

STRATEGIC RESOURCES INC.
c/o 202 – 2022 Cornwall Street
Regina, Saskatchewan S4P 2K5

NOTICE OF ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS

NOTICE IS HEREBY GIVEN that an annual and special meeting of the shareholders (the “**Meeting**”) of Strategic Resources Inc. (the “**Corporation**”) will be held at the offices of Wildeboer Dellelce LLP, Suite 800, Wildeboer Dellelce Place, 365 Bay Street, Toronto, Ontario, M5H 2V1 on Wednesday, June 30, 2010, at 11:00 am (Toronto time) for the following purposes:

1. to receive the audited financial statements of the Corporation for the fiscal year ended December 31, 2009, together with the report of the auditors thereon;
2. to elect the directors of the Corporation for the ensuing year;
3. to appoint parker & simone LLP, Chartered Accountants, as auditors of the Corporation and to authorize the directors of the Corporation to fix the auditors’ remuneration;
4. to consider and, if deemed appropriate, to pass, with or without variation, a resolution approving the Corporation’s stock option plan, as more particularly described in the accompanying management information circular; and
5. to transact such further or other business as may properly come before the Meeting or any adjournment or adjournments thereof.

The nature of the business to be transacted at the Meeting is described in further detail in the accompanying management information circular.

The record date for the determination of shareholders entitled to receive notice of and to vote at the Meeting is at the close of business on May 31, 2010 (the “**Record Date**”). Shareholders whose names have been entered in the register of shareholders at the close of business on the Record Date will be entitled to receive notice of and to vote at the Meeting.

A shareholder may attend the Meeting in person or may be represented by proxy. Shareholders who are unable to attend the Meeting, or any adjournment thereof in person are requested to date, sign and return the accompanying form of proxy for use at the Meeting or any adjournment thereof. To be effective, the enclosed form of proxy must be deposited with the Corporation’s registrar and transfer agent, Equity Transfer & Trust Company, Proxy Department, at 200 University Avenue, Suite 400, Toronto, Ontario, M5H 4H1, facsimile: (416) 361-0470, not later than 48 hours (excluding Saturdays, Sundays and statutory holidays in the Province of Ontario) prior to the time set for the Meeting or any adjournment thereof.

The instrument appointing a proxy shall be in writing and shall be executed by the shareholder or the shareholder’s attorney authorized in writing or, if the shareholder is a company, under its corporate seal by an officer or attorney thereof duly authorized.

The persons named in the enclosed form of proxy are directors and/or officers of the Corporation. Each shareholder of the Corporation has the right to appoint a proxyholder other than such persons, who need not be a shareholder, to attend and to act for such shareholder and on such shareholder's behalf at the Meeting. To exercise such right, the names of the nominees of management should be crossed out and the name of the shareholder's appointee should be legibly printed in the blank space provided.

DATED at Regina, Saskatchewan as of the 26th day of May, 2010.

BY ORDER OF THE BOARD OF DIRECTORS

“Malcolm G. Bucholtz”

Malcolm G. Bucholtz
President & Chief Executive Officer

STRATEGIC RESOURCES INC.
c/o 202 – 2022 Cornwall Street
Regina, Saskatchewan S4P 2K5

MANAGEMENT INFORMATION CIRCULAR
as at May 26, 2010

SOLICITATION OF PROXIES

THIS MANAGEMENT INFORMATION CIRCULAR (the “Circular”) IS FURNISHED IN CONNECTION WITH THE SOLICITATION BY THE MANAGEMENT OF STRATEGIC 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 enclosed notice of annual and special meeting of shareholders (the “**Notice of Meeting**”). While it is expected that the solicitation will be primarily by mail, proxies may also be solicited personally by regular employees of the Corporation at nominal cost. The cost of solicitation by management will be borne directly by the Corporation. The information contained herein is given as of May 26, 2010, unless indicated otherwise.

The Corporation may pay the reasonable costs incurred by persons and companies who are the registered owners of common shares of the Corporation (the “**Common Shares**”) (such as brokers, dealers, other registrants under applicable securities laws, nominees and/or custodians) in sending or delivering copies of the Notice of Meeting, this Circular and the form of proxy (collectively, the “**Meeting Materials**”) to the beneficial owners of such Common Shares. The Corporation will provide, without cost to such persons and companies, upon request to the Secretary of the Corporation, additional copies of the Meeting Materials required for this purpose.

NON-REGISTERED HOLDERS

Only registered holders of Common Shares as at May 31, 2010 (the “**Shareholders**”) or the persons they appoint as their proxies are permitted to vote at the Meeting. However, in many cases, Common Shares beneficially owned by a person (a “**Non-Registered Holder**”) are registered either: (i) in the name of an intermediary (an “**Intermediary**”) with whom the Non-Registered Holder deals in respect of the Common Shares (Intermediaries include, among others, banks, trust companies, securities dealers or brokers and trustees or administrators of self-administered RRSPs, RRIFs, RESPs and similar plans); or (ii) in the name of a clearing agency (such as CDS Clearing and Depository Services Inc.) of which the Intermediary is a participant. In accordance with the requirements of National Instrument 54-101 – *Communication with Beneficial Owners of Securities of a Reporting Issuer*, the Corporation will have distributed copies of the Meeting Materials to Intermediaries and clearing agencies for onward distribution to Non-Registered Holders.

Intermediaries are required to forward the Meeting Materials to Non-Registered Holders. Non-Registered Holders will be given, in substitution for the form of proxy otherwise contained in Meeting Materials, a request for voting instructions (the “**voting instructions form**”) which, when properly completed and signed by the Non-Registered Holder and returned to the Intermediary, will constitute voting instructions which the Intermediary must follow.

The purpose of this procedure is to permit Non-Registered Holders to direct the voting of the Common Shares they beneficially own. Should a Non-Registered Holder who receives the voting instructions form wish to 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 so indicate in the place provided for that purpose in the voting instructions form and a form of proxy will be sent to the Non-Registered Holder by the applicable Intermediary. **In any event, Non-Registered Holders should carefully follow the instructions of their Intermediary set out in the voting instructions form.**

APPOINTMENT AND REVOCATION OF PROXIES

The persons named in the enclosed form of proxy are directors and/or officers of the Corporation. **A SHAREHOLDER DESIRING TO APPOINT SOME OTHER PERSON (WHO NEED NOT BE A SHAREHOLDER) TO REPRESENT HIM, HER OR IT AT THE MEETING MAY DO SO EITHER BY INSERTING SUCH PERSON'S NAME IN THE BLANK SPACE PROVIDED IN THE FORM OF PROXY AND CROSSING OUT THE NAMES OF THE NOMINEES OF MANAGEMENT, OR BY COMPLETING ANOTHER PROPER FORM OF PROXY** and, in either case, depositing the completed proxy at the office of the Corporation's registrar and transfer agent, Equity Transfer & Trust Company, Proxy Department, at 200 University Avenue, Suite 400, Toronto, Ontario, M5H 4H1, facsimile: (416) 361-0470, not later than 48 hours (excluding Saturdays, Sundays and statutory holidays in the Province of Ontario) prior to the time set for the Meeting or any adjournment thereof, or delivering the completed proxy to the Chairman of the Meeting on the day of the Meeting or any adjournment thereof prior to the time of voting.

A Shareholder who has given a proxy has the power to revoke it as to any matter on which a vote has not already been cast pursuant to the authority conferred by such proxy and may do so either:

1. by delivering another properly executed form of proxy bearing a later date and depositing it as described above;
2. by depositing an instrument in writing revoking the proxy executed by him, her or it:
 - (a) with Equity Transfer & Trust Company at the address and/or facsimile above, at any time up to and prior to the close of business on the last business day preceding the day of the Meeting, or any adjournment thereof, at which the proxy is to be used; or
 - (b) with the Chairman of the Meeting on the day of the Meeting or any adjournment thereof, prior to the commencement of the Meeting or any adjournment thereof, as applicable; or
3. in any other manner permitted by law.

Only a Shareholder has the right to revoke a proxy. A Non-Registered Holder who wishes to change his, her or its vote must arrange for the Intermediary to revoke the proxy on his, her or its behalf in accordance with the instructions of such Intermediary set out in the voting instructions form.

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

In the event of a strike, lockout or other work stoppage involving postal employees, all documents required to be delivered by a shareholder should be delivered by facsimile to Equity Transfer & Trust Company at (416) 361-0470.

EXERCISE OF DISCRETION BY PROXIES

The Common Shares represented by proxies in favour of management nominees or any appointed nominees will be voted for, withheld from voting or voted against in accordance with the instructions of the Shareholder on any ballot that may be called for and, if a Shareholder specifies a choice with respect to any matter to be acted upon at the Meeting, the Common Shares represented by the proxy shall be voted accordingly. **WHERE NO CHOICE IS SPECIFIED, THE PROXY WILL CONFER DISCRETIONARY AUTHORITY AND WILL BE VOTED FOR THE ELECTION OF THE NOMINEE DIRECTORS, THE APPOINTMENT OF AUDITORS AND THE AUTHORIZATION OF THE DIRECTORS TO FIX THE AUDITORS' REMUNERATION, AND FOR EACH ITEM OF SPECIAL BUSINESS, AS STATED ELSEWHERE IN THIS CIRCULAR. THE ENCLOSED FORM OF PROXY ALSO CONFERS DISCRETIONARY AUTHORITY UPON THE PERSONS NAMED THEREIN TO VOTE WITH RESPECT TO ANY AMENDMENTS OR VARIATIONS TO THE MATTERS IDENTIFIED IN THE NOTICE OF MEETING AND WITH RESPECT TO OTHER MATTERS WHICH MAY PROPERLY COME BEFORE THE MEETING IN SUCH MANNER AS SUCH NOMINEE IN HIS JUDGMENT MAY DETERMINE.** At the time of printing this Circular, the management of the Corporation knows of no such amendments, variations or other matters to come before the Meeting.

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

No person who has been a director or officer of the Corporation at any time since January 1, 2009, no proposed nominee for election as a director of the Corporation and no associate or affiliate of any of the foregoing persons has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted upon at the Meeting, other than the election of directors and the approval of the stock option plan of the Corporation., all as disclosed in this Circular.

