



MELIOR RESOURCES INC.

ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS

To be held February 14, 2013

**NOTICE OF MEETING
AND
MANAGEMENT INFORMATION CIRCULAR**

January 8, 2013

MELIOR RESOURCES INC.

NOTICE OF ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS

NOTICE IS HEREBY GIVEN that an annual and special meeting (the “**Meeting**”) of shareholders of Melior Resources Inc. (the “**Corporation**”) will be held at 199 Bay Street, 53rd Floor, Commerce Court West, Toronto, Ontario on the 14th day of February, 2013 at 10:00 a.m. (Toronto time), for the following purposes:

1. **TO RECEIVE** the audited consolidated financial statements of the Corporation for the financial year ended June 30, 2012, together with the auditor’s report thereon;
2. **TO ELECT** the directors of the Corporation for the ensuing year;
3. **TO REAPPOINT** MSCM LLP, Chartered Accountants, as auditor of the Corporation and to authorize the board of directors of the Corporation to fix the remuneration of the auditor;
3. **TO CONSIDER** and, if deemed advisable, to approve an ordinary resolution to confirm effective the Corporation’s stock option plan, as amended and restated, for the directors, senior officers, employees and consultants of the Corporation and its affiliated entities, as more particularly set out in Schedule “A” to 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.

Details of the foregoing matters are contained in the accompanying management information circular of the Corporation.

The record date for entitlement to notice of the Meeting is December 21, 2012 (the “**Record Date**”). Each shareholder of the Corporation as at the Record Date shall be entitled to vote at the Meeting or any adjournment thereof either in person or by proxy. A shareholder wishing to be represented by proxy at the Meeting or any adjournment thereof must deposit his, her or its executed form of proxy with the Corporation’s transfer agent and registrar, Equity Financial Trust Company, 200 University Avenue, Suite 400, Toronto, Ontario, M5H 4H1 (Attention: Proxy Department), on or before 10:00 a.m. (Toronto time) on, February 12, 2013, or at least 48 hours, excluding Saturdays, Sundays and holidays, before any adjournment or postponement of the Meeting at which the proxy is to be used.

DATED at Toronto, Ontario, this 8th day of January 2013.

BY ORDER OF THE BOARD OF DIRECTORS

“Charles Entrekin”

Charles Entrekin
Chief Executive Officer

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MELIOR RESOURCES INC.
MANAGEMENT INFORMATION CIRCULAR
SOLICITATION OF PROXIES

This management information circular (the “**Circular**”) is furnished in connection with the solicitation by management of Melior Resources Inc. (the “**Corporation**”) of proxies to be used at the annual and special meeting of the shareholders of the Corporation (the “**Meeting**”) to be held at 199 Bay Street, 53rd Floor, Commerce Court West, Toronto, Ontario on the 14th day of February, 2013 at 10:00 a.m. (Toronto time) and at any adjournment thereof for the purposes set forth in the enclosed notice of annual and special meeting of shareholders (the “**Notice of Meeting**”).

Proxies will be solicited primarily by mail but may also be solicited personally, by telephone or by facsimile by the directors or officers of the Corporation at nominal cost. The costs of proxy solicitation will be borne by the Corporation.

Pursuant to National Instrument 54-101 – *Communication with Beneficial Owners of Securities of a Reporting Issuer*, arrangements have been made with clearing agencies, brokerage houses and other financial intermediaries to forward proxy solicitation material to the beneficial owners of common shares of the Corporation (“**Common Shares**”). The Corporation will provide, without cost to such persons, upon request to the Chief Executive Officer (“**CEO**”) of the Corporation, additional copies of the foregoing documents required for this purpose.

Except where otherwise indicated, information contained in this Circular is given as of January 8, 2013.

