

INFORMATION CIRCULAR
FOR THE ANNUAL GENERAL MEETING
OF THE SHAREHOLDERS OF CRESTON MOLY CORP.

Unless otherwise indicated information herein is given as of February 24, 2010

SOLICITATION OF PROXIES

This Information Circular is provided in connection with the solicitation of proxies by the management of Creston Moly Corp. (the “**Company**”). The form of proxy which accompanies this Information Circular (the “**Proxy**”) is for use at the annual general meeting of the shareholders of the Company to be held on March 24, 2010 (the “**Meeting**”), at the time and place set out in the accompanying notice of meeting and any adjournment thereof. The Company will bear the cost of this solicitation. The solicitation will be made by mail, but may also be made by telephone.

APPOINTMENT AND REVOCATION OF PROXY

Persons or Companies Making the Solicitation

The enclosed Instrument of Proxy is solicited by Management. Solicitations will be made 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. The Company may reimburse Shareholders’ nominees or agents (including brokers holding shares on behalf of clients) for the cost incurred in obtaining authorization from their principals to execute the Instrument of Proxy. No solicitation will be made by specifically engaged employees or soliciting agents. The cost of solicitation will be borne by the Company. None of the Directors of the Company have advised that they intend to oppose any action intended to be taken by Management as set forth in this Information Circular.

Registered Shareholders

Registered shareholders may vote their common shares by attending the Meeting in person or by completing the enclosed proxy. Registered shareholders should deliver their completed proxies to Computershare Investor Services Inc., of 100 University Avenue 9th Floor, Toronto Ontario, M5J 2Y1 (by mail, fax, telephone or internet according to the instructions on the proxy), not less than 48 hours (excluding Saturdays, Sundays and holidays) before the time for holding the Meeting, otherwise the shareholder will not be entitled to vote at the Meeting by proxy. The persons named in the proxy are directors and officers of the Company. **A shareholder who wishes to appoint some other person to represent them at the Meeting may do so by striking out the printed names and inserting the desired person’s name in the blank space provided.**

A registered shareholder may revoke a proxy by:

- (a) signing a proxy with a later date and delivering it at the time and place noted above;

- (b) signing and dating a written notice of revocation and delivering it to the registered office of the Company, 10th Floor, 595 Howe Street, Vancouver, British Columbia, V6C 2T5, at any time up to and including the last business day preceding the day of the Meeting or to the Chairman of the Meeting on the day of the Meeting or in any other manner provided by law; or
- (c) attending the Meeting or any adjournment of the Meeting and registering with the scrutineer as a shareholder present in person.

Non-Registered Shareholders

In many cases common shares of the Company (“**Common Shares**”) beneficially owned by a holder (a “**Non-Registered Holder**”) are registered either:

- (a) in the name of an intermediary (an “**Intermediary**”) that the Non-Registered Holder deals with in respect of the shares, such as, among others, banks, trust companies, securities dealers or brokers and trustees or administrators of self-administered RRSP’s, RRIF’s, RESP’s and similar plans; or
- (b) in the name of a clearing agency (such as the Canadian Depository for Securities Limited) of which the Intermediary is a participant.

Intermediaries are required to forward 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 a proxy which has been signed by an 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 uncompleted. This form of proxy need not be signed by the Non-Registered Holder. In this case, the Non-Registered Holder who wishes to submit a proxy should otherwise properly complete the form of proxy and return it in accordance with the instructions provided in the form; or
- (b) more typically, be given a voting instruction form which must be completed and signed by the Non-Registered Holder in accordance with the directions on the voting instruction form. In this case, the Non-Registered Holder should return it in accordance with the instructions provided in the form.

The purpose of these procedures is to permit Non-Registered Holders to direct the voting of the shares they beneficially own. Should a Non-Registered Holder who receives either a proxy or a voting instruction form wish to attend and vote at the Meeting in person (or have another person attend and vote on behalf of the Non-Registered Holder), the Non-Registered Holder should strike out the names of the persons named in the proxy and insert the Non-Registered Holder’s (or such other person’s) name in the blank space provided or, in the cases of a voting instruction form, follow the corresponding instructions on the form. ***In either case, Non-Registered Holders should carefully follow the instructions of their Intermediaries and their service companies. If***

Non-Registered Holders do not follow such instructions and attend the Meeting, they will not be entitled to vote at the Meeting.

A Non-Registered Holder may revoke a voting instruction form or a waiver of the right to receive meeting materials and to vote given to an Intermediary at any time by written notice to the Intermediary, except that an Intermediary is not required to act on a revocation of a voting instruction form or a waiver of the right to receive materials and to vote that is not received by the Intermediary at least seven days prior to the Meeting.

PROVISIONS RELATING TO VOTING OF PROXIES

The shares represented by proxy in the enclosed form will be voted or withheld from voting by the designated holder in accordance with the direction of the shareholder appointing him. If there is no direction by the shareholder, those shares will be voted for all proposals set out in the Proxy and for the election of directors and the appointment of the auditor as set out in this Information Circular.

The Proxy or voting instruction form gives the person named in it the discretion to vote as they see fit on any amendments or variations to matters identified in the notice of meeting, or any other matters which may properly come before the Meeting. At the time of printing this Information Circular, the management of the Company knows of no other matters which may come before the Meeting other than those referred to in the notice of meeting.

VOTING SECURITIES AND PRINCIPAL HOLDERS OF VOTING SECURITIES

On February 22, 2010, the Company had 234,988,381 Common Shares outstanding. All shares in the capital of the Company are of the same class and each carries the right to one vote.

Shareholders registered on February 3, 2010, are entitled to attend and vote at the Meeting. Shareholders who wish to be represented by proxy at the Meeting must, to entitle the person appointed by the Proxy or voting instruction form to attend and vote, deliver their proxies or voting instruction forms at the place and within the time set forth in the notes to the Proxy or voting instruction form.

To the knowledge of the senior officers of the Company, as of the date of this Information Circular, no persons beneficially own, directly or indirectly, or exercise control or direction over, more than 10% of the Common Shares.

ELECTION OF DIRECTORS

The directors of the Company are elected annually to hold office until the next annual general meeting of the shareholders or until their successors are elected or appointed, unless otherwise sooner terminated. The management of the Company proposes to nominate the persons listed below for election as directors of the Company to serve until their successors are elected or appointed. In the absence of instructions to the contrary, proxies given pursuant to the solicitation by the management of the Company will be voted for the nominees listed in this Information Circular. Management does not contemplate that any of the nominees will be unable to serve as a director.

The number of directors on the board of directors of the Company is currently six. Shareholders will be asked at the Meeting to pass an ordinary resolution to fix the number of directors at six.

The following table sets out the names of the nominees for election as directors, the offices they hold within the Company, their occupations, the length of time they have served as directors of the Company and the number of shares of the Company and its subsidiaries which each beneficially owns directly or indirectly or over which control or direction is exercised as of the date of the notice of Meeting.

