-	-	-
Cumulative expenditures, beginning of period	<b>824,328</b>	824,328	<b>824,328</b>	824,328
<b>Cumulative expenditures, end of period</b>	<b>824,328</b>	824,328	<b>824,328</b>	824,328

## **ABBASTAR RESOURCES CORP.**

### **NOTES TO THE CONDENSED FINANCIAL STATEMENTS**

(Unaudited – Expressed in Canadian Dollars)

June 30, 2012

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#### **Note 8 Capital Management**

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The Company manages its capital structure and makes adjustments to it based on the funds available to the Company, in order to support future business opportunities. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

The Company currently has no source of revenues; as such the Company is dependent upon external financings to fund activities. In order to carry future projects and pay for administrative costs, the Company will spend its existing working capital and raise additional funds as needed. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

There were no changes in the Company's approach to capital management during the six month period ended June 30, 2012. The Company is not subject to externally imposed capital requirements.

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#### **Note 9 Financial Instruments**

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The fair value of the Company's receivables and payables and accruals approximates their carrying value due to the relatively short periods to maturity of the instruments. The Company's other financial instrument, cash, under the fair value hierarchy is based on level one quoted prices in active markets for identical assets or liabilities. The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

Credit risk:

Credit risk is the risk of loss associated with counterparty's inability to fulfill its payment obligations. The Company believes it has no significant credit risk.

Liquidity risk:

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at June 30, 2012, the Company had a cash balance of \$2,318 (December 31, 2011 - \$12,869) to settle current liabilities of \$686,601 (December 31, 2011 - \$577,823). As such, management plans to raise funds and settle debts to address its working capital deficiency. All of the Company's financial liabilities have contractual maturities of 30 days or due on demand and are subject to normal trade terms.

Market risk:

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and equity prices.

(a) Interest rate risk - the Company has cash balances and only fixed interest-bearing debt. The Company's current policy is to invest excess cash in investment-grade short-term deposit certificates issued by its banking institution. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks.

## **ABBASTAR RESOURCES CORP.**

### **NOTES TO THE CONDENSED FINANCIAL STATEMENTS**

(Unaudited – Expressed in Canadian Dollars)

June 30, 2012

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#### **Note 9 Financial Instruments (continued)**

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(b) Foreign currency risk - the Company currently believes it has no significant foreign exchange risk.

(c) Price risk - the Company is exposed to price risk with respect to equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market.

#### Sensitivity Analysis:

The carrying amount of cash, amounts receivables and payables and accruals approximates their fair value due to their short term nature. The Company does not have any deposits with fixed interest rates and it therefore does not have significant exposure to changing interest rates.

**ABBASTAR RESOURCES CORP.**

MANAGEMENT DISCUSSION AND ANALYSIS

For the Six Months Ended June 30, 2012

As at August 27, 2012

**ABBASTAR RESOURCES CORP.**  
**FOR THE SIX MONTHS ENDED JUNE 30, 2012**

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**INTRODUCTION**

Abbastar Resources Corp. (the “Company”, “we”, “our”) is headquartered in Vancouver, BC. The Company’s principal business activity is the acquisition and exploration of properties in the natural resource industry.

On February 13, 2007, the Company and Entourage Mining Ltd. (“Entourage”) entered into an option agreement wherein the Company was granted the sole option and right to acquire up to 70% of Entourage’s interest (the “Doran Transaction”) in the Doran uranium property (the “Doran Property”) situated in Costebelle Township, on the north shore of the Gulf of St. Lawrence in south-eastern Quebec. The Company elected not to make the necessary exploration expenditures on the Doran Property during the third year and may proceed on a joint venture basis with Entourage.

On September 21, 2009, the Company and Denison Mines Inc. (“Denison”) entered into an option agreement (“Talbot Lake Agreement”) wherein the Company has been granted the right to earn a 100% undivided interest in the Talbot Lake project (“Talbot Lake Project”) situated in the Talbot Lake area in Northern Ontario. Pursuant to the Talbot Lake Agreement, the Company is required to spend a further \$693,916 in exploration expenditures on or before September 30, 2012 to keep it in good standing. Accordingly, the Company is in discussions with Denison to extend the work commitment deadlines.

Effective August 10, 2011 the common shares of the Company were consolidated on the basis of four old shares for one new share as authorized by its shareholders at the Company’s annual general and special meeting of shareholders held on June 29, 2011. The total number of common shares outstanding as at the date of this MD&A is 5,068,614, taking into account rounding of fractional shares.

This management discussion and analysis (“MD&A”) is dated as of August 27, 2012 and should be read in conjunction with the condensed financial statements of the Company for the six months ended June 30, 2012 (“Condensed Financial Statements”), our audited financial statements for the year ended December 31, 2011 (“Annual Financial Statements”) and our MD&A for the year ended December 31, 2011.

Our discussion in this MD&A is based on the Condensed Financial Statements. The Condensed Financial Statements are prepared in accordance with International Financial Reporting Standards (“IFRS”) for interim financial statements and accordingly, certain information and note disclosures normally included in the Annual Financial Statements are omitted. Unless expressly stated otherwise, all financial information is presented in Canadian dollars.

**FORWARD-LOOKING INFORMATION**

This MD&A contains forward-looking statements and forward-looking information (collectively, “forward-looking statements”) within the meaning of applicable Canadian securities legislation. These statements relate to future events or the future activities or performance of the Company. All statements, other than statements of historical fact are forward-looking statements. Forward-looking statements are typically identified by words such as: believe, expect, anticipate, intend, estimate, postulate and similar expressions, or which by their nature refer to future events. These forward looking statements include, but are not limited to, statements concerning:

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- the Company's strategies and objectives, both generally and in respect of its specific mineral properties;
- the timing of decisions regarding the strategy and costs of exploration programs with respect to, and the issuance of the necessary permits and authorizations required for, the Company's exploration programs;
- the timing and cost of planned exploration programs of the Company, and the timing of the receipt of results therefrom;
- the Company's future cash requirements;
- general business and economic conditions;
- the Company's ability to meet its financial obligations as they come due, and to be able to raise the necessary funds to continue operations;
- the timing and pricing of proposed financings if applicable;
- the anticipated completion of financings;
- the anticipated use of the proceeds from the financings;
- the potential to verify and potentially expand upon the historical resources;
- the potential for the expansion of the known mineralized zones;

Although the Company believes that such statements are reasonable it can give no assurance that such expectations will prove to be correct. Inherent in forward looking statements are risks and uncertainties beyond the Company's ability to predict or control, including, but not limited to, risks related to the Company's inability to negotiate successfully for the acquisition of interests in mineral properties, the Company's inability to identify one or more economic deposits on its properties, variations in the nature, quality and quantity of any mineral deposits that may be located, the Company's inability to obtain any necessary permits, consents or authorizations required for its activities, to produce minerals from its properties successfully or profitably, to continue its projected growth, to raise the necessary capital or to be fully able to implement its business strategies, and other risks identified herein under "Risk Factors".

The Company cautions investors that any forward-looking statements by the Company are not guarantees of future performance, and that actual results are likely to differ, and may differ materially, from those expressed or implied by forward looking statements contained in this MD&A. Such statements are based on a number of assumptions which may prove incorrect, including, but not limited to, assumptions about:

- the level and volatility of the prices for precious metals;
- general business and economic conditions;
- conditions in the financial markets generally, and with respect to the prospects for junior exploration precious metal companies specifically;
- the Company's ability to secure the necessary consulting, drilling and related services and supplies on favorable terms;
- the Company's ability to attract and retain key staff, and to retain consultants to provide the specialized information and skills involved in understanding the precious metal exploration, mining, processing and marketing businesses;

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- the nature and location of the Company's mineral exploration projects, and the timing of the ability to commence and complete the planned exploration programs;
- the anticipated terms of the consents, permits and authorizations necessary to carry out the planned exploration programs and the Company's ability to comply with such terms on a cost-effective basis;
- the ongoing relations of the Company with government agencies and regulators and its underlying property vendors/options; and
- that the metallurgy and recovery characteristics of samples from certain of the Company's mineral properties are reflective of the deposit as a whole.

These forward looking statements are made as of the date hereof and the Company does not intend and does not assume any obligation to update these forward looking statements except as required by applicable law. For the reasons set forth above, investors should not attribute undue certainty to or place undue reliance on forward-looking statements.

Historical results of operations and trends that may be inferred from the following discussion and analysis may not necessarily indicate future results from operations. In particular, the current state of the global securities markets may cause significant reductions in the price of the Company's securities and render it difficult or impossible for the Company to raise the funds necessary to continue operations.

### **THE TALBOT LAKE PROJECT**

The Talbot Lake Project is located within the gold producing Uchi Sub province in northwestern Ontario.

The Talbot Lake Project hosts the "Main Zone" gold deposit which was discovered by Placer Dome in 1985 and acquired by Denison in 1998. It consists of an East-West striking and vertically dipping quartz vein containing visible gold, pyrite, copper sulphide and zinc sulphide. Channel sampling by Denison indicated an approximate strike length of the Main Zone to be 48m with a weighted average grade of 13.8 g/t Au over a width of 3.3m. One channel over a width of 1.8m yielded a spectacular value of 120.0 g/t Au. The gold deposit extends for a depth of approximately 200m and remains open. The following are some significant drill hole intersections by Placer Dome from the "Main Zone"; 16.4 g/t Au over 7.6m, 37.2 g/t Au over 2.5m, 26.9 g/t Au over 2.9m, 7.5 g/t Au over 7.5m. (source: Resident Geologist, Ministry of Northern Development and Mines, Thunder Bay). Up to September 21, 2009 approximately \$6,000,000 in exploration expenditures had been carried out on the Talbot Lake Project, approximately \$360,000 by Denison and approximately \$5,640,000 by Placer Dome.

A parallel "Sulphide Zone" up to several meters wide is often intersected adjacent to the "Main Zone" and contains copper and zinc mineralization with anomalous gold. Further to the east the Main Zone is crosscut by a northeast trending fault with a separate mineralized structure called the "East Zone" located immediately east of this fault. The 'Sulphide' and 'East Zones' have received less attention than the Main Zone but remain highly prospective and will be part of a more aggressive exploration program on the Talbot Lake Project.

On February 25, 2010, the Company announced the start of a first phase 5000 meter drill program on the Talbot Lake Project. On March 30, 2010, the Company announced the results of the first two holes and on April 22,

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2010 announced the results of the remaining seven holes from the first nine holes drilled before spring break-up. On April 30, 2010 drilling commenced on the tenth hole and concluded on May 24, 2010 with just under 4,600 meters drilled on 17 holes during the first phase. The last eight drill holes were testing geological/geophysical targets other than the known East and Main zone gold deposits to possibly discover additional gold bearing zones on the property. Hole No. 13 intersected a new gold zone on the west side of the folded Banded Iron Formation (BIF) with an intersection of 3.2 g/t Au over 0.3m. The remaining seven holes returned no significant values. The area in and around this fold nose has proved to be very important spatially to the alteration and gold mineralization discovered to date. Future exploration efforts will focus drilling in this fold nose area as well as prospecting on the newly acquired ground to the southwest. The best intersection from this first phase program was Hole No. 3, drilled into the Main Zone, which yielded 9.8 g/t Au over 4.7m from 233.8 to 238.5m within silicified mafic volcanics with 80% quartz veining, and locally 15 to 20% pyrrhotite, 6 to 8% pyrite and 2 to 3% chalcopyrite. Within this same drill hole several samples prior to intersecting this Main Zone contained significant gold values and would give a wider weighted average of 2.8 g/t Au over 21.0m from 217.5 to 238.5m. To date the Company has incurred \$1,306,084 in mineral exploration expenditures on the property.

Sample results from the 17 holes drilled during the first phase drill program on the Talbot Lake Project include:

Hole	Interval (m)			Au
	From	To	Length	g/t
1	67.3	76.4	9.1	2.7
includes	69.9	76.4	6.5	3.3
and	69.9	70.4	0.5	11.3
2	173.1	174.6	1.5	3.6
3	217.5	238.5	21.0	2.8
includes	233.8	238.5	4.7	9.8
and	233.8	235.0	1.2	15.8
9	135.0	136.0	1.0	2.5
	139.8	140.3	0.5	1.0

Holes numbered 4-8 intersected mineralized quartz veining with anomalous gold values up to 0.3 g/t. Exploration on the Talbot Lake Project was carried out under the supervision of David Hunt, P.Geo, qualified person under NI 43-101.

**THE DORAN PROPERTY**

The Doran Property consists of 47 contiguous mineral claims covering approximately 2,500 hectares in the Baie Johan Beetz area of Costebelle Township, Quebec, NTS map sheet 12 L/08. The Doran Property is located in the southeastern part of Quebec, along the north shore of the Gulf of St. Lawrence, approximately 18 kilometers west of Aguanish and 109 kilometers east of Havre St. Pierre. The property extends inland from the Gulf of St. Lawrence a distance of approximately 10 kilometers to the north. The topography of the property for the most part is rolling hills having a maximum relief of 100 meters with elevation ranging from sea level to 100 meters. All mineralized areas of interest are located above sea and river levels.