In this Circular, unless otherwise indicated, all dollar amounts are expressed in Canadian dollars and references to “\$” are to Canadian dollars. The average rates of exchange as at June 30, 2012 and January 8, 2013, based on the noon spot rate as published by the Bank of Canada were as follows:

June 30, 2012		January 8, 2013	
U.S.\$1.00 = \$1.02	\$1.00 = U.S.\$0.98	U.S.\$1.00 = \$0.99	\$1.00 = U.S.\$1.01

APPOINTMENT OF PROXYHOLDERS AND REVOCATION OF PROXIES

The persons named in the enclosed form of proxy are representatives of management of the Corporation and are directors and/or officers of the Corporation. **A shareholder has the right to appoint a person or corporation (who need not be a shareholder of the Corporation) other than the persons designated in the accompanying form of proxy to represent the shareholder at the Meeting. Such right may be exercised by inserting the name of such person or company in the blank space provided in the form of proxy or by completing another proper form of proxy.**

A shareholder wishing to be represented by proxy at the Meeting or any adjournment thereof must deposit his, her or its executed form of proxy with the Corporation’s transfer agent and registrar, Equity Financial Trust Company, 200 University Avenue, Suite 400, Toronto, Ontario, M5H 4H1 (Attention: Proxy Department), on or before 10:00 a.m. (Toronto time) on February 12, 2013, or at least 48 hours, excluding Saturdays, Sundays and holidays, before any adjournment or postponement of the Meeting at which the proxy is to be used. A proxy submitted in paper form should be executed by the shareholder or his or her attorney duly authorized in writing or, if the shareholder is a corporation, by a duly authorized officer or attorney.

In addition to any other manner permitted by law, a proxy may be revoked, before it is exercised, by an instrument in writing executed in the same manner as a proxy and deposited to the attention of the CEO of the Corporation at the head office of the Corporation at any time up to 10:00 a.m. (Toronto time) on the last business day before the day of the Meeting or any adjournment thereof at which the proxy is to be used or with the Chair of the Meeting on the day of the Meeting or any adjournment thereof and thereupon the proxy is revoked. The head office of the Corporation is located at 120 Adelaide Street West, Suite 2500, Toronto, Ontario, M5H 1T1.

A shareholder attending the Meeting has the right to vote in person and, if the shareholder does so, his, her or its proxy is nullified with respect to the matters such person votes upon and any subsequent matters thereafter to be voted upon at the Meeting or any adjournment thereof.

VOTING OF PROXIES

The Common Shares represented by proxies appointing proxy nominees will be voted for or against or withheld from voting 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 proxy shall be voted accordingly.

EXERCISE OF DISCRETION BY PROXYHOLDERS

If a specification is not made with respect to any matter, the proxy will confer discretionary authority and will be voted: (i) FOR the election of the nominees identified in this Circular as directors of the Corporation; (ii) FOR the reappointment of MSCM LLP as independent auditor of the Corporation; and (iii) FOR the approval of the resolution readopting the Corporation's stock option plan attached to the Circular as Schedule "A".

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 any other matters which may properly come before the Meeting in such manner as the nominee in his or her judgment may determine. At the date of this Circular, management of the Corporation knows of no such amendments, variations or other matters to come before the Meeting.

ADVICE TO BENEFICIAL SHAREHOLDERS

The information set forth in this section is of significant importance to many shareholders of the Corporation as a substantial number of shareholders do not hold their Common Shares in their own name and thus are considered non-registered shareholders. Shareholders who do not hold their Common Shares in their own name ("**Beneficial Shareholders**") should note that only proxies deposited by shareholders whose names appear on the records of the Corporation as the registered holders of Common Shares can be recognized and acted upon at the Meeting. If Common Shares are listed in an account statement provided to a shareholder by a broker then, in almost all cases, those Common Shares will not be registered in the shareholder's name on the records of the Corporation. Such Common Shares will more likely be registered under the name of the shareholder's broker or an agent of that broker or another similar entity (an "**Intermediary**"). Common Shares held by an Intermediary can only be voted by the Intermediary upon the instructions of the Beneficial Shareholder. Without specific instructions, Intermediaries are prohibited from voting Common Shares.

Beneficial Shareholders should ensure that instructions respecting the voting of their Common Shares are communicated in a timely manner and in accordance with the instructions provided by their Intermediary. Applicable regulatory rules require Intermediaries to seek voting instructions from Beneficial Shareholders in advance of meetings of shareholders. **Every Intermediary has its own mailing**

procedures and provides its own return instructions to clients, which instructions should be carefully followed by Beneficial Shareholders in order to ensure that their Common Shares are voted at the Meeting.