Name, Present Office Held and Country of Residence	Principal Occupation	Date of Becoming a Director	No. of Shares Beneficially Held ⁽¹⁾
D. BRUCE MCLEOD ⁽³⁾⁽⁴⁾ President, CEO and Director British Columbia, Canada	Mining Engineer and Business Executive; President & CEO of Troon Ventures Ltd. from 1989 to present; Executive Chairman and Director of Sherwood Copper Corp. from Sept. 2005 to Nov. 2008, President & Director of Tenajon Resources Ltd. from 1989 to Aug. 2009, COO and Director of Stornoway Diamond Corp July 2003 to Sept 2007.	August 26, 2009	3,139,162
COLIN K. BENNER ⁽³⁾⁽⁴⁾ Director, Executive Chairman British Columbia, Canada	Mining Engineer and Business Executive and currently sits on the Board of Lundin Mining Corporation, Adriana Resources Inc. Troon Ventures Ltd., Polaris Minerals Inc. and is Chairman of Capstone Mining Corp. and Corsa Capital He was formerly CEO of HudBay Minerals Ltd. in 2009, Chairman of PBS Coals Ltd. from 2007 to 2008; Vice Chairman and CEO of Skye Resources in 2007 and Vice Chairman and CEO of Lundin Mining Corporation from 2006 to 2007.	October 8, 2008	795,212
JOHN B. McCLEERY ⁽²⁾⁽⁵⁾ Director British Columbia, Canada	Consulting Financier	July 21 2001	1,798,332
RICHARD GODFREY ⁽²⁾ Director British Columbia, Canada	Business Executive, presently CFO of Capstone Mining Corp.	May 9, 2008	0

Name, Present Office Held and Country of Residence	Principal Occupation	Date of Becoming a Director	No. of Shares Beneficially Held ⁽¹⁾
JOHN E. ROBINS ^{(3) (4)} Director British Columbia, Canada	Professional Geologist and Business Executive; President of Kivalliq Energy Corporation, Chairman of Brilliant Mining Corp. and CBR Gold Corporation; Self Employed Professional Geologist and Entrepreneur since 1990.	August 26, 2009	1,544,550
MICHAEL GUNNING ⁽²⁾ Director British Columbia, Canada	Professional Geologist and Business Executive; COO of Hathor Exploration Ltd. since January, 2010; formerly President & Chief Executive Officer of Triex Minerals Corporation from 2005 to 2009; Research Scientist for Saskatchewan Industry & Resources from 2003 to 2005.	August 26, 2009	0

(1) Includes direct and beneficial holdings.

(2) Member of the Audit Committee of the Company.

(3) Member of the Nominating and Compensation Committee of the Company.

(4) Member of the Corporate Governance Committee of the Company.

(5) Member of the Disclosure Policy Committee of the Company.

All of the proposed nominees are ordinarily resident in Canada.

Corporate Cease Trade Orders or Bankruptcies

CNR Capital Corporation, of which John Robins was a director, was the subject of cease trade orders issued by the Ontario Securities Commission (“OSC”) on July 20, 2007 and by the BC Securities Commission (“BCSC”) on July 11, 2007 for failure to file annual financial statements. The cease trade orders were revoked by the OSC on September 14, 2007 and by the BCSC on September 17, 2007 with the filing of the required financial statements.

Colin K. Benner was a director of Tahera Diamond Corporation which, on January 16, 2008, was granted creditor protection by the Ontario Superior Court of Justice under the Companies’ Creditors Arrangement Act (Canada) (“CCAA”). Mr. Benner resigned as a director of Tahera Diamond Corporation on September 29, 2008. The company has since been sold.

John McCleery was a director and officer of Alantra Venture Corp., the trading in shares of which was halted on the TSX Venture Exchange from March 9, 2000 to April 11, 2000 when it was reinstated for trading based upon submission of a sponsorship acknowledgement form by Yorkton Securities Inc. Trading in its shares was halted again from May 10, 2000 to July 11,

2000, in order to complete a change in the board of directors and a reorganization of management.

Other than the above, no proposed director of the Company (including any personal holding company of a director) is, or within the ten years prior to the date of this Information Circular has been:

- (a) a director, chief executive officer, or, chief financial officer of any company, including the Company, that while that person was acting in that capacity, was the subject of a cease trade order or similar order, including a management cease trade order whether or not that person was named in such order, or an order that denied the company access to any exemption under securities legislation for a period of more than 30 consecutive days; or
- (b) a director, chief executive officer, or, chief financial officer of any company, including the Company, that was the subject of a cease trade order or similar order or an order that denied the company access to any exemption under securities legislation for a period of more than 30 consecutive days that was issued after that person ceased to be a director, chief executive officer or chief financial officer of the company and which resulted from an event that occurred while that person was acting in the capacity of director, chief executive officer or chief financial officer of the company; or
- (c) director or executive officer of any company, including the Company, that, while that person was acting in that capacity, 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.

Individual Bankruptcies

No director of the Company has, within the ten years prior to the date of this Information Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or been 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 that individual.

Penalties and Sanctions

No director of the Company has, within the past 10 years been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority or been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable securityholder in deciding whether to vote for a directors of the Company.

EXECUTIVE COMPENSATION

Compensation Discussion and Analysis and Option-Based Awards

The Nominating and Compensation Committee of the Company is responsible for setting the overall compensation strategy of the Company and evaluating the compensation of directors and senior officers. The Nominating and Compensation Committee bears in mind the stage of development of the Company, the number of executive officers and the financial resources of the Company. These factors influence both the elements of compensation and the sophistication of the manner of their determination.

It is the objective of the Company's compensation program to attract and retain highly qualified executives and to link incentive compensation to performance and shareholder value. It is the goal of the Nominating and Compensation Committee and the Board to endeavour to ensure that the compensation of executive officers is sufficiently competitive to achieve the objectives of the executive compensation program. The Nominating and Compensation Committee gives consideration to the Company's contractual obligations, performance, quantitative financial objectives, including relative shareholder return, as well as the quantitative aspects of each individual's performance and achievements.

The Company's compensation program is comprised of base salary and benefits and long term incentives including an incentive stock option plan. Each component is addressed below.

Salaries for executive officers are reviewed annually based on corporate and personal performance and on individual levels of responsibility. This determination is reached primarily by comparison of the remuneration paid by the Company with remuneration paid by other reporting issuers that the Nominating and Compensation Committee feels are similar to the Company in terms of size and stage of development.

The Nominating and Compensation Committee makes recommendations to the Board setting the number of options as appropriate to attract and retain qualified and talented management. The Nominating and Compensation Committee determines the terms of each recommended grant of stock options within the parameters set out in the Company's stock option plan and also takes into account the award history for all participants in its stock option plan.