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On May 11, 2007, the Company announced that drilling had commenced on the L anomaly of the Doran Property. In total, 32 holes were drilled in four anomalies (L, N, X and Y) for a total of just under 3,300 meters. At that time, there were 17 identified anomalies on the Doran Property. A total of 1,158 samples were analyzed representing 2,469 linear meters or 75% of the drill-hole length. The results of Doran Phase II were announced August 23, 2007. All 32 holes identified near or at-surface uranium mineralization.

Doran Phase III was completed in early November 2007 on the Doran Showing (“Main Zone”). In total, 15 holes were drilled for a total of just less than 1,700 meters before drilling was terminated due to poor weather. This campaign was designed to further delineate the Doran Showing where Entourage drilled in the summer of 2006. The Doran Showing consists of four distinct pegmatite-bearing structures: the Main Zone, the North End Zone, Dyke Zone and Hot Spot Zone. The results of Doran Phase III were announced February 4, 2008.

During 08Q4 the Company completed its fall 2008 exploration campaign. The fall 2008 exploration campaign consisted of line cutting, scintillometer prospecting, ground based radiometric and magnetic surveys, channel sampling and geological mapping. A technical report entitled “Technical Report and Recommendations - The Doran Property, Aguanish, Lower North Shore, Quebec, Canada NTS sheet 12L08” dated February 19, 2009 (the “Technical Report”) was commissioned to review the results of the drilling campaigns in 2006 and 2007 and to present the results of the fieldwork undertaken on the Northern and Southern sections of the Doran Property in October 2008. The Technical Report was prepared by Mr. Michel Boily, Ph.D., P.Geo., an independent “qualified person” as that term is defined in National Instrument 43-101 and by Luc Lepage, B.Sc. (Geology). The Technical Report is available on SEDAR at [www.sedar.com](http://www.sedar.com).

To date the Company has earned a 35% interest in the Doran Property. Additionally, 63 drill holes, covering approximately 6,200 meters, have been completed on five of 22 anomalies identified on the Doran Property. Over \$2,100,000 in mineral exploration expenditures have been incurred by the Company and Entourage on the Doran Property to date, over \$1,500,000 by the Company and \$600,000 by Entourage.

**RESULTS OF OPERATIONS**

	Three months ended June 30,			Six months ended June 30,		
	2012	2011	Chg	2012	2011	Chg
	\$	\$	%	\$	\$	%
<b>Expenses</b>						
Depreciation	-	15	(100)	12	30	(60)
Bank charges and interest	1,067	984	8	2,080	1,917	9
Consulting fees	6,000	6,000	--	12,000	12,000	--
Management fees	33,000	33,000	--	66,000	66,000	--
Office and miscellaneous	4,849	11,111	(56)	12,370	21,216	(42)
Professional fees	927	-	--	927	-	--
Regulatory and transfer agent fees	3,465	3,827	(9)	9,777	9,965	(2)
Salaries	-	9,620	(100)	7,375	19,240	(62)

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Share-based payments	-	2,599	(100)	-	6,473	(100)
Travel and promotion	-	-	--	-	5,239	(100)
<b>Loss from operations</b>	<b>(49,308)</b>	(67,156)	(27)	<b>(110,541)</b>	(142,080)	(22)
<b>Other item</b>						
Loss on disposal of equipment	(230)	-	--	(230)	-	--
<b>Net loss and comprehensive loss</b>	<b>(49,538)</b>	(67,156)	(26)	<b>(110,771)</b>	(142,080)	(22)

Total expenses, excluding share-based payments, for the three and six months ended months ended June 30, 2012 amounted to \$49,308 and \$110,541, a decrease of \$15,249 (24%) and \$25,066 (19%) over the 2011 comparative periods.

During the three and six months ended June 30, 2012, \$989 and \$1,954 (2011 - \$904 and \$1,777) in interest was accrued on the promissory note due to an officer.

Consulting fees and management fees paid during the three and six months ended June 30, 2012 were identical to the 2011 comparative period. Consultants were retained during the period to assist with the administrative and corporate financial reporting requirements of the Company. Effective January 1, 2011, the President, Chief Financial Officer and a director accrued monthly management fees totaling \$11,000.

Office and miscellaneous expenses recorded during the three and six months ended June 30, 2012 were lower than the 2011 comparative period for a number of reasons, including effective May 1, 2012, the Company reduced its monthly rent from \$2,000 to \$1,000 and costs associated with holding its annual general meeting reflected in 11Q2 have yet to be incurred in 2012.

Professional fees recorded during the three and six months ended June 30, 2012 were provided by a former officer for legal services. Effective 12Q1 these services which were paid on a fixed monthly basis and recorded as salaries in 2011 are now billed on an hourly basis and recorded as professional fees.

During the three and six months ended June 30, 2012, there was no business-related travel. In March 2011 management attended the annual PDAC conference in Toronto to investigate potential business and financing opportunities. As a result, travel and promotion expenses incurred during the three and six months ended June 30, 2011 were higher than the comparative 2012 period.

**SUMMARY OF QUARTERLY RESULTS**

	2012		2011		2010			
	Presented in Canadian Dollars and under IFRS							
	June 30	March 31	December 31	September 30	June 30	March 31	December 31	September 30
Net loss	(49,538)	(61,233)	(73,975)	(71,748)	(67,156)	(74,924)	(521,211)	(89,767)
Expenses – adjusted <sup>(1)</sup>	49,308	61,233	73,247	70,170	64,557	71,050	78,802	73,333

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Loss per share <sup>(2)</sup>	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.10)	(0.02)
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<sup>(1)</sup> Expenses after backing-out mineral exploration expenditures and share-based payments.

<sup>(2)</sup> Fully diluted loss per share has not been calculated, since it would be anti-dilutive.

During the three months ended June 30, 2012, our average monthly spend was approximately \$16,400 per month, down from an average of \$20,400 the previous quarter and down from an average of \$21,500 during the comparative period in 2011. Losses and adjusted expenses over the past four quarters are consistently lower than the respective previous year's results as management has focused on keeping costs down. The loss recorded in 10Q4 included a \$389,093 IFRS adjustment for treatment of flow-through shares.

At present, we expect our operations to continue to incur no more than \$16,500 per month in human resource, administrative and marketing expenses.

**LIQUIDITY AND CAPITAL RESOURCES**

**Financial Position**

As at	June 30, 2012 \$	December 31, 2011 \$	Change %
Cash	2,318	12,869	(82)
Other current assets	13,633	4,833	182
Interest in mineral property	100,000	100,000	--
Other assets	-	242	(100)
	<b>115,951</b>	117,944	(2)
Current liabilities	686,601	577,823	19
Equity (Deficiency)	(570,650)	(459,879)	24
	<b>115,951</b>	117,944	(2)
Cash dividends declared per share	-	-	

Total assets have decreased from \$117,944 as at December 31, 2011 to \$115,951 as at June 30, 2012. The \$1,993 decrease is attributed primarily to cash used to fund operations during the six months ended June 30, 2012 offset by an increase in HST receivable. Total liabilities have increased by \$108,778 since the 2011 year-end as a result of unpaid administrative expenditures such as salaries, management fees and consulting fees.

As at June 30, 2012, the Company had a working capital deficit of \$670,650 (December 31, 2011 – \$560,121) and equity deficiency of \$570,650 (December 31, 2011 – \$459,879). Management is proceeding to settle debts and raise funds to address its working capital deficit; however there can be no guarantee that future fundraising efforts will be successful.

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**Changes in Cash Position**

	<b>Three months ended June 30,</b>		<b>Six months ended June 30,</b>	
	<b>2012</b>	2011	<b>2012</b>	2011
Cash flows:	<b>\$</b>	\$	<b>\$</b>	\$
From operating activities	<b>(8,014)</b>	(520)	<b>(10,551)</b>	(14,886)
From financing activities	-	-	-	-
From investing activities	-	-	-	-
Decrease in cash	<b>(8,014)</b>	(520)	<b>(10,551)</b>	(14,886)

The Company's cash position decreased from \$12,869 at December 31, 2011 to \$2,318 at June 30, 2012. The \$8,014 decrease is attributed to cash used to fund operations.

The \$8,014 and \$10,551 in cash used to fund operations during the three and six months ended June 30, 2012 is \$7,494 higher and \$4,335 lower than the 2011 comparative periods, the key contributors to any fluctuations between periods being the timing of payments for deposits and payables. During the three and six months ended June 30, 2012, there were no financing or investing activities.

**Financial Instruments**

*Financial assets*

Financial assets are initially recognized at fair value and are classified into one of the following categories, depending on the purpose for which the asset was acquired. The Company's accounting policy for each category is as follows:

*Fair value through profit or loss* – derivatives or assets acquired or incurred principally for the purpose of selling or repurchasing it in the near term. They are carried in the statement of financial position at fair value with changes in fair value recognized in the statement of operations.

*Loans and receivables* - non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are carried at cost less any provision for impairment. Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default.

*Held-to-maturity investments* - non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the positive intention and ability to hold to maturity. These assets are measured at amortized cost using the effective interest method. If there is objective evidence that the investment is impaired, determined by reference to external credit ratings and other relevant indicators, the financial asset is measured at the present value of estimated future cash flows. Any changes to the carrying amount of the investment, including impairment losses, are recognized in the statement of operations.

*Available-for-sale* – non-derivative financial assets not included in the above categories are classified as available-for-sale. They are carried at fair value with changes in fair value recognized directly in equity. Where a

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decline in the fair value of an available-for-sale financial asset constitutes objective evidence of impairment, the amount of the loss is removed from equity and recognized in the statement of operations.

All financial assets except for those at fair value through profit or loss are subject to review for impairment at the minimum of at each reporting date. Financial assets are impaired when there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets described above.

*Financial liabilities*

The Company classifies its financial liabilities into one of two categories. The Company's accounting policy for each category is as follows:

*Fair value through profit or loss* - derivatives or liabilities acquired or incurred principally for the purpose of selling or repurchasing it in the near term. They are carried in the statement of financial position at fair value with changes in fair value recognized in the statement of operations.

*Other financial liabilities* - includes promissory notes, amounts due to related parties and payables and accruals, all of which are recognized at amortized cost.

*Classification of Financial Instruments*

The Company has classified its cash as fair value through profit or loss; receivables as loans and receivables; and due to related parties and payables and accruals as other financial liabilities.

**Share Capital**

The total number of common shares outstanding as at the date of this MD&A and June 30, 2012 is/was 5,068,614. Effective August 10, 2011 the common shares of the Company were consolidated on the basis of four old shares for one new share.

As at the date of this report, there were no warrants outstanding. On August 25, 2011, 490,000 warrants, exercisable at \$0.84 per share, expired unexercised and on December 18, 2011 390,625 warrants, exercisable at \$2.00 per share expired unexercised.

As of the date of this report there were 220,000 stock options outstanding, all of which are exercisable with a weighted average exercise price of \$0.85 per share. The expiration dates of the outstanding stock options range from April 15, 2013 to May 20, 2015.

On September 7, 2011 the Company cancelled the private placement announced on March 18, 2011 for business reasons.

**Future Cash Requirements**

The Company's future capital requirements will depend on many factors, including, among others, property acquisitions and future mineral exploration expenditures. Should the Company wish to acquire a greater than 35% interest in the Doran Property, a 100% interest in the Talbot Lake Project or interests in other properties,

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additional funding will be required. Of the current and expected \$16,500 average monthly spend, \$12,000 is incurred for fees and rent expense with related parties, leaving a balance of \$4,500 to be covered to maintain operations. Since 2010, management has deferred collection of fees and advanced funds as needed to meet the ongoing obligations of the Company. The Company believes that its current capital plans and requirements can be funded from existing cash on hand and short-term advances from related parties until such time as a financing is completed. To the extent that the Company continues to incur losses and these resources are insufficient to fund the Company's recurring losses until profitability is reached, the Company will need to raise additional funds through debt or equity financing. Current market conditions have made it more difficult to raise additional funds. If additional funds are raised through the issuance of equity securities, the percentage ownership of current shareholders will be reduced and such equity securities may have rights, preferences, or privileges senior to those of the holders of the Company's common stock. No assurance can be given that additional financing will be available, or that it can be obtained on terms acceptable to the Company and its shareholders. If adequate funds are not available, the Company may be required to delay future mineral exploration expenditures or property acquisitions.

**RELATED PARTY TRANSACTIONS**

All transactions with related parties have occurred in the normal course of operations and are measured at their fair value as determined by management. Unless otherwise indicated, the period-end balances are unsecured, non-interest bearing, without specific terms of repayment and have arisen from advances or the provision of services and fees described.

During the three and six months ended June 30, 2012, the Company incurred \$12,000 and \$24,000 in management fees (2011 - \$12,000 and \$24,000) from a company owned and controlled by its President and at June 30, 2012 the Company owes that company \$146,540 (December 31, 2011 - \$116,660) for management fees, expenses and advances which is included in due to related parties.