Although a Beneficial Shareholder may not be recognized directly at the Meeting for the purpose of voting Common Shares registered in the name of their Intermediary, a Beneficial Shareholder may attend the Meeting as proxyholder for the Intermediary and vote the Common Shares in that capacity. **Beneficial Shareholders who wish to attend the Meeting and indirectly vote their Common Shares as a proxyholder should enter their own name in the blank space on the form of proxy provided to them by their Intermediary and return the same to their Intermediary in accordance with the instructions provided by their Intermediary, well in advance of the Meeting.**

NON-OBJECTING BENEFICIAL OWNERS

These Meeting materials are being sent to both registered and non-registered owners of Common Shares. If you are a non-registered owner and the Corporation or its agent has sent these materials directly to you, your name and address and information about your holdings of Common Shares have been obtained in accordance with applicable securities regulatory requirements from the Intermediary holding Common Shares on your behalf. By choosing to send these materials to you directly, the Corporation (and not the Intermediary) has assumed responsibility for (i) delivering these materials to you, and (ii) executing your proper voting instructions. Please return your voting instructions as specified in the request for voting instructions or form of proxy delivered to you.

RECORD DATE

Persons registered on the Common Share records of the Corporation at the close of business on December 21, 2012 (the “**Record Date**”) are entitled to vote at the Meeting.

QUORUM

Two shareholders, present in person or represented by proxy, entitled to cast votes representing at least 5% of the issued and outstanding Common Shares will constitute a quorum at the Meeting or any adjournment or postponement thereof. The Corporation’s list of shareholders as at the Record Date has been used to deliver to shareholders the Notice of Meeting and this Circular as well as to determine who is eligible to vote at the Meeting.

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

Except as otherwise set out in this Circular, no person who has been a director or officer of the Corporation at any time since the beginning of its last completed financial year, proposed nominee for election as a director of the Corporation or any associate or affiliate of any such director, officer or proposed nominee, 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 confirmation of the effectiveness of the Corporation’s stock option plan.

VOTING SECURITIES AND PRINCIPAL HOLDERS OF VOTING SECURITIES

The authorized share capital of the Corporation consists of an unlimited number of Common Shares and an unlimited number of preferred shares, issuable in series. At the date hereof, the Corporation has 173,380,974 issued and outstanding Common Shares, each of which carries the right to one vote. No preferred shares are currently issued and outstanding.

To the knowledge of the directors and executive officers of the Corporation, no person or corporation 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, other than Pala Investments Limited ("**Pala**"), Ashmore Investment Management Limited ("**Ashmore**") and Takota Asset Management Inc. ("**Takota**"). Based on public filings made by Pala pursuant to applicable securities laws, Pala owns and controls an aggregate of 94,528,199 Common Shares representing approximately 54.52% of the issued and outstanding Common Shares. Based on public filings made by Ashmore pursuant to applicable securities laws, Ashmore owns and controls an aggregate of 17,375,400 Common Shares representing approximately 10.02% of the issued and outstanding Common Shares. Based on public filings made by Takota pursuant to applicable securities laws, Takota owns and controls an aggregate of 23,287,159 Common Shares representing approximately 13.43% of the issued and outstanding Common Shares.

PRESENTATION OF FINANCIAL STATEMENTS

The comparative consolidated financial statements of the Corporation for the financial year ended June 30, 2012, together with the auditor's report thereon, will be presented to the shareholders at the Meeting, but no vote by the shareholders with respect thereto is proposed to be taken. Receipt at the Meeting of the auditor's report and the Corporation's financial statements for its most recently completed financial year will not constitute approval or disapproval of any matters referred to therein. The audited consolidated financial statements of the Corporation for the financial year ended June 30, 2012, together with the auditor's report thereon, have been filed and are available on SEDAR at www.sedar.com and were also mailed to shareholders on October 18, 2012.

ELECTION OF DIRECTORS

The board of directors of the Corporation (the "**Board**") currently consists of four directors. The articles of the Corporation provide that the number of directors on the Board must be at least three. The number of directors to be elected at the Meeting has been set by the Board at four.

