



INFORMATION CIRCULAR
As at April 5, 2006

TABLE OF CONTENTS

GLOSSARY OF TERMS	1
SUMMARY OF INFORMATION CIRCULAR.....	3
GENERAL INFORMATION.....	7
Solicitation of Proxies	7
Appointment and Revocation of Proxies.....	7
Non-Registered Holders	7
Voting of Shares and Exercise of Discretion of Proxies.....	8
Voting Shares and Principal Holders Thereof	9
Interest of Insiders and Others.....	9
Form of Special Resolutions.....	9
ANNUAL GENERAL MEETING MATTERS	10
Remuneration of Management	10
Executive Compensation	10
Long Term Incentive Plan Awards.....	10
Options and SARS.....	11
Pension Plans.....	11
Termination of Employment, Change in Responsibilities and Employment Contracts.....	11
Compensation and Corporate Governance Committee.....	12
Audit Committee and Relationship with Auditor	12
Elections of Directors	13
Corporate Governance.....	15
Appointment of Auditor	15
Shares Reserved for Issuance Under Stock Option Plan	15
THE ARRANGEMENT.....	16
Purpose of the Arrangement	16
Proposed Timetable for Arrangement.....	16
Details of the Arrangement.....	16
Fairness of Arrangement	20
Recommendations of Board of Directors	20
Corporate Structure.....	20
Plan of Arrangement and Conditions to the Arrangement Becoming Effective.....	21
Shareholder Approval of Arrangement.....	23
Court Approval of Arrangement.....	23
Amendment and Termination of the Arrangement Agreement	23
Existing Share Commitments	24
Delivery of Share Certificates	24
Exemption from U.S. Registration	24
Stock Exchange Listing.....	25
Canadian Federal Income Tax Considerations of the Arrangement for the Holders of Common Shares	25
Shareholders Resident in Canada	25
Shareholders Not Resident in Canada	26
U.S. Tax Consequences.....	27
DISSENTING SHAREHOLDERS	27

INFORMATION CONCERNING THE COMPANY	28
Summary.....	28
Description of Diamond Property Interests	28
Selected Financial Information.....	34
Management	35
Share Capital	35
Resolutions	38
Dividend Record.....	39
Auditors and Registrar and Transfer Agent.....	39
Legal Matters.....	39
Material Contracts	39
INFORMATION CONCERNING URANIUM NORTH RESOURCES CORP.	40
Management	40
Uranium Property Interests.....	40
Share Capital	40
Working Capital	41
Principal Shareholders.....	41
Dividend Record.....	41
Auditors and Registrar and Transfer Agent.....	41
Legal Matters.....	42
Material Contracts	42
RISK FACTORS	43
APPROVAL BY THE BOARD OF DIRECTORS.....	43
ADDITIONAL INFORMATION	44
SCHEDULE A - ARRANGEMENT RESOLUTION	
SCHEDULE B - ARRANGEMENT AGREEMENT	
SCHEDULE C - INTERIM ORDER	
SCHEDULE D –DISSENT RIGHTS AS CONTAINED IN DIVISION 2 OF PART 8 OF THE BUSINESS CORPORATIONS ACT (BRITISH COLUMBIA)	
SCHEDULE E – NOTICE OF PETITION AND FINAL ORDER (Draft)	
APPENDIX I – DIAMONDS NORTH RESOURCES LTD. CORPORATE GOVERNANCE TABLE	

(Also mailed concurrent with this Circular are the audited financial statements of Diamonds North Resources Ltd. for the year ended December 31, 2005, which are herein incorporated by reference.)

GLOSSARY OF TERMS

For the assistance of Shareholders, the following is a glossary of terms used frequently throughout this Circular and the summary hereof.

Arrangement	The proposed arrangement under the Business Corporations Act, among the Company and the Shareholders and Uranium North Resources Corp. and its shareholder, as described under the heading "The Arrangement - Details of the Arrangement".
Arrangement Agreement	The agreement made as of March 14, 2006 between the Company and Uranium North Resources Corp. a copy of which is set forth in Schedule B to this Circular, and any amendments made thereto.
Arrangement Resolution	The resolution, the full text of which is set forth in Schedule A to this Circular, to be considered, and if deemed advisable, passed, with or without variation, by the Shareholders at the Meeting.
Board of Directors	The board of directors of the Company.
Business Corporations Act	The <i>Business Corporations Act</i> (British Columbia), S.B.C. 2002, c. 57.
Circular	This Information Circular.
Common Shares	The common shares without par value in the capital of the Company.
Company	Diamonds North Resources Ltd., a company governed by the Business Corporations Act.
Company Shares	The 1,500,000 Common Shares of Uranium North Resources Corp. to be issued and delivered to the Company at an aggregate deemed value of \$1.00 in consideration of the Company providing the Working Capital Loan.
Court	The Supreme Court of British Columbia.
CDS	The Canadian Depository for Securities Limited.
Dissenting Shareholders	Shareholders who validly exercise the rights of dissent provided to them with respect to the Arrangement to receive payment for their Common Shares in accordance with the Interim Order and the dissent provisions of the Business Corporations Act.
Diamond Property Interests	The mineral property interests (exclusive of the Uranium Property Interests) held by the Company on the Effective Date as set forth under "Information Concerning the Company - Description of Diamond Property Interests" in the Circular.
Effective Date	The date the notice of alteration under the Arrangement is accepted for filing by the Registrar to give effect to the Arrangement and amendments to the Company's Notice of Articles and Articles.
Exchange	The TSX Venture Exchange.
Final Order	The order of the Court approving the Arrangement.
Financial Statements	The audited consolidated financial statements of the Company for the year ended December 31, 2005, a copy of which statements are included with this Circular.
Interim Order	The order of the Court dated April 10, 2006 providing, among other things, for the calling and holding of the Meeting, a copy of which is annexed as Schedule C to this Circular.
ITA	The <i>Income Tax Act</i> (Canada), as amended, and the regulations thereunder.
LeBel Report	A report in respect of certain of the Uranium Property Interests being prepared by J.L. LeBel, P.Eng. dated March 23, 2006, a copy of which report has been received in draft and when finalized will be available for inspection prior to the Meeting at the head

	office of the Company at Suite 510 – 510 Burrard Street, Vancouver, British Columbia, V6C 3A8 or through the SEDAR web site www.SEDAR.com
Listing Date	The date the Uranium North Resources Corp. Common Shares are posted and called for trading on the Exchange.
Loan Balance	The amount outstanding from time to time on account of principal and accrued interest of the Working Capital Loan.
Meeting	The annual and special general meeting of Shareholders to be held on May 10, 2006.
New Common Shares	The Common Shares of the Company to be issued as part of the Arrangement.
Options	The options to purchase unissued Common Shares of the Company outstanding on the Effective Date.
Plan of Arrangement	The plan of arrangement set out as Exhibit 1 to the Arrangement Agreement which is annexed as Schedule B to this Circular, and any amendments or variation thereto.
Prospectus Offering Price	The estimated offering price to the public for securities of Uranium North Resources Corp. in a planned prospectus offering to be completed prior to the Listing Date.
Record Date	April 5, 2006.
Registrar	The Registrar appointed under the Business Corporations Act.
Reorganization Shares	The reorganization shares without par value in the capital of the Company, which will be issued as part of the Arrangement as set forth in the Arrangement Agreement.
Shareholders	Holders of one or more Common Shares.
Transfer Agent	CIBC Mellon Trust Company.
Uranium North Resources Corp.	Uranium North Resources Corp., a wholly owned subsidiary of the Company governed by the Business Corporations Act formed for the purpose of the Arrangement and which will acquire the Uranium Property Interests under the Arrangement.
Uranium North Resources Corp. Common Shares	Common shares without par value in the capital of Uranium North Resources Corp.
UNR	Means Uranium North Resources Corp.
Uranium Property Interests	Means the mineral property interests (inclusive of all data, and other information relative thereto in the Company's possession or control) that are more particularly described in the Arrangement Agreement.
Warrants	The warrants to purchase unissued Common Shares issued and outstanding on the Effective Date.
Working Capital Loan	A loan of \$300,000 by the Company to Uranium North Resources Corp., as referred to in Article 4.1 of Exhibit 1 of the Arrangement Agreement to enable Uranium North Resources Corp. to conduct business prior to the Effective Date and to assist in meeting the minimum listing requirements of the Exchange.
1933 Act	The United States <i>Securities Act of 1933</i> , as amended.

SUMMARY OF INFORMATION CIRCULAR

This summary is qualified in its entirety by the more detailed information appearing elsewhere in this Circular and the attachments to this Circular which are incorporated herein and form part of this Circular. Terms with initial capital letters in this Summary are defined in the Glossary of Terms.

References in this Circular to fiscal or financial year are to the year ended December 31, 2005. References in this Circular are to Canadian dollars unless otherwise indicated.

The Meeting

The Meeting will be held at the Vancouver Marriott Pinnacle Downtown Hotel, 1128 West Hastings Street, Vancouver, British Columbia, Vancouver, British Columbia, on May 10, 2006, commencing at the hour of 1:30 p.m. (Pacific Time).

In addition to the customary matters to be considered at the Meeting, shareholders will be asked to consider, and if deemed advisable, approve the creation of new classifications of shares in the Company's share capital, the Arrangement Resolution authorizing the Arrangement, a resolution approving the terms of certain Options and Warrants and the pricing of new options to be issued by Uranium North Resources Corp., a resolution approving a stock option plan for Uranium North Resources Corp. and to consider such other matters properly as may come before the Meeting. **There will not be a consolidation of the Company's shares as a result of the Arrangement as upon completion of the Arrangement there will be the same number of New Common Shares outstanding as the number of Common Shares outstanding immediately prior to completion of the Arrangement.**

The Share Capital Alterations

The Company will request shareholder approval to Special Resolutions which would have the effect of authorizing the Board of Directors to complete a re-organization of the Company's shares (and resulting amendments to the Company's Notice of Articles and Articles) by creating and authorizing the issuance of an unlimited number of New Common Shares and the creation and authorization of the issuance of 25,000,000 Reorganization Shares as part of the Company's authorized share capital. A share consolidation is not being proposed.

The Arrangement

The Board of Directors proposes a reorganization of the Company's structure by way of statutory arrangement pursuant to the Business Corporations Act. Under the terms of the Arrangement, on the Effective Date, the Company's shares will be restructured into New Common Shares and Reorganization Shares. The holders of New Common Shares will also receive shares in a new company which has been incorporated under the name Uranium North Resources Corp. on the basis that one share of Uranium North Resources Corp. will be issued for every six (6) shares of the Company held on the Effective Date. Uranium North Resources Corp. will apply to have its shares listed on the TSX Venture Exchange following completion of the Arrangement and a planned prospectus offering.

The proposed reorganization is being recommended to provide greater market awareness and financing opportunities of the Company's Uranium Property Interests which will be transferred to Uranium North Resources Corp., while the Company will retain all of the Diamond Property Interests. Management believes this will be a significant opportunity to increase shareholder value. In addition, the separation of the Company's Uranium Property Interests from the Company's Diamond Property Interests will provide both the Company and Uranium North Resources Corp. with increased flexibility to utilize and exploit

their respective assets. Management also feels that by separating its assets into two companies and providing Shareholders with proportionate interests in those companies, Shareholder value will be further increased. The issuance to the Company of the 1,500,000 Company Shares will provide the Company with a measure of control over the initial direction of Uranium North Resources Corp. and “blue sky” potential on the future success of Uranium North Resources Corp.

It is intended that Uranium North Resources Corp. be funded by a prospectus financing on terms yet to be determined. Initial capital has been provided by a \$300,000 loan from the Company, which will be convertible by the Company into Uranium North Resources Corp. securities at a conversion price equal to the Prospectus Offering Price. The Company will be issued 1,500,000 shares of Uranium North Resources Corp. as a bonus for the foregoing loan.

The Uranium Property Interests consists of holdings in six large properties in Nunuvut and the Northwest Territories. Particulars of the Uranium Property Interests and the interest in them to be acquired by Uranium North Resources Corp. are set out in Appendix A-2 to the Arrangement Agreement attached as Schedule “A” to this Circular.

The properties cover Proterozoic sedimentary basins which have potential for unconformity-type uranium deposits and basal conglomerate paleo-placer gold/uranium deposits. Unconformity uranium deposits are exemplified by the uranium deposits in the Athabasca Basin in Saskatchewan and paleo-placer gold deposits are exemplified by the gold deposits in the Witwatersrand Basin in South Africa. The properties cover a diverse variety of geological environments with potential for other kinds of mineralization, as well.

The Hepburn, South Baker Lake and Thelon properties, were explored for uranium during the uranium exploration boom of the 1970s following the discovery of the uranium in the Athabasca Basin. The Company has carried out widespread reconnaissance soil geochemical sampling on the properties but further work is required to evaluate the properties. The other 3 properties, the Amer, Kazan and Tasiq properties are relatively unexplored.

An initial exploration program of at least \$500,000 will be undertaken on the South Baker Lake Properties together with similar exploration programs on the other properties, subject to availability of required funds. When finalized and filed on SEDAR, shareholders are referred to the Lebel Report for further particulars of the Uranium Property Interests and the recommended exploration programs.

On the Effective Date, the exercise terms of all outstanding Options and Warrants will be adjusted and the Options and Warrants shall be separated so as to be exercisable separately into New Common Shares and Uranium North Resources Corp. Common Shares on the basis that for every six (6) Common Shares purchasable on exercise of the Options and Warrants prior to the Effective Date, the holder thereof will be entitled to purchase on exercise of Options and Warrants six (6) New Common Shares and separately one (1) Uranium North Resources Corp. Common Share. The exercise price of the Uranium North Resources Corp. Common Shares underlying the Options and Warrants will be adjusted to reflect the Arrangement. The expiry dates of Options and Warrants and other material terms thereof shall not be affected by the Arrangement.