During the three and six months ended June 30, 2012, the Company incurred \$12,000 and \$24,000 in management fees (2011 - \$12,000 and \$24,000) to its Chief Financial Officer and at June 30, 2012 the Company owes this individual \$105,741 (December 31, 2011 - \$74,844) for unpaid salary, management fees, advances and expenses, and \$40,617 (December 31, 2011 - \$38,663) for a promissory note, all of which is included in due to related parties. The note bears 10% annual interest calculated daily and is repayable 30 days from the date of demand.

During the three and six months ended June 30, 2012, the Company incurred \$9,000 and \$18,000 in management fees (2011 - \$9,000 and \$18,000) to a director, Thomas Bell, and at June 30, 2012 the Company owes this individual \$79,780 (December 31, 2011 - \$56,187) for fees, expenses and advances which is included in due to related parties.

During the three and six months ended June 30, 2012, the Company incurred \$4,000 and \$10,000 (2011 - \$6,000 and \$12,000) in fees from a company with common directors (President and CEO, CFO and Thomas Bell) for rent. As at June 30, 2012, the Company owes that company \$76,653 (December 31, 2011 - \$62,766), which is

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included in due to related parties.

During the three and six months ended June 30, 2012, the Company incurred \$6,900 and \$6,900 in salary (2011 - \$9,000 and \$18,000) and \$927 and \$927 in fees (2011 - \$nil and \$nil) to a former officer and at June 30, 2012 the Company owes this individual \$54,430 (December 31, 2011 - \$46,500) for salary and fees which is included in payables and accruals.

During the three and six months ended June 30, 2012, the Company received a cash advance of \$6,000 and \$6,000 (2011 - \$nil and \$nil) from a company owned and controlled by common directors (President and CEO, CFO and Thomas Bell) and at June 30, 2012 the Company owes that company \$6,000 (December 31, 2011 - \$nil) for cash advances which is included in due to related parties.

Key management personnel comprise the Company's Board of Directors and executive officers. During the six months ended June 30, 2012, key management share-based payments were \$nil (2011 - \$5,910).

**OTHER FINANCIAL INFORMATION**

**New standards and interpretations not yet effective**

***IFRS 7, "Financial Instruments: Disclosures" (Amended in 2011)***

The IASB amended the disclosure requirements in IFRS 7, "Financial Instruments: Disclosure" to require information about all recognized financial instruments that are set off in accordance with paragraph 42 of IAS 32 "Financial Instruments: Presentation".

The IASB believes that these disclosures will allow financial statement users to evaluate the effect or potential effect of netting arrangements, including rights of set-off associated with an entity's recognized financial assets and recognized financial liabilities, on the entity's financial position.

The amended standard is effective for annual periods beginning on or after January 1, 2013.

***IFRS 13, "Fair Value Measurement"***

IFRS 13, "Fair Value Measurement", is a comprehensive standard for fair value measurement and disclosure requirements for use across all IFRS standards. The new standard clarifies that fair value is the price that would be received to sell an asset, or paid to transfer a liability in an orderly transaction between market participants, at the measurement date. It also establishes disclosures about fair value measurement. Under existing IFRS, guidance on measuring and disclosing fair value is dispersed among the specific standards requiring fair value measurements and in many cases does not reflect a clear measurement basis or consistent disclosures. The new converged fair value framework is effective for annual periods beginning on or after January 1, 2013.

The IASB also issued the following new and revised standards addressing the accounting for consolidation, involvements in joint arrangements and disclosure of involvements with other entities:

- IFRS 10, Consolidated Financial Statements ("IFRS 10") – replaces the consolidation guidance in IAS 27 (2008), Consolidated and Separate Financial Statements, and SIC-12, Consolidated Special Purpose

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Entities, by introducing a single consolidation model for all entities based on control, irrespective of the nature of the investee.

- IFRS 11, Joint Arrangements (“IFRS 11”) – replaces IAS 31, Interests in Joint Ventures. The option to apply the proportional consolidation method when accounting for jointly controlled entities is removed.
- IFRS 12, Disclosure of Interests in Other Entities (“IFRS 12”) – requires enhanced disclosures about the entity’s interests in subsidiaries, joint arrangements and associates, and unconsolidated structured entities.
- IAS 27 (2011), Separate Financial Statements – the consolidation requirements previously forming part of IAS 27 (2008) have been revised and are now contained in IFRS 10.
- IAS 28 (2011), Investments in Associates and Joint Ventures – amended to conform to changes based on the issuance of IFRS 10, IFRS 11, and IFRS 12.

These five standards must be adopted concurrently and are effective for annual periods beginning on or after January 1, 2013.

**RISK FACTORS**

The Company is in the business of acquiring, exploring and, if warranted, developing and exploiting natural resource properties, currently in Ontario and Quebec, Canada. Due to the nature of the Company’s business and the present stage of exploration of its mineral properties (which are primarily early stage exploration properties with no known resources or reserves), the following risk factors, among others, will apply:

**Competition:** The Company’s business of the acquisition, exploration and development of mineral properties is intensely competitive. The Company may be at a competitive disadvantage in acquiring additional mining properties because it must compete with other individuals and companies, many of which have greater financial resources, operational experience and technical capabilities than the Company. Increased competition could adversely affect the Company’s ability to attract necessary capital funding or acquire suitable producing properties or prospects for mineral exploration in the future.

**Dependence Upon Others and Key Personnel:** The success of the Company’s operations will depend upon numerous factors, many of which are beyond the Company’s control, including (i) the ability to design and carry out appropriate exploration programs on its mineral properties; (ii) the ability to produce minerals from any mineral deposits that may be located; (iii) the ability to attract and retain additional key personnel in exploration, marketing, mine development and finance; and (iv) the ability and the operating resources to develop and maintain the properties held by the Company. There can be no assurance of success with any or all of these factors on which the Company’s operations will depend, or that the Company will be successful in finding and retaining the necessary employees, personnel and/or consultants in order to be able to successfully carry out such activities.

**Dilution to the Company’s existing shareholders:** The Company will require additional equity financing to be raised in the future. The Company may issue securities at less than favorable terms to raise sufficient capital to fund its business plan. Any transaction involving the issuance of equity securities or securities convertible into common shares would result in dilution, possibly substantial, to present and prospective holders of common

**ABBASTAR RESOURCES CORP.**  
**FOR THE SIX MONTHS ENDED JUNE 30, 2012**

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shares.

**Financing Risks:** The Company has limited financial resources, has no source of operating cash flow and has no assurance that additional funding will be available to it for further exploration and development of its projects or to fulfill its obligations under any applicable agreements. Although the Company has been successful in the past in obtaining financing through the sale of equity securities, there can be no assurance that it will be able to obtain adequate financing in the future or that the terms of such financing will be favorable. Failure to obtain such additional financing could result in delay or indefinite postponement of further exploration and development of its projects with the possible loss of such properties.

**Fluctuation of Metal Prices:** Even if commercial quantities of mineral deposits are discovered by the Company, there is no guarantee that a profitable market will exist for the sale of the metals produced. There can be no assurance that the price of any commodities will be such that any of the properties in which the Company has, or has the right to acquire, an interest may be mined at a profit.

**General economic conditions:** The recent events in global financial markets have had a profound impact on the global economy. A continued or worsened slowdown in the financial markets or other economic conditions, including but not limited to, consumer spending, employment rates, business conditions, inflation, fuel and energy costs, consumer debt levels, lack of available credit, the state of the financial markets, interest rates, and tax rates may adversely affect the Company's growth and profitability. These factors could have a material adverse effect on the Company's financial condition and results of operations.

**Government Regulation:** Any exploration, development or mining operations carried on by the Company will be subject to government legislation, policies and controls relating to prospecting, development, production, environmental protection, mining taxes and labour standards. In addition, the profitability of any mining prospect is affected by the market for precious and/or base metals which is influenced by many factors including changing production costs, the supply and demand for metals, the rate of inflation, the inventory of metal producing corporations, the political environment and changes in international investment patterns.

**Insufficient Financial Resources:** The Company does not presently have sufficient financial resources to meet obligations when they become due, undertake by itself the acquisition, exploration and development of all of its planned acquisition, exploration and development programs. Future property acquisitions and the development of the Company's properties will therefore depend upon the Company's ability to obtain financing through the joint venturing of projects, private placement financing, public financing, short or long term borrowings or other means. There is no assurance that the Company will be successful in obtaining the required financing. Failure to raise the required funds could result in the Company losing, or being required to dispose of, its interest in its properties.

**Limited Experience:** The Company has very limited experience in placing mineral resource properties into production, and its ability to do so will be dependent upon using the services of appropriately experienced personnel or entering into agreements with other major resource companies that can provide such expertise. There can be no assurance that the Company will have available to it the necessary expertise when and if it places its resource properties into production.

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**Mineral Interests:** The agreements pursuant to which the Company has the right to acquire its properties provide that the Company must expend certain minimum amounts on the exploration of the properties or contribute its share of ongoing expenditures. The Company does not presently have the financial resources required to complete all expenditure obligations under its property acquisition agreements over their full term. Failure by the Company to make such expenditures in a timely fashion may result in the Company losing its interest in such properties. There can be no assurance that the Company will have, or be able to obtain, the necessary financial resources to be able to maintain all of its property agreements in good standing, or to be able to comply with all of its obligations thereunder, with the result that the Company could forfeit its interest in one or more of its mineral properties.

**Permits and Licenses:** The operations of the Company will require licenses and permits from various governmental authorities. There can be no assurance that the Company will be able to obtain all necessary licenses and permits that may be required to carry out exploration, development and mining operations at its projects, on reasonable terms or at all. Delays or a failure to obtain such licenses and permits or a failure to comply with the terms of any such licenses and permits that the Company does obtain, could have a material adverse effect on the Company.

**Share Price Volatility:** During the past two years, worldwide securities markets, particularly those in the United States and Canada, have experienced a high level of price and volume volatility, and the market price of securities of many companies, particularly those considered exploration or development stage companies, have experienced unprecedented declines in price which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. Most significantly, the share prices of junior natural resource companies have experienced an unprecedented decline in value and there has been a significant decline in the number of buyers willing to purchase such securities. As a consequence market forces may render it difficult or impossible for the Company to secure places to purchase new share issues at a price which will not lead to severe dilution to existing shareholders, or at all. Therefore, there can be no assurance that significant fluctuations in the trading price of the Company's common shares will not occur, or that such fluctuations will not materially adversely impact on the Company's ability to raise equity funding without significant dilution to its existing shareholders, or at all.

**Speculative Business:** Resource exploration and development is a speculative business and involves a high degree of risk, including, among other things, unprofitable efforts resulting not only from the failure to discover mineral deposits but from finding mineral deposits which, though present, are insufficient in size to return a profit from production. The marketability of natural resources that may be acquired or discovered by the Company will be affected by numerous factors beyond the control of the Company. These factors include market fluctuations, the proximity and capacity of natural resource markets, government regulations, including regulations relating to prices, taxes, royalties, land use, importing and exporting of minerals and environmental protection. The exact effect of these factors cannot be accurately predicted, but the combination of these factors may result in the Company not receiving an adequate return on invested capital. There is no known resource, and there are no known reserves, on any of the Company's properties.

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**FOR THE SIX MONTHS ENDED JUNE 30, 2012**

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**Title Matters:** Although the Company has taken steps to verify the title to the mineral properties in which it has or has a right to acquire an interest in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee title (whether of the Company or of any underlying vendor(s) from whom the Company may be acquiring its interest). Title to mineral properties may be subject to unregistered prior agreements or transfers, and may also be affected by undetected defects or the rights of indigenous peoples. Company has investigated title to all of its mineral properties and, to the best of its knowledge, title to all of its properties for which titles have been issued are in good standing.

**Uncertainty of Resource Estimates/Reserves:** Unless otherwise indicated, mineralization figures presented in the Company's filings with securities regulatory authorities, press releases and other public statements that may be made from time to time are based upon estimates made by Company personnel and independent geologists. These estimates are imprecise and depend upon geological interpretation and statistical inferences drawn from drilling and sampling analysis, which may prove to be unreliable.

**ADDITIONAL INFORMATION**

Additional information pertaining to the Company is available on the SEDAR website at [www.sedar.com](http://www.sedar.com).

**SCHEDULE "M"**

**SMITH CREEK OPTION**

## MINERAL PROPERTY OPTION AGREEMENT

**THIS AGREEMENT** dated October 23, 2012,

**BETWEEN:**

**Reza Mohammed**, with an office at Suite 222 - 515 West Pender Street, Vancouver British Columbia, V6B 6H5;

(the "Optionor")

**AND:**

**Abbstar Resources Corp.**, a company incorporated under the laws of British Columbia with an office located at Suite 1150 – 750 West Pender Street, Vancouver, British Columbia, V6C 2T8

(the "Optionee")

**WHEREAS:**

- A. The Optionor is the registered and beneficial owner of certain mineral claims comprising the Smith Creek property (the "Smith Creek Property"), more particularly set out in Schedule A attached hereto.
- B. The Optionee desires to acquire a 100% interest in the Smith Creek Property from the Optionor, subject to a 1% NSR.
- C. The Optionor is willing to grant to the Optionee an option to acquire a 100% interest in the Property upon, and subject to, the terms and conditions set forth in this Agreement.

