



**WASECO**  
RESOURCES INC.

**NOTICE OF  
MEETING  
AND  
INFORMATION  
CIRCULAR**

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**2008**

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

**TAKE NOTICE** that an Annual and Special Meeting of Shareholders (the "Meeting") of WASECO RESOURCES INC. (the "Corporation") will be held at Suite 1010, 55 University Ave. Toronto, Ontario, M5J 2H7, on Thursday, August 28<sup>th</sup>, 2008, at 10:00 o'clock in the forenoon (Toronto time) for the following purposes:

To receive and consider the President's Report to Shareholders and the audited financial statements of the Corporation for the year ended February 29<sup>th</sup>, 2008, together with the Auditors' Report thereon;

- (a) to elect Directors of the Corporation for the ensuing year;
- (b) to appoint the auditors of the Corporation for the ensuing year and to authorize the Directors to fix the auditors' remuneration;
- (c) to approve the Stock Option Plan; and
- (d) to transact such other business as may properly be brought before the Meeting or any adjournment or adjournments thereof.

Only shareholders of record at the close of business on July 21<sup>st</sup>, 2008 will be entitled to vote at the Meeting. A copy of the Corporation's audited financial statements for the year ended February 29<sup>th</sup>, 2008, together with the Auditors' Report thereon form part of the Corporation's Annual Report and together with the Information Circular, form of Proxy and Supplemental Mail Card are included in the enclosed material distributed to shareholders of the Corporation in respect of this Meeting along with this Notice. Shareholders who are unable to attend the Meeting in person are requested to complete, date and sign the enclosed form of proxy and return same in the envelope provided for that purpose. The Directors have fixed the hour of 4:00 o'clock in the afternoon on the 26<sup>th</sup> of August, 2008 before which time the instrument of proxy to be used at the Meeting must be deposited with the Corporation, **c/o Equity Transfer Services, Inc. Attention: Proxy Department, 200 University Ave. Ste. 400 Toronto, Ontario M5H 4H1.**

**DATED** at Toronto, Ontario, the 21<sup>st</sup> day of July, 2008.

**BY ORDER OF THE BOARD,**  
Richard Williams  
President

# WASECO RESOURCES INC.

Ste 1010, 55 University Ave. TORONTO, ONTARIO M5J 2H7

## MANAGEMENT INFORMATION CIRCULAR

### Solicitation of Proxies

**This Information Circular is furnished in connection with the solicitation by the management of Waseco Resources Inc. ("the Corporation") of proxies to be used at the Annual and Special Meeting of Shareholders (the "Meeting") of the Corporation to be held at the time and place and for the purposes set forth in the annexed Notice of Meeting.**

It is expected that the solicitation of proxies will be primarily by mail. Officers of the Corporation at nominal cost may also solicit proxies personally. The cost of solicitation by management will be borne by the Corporation.

### Appointment and Revocation of Proxies

The persons named in the enclosed form of proxy are Directors of the Corporation.

**A SHAREHOLDER DESIRING TO APPOINT SOME OTHER PERSON (WHO NEED NOT BE A SHAREHOLDER) TO REPRESENT HIM AT THE MEETING MAY DO SO BY INSERTING IN THE BLANK SPACE PROVIDED IN THE ENCLOSED FORM OF PROXY THE NAME OF SUCH PERSON OR BY SUBMITTING A COMPLETED PROPER ALTERNATE FORM OF PROXY. A COMPLETED FORM OF PROXY MUST BE RECEIVED BY THE CORPORATION c/o EQUITY TRANSFER SERVICES INC., ATTENTION: PROXY DEPARTMENT, SUITE 400, 200 UNIVERSITY AVE., TORONTO, ONTARIO, M5H 4H1, NOT LATER THAN 4:00 P.M. ON THE 26<sup>th</sup> DAY OF AUGUST, 2008.**

A shareholder who has given a proxy may revoke it by depositing a written notice of revocation, executed by the shareholder or by his duly authorized attorney, either at the head office of the Corporation at any time up to and including the last business day preceding the date of the Meeting, or any adjournment thereof at which the proxy is to be used, or with the Chairman of the Meeting on the day of the Meeting, or any adjournment thereof, prior to the time of voting or in any other manner permitted by law, including without limitation, personal attendance at the Meeting. Where a shareholder is a corporation, an officer or attorney should execute a proxy or a revocation of proxy under corporate seal duly authorized to do so whose title should be given when signing in a representative capacity.