VOTING SECURITIES AND PRINCIPAL HOLDERS THEREOF

The authorized capital of the Corporation consists of an unlimited number of Common Shares. As at the date of this Circular, the Corporation had issued and outstanding 56,794,132 Common Shares. Each Common Share entitles the holder thereof to one vote on all matters to be acted upon at the Meeting. A quorum for the transaction of business at the Meeting shall be present if one or more holders of the majority of Common Shares entitled to vote at the Meeting are present, in person or represented by proxy.

The record date for the purpose of determining the Shareholders entitled to receive the Notice of Meeting and to vote at the Meeting has been fixed as May 31, 2010 (the "**Record Date**"). In accordance with the provisions of the *Business Corporations Act* (Ontario), the Corporation will prepare a list of Shareholders as at the close of business on the Record Date. Each holder of Common Shares named in the list will be entitled to vote, on all resolutions put forth at the Meeting for which such Shareholder is entitled to vote, the shares shown opposite his or her name on the said list. The failure of a Shareholder to receive the Notice of Meeting does not deprive him or her of the right to vote at the Meeting.

To the knowledge of the directors and officers of the Corporation, as of the date hereof, no person or company beneficially owns, or controls or directs, directly or indirectly, voting securities carrying 10% or more of the voting rights attached to any class of outstanding voting securities of the Corporation entitled to be voted at the Meeting, other than Pinetree Capital Inc. and Sheldon Inwentash, a senior officer of Pinetree Capital Inc., which together, as of the date hereof, beneficially own, or control or direct, directly or indirectly, 9,000,000 Common Shares, representing approximately 15.8% of the issued and outstanding Common Shares.

STATEMENT OF EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

This compensation discussion and analysis describes and explains the compensation program for the Chief Executive Officer and Chief Financial Officer in respect of the financial year ended December 31, 2009 (the “**Named Executive Officers**” or “**NEOs**”). The Corporation had no executive officer whose salary and bonus exceeded \$150,000 during the financial year ended December 31, 2009.

The Corporation’s process for determining executive compensation is very simple as it relies on board discussion, usually without any formal objectives, criteria and analysis. The Board of Directors is responsible for reviewing the salary levels for the NEO’s and other senior executives on a regular basis. It considers independent salary surveys as well as informal surveys prepared by the Corporation which are specific to junior mining exploration companies. The Board of Directors reviews the performance of senior executive officers with the President and Chief Executive Officer and, in an executive session without the President and Chief Executive Officer present, reviews the performance of the President and Chief Executive Officer.

During the year ended December 31, 2009, Malcolm Bucholtz, a director and President and Chief Executive Officer of the Corporation, was paid a total of \$120,000. During the year, Mr. Bucholtz was granted 450,000 new stock options at an exercise price of \$0.10 and had 550,000 stock options with exercise prices varying from \$0.32 to \$0.50 cancelled and re-issued at an exercise price of \$0.10. The objective of paying this cash compensation and issuing stock options was to compensate Mr. Bucholtz for his services as President and Chief Executive Officer (effective July 18, 2009) commensurate with other junior mining exploration companies. Prior to July 18, 2009, Mr. Bucholtz received \$24,000 in his capacity as the Corporation’s investor relations manager. The Board of Directors reviewed the compensation package for Mr. Bucholtz and determined that the package was fair compared to other junior mining exploration companies.

During the year ended December 31, 2009, Keshill Consulting Associates Inc., a company controlled by Stephen Gledhill, a director and the Chief Financial Officer of the Corporation, was paid \$50,700. During the year, Mr. Gledhill was granted 700,000 new stock options and had 50,000 stock options with an exercise price of \$0.50 cancelled and re-issued at an exercise price of \$0.10. The objective of paying this cash compensation and issuing stock options was to compensate Mr. Gledhill for his services as Chief Financial Officer commensurate with other junior mining exploration companies. The Board of Directors reviewed the compensation package for Mr. Gledhill and determined that the package was fair compared to other junior mining exploration companies.

During the year ended December 31, 2009, there was no bonus plan in place and no bonuses were paid to the NEO’s.

The Corporation uses stock options as part of its compensation strategy. As a junior mining exploration company with no revenue, stock options are used mainly to offer additional incentive and compensation for services. Stock options are also used to provide an incentive to remain associated with the Corporation and to a lesser extent to increase ownership in the Corporation.

Option-Based Awards

The Board of Directors has the responsibility to administer the compensation policies related to the executive management of the Corporation, including option-based awards. The Corporation's stock option plan has been and will be used to provide share purchase options which are granted in consideration of the level of responsibility of executive officers as well as their impact or contribution to the longer-term operating performance of the Corporation. There is no formal process in place that the Corporation uses to grant stock options to executive officers. Generally, options are approved and granted by the Board of Directors on the recommendation of the President and Chief Executive Officer. In recommending the number of options to be granted to executive officers, the President and Chief Executive Officer takes into consideration the efforts and services provided to the Corporation, the amount of options previously granted and the total number of options reserved for issuance under the stock option plan.

Summary Compensation Table

The following table sets forth the details regarding compensation earned by each of the Named Executive Officers in respect of the last two financial years of the Corporation ended December 31, 2009.

Financial Year Ended December 31, 2009

Name and Principal Position	Year	Salary (\$)	Share - Based Awards (\$)	Option-Based Awards (\$)	Non-Equity Incentive Plan Compensation		Pension Value (\$)	All Other Compensation (\$)	Total Compensation (\$)
					Annual Incentive Plans (\$)	Long-Term Incentive Plans (\$)			
Malcolm G. Bulcholtz, President and Chief Executive Officer ¹	2009	120,000	Nil	Nil	Nil	Nil	N/A	Nil	120,000
	2008	74,000	Nil	Nil	Nil	Nil	N/A	Nil	74,000
Robert J. Kasner, President and Chief Executive Officer ²	2008	Nil	Nil	Nil	Nil	Nil	N/A	Nil	Nil
Stephen M. Gledhill, Chief Financial Officer ³	2009	50,700	Nil	Nil	Nil	Nil	N/A	Nil	50,700
	2008	Nil	Nil	Nil	Nil	Nil	N/A	Nil	Nil

Notes:

1. Mr. Bucholtz is also a director of the Corporation. Mr. Bucholtz became President and Chief Executive Officer of the Corporation on July 18, 2008. Salaried amounts shown include amounts paid to Mr. Bucholtz prior to his appointment as President and CEO when he was acting for the Corporation in an investor relations capacity.
2. Mr. Kasner resigned as a director and President and Chief Executive Officer of the Corporation on July 18, 2008.
3. Mr. Gledhill is also a director of the Corporation and his compensation is governed by a management agreement as set out below in the "Management Agreements" section of this Circular.

Narrative Discussion

See “Compensation Discussion and Analysis” and “Management Agreements” for a description of the agreements or arrangements that are or were in place with respect to the Named Executive Officers.

Incentive Plan Awards

Outstanding Share-Based Awards and Option-Based Awards

The following table sets forth the details regarding the all incentive awards outstanding for each Named Executive Officer as of December 31, 2009, including awards granted before the most recently completed financial year.

Name	Option-Based Awards				Share-Based Awards	
	Number of Securities Underlying Unexercised Options (#) ³	Option Exercise Price (\$)	Option Expiration Date	Value of Unexercised in-the-money Options (\$)	Number of Shares or Units of Shares That Have Not Vested (#)	Market or Payout Value of Share-Based Awards That Have Not Vested (\$) ⁴
Malcolm G. Bulcholtz, President and Chief Executive Officer ¹	1,000,000	150,000@\$0.10	Feb. 12/12	Nil	Nil	Nil
		50,000@\$0.10	Feb. 19/12	Nil	Nil	Nil
		350,000@\$0.10	Nov. 6/12	Nil	Nil	Nil
		50,000@\$0.10	Jul. 29/14	Nil	Nil	Nil
		400,000@\$0.10	Nov. 6/14	Nil	Nil	Nil
Stephen M. Gledhill, Chief Financial Officer ²	750,000	300,000@\$0.10	Apr. 19/12	Nil	Nil	Nil
		400,000@\$0.10	Jul. 29/14	Nil	Nil	Nil
		300,000@\$0.10	Nov. 6/14	Nil	Nil	Nil

Notes:

1. Mr. Bucholtz is also a director of the Corporation. Mr. Bucholtz became President and Chief Executive Officer of the Corporation on July 18, 2008.
2. Mr. Gledhill is also a director of the Corporation.
3. Represents options granted pursuant to the Corporation’s stock option plan.
4. Based on the difference between the market value of the underlying shares as at December 31, 2009, of \$0.045 per share, and the exercise price of the option.

Incentive Plan Awards - Value Vested or Earned During the Year

The following table sets forth the details regarding the value vested or earned of incentive plan awards for each Named Executive Officer for the financial year ended December 31, 2009.

Name	Option-Based Awards – Value Vested During the Year (\$) ⁴	Share-Based Awards – Value Vested During the Year (\$)	Non-Equity Incentive Plan Compensation – Value Earned During the Year (\$)
Malcolm G. Bulcholtz, President and Chief Executive Officer ¹	Nil	Nil	Nil
Stephen M. Gledhill, Chief Financial Officer ²	Nil	Nil	Nil

Notes:

1. Mr. Bucholtz is also a director of the Corporation. Mr. Bucholtz became President and Chief Executive Officer of the Corporation on July 18, 2008.
2. Mr. Gledhill is also a director of the Corporation.
3. Represents options granted pursuant to the Corporation’s stock option plan. For this purpose, the options are valued on the date of vesting. The “value vested” represents the aggregate dollar value that would have been realized if the options under the option-based award had been exercised on the vesting date. This is calculated by computing the dollar value that would have been realized by determining the difference between the market price of the underlying securities at exercise and the exercise price of the options under the option-based award on the vesting date.

Narrative Discussion

A description of the Corporation’s Stock Option Plan is set out under the heading “Stock Option Plan” below. All options vested immediately.

Management Agreements

Management functions of the Corporation are performed by the directors or executive officers of the Corporation and not by any other person with whom the Corporation has contracted. However, the Corporation has entered into certain agreements with respect to the provision of services by the Named Executive Officers.