In acting on such recommendation, the Board takes into account the number of options, if any, previously granted to each executive officer, and the exercise price of any outstanding options to ensure that such grants are in accordance with the policies of the TSX Venture Exchange (the "TSXV"), and closely align the interests of the executive officers with the interests of shareholders.

Summary Compensation Table

The following table (presented in accordance with Form 51-102F6 ("**Statement of Executive Compensation**") which came into force on December 31, 2008 ("**Form 51-102F6**") sets forth all annual and long term compensation for services in all capacities to the Company for the one financial year of the Company ending on or after December 31, 2008 (to the extent required by Form 51-102F6) in respect of each of the individuals comprised of each Chief Executive Officer and the Chief Financial Officer who acted in such capacity for all or any portion of the most

recently completed financial year, and each of the three most highly compensated executive officers, as at July 31, 2009 whose total compensation was, individually, more than \$150,000 for the financial year and any individual who would have satisfied these criteria but for the fact that individual was neither an executive officer of the Company, nor acting in a similar capacity, at the end of the most recently completed financial year (collectively the "Named Executive Officers" or "NEOs").

<i>NEO Name and Principal Position</i>	<i>Year</i>	<i>Salary (\$)</i>	<i>Share-Based Awards (\$)</i>	<i>Option-Based Awards⁽⁶⁾ (\$)</i>	<i>Non-Equity Incentive Plan Compensation (\$)</i>		<i>Pension Value (\$)</i>	<i>All Other Compensation (\$)</i>	<i>Total Compensation (\$)</i>
					<i>Annual Incentive Plans</i>	<i>Long-term Incentive Plans</i>			
Jonathan George <i>President, CEO and Director</i> ⁽¹⁾	2009	\$168,000	Nil ⁽²⁾	\$4,200	Nil	Nil	Nil	Nil ⁽²⁾	\$172,400
Wayne Johnstone <i>CFO and Director</i> ⁽³⁾	2009	\$65,000 ⁽³⁾	Nil	Nil	Nil	Nil	Nil	Nil	\$65,000
Sadek El-Alfy <i>COO</i> ⁽⁴⁾	2009	\$456,797 ⁽⁴⁾	Nil	Nil	Nil	Nil	Nil	Nil	\$456,797
John Harman <i>Advisor</i>	2009	\$185,000 ⁽⁵⁾	\$50,000	Nil	Nil	Nil	Nil	Nil	\$235,000

- (1) Mr. George stepped down as a director and officer of the Company in conjunction with its business combination with Tenajon Resources Corp. in August, 2009. He was replaced as President, CEO and Director by D. Bruce McLeod. He was compensated for acting as a director by the grant of options to purchase up to 210,000 Common Shares at an exercise price of \$0.15 to replace options that had expired.
- (2) The Company issued 840,000 Common Shares and made a cash payment of \$84,000 in August of 2009 to J. George Geological Consulting Inc., a company controlled by Mr. George, both in connection with the termination of its contract by the Company.
- (3) Mr. Johnstone served as a director until March 24, 2009, at which time he ceased to be a director and was appointed CFO. The amount noted includes \$20,000 in respect of fees paid for serving on committees of the board.
- (4) Mr. El-Afy provided services to the Company through Belen Mining Corporation. The salary amount noted includes a payment of \$200,000 in connection with the termination of the contract between the Company and Belen Mining Corporation.

- (5) Includes a payment of \$50,000 in connection with the termination of Mr. Harman's contract by the Company.
- (6) In 2009, the Company calculated the compensation cost by using the Black-Scholes option pricing model assuming a risk free interest rate of 0.99 – 2.26% (2008 – 2.74 – 4.6%), a dividend yield of nil (2008 – nil), the expected annual volatility of the Company's share price of 117 – 122% (2008 – 113 – 126%) and an expected life of the options of three years (2008 – 2 – 4 years).

Incentive Plan Awards

Outstanding Share-Based Awards and Option-Based Awards

The following table sets forth information concerning all awards outstanding under incentive plans of the Company pursuant to which compensation that depends on achieving certain performance goals or similar conditions within a specified period, at the end of the most recently completed financial year, including awards granted before the most recently completed financial year, to each of the Named Executive Officers:

<i>Name</i>	<i>Option-Based Awards</i>				<i>Share-Based Awards</i>	
	<i>Number of Securities Underlying Unexercised Options</i> (#)	<i>Option Exercise Price</i> (\$)	<i>Option Expiration Date</i>	<i>Value of Unexercised In-The-Money Options</i> ⁽¹⁾ (\$)	<i>Number of Shares Or Units Of Shares That Have Not Vested</i> (#)	<i>Market or Payout Value Of Share-Based Awards That Have Not Vested</i> (\$)
Jonathan George <i>President, CEO and Director</i>	250,000	\$0.17	March 18, 2010	\$4,200	Nil	Nil
	25,000	\$0.40	March 27, 2012			
	620,000	\$0.40	Jan 21, 2013			
	210,000	\$0.15	March 2, 2014			
Wayne Johnstone <i>CFO</i>	25,000	\$0.17	Dec 1, 2009	Nil	Nil	Nil
	25,000	\$0.17	Sept 21, 2010			
	50,000	\$0.18	Aug 11, 2013			
	160,000	\$0.40	March 27, 2012			
	390,000	\$0.40	Jan 21, 2013			
Sadek El-Alfy <i>COO</i>	300,000	\$0.40	March 27, 2012	Nil	Nil	Nil
	100,000	\$0.82	June 4, 2012			
	100,000	\$0.48	Feb 27, 2013			
John Harman <i>Advisor</i>	250,000	\$0.40	Feb 10, 2013	Nil	Nil	Nil

- (1) This amount is calculated based on the difference between the market value of the securities underlying the options at the end of the most recently completed financial year, which was \$0.17, and the exercise price of the option.

Value Vested Or Earned During The Year

The value vested or earned during the most recently completed financial year of incentive plan awards granted to Named Executive Officers are as follows:

<i>NEO Name</i>	<i>Option-Based Awards - Value Vested During The Year ⁽¹⁾ (\$)</i>	<i>Share-Based Awards - Value Vested During The Year (\$)</i>	<i>Non-Equity Incentive Plan Compensation - Value Earned During The Year (\$)</i>
Jonathan George <i>President, CEO and Director</i>	\$4,200	Nil	Nil
Wayne Johnstone <i>CFO</i>	Nil	Nil	Nil
Sadek El-Alfy <i>COO</i>	Nil	Nil	Nil
John Harman <i>Advisor</i>	Nil	Nil	Nil

- (1) Stock options granted by the Company vest upon the granting thereof. This amount is calculated based on the difference between the market value of the securities underlying the options at the end of the most recently completed financial year, which was \$0.17, and the exercise or base price of the option.