### **Exercise of Discretion by Proxies**

The shares covered by all properly executed and unrevoked proxies received in time for the Meeting will be voted in accordance with the directions contained in the proxies.

**IN THE ABSENCE OF SUCH DIRECTIONS, SUCH SHARES WILL BE VOTED FOR EACH OF THE MATTERS REFERRED TO IN THE PROXY.**

The accompanying form of proxy confers discretionary authority upon the persons named therein to exercise their judgment and to vote with respect to amendments or variations to matters identified in the Notice of Meeting or with respect to other matters which may properly come before the Meeting. At the time of printing this Information Circular, the management of the Corporation knows of no such amendments, variations or other matters to come before the Meeting other than the matters referred to in the Notice of Meeting. **HOWEVER, IF ANY AMENDMENTS, VARIATIONS OR OTHER MATTERS WHICH ARE NOT KNOWN TO THE MANAGEMENT SHOULD PROPERLY COME BEFORE THE MEETING, THE ACCOMPANYING PROXY WILL BE VOTED ON SUCH MATTERS IN ACCORDANCE WITH THE BEST JUDGEMENT OF THE PERSON OR PERSONS VOTING THE PROXY UNLESS THE SHAREHOLDER INSTRUCTS OTHERWISE.**

### **Financial Statements**

The audited financial statements for the Corporation for the year ended February 29<sup>th</sup>, 2008, together with the Auditors' Report thereon, will be presented to the Shareholders at the Meeting. Copies of the 2008 audited financial statements and Auditors' Report thereon, as well as the Management's Discussion and Analysis, are being mailed to Shareholders along with this Information Circular.

### **Voting Shares and Principal Holders Thereof**

As of July 21<sup>st</sup>, 2007 there are issued and outstanding 30,311,155 common shares ("Common Shares") of the Corporation, each carrying the right to one vote per share. Shareholders registered on the books of the Corporation (or their nominee) at the close of business on July 21<sup>st</sup>, 2008 (the "Record Date") are entitled to vote at the Meeting, except to the extent that a shareholder transfers any of his or her shares after such Record Date and the transferee of such shares produces properly endorsed share certificates or otherwise establishes that he or she owns such shares and demands, not later than 10 days before the Meeting, that his or her name be included in the list of shareholders entitled to vote at the Meeting. To the knowledge of the Directors or Officers of the Corporation, there are no persons beneficially owning or exercising control or direction over 10% of the voting rights attaching to any class of outstanding voting securities of the Corporation entitled to be voted at the Meeting.

**(a) Election of Directors**

The Articles of the Corporation provide that the Board of Directors shall consist of a minimum of three (3) members and a maximum of twenty (20) members. The number of Directors proposed to be elected is five (5). Each of the persons whose name appears hereunder is proposed to be elected as a Director of the Corporation to serve until the next Annual Meeting of shareholders or until his successor is duly elected or appointed, unless his office is earlier vacated in accordance with the by-laws.

**Unless authority to do so is withheld, the persons named in the enclosed form of Proxy intend to vote FOR the election of the nominees whose names are set forth below.** The management of the Corporation does not contemplate that any of the nominees will be unable to serve as a Director but, if that should occur for any reason prior to the Meeting, the persons named in the enclosed form of proxy reserve the right to vote for another nominee in their discretion unless the Shareholder instructs otherwise. The following table (to be read together with the notes thereto) states the names of all the persons proposed to be nominated for election as Directors, all other positions and offices with the Corporation now held by them, their municipalities of residence, their present principal occupation or employment, the date on which they first became Directors of the Corporation and the approximate number of common shares of the Corporation beneficially owned directly or indirectly or over which control or direction is exercised by each of them, if any, as of July 21<sup>st</sup>, 2008.