The Corporation entered into a management agreement (the “**Bucholtz Agreement**”) with Malcolm G. Bucholtz under which Mr. Bucholtz agreed to provide managerial and consulting services to the Corporation and to fulfill the role of President and Chief Executive Officer of the Corporation. The Bucholtz Agreement terminated on July 9, 2009, and automatically renews each year thereafter, until terminated by either party, with such termination to be effected by either party giving to the other party, notice in writing of its intention to terminate on or prior to September 1st in any year, in which event the agreement would terminate on December 31st of such year. The fee to be paid to Mr. Bucholtz by the Corporation was set at a minimum base rate of \$120,000 per annum, payable in equal monthly instalments of \$10,000, in arrears, on the last day of each and every month during the term. The actual amount paid during 2009 pursuant to the Bucholtz Agreement was \$120,000.

The Bucholtz Agreement further states that in the event that a new Board of Directors was elected or appointed, the Bucholtz Agreement will be deemed to be terminated. A new Board of Directors would be deemed to be elected or appointed solely in circumstances in which two or more persons are elected or appointed directors of the Corporation who are not nominees proposed by management (or by at least a majority of the incumbent directors) of the Corporation for election or appointment at any meeting of the shareholders or directors of the Corporation, other than independent directors appointed by court order. The Bucholtz Agreement will also be deemed to be terminated upon the occurrence of a “Fundamental Change” (being a merger, consolidation or amalgamation which results in a person or group of persons

beneficially owning securities carrying in the aggregate more than 20% of the votes which may be cast for the election of directors of the Corporation (other than any person or group of persons who beneficially owned such number of securities immediately prior to such transaction), a transaction or series of transactions pursuant to which the Corporation sells all or substantially all of its assets, or any change in the beneficial ownership of the securities of the Corporation which results in a person or group of persons beneficially owning securities carrying in the aggregate more than 20% of the votes which may be cast for the election of the directors of the Corporation). If the Bucholtz Agreement is terminated or is deemed to be terminated, the Corporation is required to pay Mr. Bucholtz a lump-sum payment equal to his current annual salary.

Prior to being appointed President and Chief Executive Officer of the Corporation on July 18, 2008, Mr. Bucholtz was under contract to provide investor relations services to the Corporation at the monthly fee of \$3,250. Mr. Bucholtz continues to provide investor relations services, but by mutual agreement has reduced his monthly fee for such services to a nominal \$50 per month.

The services of Stephen Gledhill, the Chief Financial Officer of the Corporation, are provided, and he is paid, pursuant to a consultancy agreement dated April 12, 2010 (the "**KCA Agreement**") between the Corporation and Keshill Consulting Associates Inc. ("**KCA**"). Pursuant to the KCA Agreement, KCA has agreed to make Stephen Gledhill available to the Corporation to serve in the capacity as the Chief Financial Officer of the Corporation for one day of each week and at other times as mutually agreed by KCA and the Corporation, for an initial term commencing on April 12, 2010 and terminating on April 11, 2011, subject to automatic one-year renewals, at a weekly base rate of \$1,000. The actual amount paid to KCA during 2009, pursuant to the KCA Agreement was \$50,700.

The KCA Agreement further states that in the event that a new Board of Directors was elected or appointed, the KCA Agreement will be deemed to be terminated. A new Board of Directors would be deemed to be elected or appointed solely in circumstances in which two or more persons are elected or appointed directors of the Corporation who are not nominees proposed by management (or by at least a majority of the incumbent directors) of the Corporation for election or appointment at any meeting of the shareholders or directors of the Corporation, other than independent directors appointed by court order. The KCA Agreement will also be deemed to be terminated upon the occurrence of a Fundamental Change (as defined above). If the KCA Agreement is terminated or is deemed to be terminated, the Corporation is required to pay KCA a lump-sum payment equal to its then current base rate multiplied by 52.

Pension Plan Benefits

The Corporation 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

The Corporation's management agreement with Malcolm Bucholtz includes termination and change of control benefits. If the Bucholtz Agreement had been terminated by the Corporation without cause on December 31, 2009, the estimated payment would have been \$120,000, payable in one lump-sum payment.

The Corporation's consultancy agreement with KCA includes a termination and change of control benefits that came into effect on April 12, 2010. If the KCA Agreement had been terminated by the Corporation without cause on December 31, 2009, the estimated payment would have been \$Nil.

Director Compensation

Director Compensation Table

The following table sets forth the details regarding compensation paid to the Corporation's non-executive directors during the financial year ended December 31, 2009.

Name	Fees Earned (\$)	Share-Based Awards (\$)	Option-Based Awards (\$)	Non-Equity Incentive Plan Compensation (\$)	Pension Value (\$)	All Other Compensation (\$)	Total (\$)
Anthony Kovschak	Nil	Nil	Nil	Nil	Nil	Nil	Nil
John F. Cook	Nil	Nil	Nil	Nil	Nil	Nil	Nil

Notes:

1. Compensation for Mr. Bucholtz and Mr. Gledhill is disclosed in the Summary Compensation Table set out above.

Narrative Discussion

The Corporation pays, in arrears, its non-executive directors an annual director's fee of \$1,000. It also pays its audit committee members and additional \$100 for each audit committee meeting that the member attends. These amounts are typically paid on or around December 31st. No amounts have been paid for the period from January 1, 2010 up to the date of this Circular.

The Corporation has a stock option plan for the granting of incentive stock options to the officers, employees and directors. The Corporation did not grant any stock options to the directors during the most recently completed financial year. The purpose of granting such options is to assist the Corporation in compensating, attracting, retaining and motivating the directors of the Corporation and to closely align the personal interests of such persons to that of the shareholders.

Directors Share-Based Awards and Option-Based Awards

The following table sets forth the details regarding the incentive plan awards for each non-executive director of the Corporation outstanding as of December 31, 2009.

Name	Option-Based Awards				Share-Based Awards	
	Number of Securities Underlying Unexercised Options (#) ²	Option Exercise Price (\$)	Option Expiration Date	Value of Unexercised in-the-money Options (\$)	Number of Shares or Units of Shares That Have Not Vested (#)	Market or Payout Value of Share-Based Awards That Have Not Vested (\$) ⁴
Anthony Kovschak	500,000	75,000@\$0.10	Sept.23/10	Nil	Nil	Nil
		125,000@\$0.10	Apr19/12	Nil	Nil	Nil
		50,000@\$0.10	Apr.29/12	Nil	Nil	Nil
		250,000@\$0.10	Nov. 6/14	Nil	Nil	Nil
John F. Cook	500,000	250,000@\$0.10	Jul.14/14	Nil	Nil	Nil

		250,000@\$0.10	Nov. 6/12	Nil	Nil	Nil
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Notes:

1. Option-based awards for Mr. Bucholtz and Mr. Gledhill are disclosed in the Summary Compensation Table set out above.
2. Represents options granted pursuant to the Corporation's stock option plan.
3. Based on the difference between the market value of the underlying shares as at December 31, 2009, of \$Nil per share, and the exercise price of the option.

Directors Incentive Plan Awards - Value Vested or Earned During the Year

The following table sets forth the details regarding the value vested or earned of incentive plan awards for each non-executive director of the Corporation for the financial year ended December 31, 2009.

Name	Option-Based Awards – Value Vested During the Year (\$) ²	Share-Based Awards – Value Vested During the Year (\$)	Non-Equity Incentive Plan Compensation – Value Earned During the Year (\$)
Anthony Kovschak	Nil	Nil	Nil
John F. Cook	Nil	Nil	Nil

Notes:

1. Non-Equity Incentive Plan Compensation for Mr. Bucholtz and Mr. Gledhill is disclosed in the table Incentive Plan Awards – Value Vested or Earned During the Year for NEO's.
2. Represents options granted pursuant to the Corporation's Stock Option Plan. For this purpose, the options are valued on the date of vesting. The "value vested" represents the aggregate dollar value that would have been realized if the options under the option-based award had been exercised on the vesting date. This is calculated by computing the dollar value that would have been realized by determining the difference between the market price of the underlying securities at exercise and the exercise price of the options under the option-based award on the vesting date.

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

Equity Compensation Plan Information

The following table sets forth as of December 31, 2009, the number of Common Shares to be issued upon exercise of outstanding options, the weighted exercise price of such outstanding options and the number of securities remaining available for future issuance under all equity compensation plans previously approved the Corporation's shareholders and all equity plans not approved by the Corporation's shareholders.

Equity Compensation Plan Information

Plan Category	Number of Common Shares to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted-average exercise price of outstanding options, warrants and rights (b)	Number of Common Shares remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c) ¹
Equity compensation plans approved by securityholders	2,850,000	\$0.10	2,549,413
Equity compensation plans not	N/A	N/A	N/A

approved by securityholders

Total	2,850,000	\$0.10	2,549,413
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Notes:

1. Based on 10% of 53,994,132 Common Shares being issued and outstanding at December 31, 2009 there were 5,399,413 shares reserved for issuance pursuant to the Corporation's Stock Option Plan.

Stock Option Plan

The Corporation's stock option plan (the "**Stock Option Plan**") is designed to motivate and retain directors, officers, key employees, and other service providers, and to align their interests with those of the Corporation's shareholders. Participation in the Stock Option Plan rewards overall corporate performance, as measured through the price of the Common Shares. In addition, the Stock Option Plan enables executives, including directors, to develop and maintain a significant ownership interest in the Corporation. All options that have been granted under the Stock Option Plan have been issued at an exercise price not less than the closing market price of the Common Shares on the date prior to the date of the grant. A copy of the Stock Option Plan is attached as Schedule "A" to this Circular.

Long-term incentives for executive officers and directors have been provided through options granted under the Stock Option Plan. As the Corporation's business focuses on the exploration and development of mineral properties, options are used to provide incentives to the directors and executive officers of the Corporation and are intended to be an important part of compensation. The Corporation may amend its stock option policies as it moves further towards commencing commercial production in respect of mineral properties and continues to review the appropriateness of all forms of compensation paid to its directors and executive officers.