Pension Plan Benefits

The Company does not have a pension plan that provides for payments or benefits to the Named Executive Officers at, following, or in connection with retirement.

Termination and Change of Control Benefits

As discussed in the notes to the Summary Compensation Table, the Company has terminated the contracts of three of its NEOs and made the payments stated.

The contract pursuant to which Wayne Johnstone provided management services to the Company during the last financial year provided for the payment of \$7,500 per month and for 24 months' payment upon termination. In the event of a change of control of the Company he would be entitled to payment of an additional 12 months.

Effective January 1, 2010, Mr. Johnstone entered into an employment agreement with the Company providing annual compensation of \$110,000 and 24 months payment upon termination. In the event of a change in control of the Company he could be entitled to a termination payment of up to 36 months, subject to certain conditions.

Also effective January 1, 2010 Mr. D. Bruce McLeod entered into an employment agreement with the Company providing annual compensation of \$150,000 and 36 months' salary upon

termination. In the event of a change in control of the Company he could be entitled to a termination payment of up to 36 months, subject to certain conditions.

Director Compensation

The following table sets forth all amounts of compensation provided to the directors, who are each not also a Named Executive Officer, for the Company's most recently completed financial year:

<i>Director Name</i> ⁽¹⁾	<i>Fees Earned</i> (\$)	<i>Share-Based Awards</i> (\$)	<i>Option-Based Awards</i> ⁽²⁾ (\$)	<i>Non-Equity Incentive Plan Compensation</i> (\$)	<i>Pension Value</i> (\$)	<i>All Other Compensation</i> (\$)	<i>Total</i> (\$)
Colin Benner	90,000	Nil ⁽³⁾	Nil ⁽⁶⁾	Nil	Nil	Nil	\$90,000
John McCleery	120,000	Nil ⁽⁴⁾	\$2,000 ⁽⁷⁾	Nil	Nil	Nil	\$122,000
Kim Phillips	90,000	Nil ⁽⁵⁾	\$1,000 ⁽⁸⁾	Nil	Nil	Nil	\$91,000
Richard Godfrey	Nil	Nil	Nil	Nil	Nil	Nil	Nil

- (1) Relevant disclosure has been provided in the Summary Compensation Table above for Messrs George and Johnstone, who received compensation for their services as directors/officers and were also Named Executive Officers.
- (2) This amount is calculated based on the difference between the market value of the securities underlying the options at the end of the most recently completed financial year, which was \$0.17, and the exercise or base price of the option.
- (3) Effective September 1, 2009 the contract between the Company and CKB Mining Inc., a Company controlled by Mr. Benner, was revised providing an annual fee of \$55,000 and 24 months payment upon termination. In the event of a change in control, CKB could be entitled to a termination payment of up to 36 months, subject to certain conditions.
- (4) The Company issued 600,000 shares and made a cash payment of \$60,000 to JB Trading Ltd., a company controlled by Mr. McCleery, subsequent to August 26, 2009 in connection with the termination of its contract by the Company.
- (5) The Company issued 450,000 shares and made a cash payment of \$45,000 to Strive Management Ltd., a company controlled by Mr. Phillips's spouse, subsequent to August 26, 2009 in connection with the termination of its contract by the Company.
- (6) Mr. Benner was granted options to purchase up to 1,000,000 Common Shares at an exercise price of \$0.245 as an incentive to join the Company as Chairman and Director.
- (7) Mr. McCleery was granted options to purchase up to 100,000 Common Shares at an exercise price of \$0.15 to replace options that had expired.
- (8) Mr. Phillips was granted options to purchase up to 50,000 Common Shares at an exercise price of \$0.15 to replace options that had expired.

The Company has no arrangements, standard or otherwise, pursuant to which Directors are compensated by the Company or its subsidiaries for their services in their capacity as Directors, or for committee participation, involvement in special assignments or for services as consultant or expert during the most recently completed financial year or subsequently, up to and including the date of this Information Circular.

Incentive Plan Awards - Outstanding Share-Based Awards and Option-Based Awards

The following table sets forth information concerning all awards outstanding under incentive plans of the Company pursuant to which compensation that depends on achieving certain performance goals or similar conditions within a specified period, at the end of the most recently completed financial year, including awards granted before the most recently completed financial year, to each of the Directors who are not Named Executive Officers:

<i>Director Name</i>	<i>Option-Based Awards</i>				<i>Share-Based Awards</i>	
	<i>Number of Securities Underlying Unexercised Options</i> (#)	<i>Option Exercise Price</i> (\$)	<i>Option Expiration Date</i>	<i>Value of Unexercised In-The-Money Options⁽¹⁾</i> (\$)	<i>Number of Shares Or Units Of Shares That Have Not Vested</i> (#)	<i>Market or Payout Value Of Share-Based Awards That Have Not Vested</i> (\$)
Colin Benner	250,000 1,000,000	\$0.35 \$0.245	July 17, 2013 Oct 30, 2013	Nil	Nil	Nil
John McCleery	250,000 100,000 475,000 100,000	\$0.17 \$0.40 \$0.40 \$0.15	March 18, 2010 March 27, 2012 Jan 21, 2013 March 2, 2014	\$2,000	Nil	Nil
Kim Phillips	50,000 100,000 50,000 100,000 450,000 50,000	\$0.17 \$0.17 \$0.18 \$0.40 \$0.40 \$0.15	March 18, 2010 Sept 21, 2010 Aug 13, 2011 March 27, 2012 Jan 21, 2013 March 2, 2014	\$1,000	Nil	Nil
Richard Godfrey	300,000	\$0.31	May 11, 2013	Nil	Nil	Nil

- (1) This amount is calculated based on the difference between the market value of the securities underlying the options at the end of the most recently completed financial year, which was \$0.17, and the exercise or base price of the option.

Incentive Plan Awards - Value Vested Or Earned During The Year

The value vested or earned during the most recently completed financial year of incentive plan awards granted to Directors who are not Named Executive Officers are as follows:

<i>Director Name</i>	<i>Option-Based Awards - Value Vested During The Year⁽¹⁾ (\$)</i>	<i>Share-Based Awards - Value Vested During The Year (\$)</i>	<i>Non-Equity Incentive Plan Compensation - Value Earned During The Year (\$)</i>
Colin Benner	Nil	Nil	Nil
John McCleery	\$2,000	Nil	Nil
Kim Phillips	\$1,000	Nil	Nil
Richard Godfrey	Nil	Nil	Nil

- (1) This amount is the dollar value that would have been realized computed by obtaining the difference between the market price of the underlying securities at exercise and the exercise or base price of the options under the option-based award on the vesting date.

Securities Authorized for Issuance Under Equity Compensation Plans

The following table sets forth the Company's compensation plans under which equity securities are authorized for issuance as at the end of the most recently completed financial year.