Name, Current Position with the Corporation and Municipality of Residence	Principal Occupation (1)	Date on Which First Elected As a Director	Shares of the Corporation Beneficially Owned or Over Which Control or Direction is Exercised (2)
Derek Bartlett (3),(4) Director Mississauga, Ontario	Independent Geologist;	May 8, 1996	159,500
Richard ("Rick") Ekstein Toronto, Ontario	President of Weston Forest Group	Nominee	Nil
A.C.A. ("Peter") Howe(3)(4) Chairman and Director Toronto, Ontario	Mining Engineer and Consultant;	May 8, 1996	290,000
James Richardson Director, CFO Sec-Treas Toronto, Ontario	Chartered Accountant; CFO Waseco Resources Inc. First Metals Inc.	August 24, 2000	1,149,000
Richard Williams (3) President and Director Toronto, Ontario	Solicitor; President of Blackwell Investor Relations Corp.	February 27, 1995	2,442,581

- (1) All of the directors and officers have held their principal occupations as set out above for more than the last five years. Mr. Williams currently serves as a director of Adroit Resources Inc., Aranka Gold Inc., First Metals Inc. Western International Explorations Ltd., and Claim Post Resources Inc. Mr. Richardson is a director of Argus Corporation, First Metals Inc., Roxmark Mines Ltd. and Datalex Corp. He has been Chairman of Manaca Inc, Company Doctors, since 1995 to 2005. Mr. Richardson was a director of Plaintiff Systems Inc. (1999-2003). Mr. Bartlett is a director of Newport Gold Inc., Kingsman Resources Inc. Oromin Explorations Ltd., Saville Resources Inc. X-Cal Resources Ltd. and Cadman Resources Inc. Mr. Howe is a director of Mantis Mineral Corp. and of Ateba Technology and Environmental Inc and formerly was a director and officer of Diadem Resources Ltd.
- (2) The information as to shares beneficially owned directly or indirectly, not being within the knowledge of the Corporation, has been furnished by the respective proposed Directors individually.
- (3) Members of the Audit Committee.
- (4) Member of the Corporate Governance/Compensation Committee

## Statement of Executive Compensation Summary Compensation Table

The following table (presented in accordance with the regulation (the “Regulation”) made under the Securities Act (Ontario) sets forth all compensation for services earned in respect of the fiscal years ended February 29<sup>th</sup>, 2008, February 28<sup>th</sup>, 2007, and February 28<sup>th</sup>, 2006, for the named executive officers of the Corporation (1):

Name and Principal Position (1)	Year	Financial Compensation			Long Term Compensation Awards/ Securities under Options Granted (2)
		Salary \$	Bonus	Other Comp.	
A.C.A. Howe, Chairman	2008	6,000	Nil	Nil\$	Nil
	2007	Nil	Nil	15,000	Nil
	2006	Nil	Nil	Nil	200,000 shares
Richard Williams President and C.E.O..	2008	12,000	Nil	Nil	Nil
	2007	Nil	Nil	Nil	Nil
	2006	Nil	Nil	Nil	200,000 shares
James Richardson Director and C.F.O.	2008	9,000	Nil	Nil	Nil
	2007	Nil	Nil	Nil	Nil
	2006	Nil	Nil	Nil	200,000 shares

### Notes:

- (1) For the relevant periods, no executive officer earned compensation in excess of \$100,000.00
- (2) These options were granted pursuant to and were governed by the Corporation’s Stock Option Plan.

## Long-Term Incentive Plan

The Corporation does not presently have a long-term incentive plan for its executive officers other than the Stock Option Plan.

## Options Granted in Last Fiscal Year

There were no options granted during the last fiscal year.

## Aggregated Option Exercises in last Fiscal Year and Fiscal Year-end Option Values

Name	Securities Acquired on Exercise (#)	Aggregate Value Realized (\$)	Unexercised Options at Year End (#)	Value of Unexercised in the money Options at year end(\$)
A.C.A. Howe	-	-	200,000	32,000
D. Bartlett	-	-	200,000	32,000
J. Richardson	-	-	200,000	32,000
R. Williams	-	-	200,000	32,000

### Compensation of Directors and Senior Officers

Three Directors and Officers of the Corporation were paid or accrued cash remuneration during the year ended February 29<sup>th</sup>, 2008 for acting as Directors and Officers of the Corporation in the amounts of \$12,000 for the CEO, \$9,000 for the CFO and \$6,000 for the Chairman, respectively. Directors and Officers also participate in the Corporation's Stock Option Plan.