The Board of Directors of the Corporation may from time to time, in its discretion, and in accordance with the rules and regulations of the TSXV, grant to directors and officers of the Corporation, and *bona fide* Employees, Consultants, or Management Corporation Employees (all as defined in the policies of the TSXV) of the Corporation, non-transferable options to purchase Common Shares for a period of up to five years from the date of the grant; provided, that the number of Common Shares reserved for issuance may not exceed 10% of the issued Common Shares at the time of the grant of an option.

The securities offered under the Stock Option Plan consist of options to acquire up to a maximum of 10% of the issued Common Shares at the time of the grant of an option. The aggregate number of Common Shares to be delivered upon the exercise of all options granted under the Stock Option Plan will not exceed the maximum number of Common Shares permitted under the rules of any stock exchange on which the Common Shares are then listed or the rules of any other regulatory body having jurisdiction over the Common Shares. If any option granted under the Stock Option Plan expires or terminates for any reason without having been exercised in full, the unpurchased Common Shares subject thereto will again be available for the purpose of the Stock Option Plan. Each option granted under the Stock Option Plan is non-assignable and non-transferable.

The number of Common Shares subject to an option to a participant, other than a Consultant (as defined in the policies of the TSXV) and an Employee (as defined in the policies of the TSXV) conducting Investor Relations Activities (as defined in the policies of the TSXV) will be determined by a committee authorized under the Stock Option Plan, but no participant, where the Corporation is listed on any stock exchange, will be granted an option which exceeds the maximum number of shares permitted under any stock exchange on which the Common Shares are then listed or other regulatory body having

jurisdiction, which maximum number of shares is presently an amount equal to 5% of the then issued and outstanding Common Shares (on a non-diluted basis) in any 12-month period.

The maximum number of Common Shares subject to an option to a participant who is a Consultant is presently limited to an amount equal to 2% of the then issued and outstanding Common Shares (on a non-diluted basis) in any 12-month period. The number of options granted to all persons in aggregate who are employed to perform Investor Relations Activities is presently limited to an amount equal to 2% of the then issued and outstanding Common Shares (on a non-diluted basis) in any 12 month period. Options granted to Consultants performing Investor Relations Activities must vest in stages over a 12 month period with no more than 25% of the options vesting in any three month period.

The exercise price of the Common Shares covered by each option shall be determined by the Board of Directors. The exercise price will not be less than the price permitted by any stock exchange on which the Common Shares are then listed or other regulatory body having jurisdiction. Currently, the TSXV requires that the exercise price of the options must be equal to or greater than the Discounted Market Price (as defined in the policies of the TSXV). The exercise price of options is solely payable in cash.

The ability of the options to be exercised and the obligation of the Corporation to issue and deliver Common Shares in accordance with the Stock Option Plan is subject to any approvals which may be required from the shareholders of the Corporation, or any regulatory authority or stock exchange having jurisdiction over the securities of the Corporation.

So long as it remains a policy of the TSXV, the Corporation must obtain disinterested shareholder approval for: (i) any reduction in the exercise price of an option if the relevant participant in the Stock Option Plan is an insider of the Corporation at the time of the proposed amendment; or (ii) the grant of options if the Stock Option Plan, together with all of the Corporation's previously established and outstanding stock option plans or grants, could result at any time in the grant to insiders of the Corporation, within a 12 month period, of a number of options exceeding 10% of the issued Common Shares.

If a participant ceases to be a director, officer, employee or consultant, as the case may be, of the Corporation for any reason (other than death), she/he may, but only within the 90 days next succeeding her/his ceasing to be a director, officer, employee or consultant, exercise her/his option to the extent that she/he was entitled to exercise it at the date of such cessation provided that, in the case of a participant who is engaged in Investor Relations Activities on behalf of the Corporation, this 90 day period referenced herein will be shortened to 30 days. In the case of an optionee's death, the optionee's heirs or administrators can exercise any portion of the options for up to one year from the optionee's death. Nothing contained in the Stock Option Plan, nor in any option granted pursuant to the Stock Option Plan, will confer upon any participant any right with respect to continuance as a director, officer, employee or consultant of the Corporation or of any affiliate.

The Stock Option Plan must be approved by the shareholders of the Corporation on an annual basis.

AUDIT COMMITTEE

National Instrument 52-110 – *Audit Committees* (“**NI 52-110**”) requires that certain information regarding the Audit Committee of a “venture issuer” (as that term is defined in NI 52-110) be included in the management information circular to be sent to the shareholders of a venture issuer in connection with the solicitation by management for the purpose of electing directors to its Board of Directors.

Audit Committee Charter

The Audit Committee of the Board of Directors operates under a written charter that sets out its responsibilities and composition requirements. A copy of the charter is attached as Schedule “B” to this Circular.

Composition of Audit Committee

As at the date of this Circular, the members of the Audit Committee were as follows: Stephen M. Gledhill (Chairman of the Audit Committee) (non-independent member as he is also an officer of the Corporation), Anthony Kovschak (independent member) and John F. Cook (independent member). Following the Meeting, it is proposed that the Audit Committee will be comprised of Mr. Gledhill, Mr. Cook and Mr. Kovschak, nominees for re-election as directors at the Meeting, the latter 2 of whom are independent. All of the members and proposed members of the Audit Committee are considered “financially literate” within the meaning of 52-110. NI 52-110 provides that the Corporation is exempt from the requirement that all members of the Audit Committee must be “independent” because it is a venture issuer. In considering criteria for the determination of financial literacy, the Board of Directors looks at the ability to read and understand financial statements that present the breadth and level of complexity of accounting issues that are generally comparable to those issues that can be reasonably expected to be raised by the Corporation’s financial statements.

Relevant Education and Experience

The following sets out the education and experience of each director that is relevant to the performance of his duties as a member of the Audit Committee.

Each member of the Audit Committee has acted as a director and/or audit committee member of a number of public issuers in the past and, as such, obtained experience in performing his responsibilities as a member of the Audit Committee. As well, Mr. Cook owns his own business and in such capacity has experience in the preparation, analysis and/or evaluation of financial statements generally and an understanding of internal controls and procedures for financial reporting. Given the scope and nature of the Corporation’s business, its financial statements and the accounting issues arising therefrom are relatively uncomplicated. Mr. Gledhill is a Certified Management Accountant with over 20 years of business experience in a financial capacity. Mr. Gledhill is currently the Chief Financial Officer of the Corporation and has been, or is currently, the chief financial officer of a number of publicly-traded companies. Based on the foregoing, it is the Board of Directors’ conclusion that each of the members of the Audit Committee has an understanding of the accounting principles used by the Corporation to prepare its financial statements, the ability to assess the general application of such accounting principles in connection with the accounting for estimates, accruals and reserves and experience in evaluating financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can be reasonably expected to be raised by the Corporation’s financial statements.

Audit Committee Oversight

During the fiscal year ended December 31, 2009, all recommendations of the Audit Committee to nominate or compensate the Corporation's external auditor were adopted by the Board of Directors.

Pre-Approval Policies and Procedures

Included as part of the Audit Committee's charter is the responsibility of the Audit Committee to pre-approve all non-audit services to be provided to the Corporation by its external auditor. See Schedule "B" attached to this Circular.

External Auditor Service Fees

The following table summarizes the fees billed by parker & simone LLP, Chartered Accountants, 129 Lakeshore Road East, Suite 201, Mississauga, Ontario, L5G 1E5, the external auditors of the Corporation, for the financial years ended December 31, 2009 and December 31, 2008:

Category	Year ended December 1, 2009 (\$)	Year ended December 1, 2008 (\$)
Audit Fees	24,225	26,000
Audit Related Fees	Nil	Nil
Tax Fees	1,500 ⁽¹⁾	850 ⁽¹⁾
All Other Fees	Nil	Nil

Notes:

1. The Corporation's auditors also prepare the Corporation's corporate tax returns.

CORPORATE GOVERNANCE

National Instrument 58-101 – *Disclosure of Corporate Governance Practices* ("NI 58-101") requires the Corporation to disclose annually its corporate governance practices.

The Board of Directors is committed to a high standard of corporate governance practices. The Board of Directors believes that this commitment is not only in the best interest of the Corporation's shareholders but that it also promotes effective decision making at the Board of Directors level.

Board of Directors

The Board of Directors has responsibility for the stewardship of the Corporation. In carrying out this mandate, the Board of Directors meets regularly and a broad range of matters are discussed and reviewed for approval. These matters include overall corporate plans and strategies, budgets, internal controls and management information systems, risk management as well as interim and annual financial and operating results. The Board of Directors is also responsible for the approval of all major transactions, including equity issuances, acquisitions and dispositions, as well as the Corporation's debt and borrowing policies. The Board of Directors strives to ensure that actions taken by management correspond closely with the objectives of the Board of Directors and the Corporation's shareholders.

The Board of Directors believes that it functions independently of management. To enhance its ability to act independently of management, the Board of Directors reviews its procedures on an ongoing basis to ensure that it can function independently of management. The Board of Directors meets, as required, without management present. When conflicts do arise, interested parties are precluded from voting on matters in which they may have an interest. In light of the suggestions contained in National

Policy 58-201 – *Corporate Governance Guidelines*, the Board of Directors convenes meetings, as deemed necessary, of the independent directors, at which non-independent directors and members of management are not in attendance.

The Board of Directors currently consists of four directors, each with a diversity of business experience. Of these directors, Malcolm G. Bucholtz, Stephen M. Gledhill are non-independent as they are officers of the Corporation. John F. Cook and Anthony Kovschak are independent directors within the meaning of NI 58-101.

Directorships

Details of directorships held by directors of the Corporation in other issuers, if any, that are reporting issuers (or the equivalent) are set out in the following table:

Name of Director	Name of Issuer
Malcolm G. Bucholtz	None
Anthony Kovschak	None
John F. Cook	GLR Resources Inc., MBMI Resources Inc., Nord Resources Corporation, Premier Gold Mines Limited, Homeland Uranium Inc., FL Master Sherman Limited, Southern Andes Energy
Stephen M. Gledhill	None

Orientation and Continuing Education

While the Corporation does not have a formal orientation and training program, new board members are provided with: (i) information respecting the functioning of the Board of Directors, committees and copies of the Corporation’s corporate governance policies; (ii) access to recent, publicly filed documents of the Corporation, technical reports and the Corporation’s internal financial information; (iii) access to management, auditors and technical consultants; (iv) access to legal counsel to the Corporation in the event of any questions or matters relating to the board member’s corporate and securities responsibilities; and (v) further information and education as deemed appropriate and desirable by the Board of Directors on a case-by-case basis.