**NOW THEREFORE** in consideration of the mutual agreements herein contained and of other good and valuable consideration (the receipt and sufficiency of which is acknowledged by each party), the parties agree with one another as follows:

**1. Definitions and Interpretation**

1.1 *Definitions:* The following words and terms, as used in this Agreement, will have the respective meanings ascribed to them below:

"Agreement" means this agreement, including the recitals and the Schedules all as amended, supplemented or restated from time to time.

"Approval Date" means the date which is the first Business Day after the date that the Exchange issues its written acceptance of this Agreement and the transaction contemplated thereby.

"Business Day" means a day other than a Saturday, Sunday or statutory holiday in British Columbia.

"Commercial Production" means, with respect to the Smith Creek Property, and is deemed to have been achieved, when the concentrator processing ores from the Smith Creek Property for

other than testing purposes has operated for 30 days in any 40 consecutive day period at not less than 75% of design capacity or, in the event a concentrator is not erected on the Smith Creek Property, when ores from the Smith Creek Property have been produced for a period of 40 consecutive production days at not less than 75% of the mining rate specified in a feasibility study recommending placing the Smith Creek Property into production for commercial purposes.

“Expenditures” means all items of outlay and expense whatsoever, direct or indirect, with respect to Mining Operations, recorded by the Optionee in accordance with this Agreement.

“Government or Regulatory Authority” means any federal, state, regional, municipal or other government, governmental department, regulatory authority, commission, board, bureau, agency or instrumentality that has lawful authority to regulate or administer or govern the business or property or affairs of any person, and for the purposes of this Agreement also includes any corporation or other entity owned or controlled by any of the foregoing and any stock exchange on which shares of a Party are listed for trading.

“Mining Operations” means every kind of work done by the Optionee on or in respect of the Smith Creek Property or the products derived therefrom and includes, without limiting the generality of the foregoing, work of assessment, geophysical, geochemical and geological surveys, studies and mapping, assaying and metallurgical testing, investigating, drilling, designing, examining, equipping, improving, surveying, shaft-sinking, raising, crosscutting and drifting, searching for, digging, trucking, sampling, working and procuring minerals, ores and concentrates, bringing any mining claims to lease, reclamation and in doing all work usually considered to be prospecting, exploration, development and mining work; in paying wages and salaries of persons engaged in such work and in supplying food, lodging, transportation and other reasonable needs of such persons; in paying insurance premiums and assessments or premiums for workers’ compensation insurance, contributions for unemployment insurance or other pay allowances or benefits customarily paid in the district to such persons; in paying rentals, licence renewal fees, taxes and other governmental charges required to keep the Smith Creek Property in good standing; in purchasing or renting plant, buildings, machinery, tools, appliances, equipment or supplies and in installing, erecting, detaching and removing the same or any of them; and in the management of any work which may be done on the Smith Creek Property for the due carrying out of such prospecting, exploration, development and mining work.

“Parties” means the parties to this Agreement and their respective successors and permitted assigns which become parties pursuant to this Agreement and “Party” means any one of the Parties.

“Permitted Encumbrance” means

- (a) easements, rights of way, servitudes or other similar rights in land including, without limiting the generality of the foregoing, rights of way and servitudes for railways, sewers, drains, gas and oil pipelines, gas and water mains, electrical light, power, telephone, telegraph or cable television conduits, poles, wires and cables;
- (b) the right reserved to or vested in any government or other public authority by the terms of any or by any statutory provision, to terminate, revoke or forfeit any of the lease or mining claims or to require annual or other periodic payments as a condition of the continuance thereof;

- (c) rights reserved to or vested in any municipality or governmental, statutory or public authority to control or regulate any of the Smith Creek Property in any manner, and all applicable laws, rules and orders of any governmental authority; and
- (d) the reservations, limitations, provisos and conditions in any original grants from the Province of British Columbia, or interests therein and statutory exceptions to title.

“Shares” means common shares in the capital of the Optionee as constituted on the date of this Agreement.

## 2. Representations and Warranties

2.1. *Representations and Warranties of the Optionor.* The Optionor represents and warrants to the Optionee that:

- (a) he is an ordinary resident of British Columbia, holding a valid Free Miners License for the staking of mineral claims in the province of British Columbia;
- (b) he has good and sufficient power, authority and right to enter into and deliver this Agreement and to option and transfer its legal and beneficial interest in the Smith Creek Property to the Optionee free and clear of all liens, charges, encumbrances and other rights of others other than the Permitted Encumbrances and a 1% net smelter return royalty (the “NSR”) payable to the Optionor pursuant to the Smith Creek Property Option Agreement; and
- (c) the Smith Creek Property is in good standing with all regulatory authorities and the Optionor has filed all reports and paid all applicable fees and taxes with respect to the Smith Creek Property.

2.2. *Representations and Warranties of the Optionee.* The Optionee represents and warrants to the Optionor that:

- (a) it is a corporation duly incorporated, organized and subsisting under the laws of British Columbia and has the corporate power to own its assets and to carry on its business;;
- (b) it has all necessary power and authority to enter into this Agreement and any agreement or instrument referred to in or contemplated by this Agreement and to do all such acts and things as are required to be done, observed or performed by it, in accordance with the terms of this Agreement and any agreement or instrument referred to in or contemplated by this Agreement;
- (c) neither the entering into nor the delivery of this Agreement nor the completion of the transactions contemplated hereby by the Optionee will result in the violation of any agreement or other instrument to which the Optionee is a party or by which the Optionee is bound, or any applicable law, rule or regulation;
- (d) the Shares to be issued and delivered to the Optionor hereunder have been validly created and authorized for issuance and when so issued and delivered shall be duly and validly issued as fully paid and non-assessable Shares; and
- (e) it is not a non-resident for the purposes of section 116 of the *Income Tax Act* (Canada).

### **3. Grant of Option and Right to Assign**

3.1. *Grant of Option.* The Optionor hereby grants to the Optionee the exclusive right and option (the "Option") to earn a 100% interest in and to the Smith Creek Property pursuant to the terms and conditions set out in this Agreement.

3.2. *Working Right.* The Optionor hereby further grants to the Optionee the exclusive working right, commencing on the Effective Date and continuing until the earlier of the exercise or lapse of the Option (the "Option Period") to enter upon the Smith Creek Property, to conduct Mining Operations on the Smith Creek Property and to have quiet possession thereof. The Optionee shall conduct all Mining Operations in compliance with all applicable statutes, regulations, by-laws, orders and judgments and all applicable directives, rules, consents, permits, orders guidelines and policies of any Government or Regulatory Authority with jurisdiction over the Smith Creek Property.

3.3. *Consideration for Option.* In consideration for the Option granted in section 3.1, the Optionee shall make the following Expenditures and payments:

- (i) on the effective date of this Agreement (the "Effective Date"), pay the sum of \$10,000 to the Optionor within 90 days of the execution of this agreement;
- (ii) or before the second anniversary of the Effective Date, incur Expenditures on the Smith Creek Property of at least \$500,000, and pay \$50,000 to the Optionor;
- (iii) on or before the third anniversary of the Effective Date, incur Expenditures on the Smith Creek Property of at least \$1,000,000, and pay \$100,000 to the Optionor;
- (iv) on or before the fourth anniversary of the Effective Date, incur Expenditures on the Smith Creek Property of at least \$1,500,000, and pay \$50,000 to the Optionor; and

The Optionee shall provide a statement of account to the Optionor within 15 days of the end of the applicable anniversary period set out above, which confirms and details the Expenditures made in the applicable anniversary period, certified by a senior officer of the Optionee.

3.4. *Lapse or Surrender of Option.* Subject to section 6.3, the Optionee may let the working right and the Option lapse by failing to make any of the payments, issue any of the Shares, or incur any of the Expenditures referred to in section 3.3 on or before the dates specified therein.

3.5. The Optionee has the right to assign this Option under the same terms and conditions as described in this agreement to its subsidiary without a prior consent of the Optionor. The Optionee will provide the Optionor with a copy of the assignment document within five business days from the date of such assignment.

### **4. Obligations during Option Period**

4.1. *Covenants of the Optionee.* During the Option Period, the Optionee covenants and agrees with the Optionor to:

- (a) conduct all Mining Work in a careful and miner-like manner and in compliance with all applicable statutes, regulations, by-laws, orders and judgments and all applicable directives, rules, consents, permits, orders, guidelines and policies of any Government or Regulatory Authority with jurisdiction over the Smith Creek Property; and

- (b) keep Smith Creek Property in good standing by doing and filing, or payment in lieu thereof, all necessary assessment work and maps and payment of all taxes or assessments required to be paid and by doing all other acts and things and making all other payments required to be made which may be necessary in that regard.

4.2. *Abandonment.* The Optionee may at any time, during the Option Period, abandon any one or more of the claims which comprise the Smith Creek Property. The Optionee shall give the Optionor thirty (30) days prior notice in writing of any proposed abandonment. If the Optionor so requests, the Optionee will retransfer such mineral claims that the Optionee wishes to abandon to the Optionor at the sole cost of the Optionee, which mineral claims shall be in good standing for a period of at least 90 days from the initial notice of intention to abandon provided by the Optionee to the Optionor.

4.3. *No Encumbrances.* During the Option Period, the Optionee shall not pledge, mortgage or charge or otherwise encumber their beneficial interest in the Smith Creek Property or its rights under this Agreement.

## **5. Exercise of Option Granted in the Smith Creek Property**

5.1. *Exercise of Option.* If the Optionee has issued all of the Shares and made all of the payments and Expenditures referred to in section 3.3, the Optionee may exercise the Option by giving written notice to the Optionor, together with a statement of account certified by a senior officer of the Optionee confirming such Expenditures. In such event the Optionee shall become the owner of 100% of the right, title and interest of the Optionor in and to the Smith Creek Property.

## **6. Termination**

6.1. *Termination for Cause.* Subject to section 6.3, the Optionor may terminate this Agreement and the Option and working right herein shall lapse if:

- (a) the Optionee is in default of any term or condition of this Agreement;
- (b) the Optionor gives the Optionee written notice specifying the particulars of the default; and
- (c) if, upon expiration of 30 days from the date of receipt by the Optionee of such notice, the Optionee has failed to cure the default or if such default cannot reasonably be cured within such 30 day period and the Optionee has failed to make commercially reasonable efforts to implement a cure for such default.

6.2. *Surrender of Rights.* Subject to section 6.3, the Optionee may give the Optionor written notice of its intention to surrender all of its rights hereunder and, upon expiration of 30 days from the date of receipt by the Optionor of such notice, this Agreement shall terminate and the Option and working right granted herein shall lapse.

6.3. *Obligations on Termination.* Notwithstanding any other provisions of this Agreement, in the event of lapse, termination or surrender of the Option and/or this Agreement, as the case may be, the Optionee shall:

- (a) ensure that the Smith Creek Property is in good standing for a period of at least 12 months from the lapse, termination or surrender of the Options and/or this Agreement, as the case may be, and upon request of the Optionor, retransfer all mineral claims

comprising the Smith Creek Property to the Optionor, if any such mineral claims are registered in the name of the Optionee;

- (b) deliver to the Optionor any and all reports, maps, assessment reports and maps, samples, assay results, drill cores and engineering data of any kind whatsoever pertaining to the Smith Creek Property or related to Mining Work which have not been previously delivered to the Optionor; and
- (c) upon notice from the Optionor, remove all materials supplies and equipment from the Smith Creek Property; provided however, that the Optionor may retain ore and, at the cost of the Optionee, dispose of any such materials, supplies or equipment not removed from the Smith Creek Property within 90 days of receipt of such notice by the Optionee.

6.4. *Provisions which Operate Following Termination.* Notwithstanding any termination of this Agreement for any reason whatsoever and with or without cause, the provisions of section 6.3 and any other provisions of this Agreement necessary to give efficacy thereto shall continue in full force and effect following any such termination.

## **7. Notices and Payments**

7.1. *Notice.* Any demand, notice or other communication (a "Communication") to be made or given in connection with this Agreement shall be made or given in writing and may be made or given by personal delivery, registered mail or facsimile addressed to the recipient at the addresses or facsimile numbers of the parties provided on the first page of this Agreement or such other address or individual as may be designated by notice by either party to the other. Any Communication made or given by personal delivery shall be conclusively deemed to have been given on the day of actual delivery thereof, if made or given by registered mail, on the 4th day, other than a day which is not a Business Day, following the deposit thereof in the mail, and if made or given by facsimile, on the day, other than a day which is not a Business Day, following the day it was confirmed as received. If the party giving any Communication knows or ought reasonably to know of any difficulties with the postal system which might affect the delivery of the mail, any such Communication shall not be mailed but shall be made or given by personal delivery.