One of the nominees for election as directors of the Corporation is currently a director of the Corporation and has been a director since the date indicated below. Three of the nominees are being proposed for election for the first time. Management does not contemplate that any of the following nominees will be unable to serve as a director of the Corporation; however, if that should occur for any reason before the Meeting, the persons named in the enclosed form of proxy shall have the right to vote for another nominee in their discretion. Each director elected at the Meeting will hold office until the next annual meeting of the shareholders of the Corporation or until his successor is duly elected or appointed.

The following table including the notes thereto sets out with respect to each nominee for election as a director of the Corporation: his name and location of residence, the date on which he first became a director of the Corporation, if applicable, all positions and offices with the Corporation held, if applicable, his principal occupation during the prior five year period and the number of Common Shares which he beneficially owns, or controls or directs, directly or indirectly. The Corporation has an Audit Committee, a Compensation Committee, a Nomination and Corporate Governance Committee and an Investment Committee, the proposed members of which are identified below.

Name and Residence of Nominee ⁽¹⁾	Position or Office	Principal Occupation(s) During Past 5 Years	Director of Corporation Since	Number of Common Shares Beneficially Owned, or Controlled or Directed, Directly or Indirectly ⁽²⁾
Charles Entrekin ⁽¹⁾⁽⁴⁾ Pennsylvania, U.S.A.	Director	Independent Consultant since April 2008. President & COO of Titanium Metals Corporation from 2007 to 2008.	March 27, 2009	Nil
Evgenij Iorich ⁽²⁾⁽³⁾⁽⁴⁾ Zug, Switzerland	Director	Manager of Pala Investments Limited.	N/A	Nil ⁽⁵⁾
Remo Mancini ⁽¹⁾⁽²⁾⁽³⁾⁽⁴⁾ Ontario, Canada	Director	President of Sandstone Strategies.	N/A	Nil
Muneeb Yusuf ⁽¹⁾⁽²⁾⁽³⁾⁽⁴⁾ Ontario, Canada	Director	Assistant General Counsel & Corporate Development Associate of Essar Steel Minnesota LLC since June 2012 and interim General Counsel of Essar Steel Algoma Inc. since December 2012. Attorney at Stikeman Elliott LLP from August 2010 to June 2012.	N/A	Nil

The information as to residence, principal occupation(s) and Common Shares beneficially owned or controlled or directed is based on information furnished to the Corporation by the respective nominees as at the date of this Circular.

Notes:

- (1) The Audit Committee will be comprised of Remo Mancini, Muneeb Yusuf and Charles Entrekin. Remo Mancini will be the Chair of the Audit Committee.
- (2) The Compensation Committee will be comprised of Remo Mancini, Muneeb Yusuf and Evgenij Iorich. Remo Mancini will be the Chair of the Compensation Committee.
- (3) The Nomination and Corporate Governance Committee will be comprised of Muneeb Yusuf, Remo Mancini and Evgenij Iorich. Muneeb Yusuf will be the Chair of the Nomination and Corporate Governance Committee.
- (4) The Investment Committee is comprised of Charles Entrekin, Remo Mancini, Muneeb Yusuf and Evgenij Iorich. Charles Entrekin will continue to serve as the Chair of the Investment Committee
- (5) Although Evgenij Iorich holds no Common Shares, he is employed by Pala, the Corporation's largest shareholder. See "Voting Securities and Principal Holders Of Voting Securities".

Biographies of Proposed Directors

The following are short biographies of each nominee for election as a director of the Corporation:

Charles Entrekin – Charles Entrekin has over 30 years of experience in the mining and metals sector and possesses significant public company experience at the executive officer level. He has recently served as President and Chief Operating Officer of Titanium Metals Corporation, a \$1.3 billion NYSE listed producer of primary titanium and its alloys, as well as President and CEO of Timminco Limited (TIM-TSX), a producer of silicon metal for the chemical and aluminum industries and solar grade silicon for the solar industry. Charles Entrekin is currently a director of Sierra Rutile Limited (SRX-AIM), a mineral sands company, operating assets in Sierra Leone. Through his career Charles Entrekin has led and implemented many successful restructurings and turnarounds of mining and metals companies in North America and further afield. Charles Entrekin holds a B.Sc. from Lehigh University, an MBA from the University of Delaware and a M.Sc. and Ph.D. from Drexel University.