This process is overseen by the entire Board of Directors. Board members are encouraged to communicate with management, legal counsel and, where applicable, auditors and technical consultants of the Corporation; to keep themselves current with industry trends and developments and changes in legislation with management’s assistance; and to attend related industry seminars and visit the Corporation’s operations. Board members have full access to the Corporation’s records.

Ethical Business Conduct

The Board of Directors has not adopted a written code of business conduct and ethics for the directors, officers and employees of the Corporation, but is considering the adoption of such a code during 2009. The Board of Directors through its meetings with management and other informal discussions with management encourages a culture of ethical business conduct and believes the Corporation’s management team promotes a culture of ethical business conduct throughout the Corporation’s operations and is expected to monitor the activities of the Corporation’s employees, consultants and agents in that regard. The Board of Directors encourages any concerns regarding ethical conduct in respect of the Corporation’s operations to be raised, on an anonymous basis, with the President and Chief Executive Officer or the Chair or another board member as appropriate.

It is a requirement of applicable corporate law that directors and senior officers who have an interest in a transaction or agreement with the Corporation promptly disclose that interest at any meeting of the board at which the transaction or agreement will be discussed and, in the case of directors, abstain from discussions and voting in respect to same if the interest is material.

Nomination of Directors

The Corporation does not have a stand-alone nomination committee. The full Board of Directors is responsible, among other things, for recommending candidates for nomination, appointment, election and re-election to the board and its committees, and for annually assessing board performance. The Board of Directors assesses potential board candidates to fill perceived needs on the board for required skills, expertise, independence and other factors to ensure that the Board of Directors is composed of individuals who will best serve the interests of the Corporation and assist management in reaching the Corporation's strategic goals. Members of the Board of Directors and representatives of the mineral exploration industry are consulted for possible candidates. As the Corporation does not have a separate nomination committee, it will consider the adoption of such a committee during 2009.

Compensation

The Corporation does not have a stand-alone compensation committee. The full Board of Directors is responsible, among other things, for reviewing all overall compensation strategy, objectives and policies; annually reviewing and assessing the performance of the executive officers; reviewing the compensation of the executive officers; reviewing executive appointments; and recommending the adequacy and form of directors' compensation. To determine compensation payable, the Board of Directors reviews compensation paid for directors and officers of companies of similar size and stage of development in the mineral exploration industry and determines an appropriate compensation reflecting the need to provide incentive and compensation for the time and effort expended by the directors and senior management while taking into account the financial and other resources of the Corporation. No compensation consultant or advisor has, at any time since the beginning of the Corporation's most recently completed financial year, been retained to assist in determining compensation for any of the Corporation's directors and officers. As the Corporation does not have a separate compensation committee, it may consider the adoption of such a committee during 2010.

Other Committees

The Corporation does not have any committees other than the Audit Committee. The Corporation may consider the adoption of a nomination committee during 2010.

Assessments

The Board of Directors annually, and at such other times as it deems appropriate, reviews the performance and effectiveness of the board, the directors and its committees to determine whether changes in size, personnel or responsibilities are warranted. Assessments are not regularly conducted; however, the Board of Directors satisfies itself that the board, its committees, and its individual directors are performing effectively through frequent discussions among management and individual board members. There are also discussions between the independent directors with resulting comments to the Board of Directors.

FINANCIAL STATEMENTS

The Shareholders will receive the audited financial statements of the Corporation for the fiscal year ended December 31, 2009 together with the auditors' report thereon.

PARTICULARS OF MATTERS TO BE ACTED UPON

Appointment of Auditors

Unless authority to do so is withheld, the persons named in the accompanying proxy intend to vote for the appointment of parker & simone LLP, Chartered Accountants, the present auditors, as auditors of the Corporation to hold office until the close of the next annual meeting of shareholders, and to authorize the directors to fix the auditors' remuneration. parker & simone LLP, Chartered Accountants was first appointed as auditors of the Corporation on October 25, 2004, the date of the Corporation's inception.

Election of Directors

Unless otherwise directed, the persons named in the accompanying proxy intend to vote in favour of the election, as directors of the Corporation, of the nominees (the "Nominees") whose names are set forth below. Management does not contemplate that any of the Nominees will be unable to serve as a director of the Corporation.

Each elected director will hold office from the date on which he is elected until the close of the next annual meeting of shareholders of the Corporation or until his successor is duly elected or appointed unless his office is earlier vacated in accordance with the Corporation's by-laws. There are no directors of the Corporation presently in office whose term of office will continue after the date on which the Meeting is held.

At the Meeting, the Shareholders will be asked to elect four directors to the Board of Directors. The following table provides the names of the Nominees, their province and country of residence, all positions and offices in the Corporation held by each of them, the year in which each was first elected a director of the Corporation and the approximate number of Common Shares that are beneficially owned, or controlled or directed, directly or indirectly, by each Nominee. Information regarding the present principal occupation, business or employment of each Nominee within the preceding five years is set out following such table.

Name and Residence	Position(s) with Corporation	Period of Service as a Director	Number of Common Shares Beneficially Owned, Controlled or Directed, Directly or Indirectly as at the date of this Circular ⁽²⁾
Malcolm G. Bucholtz Regina, Saskatchewan, Canada	President, CEO and Director	Since June 12, 2008	125,000
John F. Cook ⁽¹⁾ Toronto, Ontario, Canada	Director	Since January 17, 2005	Nil

Stephen M. Gledhill ⁽¹⁾ Aurora, Ontario, Canada	Chief Financial Officer and Director	Since January 17, 2005	1,000
Anthony Kovschak ⁽¹⁾ Grand Junction, Colorado, United States of America	Director	Since June 30, 2009	Nil

(1) Member of the Audit Committee.

(2) The information as to the number of Common Shares beneficially owned, controlled or directed, not being within the knowledge of the Corporation, has been furnished by the respective Nominees individually.

Mr. Malcolm G. Bucholtz

Mr. Bucholtz has been the President and Chief Executive Officer of the Corporation since July 18, 2008. He is also a self-employed consultant to the mineral exploration industry. From March 2007 until March 2009, Mr. Bucholtz was the V.P. Investor Relations/Governmental Affairs for GLR Resources Inc. and served in a similar role with the Corporation from March 2007 until his appointment as President and Chief Executive Officer. Prior to March 2007, Mr. Bucholtz had spent five years as a Commodity Trading Advisor/Investment Advisor with Union Securities Ltd., an independent brokerage firm.

Mr. John F. Cook

Mr. Cook has been the President of Tormin Resources Limited, a private mining consultancy company since 1994, and was the President of Anaconda Uranium Ltd., a mineral exploration company from 1996 to 2002.

Mr. Stephen M. Gledhill

Mr. Gledhill is a self-employed professional Certified Management Accountant and President of Keshill Consulting Associates Inc., a boutique private financial consulting firm since 1993.

Mr. Anthony Kovschak

Mr. Kovschak received his M.Sc in Geology from the University of Texas at Arlington, Texas in 1973. Mr. Kovschak spent the early part of his professional career with Union Carbide, Umetco Minerals and Energy Fuels Nuclear advancing projects in the USA, Chile, Mexico, and Mongolia, Republic of South Africa. From 2003 to 2008, Mr. Kovschak lectured in the Geology departments of both Colorado Christian University and Mesa State College in Grand Junction, Colorado. Mr. Kovaschak is currently the Manager of Exploration and Chief Geologist for Homeland Uranium, Inc., a private company headquartered in Toronto, Ontario, Canada with uranium exploration projects in the USA and Niger. During his career, Mr. Kovschak has co-authored numerous professional papers on uranium geology. He is a certified Professional Geologist, #11312, and also a Fellow of the Society of Economic Geologists and a member of the Geological Society of America and Sigma Xi, The Scientific Research Society.

Corporate Cease Trade Orders, Bankruptcies, Penalties or Sanctions

Other than as described below, no Nominee is, as at the date hereof, or has been, within 10 years before the date hereof, a director, chief executive officer or chief financial officer of any company (including the Corporation) that, (a) was subject to a cease trade or similar order or an order that denied

the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days that was issued while the Nominee was acting in the capacity as director, chief executive officer or chief financial officer; or (b) was subject to a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days that was issued after the proposed director ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer, other than John F. Cook, who:

1. Has served as a director of MBMI Resources Inc. (“**MBMI**”) since March 31, 2003. On September 21, 2007, the Executive Director of the British Columbia Securities Commission made an order (the “**MBMI Cease Trade Order**”) that all trading in the securities of MBMI cease until: (i) MBMI filed a current, independent technical report under National Instrument 43-101 on its properties in the Philippines; and (ii) the Executive Director revoked the MBMI Cease Trade Order. On October 5, 2007, MBMI issued and filed a press release retracting and restating scientific and technical disclosure that it made about its Alpha and other mineral properties. On November 8, 2007, MBMI filed an amended technical report on its Alpha mineral property. The Executive Director of the British Columbia Securities Commission revoked the MBMI Cease Trade Order on November 8, 2007.
2. At the relevant time, and continues to be, a director of GLR Resources Inc. (“GLR”) which was and continues to be subject to cease trade orders issued by the Ontario Securities Commission and the British Columbia Securities Commission, on April 14, 2009, the Autorité des marchés financiers Québec on April 15, 2009, and the Alberta Securities Commission on November 13, 2009. Such orders against GLR were issued as a result of GLR’s failure to file certain continuous disclosure materials including GLR’s audited annual financial statements, management’s discussion and analysis, CEO and CFO certificates and annual information form for the year ended December 31, 2008, which was caused by financial difficulties experienced by GLR as a result of its inability to raise funds given the 2008 market conditions. Effective March 22, 2010, GLR has filed all outstanding continuous disclosure materials required to be filed under applicable securities laws.