7.2. *Payments.* Payments to be made by any one Party to the other Party as set forth in this Agreement shall be made in lawful money of Canada, unless otherwise indicated, and shall be addressed to the recipient at the addresses of the recipient party provided on the first page of this Agreement or such other address or individual as may be designated by notice by the recipient party in accordance with section 7.1. If any payment herein shall become due on a day that is not a Business Day, such payment shall be made on the next succeeding Business Day.

## **8. Regulatory Approval**

8.1. *TSX Venture Exchange Approval.* This Agreement and the transactions contemplated hereunder are subject to the filing with and acceptance by the TSX Venture Exchange and any other regulatory authority having jurisdiction over the securities of the Optionee. If such acceptance by the TSX Venture Exchange is not obtained within 30 Business Days of the date of this Agreement, the Optionor may, at its option, terminate this Agreement and the Option and working rights herein upon written notice to the Optionee. The Optionee will use its best efforts to obtain, at its sole cost and expense and as soon as possible upon the execution of this Agreement, the TSX Venture Exchange or any other approvals that may be required for this Agreement and the transaction contemplated herein.

## 9. General Provisions

9.1. *Entire Agreement.* This Agreement, including all the Schedules hereto, together with the agreements and other documents to be delivered pursuant hereto, constitutes the entire agreement among the parties pertaining to the subject matter hereof and supersedes any and all prior agreements, understandings, negotiations and discussions, whether oral or written, of the Parties and there are no warranties, representations or other agreements among the Parties in connection with the subject matter hereof except as specifically set forth herein and therein.

9.2. *Assignment.* Either Party shall be permitted to assign this Agreement. Any assignment shall be subject to the assignee entering into an agreement, in form and substance satisfactory to counsel for the other Party, to be bound by this Agreement. This Agreement shall enure to the benefit of and be binding upon the Parties hereto and their respective successors and assigns.

9.3. *Further Assurances.* Each Party shall from time to time at the request of the other Party and without further consideration, execute and deliver all such other additional assignments, transfers, instruments, notices, releases and other documents and shall do all such other acts and things as may be necessary or desirable to assure more fully the consummation of the transactions contemplated hereby.

9.4. *Time.* Time shall be of the essence of this Agreement.

9.5. *Amendment.* This Agreement may be amended or varied only by agreement in writing signed by each of the Parties. Unless the context otherwise so requires, a reference to this Agreement shall include a reference to this Agreement as amended or varied from time to time.

9.6. *Severability.* If any provision of this Agreement is determined to be invalid or unenforceable in whole or in part, such invalidity or unenforceability shall attach only to such provision or part thereof and the remaining part of such provision and all other provisions hereof shall continue in full force and effect.

9.7. *Governing Law and Attornment.* This Agreement shall be governed by and interpreted in accordance with the laws of the Province of British Columbia and the federal laws of Canada applicable therein and the Parties hereby irrevocably attorn to the jurisdiction of the courts of the Province of British Columbia. For the purpose of all legal proceedings, this Agreement shall be deemed to have been performed in the Province of British Columbia and the courts of the Province of British Columbia shall have exclusive jurisdiction to entertain any action arising under this Agreement.

9.8. The Optionor understands and agrees that this agreement will be disclosed pursuant to the applicable laws, rules and regulations and will be available to the public and regulatory authorities.

9.9. *Counterparts.* This Agreement may be executed in as many counterparts as are necessary and delivered by fax or electronic mail and shall be binding on each Party when each Party has signed and delivered one such counterpart. When a counterpart of this Agreement has been executed by each Party, all counterparts together shall constitute one agreement.

**IN WITNESS WHEREOF** this Agreement has been duly executed by the respective Parties hereto effective as of the date first above written.

**Reza Mohammed**

Per:

“Reza Mohammed”

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Authorized Signatory

**Abbastar Resources Corp**

Per:

*“Patrick Lavin”*

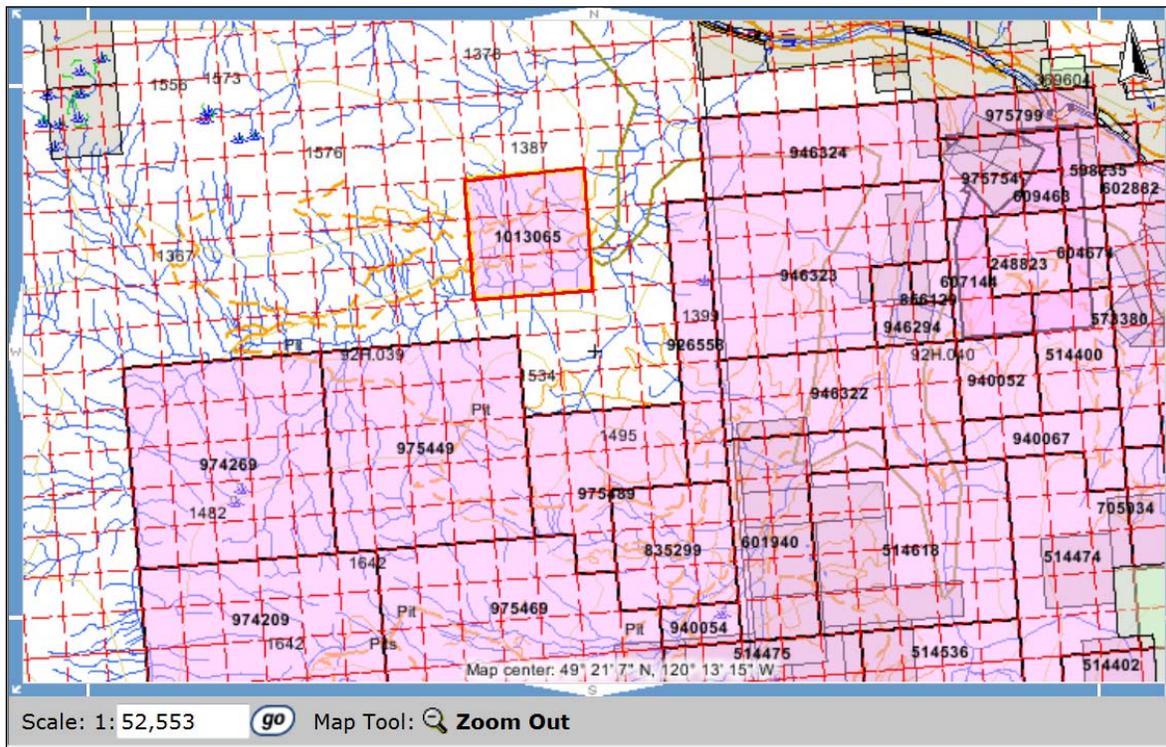
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Authorized Signatory

## SCHEDULE "A"

To an Agreement made effective as of October 23, 2012 between Reza Mohammed (the "Optionor") and Abbastar Resources Corp. (the "Optionee")

Tenure Number	Claim Name	Owner	Tenure Type	Map Number	Issue Date	Good To Date	Status	Area (ha)
1013065	SMITH CREEK	146886 (100%)	Mineral	092H	2012/Sep/20	2013/Sep/20	GOOD	189.3531



**SCHEDULE "N"**

**MANSON RIVER ZINC OPTION**

## MINERAL PROPERTY OPTION AGREEMENT

**THIS AGREEMENT** dated October 23, 2012,

**BETWEEN:**

**Reza Mohammed**, with an office at Suite 222 - 515 West Pender Street, Vancouver British Columbia, V6B 6H5;

(the "Optionor")

**AND:**

**Abbstar Resources Corp.**, a company incorporated under the laws of British Columbia with an office located at Suite 1150 – 750 West Pender Street, Vancouver, British Columbia V6C2T8

(the "Optionee")

**WHEREAS:**

- A. The Optionor is the registered and beneficial owner of certain mineral claims comprising the Manson River Zinc property (the "Manson River Zinc Property" Manson), more particularly set out in Schedule A attached hereto.
- B. The Optionee desires to acquire a 100% interest in the Manson River Zinc Property from the Optionor, subject to a 1% NSR.
- C. The Optionor is willing to grant to the Optionee an option to acquire a 100% interest in the Manson River Zinc Property upon, and subject to, the terms and conditions set forth in this Agreement.

**NOW THEREFORE** in consideration of the mutual agreements herein contained and of other good and valuable consideration (the receipt and sufficiency of which is acknowledged by each party), the parties agree with one another as follows:

**1. Definitions and Interpretation**

1.1 *Definitions:* The following words and terms, as used in this Agreement, will have the respective meanings ascribed to them below:

"Agreement" means this agreement, including the recitals and the Schedules all as amended, supplemented or restated from time to time.

"Approval Date" means the date which is the first Business Day after the date that the Exchange issues its written acceptance of this Agreement and the transaction contemplated thereby.

"Business Day" means a day other than a Saturday, Sunday or statutory holiday in British Columbia.

“Commercial Production” means, with respect to the Manson River Zinc Property, and is deemed to have been achieved, when the concentrator processing ores from the Manson River Zinc Property for other than testing purposes has operated for 30 days in any 40 consecutive day period at not less than 75% of design capacity or, in the event a concentrator is not erected on the Manson River Zinc Property, when ores from the Manson River Zinc Property have been produced for a period of 40 consecutive production days at not less than 75% of the mining rate specified in a feasibility study recommending placing the Manson River Zinc Property into production for commercial purposes.

“Expenditures” means all items of outlay and expense whatsoever, direct or indirect, with respect to Mining Operations, recorded by the Optionee in accordance with this Agreement.

“Government or Regulatory Authority” means any federal, state, regional, municipal or other government, governmental department, regulatory authority, commission, board, bureau, agency or instrumentality that has lawful authority to regulate or administer or govern the business or property or affairs of any person, and for the purposes of this Agreement also includes any corporation or other entity owned or controlled by any of the foregoing and any stock exchange on which shares of a Party are listed for trading.

“Mining Operations” means every kind of work done by the Optionee on or in respect of the Manson River Zinc Property or the products derived therefrom and includes, without limiting the generality of the foregoing, work of assessment, geophysical, geochemical and geological surveys, studies and mapping, assaying and metallurgical testing, investigating, drilling, designing, examining, equipping, improving, surveying, shaft-sinking, raising, crosscutting and drifting, searching for, digging, trucking, sampling, working and procuring minerals, ores and concentrates, bringing any mining claims to lease, reclamation and in doing all work usually considered to be prospecting, exploration, development and mining work; in paying wages and salaries of persons engaged in such work and in supplying food, lodging, transportation and other reasonable needs of such persons; in paying insurance premiums and assessments or premiums for workers’ compensation insurance, contributions for unemployment insurance or other pay allowances or benefits customarily paid in the district to such persons; in paying rentals, licence renewal fees, taxes and other governmental charges required to keep the Manson River Zinc Property in good standing; in purchasing or renting plant, buildings, machinery, tools, appliances, equipment or supplies and in installing, erecting, detaching and removing the same or any of them; and in the management of any work which may be done on the Manson River Zinc Property for the due carrying out of such prospecting, exploration, development and mining work.

“Parties” means the parties to this Agreement and their respective successors and permitted assigns which become parties pursuant to this Agreement and “Party” means any one of the Parties.

“Permitted Encumbrance” means

- (a) easements, rights of way, servitudes or other similar rights in land including, without limiting the generality of the foregoing, rights of way and servitudes for railways, sewers, drains, gas and oil pipelines, gas and water mains, electrical light, power, telephone, telegraph or cable television conduits, poles, wires and cables;
- (b) the right reserved to or vested in any government or other public authority by the terms of any or by any statutory provision, to terminate, revoke or forfeit any of the lease or

mining claims or to require annual or other periodic payments as a condition of the continuance thereof;

- (c) rights reserved to or vested in any municipality or governmental, statutory or public authority to control or regulate any of the Manson River Zinc Property in any manner, and all applicable laws, rules and orders of any governmental authority; and
- (d) the reservations, limitations, provisos and conditions in any original grants from the Province of British Columbia, or interests therein and statutory exceptions to title.

“Shares” means common shares in the capital of the Optionee as constituted on the date of this Agreement.

## **2. Representations and Warranties**

2.1. *Representations and Warranties of the Optionor.* The Optionor represents and warrants to the Optionee that:

- (a) he is an ordinary resident of British Columbia, holding a valid Free Miners License for the staking of mineral claims in the province of British Columbia;
- (b) he has good and sufficient power, authority and right to enter into and deliver this Agreement and to option and transfer its legal and beneficial interest in the Manson River Zinc Property to the Optionee free and clear of all liens, charges, encumbrances and other rights of others other than the Permitted Encumbrances and a 1% net smelter return royalty (the “NSR”) payable to the Optionor pursuant to the Manson River Zinc Property; and
- (c) the Manson River Zinc Property is in good standing with all regulatory authorities and the Optionor has filed all reports and paid all applicable fees and taxes with respect to the Manson River Zinc Property.