<i>Plan Category</i>	<i>Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)</i>	<i>Weighted-average exercise price of outstanding options, warrants and rights (b)</i>	<i>Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)</i>
<i>Equity compensation plans approved by securityholders</i>	9,300,000	\$0.36	6,268,864
<i>Equity compensation plans not approved by securityholders</i>	Nil	N/A	Nil
<i>Total</i>	9,300,000	\$0.36	6,268,864

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

As at February 24, 2010, there was no indebtedness outstanding of any current or former director, executive officer or employee of the Company or its subsidiaries which is owing to the Company or its subsidiaries or to another entity which is the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Company or its subsidiaries, entered into in connection with a purchase of securities or otherwise.

No individual who is, or at any time during the most recently completed financial year was, a Director or executive officer of the Company, no proposed nominee for election as a Director of the Company and no associate of such persons:

- (i) is or at any time since the beginning of the most recently completed financial year has been, indebted to the Company or its subsidiaries; or
- (ii) whose indebtedness to another entity is, or at any time since the beginning of the most recently completed financial year has been, the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Company or its subsidiaries,

in relation to a securities purchase program or other program.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

Except as disclosed herein, no persons who was an informed person (as such term is defined in National Instrument 51-102) of the Company, a proposed director of the Company, or any associate or affiliate of any informed person or proposed director, had a material interest, direct or indirect, in any transaction since the commencement of the Company's most recently completed financial year or in any proposed transaction which has materially affected or would materially affect the Company or any of its subsidiaries.

Effective August 26, 2009 the Company acquired Tenajon Resources Corp. ("**Tenajon**") by way of a plan of arrangement. Under the terms of the transaction the Company acquired all of the issued and outstanding shares of Tenajon by the issuance of 0.84 Common Shares for each share of Tenajon, or 53,241,129 Common Shares. In addition, options to acquire up to 4,078,200 Common Shares were exchanged for the options to acquire common shares of Tenajon held by directors, officers and employees of Tenajon, reflecting the share exchange ratio. As such, Messrs McLeod, Robins and Gunning were granted options to purchase up to 714,000, 399,000 and 147,000 Common Shares, respectively. The terms of the arrangement are further described in the annual financial statements of the Company filed on SEDAR on November 30, 2009.

INTEREST OF CERTAIN PERSONS IN MATTERS TO BE ACTED UPON

Except as otherwise set out herein, no director or senior officer of the Company or any proposed nominee of management of the Company for election as a director of the Company, nor any associate or affiliate of the foregoing persons has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in matters to be acted upon at the Meeting.

Some or all of the senior officers and the nominees for election as directors of the Company may be granted options to purchase Common Shares during their term as officer and/or director. See the discussion under the heading "Compensation Discussion and Analysis and Option-Based Awards" for the Company's policy in respect of stock option grants.

APPOINTMENT OF AUDITOR

The Company will move to re-appoint Davidson & Company LLP, Chartered Accountants, of Vancouver, British Columbia as the auditor of the Company, at a remuneration to be negotiated between the auditor and the Directors.

Davidson & Company LLP, Chartered Accountants were first appointed auditor of the Company on October 23, 2003.

MANAGEMENT CONTRACTS

There are no management functions of the Company or its subsidiaries which are to any substantial degree performed by a person or company other than the directors or executive officers (or private companies controlled by them, either directly or indirectly) of the Company.

STATEMENT OF CORPORATE GOVERNANCE PRACTICES

The Board of Directors (the "**Board**") of the Company, after having reviewed the objectives reflected in National Policy 58-201, Corporate Governance Guidelines, and after having received advice from its counsel, undertook to implement the guidelines (the "**Guidelines**") it found appropriate having due regard for the Company's size and its present stage of development. These Guidelines are set forth in the corporate governance manual (the "**Corporate Governance Manual**"), which was approved by the Board in 2007.

The Board believes that the principal objective of the Company is to generate economic returns with the goal of maximizing shareholder value. This is to be accomplished by the Board through its stewardship of the Company. In fulfilling its stewardship function, the Board's responsibilities include strategic planning, appointing and overseeing management, succession planning, risk identification and management, environmental oversight, communications with other parties and overseeing financial and corporate issues.

The Board believes that good corporate governance practices provide an important framework for a timely response by the Board to situations that may directly affect shareholder value. The Board is committed to practicing good corporate governance, and has adopted the Guidelines to help it practice good corporate governance.

These guidelines, as set out below, define the role of the Board and outline how the Board will operate to carry out its duties of stewardship and accountability.

Board of Directors

The Board must have the capacity, independently of management, to fulfill its responsibilities. Independence is based upon the absence of relationships and interests that could compromise the ability of a director to exercise judgment with a view to the best interests of the Company. The

Board must be able to make an objective assessment of management and assess the merits of management initiatives. Therefore, the Company is committed to the following practices:

1. The recruitment of strong, independent directors.
2. A majority of the directors being independent.
3. Delegation of the lead role in the director selection and executive officer evaluation process to the Nominating and Compensation Committee.
4. All committees of the Board being constituted with a majority of independent directors, and solely with independent directors if possible.

The Board is currently composed of six directors, all of whom are proposed as nominees for election as directors at the Meeting. Of the six director nominees, three are independent. Mr. McLeod and Mr. Benner are executive officers of the Company and receive compensation from the Company pursuant to consulting and employment agreements. Mr. McCleery has received compensation for services other than in respect of acting as a director within the past year. Therefore these three are not independent as they are deemed to have a material relationship with the Company. The Company intends that an additional independent director will be added to the board in due course, in order that the Company complies with the Guidelines.

Other Directorships

The following directors and/or nominees are presently directors of the other reporting issuers listed below:

Director	Reporting Issuer
D. Bruce McLeod	Troon Ventures Ltd. Capstone Mining Ltd. International Northair Mines Ltd. Luna Gold Ltd. New Dimension Resources Ltd. Reunion Gold Corp.
John McCleery	N/A
Richard Godfrey	Aegis Investment Management (Golf), Inc.
John E. Robins	Kivalliq Energy Corporation Brilliant Mining Corp. CBR Gold Corp. Kaminak Gold Corporation Troon Ventures Ltd. Grayd Resource Corporation Cedar Mountain Exploration Inc. Indicator Minerals Inc.
Colin K. Benner	Lundin Mining Corporation Troon Ventures Ltd. Polaris Minerals Corp.

	Capstone Mining Corp. Adriana Resources Inc. Corsa Capital Ltd.
Michael Gunning	Hathor Exploration Ltd. Galena International Resources Ltd.

Orientation and Continuing Education

New directors will be provided with an orientation and education program which will include written information about the duties and obligations of directors, the business and operations of the Company, documents from recent Board meetings and opportunities for meetings and discussion with senior management and other directors. The details of the orientation of each new director will be tailored to that director's individual needs and areas of interest.