On June 5, 2009, GLR filed a proposal (the “Proposal”) under the *Bankruptcy and Insolvency Act* (Canada). Some minor amendments were made to the Proposal which were filed on July 20, 2009. The sale of certain of GLR’s assets under the Proposal was completed on August 20, 2009.

Effective at the close of trading on January 7, 2009, GLR’s common shares were delisted from the Toronto Stock Exchange (the “TSX”) for failure to meet certain continued listing requirements of the TSX.

No Nominee: (a) is, as at the date hereof, or has been within 10 years before the date hereof, a director or executive officer of any company (including the Corporation) 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; or (b) has, within the 10 years before the date of hereof, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or

instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the Nominee.

No Nominee has been subject to: (a) 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 (b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable shareholder in deciding whether to vote for a Nominee.

IF ANY OF THE NOMINEES IS FOR ANY REASON UNAVAILABLE TO SERVE AS A DIRECTOR, PROXIES IN FAVOUR OF MANAGEMENT WILL BE VOTED FOR ANOTHER NOMINEE IN THEIR DISCRETION UNLESS THE SHAREHOLDER HAS SPECIFIED IN THE PROXY THAT HIS, HER OR ITS COMMON SHARES ARE TO BE WITHHELD FROM VOTING IN THE ELECTION OF DIRECTORS.

Special Business – Approval of the Stock Option Plan

The Corporation's Stock Option Plan, the full text of which is attached as Schedule "A" to this Circular, is a "rolling" option plan. Pursuant to the requirements of the TSX Venture Exchange (the "**Exchange**") for "rolling" option plans, the Corporation must obtain shareholder approval for the Stock Option Plan on an annual basis, as described in Policy 4.4 of the Exchange ("**Exchange Policy 4.4**"). Accordingly, the Shareholders entitled to vote in respect of the approval of the existing Stock Option Plan are being asked to vote in favour of the resolution approving the Stock Option Plan (the "**Stock Option Plan Resolution**"), the full text of which is as follows:

"BE IT RESOLVED AS AN ORDINARY RESOLUTION THAT:

1. the stock option plan of Strategic Resources Inc., a copy of which is included as Schedule "A" to the management information circular of the Corporation dated May 26, 2010, is hereby confirmed, ratified and approved; and
2. any one director or officer of the Corporation, is hereby authorized, for and on behalf of the Corporation, to execute and deliver all such documents and instruments and to do all other things as in the opinion of such directors or officers may be necessary or desirable to implement this resolution and the matters authorized hereby, such determination to be conclusively evidenced by the execution and delivery of any such document or instrument, and the taking of any such action."

Such approval requires the affirmative vote of a majority of the votes cast at the Meeting.

The Board of Directors has concluded that the Stock Option Plan is in the best interest of the Corporation and its shareholders. Accordingly, the Board of Directors recommends that Shareholders vote in favour of the Stock Option Plan Resolution.

UNLESS OTHERWISE DIRECTED, THE PERSONS NAMED IN THE ENCLOSED FORM OF PROXY INTEND TO VOTE FOR THE APPROVAL OF THE STOCK OPTION PLAN RESOLUTION.

INDEBTEDNESS OF DIRECTORS AND OFFICERS

As of May 26, 2010, no executive officer, director, employee, or former executive officer, director or employee of the Corporation is indebted to the Corporation, including indebtedness that would be the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Corporation.

No individual who is, or at any time during the most recently completed financial year of the Corporation was, a director, executive officer or proposed nominee for election as a director of the Corporation and no associate of any such director, executive officer or proposed nominee for director is, or at any time since the beginning of the most recently completed financial year of the Corporation has been, indebted to the Corporation including indebtedness that would be the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Corporation.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

Other than as set forth in this Circular, since January 1, 2009 no informed person (as such term is defined in National Instrument 51-102 – *Continuous Disclosure Obligations*) of the Corporation, Nominee or any associate or affiliate of any informed person or Nominee has or had any material interest, direct or indirect, in any transaction or in any proposed transaction which has materially affected or would materially affect the Corporation or any of its subsidiaries.

OTHER MATTERS WHICH MAY COME BEFORE THE MEETING

Management knows of no matters to come before the Meeting of shareholders other than as set forth in the Notice of Meeting. **HOWEVER, IF 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 JUDGMENT OF THE PERSONS VOTING THE PROXY.**

ADDITIONAL INFORMATION

Additional information relating to the Corporation is available on SEDAR at www.sedar.com. Financial information is provided in the Corporation's comparative audited financial statements and management discussion and analysis for the year ended December 31, 2009. Copies of the Corporation's financial statements and management discussion and analysis may be obtained through www.sedar.com or upon written request to the Secretary of the Corporation at c/o 202 – 2022 Cornwall Street, Regina, Saskatchewan S4P 2K5.

DIRECTORS' APPROVAL

The contents of this Circular and the sending of it to each director of the Corporation, to the auditors of the Corporation and to the shareholders of the Corporation entitled to notice of the Meeting, have been approved by the directors of the Corporation.

DATED as of the 26th day of May, 2010.

BY ORDER OF THE BOARD OF DIRECTORS

“Malcolm G Bucholtz”
Malcolm G. Bucholtz
President and Chief Executive Officer

SCHEDULE "A"

STRATEGIC RESOURCES INC.

STOCK OPTION PLAN

1. PURPOSE

The purpose of this stock option plan (the "**Plan**") is to authorize the grant to Eligible Persons (as such term is defined below) of Strategic Resources Inc. (the "**Corporation**") of options to purchase common shares ("**shares**") of the Corporation's capital and thus benefit the Corporation by enabling it to attract, retain and motivate Eligible Persons by providing them with the opportunity, through share options, to acquire an increased proprietary interest in the Corporation.

2. ADMINISTRATION

The Plan shall be administered by the board of directors of the Corporation or a committee established by the board of directors for that purpose (the "**Committee**"). Subject to approval of the granting of options by the board of directors or Committee, as applicable, the Corporation shall grant options under the Plan.

3. SHARES SUBJECT TO PLAN

Subject to adjustment under the provisions of paragraph 12 hereof, the aggregate number of shares of the Corporation which may be issued and sold under the Plan will not exceed 10% of the total number of issued and outstanding shares (calculated on a non-diluted basis) from time to time. The total number of shares which may be reserved for issuance to any one individual under the Plan within any one year period shall not exceed 5% of the outstanding issue. The Corporation shall not, upon the exercise of any option, be required to issue or deliver any shares prior to (a) the admission of such shares to listing on any stock exchange on which the Corporation's shares may then be listed, and (b) the completion of such registration or other qualification of such shares under any law, rules or regulation as the Corporation shall determine to be necessary or advisable. If any shares cannot be issued to any optionee for whatever reason, the obligation of the Corporation to issue such shares shall terminate and any option exercise price paid to the Corporation shall be returned to the optionee.

4. LIMITS WITH RESPECT TO INSIDERS

- (a) The maximum number of shares which may be reserved for issuance to insiders under the Plan, any other employer stock option plans or options for services, shall be 10% of the shares issued and outstanding at the time of the grant (on a non-diluted basis).
- (b) The maximum number of shares which may be issued to insiders under the Plan, together with any other previously established or proposed share compensation arrangements, within any one year period shall be 10% of the outstanding issue. The maximum number of shares which may be issued to any one insider and his or her associates under the Plan, together with any other previously established or proposed share compensation arrangements, within a one year period shall be 5% of the shares outstanding at the time of the grant (on a non-diluted basis).

5. ELIGIBILITY

Options shall be granted only to Eligible Persons, any registered savings plan established by an Eligible Person or any corporation wholly-owned by an Eligible Person. The term “**Eligible Person**” means:

- (a) a senior officer or director of the Corporation or any of its subsidiaries;
- (b) either:
 - (i) an individual who is considered an employee under the *Income Tax Act*,
 - (ii) an individual who works full-time for the Corporation providing services normally provided by an employee and who is subject to the same control and direction by the Corporation over the details and methods of work as an employee of the Corporation, but for whom income tax deductions are not made at source, or
 - (iii) an individual who works for the Corporation on a continuing and regular basis for a minimum amount of time per week (the number of hours should be disclosed in the submission) providing services normally provided by an employee and who is subject to the same control and direction by the Corporation over the details and methods of work as an employee of the Corporation, but for whom income tax deductions are not made at source,
 - (iv) any such individual, an “**Employee**”;
- (c) an individual employed by a corporation, incorporated association or organization, body corporate, partnership, trust, association or other entity other than an individual (a “**Corporation**”) or an individual (together with a Corporation, a “**Person**”) providing management services to the Corporation, which are required for the ongoing successful operation of the business enterprise of the Corporation, but excluding a Person engaged in Investor Relations Activities (as hereafter defined) (a “**Management Corporation Employee**”);
- (d) an individual (or a company or partnership of which the individual is an employee, shareholder or partner), other than an Employee, Management Corporation Employee, director or senior officer, who:
 - (i) provides ongoing consulting services to the Corporation or an Affiliate of the Corporation under a written contract;
 - (ii) possesses technical, business or management expertise of value to the Corporation or an Affiliate of the Corporation;
 - (iii) spends a significant amount of time and attention on the business and affairs of the Corporation or an Affiliate of the Corporation;

- (iv) has a relationship with the Corporation or an Affiliate of the Corporation that enables the individual to be knowledgeable about the business and affairs of the Corporation; and
 - (v) does not engage in Investor Relations Activities (as hereafter defined)
 - (vi) any such individual, a “**Consultant**”;
- (e) an individual (or a company or partnership of which the individual is an employee, shareholder or partner), other than an Employee, Management Corporation Employee, director or senior officer, that falls within the definition of Consultant contained in subsections 5(d)(i) through (iv) which provides Investor Relations Activities (an “**Investor Relations Consultant**”); or
- (f) a Person that falls within the definition of Eligible Person contained in any of subsections 5(a), (b) or (d) which provides Investor Relations Activities (an “**Investor Relations Person**”).

For purposes of the foregoing, a Corporation is an “**Affiliate**” of another Corporation if: (a) one of them is the subsidiary of the other; or (b) each of them is controlled by the same Person.