2.2. *Representations and Warranties of the Optionee.* The Optionee represents and warrants to the Optionor that:

- (a) it is a corporation duly incorporated, organized and subsisting under the laws of British Columbia and has the corporate power to own its assets and to carry on its business;
- (b) it has all necessary power and authority to enter into this Agreement and any agreement or instrument referred to in or contemplated by this Agreement and to do all such acts and things as are required to be done, observed or performed by it, in accordance with the terms of this Agreement and any agreement or instrument referred to in or contemplated by this Agreement;
- (c) neither the entering into nor the delivery of this Agreement nor the completion of the transactions contemplated hereby by the Optionee will result in the violation of any agreement or other instrument to which the Optionee is a party or by which the Optionee is bound, or any applicable law, rule or regulation;

- (d) the Shares to be issued and delivered to the Optionor hereunder have been validly created and authorized for issuance and when so issued and delivered shall be duly and validly issued as fully paid and non-assessable Shares; and
- (e) it is not a non-resident for the purposes of section 116 of the *Income Tax Act* (Canada).

### **3. Grant of Option and Right to Assign**

3.1. *Grant of Option.* The Optionor hereby grants to the Optionee the exclusive right and option (the “Option”) to earn a 100% interest in and to the Manson River Zinc Property pursuant to the terms and conditions set out in this Agreement.

3.2. *Working Right.* The Optionor hereby further grants to the Optionee the exclusive working right, commencing on the Effective Date and continuing until the earlier of the exercise or lapse of the Option (the “Option Period”) to enter upon the Manson River Zinc Property, to conduct Mining Operations on the Manson River Zinc Property and to have quiet possession thereof. The Optionee shall conduct all Mining Operations in compliance with all applicable statutes, regulations, by-laws, orders and judgments and all applicable directives, rules, consents, permits, orders guidelines and policies of any Government or Regulatory Authority with jurisdiction over the Manson River Zinc Property.

3.3. *Consideration for Option.* In consideration for the Option granted in section 3.1, the Optionee shall make the following Expenditures and payments:

- (i) on the effective date of this Agreement (the “Effective Date”), pay the sum of \$10,000 to the Optionor within 90 days of the execution of this agreement;
- (ii) or before the second anniversary of the Effective Date, incur Expenditures on the Manson River Zinc Property of at least \$500,000, and pay \$50,000 to the Optionor;
- (iii) on or before the third anniversary of the Effective Date, incur Expenditures on the Manson River Zinc Property of at least \$1,000,000, and pay \$100,000 to the Optionor;
- (iv) on or before the fourth anniversary of the Effective Date, incur Expenditures on the Manson River Zinc Property of at least \$1,500,000, and pay \$50,000 to the Optionor; and

The Optionee shall provide a statement of account to the Optionor within 15 days of the end of the applicable anniversary period set out above, which confirms and details the Expenditures made in the applicable anniversary period, certified by a senior officer of the Optionee.

3.4. *Lapse or Surrender of Option.* Subject to section 6.3, the Optionee may let the working right and the Option lapse by failing to make any of the payments, issue any of the Shares, or incur any of the Expenditures referred to in section 3.3 on or before the dates specified therein.

3.5. The Optionee has the right to assign this Option under the same terms and conditions as described in this agreement to its subsidiary without a prior consent of the Optionor. The Optionee will provide the Optionor with a copy of the assignment document within five business days from the date of such assignment.

#### **4. Obligations during Option Period**

4.1. *Covenants of the Optionee.* During the Option Period, the Optionee covenants and agrees with the Optionor to:

- (a) conduct all Mining Work in a careful and miner-like manner and in compliance with all applicable statutes, regulations, by-laws, orders and judgments and all applicable directives, rules, consents, permits, orders, guidelines and policies of any Government or Regulatory Authority with jurisdiction over the Manson River Zinc Property; and
- (b) keep Manson River Zinc Property in good standing by doing and filing, or payment in lieu thereof, all necessary assessment work and maps and payment of all taxes or assessments required to be paid and by doing all other acts and things and making all other payments required to be made which may be necessary in that regard.

4.2. *Abandonment.* The Optionee may at any time, during the Option Period, abandon any one or more of the claims which comprise the Manson River Zinc Property. The Optionee shall give the Optionor thirty (30) days prior notice in writing of any proposed abandonment. If the Optionor so requests, the Optionee will retransfer such mineral claims that the Optionee wishes to abandon to the Optionor at the sole cost of the Optionee, which mineral claims shall be in good standing for a period of at least 90 days from the initial notice of intention to abandon provided by the Optionee to the Optionor.

4.3. *No Encumbrances.* During the Option Period, the Optionee shall not pledge, mortgage or charge or otherwise encumber their beneficial interest in the Manson River Zinc Property or its rights under this Agreement.

#### **5. Exercise of Option Granted in the Manson River Zinc Property**

5.1. *Exercise of Option.* If the Optionee has issued all of the Shares and made all of the payments and Expenditures referred to in section 3.3, the Optionee may exercise the Option by giving written notice to the Optionor, together with a statement of account certified by a senior officer of the Optionee confirming such Expenditures. In such event the Optionee shall become the owner of 100% of the right, title and interest of the Optionor in and to the Manson River Zinc Property.

#### **6. Termination**

6.1. *Termination for Cause.* Subject to section 6.3, the Optionor may terminate this Agreement and the Option and working right herein shall lapse if:

- (a) the Optionee is in default of any term or condition of this Agreement;
- (b) the Optionor gives the Optionee written notice specifying the particulars of the default; and
- (c) if, upon expiration of 30 days from the date of receipt by the Optionee of such notice, the Optionee has failed to cure the default or if such default cannot reasonably be cured within such 30 day period and the Optionee has failed to make commercially reasonable efforts to implement a cure for such default.

6.2. *Surrender of Rights.* Subject to section 6.3, the Optionee may give the Optionor written notice of its intention to surrender all of its rights hereunder and, upon expiration of 30 days from the date of

receipt by the Optionor of such notice, this Agreement shall terminate and the Option and working right granted herein shall lapse.

6.3. *Obligations on Termination.* Notwithstanding any other provisions of this Agreement, in the event of lapse, termination or surrender of the Option and/or this Agreement, as the case may be, the Optionee shall:

- (a) ensure that the Manson River Zinc Property is in good standing for a period of at least 12 months from the lapse, termination or surrender of the Options and/or this Agreement, as the case may be, and upon request of the Optionor, retransfer all mineral claims comprising the Manson River Zinc Property to the Optionor, if any such mineral claims are registered in the name of the Optionee;
- (b) deliver to the Optionor any and all reports, maps, assessment reports and maps, samples, assay results, drill cores and engineering data of any kind whatsoever pertaining to the Manson River Zinc Property or related to Mining Work which have not been previously delivered to the Optionor; and
- (c) upon notice from the Optionor, remove all materials supplies and equipment from the Manson River Zinc Property; provided however, that the Optionor may retain ore and, at the cost of the Optionee, dispose of any such materials, supplies or equipment not removed from the Manson River Zinc Property within 90 days of receipt of such notice by the Optionee.

6.4. *Provisions which Operate Following Termination.* Notwithstanding any termination of this Agreement for any reason whatsoever and with or without cause, the provisions of section 6.3 and any other provisions of this Agreement necessary to give efficacy thereto shall continue in full force and effect following any such termination.

## **7. Notices and Payments**

7.1. *Notice.* Any demand, notice or other communication (a "Communication") to be made or given in connection with this Agreement shall be made or given in writing and may be made or given by personal delivery, registered mail or facsimile addressed to the recipient at the addresses or facsimile numbers of the parties provided on the first page of this Agreement or such other address or individual as may be designated by notice by either party to the other. Any Communication made or given by personal delivery shall be conclusively deemed to have been given on the day of actual delivery thereof, if made or given by registered mail, on the 4th day, other than a day which is not a Business Day, following the deposit thereof in the mail, and if made or given by facsimile, on the day, other than a day which is not a Business Day, following the day it was confirmed as received. If the party giving any Communication knows or ought reasonably to know of any difficulties with the postal system which might affect the delivery of the mail, any such Communication shall not be mailed but shall be made or given by personal delivery.

7.2. *Payments.* Payments to be made by any one Party to the other Party as set forth in this Agreement shall be made in lawful money of Canada, unless otherwise indicated, and shall be addressed to the recipient at the addresses of the recipient party provided on the first page of this Agreement or such other address or individual as may be designated by notice by the recipient party in accordance with section 7.1. If any payment herein shall become due on a day that is not a Business Day, such payment shall be made on the next succeeding Business Day.

## **8. Regulatory Approval**

8.1. *TSX Venture Exchange Approval.* This Agreement and the transactions contemplated hereunder are subject to the filing with and acceptance by the TSX Venture Exchange and any other regulatory authority having jurisdiction over the securities of the Optionee. If such acceptance by the TSX Venture Exchange is not obtained within 30 Business Days of the date of this Agreement, the Optionor may, at its option, terminate this Agreement and the Option and working rights herein upon written notice to the Optionee. The Optionee will use its best efforts to obtain, at its sole cost and expense and as soon as possible upon the execution of this Agreement, the TSX Venture Exchange or any other approvals that may be required for this Agreement and the transaction contemplated herein.

## **9. General Provisions**

9.1. *Entire Agreement.* This Agreement, including all the Schedules hereto, together with the agreements and other documents to be delivered pursuant hereto, constitutes the entire agreement among the parties pertaining to the subject matter hereof and supersedes any and all prior agreements, understandings, negotiations and discussions, whether oral or written, of the Parties and there are no warranties, representations or other agreements among the Parties in connection with the subject matter hereof except as specifically set forth herein and therein.

9.2. *Assignment.* Either Party shall be permitted to assign this Agreement. Any assignment shall be subject to the assignee entering into an agreement, in form and substance satisfactory to counsel for the other Party, to be bound by this Agreement. This Agreement shall enure to the benefit of and be binding upon the Parties hereto and their respective successors and assigns.

9.3. *Further Assurances.* Each Party shall from time to time at the request of the other Party and without further consideration, execute and deliver all such other additional assignments, transfers, instruments, notices, releases and other documents and shall do all such other acts and things as may be necessary or desirable to assure more fully the consummation of the transactions contemplated hereby.

9.4. *Time.* Time shall be of the essence of this Agreement.

9.5. *Amendment.* This Agreement may be amended or varied only by agreement in writing signed by each of the Parties. Unless the context otherwise so requires, a reference to this Agreement shall include a reference to this Agreement as amended or varied from time to time.

9.6. *Severability.* If any provision of this Agreement is determined to be invalid or unenforceable in whole or in part, such invalidity or unenforceability shall attach only to such provision or part thereof and the remaining part of such provision and all other provisions hereof shall continue in full force and effect.

9.7. *Governing Law and Attornment.* This Agreement shall be governed by and interpreted in accordance with the laws of the Province of British Columbia and the federal laws of Canada applicable therein and the Parties hereby irrevocably attorn to the jurisdiction of the courts of the Province of British Columbia. For the purpose of all legal proceedings, this Agreement shall be deemed to have been performed in the Province of British Columbia and the courts of the Province of British Columbia shall have exclusive jurisdiction to entertain any action arising under this Agreement.

9.8. The Optionor understands and agrees that this agreement will be disclosed pursuant to the applicable laws, rules and regulations and will be available to the public and regulatory authorities.

9.9. *Counterparts.* This Agreement may be executed in as many counterparts as are necessary and delivered by fax or electronic mail and shall be binding on each Party when each Party has signed and delivered one such counterpart. When a counterpart of this Agreement has been executed by each Party, all counterparts together shall constitute one agreement.

**IN WITNESS WHEREOF** this Agreement has been duly executed by the respective Parties hereto effective as of the date first above written.