Evgenij Iorich – Since 2006, Evgenij Iorich has been with Pala Investments Limited (the Corporation’s largest shareholder), a multi-strategy investment company dedicated to investing in and creating value across the mining sector in both developed and emerging markets. Evgenij Iorich’s investment experience at Pala includes oil and gas, base metal and bulk commodity investments, and his commodity experience extends across a broad range of bulk commodities, precious and base metals. Prior to joining Pala, Evgenij Iorich was a financial manager at Mechel, a Russian metals and mining company, where his responsibilities included all aspects of budgeting, forecasting and financial modeling. Evgenij Iorich is currently a Director of Winstar Resources Ltd. (TSX:WIX). Evgenij Iorich graduated from the University of Zurich with a Masters of Arts degree.

Remo Mancini – Remo Mancini combines his experience as a former Canadian and U.S. senior corporate executive, successful business owner, corporate director, and former Ontario Cabinet Minister to bring a valuable perspective to the boardroom. As a distinguished member of the Ontario Legislature for 18 years, Remo Mancini was a Member of the Cabinet serving in both economic and social portfolios, as Parliamentary Assistant to the Premier, and as Official Opposition Party House Leader. Remo Mancini served as Executive Vice-President for both the Canadian Transit Company and the Detroit International Bridge Company, the private companies that own, manage and operate the Ambassador Bridge, the world’s busiest commercial border crossing. He has worked in Canada, the United States, and Mexico with various levels of government on behalf of private business and a number of industry business sectors. As President/Owner of Sandstone Strategies, Remo Mancini takes on senior executive management assignments. Remo Mancini is a director of Niocan Inc., a TSX listed company with two significant mining properties in Québec, as well as Estrella International Energy Services Limited, a TSXV listed company in the oil and gas services sector in Latin America. He also serves on the Board of Advisors of Parsons Brinckerhoff Halsall Inc., the Canadian operating company of Parsons Brinckerhoff, a global infrastructure consulting, engineering and construction management organization. He is a graduate of the Directors Education Program offered by the Institute of Corporate Directors and the University of Toronto’s Rotman School of Management, and he has earned the internationally recognized designation of ICD.D.

Muneeb Yusuf – Muneeb Yusuf is currently the Assistant General Counsel and a Corporate Development Associate for Essar Steel Minnesota LLC and is also the interim General Counsel of Essar Steel Algoma Inc. Muneeb Yusuf was formerly an attorney in the Corporate Group of the Toronto office of Stikeman Elliott LLP, and has worked for Milbank, Tweed, Hadley & McCloy LLP in New York City. His practice focused on public and private mergers and acquisitions, securities, corporate finance, and general corporate and commercial law. Muneeb Yusuf holds a J.D. from Osgoode Hall Law School, a Masters of Business Administration (finance specialization) from the Schulich School of Business and an Honors Bachelors of Science degree from the University of Toronto. Muneeb Yusuf also sits on the board of directors of the Big Brothers and Big Sisters of York.

Directorships with Other Reporting Issuers

The following nominees for election as directors of the Corporation currently serve as directors of the reporting issuers (or the equivalent in a jurisdiction outside of Canada), other than the Corporation, listed below:

Name	Name of Reporting Issuer (or equivalent outside Canada)
Charles Entrekin	Sierra Rutile Ltd. (AIM)
Remo Mancini	Niocan Inc. (TSX) Estrella International Energy Services Limited (TSXV)
Evgenij Iorich	Winstar Resources Ltd. (TSX)

Corporate Cease Trade Orders

Except as disclosed below, no proposed director of the Corporation is, or has been, within 10 years before the date of this Circular, a director, CEO or CFO of any company that: (a) was subject to an order that was issued while the proposed director was acting in the capacity as director, CEO or CFO; or (b) was subject to an order that was issued after the proposed director ceased to be a director, CEO or CFO and which resulted from an event that occurred while that person was acting in the capacity as director, CEO or CFO. For the purposes hereof, "order" means a cease trade order, an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation that was in effect for a period of more than 30 consecutive days.

On October 19, 2009, the OSC issued a management cease trade order ("**MCTO**") related to the securities of the Corporation against Joseph Belan, the CEO of the Corporation at such time, with respect to the delayed filing of the Corporation's annual financial statements, the related managements' discussion and analysis ("**MD&A**") and the annual information form ("**AIF**"), each for the year ended June 30, 2009. The terms of the MCTO provided that trading in and all acquisitions of securities of the Corporation, whether direct or indirect, by Joseph Belan must cease until two full business days following the receipt by the OSC of all filings the Corporation was required to make under Ontario securities law.