Some Options and Warrants are held by insiders of the Company. As a result of the foregoing separation and recalculation of Options and Warrants, insiders will hold share purchase options and warrants in Uranium North Resources Corp. (see: “Information Concerning the Company - Share Capital - Options and Other Rights to Purchase Shares” in the Circular).

As a result of the Arrangement, based on the current issued capital of the Company and planned prospectus offering of approximately 6,500,000 common shares of Uranium North Resources Corp., it is estimated that on the Listing Date there will be 14,591,191 common shares of Uranium North Resources Corp. issued, with 45.17% of the issued held by Shareholders of the Company on the Effective Date, 10.28% held by the Company and 44.55% held by the participants in the planned prospectus offering. As a result of the Arrangement, Uranium North Resources Corp. will have an estimated 961,570 warrants and 641,121 incentive stock options outstanding. In addition, new directors and officers of Uranium North Resources Corp. may be granted additional incentive options on terms yet to be determined except that the exercise price thereof will not be less than the Prospectus Offering Price.

Prior to the Effective Date, Uranium North Resources Corp. will be adopting a stock option plan substantially the same as the stock option plan now in existence for the Company and previously approved by the Company's shareholders. The maximum number of Uranium North Resources Corp. Common Shares initially issuable under the proposed plan will be 2,900,000 Uranium North Resources Corp. Common Shares.

See: "General Information-Interest of Insiders and Others"; "The Arrangement-Existing Share Commitments" and "Information Concerning Uranium North Resources Corp.- Share Capital".

The proposed reorganization is subject to shareholder approval at the Meeting by resolution approved by 66 and 2/3rds of the votes cast. The planned reorganization is also subject to final approval of the Supreme Court of British Columbia and to acceptance by the Exchange. The Company anticipates that the reorganization and listing of Uranium North Resources Corp. will be completed shortly following receipt of the foregoing approvals and conclusion of the planned prospectus financing.

By resolution dated as of March 14, 2006, the Board of Directors approved the Arrangement. The Board of Directors recommends that shareholders provide their approval of the necessary resolutions which will be presented to the Meeting.

Shareholder Approval

The Interim Order provides that in order for the Arrangement to be implemented, the Arrangement Resolution must be passed, with or without variation, by at least 66 and 2/3% of the votes cast in respect of the Arrangement Resolution by Shareholders present or voting by proxy at the Meeting.

Court Approval

The Arrangement requires Court approval under the Business Corporations Act. Prior to the mailing of this Circular, the Interim Order was obtained from the Court and provides for the calling and holding of the Meeting and certain other procedural matters (See Schedule "C" to this Circular). Maynard E. Brown, legal counsel acting in respect of the Arrangement, has advised that the Court in hearing the petition for the Final Order will consider, among other things, the fairness of the Arrangement to Shareholders. A copy of the draft Final Order is set out in Schedule "E" to this Circular. Following approval of the Arrangement by the Shareholders at the Meeting, the Company will make application to the Court for the Final Order at 10:00 a.m. (Pacific time) at the Law Courts Building, 800 Smithe Street, Vancouver, British Columbia on or about May 12, 2006 or as soon thereafter as counsel may be heard. Shareholders and interested parties have the right to appear at such hearing and present evidence. See "The Arrangement - Court Approval of Arrangement".

Dissenting Shareholders' Rights on Arrangement

Under Sections 3.1.9 and 5.2 of the Plan of Arrangement (attached as Exhibit 1 to the Arrangement Agreement), a Shareholder has been granted the right to dissent in respect of the Arrangement and if the Arrangement is concluded to be paid for its Common Shares by the Company so long as such dissenting Shareholder provides to the Company written objection to the Arrangement on or before 4:00 p.m. Pacific Time on May 5, 2006 and such Dissenting Shareholder otherwise complies with the Interim Order and Sections 237 and following of the Business Corporations Act.

A Shareholder wishing to exercise dissenting rights will be required to follow strictly the dissent provisions of Section 237 and following of the Business Corporations Act and accordingly is advised to consult a lawyer prior to proceeding. See "Dissenting Shareholders" and Schedule "D" of this Circular.

Canadian Federal Income Tax Considerations of the Arrangement for the Holders of Common Shares

The following is a brief summary of the principal Canadian federal income tax considerations under the ITA generally applicable to holders of Common Shares who, for the purposes of the ITA, are resident in Canada, deal at arm's length with the Company and hold their Common Shares as capital property. It is not intended to be, and it should not be construed to be, advice to any particular person. Holders should consult with their own tax advisors with respect to their particular circumstances.

Generally, a holder of Common Shares will not realize a capital gain or capital loss on the Common Shares as a result of the implementation of the Arrangement, unless the holder chooses to recognize a capital gain or capital loss in the holder's income tax return for the year in which the Arrangement is implemented. Where a holder does not realize a capital gain or capital loss on its Common Shares as a result of the Arrangement, the holder's adjusted cost base of its Common Shares must be allocated between the New Common Shares and the Uranium North Resources Corp. Common Shares. The allocation should be made on the basis of their relative fair market values.

For a more detailed description of the Canadian federal income tax considerations, see "The Arrangement - Canadian Federal Income Tax Considerations of the Arrangement for the Holders of Common Shares".

Investment Considerations

Investment in resource ventures such as the Company and Uranium North Resources Corp. are highly speculative and subject to numerous and substantial risks. There is no assurance that there will be a public market for the Uranium North Resources Corp. Common Shares after the Effective Date. See "Information Concerning the Company - Risk Factors".

Applications to Stock Exchange

The Company will apply to the Exchange to confirm the continued listing for trading of the New Common Shares and to approve the listing of the Uranium North Resources Corp. Common Shares upon implementation of the Arrangement, subject to the fulfillment of the customary listing requirements of the Exchange. Shareholders will have no lasting interest in the Reorganization Shares and the Reorganization Shares will not trade.

GENERAL INFORMATION

Solicitation of Proxies

This Circular is furnished in connection with the solicitation of proxies by management of the Company for use at the Meeting, and at any adjournment thereof. The solicitation will be by mail and possibly supplemented by telephone or other personal contact to be made without special compensation by regular officers and employees of the Company. No solicitation will be made by specifically engaged employees or soliciting agents. The cost of solicitation will be borne by the Company. The Company does not reimburse Shareholders, nominees or agents for the costs incurred in obtaining from their principals authorization to execute forms of proxy.

These securityholder materials are being sent to both registered and non-registered owners of the securities. If you are a non-registered owner, and the Company or its agent has sent these materials directly to you, your name and address and information about your holdings of securities have been obtained in accordance with applicable securities regulatory requirements from the intermediary holding securities on your behalf.

Appointment and Revocation of Proxies

The persons named in the accompanying form of proxy are directors and/or officers of the Company. A Shareholder has the right to appoint a person to attend and act on its behalf at the Meeting other than the persons named in the enclosed instrument of proxy. To exercise this right, a Shareholder shall strike out the names of the persons named in the instrument of proxy and insert the name of its nominee in the blank space provided, or complete another instrument of proxy. The completed proxy should be deposited with the Transfer Agent, CIBC Mellon Trust Company at Suite 1600, 1066 West Hastings Street, Vancouver, British Columbia, V6C 3X1 at least 48 hours prior to the commencement of the meeting or any adjournment thereof, excluding Saturdays, Sundays and holidays.

The instrument of proxy must be signed by the Shareholder or its attorney. If signed by a duly authorized attorney, the instrument of proxy must be accompanied by the original power of attorney or a notarially certified copy thereof. If the Shareholder is a corporation, the instrument of proxy must either be signed by a duly authorized attorney, officer, or corporate representative, and must be accompanied by the original power of attorney or document whereby the duly authorized officer or corporate representative derives his power, as the case may be, or a notarially certified copy thereof.

A proxy may be revoked by:

- signing a proxy bearing a later date and depositing it at the place and within the time aforesaid;
- signing and dating a written notice of revocation (in the same manner as the instrument of proxy is required to be executed, as set out in the notes to the instrument of proxy) and either delivering the same to the place and within the time aforesaid or with the Chairman of the Meeting on the day of the Meeting or on the day of any adjournment thereof, or
- attending the Meeting or any adjournment thereof and registering with the Scrutineer thereat as a Shareholder present in person, whereupon such proxy shall be deemed to have been revoked.

Non-Registered Holders

Only registered shareholders or duly appointed proxyholders are permitted to vote at the Meeting. Most shareholders of the Company are “non-registered shareholders” because the Shares they own are not registered in their names but are instead registered in the name of the brokerage firm, bank or trust company through which they purchased the Shares. More particularly, a person is not a

registered shareholder in respect of Shares which are held on behalf of that person (the “Non-Registered Holder”) but which are registered either: (a) in the name of an intermediary (an “Intermediary”) that the Non-Registered Holder deals with in respect of the Shares (Intermediaries include, among others, banks, trust companies, securities dealers or brokers and trustees or administrators of self-administered RRSP’s, RRIFs, RESPs and similar plans); or (b) in the name of a clearing agency such as CDS of which the Intermediary is a participant. In accordance with the requirements of National Instrument 54-101 of the Canadian Securities Administrators, the Company has distributed copies of the Notice of Meeting, this Information Circular and the instrument of proxy (collectively, the “Meeting Materials”) to the clearing agencies and Intermediaries for onward distribution to Non-Registered Holders.

Intermediaries are required to forward the Meeting Materials to Non-Registered Holders unless a Non-Registered Holder has waived the right to receive them. Very often, Intermediaries will use service companies to forward the Meeting Materials to Non-Registered Holders. Generally, Non-Registered Holders who have not waived the right to receive Meeting Materials will either:

- (a) be given an instrument of proxy **which has already been signed by the Intermediary** (typically by a facsimile, stamped signature), which is restricted as to the number of shares beneficially owned by the Non-Registered Holder but which is otherwise not completed. Because the Intermediary has already signed the instrument of proxy, this instrument of proxy is not required to be signed by the Non-Registered Holder when submitting the instrument of proxy. In this case, the Non-Registered Holder who wishes to submit an instrument of proxy should otherwise properly complete the instrument of proxy and deliver it to **CIBC Mellon Trust Company** as provided above; or
- (b) more typically, be given a voting instruction form **which is not signed by the Intermediary**, and which, when properly completed and signed by the Non-Registered Holder and **returned to the Intermediary or its service company**, will constitute voting instructions (often called a “proxy authorization form”) which the Intermediary must follow. Typically, the proxy authorization form will consist of a one page pre-printed form. Sometimes, instead of the one page pre-printed form, the proxy authorization form will consist of a regular printed proxy form accompanied by a page of instructions, which contains a removable label containing a bar code and other information. In order for the form of proxy to validly constitute a proxy authorization form, the Non-Registered Holder must remove the label from the instructions and affix it to the instrument of proxy, properly complete and sign the instrument of proxy and return it to the Intermediary or its service company in accordance with the instructions of the Intermediary or its service company.

In either case, the purpose of this procedure is to permit Non-Registered Holders to direct the voting of the Shares, which they beneficially own. Should a Non-Registered Holder who receives one of the above forms wish to vote at the meeting in person, the Non-Registered Holder should strike out the names of the Management Proxyholders and insert the Non-Registered Holder’s name in the blank space provided. **In either case, Non-Registered Holders should carefully follow the instructions of their Intermediary, including those regarding when and where the instrument of proxy or proxy authorization form is to be delivered.**

A revocation of an instrument of proxy does not affect any matter on which a vote has been taken prior to the revocation.

Voting of Shares and Exercise of Discretion of Proxies

On any poll, the persons named in the enclosed instrument of proxy will vote the shares in respect of which they are appointed and, where directions are given by the shareholder in respect of voting for or against any resolution, will do so in accordance with such direction.

In the absence of any direction in the instrument of proxy, it is intended that such shares will be voted in favour of the motions proposed to be made at the Meeting as stated under the headings in this Information Circular. The instrument of proxy enclosed, when properly signed, confers discretionary authority with

respect to amendments or variations to the matters identified herein and with respect to any other matters which may properly be brought before the Meeting. The enclosed instrument of proxy does not confer authority to vote for the election of any person as a director of the Company other than for those persons named in this Information Circular. At the time of printing this Information Circular, management of the Company is not aware that any such amendments, variations or other matters are to be presented for action at the Meeting. However, if any other matters which are not now known to the management should properly come before the Meeting, the proxies hereby solicited will be exercised on such matters in accordance with the best judgment of the nominee.

Voting Shares and Principal Holders Thereof

On the Record Date, **39,547,148** Common Shares were issued and outstanding, each share carrying the right to one vote. Only those Shareholders of record on the Record Date shall be entitled to vote at the Meeting or any adjournment thereof in person or by proxy. **The “Record Date” is April 5, 2006 and should be distinguished from the “Effective Date”, which is expected to be a date in May, following the Meeting. To participate in the Arrangement, Shareholders must be Shareholders of record on the Effective Date and not the Record Date. Approximately 7 business days prior to the Effective Date, the Company plans to issue a News Release announcing the proposed Effective Date.**

To the best of the knowledge of the directors and senior officers of the Company, no Shareholder owns, directly or indirectly, or exercises control or direction over, Common Shares carrying more than 10% of the voting rights attached to all outstanding shares of the Company.

Interest of Insiders and Others

The Board of Directors and the officers of the Company may be considered to have a personal interest in the Arrangement being concluded as a result of their holdings in Options and Warrants. Options are primarily held by insiders of the Company. As a result of the Arrangement, outstanding Option and Warrant holders will be granted options and warrants in Uranium North Resources Corp. on the basis that for every six (6) Common Shares purchasable on exercise of the Options and Warrants prior to the Effective Date, the holder thereof will be entitled to purchase on exercise of Options and Warrants six (6) New Common Shares and separately one (1) Uranium North Resources Corp. Common Share.