### Indebtedness of Directors and Senior Officers

None of the Directors or Senior Officers of the Corporation or any associates or affiliates of any of them is or has been indebted to the Corporation at any time since the beginning of the last completed financial year of the Corporation.

### Compensation Committee

Messrs. Bartlett and Howe formed the Compensation Committee in late fiscal 2007. Their recommendation to the Board of Directors of the Corporation (who determines the terms of employment, salaries and other remuneration of executive officers of the Corporation to commence paying modest fees to the Chairman and the two Directors and Officers who are actively engaged in managing the day to day affairs of the Corporation, was accepted and such fees were paid as above commencing in the second quarter of fiscal year 2008.

### (b) Appointment of Auditors

Unless authority to do so is withheld, it is intended that the persons named in the proxy will vote FOR the appointment of parker, simone, LLP. Chartered Accountants, to serve as Auditors of the Corporation until the next Annual Meeting of Shareholders, and will vote to authorize the Directors to fix their remuneration. parker, simone LLP. Chartered Accountants have been the Auditors of the Corporation since July, 2004.

## **Interests of Certain Persons in Matters to Be Acted Upon**

No person who has been a director or an officer of the Corporation at any time since the beginning of its last completed financial year or any associate of any such director or officer has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted upon at the Meeting, except as disclosed in this Information Circular.

### **(c) Stock Option Plan**

Shareholder approval for our current Stock Option Plan (the “Plan”) 2004 was obtained at our Annual and Special meeting held on September 10<sup>th</sup>, 2004. The purpose of the Stock Option Plan is to encourage ownership of Waseco’s common shares by persons (“Eligible Persons”) who are directors, senior officers and key employees of, as well as consultants and employees of management companies providing services to Waseco. It is these individuals who are primarily responsible for the management and profitable growth of Waseco’s business. Management hopes that the Stock Option Plan will advance the interests of Waseco by providing additional incentive for superior performance by all eligible recipients.

The aggregate number of common shares in the capital of Waseco reserved for issuance under the Stock Option Plan is a maximum of 10% of the issued and outstanding shares of Waseco at the date of grant. If any options granted expire or terminate for any reason without having been exercised in full, the unpurchased shares will again be available under the Stock Option Plan. As our Stock Option Plan is a “rolling plan”, the policies of the TSX Venture Exchange (the “Exchange”) provide that we must seek shareholder approval of the plan annually. The Stock Option plan is subject to Exchange approval.

### **Terms of the Stock Option Plan**

The following summary is a brief description of the Stock Option Plan and is qualified in its entirety by the full text of the Stock Option Plan, which will be available for shareholders to review at the Meeting:

1. The maximum number of shares that may be issued upon the exercise of stock options previously granted and those granted under the Stock Option Plan will be a maximum of 10% of the issued and outstanding common shares at the time of the grant.
2. Stock options can be issued to persons who are directors, senior officers, employees and consultants of, or employees of management companies providing services to Waseco.
3. The option price of any common share in respect of which an option may be granted under the Stock Option Plan shall be fixed by the Board of Directors but shall be not less than the minimum price permitted by the Exchange or, if the shares are no longer listed for trading on the Exchange, then such other

exchange or quotation system on which the shares are listed or quoted for trading.

4. The number of options granted to any one individual may not exceed 5% of the outstanding listed shares in any 12 month period.
5. The number of options granted to any one consultant may not exceed 2% of Waseco's outstanding listed shares in any 12 month period.
6. All options granted under the Stock Option Plan may not have an expiry date later than five years from the date on which the Board of Directors grant and announce the granting of the option.
7. If the optionee ceases to be (other than by reason of death) an eligible recipient of options, then the option granted shall expire within 30 days after the date that the option holder ceases to be eligible, subject to the terms and conditions set out in the Stock Option Plan.
8. If an optionee ceases to be an eligible recipient of option by reason of death, an optionee's heirs or administrators shall have until the earlier of:
  - (a) one year from the death of the option holder; and
  - (b) the expiry date of the options

in which to exercise any portion of options outstanding at the time of death of the optionee.