Continuing education opportunities will be provided for directors, so that directors may maintain or enhance their skills and abilities as directors and ensure their knowledge and understanding of the Company's business remains current.

Ethical Business Conduct

This Code of Business Conduct and Ethics ("**Code**") is intended to document the principles of conduct and ethics to be followed by the Company's directors, officers and employees (collectively, its "**Employees**"). Its purpose is to:

- Promote integrity and deter wrongdoing.
- Promote honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest.
- Promote avoidance of conflicts of interest, including disclosure to an appropriate person of any material transaction or relationship that reasonably could be expected to give rise to such a conflict.
- Promote full, fair, accurate, timely and understandable disclosure in reports and documents that the Company files with, or submits to, securities regulatory authorities and in other public communications made by the Company.
- Promote compliance with applicable governmental laws, rules and regulations.
- Promote and provide a mechanism for the prompt internal reporting to an appropriate person of departures from this Code.
- Promote accountability for adherence to this Code.
- Provide guidance to employees to help them recognize and deal with ethical issues.
- Help foster a culture of integrity, honesty and accountability throughout the Company.

Nomination of Directors

The Board, with the assistance of the Nominating and Compensation Committee, is responsible for identifying suitable candidates to be recommended for election to the Board by the shareholders.

The Nominating and Compensation Committee has the responsibility of gathering the names of potential nominees, screening their qualifications against the current skill and experience needs of the Board and making recommendations to the full Board. All directors are encouraged to identify potential candidates to the Nominating and Compensation Committee.

Compensation

The Nominating and Compensation Committee is a committee of the Board to which the Board has delegated its responsibility for oversight of the Company's overall human resources policies and procedures. This includes reviewing the adequacy and form of the compensation paid to the Company's executives and key employees to ensure that such compensation realistically reflects the responsibilities and risks of such positions. In fulfilling its responsibilities, the Nominating and Compensation Committee evaluates the performance of the chief executive officer and other senior management in light of corporate goals and objectives and makes recommendations with respect to compensation levels based on such evaluations.

Other Board Committees

The Board has not established any committees other than the Audit Committee, the Nominating and Compensation Committee, the Corporate Governance Committee and the Disclosure Policy Committee.

Assessments

The Nominating and Compensation Committee will be responsible for carrying out a review and assessment of the overall performance and effectiveness of the Board, its committees and the contributions of individual directors on an annual basis. The objective of this review will be to facilitate a continuous improvement in the Board's execution of its responsibilities.

AUDIT COMMITTEE RESPONSIBILITIES AND ACTIVITIES

General

The Audit Committee is a standing committee of the Board, the primary function of which is to assist the Board in fulfilling its financial oversight responsibilities, which will include monitoring the quality and integrity of the Company's financial statements and the independence and performance of the Company's external auditor, acting as a liaison between the Board and the Company's auditor, reviewing the financial information that will be publicly disclosed and reviewing all audit processes and the systems of internal controls management and the Board have established.

Terms of Reference of the Audit Committee

The Board of Directors has adopted Terms of Reference for the Audit Committee, which sets out the Audit Committee’s mandated, organization, powers and responsibilities. The Audit Committee’s Terms of Reference is attached as Schedule A to this Information Circular.

Composition of the Audit Committee

The following are the members of the Committee:

Richard Godfrey	Independent ⁽¹⁾	Financially literate ⁽¹⁾
Michael Gunning	Independent ⁽¹⁾	Financially literate ⁽¹⁾
John McCleery	Not Independent ⁽¹⁾	Financially literate ⁽¹⁾
⁽¹⁾ As defined by National Instrument 52-110 (“NI 52-110”).		

Audit Committee Oversight

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

Reliance on Certain Exemptions

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

Pre-Approval Policies and Procedures

The Audit Committee has not adopted any specific policies and procedures for the engagement of non-audit services as described above under the heading “External Auditors”.

External Auditor Service Fees (By Category)

The aggregate fees billed by the Company’s external auditors in each of the last three fiscal years for audit fees are as follows:

<i>Financial Year Ending</i>	<i>Audit Fees</i>	<i>Audit Related Fees</i>	<i>Tax Fees</i>	<i>All Other Fees</i>
July 31, 2009	\$37,500	\$5,000	\$6,750	Nil
July 31, 2008	\$49,500	Nil	Nil	Nil
July 31, 2007	\$39,500	Nil	\$2,500	\$23,500

Exemption

The Company is relying on the exemption in Section 6.1 of NI 52-110 from the requirement of Parts 3 (Composition of the Audit Committee) and 5 (Reporting Obligations).

OTHER MATTERS TO BE ACTED UPON

In addition to the appointment of Directors and the auditor and the acceptance of Financial Statements the Meeting will be asked to consider the following items:

a) Incentive Share Option Plan

The Company wishes to ratify the Incentive Share Option Plan (the “**Plan**”) for directors, officers, employees and consultants of the Company.

Pursuant to the Plan, the Company has authorized the reservation of up to 10% of the issued and outstanding Common Shares for the grant of options from time to time. Under the Plan, the Board may from time to time grant to directors, officers, employees and consultants of the Company, as the Board shall designate, options to purchase from the Company such number of its Common Shares as the Board shall designate. A copy of the Plan will be available for review at the Meeting. Some of the significant terms of the Plan are as follows:

1. Options may be granted on authorized but unissued Common Shares up to but not exceeding 10% of the issued and outstanding Common Shares at the time of any such grant of options.
2. The total number of Common Shares to be reserved for issuance over the previous 12 month period for any optionee shall not exceed 5% of the issued Common Shares at the time of grant with the exception that, as long as the Common Shares are listed on Tier 2 of the TSX-V, the total number of Common Shares that may be reserved for issuance over the previous 12 month period for individuals engaged in an investor relations capacity shall not exceed 2% of the issued Common Shares at the time of grant. In addition, the total number of Common Shares to be reserved for issuance over the previous 12 month period for any one consultant, shall not exceed 2% of the issued Common Shares at the time of grant.
3. While the Common Shares are listed on the TSX-V, the purchase price per common share for any option granted under the Plan shall not be less than the discounted market price of the Common Shares in accordance with the policies of the TSX-V. In the event that the Common Shares are listed on the Toronto Stock Exchange (the “**TSX**”), the purchase price per common share for any option granted under the Plan shall be not less than the fair market value in accordance with the policies of the TSX.
4. Options granted must expire not later than a maximum of five years from the date of grant as long as the Common Shares are listed on Tier 2 of the TSXV. At such time as the Common Shares are listed on Tier 1 of the TSXV options must expire not later than a maximum of ten years from the date of the grant. In the event that Options are due to expire during a blackout period which prohibits trading by insiders, the Plan provides that

the expiration date of the Option shall be extended for a reasonable period of time following the date the blackout period is lifted.

