Form 58-101F2
Corporate Governance Disclosure Venture Issuer
TEARLACH RESOURCES LIMITED

1. **Board of Directors -** Disclose how the board of directors (the board) facilitates its exercise of independent supervision over management, including

   (i) W. Joseph Yelder and Dieter Schindelhauer are independent directors of the Company, and

   (ii) Malcolm Fraser, President and Charles Ross, CFO are not independent directors of the Company.

2. **Directorships:**
   (i) Malcolm Fraser, Norzan Enterprises Ltd., Northaven Resources Ltd.
   (ii) Charles Ross, Goldex Resources Corporation, Norzan Enterprises Limited, Bounty Oil & Gas NL, Halio Energy Inc., Schwabo Capital Corporation
   (iii) Dieter Schindelhauer, Norzan Enterprises Ltd.
   (iv) W. Joseph Yelder, Norzan Enterprises Ltd.

3. **Orientation and Continuing Education -** When new directors are appointed, they must complete an orientation program which includes reviewing reports on operations and results, and on public disclosure filings of the Company. They must also meet with and be briefed by senior management. Board meetings may also include presentations by the Company's management and employees to give the directors additional insight into the Company's business. The Board ensures that all directors are kept apprised of changes in the Company's operations and business, any changes in the regulatory environment affecting the Company, as well as any changes in their role as directors of a public company.

4. **Ethical Business Conduct -** The Board has not adopted a written code of business conduct and ethics but encourages and promotes a culture of ethical business conduct by promoting compliance with applicable laws, rules and regulations; providing guidance to employees, officers and directors to help them recognize and deal with ethical issues; promoting a culture of open communication, honesty and accountability; and ensuring awareness of disciplinary action for violations of ethical business conduct.

   To ensure directors exercise independent judgement in considering transactions and agreements in respect of which a director or executive officer has a material interest, the Board has approved a policy requiring directors to act in the best interest of the Company at all times. If a director or a member of the director's family has or may have a conflict, the director is required to disclose such conflict and either eliminate the conflict or abstain from participation in any discussion or decision-making process in relation to the subject matter of the conflict.

5. **Nomination of Directors -** Since the Board does not have a nominating committee, nominating functions are currently performed by the Board including: identifying and recommending new candidates and nominees to the Board. In identifying new candidates for nomination, the Board relies upon the stipulations of corporate law and other regulatory requirements, as well as each potential nominee's individual education and experience related to the Company's business.

6. **Compensation -** The Board's mandate includes reviewing and approving appropriate practices for determining and establishing compensation for the directors of the Company to ensure it reflects the responsibilities and risks of being a director of a public company. The Board conducts reviews with regard to directors' and CEO compensation once a year. To make its recommendations on directors' compensation, the Board takes into account the types of compensation and the amounts paid to directors of comparable publicly traded Canadian companies.

7. **Other Board Committees -** At this time, there are no committees of the Board other than the audit committee.

8. **Assessments -** The Board, its Audit Committee and its individual directors are assessed regularly, at least on an annual basis, as to their effectiveness and contribution. In addition, the Chairman encourages discussion among the Board or the committee members, as the case may be, as to their evaluation of their own effectiveness over the course of the year. All directors and/or committee members are free to make suggestions for the improvement of the practice of the Board and/or its committees at any time and are encouraged to do so.

INSTRUCTION:

(1) This form applies to both corporate and non-corporate entities. Reference to a particular corporate characteristic, such as a board, includes any equivalent characteristic of a non-corporate entity.

Income trust issuers must provide disclosure in a manner which recognizes that certain functions of a corporate issuer, its board and its management may be performed by any or all of the trustees, the board or management of a subsidiary of the trust, or the board, management or employees of a management company. In the case of an income trust, references to "the issuer" refer to both the trust and any underlying entities, including the operating entity.

(2) If the disclosure required by Items 1 and 2 is included in a management information circular distributed to security holders of the issuer for the purpose of

electing directors to the issuer's board of directors, provide disclosure regarding the existing directors and any proposed directors.

(3) Disclosure regarding board committees made under Item 7 of this Form may include the existence and summary content of any committee charter.

(3.1) Issuers may incorporate disclosure regarding compensation made under Item 6 of this Form by reference to the information required to be included in Form 51102F6 Statement of Executive Compensation. Clearly identify the information that is incorporated by reference into this Form.

[Amended October 31, 2011]