9. The Stock Option Plan will be administered by Waseco's Board of Directors who will have the full authority and sole discretion to grant options under the Stock Option Plan to any eligible recipient, including themselves.
10. The options are not assignable or transferable by an optionee.
11. The Board of Directors may from time to time, subject to regulatory approval, amend or revise the terms of the Stock Option Plan.

Accordingly, Shareholders will be asked to consider and, if thought appropriate, to approve, with or without amendment, the following resolution:

**Stock Option Plan Resolution**

“BE IT RESOLVED that:

1. The Stock Option Plan be approved and that the Board of Directors of the Corporation be authorised in their absolute discretion to establish and administer the Stock Option Plan in accordance with its terms and conditions;
2. The Board of Directors be authorised on behalf of the Corporation to make any amendments to the Stock Option Plan as may be required by regulatory authorities, without further approval of the Corporation's Shareholders, in order to ensure adoption of the Stock Option Plan; and

Any two directors of the Corporation be and are hereby authorized and directed to do all such acts and things and to execute and deliver under the corporate seal or otherwise all such deeds, documents, instruments and assurances as in their opinion may be necessary to give effect to this resolution.”

### **Information on Corporate Governance**

The following information of the Company’s Corporate Governance policy is given in accordance with NI-58-101 and policy 3.1 of the TSX-Venture Manual.

#### **a) Board of Directors**

Messrs. Derek Bartlett, and Richard Ekstein will be independent directors and as such be asked to serve as members of the Board’s Various Committees.

Messrs. A.C.A. Howe, Chairman, James Richardson, CFO, Secretary-Treasurer and Richard Williams, C.E.O. and President, are not independent.

#### **b) Directorships**

The directorships of the persons named herein are set out in the Election of Director section, above.

#### **c) Orientation and Continuing Education**

The Board encourages directors to follow appropriate education programs offered by regulatory bodies and provides them with the opportunity to enhance their understanding of the nature and operation of the Company.

#### **d) Ethical Business Conduct**

Each director of the Company, in exercising his powers and discharging his duties, must act honestly and in good faith with a view to the best interests of the Company and further must act in accordance with the law and applicable regulations, policies and standards.

In situations of conflict of interest, a director is required to disclose the nature and extent of any material interest he/she has in any material contract or proposed contract of the Company, as soon as the director becomes aware of the agreement or the intention of the Company to consider or enter into the proposed agreement and the director must refrain from voting..

#### **e) Nomination of Directors**

The Board selects nominees for election to the Board, after having considered the advice and input of the Corporate Governance Committee and having carefully reviewed and assessed the professional competencies and skills, personality and other qualities of each proposed candidate, including the time and energy that the candidate can devote to the task, and the contribution that the candidate can bring to the board dynamic.

#### **f) Compensation Committee**

In determining the remuneration of the officers of the Company, the Compensation Committee compares remuneration packages by consulting directors and other contacts in the industry. The Committee will review the financial position of the Company in making its recommendations and can review industry data for similar executives.

#### **g) Governance Committee**

The Committee has the authority and responsibility for:

- 1) annually reviewing the mandates of the board and its committees and recommending to the board such amendments to those mandates as the Committee believes are necessary or desirable;
- 2) reviewing annually the disclosure of corporate governance practices to be included in the Company's Information Circular;
- 3) reviewing at least annually the size and composition of the board, analyzing the needs of the board and considering the skills, areas of experience, backgrounds, independence and qualifications of the board members to ensure that the board, as a whole, has a diversity of competencies and experience that support it in carrying out its responsibilities;
- 4) assessing at least annually the effectiveness of the Board as a whole, the committees of the board and the contribution of each director regarding his, her or its effectiveness and contribution;
- 5) acting as a forum for concerns of individual directors in respect of matters that are not readily or easily discussed in a full board meeting, including the performance of management or individual members of management or the performance of the board or individual members of the board;
- 6) determining at the earliest stage possible whether any proposed transaction discussed by the board is or can be perceived as a related party transaction and, if such is the case, reviewing any such transaction to ensure that it is being proposed and will be carried out with fairness and with the best interest of the Company in mind and or, alternatively, recommending that a special committee of disinterested directors be constituted to carry out the negotiations for such transaction and review and report thereupon to the board.