Form of Special Resolutions

The intended form of the special resolutions to be proposed at the Meeting regarding the Arrangement is set out in Schedule “A” of this Circular and in Appendix A-1 to the Arrangement Agreement attached as Schedule “B” hereto. By reference, these schedules are incorporated into this Circular.

ANNUAL GENERAL MEETING MATTERS***Remuneration of Management***

For purposes of this section:

“Named Executive Officer” of the Company means an individual who, at any time during the year, was:

- (a) the Company’s chief executive officer (“CEO”);
- (b) the Company’s chief financial officer (“CFO”);
- (c) each of the Company’s three most highly compensated executive officers, other than the CEO and CFO, who were serving as executive officers as at the end of the most recently completed financial year and whose total salary and bonus exceeded \$150,000; and
- (d) any additional individuals for whom disclosure would have been provided under (c) except that the individuals was not serving as an officer of the Company at the end of the most recently completed financial year;

“SAR” or “stock appreciation right” means a right, granted by the Company or any of its subsidiaries, as compensation for services rendered or otherwise in connection with office or employment, to receive a payment of cash or an issue or transfer of securities based wholly or in part on changes in the trading price of its securities; and

“LTIP” or “long term incentive plan” means any plan which provides compensation intended to serve as an incentive for performance to occur over a period longer than one financial year, but does not include option or stock appreciation right plans.

The following table is a summary of the compensation paid to each Named Executive Officer who earned over \$100,000 in total salary and bonus during the three most recently completed financial years, for services rendered to the Company or a subsidiary of the Company.

Executive Compensation

During the financial year ended December 31, 2005, the Company had two Named Executive Officers, namely Mark Kolebaba and Bernard H. Kahlert. The following table sets forth the compensation awarded or paid to, or earned by the named executive officers during the financial years ended December 31, 2005, 2004 and 2003.

SUMMARY COMPENSATION TABLE

Name & Principal Position	Year (1)	Salary (\$)	Bonus (\$)	Other Annual Compensation	No. Securities Under Options/SARs Granted	Restricted Shares or Restricted Share Units	LTIP Payouts (\$)	All Other Compensation \$
M. Kolebaba President & Director	2005	\$162,450	Nil	\$1,135	Nil	Nil	Nil	Nil
	2004	\$144,000	Nil	\$1,135	200,000	Nil	Nil	Nil
	2003	\$141,000	Nil	\$1,374	100,000	Nil	Nil	Nil
B.H. Kahlert Vice President & Director	2005	\$18,900	Nil	Nil	Nil	Nil	Nil	Nil
	2004	\$21,700	Nil	Nil	Nil	Nil	Nil	Nil
	2003	\$66,000	\$1,000	Nil	50,000	Nil	Nil	Nil

Long Term Incentive Plan Awards

The Company does not have any long term incentive plan awards.

Options and SARs

The following table sets forth the particulars of individual grants of options to purchase or acquire securities of the Company or any of its subsidiaries and stock appreciation rights ("SARs") made during the financial year ended December 31, 2005 to each of the Named Executive Officers.

OPTION GRANTS DURING THE YEAR ENDED DECEMBER 31, 2005

Name	Securities Under Options/SARS Granted	% of Total Options/SARS Granted to Employees in Financial Year	Exercise or Base Price (\$/Security)	Market Value of Securities Underlying Options/SARS on Date of Grant	Expiration Date
M. Kolebaba	Nil	0%	N/A	N/A	N/A
B.H. Kahlert	Nil	0%	N/A	N/A	N/A

The following table sets forth the particulars of option exercises by each of the Named Executive Officers made during the financial year ended December 31, 2005 and year end values.

AGGREGATE OPTION/SAR EXERCISES DURING THE YEAR ENDED DECEMBER 31, 2005 AND FINANCIAL YEAR END OPTION/SAR VALUES

Name	Securities Acquired on Exercise (#)	Aggregate Value Realized (\$)	Unexercised Options/SARS at FY-End (#) Exercisable Unexercisable	Value of Unexercised in-the-Money Options/SARS at FY-End (\$) Exercisable/ Unexercisable
Mark Kolebaba	N/A	N/A	700,000	\$115,000
Bernard H. Kahlert	N/A	N/A	363,000	\$88,360

There was no repricing of options during the year ended December 31, 2005.

The Company does not have any stock appreciation rights agreements.

Pension Plans

The Company does not have any pension plans.

Termination of Employment, Change in Responsibilities and Employment Contracts

During the year ended December 31, 2005, the Company did not have any contracts or arrangements which provided for compensation in the event of termination of employment or change in employment responsibilities other than:

By agreement dated March 4, 2004 (the "Agreement") the Company employed Mark Kolebaba ("Kolebaba") for a term commencing on April 1, 2004 and terminating March 31, 2007 to act as President of the Company at a remuneration of: i) \$12,600 per month for the period April 1, 2004 to March 31, 2005; ii) \$13,250 per month for the period April 1, 2005 to March 31, 2006; and iii) \$13,900 per month for the period April 1, 2006 to March 31, 2007. On expiry of the term, if the Agreement is not renewed, Kolebaba shall be entitled to be paid a severance of \$50,000.

Directors

No compensation was paid or distributed to directors in return for acting as such during the year ended December 31, 2005.

Indebtedness of Directors and Officers

None of the directors or senior officers of the Company, no proposed nominee for election as a director of the Company, and no associates or affiliates of any of them, is or has been indebted to the Company or its subsidiaries at any time since the beginning of the Company's last completed financial year.

Composition of Compensation and Corporate Governance Committee

The Company's Compensation and Corporate Governance Committee is made up of three Directors: Maynard Brown, Terry Lyons and William Zimmerman, all of whom are independent directors. Meetings of this committee are held as necessary to review financial and incentive option compensation for personnel and to make recommendations to management in respect thereof.

Audit Committee and Relationship with Auditor

Multilateral Instrument 52-110 of the Canadian Securities Administrators (“MI 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 Company's audit committee is comprised of three directors: Maynard Brown, Terry Lyons and William Zimmerman. As defined in MI 52-110, all three members are considered “independent” directors. Also as defined in MI 52-110, all of the audit committee members are “financially literate”.

Since the commencement of the Company's most recently completed financial year, the Company's Board of Directors has not failed to adopt a recommendation of the audit committee to nominate or compensate an external auditor.

Since the effective date of MI 52-110, the Company has not relied on the exemptions contained in sections 2.4 or 8 of MI 52-110. Section 2.4 provides an exemption from the requirement that the audit committee must pre-approve all non-audit services to be provided by the auditor, where the total amount of fees related to the non-audit services are not expected to exceed 5% of the total fees payable to the auditor in the fiscal year in which the non-audit services were provided. Section 8 permits a company to apply to a securities regulatory authority for an exemption from the requirements of MI 52-110, in whole or in part.

The audit committee has not adopted specific policies and procedures for the engagement of non-audit services. Subject to the requirements of MI 52-110, the engagement of non-audit services is considered by the Company's Board of Directors, and where applicable the audit committee, on a case-by-case basis.

In the following table, “audit fees” are fees billed by the Company's external auditor for services provided in auditing the Company's annual financial statements for the subject year. “Audit-related fees” are fees not included in audit fees that are billed by the auditor for assurance and related services that are reasonably related to the performance of the audit or review of the Company's financial statements. “Tax fees” are fees billed by the auditor for professional services rendered for tax compliance, tax advice and tax planning. “All other fees” are fees billed by the auditor for products and services not included in the foregoing categories.

The fees paid by the Company to its auditor in each of the last two fiscal years, by category, are as follows:

Financial Year Ending	Audit Fees	Audit Related Fees	Tax Fees	All Other Fees
December 31, 2004	\$20,000	\$Nil	\$1,500 ⁽¹⁾	\$910 ⁽²⁾
December 31, 2005	\$24,000	\$Nil	\$1,500 ⁽¹⁾	Nil

- (1) Fees related to the preparation of the Company's T-2 corporate income tax returns and the General Index of Financial Information required by CCRA.
- (2) Fees related to specific advisory services provided, communications concerning fiscal matters affecting the Company's business and advice concerning a private placement financing conducted by the Company.

The Company is relying on the exemption provided by section 6.1 of MI 52-110 which provides that the Company, as a venture issuer, is not required to comply with Part 3 (Composition of the Audit Committee) and Part 5 (Reporting Obligations) of MI 52-110.

Elections of Directors

The persons named in the enclosed Instrument of Proxy intend to vote in favour of fixing the number of Directors at **six (6)**. Although Management is only nominating **six (6)** individuals to stand for election, the names of further nominees for Directors may come from the floor at the Meeting.

Each Director of the Company is elected annually and holds office until the next Annual General Meeting of the Members unless that person ceases to be a Director before then. In the absence of instructions to the contrary the shares represented by proxy will, on a poll, be voted for the nominees herein listed.

MANAGEMENT DOES NOT CONTEMPLATE THAT ANY OF THE NOMINEES WILL BE UNABLE TO SERVE AS A DIRECTOR. IN THE EVENT THAT PRIOR TO THE MEETING ANY VACANCIES OCCUR IN THE SLATE OF NOMINEES HEREIN LISTED, IT IS INTENDED THAT DISCRETIONARY AUTHORITY SHALL BE EXERCISED BY THE PERSON NAMED IN THE PROXY AS NOMINEE TO VOTE THE SHARES REPRESENTED BY PROXY FOR THE ELECTION OF ANY OTHER PERSON OR PERSONS AS DIRECTORS.

Management proposes that the number of directors for the Company be determined at six for the ensuing year subject to such increases as may be permitted by the Articles of the Company, and the Management nominees for the Board of Directors and information concerning them as furnished by the individual nominees are as follows:

Name, Municipality of Residence and Office Held¹	Principal Occupation or Employment¹	Date of Appointment	Holdings in Securities of the Issuer¹	
Mark Kolebaba West Vancouver, B.C. President & Director	President, Diamonds North Resources Ltd., April 2002 to present; Geologist, BHP Billiton World Exploration Inc., Jan 1993 to April 2002.	Mar 19, 2002	Common	445,500 ⁴

Maynard E. Brown ^{2,3} West Vancouver, B.C. Director	Barrister & Solicitor	Jul 22, 2002	Common	Nil
Bernard H. Kahlert West Vancouver, B.C. Senior Advisor, Special Projects & Director	Vice President, Exploration & Director, Commander Resources Ltd., June 1998 to present and Diamonds North Resources Ltd., March 2002 to present.	Mar 19, 2002	Common	73,176
Terry A. Lyons ^{2,3} Vancouver, B.C. Director	Chairman of the Board, Northgate Minerals Corporation, 1993 to present.	Oct 19, 2004	Common.	100,000
Yale Simpson North Vancouver, B.C. Director	Chairman of Exeter Resource Corporation since Sept 12, 2003; Chairman of Argosy Minerals Inc. from 1993-2001; executive consultant from 2001-2003	Apr 9, 2002	Common.	27,000
William E. Zimmerman ^{2,3} Florissant, Colorado Director	Minerals Consultant, June 2004 to Present; Director Kensington Resources June 2001 to June 2004; Executive, BHP Diamonds, Inc, April 1997 to May 2001	May 12, 2005	Common	Nil

¹This information has been furnished by the respective nominees.

²Member of the Company's Audit Committee.

³Member of the Company's Compensation and Corporate Governance Committees.

⁴30,000 of these shares are held by family members.

Pursuant to the provisions of the *Business Corporations Act* (British Columbia), the Company is required to have an Audit Committee which, at the present time is comprised of Maynard Brown, Terry Lyons and William Zimmerman.

No proposed director of the Company is, or within the ten years prior to the date of this Information Circular, has been, a director or executive officer of any company that while that person was acting in that capacity:

- i) was the subject of a cease trade order or similar order or an order that denied the relevant company access to any exemption under securities legislation for a period of more than 30 consecutive days;
- ii) was subject to an event that resulted, after the director or executive officer ceased to be a director or executive officer, in the company being the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days;
- iii) or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets;
- iv) has individually, within the 10 years prior to this Information Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director, officer or shareholder.

other than as follows:

Terry A. Lyons is a director and executive officer of FT Capital Ltd., a company which is currently subject to cease trade orders in each of the provinces of British Columbia, Alberta, Manitoba and Ontario due to the failure of FT Capital Ltd. to file financial statements since the financial year ended December 31, 2001. Terry A. Lyons is also a director of Royal Oak Ventures Inc., a company which is currently subject to cease trade orders in each of the provinces of British Columbia, Alberta, Ontario and Quebec due to the failure of Royal Oak Ventures Inc. to file financial statements since the financial year ended December 31, 2003. Both FT Capital Ltd. and Royal Oak Ventures Inc. are undergoing corporate and financial restructurings and Mr. Lyons was elected to the board of directors of these companies because of his valuable experience and expertise in restructurings of this kind.

No director, officer or promoter of the Company has, within the ten years prior to the date of this Information 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 issuer, or involving theft or fraud.

The above information was provided by Management of the Company.

Corporate Governance

The TSX Venture Exchange requires Tier 1 Issuers to disclose to their shareholders on an annual basis information about their corporate governance practices and processes. The Company's Corporate Governance Policies can be viewed on the Company's website.

A discussion of the Company's practices and processes as compared with the corporate governance disclosure guidelines published by the Toronto Stock Exchange is set out in Appendix I attached hereto.

Appointment of Auditor

Management proposes the re-appointment of SmytheRatcliffe, Chartered Accountants, as Auditor of the Company for the ensuing year and that the directors be authorized to fix the remuneration. G. Ross McDonald, Chartered Accountant has been the Company's Auditor from incorporation to January 31, 2005. On February 1, 2005 G. Ross McDonald merged with SmytheRatcliffe under the name SmytheRatcliffe.