In addition, on September 29, 2010, the OSC issued a cease trade order (the "**Temporary Order**") for a period of 15 days against the Corporation for failure to file its audited annual financial statements, the related MD&A, its AIF, each for the year ended June 30, 2010, and the certification of the foregoing filings. The Temporary Order provided that, if the default continued, a hearing would be held to consider whether an order should be made that all trading in the securities of the Corporation cease permanently or for such period as is specified in such order by reason of the continued default. In connection with the Temporary Order the Corporation's securities were suspended from trading by NEX.

On September 29, 2010, the British Columbia Securities Commission issued a cease trade order (the "**BC Order**") against the Corporation until such time as it filed the required documentation and the BC Order was revoked.

On October 12, 2010, the OSC issued a cease trade order (the "**ON Order**") against the Corporation which provided that all trading in the securities of the Corporation, whether direct or indirect, must cease until the ON Order is revoked.

On October 15, 2010, the Manitoba Securities Commission issued a cease trade order (the "**MB Order**", and together with the BC Order and the ON Order, the "**Cease Trade Orders**") against the Corporation until such time as it filed the required documentation, paid the outstanding filing fees, if any, and the MB Order was revoked.

The Corporation applied to have the Cease Trade Orders revoked on October 29, 2010, immediately following the filing of its AIF, its annual financial statements and the related MD&A, each for the year ended June 30, 2010. Each of the Cease Trade Orders and the MCTO were revoked on November 15, 2010.

Bankruptcies

No proposed director of the Corporation: (a) is, or has been, within the 10 years before the date of this Circular, a director or executive officer of any company that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or (b) has, within the 10 years before the date of this Circular, become

bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the proposed director.

Penalties and Sanctions

Except as disclosed herein, no proposed director of the Corporation 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 holder of Common Shares in deciding whether to vote for such proposed director.

Remo Mancini is a director of Niocan Inc., which received notice from the Toronto Stock Exchange (the "TSX") that the TSX has commenced a review of the eligibility for continued listing of Niocan's securities on the TSX. Currently, Niocan does not meet certain of the TSX's listing requirements including the minimum requirement for expenditures on exploration and/or development work. Niocan has been granted 120 days to comply with all the TSX requirements; if it is unable to demonstrate on or before January 24, 2013 that it meets the TSX requirements for continued listing, the securities will be delisted 30 days from such date.

REAPPOINTMENT OF AUDITOR

At the Meeting, the shareholders will be called upon to approve the reappointment of MSCM LLP as auditor of the Corporation to hold office until the close of the next annual meeting of shareholders, and to authorize the Board to establish its remuneration. MSCM LLP replaced Deloitte & Touche LLP, who commenced acting as the auditor of the Corporation in November 2005, at the annual and special meeting of the shareholders of the Corporation held on December 15, 2010.

The Board recommends that shareholders vote FOR the reappointment of MSCM LLP as auditor of the Corporation and the authorization of the Board to fix the remuneration of the auditor. Unless the shareholder directs that his, her or its Common Shares are to be withheld from voting in connection with the reappointment of the auditor, the persons named in the enclosed form of proxy will vote FOR the reappointment of MSCM LLP as auditor of the Corporation and the authorization of the Board to fix the remuneration of the auditor. A majority of the votes cast by shareholders at the Meeting is required to approve the reappointment of the auditor and to authorize the directors to fix the remuneration of the auditor.

APPROVAL OF STOCK OPTION PLAN

At the Meeting the shareholders will be asked to consider and, if thought appropriate, approve an ordinary resolution of shareholders to approve and confirm effective the Plan. The complete text of the resolution for approval, with or without modification, at the Meeting is set out in Schedule "A" to the Circular. Pursuant to the TSX Venture Exchange Corporate Finance Manual, rolling plans, such as the Plan, must receive shareholder approval yearly at the annual meeting of shareholders of the Corporation.