#### **h) Assessments**

Refer to the responsibilities of the Governance Committee described herebefore.

### **Audit Committee**

In conformity with the rules of the TSX Venture Exchange, the Audit Committee's Charter is set out in Schedule "A" to this Circular.

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

<b>Name</b>	<b>Independent</b>	<b>Financially Literate</b>
<b>Derek Bartlett</b>	<b>Yes</b>	<b>Yes</b>
<b>Rick Ekstein</b>	<b>Yes</b>	<b>Yes</b>
<b>Richard Williams</b>	<b>No</b>	<b>Yes</b>

Mr. Derek Bartlett has a bachelor degree in Geology from the University of New Brunswick. He has had more than 30 years experience in the public mining sector as an officer, director and consultant. He has been the President and CEO of junior mining companies. His experience includes financing various junior mining companies and acquiring, joint venturing and disposing of mining assets and analyzing their financial impact. In the course of his work, he had to review the financial situation of the companies and study and analyze their financial statements. Therefore, Mr. Barlett had to review and understand financial statements of similar complexity as the financial statements of the Company.

Mr. Rick Ekstein graduated from York University in 1978 with a B.A. in Political Science. He is currently co-owner and President of Weston Forest Group and has more than 25 years experience in the private sector as an officer and a director of private companies. His experience includes financing various companies and acquiring, joint venturing and disposing of resource assets and analyzing their financial impact. In the course of his work, he had to review the financial situation of the companies and study and analyze their financial statements. Therefore, Mr. Ekstein had to review and understand financial statements of similar complexity as the financial statements of the Company.

Mr. Richard Williams graduated from the University of Ottawa in 1977. He has been a senior mining executive since 1980 and active in reviewing financial situations within companies which required the study and analysis of their financial statements. Mr. Williams has advised several mining companies on financings. Therefore, Mr. Williams has the competence to understand financial statements of similar complexity as the financial statements of the Company.

### **Reliance on Certain Exemptions**

The Company is relying upon the exemptions from the requirements of MI 52-110 relating to the composition and reporting obligations of the Audit Committee provided in Section 6.1 of MI-52-110.

### **FEES**

#### **Audit fees**

The audit fees for the year ended February 29<sup>th</sup>, 2008 and February 28th 2007, amounted respectively to \$19,000 (estimated) and \$18,000.

**Other related Audit fees**

\$nil in other fees were charged by the auditors in financial 2008 (\$365 in 2007).

**Pre-approved Policies and Procedures**

Under its charter, the Audit Committee has the mandate to review and pre-approve management requests for any consulting engagement to be performed by the auditors of the Company that is beyond the scope of their audit services. In the prior period the auditors were asked to study aspects of Quebec tax impact upon the Company.

**General**

Information contained herein is given as of the Record Date. Except where noted, Management knows of no matters to come before the Meeting other than the matters referred to in the Notice of the Meeting. However, if any matters which are not now known should properly come before the Meeting, the accompanying form of Proxy will be voted on such matters in accordance with the best judgment of the person voting it unless the shareholder has indicated their desire to the contrary. The Directors of the Corporation have approved the content and sending of this Information Circular.

By Order of the Board  
July 21<sup>st</sup>, 2008

Richard Williams  
President

## **SCHEDULE “A”**

### **TO THE MANAGEMENT INFORMATION CIRCULAR**

### **CHARTER OF THE AUDIT COMMITTEE OF THE BOARD OF DIRECTORS**

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#### **I. PURPOSE**

The Audit Committee (the “Committee”) is a committee of the board of directors. The primary function of the Committee is to assist the board of directors in fulfilling its financial reporting and controls responsibilities to the shareholders of the Company and the investment community. The external auditors will report directly to the Committee. The Committee’s primary duties and responsibilities are:

- Overseeing the integrity of the Company’s financial statements and reviewing the financial reports and other financial information provided by the Company to any government body or the public and other relevant documents;
- Recommending the appointment and reviewing and appraising the audit efforts of the Company’s external auditors, overseeing the external auditors’ qualifications and independence and providing an open avenue of communication among the external auditors, financial and senior management and the board of directors;
- Monitoring the Company’s financial reporting process and internal controls, its management of the business and financial risk, and its compliance with legal, ethical and regulatory requirements.