Shares Reserved for Issuance Under Stock Option Plan

Members, by way of a disinterested-vote, will be asked to pass an ordinary resolution to authorize the Directors to increase the number of shares reserved for issuance under the Company's existing Stock Option Plan from **6,102,459** to **7,909,429** shares, representing 20% of the currently issued and outstanding shares of the Company.

THE ARRANGEMENT

Purpose of the Arrangement

The purpose of the Arrangement is to restructure the Company by separating the Uranium Property Interests from the Diamond Property Interests, through a new company Uranium North Resources Corp. The Arrangement will provide both the Company and Uranium North Resources Corp. with the ability to more effectively finance, utilize and exploit their respective assets. Management also feels that by separating its assets into two companies and providing Shareholders with proportionate interests in those companies, Shareholder value will be maximized.

There will not be a consolidation of the Company's shares as a result of the Arrangement as upon completion of the Arrangement there will be the same number of New Common Shares outstanding as the number of Common Shares outstanding immediately prior to completion of the Arrangement.

Proposed Timetable for Arrangement

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

Meeting:	May 10, 2006
Final Court Approval:	May 12, 2006
Effective Date:	May 24, 2006
Mailing of Certificates for Uranium North Resources Corp. Common Shares:	May 30, 2006
Completion of Uranium North Resources Corp. Prospectus Offering:	June 1, 2006
Listing of Uranium North Resources Corp. Common Shares:	June 5, 2006

The Effective Date and other dates are estimates only. The foregoing dates may be amended if all of the conditions to completion of the Arrangement are not met. The Board of Directors will determine the Effective Date and other material dates, based on its determination of when all conditions to the completion of the Arrangement are satisfied. Approximately seven days prior notice of the actual Effective Date will be given to Shareholders through a news release when all conditions to the Arrangement have been met and the Board of Directors is of the view that all elements of the Arrangement will be completed.

Details of the Arrangement

The following description of the Arrangement is qualified in its entirety by reference to the full text of the Plan of Arrangement.

Pursuant to the Arrangement Agreement, the Company has agreed to transfer the Uranium Property Interests. Under the Arrangement, the existing Shareholders, in exchange for their Common Shares, will receive six (6) New Common Shares and one (1) Uranium North Resources Corp. Common Share for every six (6) Common Shares held on the Effective Date. Certificates will not be issued for fractional shares. Fractions will be resolved by rounding down.

The purpose of the Arrangement is to restructure the Company by separating the Company's Uranium Property Interests from the Company's Diamond Property Interests by transfer of the Uranium Property Interests to Uranium North Resources Corp. The Arrangement will provide both the Company and Uranium North Resources Corp. with the ability to more effectively finance, utilize and exploit their respective assets. Management also feels that by separating its assets into two companies and providing Shareholders with proportionate interests in those companies, Shareholder value will be maximized.

By resolution dated as of March 14, 2006, the Board of Directors approved the Arrangement and authorized the making of an application to the Court for the calling of the Meeting. Provided all conditions to implement the Arrangement are satisfied, the appropriate votes of Shareholders' authorizing the implementation of the Arrangement are obtained and the Final Court Order is obtained, the following steps will occur as a reconstruction as contemplated in Section 288 of the Business Corporations Act, one immediately after the other:

- (a) On the Effective Date, the exercise price of all outstanding Options and Warrants shall be adjusted and the Options and Warrants shall be separated so as to be exercisable separately into New Common Shares and Uranium North Resources Corp. Common Shares on the basis that for every six (6) Common Shares purchasable on exercise of the Options and Warrants prior to the Effective Date, the holder thereof will be entitled to purchase on exercise of Options and Warrants six (6) New Common Shares and separately one (1) Uranium North Resources Corp. Common Share. The exercise price will be adjusted to reflect the Arrangement (see: "Information Concerning the Company - Share Capital - Options and Other Rights to Purchase Shares" in the Circular). The expiry dates of Options and Warrants and other material terms thereof will not be affected by the Arrangement.
- (b) The Notice of Articles of the Company will be amended, authorizing the Company to provide for the issuance of an unlimited number of New Common Shares without special rights or restrictions and up to 25,000,000 Reorganization Shares with the special rights and restrictions attached as set out in Appendix A-1 of Exhibit 1 of Schedule B to this Circular.
- (c) Each six (6) issued and outstanding Common Shares, except those held by dissenting holders, shall be exchanged for six (6) New Common Shares and one Reorganization Share. In connection with such exchange, each Shareholder shall cease to be the holder of the Common Shares so exchanged and shall become the holder of New Common Shares and Reorganization Shares issued to such Shareholder. The name of such Shareholder shall be removed from the register of holders of Common Shares with respect to the Common Shares so exchanged and shall be added to the registers of the holders of New Common Shares and Reorganization Shares as the holder of the number of New Common Shares and Reorganization Shares, respectively, so issued to such Shareholder.
- (d) One share certificate representing the Reorganization Shares will be issued to the Transfer Agent on behalf of all Shareholders pro rata. The New Common Shares will be evidenced by new share certificates of the Company to be issued to Shareholders and representing the number of New Common Shares to which each Shareholder is entitled and the Common Shares exchanged for New Common Shares and Reorganization Shares shall be cancelled.
- (e) The Transfer Agent, on behalf of each Shareholder, will exchange and transfer all of the interests of the Shareholders in the Reorganization Shares to Uranium North Resources Corp. for consideration consisting solely of one (1) Uranium North Resources Corp. Common Share which will be issued and delivered to Shareholders pro rata by Uranium North Resources Corp. for each Reorganization Share so transferred. In connection with such exchange and transfer:

- (i) the issue price for each Uranium North Resources Corp. Common Share shall be an amount equal to the fair market value of the one Reorganization Share for which it was issued as consideration; and
 - (ii) each beneficial holder of Reorganization Shares so exchanged shall cease to be the holder of the Reorganization Shares so exchanged and shall become the holder of Uranium North Resources Corp. Common Shares issued to such holder. The name of such holder shall be removed from the register of Shareholders of Reorganization Shares with respect to the Reorganization Shares so exchanged and shall be added to the register of Shareholders of Uranium North Resources Corp. Common Shares as the holder of the number of Uranium North Resources Corp. Common Shares so issued to such holder, and Uranium North Resources Corp. shall be and shall be deemed to be the transferee of Reorganization Shares so exchanged and the name of Uranium North Resources Corp. shall be entered in the register of Shareholders of Reorganization Shares as the holder of the number of Reorganization Shares so exchanged.
- (f) All of the Reorganization Shares owned by Uranium North Resources Corp. shall be redeemed by the Company for their aggregate redemption value as determined by a person acceptable to the Board of Directors of the Company and such redemption value shall be satisfied in full by the transfer by the Company to Uranium North Resources Corp. of the Uranium Property Interests and the Reorganization Shares shall be cancelled.
- (g) The single Uranium North Resources Corp. Common Share issued prior to the Effective Date and held by the Company will be surrendered and cancelled.
- (h) On or after the Effective Date, at the request of the Company, Uranium North Resources Corp. shall issue the Company Shares at an aggregate deemed value of \$1.00 in consideration of the Company advancing the Working Capital Loan.
- (i) Uranium North Resources Corp. shall make all reasonable efforts following completion of the matters referred to in items (a) to (h) above to complete an offering of Uranium North Resources Corp. Common Shares to provide funds to further explore the Uranium Property Interests as recommended in the final LeBel Report and for additional working capital. In addition, Uranium North Resources Corp. will apply to the Exchange to have all issued Uranium North Resources Corp. Common Shares posted and called for trading on the Exchange.

On March 14, 2006, the Company entered into an agreement with Uranium North Resources Corp. and advanced to Uranium North Resources Corp. \$5,000 in respect of a loan of an agreed amount of \$300,000 to be used by Uranium North Resources Corp. for necessary working capital to meet expenses prior to the Effective Date and to assist in meeting the minimum working capital requirements of the Exchange. The \$295,000 balance of the Working Capital Loan was advanced to Uranium North Resources Corp. on March 24, 2006. The Working Capital Loan bears interest from the date of each advance to the day of repayment at the rate of 5% per annum with interest being added to the principal on each annual anniversary of the date of advance or at such time otherwise as may be provided for in the loan agreement. If not repaid earlier, the entire Working Capital Loan and accrued interest shall be repaid in cash on March 15, 2008, or at the option of Uranium North Resources Corp. may be repaid earlier, provided 30 days prior written notice is given to the Company. At any time prior to repayment, whether before or after a notice of prepayment has been given, the Loan Balance may be convertible at the sole discretion and option of the Company into securities of Uranium North Resources Corp. as follows:

- a) prior to the first anniversary of the Listing Date, the Loan Balance or any portion thereof may be converted into units of securities ("Unit") at a per Unit conversion price equal to the Prospectus Offering Price, with each Unit consisting of one (1) Uranium North Resources Corp. Common Share and one share purchase warrant, with each warrant entitling the Company to purchase one additional Uranium North Resources Corp. Common Share at a price equal to the Prospectus Offering Price plus 20%, up to the first anniversary of the Listing Date, whereupon the warrants will expire; and
- b) on and after the first anniversary of the Listing Date, the Loan Balance, or any portion thereof may be converted into Uranium North Resources Corp. Common Shares at a per share conversion price equal to the Prospectus Offering Price.

Conversion by the Company into securities of the Uranium North Resources Corp. may be made in whole or in part at the discretion of the Company. If made in part, the right of conversion shall remain in force with respect to the portion of the Loan Balance not converted as above.

As a result of the foregoing and on the Effective Date, two companies will exist, the Company and Uranium North Resources Corp. Uranium North Resources Corp. will own all of the Uranium Property Interests and the Company will continue to hold the Diamond Property Interests. Except for the Company Shares to be held by the Company in Uranium North Resources Corp., shareholders (other than Dissenting Shareholders) and unexercised Option and Warrant holders will own or have the right to acquire the same proportional interest in both the Company and Uranium North Resources Corp. as they held previously in the Company. As soon as possible after the Effective Date, Uranium North Resources Corp. will make best efforts to conclude an equity financing on terms which have yet to be established.

The issued share capital of Uranium North Resources Corp. following completion of the Arrangement and planned financing (assuming a 6,500,000 share offering with no agent's warrants), exclusive of exercise of outstanding incentive stock options and share purchase warrants, may be estimated to be as follows:

Description	Number of Uranium North Resources Corp. Common Shares	Percentage
Issued to existing shareholders of the Company	6,591,191	45.17%
Issued if the offering is fully subscribed	6,500,000	44.55%
Issued to the Company	1,500,000	10.28%
TOTAL:	14,591,191	100.0%

Assuming a fully subscribed offering of 6,500,000 Uranium North Resources Corp. Common Shares at an offering price of \$0.55 per share, on the Listing Date Uranium North Resources Corp. will have unallocated working capital of approximately \$3,350,000, inclusive of the \$300,000 Working Capital Loan and net of an estimated 7% cash commission and \$275,000 estimated expenses through to the Listing Date.

The reconstruction of the Company by way of a plan of arrangement will permit the distribution of Uranium North Resources Corp. Common Shares to occur on a tax-deferred basis for most Canadian Shareholders. See "The Arrangement - Canadian Federal Income Tax Considerations of the Arrangement for the Holders of Common Shares".

Assuming the Shareholders and the Court approve the Arrangement, the directors of the Company will still have discretion as to whether to complete the Arrangement and may by resolution of directors, determine not to proceed with the Arrangement. At the present time, the directors of the Company do not anticipate that this discretion will be exercised, and intend to complete the Arrangement. See "The Arrangement - Amendment and Termination of the Arrangement Agreement."

Fairness of Arrangement

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

- (a) Under the terms of the Arrangement, all Shareholders (other than Dissenting Shareholders), Option and Warrant holders will be treated equally as to participation in the Arrangement and the distribution ratio will be the same for all participating Shareholders;
- (b) the terms of the Arrangement will result in holders of Common Shares, Options and Warrants continuing to own their proportionate voting and equity interests in all of the assets currently held by the Company, through the Company's ownership in Uranium North Resources Corp. and each shareholders respective ownership of or right to acquire New Common Shares and Uranium North Resources Corp. Common Shares;
- (c) the procedures by which the Arrangement will be approved include the requirement for approval by the Court after a hearing at which fairness will be considered;
- (d) Shareholders will be given a separate interest in the the Diamond Property Interests and the Uranium Property Interests through the listing on the Exchange of the New Common Shares of the Company and Uranium North Resources Corp. Common Shares. This will provide for the financing and development of these properties in ways which are less dilutive to the interests of the Shareholders; and
- (e) the availability of the rights of dissent to Shareholders.

Recommendations of Board of Directors

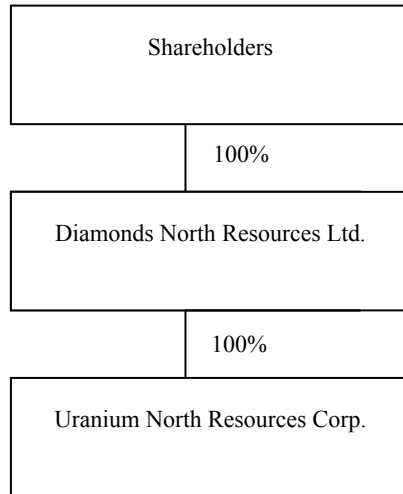
As set out above, the Board of Directors has reviewed the terms and conditions of the Arrangement and concluded that the terms thereof are fair and reasonable to, and in the best interests of, the Shareholders. The Board of Directors has therefore authorized the submission of the Arrangement to the Shareholders and the submission of the Arrangement Agreement to the Court for approval.

The Board of Directors unanimously recommends that Shareholders vote in favour of the Arrangement Resolution.