A summary of the terms of the Plan is set out below under "Securities Authorized for Issuance under Equity Compensation Plans - Description of Stock Option Plan". A copy of the complete text of the Plan is attached to the Corporation's management information circular dated November 15, 2011 as Schedule "B".

The Board recommends that shareholders vote FOR the approval of the ordinary resolution to approve and confirm effective the Plan. Unless the shareholder directs that his, her or its Common Shares are to be voted against the ordinary resolution to approve and confirm effective the Plan, the persons

named in the enclosed form of proxy will vote FOR the ordinary resolution to approve and confirm effective the Plan. A majority of the votes cast by shareholders at the Meeting is required to approve the ordinary resolution to approve and confirm effective the Plan.

STATEMENT OF EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

The Corporation's policies on executive compensation are intended to provide appropriate compensation for executives that is internally equitable, externally competitive and reflects individual achievements in the context of the Corporation's achievements. The overriding principles in establishing executive compensation provide that compensation should reflect:

- (a) fair and competitive compensation commensurate with an individual's experience and expertise in order to attract and retain highly qualified executives;
- (b) recognition and encouragement of leadership, entrepreneurial spirit and team work;
- (c) an alignment of the financial interests of the executives with the financial interests of the shareholders of the Corporation;
- (d) stock options and, in certain circumstances, bonuses to reward individual performance and contribution to the achievement of corporate performance and objectives; and
- (e) a contribution to enhancement of shareholder value.

Charles Entrekin, the CEO of the Corporation, has the responsibility for recommending the level of salary and incentives for executive officers, including himself. The recommended salary and incentives are then reviewed and approved by the Compensation Committee in accordance with the Charter of the Compensation Committee. See "Compensation" in Schedule "B" for further details regarding the Compensation Committee. The current Compensation Committee is comprised of Daniel Dumas, Robert Dietrich and Gregory Radke. The Compensation Committee is proposed to be comprised of Remo Mancini, Muneeb Yusuf and Evgenij Iorich. Remo Mancini and Muneeb Yusuf are independent within the meaning of National Instrument 58-101 - *Disclosure of Corporate Governance Practices* ("NI 58-101").

There are three elements to the Corporation's executive compensation program: (1) base salary; (2) short-term compensation incentives for annual and personal performance; and (3) long-term compensation incentives (primarily stock options) related to long-term increase in Common Share value. Officers and directors are not permitted to purchase financial instruments including, for greater certainty, prepaid variable forward contracts, equity swaps, collars, or units of exchange funds that are designed to hedge or offset a decrease in market value of equity securities granted as compensation or held, directly or indirectly, by such officers and directors.

Base Salary

The base salary for executive officers of the Corporation is reviewed and established annually, at or near the beginning of the financial year. Base salaries are based on the particular executive officer's personal performance and seniority, contribution to the business of the Corporation and the size and stage of development of the Corporation. Base salaries are also reviewed from time to time to ensure comparability with industry norms.

Short-Term Compensation Incentives

The Corporation may from time to time award discretionary bonuses; however, the Compensation Committee does not place great emphasis on the awarding of annual bonuses. Bonuses may be awarded to certain executives where such executives meet personal objectives or where the Corporation achieves certain objectives as a direct or indirect result of such executive's efforts.

Long-Term Compensation Incentives

Long-term incentive compensation for executive officers is provided through grants of stock options pursuant to the Corporation's stock option plan. Stock option grants to executive officers are generally reviewed annually. The number of stock options granted is based on each executive's salary range, responsibility and performance and takes into account the number and terms of stock options that have been granted to that executive previously. See "Securities Authorized For Issuance Under Equity Compensation Plans - Description of Stock Option Plan" for further details relating to the Corporation's stock option plan.

The compensation of executive officers is set within guidelines developed by the Compensation Committee and approved by the Board and is consistent with the principles set out above. No specific quantitative targets are set by the Compensation Committee with respect to the compensation of executive officers. In addition, although the performance of the Corporation is a factor that the Compensation Committee considers when determining or approving the compensation of executive officers, it is primarily the factors described above that determine the compensation of the executive officers. The Board has considered the implications of the risks associated with the Corporation's compensation policies and practices and has not identified any risks that are reasonably likely to have a material adverse effect on the Corporation.