5. The options will vest at the discretion of the board of directors.
6. All options granted pursuant to the Plan shall be non-assignable and non-transferable.

Accordingly, the shareholders will be asked at the Meeting to pass an ordinary resolution in the following terms:

“RESOLVED THAT, the Company’s Incentive Share Option Plan (the “**Plan**”), as described in the Company’s Information Circular dated February 26, 2010 be approved and the Board of Directors of the Company be granted the discretion pursuant to the Plan to grant stock options to directors, officers, employees and consultants of the Company, as the Board of Directors of the Company sees fit, provided, however, that the aggregate number of shares of the Company subject to options under this Plan shall not exceed 10% of the issued and outstanding common shares or such greater number as may be approved from time to time by the shareholders of the Company. Such grants shall be made under the terms of the Plan and within the rules and policies of the TSX Venture Exchange or the TSX Exchange at such time as the Company’s common shares are listed on such exchange, which are in effect at the time of granting and the exercise of any options granted pursuant to such authorization is hereby approved.”

An ordinary resolution requires the approval of a simple majority (50% plus one vote) of the votes cast by disinterested shareholders of the Company, who are entitled to vote in person or by proxy at a general meeting of the Company. The Plan must also be approved by the TSXV.

b) Other Business

Approval of such other business as may properly come before the meeting or any adjournment thereof.

Save for the matters referred to herein, management knows of no other matters intended to be brought before the Meeting. However, if any matters which are not now known to management shall properly come before the Meeting, the Proxy given pursuant to this solicitation by Management will be voted on such matters in accordance with the best judgement of the person voting the Proxy, in the event such discretionary authority is provided in the Proxy.

BOARD APPROVAL

The contents of this Information Circular have been approved and its mailing authorized by the directors of the Company.

DATED at Vancouver, BC, this 26th day of February, 2010.

ON BEHALF OF THE BOARD

“D. Bruce McLeod”

President and Chief Executive Officer

SCHEDULE A

TERMS OF REFERENCE FOR THE AUDIT COMMITTEE

General

Primary responsibility for the Company's financial reporting obligations, information systems, financial information disclosure, risk management and internal controls is vested in management and overseen by the Board.

The Audit Committee is a standing committee of the Board, the primary function of which is to assist the Board in fulfilling its financial oversight responsibilities, which will include monitoring the quality and integrity of the Company's financial statements and the independence and performance of the Company's external auditor, acting as a liaison between the Board and the Company's auditor, reviewing the financial information that will be publicly disclosed and reviewing all audit processes and the systems of internal controls management and the Board have established.

Composition and Process

1. The Audit Committee will be comprised of a minimum of three directors. All of the members of the Audit Committee will be independent, as that term is defined in National Instrument 52 – 110 *Audit Committees*, unless otherwise exempted by MI 52 - 110.
2. Audit Committee members will be appointed by the Board on an annual basis for a one-year term and may serve any number of consecutive terms, which are encouraged to ensure continuity of experience.
3. All members of the Audit Committee will be financially literate, with financial literacy being 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.
4. The Chair of the Audit Committee will be appointed by the Board on an annual basis for a one-year term and may serve any number of consecutive terms. The Audit Committee Chair will arrange for an alternate chair if he or she is planning to be absent.
5. The Audit Committee Chair will, in consultation with management, the external auditor and internal auditor (if any), establish the agenda for Audit Committee meetings and ensure that properly prepared agenda materials are circulated to the members with sufficient time for review prior to the meeting. The external auditor will also receive notice of all meetings of the Audit Committee. The external auditor will be entitled to attend and speak at each meeting of the Audit Committee concerning the Company's annual audited financial statements, and any other meeting at which the Audit Committee feels it is necessary or appropriate. The Audit Committee may employ a list of prepared questions and considerations as a portion of its review and assessment process.
6. The Audit Committee will meet a minimum of four times per year, at least once per quarter, and may call special meetings as required. A quorum at meetings of the Audit Committee will be a majority of its members if comprised of an odd number of members and one half of its members if comprised of an even number of members. The Audit Committee may hold its meetings, and members of the Audit Committee may attend meetings, by telephone conference call.
7. At all meetings of the Audit Committee every question will be decided by a majority of the votes cast. In case of an equality of votes, the Audit Committee Chair will not be entitled to a casting vote.
8. The minutes of Audit Committee meetings will accurately record the decisions reached and will be distributed to Audit Committee members with copies to the Board, the CEO, the CFO and the external auditor.

9. The CEO, CFO, any other director or any other person may attend and participate in meetings of the Audit Committee, if invited.

Authority

1. The Audit Committee will have unrestricted access to the Company's personnel and documents and will be provided with the resources necessary to carry out its responsibilities.
2. The Audit Committee will have direct communication channels with the external auditor and internal auditor (if any).
3. The Audit Committee will have the authority to retain (or terminate) any outside counsel, advisors or consultants it determines necessary to assist it in discharging its functions, independently of the Board, Chair or CEO. The Audit Committee will be provided with the necessary funding to compensate any counsel, advisors or consultants it retains.
4. The Audit Committee will enquire about potential claims, assessments and other contingent liabilities.
5. The Audit Committee will periodically review with management depreciation and amortization policies, loss provisions and other accounting policies for appropriateness and consistency.
6. The Audit Committee will, through the Audit Committee Chair, report to the Board following each meeting on the major discussions and decisions made by the Audit Committee, and will report annually to the Board on the Audit Committee's responsibilities and how it has discharged them.

Relationship with External Auditor

1. The Audit Committee will establish effective communication processes with management and the external auditor so it can objectively monitor the quality and effectiveness of the external auditor's relationship with the Audit Committee and management.
2. The Audit Committee will review and discuss with the external auditor any disclosed relationships or services that may impact the objectivity and independence of the external auditor and, if necessary, obtain a formal written statement from the external auditor setting forth all relationships between the external auditor and the Company.
3. The Audit Committee will take, or recommend that the Board take, appropriate action to oversee the independence of the external auditor.
4. The Company's external auditor must report directly to the Audit Committee.
5. The Audit Committee must recommend to the Board:
 - (a) the external auditor to be nominated for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for the Company; and
 - (b) the compensation of the external auditor.
6. Unless otherwise permitted by NI 52-110, the Audit Committee must pre-approve all non-audit services to be provided by the external auditor, together with estimated fees, and consider the impact, if any, on the independence of the external auditor. The Audit Committee may delegate to one or more of its independent members the authority to pre-approve non-audit services, but no such delegation may be made to management of the Company. The pre-approval of non-audit services by any independent member of the Audit Committee to whom such authority has been granted must be presented to the Audit Committee at its first scheduled meeting following such pre-approval. Non-audit services will include, without limitation, the following:

- (a) Bookkeeping or other services related to the Company's accounting records or financial statements.
 - (b) Financial information systems design and implementation.
 - (c) Appraisal or valuation services, fairness opinions or contributions-in-kind reports.
 - (d) Actuarial services.
 - (e) Internal audit outsourcing services.
 - (f) Management functions.
 - (g) Human resources.
 - (h) Broker or dealer, investment adviser or investment banking services.
 - (i) Legal services.
 - (j) Expert services unrelated to the audit, including tax planning and consulting.
7. The Audit Committee is directly responsible for overseeing the work of the external auditor engaged for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for the Company, including the resolution of disagreements between management and the external auditor regarding financial reporting.
8. The Audit Committee will implement structures and procedures as it deems necessary to ensure that it meets with the external auditor on a regular basis independent of management.