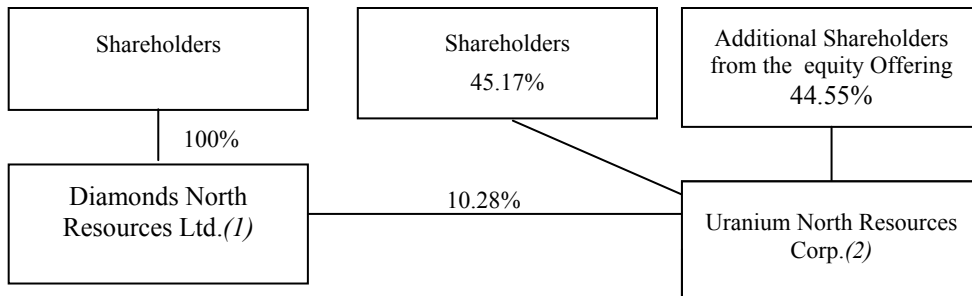
Corporate Structure

Presented below is the corporate structure of the Company before and after completion of the Arrangement:

(a) Corporate structure immediately prior to the Arrangement



(b) Corporate structure immediately following Arrangement (inclusive of estimated equity offering of 6,500,000 common shares @ \$0.55 per share):



(1) Holding the Diamond Property Interests, 1,500,000 shares of Uranium North Resources Corp. and conversion rights under the Working Capital Loan.

(2) Holding the Uranium Property Interests plus approximately \$3,350,000 in cash.

Plan of Arrangement and Conditions to the Arrangement Becoming Effective

The directors of each of the Company and Uranium North Resources Corp. have authorized the entering into, and both companies have entered into, the Arrangement Agreement. A copy of the Arrangement Agreement is annexed as Schedule B to this Circular and a copy of the Plan of Arrangement is attached as Exhibit I to the Arrangement Agreement.

The Final Order approving the fairness of the terms and conditions of the Arrangement will constitute the basis for an exemption from the registration and prospectus requirements under the Securities Act (British Columbia) and the 1933 Act, as amended, with respect to the securities to be issued under the Arrangement.

Pursuant to the Arrangement Agreement, the respective obligations of the Company and Uranium North Resources Corp. to complete the Arrangement are also subject to the satisfaction of the following conditions, among other things:

- (a) the Arrangement must receive the approval of the Shareholders, as described under "The Arrangement - Shareholder Approval of Arrangement";
- (b) the Arrangement must be approved by the Court, as described under "The Arrangement - Court Approval of Arrangement";
- (c) no action shall have been instituted and be continuing on the Effective Date for an injunction to restrain, a declaratory judgment in respect of, or damages on account of or relating to the Arrangement, and no cease trading or similar order with respect to any securities of the Company or Uranium North Resources Corp. shall have been issued and remain outstanding;
- (d) the Company and Uranium North Resources Corp. shall have received all necessary orders and rulings from various securities commissions and regulatory authorities in the relevant provinces of Canada, where required;
- (e) the New Common Shares shall continue to be listed for trading on the Exchange and there is reasonable certainty that the Uranium North Resources Corp. Common Shares will be conditionally listed for trading on the Exchange, subject to compliance with the listing requirements of the Exchange;
- (f) all other material consents, waivers, orders and approvals, including regulatory approvals and orders necessary for the completion of the Arrangement shall have been obtained or received as determined by the Company;
- (g) none of the consents, waivers, orders or approvals contemplated herein shall contain conditions or require undertakings considered unsatisfactory or unacceptable by the Company; and
- (h) the Arrangement Agreement has not been terminated as provided for therein.

The foregoing conditions may be varied or waived after the date of this Circular with the consent of the Company and Uranium North Resources Corp.

Management of the Company believes that all material consents, orders, regulations, approvals or assurances required for the completion of the Arrangement will be obtained prior to the Effective Date in the ordinary course and upon application therefore.

Upon fulfillment of the foregoing conditions, the Board of Directors intends to file with the Registrar amendments to the Notice of Articles and Articles of the Company and such other materials as may be required by the Business Corporations Act in order to complete the Arrangement.

The obligations of each of the Company and Uranium North Resources Corp. to complete the transactions contemplated by the Arrangement Agreement are further subject to the condition, which may be waived by any such party without prejudice to its right to rely on any other condition in its favour, that each and every one of the covenants of the other parties thereto to be performed on or before the Effective Date pursuant to the terms of the Arrangement Agreement shall have been duly performed by each of them and that, except as affected by the transactions contemplated by the Arrangement Agreement, the representations and warranties of such other parties thereto shall be true and correct in all material respects as at such Effective Date, with the same effect as if such representations and warranties had been made at and as of such time, and each such party shall have received a certificate, dated the Effective Date, of a senior officer of each other party confirming the same.

Shareholder Approval of Arrangement

As provided in the Interim Order, before the Arrangement can be implemented the Arrangement Resolution must be passed with or without variation by the Shareholders present at the Meeting, either in person or by proxy, by at least 66 and 2/3% of the votes cast at the Meeting.

The sole shareholder of Uranium North Resources Corp. is the Company, which has approved the Arrangement. Pursuant to the Arrangement, the single Uranium North Resources Corp. Common Share currently held by the Company will be cancelled.

Court Approval of Arrangement

The Business Corporations Act provides that an arrangement requires court approval. Prior to the mailing of this Circular, the Company obtained the Interim Order providing for the calling and holding of the Meeting and other procedural matters. A copy of the Interim Order is attached as Schedule C. The Notice of Petition for the Final Order can be found in the materials included with Schedule "E" of this Circular.

As provided in the Notice of Petition, the hearing in respect of the Final Order is estimated to take place on May 12, 2006 before the Court, subject to Shareholder approval of the Arrangement at the Meeting. At this hearing, all Shareholders who wish to participate or be represented or present evidence or argument may do so, subject to filing a notice of appearance and satisfying other requirements. A Shareholder wishing to appear before the Court should seek legal advice.

The Company has been advised by Maynard E. Brown, counsel in respect of the Arrangement, that the Court has broad discretion under the Business Corporations Act when making orders in respect of the Arrangement and that the Court will consider, among other things, the fairness and reasonableness of the Arrangement. The Court may approve the Arrangement either as proposed or as amended in any manner the Court may direct and subject to compliance with such terms and conditions, if any, as the Court thinks fit.

Amendment and Termination of the Arrangement Agreement

The Arrangement Agreement provides that it may be amended in a manner not materially prejudicial to the Shareholders by written agreement of the Company and Uranium North Resources Corp. before or after the Meeting but prior to the Effective Date without further notice to the Shareholders.

The Arrangement Agreement may, at any time before or after the holding of the Meeting but no later than the Effective Date, be terminated by the Board of Directors without further notice to, or action on the part of Shareholders.

Without limiting the generality of the foregoing, the Board of Directors may terminate the Arrangement Agreement

- a) if immediately prior to the Effective Date, Dissenting Shareholders have not abandoned the right of dissent provided for in the Plan of Arrangement with respect to less than the percentage of the Common Shares outstanding as of the Effective Date as is determined in the sole judgment of the Board of Directors to be acceptable under the circumstances; or

- b) if prior to the Effective Date of the Arrangement there is any material change in the business, operations, property, assets, liabilities or condition, financial or otherwise, of the Company or Uranium North Resources Corp., or any change in general economic conditions, interest rates or any outbreak or material escalation in, or the cessation of, hostilities or any other calamity or crisis, or there should develop, occur or come into effect any occurrence which has a material effect on the financial markets of Canada and the board of directors determines in its sole judgment that it would be inadvisable in such circumstances for the Company to proceed with the Arrangement.

Existing Share Commitments

The Company currently has outstanding Options and Warrants entitling the holders to purchase unissued Common Shares of the Company. On the Effective Date, the exercise price of the Options and any Warrants will be adjusted and the Options and Warrants shall be separated so as to be exercisable separately into New Common Shares and Uranium North Resources Corp. Common Shares on the basis that for every six (6) Common Shares purchasable on exercise of the Options and Warrants prior to the Effective Date, the holder thereof will be entitled to purchase on exercise of Options and Warrants six (6) New Common Shares and separately one (1) Uranium North Resources Corp. Common Share. The exercise price will be adjusted to reflect the Arrangement. The expiry dates of Options and Warrants and other material terms thereof shall not be affected by the Arrangement. See "Information concerning the Company - Share Capital - Options and Other Rights to Purchase Shares".

A substantial number of Options and a nominal number of Warrants are held by insiders of the Company. As a result of the foregoing separation and recalculation, insiders will hold options and share purchase warrants in Uranium North Resources Corp. See "General Information-Interest of Insiders and Others" and "Information Concerning Uranium North Resources Corp.-Share Capital".

Delivery of Share Certificates

If the Arrangement is completed, on or about May 24, 2006 or on such later date that the Arrangement is concluded, Uranium North Resources Corp. will mail to Shareholders of record on the Effective Date (as determined in the sole discretion of the Company in consultation with CDS) the certificates representing the Uranium North Resources Corp. Common Shares which the Shareholders are entitled to receive under the Arrangement. At that time, the Company will mail to Shareholders a Letter of Transmittal, advising such Shareholders that their certificates for Common Shares of the Company have been reconstituted and should then be exchanged for certificates for New Common Shares of the Company.

Exemption from U.S. Registration

In the absence of an applicable exemption, it would be necessary to register the New Common Shares and Uranium North Resources Corp. Common Shares to be issued to Shareholders pursuant to the Arrangement under the 1933 Act. Section 3(a)(10) of the 1933 Act exempts from registration a security which is issued in exchange for outstanding securities where the terms and conditions of such issuance and exchange are approved, after a hearing upon the fairness of such terms and conditions at which all persons to whom it is proposed to issue securities in such exchange have a right to appear, by a court authorized by law to grant such approval. Accordingly, the Final Order will, if granted, constitute the basis for the exemption from registration under the 1933 Act of the New Common Shares and Uranium North Resources Corp. Common Shares delivered pursuant to the Arrangement. New Common Shares and Uranium North Resources Corp. Common Shares delivered to a holder of Common Shares who is not an "affiliate" of the Company or Uranium North Resources Corp. under the 1933 Act may be sold without

restriction under the 1933 Act. Affiliates may need to rely upon additional exemptions from the 1933 Act with respect to the resale of their shares. An "affiliate" of a corporation for United States securities law purposes is a person that directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, such corporation, which includes directors and officers.

Notwithstanding an exemption from registration under U.S. federal law, the issuance of the New Common Shares, Reorganization Shares and Uranium North Resources Corp. Common Shares may be subject to registration or filing requirements under the laws of various states.

Stock Exchange Listing

The Common Shares are currently listed on the Exchange. The Arrangement will not be implemented unless the New Common Shares continue to be listed and there is reasonable certainty that Uranium North Resources Corp. Common Shares will be conditionally approved for listing on the Exchange subject only to Uranium North Resources Corp. meeting minimum listing requirements. Shareholders will have no lasting interest in the Reorganization Shares and the Reorganization Shares will not trade.

Canadian Federal Income Tax Considerations of the Arrangement for the Holders of Common Shares

The following is a summary of the principal Canadian federal income tax considerations arising from the Arrangement generally applicable to holders of Common Shares. This summary is based on the current provisions of the ITA, the regulations thereunder, all specific proposals to amend the ITA or the regulations publicly announced by the Minister of Finance prior to the date hereof, and the Company's understanding of the current administrative practices of Canada Customs & Revenue Agency. The Company has not sought an Advance Income Tax Ruling from Canada Customs & Revenue Agency regarding the income tax considerations discussed below.

This summary is not exhaustive of all Canadian federal income tax considerations. Other than publicly announced proposals to amend the ITA or the regulations, this summary does not take into account or anticipate changes in the ITA or the administrative practices of Canada Customs & Revenue Agency, nor does this summary take into account or anticipate provincial, territorial or foreign tax considerations.

This summary is of a general nature only and is not intended to be, nor should it be construed to be, legal or tax advice to any particular person. Therefore, Shareholders should consult their own tax advisors with respect to their particular circumstances. In particular, Shareholders not resident in Canada should consult their own tax advisors with respect to the tax laws of the jurisdictions in which they reside.

Shareholders Resident in Canada

The following summary of the principal Canadian federal income tax considerations generally applicable to Shareholders who, for the purposes of the ITA, are resident in Canada, are not exempt from tax, deal at arm's length with the Company and hold their Common Shares as capital property.

On the exchange of Common Shares for Reorganization Shares and New Common Shares, Shareholders who hold their Common Shares as capital property will be deemed to dispose of the Common Shares for proceeds, and to acquire the Reorganization Shares and New Common Shares at a cost equal to the adjusted cost base of their Common Shares. The cost will be allocated among the Reorganization Shares and New Common Shares on the basis of their relative fair market values.

On the exchange of Reorganization Shares for Uranium North Resources Corp. Common Shares, Shareholders who hold their Reorganization Shares as capital property, who do not choose to include any portion of the capital gain or capital loss (otherwise determined) in their income tax returns for the year, who deal at arm's length with Uranium North Resources Corp. and who either alone or together with non-arm's length persons would neither control Uranium North Resources Corp. nor beneficially own shares of the capital stock of Uranium North Resources Corp. having a fair market value of more than 50% of the fair market value of all the outstanding shares of the capital stock of Uranium North Resources Corp. immediately following the exchange of the Reorganization Shares, will be deemed to dispose of their Reorganization Shares for proceeds, and to have acquired the Uranium North Resources Corp. Common Shares at a cost, equal to the cost of their Reorganization Shares. A Shareholder may choose to recognize a capital gain or capital loss of the Reorganization Shares by including the capital gain or capital loss, otherwise determined, in the shareholder's income tax return for the year in which the exchange occurs.