**Reza Mohammed**

Per:

*“Reza Mohammed”*

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Authorized Signatory

**Abbastar Resources Corp**

Per:

*“Patrick Lavin”*

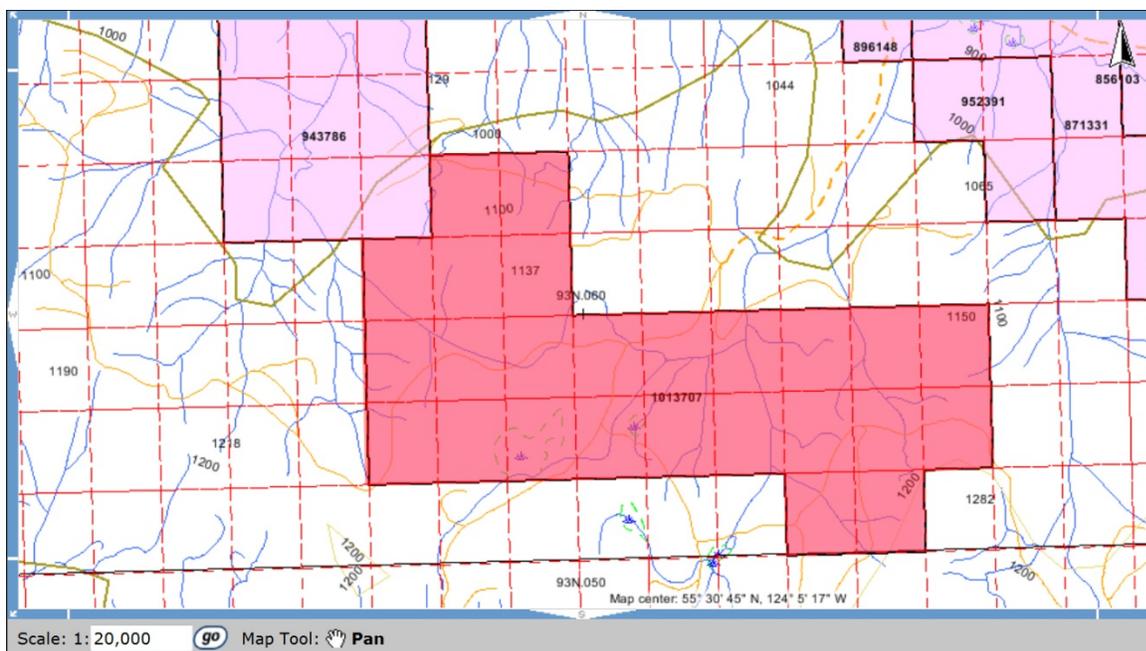
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Authorized Signatory

## SCHEDULE "A"

To an Agreement made effective as of October 23, 2012 between Reza Mohammed (the "Optionor") and Abbastar Resources Corp. (the "Optionee")

Tenure Number	Claim Name	Owner	Tenure Type	Map Number	Issue Date	Good To Date	Status	Area (ha)
1013707	MANSON RIVER ZINC	146886 (100%)	Mineral	93N	October 13, 2012	October 13, 2013	GOOD	458



**SCHEDULE "O"**

**DORAN INTEREST**

35% interest in the Doran Uranium Property.

**SCHEDULE "P"**

**KID COPPER OPTION**

## MINERAL PROPERTY OPTION AGREEMENT

**THIS AGREEMENT** dated October 23, 2012,

**BETWEEN:**

**Reza Mohammed**, with an office at Suite 222 - 515 West Pender Street, Vancouver British Columbia, V6B 6H5;

(the "Optionor")

**AND:**

**Abbstar Resources Corp.**, a company incorporated under the laws of British Columbia with an office located at Suite 1150 – 750 West Pender Street, Vancouver, British Columbia, V6C 2T8

(the "Optionee")

**WHEREAS:**

- A. The Optionor is the registered and beneficial owner of certain mineral claims comprising the Kid Copper property (the "Kid Copper Property"), more particularly set out in Schedule A attached hereto.
- B. The Optionee desires to acquire a 100% interest in the Kid Copper Property from the Optionor, subject to a 1% NSR.
- C. The Optionor is willing to grant to the Optionee an option to acquire a 100% interest in the Kid Copper Property upon, and subject to, the terms and conditions set forth in this Agreement.

**NOW THEREFORE** in consideration of the mutual agreements herein contained and of other good and valuable consideration (the receipt and sufficiency of which is acknowledged by each party), the parties agree with one another as follows:

**1. Definitions and Interpretation**

1.1 *Definitions:* The following words and terms, as used in this Agreement, will have the respective meanings ascribed to them below:

"Agreement" means this agreement, including the recitals and the Schedules all as amended, supplemented or restated from time to time.

"Approval Date" means the date which is the first Business Day after the date that the Exchange issues its written acceptance of this Agreement and the transaction contemplated thereby.

"Business Day" means a day other than a Saturday, Sunday or statutory holiday in British Columbia.

"Commercial Production" means, with respect to the Kid Copper Property, and is deemed to have been achieved, when the concentrator processing ores from the Kid Copper Property for other

than testing purposes has operated for 30 days in any 40 consecutive day period at not less than 75% of design capacity or, in the event a concentrator is not erected on the Kid Copper Property, when ores from the Kid Copper Property have been produced for a period of 40 consecutive production days at not less than 75% of the mining rate specified in a feasibility study recommending placing the Kid Copper Property into production for commercial purposes.

“Expenditures” means all items of outlay and expense whatsoever, direct or indirect, with respect to Mining Operations, recorded by the Optionee in accordance with this Agreement.

“Government or Regulatory Authority” means any federal, state, regional, municipal or other government, governmental department, regulatory authority, commission, board, bureau, agency or instrumentality that has lawful authority to regulate or administer or govern the business or property or affairs of any person, and for the purposes of this Agreement also includes any corporation or other entity owned or controlled by any of the foregoing and any stock exchange on which shares of a Party are listed for trading.

“Mining Operations” means every kind of work done by the Optionee on or in respect of the Kid Copper Property or the products derived therefrom and includes, without limiting the generality of the foregoing, work of assessment, geophysical, geochemical and geological surveys, studies and mapping, assaying and metallurgical testing, investigating, drilling, designing, examining, equipping, improving, surveying, shaft-sinking, raising, crosscutting and drifting, searching for, digging, trucking, sampling, working and procuring minerals, ores and concentrates, bringing any mining claims to lease, reclamation and in doing all work usually considered to be prospecting, exploration, development and mining work; in paying wages and salaries of persons engaged in such work and in supplying food, lodging, transportation and other reasonable needs of such persons; in paying insurance premiums and assessments or premiums for workers’ compensation insurance, contributions for unemployment insurance or other pay allowances or benefits customarily paid in the district to such persons; in paying rentals, licence renewal fees, taxes and other governmental charges required to keep the Kid Copper Property in good standing; in purchasing or renting plant, buildings, machinery, tools, appliances, equipment or supplies and in installing, erecting, detaching and removing the same or any of them; and in the management of any work which may be done on the Kid Copper Property for the due carrying out of such prospecting, exploration, development and mining work.

“Parties” means the parties to this Agreement and their respective successors and permitted assigns which become parties pursuant to this Agreement and “Party” means any one of the Parties.

“Permitted Encumbrance” means

- (a) easements, rights of way, servitudes or other similar rights in land including, without limiting the generality of the foregoing, rights of way and servitudes for railways, sewers, drains, gas and oil pipelines, gas and water mains, electrical light, power, telephone, telegraph or cable television conduits, poles, wires and cables;
- (b) the right reserved to or vested in any government or other public authority by the terms of any or by any statutory provision, to terminate, revoke or forfeit any of the lease or mining claims or to require annual or other periodic payments as a condition of the continuance thereof;

- (c) rights reserved to or vested in any municipality or governmental, statutory or public authority to control or regulate any of the Kid Copper Property in any manner, and all applicable laws, rules and orders of any governmental authority; and
- (d) the reservations, limitations, provisos and conditions in any original grants from the Province of British Columbia, or interests therein and statutory exceptions to title.

“Shares” means common shares in the capital of the Optionee as constituted on the date of this Agreement.

## **2. Representations and Warranties**

2.1. *Representations and Warranties of the Optionor.* The Optionor represents and warrants to the Optionee that:

- (a) he is an ordinary resident of British Columbia, holding a valid Free Miners License for the staking of mineral claims in the province of British Columbia;
- (b) he has good and sufficient power, authority and right to enter into and deliver this Agreement and to option and transfer its legal and beneficial interest in the Kid Copper Property to the Optionee free and clear of all liens, charges, encumbrances and other rights of others other than the Permitted Encumbrances and a 1% net smelter return royalty (the “NSR”) payable to the Optionor pursuant to the Kid Copper Option Agreement; and
- (c) the Kid Copper Property is in good standing with all regulatory authorities and the Optionor has filed all reports and paid all applicable fees and taxes with respect to the Kid Copper Property.

2.2. *Representations and Warranties of the Optionee.* The Optionee represents and warrants to the Optionor that:

- (a) it is a corporation duly incorporated, organized and subsisting under the laws of British Columbia and has the corporate power to own its assets and to carry on its business;
- (b) it has all necessary power and authority to enter into this Agreement and any agreement or instrument referred to in or contemplated by this Agreement and to do all such acts and things as are required to be done, observed or performed by it, in accordance with the terms of this Agreement and any agreement or instrument referred to in or contemplated by this Agreement;
- (c) neither the entering into nor the delivery of this Agreement nor the completion of the transactions contemplated hereby by the Optionee will result in the violation of any agreement or other instrument to which the Optionee is a party or by which the Optionee is bound, or any applicable law, rule or regulation;
- (d) the Shares to be issued and delivered to the Optionor hereunder have been validly created and authorized for issuance and when so issued and delivered shall be duly and validly issued as fully paid and non-assessable Shares; and
- (e) it is not a non-resident for the purposes of section 116 of the *Income Tax Act* (Canada).

### **3. Grant of Option and Right to Assign**

3.1. *Grant of Option.* The Optionor hereby grants to the Optionee the exclusive right and option (the “Option”) to earn a 100% interest in and to the Kid Copper Property pursuant to the terms and conditions set out in this Agreement.

3.2. *Working Right.* The Optionor hereby further grants to the Optionee the exclusive working right, commencing on the Effective Date and continuing until the earlier of the exercise or lapse of the Option (the “Option Period”) to enter upon the Kid Copper Property, to conduct Mining Operations on the Kid Copper Property and to have quiet possession thereof. The Optionee shall conduct all Mining Operations in compliance with all applicable statutes, regulations, by-laws, orders and judgments and all applicable directives, rules, consents, permits, orders guidelines and policies of any Government or Regulatory Authority with jurisdiction over the Kid Copper Property.

3.3. *Consideration for Option.* In consideration for the Option granted in section 3.1, the Optionee shall make the following Expenditures and payments:

- (i) on the effective date of this Agreement (the “Effective Date”), pay the sum of \$10,000 to the Optionor within 90 days of the execution of this agreement;
- (ii) or before the second anniversary of the Effective Date, incur Expenditures on the Kid Copper Property of at least \$500,000, and pay \$50,000 to the Optionor;
- (iii) on or before the third anniversary of the Effective Date, incur Expenditures on the Kid Copper Property of at least \$1,000,000, and pay \$100,000 to the Optionor;
- (iv) on or before the fourth anniversary of the Effective Date, incur Expenditures on the Kid Copper Property of at least \$1,500,000, and pay \$50,000 to the Optionor; and

The Optionee shall provide a statement of account to the Optionor within 15 days of the end of the applicable anniversary period set out above, which confirms and details the Expenditures made in the applicable anniversary period, certified by a senior officer of the Optionee.

3.4. *Lapse or Surrender of Option.* Subject to section 6.3, the Optionee may let the working right and the Option lapse by failing to make any of the payments, issue any of the Shares, or incur any of the Expenditures referred to in section 3.3 on or before the dates specified therein.

3.5. The Optionee has the right to assign this Option under the same terms and conditions as described in this agreement to its subsidiary without a prior consent of the Optionor. The Optionee will provide the Optionor with a copy of the assignment document within five business days from the date of such assignment.

### **4. Obligations during Option Period**

4.1. *Covenants of the Optionee.* During the Option Period, the Optionee covenants and agrees with the Optionor to:

- (a) conduct all Mining Work in a careful and miner-like manner and in compliance with all applicable statutes, regulations, by-laws, orders and judgments and all applicable directives, rules, consents, permits, orders, guidelines and policies of any Government or Regulatory Authority with jurisdiction over the Kid Copper Property; and

- (b) keep Kid Copper Property in good standing by doing and filing, or payment in lieu thereof, all necessary assessment work and maps and payment of all taxes or assessments required to be paid and by doing all other acts and things and making all other payments required to be made which may be necessary in that regard.

4.2. *Abandonment.* The Optionee may at any time, during the Option Period, abandon any one or more of the claims which comprise the Kid Copper Property. The Optionee shall give the Optionor thirty (30) days prior notice in writing of any proposed abandonment. If the Optionor so requests, the Optionee will retransfer such mineral claims that the Optionee wishes to abandon to the Optionor at the sole cost of the Optionee, which mineral claims shall be in good standing for a period of at least 90 days from the initial notice of intention to abandon provided by the Optionee to the Optionor.

4.3. *No Encumbrances.* During the Option Period, the Optionee shall not pledge, mortgage or charge or otherwise encumber their beneficial interest in the Kid Copper Property or its rights under this Agreement.

## **5. Exercise of Option Granted in the Kid Copper Property**

5.1. *Exercise of Option.* If the Optionee has issued all of the Shares and made all of the payments and Expenditures referred to in section 3.3, the Optionee may exercise the Option by giving written notice to the Optionor, together with a statement of account certified by a senior officer of the Optionee confirming such Expenditures. In such event the Optionee shall become the owner of 100% of the right, title and interest of the Optionor in and to the Kid Copper Property.

## **6. Termination**

6.1. *Termination for Cause.* Subject to section 6.3, the Optionor may terminate this Agreement and the Option and working right herein shall lapse if:

- (a) the Optionee is in default of any term or condition of this Agreement;
- (b) the Optionor gives the Optionee written notice specifying the particulars of the default; and
- (c) if, upon expiration of 30 days from the date of receipt by the Optionee of such notice, the Optionee has failed to cure the default or if such default cannot reasonably be cured within such 30 day period and the Optionee has failed to make commercially reasonable efforts to implement a cure for such default.