Relationship with Internal Auditor

1. The Audit Committee will review:
- (a) The internal auditor's terms of reference.
 - (b) The plan and budget for preparation of the internal audit, including financial and operational activities.
 - (c) Material reports issued by the internal auditor and management's response to those reports.
2. The Audit Committee will approve the reporting relationship of the internal auditor to ensure appropriate segregation of duties is maintained and the internal auditor has direct access to the Audit Committee.
3. The Audit Committee will ensure the internal auditor's involvement with financial reporting is coordinated with the activities of the external auditor.
4. If no internal audit function exists, the audit committee will regularly review the need for such a function.

Accounting Systems, Internal Controls and Procedures

1. The Audit Committee will obtain reasonable assurance from discussions with and/or reports from management and reports from the external auditor that accounting systems are reliable and that the prescribed internal controls are operating effectively for the Company, its subsidiaries and affiliates. The Audit Committee will review and consider any recommendations made by the external auditor, together with management's response, and the extent to which recommendations made by the external auditor have been implemented.

2. The Audit Committee will ensure that adequate procedures are in place for the review of the Company's disclosure of financial information extracted or derived from the Company's financial statements and will periodically assess the adequacy of those procedures.
3. The Audit Committee will review and discuss with management and the external auditor the clarity and completeness of the Company's financial and non-financial disclosures made pursuant to applicable continuous disclosure requirements.
4. The Audit Committee will review and discuss with management and the external auditor any correspondence with regulators or governmental agencies and any employee complaints or published reports which raise material issues regarding the Company's financial statements or accounting policies.
5. The Audit Committee will review and discuss with management and the external auditor the effect of regulatory and accounting initiatives as well as off-balance sheet structures on the Company's financial statements.
6. The Audit Committee will review with the external auditor the quality of the Company's generally accepted accounting principles and direct the external auditor's examinations to particular areas.
7. The Audit Committee will discuss with management and the external auditor the Company's underlying accounting policies and key estimates and judgments to ensure they are considered to be the most appropriate in the circumstances, within the range of acceptable options and alternatives.
8. The Audit Committee will review the procedures of the internal and external auditors to ensure the combined evaluating and testing of the Company's controls are comprehensive, well co-ordinated, cost effective and appropriate to relevant risks and business activities.
9. The Audit Committee will review all control weaknesses and deviations identified by management, the internal auditor or the external auditor together with management's response, and review with the external auditor their opinion of the qualifications and performance of the key financial and accounting executives.
10. The Audit Committee will review and discuss with management and the external auditor any proposed changes in major accounting policies and the financial impact thereof, and will from time to time benchmark the Company's accounting policies to those followed in its industry.
11. The Audit Committee will review and discuss with management the Company's major financial risk exposures and the steps management has taken to monitor and control such exposures, which will include without limitation a review of:
 - (a) The appetite for financial risk as set forth by management and the Board.
 - (b) The Company's policies for the management of significant financial risk.
 - (c) Management's assessment of the significant financial risks facing the Company.
 - (d) Management's plans, processes and programs to manage and control financial risk.
12. The Audit Committee will establish procedures for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters, and for the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.
13. The Audit Committee will review and approve the Company's hiring policies regarding partners, employees and former partners and employees of the present and former external auditor of the Company.
14. The Audit Committee will review the Company's insurance policies, including directors' and officers' coverage, and make recommendations to the Board.

15. The Audit Committee will establish a periodic review procedure to ensure that the external auditor complies with the Canadian Public Accountability Regime under National Instrument 52 – 108 *Auditor Oversight*.

Financial Disclosure Responsibilities

The Audit Committee will review and make recommendations on, prior to presentation to the Board for approval and the Company's dissemination to the public, all material financial information required to be disclosed by securities regulations. In fulfilling this responsibility, the Audit Committee will, without limitation, review:

1. The Company's annual and quarterly financial statements (including those of any subsidiaries and affiliates of the Company), management discussion and analysis and news releases, disclosing financial results and any prospectus, annual information form, offering memorandum or other disclosure documents containing financial information extracted or derived from its financial statements.
2. The Company's financial reporting procedures and internal controls to be satisfied that adequate procedures are in place for the review of the Company's public disclosure of financial information extracted or derived from its financial statements, other than disclosure described in the previous paragraph, and periodically assessing the adequacy of those procedures.
3. Disclosures made to the Audit Committee by the Company's CEO and CFO during their certification process of the Company's financial statements about any significant deficiencies in the design or operation of internal controls or material weaknesses therein and any fraud involving management or other employees who have a significant role in the Company's internal controls.

Other Responsibilities

1. Review with the external auditor and, if necessary, legal counsel, any litigation, claim or contingency, including tax assessments, that could have a material effect upon the financial position of the Company and the manner in which these matters are being disclosed in the financial statements.
2. Investigate fraud, illegal acts or conflicts of interest.
3. Discuss selected issues with legal counsel, the external auditor or management, or conduct special reviews or other assignments from time to time as requested by the Board, or by management with the Board's approval.
4. Review loans made by the Company to its directors, officers, employees and consultants.
5. The Audit Committee will review and assess its effectiveness, contribution and these Terms of Reference annually and recommend any proposed changes thereto to the Board.

Procedures for Receipt of Complaints and Submissions Relating to Accounting Matters

The Audit Committee will inform all employees, at least annually, of the Complaints Officer designated from time to time by the Audit Committee to whom complaints and submissions can be made regarding accounting, internal accounting controls or auditing matters or issues of concern regarding questionable accounting or auditing matters.

The Complaints Officer will keep any complaints or submissions received and the identity of employees making complaints or submissions confidential and only communicate same to the Audit Committee or the Chair of the Audit Committee.

The Complaints Officer will report to the Audit Committee as frequently as he or she deems appropriate, but in any event no less frequently than on a quarterly basis prior to the quarterly meeting of the Audit Committee called to approve interim and annual financial statements of the Company.

Upon receipt of a report from the Complaints Officer, the Audit Committee will discuss the report and take such steps as the Audit Committee may deem appropriate.

The Complaints Officer will retain a record of a complaint or submission received for a period of six years following resolution of the complaint or submission.