A Dissenting Shareholder who receives a payment equal to fair value of its Common Shares will generally be deemed to have received a dividend equal to the amount, if any, by which the payment exceeds the paid-up capital of the Common Shares. The Dissenting Shareholder will realize a capital gain (or a capital loss) to the extent that the amount of the payment, less the deemed dividend and any costs of disposition, exceeds (or is exceeded by) the adjusted cost base of such shares. The income tax treatment of any deemed dividend received by a Dissenting Shareholder will be that normally accorded taxable dividends received by the Dissenting Shareholder from a taxable Canadian corporation resident in Canada. In respect of certain corporate holders of Common Shares, such dividend may be treated as proceeds of disposition pursuant to the ITA.

Shareholders Not Resident In Canada

The following is a summary of the principal Canadian federal income tax considerations generally applicable to Shareholders who, for the purposes of the ITA, have not been resident in Canada at any time while they held their Common Shares, deal at an arm's length with the Company, hold their Common Shares as capital property, either alone or together with non-arm's length persons would neither control Uranium North Resources Corp. nor beneficially own shares of the capital stock of Uranium North Resources Corp. having a fair market value of more than 50% of the fair market value of all the outstanding shares of the capital stock of Uranium North Resources Corp. immediately following the exchange of the Reorganization Shares, at no time during the five year period preceding the Effective Date were holders of 25% or more of the issued shares of any class or series of the Company either alone or together with non-arm's length persons, and do not use or hold, and are not deemed under the ITA to use or hold, their Common Shares in carrying on a business in Canada.

Generally, a non-resident Shareholder who participates in the Arrangement will not be subject to tax under the ITA in respect of the Arrangement. A Dissenting Shareholder who receives a payment equal to the fair value of its Common Shares will generally be deemed to have received a dividend equal to the amount by which the payment exceeds the paid-up capital of the Common Shares. Under the ITA, dividends paid to a non-resident person are subject to withholding tax at the rate of 25%, but such rate may be reduced under the provisions of the applicable tax treaty between Canada and the country of residence of the Dissenting Shareholder. For residents of the United States, the reduced treaty rate generally applicable is 15%.

U.S. Tax Consequences

The Company has not undertaken an analysis of the United States income tax consequences applicable to United States resident shareholders. Accordingly, no discussion of income tax consequences on a United States resident shareholder is presented herein. In particular, the Company has not determined whether the Arrangement will qualify as a reorganization under applicable sections of the Internal Revenue Code (the "Code") or whether the Company is or will be a passive foreign investment company under the Code or is or will be a controlled foreign corporation as defined in the Code. The completion of the Arrangement may or may not result in a taxable event to United States resident shareholders and accordingly, **United States resident shareholders should consult their own income tax advisors on the federal, state and local income tax consequences of the Arrangement.**

DISSENTING SHAREHOLDERS

Under the Plan of Arrangement and pursuant to the Interim Order, a Shareholder has been granted and is therefore entitled to dissent and be paid for its Common Shares if the Shareholder objects to the Arrangement Resolution, and the Arrangement Resolution and the Arrangement become effective.

A Shareholder may dissent only with respect to all of the Common Shares held by the Shareholder on behalf of any one beneficial owner and registered in the Shareholder's name. However, a Shareholder is not entitled to dissent on the Arrangement with respect to any Common Shares beneficially owned if the Shareholder votes Common Shares it beneficially owns in favour of the Arrangement Resolution.

In order to dissent, a Shareholder must follow the dissent provisions of sections 237 and following as contained in Division 2 of Part 8 of the Business Corporations Act which are enclosed as Schedule "D" to this Circular, and cause the Company to receive on or before 4:00 p.m. Pacific Time on May 5, 2006, a written notice of dissent (the "Dissent Notice") objecting to the Arrangement Resolution. The Dissent Notice must be sent to Attention: The President, Suite 510 – 510 Burrard Street, Vancouver, British Columbia, V6C 3A8. A vote against the Arrangement Resolution or an abstention does not constitute such a Dissent Notice, but a Shareholder need not vote its Common Shares against the Arrangement Resolution in order to dissent. Similarly, the revocation of a Proxy conferring authority on the proxyholder to vote in favour of the Arrangement Resolution does not constitute a Dissent Notice, but any such proxy granted by a Shareholder who intends to dissent should be validly revoked (See "Revocation of Proxy") in order to prevent the proxyholder from voting such Common Shares in favour of the Arrangement Resolution and thereby disentitling the Shareholder from its right to dissent.

A Shareholder wishing to exercise dissenting rights will be required to follow strictly the dissent provisions of sections 237 and following of the Business Corporations Act. Failure to comply may result in a loss of the right to dissent. A Dissenting Shareholder may also lose the right to dissent in certain other circumstances as provided for in Schedule "D" and is advised to consult a lawyer prior to proceeding.

If the Arrangement Resolution is adopted by the Shareholders, the Company must notify the Dissenting Shareholder of the Company's intention to act upon the Arrangement Resolution. The Company's notification to the Dissenting Shareholders must be sent promptly after the date the Company forms the intention to proceed with the Arrangement Resolution. Each Dissenting Shareholder is then required within one month after the date of the foregoing notice to it of the Company's intention to proceed, to send to the Company or the Transfer Agent a written statement requiring the Company to purchase all of

the Common Shares in respect of which it gave notice of dissent, together with the share certificate or certificates representing such shares, whereupon the Dissenting Shareholder is bound to sell and the Company is bound to purchase such shares. Unless the Court orders otherwise, if a Dissenting Shareholder fails to provide the foregoing notice within the stated 30 day period, it will lose any rights it had to dissent. The amount to be paid by the Company for the foregoing shares shall be an amount equal to the fair value that the shares had immediately before the Arrangement Resolution was passed.

A Dissenting Shareholder who has complied with the aforementioned provisions of the Interim Order and sections 237 and following of the Business Corporations Act, or the Company, may apply to the Court for an order fixing the price and terms of the purchase and sale or ordering that they be determined by arbitration or by reference to the registrar or a referee of the Court. In addition, the Court may make such consequential orders or directions as it considers appropriate.

The foregoing is a summary only of the provisions of the Interim Order and is qualified in its entirety by the full text of sections 237 and following of the Business Corporations Act annexed hereto as Schedule "D". **Any Shareholder desiring to exercise a right to dissent should seek legal advice since failure to comply with the provisions of that section may prejudice that right.** The right of a Shareholder to dissent is not exclusive of any other rights available to shareholders generally, such as rights in respect of corporate directors' duties of good faith and care under the Business Corporations Act or otherwise.

INFORMATION CONCERNING THE COMPANY

The Company was incorporated under the laws of the Province of British Columbia on February 13, 2002. On July 15, 2002, the Common Shares of the Company were listed on Tier 1 of the Exchange. The head office of the Company is located at Suite 510 - 510 Burrard Street, Vancouver, British Columbia, V6C 3A8. The registered and records office of the Company is located at Suite 1750 - 1185 West Georgia Street, Vancouver, British Columbia, V6E 4E6.

Until completion of the Arrangement, Uranium North Resources Corp. will be a wholly owned subsidiary of the Company.

Summary

Since its inception, the Company has been, and after completion of the Arrangement will continue to be, a resource company focused on strategically advancing diamond opportunities. After completion of the Arrangement the Company will continue to own the Diamond Property Interests described in the following section of this Circular.

Description of Diamond Property Interests

The properties controlled by the Company represent one of the largest diamond potential land packages in northern Canada. It embodies an approximate 17 million acre property portfolio. The properties are located primarily in northern Canada throughout Nunuvut ("NU") and the Northwest Territories ("NWT").

In 2005, management concentrated on working with joint venture partners to explore projects such as Blue Ice, Amaruk, Kidme and Arnak and focused on advancing the 100% Company owned developing projects like Kennap, Hepburn, and Thelon through a second phase of till sampling (Till sampling is a cost-effective tool in early diamond exploration which allows management to evaluate the property position and focus on prospective areas thereby reducing future land holding costs).

Management mitigates the inherent risk with diamond exploration through a diversified portfolio of projects, both by location and exploration stage and where appropriate entering into joint venture participation arrangements with third parties.

The Company's principal properties pose an inherent risk for mineral exploration due to the remoteness from populated areas, lack of surface infrastructure, and availability of skilled labor, fuel and supplies. Exploration is heavily dependent on air transportation (both fixed wing and helicopter), which is susceptible to bad weather; the unpredictability of the weather can cause delays in carrying out a planned exploration program resulting in cost overruns. The Company manages these risks by utilizing experienced project geologists who are familiar with the north and the challenges associated with working there.

Material exploration projects of the Company are summarized as follows:

Amaruk Project, NU

On May 10, 2004, the Company and BHP Billiton Diamonds Inc. ("BHP Billiton") entered into an agreement to merge the Amaruk and Pelly Bay JV Projects. The Amaruk project covered approximately 8.0 million acres near the town of Kugaaruk, NU, with each party holding a 50% interest. BHP Billiton had initiated the first option, which would have allowed BHP Billiton to earn an additional 10% interest (for an aggregate of 60% interest) by solely funding the project to feasibility by May 10, 2011.

On February 2, 2006, the Company acquired the 50% interest in the Amaruk project held by BHP Billiton in consideration for a 2% gross overriding royalty on diamonds and a 2% net smelter royalty on all other minerals. Based on an evaluation of till and other geological data, management reduced the land position by 3 million acres. As a result of the foregoing, the Amaruk project is now 100% controlled by the Company. It comprises more than 5 million acres of claims and permits.

Amaruk Project Exploration Program for 2005

BHP Billiton conducted a \$3.2 million exploration program which included the collection of approximately 2,300 till samples and a 12,000 line kilometre Mag/EM airborne survey. Over the last two years, a comprehensive geological database has been created consisting of 5,500 till samples and 23,000 line kilometres of airborne geophysics. Prospecting in 2005 was limited to a small portion of the 8 million acre Amaruk property but led to the discovery of multiple kimberlite float occurrences, spanning 62 kilometres. This demonstrates that Amaruk potentially contains a sizable kimberlite field with numerous kimberlite intrusions.

Amaruk Project Exploration Results for 2005

The 2005 sampling and prospecting program resulted in the discovery of the Umingmak kimberlite. Umingmak is the first confirmed in situ kimberlite in the region and is exposed in three outcrop showings within a topographically low overburden covered area. It is described as olivine rich macrocrystic kimberlite with mantle derived minerals and nodules. Two samples totaling approximately 500 kilograms from Umingmak were processed and submitted for microdiamond analysis. The size of the body has not yet been determined, however, preliminary estimates based on airborne geophysics indicate that the body could be over three hectares.

Prospecting around selected till samples with anomalous kimberlite indicator minerals identified what the Company believes is more than 15 other discrete kimberlite float occurrences on the property.

Approximate field estimated sample weights range from 25 kilograms to over 100 kilograms each. Kimberlite samples were collected from five of these occurrences for microdiamond analysis.

A 96.91 kilogram sample from the WMC kimberlite float occurrence yielded 148 diamonds. In addition to the high diamond count of nearly 15 stones per 10 kilograms, the diamond size sieve data also demonstrates a favourable diamond size distribution for the WMC kimberlite float occurrence. The diamond size frequency data for the six kimberlite samples are shown in Table 1.

Table 1: Amaruk Diamond Sieve Sizes

Sample	Kgs	+ 0.85 mm	+ .600 mm	+ .425 mm	+ .300 mm	+ .212 mm	+ .150 mm	+ .105 mm	TOTAL
WMC	96.91	1	2	0	8	23	60	54	148
WCA	167.91	0	6	6	8	27	39	64	150
WA1	134.06	0	0	3	2	7	17	16	45
WA2	96.55	0	0	0	2	8	14	30	54
U-SW	362.69	0	1	3	8	10	41	43	106
U-NE	239.08	0	0	2	4	14	18	23	61

More than 23 kilometres east of the WMC showing, 167.91 kilograms of kimberlite material was collected from the WCA kimberlite float occurrence which returned a total of 150 diamonds, 20 of which are classified as macrodiamonds measuring 0.5 millimetres or greater in at least one dimension. The largest stones are shown in Table 2.

Table 2: Largest Stones from Float Occurrences (measurements in mm)

Sample	X	Y	Z	Sample	X	Y	Z	Sample	X	Y	Z
WMC	1.10	1.05	0.95	WCA	1.11	0.97	0.72	WA1	0.60	0.51	0.48
WMC	1.08	0.85	0.75	WCA	1.23	0.91	0.67	WA1	0.74	0.57	0.43
WMC	1.25	0.75	0.78	WCA	1.08	1.08	0.30	WA1	0.74	0.57	0.49
WMC	0.55	0.43	0.43	WCA	0.97	0.80	0.72	WA2	0.51	0.48	0.33
WMC	0.75	0.50	0.33	WCA	0.86	0.77	0.71	WA2	0.54	0.48	0.21

WA1, which is 17 kilometres west of the WMC showing, yielded six macrodiamonds and WA2 (approximately 2 kilometres from WA1) yielded two macrodiamonds measuring 0.5 millimetres in at least one direction. The presence of coarser diamonds in these two samples further supports the diamond potential of the region.

Future Developments for Amaruk Project

Exploration work for 2006 is currently being planned and includes drilling high priority targets in the central kimberlite field, additional prospecting and geophysical surveying. Till sample data and detailed airborne geophysics will be used to identify the bedrock source of the kimberlite float occurrences and to prioritize targets for drilling.

Victoria Island Project, NU/NWT

The Company holds a 100% interest in the Blue Ice, Hadley Bay, White Ice, Washburn and Wellington Projects which are located 240 kilometres northwest of Cambridge Bay, in the Central portion of Victoria Island. These projects will now jointly be referred to as the Victoria Island Project. The combined project hosts four known kimberlite trends: the Galaxy, King Eider, Snowy Owl and Apollo structural trends. All four kimberlite trends form NW - SE oriented linear features along which kimberlite dykes, blows and pipes have been emplaced.