The term “**Investor Relations Activities**” means any activities or oral or written communications, by or on behalf of the Corporation or shareholder of the Corporation, that promote or reasonably could be expected to promote the purchase or sale of securities of the Corporation, but does not include:

- (g) the dissemination of information provided, or records prepared, in the ordinary course of business of the Corporation
 - (i) to promote the sale of products or services of the Corporation, or
 - (ii) to raise public awareness of the Corporation,
 - (iii) that cannot reasonably be considered to promote the purchase or sale of securities of the Corporation;
- (h) activities or communications necessary to comply with the requirements of
 - (i) applicable securities laws, policies or regulations,
 - (ii) the rules, and regulations of the TSX Venture Exchange (“**TSX-V**”) or the by-laws, rules or other regulatory instruments of any other self regulatory body or exchange having jurisdiction over the Corporation;
 - (iii) communications by a publisher of, or writer for, a newspaper, magazine or business or financial publication, that is of general and regular paid circulation, distributed only to subscribers to it for value or to purchasers of it, if
 - (1) the communication is only through the newspaper, magazine or publication, and

(2) the publisher or writer received no commission or other consideration other than for acting in the capacity of publisher or writer; or

(i) activities or communications that may be otherwise specified by the TSX-V.

For stock options to Employees, Consultants, Management Corporation Employees or Investor Relations Persons, the Corporation must represent that the optionee is a *bona fide* Employee, Consultant, Management Corporation Employee or Investor Relations Person as the case may be. The terms “insider”, “controlled” and “subsidiary” shall have the meanings ascribed thereto in the Securities Act (Ontario) from time to time. Subject to the foregoing, the board of directors or Committee, as applicable, shall have full and final authority to determine the persons who are to be granted options under the Plan and the number of shares subject to each option.

6. LIMITS WITH RESPECT TO CONSULTANTS AND INVESTOR RELATIONS PERSONS

- (a) The maximum number of stock options which may be granted to any one Consultant under the Plan, any other employer stock options plans or options for services, within any 12 month period, must not exceed 2% of the shares issued and outstanding at the time of the grant (on a non-diluted basis).
- (b) The maximum number of stock options which may be granted to Investor Relations Persons under the Plan, any other employer stock options plans or options for services, within any 12 month period must not exceed, in the aggregate, 2% of the shares issued and outstanding at the time of the grant (on a non-diluted basis).

7. PRICE

The purchase price (the “**Price**”) for the shares of the Corporation under each option shall be determined by the board of directors or Committee, as applicable, on the basis of the market price, where “market price” shall mean the prior trading day closing price of the shares of the Corporation on any stock exchange on which the shares are listed or last trading price on the prior trading day on any dealing network where the shares trade, and where there is no such closing price or trade on the prior trading day, “market price” shall mean the average of the daily high and low board lot trading prices of the shares of the Corporation on any stock exchange on which the shares are listed or dealing network on which the shares of the Corporation trade for the five (5) immediately preceding trading days. In the event the shares are listed on the TSX-V, the price may be the market price less any discounts from the market price allowed by the TSX-V, subject to a minimum price of \$0.10. The approval of disinterested shareholders will be required for any reduction in the Price of a previously granted option to an insider of the Corporation.

8. PERIOD OF OPTION AND RIGHTS TO EXERCISE

Subject to the provisions of this paragraph 8 and paragraphs 9, 10 and 17 below, options will be exercisable in whole or in part, and from time to time, during the currency thereof. Options shall not be granted for a term exceeding five years. The shares to be purchased upon each exercise of any option (the “**optioned shares**”) shall be paid for in full at the time of such exercise. Except as provided in paragraphs 9, 10 and 17 below, no option which is held by a service provider may be exercised unless the optionee is then a service provider for the Corporation.

9. CESSATION OF PROVISION OF SERVICES

Subject to paragraph 10 below, if any optionee who is a service provider shall cease to be an Eligible Person of the Corporation for any reason (whether or not for cause) the optionee may, but only within the period of ninety days (unless such period is extended by the board of directors or the Committee, as applicable, and approval is obtained from the stock exchange on which the shares of the Corporation trade), or thirty days if the Eligible Person is an Investor Relations Person (unless such period is extended by the board of directors or the Committee, as applicable, and approval is obtained from the stock exchange on which the shares of the Corporation trade), next succeeding such cessation and in no event after the expiry date of the optionee's option, exercise the optionee's option unless such period is extended as provided in paragraph 10 below.

10. DEATH OF OPTIONEE

In the event of the death of an optionee during the currency of the optionee's option, the option theretofore granted to the optionee shall be exercisable within, but only within, the period of one year next succeeding the optionee's death (unless such period is extended by the board of directors or the Committee, as applicable, and approval is obtained from the stock exchange on which the shares of the Corporation trade). Before expiry of an option under this paragraph 10, the board of directors or Committee, as applicable, shall notify the optionee's representative in writing of such expiry.

11. NON-ASSIGNABILITY AND NON-TRANSFERABILITY OF OPTION

An option granted under the Plan shall be non-assignable and non-transferable by an optionee otherwise than by will or by the laws of descent and distribution, and such option shall be exercisable, during an optionee's lifetime, only by the optionee.

12. ADJUSTMENTS IN SHARES SUBJECT TO PLAN

The aggregate number and kind of shares available under the Plan shall be appropriately adjusted in the event of a reorganization, recapitalization, stock split, stock dividend, combination of shares, merger, consolidation, rights offering or any other change in the corporate structure or shares of the Corporation. The options granted under the Plan may contain such provisions as the board of directors, or Committee, as applicable, may determine with respect to adjustments to be made in the number and kind of shares covered by such options and in the option price in the event of any such change. If there is a reduction in the exercise price of the options of an insider of the Corporation, the Corporation will be required to obtain approval from disinterested shareholders.

13. AMENDMENT AND TERMINATION OF THE PLAN

The board of directors or Committee, as applicable, may at any time amend or terminate the Plan, but where amended, such amendment is subject to regulatory approval.

14. EFFECTIVE DATE OF THE PLAN

The Plan becomes effective on the date of its approval by the shareholders of the Corporation.

15. EVIDENCE OF OPTIONS

Each option granted under the Plan shall be embodied in a written option agreement between the Corporation and the optionee which shall give effect to the provisions of the Plan.

16. EXERCISE OF OPTION

Subject to the provisions of the Plan and the particular option, an option may be exercised from time to time by delivering to the Corporation at its registered office a written notice of exercise specifying the number of shares with respect to which the option is being exercised and accompanied by payment in cash or certified cheque for the full amount of the purchase price of the shares then being purchased.

Upon receipt of a certificate of an authorized officer directing the issue of shares purchased under the Plan, the transfer agent is authorized and directed to issue and countersign share certificates for the optioned shares in the name of such optionee or the optionee's legal personal representative or as may be directed in writing by the optionee's legal personal representative.

17. VESTING RESTRICTIONS

Options issued under the Plan may vest at the discretion of the board of directors or Committee, as applicable, provided that if required by any stock exchange on which the shares of the Corporation trade, options issued to Investor Relations Consultants must vest in stages over not less than 12 months with no more than one-quarter (1/4) of the options vesting in any three month period.

18. NOTICE OF SALE OF ALL OR SUBSTANTIALLY ALL SHARES OR ASSETS

Subject to approval of the TSX-V, if at any time when an option granted under this Plan remains unexercised with respect to any optioned shares:

- (a) the Corporation seeks approval from its shareholders for a transaction which, if completed, would constitute an Acceleration Event; or
- (b) a third party makes a bona fide formal offer or proposal to the Corporation or its shareholders which, if accepted, would constitute an Acceleration Event;

the Corporation shall notify the optionee in writing of such transaction, offer or proposal as soon as practicable and, provided that the board of directors or Committee, as applicable, has determined that no adjustment shall be made pursuant to section 12 hereof, (i) the board of directors or Committee, as applicable, may permit the optionee to exercise the option granted under this Plan, as to all or any of the optioned shares in respect of which such option has not previously been exercised (regardless of any vesting restrictions), during the period specified in the notice (but in no event later than the expiry date of the option), so that the optionee may participate in such transaction, offer or proposal; and (ii) the board of directors or Committee, as applicable, may require the acceleration of the time for the exercise of the said option and of the time for the fulfilment of any conditions or restrictions on such exercise.

For these purposes, an Acceleration Event means:

- (i) the acquisition by any "offeror" (as defined in Part XX of the Securities Act (Ontario)) of beneficial ownership of more than 50% of the outstanding voting securities of the Corporation, by means of a take-over bid or otherwise;

- (ii) any consolidation or merger of the Corporation in which the Corporation is not the continuing or surviving corporation or pursuant to which shares of the Corporation would be converted into cash, securities or other property, other than a merger of the Corporation in which shareholders immediately prior to the merger have the same proportionate ownership of stock of the surviving corporation immediately after the merger;
- (iii) any sale, lease exchange or other transfer (in one transaction or a series of related transactions) of all or substantially all of the assets of the Corporation; or
- (iv) the approval by the shareholders of the Corporation of any plan of liquidation or dissolution of the Corporation.

19. RIGHTS PRIOR TO EXERCISE

An optionee shall have no rights whatsoever as a shareholder in respect of any of the optioned shares (including any right to receive dividends or other distributions therefrom or thereon) other than in respect of optioned shares in respect of which the optionee shall have exercised the option to purchase hereunder and which the optionee shall have actually taken up and paid for.

20. GOVERNING LAW

This Plan shall be construed in accordance with and be governed by the laws of the Province of Ontario and shall be deemed to have been made in said Province, and shall be in accordance with all applicable securities laws.

21. EXPIRY OF OPTION

On the expiry date of any option granted under the Plan, and subject to any extension of such expiry date permitted in accordance with the Plan, such option hereby granted shall forthwith expire and terminate and be of no further force or effect whatsoever as to such of the optioned shares in respect of which the option has not been exercised.

SCHEDULE “B”

STRATEGIC RESOURCES INC.