6.2. *Surrender of Rights.* Subject to section 6.3, the Optionee may give the Optionor written notice of its intention to surrender all of its rights hereunder and, upon expiration of 30 days from the date of receipt by the Optionor of such notice, this Agreement shall terminate and the Option and working right granted herein shall lapse.

6.3. *Obligations on Termination.* Notwithstanding any other provisions of this Agreement, in the event of lapse, termination or surrender of the Option and/or this Agreement, as the case may be, the Optionee shall:

- (a) ensure that the Kid Copper Property is in good standing for a period of at least 12 months from the lapse, termination or surrender of the Options and/or this Agreement, as the case may be, and upon request of the Optionor, retransfer all mineral claims comprising the

Kid Copper Property to the Optionor, if any such mineral claims are registered in the name of the Optionee;

- (b) deliver to the Optionor any and all reports, maps, assessment reports and maps, samples, assay results, drill cores and engineering data of any kind whatsoever pertaining to the Kid Copper Property or related to Mining Work which have not been previously delivered to the Optionor; and
- (c) upon notice from the Optionor, remove all materials supplies and equipment from the Kid Copper Property; provided however, that the Optionor may retain ore and, at the cost of the Optionee, dispose of any such materials, supplies or equipment not removed from the Kid Copper Property within 90 days of receipt of such notice by the Optionee.

6.4. *Provisions which Operate Following Termination.* Notwithstanding any termination of this Agreement for any reason whatsoever and with or without cause, the provisions of section 6.3 and any other provisions of this Agreement necessary to give efficacy thereto shall continue in full force and effect following any such termination.

## **7. Notices and Payments**

7.1. *Notice.* Any demand, notice or other communication (a "Communication") to be made or given in connection with this Agreement shall be made or given in writing and may be made or given by personal delivery, registered mail or facsimile addressed to the recipient at the addresses or facsimile numbers of the parties provided on the first page of this Agreement or such other address or individual as may be designated by notice by either party to the other. Any Communication made or given by personal delivery shall be conclusively deemed to have been given on the day of actual delivery thereof, if made or given by registered mail, on the 4th day, other than a day which is not a Business Day, following the deposit thereof in the mail, and if made or given by facsimile, on the day, other than a day which is not a Business Day, following the day it was confirmed as received. If the party giving any Communication knows or ought reasonably to know of any difficulties with the postal system which might affect the delivery of the mail, any such Communication shall not be mailed but shall be made or given by personal delivery.

7.2. *Payments.* Payments to be made by any one Party to the other Party as set forth in this Agreement shall be made in lawful money of Canada, unless otherwise indicated, and shall be addressed to the recipient at the addresses of the recipient party provided on the first page of this Agreement or such other address or individual as may be designated by notice by the recipient party in accordance with section 7.1. If any payment herein shall become due on a day that is not a Business Day, such payment shall be made on the next succeeding Business Day.

## **8. Regulatory Approval**

8.1. *TSX Venture Exchange Approval.* This Agreement and the transactions contemplated hereunder are subject to the filing with and acceptance by the TSX Venture Exchange and any other regulatory authority having jurisdiction over the securities of the Optionee. If such acceptance by the TSX Venture Exchange is not obtained within 30 Business Days of the date of this Agreement, the Optionor may, at its option, terminate this Agreement and the Option and working rights herein upon written notice to the Optionee. The Optionee will use its best efforts to obtain, at its sole cost and expense and as soon as possible upon the execution of this Agreement, the TSX Venture Exchange or any other approvals that may be required for this Agreement and the transaction contemplated herein.

## 9. General Provisions

9.1. *Entire Agreement.* This Agreement, including all the Schedules hereto, together with the agreements and other documents to be delivered pursuant hereto, constitutes the entire agreement among the parties pertaining to the subject matter hereof and supersedes any and all prior agreements, understandings, negotiations and discussions, whether oral or written, of the Parties and there are no warranties, representations or other agreements among the Parties in connection with the subject matter hereof except as specifically set forth herein and therein.

9.2. *Assignment.* Either Party shall be permitted to assign this Agreement. Any assignment shall be subject to the assignee entering into an agreement, in form and substance satisfactory to counsel for the other Party, to be bound by this Agreement. This Agreement shall enure to the benefit of and be binding upon the Parties hereto and their respective successors and assigns.

9.3. *Further Assurances.* Each Party shall from time to time at the request of the other Party and without further consideration, execute and deliver all such other additional assignments, transfers, instruments, notices, releases and other documents and shall do all such other acts and things as may be necessary or desirable to assure more fully the consummation of the transactions contemplated hereby.

9.4. *Time.* Time shall be of the essence of this Agreement.

9.5. *Amendment.* This Agreement may be amended or varied only by agreement in writing signed by each of the Parties. Unless the context otherwise so requires, a reference to this Agreement shall include a reference to this Agreement as amended or varied from time to time.

9.6. *Severability.* If any provision of this Agreement is determined to be invalid or unenforceable in whole or in part, such invalidity or unenforceability shall attach only to such provision or part thereof and the remaining part of such provision and all other provisions hereof shall continue in full force and effect.

9.7. *Governing Law and Attornment.* This Agreement shall be governed by and interpreted in accordance with the laws of the Province of British Columbia and the federal laws of Canada applicable therein and the Parties hereby irrevocably attorn to the jurisdiction of the courts of the Province of British Columbia. For the purpose of all legal proceedings, this Agreement shall be deemed to have been performed in the Province of British Columbia and the courts of the Province of British Columbia shall have exclusive jurisdiction to entertain any action arising under this Agreement.

9.8. The Optionor understands and agrees that this agreement will be disclosed pursuant to the applicable laws, rules and regulations and will be available to the public and regulatory authorities.

9.9. *Counterparts.* This Agreement may be executed in as many counterparts as are necessary and delivered by fax or electronic mail and shall be binding on each Party when each Party has signed and delivered one such counterpart. When a counterpart of this Agreement has been executed by each Party, all counterparts together shall constitute one agreement.

**IN WITNESS WHEREOF** this Agreement has been duly executed by the respective Parties hereto effective as of the date first above written.

**Reza Mohammed**

Per:

*“Reza Mohammed”*

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Authorized Signatory

**Abbastar Resources Corp**

Per:

*“Patrick Lavin”*

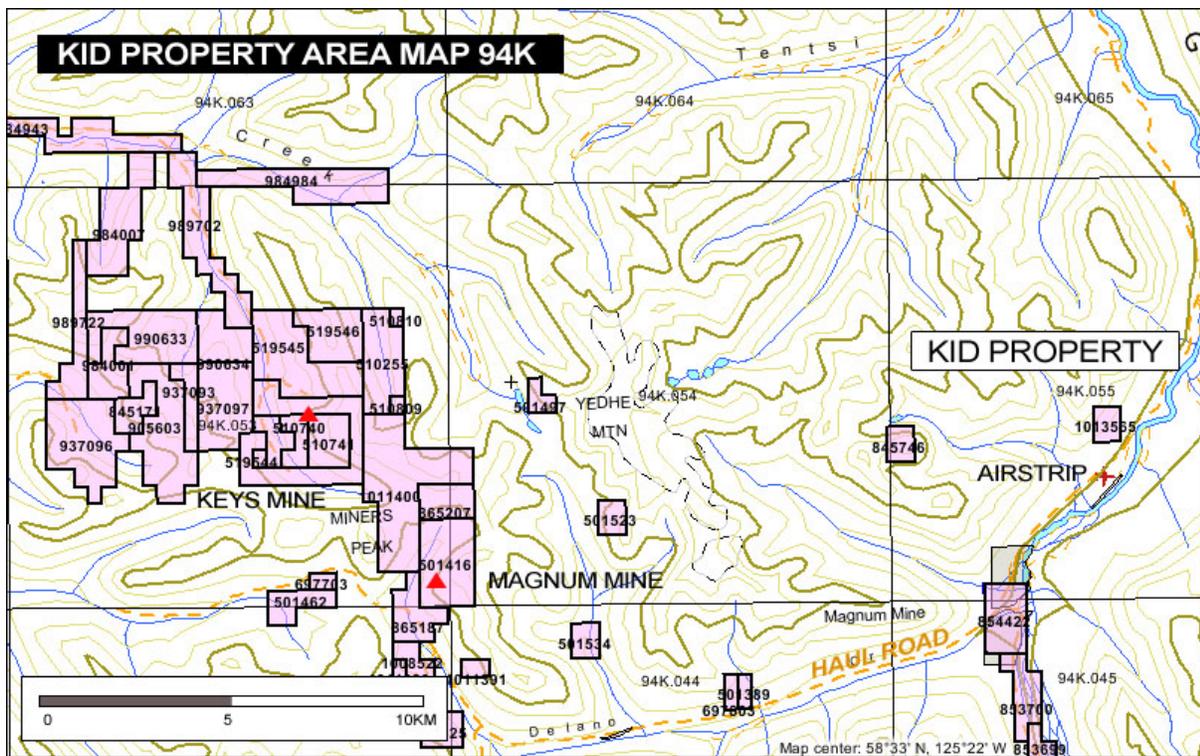
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Authorized Signatory

## SCHEDULE "A"

To an Agreement made effective as of October 23, 2012 between Reza Mohammed (the "Optionor") and Abbastar Resources Corp. (the "Optionee")

Tenure Number	Claim Name	Owner	Tenure Type	Map Number	Issue Date	Good To Date	Status	Area (ha)
1013565	KID COPPER	146886 (100%)	Mineral	94K	Oct 5, 2012	Oct 5, 2013	GOOD	67.58



**SCHEDULE “Q”**

**NOTICE OF HEARING**

No. S127602

Vancouver Registry

**IN THE SUPREME COURT OF BRITISH COLUMBIA**

**RE: ARRANGEMENT AMONG ABBASTAR RESOURCES CORP., (THE “PETITIONER”), ANACOTT RESOURCES CORP., BRUNELLO RESOURCES CORP., SPARX ENERGY CORP., TELDAR RESOURCES CORP. AND THE SHAREHOLDERS OF ABBASTAR RESOURCES CORP.**

**NOTICE OF HEARING**

To: **ANACOTT RESOURCES CORP.**

**BRUNELLO RESOURCES CORP.**

**SPARX ENERGY CORP.**

**TELDAR RESOURCES CORP.**

**SHAREHOLDERS OF ABBASTAR RESOURCES CORP.**

TAKE NOTICE that a Petition has been filed by Abbastar Resources Corp. (the “**Petitioner**”) in the Supreme Court of British Columbia for approval of the plan of arrangement (the “**Arrangement**”), pursuant to the *Business Corporations Act*, S.B.C 2002, Chapter 57, as amended.

AND FURTHER TAKE NOTICE that by an Interim Order of the Supreme Court of British Columbia, pronounced on October 31, 2012, the Court has given directions as to the calling of annual general and special meeting of the holders of commons shares in the capital of the Petitioner (the “**Shareholders**”) for the purpose, *inter alia*, of considering and voting upon the Arrangement and approving the Arrangement.

AND TAKE FURTHER NOTICE that the petition of ABBASTAR RESOURCES CORP. dated October 29, 2012 for a Final Order approving the Arrangement and for a determination that the terms and conditions of the Arrangement are fair to the Shareholders shall be heard before the presiding judge in Chambers at the courthouse at 800 Smithe Street, Vancouver, British Columbia on December 5, 2012 at 9:45 a.m. or soon thereafter as counsel may be heard.

A copy of the said petition and other documents in the proceedings will be furnished to any shareholder upon request in writing to the Petitioner at the address of the Petitioner at 1150-750 West Pender St., Vancouver BC V6C 2T8.

**1. Date of hearing**

- The parties have agreed as to the date of the hearing of the petition.
- The parties have been unable to agree as to the date of the hearing but notice of the hearing will be given to the petition respondents in accordance with Rule 16-1 (8) (b) of the Supreme Court Civil Rules.
- The petition is unopposed, by consent or without notice.

The date of the hearing has been determined pursuant to the Interim Order.

**2. Duration of hearing**

- It has been agreed by the parties that the hearing will take .....[time estimate]..... .
- The parties have been unable to agree as to how long the hearing will take and
  - (a) the time estimate of the petitioner(s) is 20 minutes, and
  - (b) the time estimate of the petition respondent(s) is ..... minutes.
- the petition respondent(s) has(ve) not given a time estimate.

It is not known whether the matter will be contested and it is estimated by the Petitioner that the hearing will take 20 minutes.

**3. Jurisdiction**

- This matter is within the jurisdiction of a master.
- This matter is not within the jurisdiction of a master.

Date: October 31, 2012

*“Linas Antanavicius”*

Signature of  
 petitioner  lawyer for petitioner(s)  
 LINAS ANTANAVICIUS