In fiscal 2003, the Company entered into a Participation Agreement with Teck Cominco Limited (“Teck Cominco”) whereby Teck Cominco could earn up to a 70% interest in the Blue Ice Project. On March 24, 2004, Teck Cominco elected under the June 18, 2003 Participation Agreement to take up the initial option to earn a 30% interest in the Blue Ice Project. In addition, the Company and Teck Cominco entered into an agreement (the “2004 Amending Agreement”) to allow Teck Cominco to expand the Participation Agreement to include the Company’s adjoining Hadley Bay and White Ice properties.

On January 25, 2006, the companies mutually agreed to terminate the Blue Ice Agreement prior to Teck Cominco earning any interest. To satisfy certain obligations under the agreement, Teck Cominco paid the Company \$650,000 in cash and assigned the future benefit of any bonds recovered, to the Company.

Blue Ice, Hadley Bay, White Ice Exploration Results from 2004 (Released in 2005)

A total of 434 diamonds weighing an estimated 1.32 carats were recovered from a 679.20 kilogram composite kimberlite sample (KE1) of the central portion of King Eider collected from 4 drill holes. The actual carat weight of all diamonds remaining on the +0.85mm sieve is 1.09 carats, indicating that the coarse diamond content of the sample projects to 1.60 carats per tonne. A total of 102 diamonds (23%) classify as macrodiamonds measuring 0.5mm in at least one dimension. The largest diamond measured 5.5mm x 4.2mm x 3.1mm and weighed 0.74 carats. An additional 17 diamonds were recovered from sample KE2, a 119.55 kilogram composite sample of distinctly different kimberlite lithologies from 3 of the drill holes along the margin of King Eider.

Table 1 below shows Full Square Mesh Sieve diamond results for the KE1 and KE2 kimberlite samples:

Sieve Sizes (mm)	Sample KE1 Weight 679.2 Kg	Sample KE2 Weight 119.55 Kg
+3.35	1	0
+2.36	0	0
+1.70	2	0
+1.18	4	0
+0.850	3	0
+0.600	4	0
+0.425	23	0
+0.300	35	0
+0.212	50	0
+0.150	116	4
+0.106	196	13
Total	434	17

Note: Diamonds remaining on or above the +0.85mm sieve size are actually weighed. Diamond weights for stones on all smaller sieve sizes are calculated using the following formula as provided by the laboratory -- (Xmm x Ymm x Zmm x S.G. of 3.52/200mg)

Of the 451 diamonds recovered in both samples KE1 and KE2, over 90% of the stones are described as being transparent. A total of 70 % of the transparent stones are white in color, 18% are grey and 11% are brown. One pink, transparent stone was also recovered

Blue Ice, Hadley Bay, White Ice Exploration Program from 2005

Teck Cominco informed the Company that they expended \$4.5 million on the 2005 field program for Blue Ice/Hadley Bay and White Ice which included:

- Approximately 2.8 tonnes of kimberlite from the King Eider body obtained by drilling;
- An additional 1.3 tonnes of kimberlite collected from a trench on the King Eider body;
- 10 targets tested by core drilling (King Eider, plus nine (9) additional targets);
- 31 geophysical anomalies tested by reverse circulation drilling;
- 3 new kimberlite occurrences discovered;
- 11,700 line kilometres of new airborne magnetic surveying; and
- 200 till samples collected;

The objective of the 2005 King Eider kimberlite mini-bulk sample was to gain more information about the geology, geometry, diamond content and stone/size distribution of the kimberlite body. The approximately 2.8 tonnes of kimberlite was collected from 5 drill holes, of which 2.1 tonnes of split core has been submitted for diamond analysis via caustic fusion. The extraction of an additional 1.3 tonnes of King Eider kimberlite from a surface trench was funded by the Company and has been submitted for processing as a separate sample to be compared with the diamond content obtained from drill core.

Drilling at the King Eider kimberlite to date indicates that the body is at least 180 metres long, is up to 50 metres in width and remains open to depth. The summer drilling included one vertical hole which remained in kimberlite for its entire length before terminating at a depth of 253 metres and two angled holes drilled in opposing directions across the kimberlite indicating that the body is widening with depth to at least the 130 metre level.

An additional nine (9) targets were tested by core drilling resulting in the intersection of two new kimberlite occurrences. The first new occurrence (M3) is centrally located along the 20 kilometre long Galaxy trend and contained three intersections: 2.1 and 17.15 metres (true widths) of kimberlite and 5.3 metres (true width) of brecciated kimberlite. The second discovery, H18, located on the southeastern portion of the 25 kilometre long King Eider structure, consisted of multiple hypabyssal kimberlite dykes with true widths of less than one metre each. Seventy five reverse circulation drill holes also tested 31 discrete geophysical targets, many of which were located "off-trend" of the Galaxy and King Eider structures. The reverse circulation drilling resulted in the intersection of one new kimberlite (known as REF-2) located approximately 500 metres northwest of the King Eider kimberlite. The 2005 drill program has increased the number of known kimberlite occurrences on Victoria Island from 36 to 39.

Future Developments for Victoria Island

The Company is currently awaiting results from the 2005 exploration program. Once results are assessed a 2006 exploration program will be developed

Hepburn, NWT

The Company holds a 100% interest in the 1.8 million acre Hepburn property located approximately 400 kilometres north of Yellowknife. Subsequent to December 31, 2005, and based on sample results the

Company reduced the property by 1.8 million acres. Based on indicator mineral data, the Company has outlined two potential kimberlite fields on the property.

Hepburn Exploration Program for 2005

The 2005 exploration program consisted primarily of till sampling. Sample results identified two potential kimberlite fields with a favourable geotherm indicating that the property overlies favorable geological conditions conducive to diamond formation. Management's evaluation of the data allowed the Company to reduce tenure costs, noted above. In addition, a high priority magnetic target which coincides with a circular lake and kimberlite indicator minerals was discovered. This target represents a high priority drill target located in the center of one of the potential kimberlite fields. The target appears to shed indicator minerals and is associated with a clear and coincident magnetic anomaly.

Future Plans for Hepburn

Plans for 2006 include drill testing high priority geophysical targets and performing airborne geophysical surveying to assist in prioritizing additional targets for drill testing.

Banks Island, NWT

On February 8, 2005, the Company reported the Banks Island Project, consisting of 1,173,466 acres of permits in NWT, was jointly acquired with Majescor Resources Inc. over a two-year period on a 50:50 basis.

Banks Island Exploration Program for 2005

A detailed stream sediment sampling program of 130 samples was conducted over four drainage catchments identified as high priority by 2004 sample results (A catchment is an area from which a river or rivers collect surface runoff). The objective of the program was to delineate areas with localized concentrations of kimberlite indicator minerals on the property.

Future Plans for Banks Island

For 2006 plans include flying airborne geophysics over high priority areas to assist in the identification of drill targets. .

Kidme Project, NWT

The Company owns 40% of the 87,000-acre Kidme Project, situated to the south of the De Beers/Mountain Province Gaucho Kué property. In the spring of 2004, the Company and SouthernEra Resources Limited ("SouthernEra") staked an additional 90,754 acres of claims to the south of the original Kidme property on a 50/50 basis.

Kidme Exploration Program for 2005

In 2005, SouthernEra, the Operator, conducted follow-up ground geophysical surveying and till sampling.

Future Developments for Kidme

SouthernEra has informed the company that they plan to drill high priority geophysical targets in 2006

Northern Recon Initiative, NU and NWT

The Northern Recon Initiative comprises numerous Canadian grassroots projects within the Company's property portfolio. In 2004, the Company acquired exploration permits for these projects and during 2005, the Company continued to develop and evaluate these projects. The Company will continue with this ongoing work in 2006.

Selected Financial Information

The following table sets forth certain financial information related to the Company for the financial years ending December 31, 2005 and 2004. This information should be read in conjunction with the audited financial statements of the Company prepared for the financial year ended December 31, 2005 included with this mailing.

Item	December 31, 2005 (audited)	December 31, 2004 (audited)
Revenue	47,788	235,325
General and administrative expenses	1,567,338	1,320,509
Net Income (loss)	(582,753)	(2,442,428)
Working capital	6,523,526	1,487,053
Mineral properties and Other assets	14,400,479	12,550,492
Long-term-liabilities (future income taxes)	389,681	837,051
Shareholders' equity	20,604,741	13,200,494
Number of shares outstanding	39,529,098	28,453,321

The Company spent \$1,071,137 for property acquisition during the year ending December 31, 2005 as compared to \$4,049,833 in the previous financial year and an additional \$3,083,134 in exploration expenses during the year ending December 31, 2005 as compared to \$5,600,767 in the previous financial year.

A summary of the average monthly administration expenses incurred during the year ending December 31, 2005 is as follows:

Item	\$ Amount
Professional fees (legal and accounting)	8,416
Transfer agent fees	1,244
Wages and Benefits	30,454
Rent	6,984
Investor Relations and Promotion	22,690
Office and Miscellaneous	6,562
Consultants	799

Filing Fees	1,106
Administration Fees	6,208
Insurance	4,344
Other (exclusive of charge for stock based compensation and amortization)	4,102
	92,909

Management considers that, at the outset, the administration expenses will not be significantly effected by the Arrangement however, as Uranium North Resources Corp. becomes established, monthly administration expenses of the Company will decrease as a result of probable cost sharing between the two companies.

Management

The directors and officers of the Company will continue to be the directors and officers of the Company upon completion of the Arrangement.

Share Capital

Upon completion of the Arrangement the authorized capital of the Company will consist of an unlimited number of New Common Shares without special rights or restrictions and up to 25,000,000 Reorganization Shares with the special rights and restrictions attached as set out in Appendix A-1 of Exhibit 1 of Schedule B to this Circular. **There will not be a consolidation of the Company's shares as a result of the Arrangement.**

All Common Shares, both issued and unissued, rank equally as to dividends, voting powers and participation in assets. No shares have been issued subject to call or assessment. There are no preemptive or conversion rights and no provision for redemption, purchase for cancellation, surrender or sinking funds. Provision as to modifications, amendments or variations of such rights or such provisions are contained in the Business Corporations Act.

The Reorganization Shares will not rank in priority to the common shares and will be non-voting. The Reorganization Shares will be entitled to non-cumulative dividends (however, none are intended to be declared by the Board of Directors) and will be redeemable in an amount equal to the fair market value of the Uranium Property Interests (the "Redemption Amount"). On liquidation, dissolution or winding up, the Reorganization Shares will not rank in priority to the Common Shares and will afford a holder a right to participate as to an amount equal to the Redemption Amount together with any declared but unpaid dividends.

Pursuant to the Arrangement, six (6) New Common Shares and one Reorganization Share will be issued for each six (6) Common Shares held by Shareholders on the Effective Date. **Immediately upon completion of the Arrangement there will be the same number of New Common Shares outstanding as the number of Common Shares outstanding immediately prior to completion of the Arrangement.**

Existing Share Capital

The following table sets forth a summary of the particulars of the share capital of the Company:

Designation of Security	Amount Outstanding as at March 31, 2006	Amount Outstanding as at the date hereof and upon completion of the Arrangement
Common Shares	39,547,148 Shares	39,547,148 Shares

Options and Other Rights to Purchase Shares

As at March 31, 2006 the Company had an aggregate of 3,846,750 Options outstanding to purchase Common Shares at Option exercise prices ranging from \$0.25 to \$1.19 as follows, with no assurance that any of the Options will be exercised in whole or in part:

Number	Per Share Exercise Price	Expiration Date
43,750	\$0.25	(1)
1,062,300	\$0.50	July 15, 2007
136,000	\$0.70	October 6, 2008
692,200	\$0.80	(2)
550,000	\$0.85	May 18, 2010
350,000	\$1.00	(3)
560,000	\$1.10	August 8, 2009
252,500	\$1.15	March 22, 2010
200,000	\$1.19	March 30, 2009
3,846,750		

- (1) 34,250 of these options expire September 11, 2006 and the 9,500 balance of these options expire January 10, 2007.
- (2) 50,000 of these options expire December 19, 2007, 482,200 of these options expire February 20, 2008, 100,000 of these options expire March 4, 2008 and the 60,000 balance of these options expire May 22, 2008.
- (3) 300,000 of these options expire October 18, 2009 and the 50,000 balance of these options expire January 27, 2010.

As at March 31, 2006, the Company had an aggregate of 5,769,426 Warrants outstanding to purchase Common Shares at Warrant exercise prices ranging from \$0.95 to \$1.00, as follows, with no assurance that any of the Warrants will be exercised in whole or in part:

Number	Per Share Exercise Price	Expiration Date
4,198,600	\$1.00(1)	July 19, 2007
1,570,826	\$0.95	December 13, 2006
5,769,426		

- (1) During the period July 20, 2006 to July 19, 2007 the exercise price will increase to \$1.50 per share.

On the Effective Date, to account for the Arrangement, the exercise price of the Options and Warrants shall be adjusted and the Options and Warrants shall be separated so as to be exercisable separately into New Common Shares and Uranium North Resources Corp. Common Shares on the basis that for every six (6) Common Shares purchasable on exercise of the Options and Warrants prior to the Effective Date, the holder thereof will be entitled to purchase on exercise of Options six (6) New Common Shares and separately one (1) Uranium North Resources Corp. Common Share. The options to purchase Uranium North Resources Corp. Common Shares will be governed by an incentive stock option plan substantially the same as the option plan currently being used by the Company.

Particulars of the effect of the Arrangement on outstanding Options and Warrants are set out below. The expiry dates of Options and Warrants and other material terms thereof shall not be affected by the Arrangement.

Options are primarily held by insiders of the Company as are some of the Warrants.

The effect of the Arrangement on Options and Warrants is illustrated by the following table.