#### **II. COMPOSITION**

The Committee shall consist of a minimum of three directors of the Company the majority of whom shall not be officers or “control persons”, as such term is defined hereunder, of the Company. All members shall, to the satisfaction of the board of directors, be “financially literate” as such term is defined hereunder.

The members of the Committee shall be appointed by the board of directors. The board of directors may remove a member of the Committee at any time in its sole discretion by resolution of the board.

#### **III. DUTIES AND RESPONSIBILITIES**

1. The Committee shall review and recommend to the board for approval:

- (a) The Company's financial statements (annual and quarterly), MD&A and earnings releases to be filed with regulatory bodies such as securities commissions prior to the release of earnings.
  - (b) Documents referencing, containing or incorporating by reference the annual audited consolidated financial statements or interim financial results (e.g., prospectuses, press releases with financial results) prior to their release.
2. The Committee, in fulfilling its mandate, will:
- (a) Satisfy itself that adequate internal controls and procedures are in place to allow the Chief Executive Officer and the Chief Financial Officer to certify financial statements and other disclosure documents as required under securities laws.
  - (b) Recommend to the board of directors the selection of the external auditor, consider the independence and effectiveness and approve the fees and other compensation to be paid to the external auditor.
  - (c) Monitor the relationship between management and external auditor including reviewing any management letters or other reports of the external auditor, and discussing and resolving any material differences of opinion or disagreements between management and the external auditor.
  - (d) Periodically consult with the external auditor out of the presence of management about significant risks or exposures, internal controls and other steps that management has taken to control such risks, and the fullness and accuracy of the financial statements.
  - (e) Obtain and review annually a report prepared by the external auditors summarizing the auditors' internal quality-control procedures and processes.
  - (f) Review the scope of the external audit, including the fees involved.
  - (g) Review the report of the external auditor on the annual audited financial statements.
  - (h) Review the problems identified during audit, and, if any, the limits and restrictions imposed by management and any significant accounting matters for which management sought a second opinion.
  - (i) Review and approve requests for any management consulting engagement to be performed by the external auditor and be advised of any other study

undertaken at the request of management that is beyond the scope of the audit engagement letter and related fees.

- (j) Review with management, the external auditors and legal counsel, any litigation, claims or other contingency, including tax assessments, which could have a material effect upon the financial position or operating results of the Company, and whether these matters have been appropriately disclosed by the financial statements.
  - (k) Review with management their approach with respect to business ethics and corporate conduct.
  - (l) Review periodically legal and regulatory requirements that if breached, could have a significant impact on the Company's published financial reports or reputation. Inquire on the extent of the compliance with security policies.
  - (m) Review with management the accuracy and timeliness of filings with regulatory authorities.
  - (n) Review annually general insurance coverage of the Company to ensure adequate protection of major corporate assets including but not limited to D&O coverage.
3. Annually, the Committee will review its Charter and, where appropriate, recommend changes to the board of directors.

#### **IV. MEETINGS**

- 1. The Committee shall meet no less than four times per year. At least annually, the Committee shall meet separately with management and with the external auditors.
- 2. The external auditors of the Company will receive notice of every meeting of the Committee. The external auditors may also call a meeting of the Committee.
- 3. The board shall be kept informed of the Committee's activities by copies of minutes, at the next board meeting following each Committee meeting or by an oral report.

#### **V. QUORUM**

Quorum for the transaction of business at any meeting of the Audit Committee shall be a majority of the number of members of the Committee.

## **VI. DEFINITIONS**

In accordance with *Multilateral Instrument 52-110-Audit Committees*.

**“Financially literate”** means “that the director has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Company’s financial statements.”

**“Control Person”** means “any person that holds or is one of a combination of persons that holds a sufficient number of any of the securities of the Company so as to affect materially the control of the Company, or that holds more than 20% of the outstanding voting shares of the Company except where there is evidence showing that the holder of those securities does not materially affect the control of the Company.”

**APPROVED BY THE BOARD OF DIRECTORS**

July 21<sup>st</sup>, 2008