CHARTER OF THE AUDIT COMMITTEE

OF THE BOARD OF DIRECTORS

I. PURPOSE

The audit committee (the “**Audit Committee**”) is a committee of the board of directors (the “**Board of Directors**”) of Strategic Resources Inc. (the “**Corporation**”). The primary function of the Audit Committee is to assist the Board of Directors in fulfilling its oversight responsibilities relating to the financial accounting and reporting process and internal controls for the Corporation by:

reviewing the financial reports and other financial information before such reports and other financial information is provided to any governmental body or to the public;

recommending the appointment and reviewing and appraising the audit efforts of the Corporation’s external auditors and providing an open avenue of communication among the external auditors, financial and senior management and the Board of Directors;

serving as an independent and objective party to monitor the Corporation’s financial reporting process and internal controls, the Corporation’s processes to manage business and financial risk, and its compliance with legal, ethical and regulatory requirements; and

encouraging continuous improvement of, and fostering adherence to, the Corporation’s policies, procedures and practices at all levels.

The Audit Committee will primarily fulfill these responsibilities by carrying out the activities enumerated in Part III of this Charter. The Audit Committee’s primary function is to assist the Board of Directors in fulfilling its responsibilities. It is, however, the Corporation’s management which is responsible for preparing the Corporation’s financial statements and it is the Corporation’s external auditors which are responsible for auditing those financial statements.

II. COMPOSITION AND MEETINGS

The Audit Committee is to be comprised of such number of directors (but at least three) as determined by the Board of Directors, each of whom must be “independent” and “financially literate” (as such terms are defined in Multilateral Instrument 52-110 Audit Committees (“**MI 52-110**”)) where MI 52-110 requires such independence.

The members of the Audit Committee shall be appointed by the Board of Directors and serve until the next annual meeting of shareholders of the Corporation or until their successors are duly appointed. Unless a Chairman is appointed by the full Board of Directors, the members of the Audit Committee may designate a Chairman by majority vote of the full Audit Committee membership.

The Audit Committee is to meet at least four times annually (and more frequently if circumstances require). The Audit Committee is to meet prior to the filing of quarterly financial statements to review and discuss the unaudited financial results for the preceding quarter and the related management discussion & analysis (“**MD&A**”) and is to meet prior to filing the annual audited financial

statements and MD&A in order to review and discuss the audited financial results for the year and related MD&A.

As part of its role in fostering open communication, the Audit Committee should meet at least annually with management and the external auditors in separate executive sessions to discuss any matters that the Audit Committee or each of these groups believe should be discussed privately.

The Audit Committee may ask members of management or others to attend meetings and provide pertinent information as necessary. For purposes of performing their oversight related duties, members of the Audit Committee are to be provided with full access to all corporate information and are to be permitted to discuss such information and any other matters relating to the financial position of the Corporation with senior employees, officers and external auditors of the Corporation.

A quorum for the transaction of business at any meeting of the Audit Committee is the presence in person or by telephone or other communication equipment of a majority of the members of the Audit Committee or such greater number as the Audit Committee may by resolution determine. If within one hour of the time appointed for a meeting of the Audit Committee, a quorum is not present, the meeting shall stand adjourned to the same hour on the second business day following the date of such meeting at the same place. If at the adjourned meeting a quorum as hereinbefore specified is not present within one hour of the time appointed for such adjourned meeting, the quorum for the adjourned meeting will consist of the members then present.

Should a vacancy arise among the members of the Audit Committee, the remaining members of the Audit Committee may exercise all of its powers and responsibilities so long as a quorum remains in office.

Meetings of the Audit Committee are to be held from time to time at such place as the Audit Committee or the Chairman of the Audit Committee may determine upon at least seven days' prior notice to each of the members, in the regular course of the Audit Committee's affairs, or 48 hours notice in cases where necessity requires. The notice period may be waived by a quorum of the Audit Committee.

The Chairman of the Audit Committee, any member of the Audit Committee, the Chairman of the Board of Directors, the Corporation's external auditors, or the Chief Executive Officer, Chief Financial Officer or Secretary of the Corporation is entitled to request that the Chairman of the Audit Committee call a meeting. A notice of the Audit Committee may be given verbally, in writing or by telephone, fax or other means of communication, and need not specify the purpose of the meeting.

III. RESPONSIBILITIES AND DUTIES

To fulfill its responsibilities and duties, the Audit Committee shall:

Generally

1. Create an agenda for the ensuing year.
2. Review and update this Charter at least annually, prepare revisions to its provisions where conditions so dictate and submit such proposed revisions to the Board of Directors for approval.
3. Describe in each management information circular of the Corporation in which management solicits proxies for the purposes of electing directors to the Board of

Directors, the Audit Committee's composition and other form requirements under MI 52-110.

4. Report periodically to the Board of Directors.
5. Conduct or authorize investigations into any matters within the Audit Committee's scope of responsibilities.
6. The Audit Committee shall be empowered to retain and compensate independent counsel, accountants and other professionals to assist it in the performance of its duties as it deems necessary.
7. Perform any other activities consistent with this Charter, the Corporation's Memorandum and Articles of Association and governing law, as the Audit Committee or the Board of Directors deems necessary or appropriate.

Documents/Reports Review

8. Review the Corporation's interim and annual financial statements, results of audits as well as all interim and annual MD&A and interim and annual earnings' press releases prior to their publication and/or filing with any governmental body, or the public.
9. Review policies and procedures with respect to directors' and senior officers' expense accounts and management perquisites and benefits, including their use of corporate assets and expenditures related to executive travel and entertainment, and review the results of the procedures performed in these areas by the external auditors, based on terms of reference agreed upon by the external auditors and the Audit Committee.
10. Satisfy itself that adequate procedures are in place for the review of the Corporation's public disclosure of financial information extracted or derived from the Corporation's financial statements, other than the public disclosure addressed in paragraph 8 of this part, and periodically assess the adequacy of such procedures.
11. Review the audited annual financial statements to satisfy itself that they are presented in accordance with general accepted accounting principles.
12. Provide insight to related party transactions entered into by the Corporation.

External Auditors

13. Recommend to the Board of Directors the selection of the external auditors, considering independence and effectiveness, and approve the fees and other compensation to be paid to the external auditors. Instruct the external auditors that the Board of Directors, as the shareholders' representative, is the external auditors' client.
14. Monitor the relationship between management and the external auditors, including reviewing any management letters or other reports of the external auditors and discussing and resolving any material differences of opinion between management and the external auditors.

15. Review and discuss, on an annual basis, with the external auditors all significant relationships they have with the Corporation to determine their independence.
16. Pre-approve all audit and non-audit services to be provided to the Corporation or its subsidiaries by the external auditors.
17. Oversee the work and review the performance of the external auditors and approve any proposed discharge of the external auditors when circumstances warrant. Consider with management and the external auditors the rationale for employing accounting/auditing firms other than the principal external auditors.
18. Periodically consult with the external auditors 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 completeness and accuracy of the Corporation's financial statements. Particular emphasis should be given to the adequacy of internal controls to expose any payments, transactions, or procedures that might be deemed illegal or otherwise improper.
19. Ensure that the external auditors report directly to the Audit Committee, ensure that significant findings and recommendations made by the external auditors are received and discussed with the Audit Committee on a timely basis and arrange for the external auditors to be available to the Audit Committee and the full Board of Directors as needed.
20. Review and approve the Corporation's hiring policies regarding partners, employees and former partners and employees of the Corporation's external auditors.

Financial Reporting Processes

21. In consultation with the external auditors, review the integrity of the Corporation's financial reporting processes, both internal and external.
22. Consider the external auditors' judgments about the quality and appropriateness, not just the acceptability, of the Corporation's accounting principles and financial disclosure practices, as applied in its financial reporting, particularly about the degree of aggressiveness or conservatism of its accounting principles and underlying estimates and whether those principles are common practices.
23. Consider and approve, if appropriate, major changes to the Corporation's accounting principles and practices as suggested by management with the concurrence of the external auditors and ensure that management's reasoning is described in determining the appropriateness of changes in accounting principles and disclosure.

Process Improvement

24. Establish regular and separate systems of reporting to the Audit Committee by each of management and the external auditors regarding any significant judgments made in management's preparation of the financial statements and the view of each as to appropriateness of such judgments.

25. Review the scope and plans of the external auditors' audit and reviews prior to the audit and reviews being conducted. The Audit Committee may authorize the external auditors to perform supplemental reviews or audits as the Audit Committee may deem desirable.
26. Following completion of the annual audit and quarterly reviews, review separately with management and the external auditors any significant changes to planned procedures, any difficulties encountered during the course of the audit and reviews, including any restrictions on the scope of work or access to required information and the cooperation that the external auditors received during the course of the audit and reviews.
27. Review and resolve any significant disagreements between management and the external auditors in connection with the preparation of the financial statements.
28. Where there are significant unsettled issues, the Audit Committee is to assist in arriving at an agreed course of action for the resolution of such matters.
29. Review with the external auditors and management significant findings during the year and the extent to which changes or improvements in financial or accounting practices, as approved by the Audit Committee, have been implemented. This review should be conducted at an appropriate time subsequent to implementation of changes or improvements, as decided by the Audit Committee.
30. Review activities, organizational structure, and qualifications of the Corporation's Chief Financial Officer and staff in the financial reporting area and see to it that matters related to succession planning within the Corporation are raised for consideration to the full Board of Directors.

Ethical and Legal Compliance

31. Establish procedures for the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal controls or auditing matters, and the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters.
32. Review and update periodically a code of ethical conduct (the "**Code of Conduct**") and ensure that management has established a system to enforce the Code of Conduct. Review appropriateness of actions taken to ensure compliance with the Code of Conduct and to review the results of confirmations and violations thereof.
33. Review management's monitoring of the Corporation's systems in place to ensure that the Corporation's financial statements, reports and other financial information disseminated to governmental organizations and the public satisfy legal requirements.
34. Review, with the Corporation's counsel, legal and regulatory compliance matters, including corporate securities trading policies, and matters that could have a significant impact on the Corporation's financial statements.

Risk Management

35. Review management's program of risk assessment and steps taken to address significant risks or exposures, including insurance coverage, and obtain the external auditors'

opinion of management's assessment of significant financial risks facing the Corporation and how effectively such risks are being managed or controlled.