Existing Options and Warrants of the Company	Existing Exercise Price to Purchase Shares of the Company Prior to the Arrangement	Number of Options/Warrants and Exercise Price to Purchase Common Shares of the Company Post-Arrangement	Number of Options/Warrants and Exercise Price to Purchase UNR Shares Post-Arrangement
4,198,600 warrants	\$1.00 (1)	4,198,600 @ \$0.858	699,766 @ \$0.858
1,570,826 warrants	\$0.95	1,570,826 @ \$0.815	261,804 @ \$0.815
43,750 options	\$0.25	43,750 @ \$0.215	7,291 @ \$0.215
1,062,300 options	\$0.50	1,062,300 @ \$0.429	177,050 @ \$0.429
136,000 options	\$0.70	136,000 @ \$0.60	22,666 @ \$0.60
692,200 options	\$0.80	692,200 @ \$0.686	115,366 @ \$0.686
550,000 options	\$0.85	550,000 @ \$0.729	91,666 @ \$0.729
350,000 options	\$1.00	350,000 @ \$0.858	58,333 @ \$0.858
560,000 options	\$1.10	560,000 @ \$0.944	93,333 @ \$0.944
252,500 options	\$1.15	252,500 @ \$0.987	42,083 @ \$0.987
200,000 options	\$1.19	200,000 @ \$1.021	33,333 @ \$1.021

- (1) During the period July 20, 2006 to July 19, 2007 the exercise price will increase to \$1.50 per share. As a result of the Arrangement, effective July 20, 2006 the adjusted exercise price to purchase common shares of the Company and of Uranium North Resources Corp. will be \$1.285.

The foregoing table is hereinafter referred to as the “Table of Options and Warrants”

Resolutions

Shareholders are requested to approve a resolution authorizing a reduction being granted to insiders and others of the current option exercise price of existing Options and Warrants and the issuance by Uranium North Resources Corp. of options and share purchase warrants to the insiders and others with exercise prices as set out in the Table of Options and Warrants.

The resolutions with respect to a reduction of stock option exercise prices to insiders are requested as the policies of the Exchange require that shareholder approval be obtained prior to the proposed reduced exercise price becoming effective. Approval to the following resolutions are requested:

“BE IT RESOLVED THAT approval be and it is hereby given to a reduction of the existing exercise price of incentive stock options and warrants currently issued to insiders and others of the Company to the reduced exercise prices as set out in the Table of Options and Warrants attached hereto and that any one director be and he is hereby authorized to make the necessary filings with the TSX Venture Exchange to obtain the acceptance of the TSX Venture Exchange to the necessary amendments.”

“BE IT RESOLVED THAT approval be and it is hereby given to Uranium North Resources Corp. granting incentive stock options and warrants to insiders and others in the amounts and at the exercise prices as set out in the Table of Options and Warrants attached hereto and that any one director of Uranium North Resources Corp. be and he is hereby authorized to make the necessary filings with the TSX Venture Exchange to obtain the acceptance of the TSX Venture Exchange to the foregoing.”

Uranium North Resources Corp. will be establishing an incentive stock option plan prior to the Effective Date. The proposed plan will be identical in substance to the plan currently approved by shareholders for use by the Company except for the maximum number of shares which may be issued. Due to the volume of material already being sent with this Circular, a copy of the proposed plan is not included herein. However, a copy of the Company’s stock option plan is available for inspection at the office of the Company, Suite 510 – 510 Burrard Street, Vancouver, British Columbia during normal office hours and will be available for inspection at the meeting. In addition, the Company will mail a copy of the plan to any shareholder on request.

Incidental to the foregoing, the following resolution is also requested to be approved:

“BE IT RESOLVED THAT approval be and it is hereby given to Uranium North Resources Corp. establishing a stock option plan (the “Plan”) on terms substantially the same as the existing stock option plan of the Company with the maximum number of options that may be granted under the Plan without further approval of the shareholders being set at 2,900,000 common shares.”

Dividend Record

The Company has no fixed dividend policy and has not paid dividends since its incorporation. The payment of dividends in the future will depend, among other factors, on the Company's earnings, capital requirements and operating and financial condition. No dividends have been declared by the directors as of the date hereof. For the foreseeable future, it is anticipated that the Company will use available cash to finance its growth and that dividends will not be paid to its shareholders.

Auditors and Registrar and Transfer Agent

The auditor for the Company is Smythe Ratcliffe, Chartered Accountants, 7th Floor, Marine Building, 355 Burrard Street, Vancouver, British Columbia, V6C 2G8.

The Registrar and Transfer Agent for the Company is CIBC Mellon Trust Company, Suite 1600, 1066 West Pender Street, Vancouver, British Columbia, V6C 3X1.

Legal Matters

The Company is not party to any outstanding legal proceedings, nor are any such proceedings contemplated. The Company's solicitors are Salley Bowes Harwardt, Barristers & Solicitors, Suite 1750 - 1185 West Georgia Street, Vancouver, B.C., V6E 4E6.

Material Contracts

The Arrangement Agreement is the only material contract entered into by the Company or its subsidiaries within the two years preceding the date hereof, other than contracts entered into in the ordinary course of business. Particulars of contracts entered into in the ordinary course of business may be obtained from the Company's public profile available by visiting the SEDAR website: www.sedar.com.

INFORMATION CONCERNING URANIUM NORTH RESOURCES CORP.

Management

The current directors of Uranium North Resources Corp. are Mark Kolebaba, President and director of the Company and Maynard E. Brown, a director of the Company. Messers. Kolebaba and Brown will continue as directors of Uranium North Resources Corp. following completion of the Arrangement. Terry A. Lyons, a director of the Company, serves as an advisor to the board of Uranium North Resources Corp.

The Company is currently undertaking an executive search for a person to assume the role of President of Uranium North Resources Corp. A new President is expected to be retained prior to the Listing Date. Further particulars will be announced by News Release in due course.

It is planned that Uranium North Resources Corp. will add additional directors and employees as the company grows.

Uranium Property Interests

On conclusion of the Arrangement, Uranium North Resources Corp. will acquire the Uranium Property Interests from the Company. The Uranium Property Interests and the interest in them to be acquired by Uranium North Resources Corp. will be substantially as is set out in Appendix A-2 to the Arrangement Agreement attached as Schedule "A" to this Circular.

The Uranium Property Interests consists of holdings in six large properties in Nunavut and the Northwest Territories. The properties cover significant portions of Proterozoic sedimentary basins which have potential for unconformity-type uranium deposits which are exemplified by the uranium deposits in the Athabasca Basin in Saskatchewan and Alligator River districts of northern Australia. Large, very high grade deposits being mined and developed in Canada are McArthur River and Cigar Lake, situated at the base of the Athabasca Sandstone. The large medium grade Ranger Deposit being mined and Jabiluka Deposit are situated at the base of the Kambolgie Sandstone in Australia.

In the Thelon and Hornby Bay Basins of the Northwest Territories/Nunavut, several sub-economic uranium deposits are known to exist at the basal contacts of these basins; in light of current high prices of uranium, these are being re-examined. A number of uranium prospects are also known to be situated near the basal contact of the South Baker Lake Basin.

The Uranium Property Interests include substantial properties on each of the Thelon, Baker Lake and Hornby Bay Basins as the Thelon, South Baker and Hepburn Properties, respectively. Significant showings of uranium mineralization ranging from 0.13% U_3O_8 to 5.0% U_3O_8 have already been made on the Thelon and South Baker Properties. In the Hepburn project area, major uranium explorers located numerous uranium showings and small deposits in the Hornby Bay Basin. Several of the occurrences are located on the Hepburn property which carry assays varying from 0.1% to 2.7% U_3O_8 .

The Kazan and Tasiq properties also cover portions of the Baker Lake Basin, however no uranium showings are known to exist on these properties. The Amer property covers a portion of the small Montreser sediments with no known uranium mineralization. The six properties also cover a diverse variety of geological environments with potential for other kinds of mineralization.

The Company has carried out widespread reconnaissance till geochemical sampling on the properties but further work is required to evaluate the properties.

Uranium North Resources Corp. will carry out an initial exploration program of at least \$500,000 on the South Baker Property together with similar exploration programs on the other properties, subject to availability of required funds. When finalized and filed on SEDAR, shareholders are referred to the Label Report for further particulars of the Uranium Property Interests and the recommended exploration programs.

Share Capital

The following table sets forth a summary of the particulars of the present share capital of Uranium North Resources Corp.

Designation of Security	Amount Outstanding as at the date hereof
Common Shares	\$1.00 ⁽¹⁾

⁽¹⁾ Consisting of one share beneficially owned by the Company.

The issued share capital of Uranium North Resources Corp. following completion of the Arrangement and planned financing (assuming a 6,500,000 share offering with no agent's warrants), exclusive of exercise of outstanding incentive stock options and share purchase warrants, may be estimated to be as follows:

Description	Number of Uranium North Resources Corp. Common Shares	Percentage
Issued to existing shareholders of the Company	6,591,191	45.17%
Issued if the offering is fully subscribed	6,500,000	44.55%
Issued to the Company	1,500,000	10.28%
TOTAL:	14,591,191	100.0%

Reference is made to the Table of Options and Warrants in the preceding section for particulars of share purchase options and warrants which will be outstanding to purchase unissued common shares of Uranium North Resources Corp. on conclusion of the Arrangement.

In addition, the Company intends to issue directors and employees stock options under the proposed stock option plan (resolution number 13 on the attached Proxy form). Particulars of these possible grants are unknown at present. Options granted under the stock option plan will be announced by news release.

Working Capital

Assuming a fully subscribed offering of 6,500,000 Uranium North Resources Corp. Common Shares at an offering price of \$0.55 per share, on the Listing Date Uranium North Resources Corp. will have unallocated working capital of approximately \$3,350,000, inclusive of the \$300,000 Working Capital Loan and net of an estimated 7% cash commission and \$275,000 estimated expenses through to the Listing Date.

As at the date hereof, Uranium North Resources Corp. has long term debt consisting of its obligation to repay the Working Capital Loan.

Principal Shareholders

To the knowledge of the Company, except possibly for the Company, no shareholder will hold in excess of 10% of the issued and outstanding Uranium North Resources Corp. Common Shares on completion of the Arrangement and planned prospectus financing.

Dividend Record

Uranium North Resources Corp. has no fixed dividend policy and has not paid dividends since its incorporation. The payment of dividends in the future will depend, among other factors, on earnings, capital requirements and operating and financial condition. No dividends have been declared by the directors as of the date hereof. For the foreseeable future, it is anticipated that Uranium North Resources Corp. will use available cash to finance its growth and that dividends will not be paid to its shareholders.

Auditors and Registrar and Transfer Agent

The auditor for Uranium North Resources Corp. is Smythe Ratcliffe, Chartered Accountants, 7th Floor, Marine Building, 355 Burrard Street, Vancouver, British Columbia, V6C 2G8.

The Registrar and Transfer Agent for Uranium North Resources Corp. is CIBC Mellon Trust Company, Suite 1600, 1066 West Pender Street, Vancouver, British Columbia, V6C 3X1.

Legal Matters

Uranium North Resources Corp. is not party to any outstanding legal proceedings, nor are any such proceedings contemplated. The solicitors for Uranium North Resources Corp. are Dumoulin Black LLP, Barristers & Solicitors, 10th Floor, 595 Howe Street, Vancouver, B.C., V6C 2T5.

Material Contracts

The Arrangement Agreement is the only material contract entered into by Uranium North Resources Corp. since its incorporation.

RISK FACTORS

The Common Shares, New Common Shares and Uranium North Resources Corp. Common Shares, upon completion of the Arrangement, must be considered speculative, generally because of the nature of the Company's business. A summary of pertinent risk factors is as follows:

- (1) If exploration programs are successful, additional funds will be required for the development of an economic ore body and to place it in commercial production. The only sources of future funds presently available are the sale of equity capital, or the offering of an interest in properties to be earned by another party or parties carrying out further exploration or development thereof.
- (2) Exploration for diamonds and uranium are speculative ventures necessarily involving substantial risk. There is no certainty that exploration expenditures will result in discoveries of commercial quantities of diamonds or uranium.
- (3) The marketability of diamonds and uranium which may be acquired or discovered will be affected by numerous factors beyond the control of the Company and Uranium North Resources Corp. These factors include market fluctuations, government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting and environmental protection. The exact effect of these factors cannot be accurately predicted, and the combination of these factors may result in the Company or Uranium North Resources Corp. not receiving an adequate return on invested capital.
- (4) Mining operations generally involve a high degree of risk. Hazards such as unusual or unexpected formations and other conditions are involved. The Company or Uranium North Resources Corp. may become subject to liability for pollution, cave-ins or hazards against which risks an election may be made not to insure or insurance may not be available. The payment of such liabilities may have a material adverse effect on financial position.
- (5) The directors and officers of the Company are aware of the existence of laws governing accountability of directors and officers for corporate opportunity and requiring disclosure by directors of conflicts of interest and the Company will rely upon such laws in respect of any directors' and officers' conflicts of interest or in respect of any breaches of duty by any of its directors or officers. All such conflicts will be disclosed by such directors or officers in accordance with the provisions of applicable corporate legislation and they will govern themselves in respect thereof to the best of their ability in accordance with the obligations imposed upon them by law.

APPROVAL BY THE BOARD OF DIRECTORS

The contents and mailing to Shareholders of this Circular have been approved by the Board of Directors,

No person is authorized to give any information or to make any representations in respect of the matters addressed herein other than those contained in this Circular and, if given or made, such information must not be relied upon as having been authorized.

Management knows of no other matters to come before the Meeting other than those referred to in the Notice of Meeting. Should any other matters properly come before the Meeting, the shares represented by the instrument of proxy solicited hereby will be voted on such matters in accordance with the best judgment of the persons voting by proxy.

ADDITIONAL INFORMATION

Additional Information concerning the Company is available on SEDAR at www.sedar.com and on the Company's website at www.diamondsnorthresources.com

Dated as of this 5th day of April, 2006.

BY ORDER OF THE BOARD

"Mark Kolebaba"

Mark Kolababa
President