Summary Compensation Table

Form 51-102F6 requires the disclosure of certain financial and other information relating to a reporting issuer's 'Named Executive Officers', which are defined as an issuer's CEO, CFO and each of the three most highly compensated executive officers, or the three most highly compensated individuals acting in a similar capacity whose total compensation was, individually, more than \$150,000 in the last fiscal year.

The following table sets forth the compensation earned in each of the Corporation's three most recently completed financial years by its Named Executive Officers.

Name and Principal Position	Year	Salary and Fees (\$)	Option-based Awards (\$)	Non-Equity Incentive Plan Compensation (\$)		All Other Compensation ⁽¹⁾ (\$)	Total Compensation (\$)
				Annual Incentive Plans	Long-Term Incentive Plans		
Charles Entrekin ⁽²⁾ Chief Executive Officer	2012	202,196	187,450	Nil	Nil	Nil	389,646
	2011	56,500	Nil	Nil	Nil	Nil	56,500
	2010	68,500	Nil	Nil	Nil	Nil	68,500
Rishi Tibriwal ⁽³⁾ Chief Financial Officer	2012	68,000	Nil	Nil	Nil	Nil	68,000
Steven Cresswell ⁽⁴⁾ Chief Financial	2012	80,827	35,626	Nil	Nil	Nil	116,453
	2011	271,502	Nil	Nil	Nil	Nil	271,502

Name and Principal Position	Year	Salary and Fees (\$)	Option-based Awards (\$)	Non-Equity Incentive Plan Compensation (\$)		All Other Compensation ⁽¹⁾ (\$)	Total Compensation (\$)
				Annual Incentive Plans	Long-Term Incentive Plans		
Officer	2010	97,985	Nil	Nil	Nil	Nil	97,985
Richard Lister ^{(5) (6)}	2012	37,152	50,425	Nil	Nil	Nil	87,577
Chief Executive Officer	2011	126,750	Nil	Nil	Nil	Nil	126,750
	2010	77,801	Nil	Nil	Nil	Nil	77,801

Notes:

- (1) Amounts for perquisites and other personal benefits, securities or property are not reported unless the aggregate amount is more than the lesser of \$50,000 or 10% of the total salary of the Named Executive Officer for the financial year.
- (2) Charles Entrekin was appointed CEO and Chairman of the Board on August 17, 2011, after serving as a director since March 27, 2009. Charles Entrekin's compensation for the fiscal years 2010 and 2011 was for his services as a director and represents director fees. His compensation in the most recently completed fiscal year as CEO was U.S.\$12,000 per month plus Board and Committee fees of U.S.\$77,891.
- (3) Rishi Tibriwal was appointed CFO on December 1, 2011 and resigned on October 1, 2012.
- (4) Steven Cresswell was engaged as a consultant effective as of February 11, 2010 and was appointed Interim CEO on March 19, 2010. On March 24, 2011 he resigned as Interim CEO and was appointed CFO. Effective December 2, 2011, Steven Cresswell resigned as CFO.
- (5) Richard Lister was a director of the Corporation from December 19, 2008 to August 17, 2011. Richard Lister's compensation for the fiscal year 2010 was for his services as a director and represents director fees. Richard Lister was appointed as CEO on March 24, 2011 and resigned from such position on August 17, 2011. His compensation for the 2011 fiscal year is comprised of \$82,750 representing director fees and \$44,000 representing salary for his role as CEO. His compensation in the most recently completed financial year is comprised of \$9,935 representing director fees, \$15,217 representing salary for his role as CEO to August 17, 2011 and \$12,000 representing consulting fees.
- (6) The former CEO of the Corporation, Richard Lister, was paid his base salary in the form of Common Shares pursuant to the terms of a share compensation agreement. The number of Common Shares issuable each month was calculated based on the volume weighted average trading price of the Common Shares on the TSXV for the five trading days immediately preceding the applicable payment date. The aggregate number of Common Shares issued or issuable pursuant to the share compensation agreement in any year was not permitted to exceed 1% of the issued and outstanding Common Shares from time to time. All Common Shares issued pursuant to the share compensation agreement were subject to a four month hold period in accordance with the policies of the TSXV. On September 30, 2011 the Corporation issued 373,925 Common Shares to Richard Lister in accordance with the terms of the share compensation agreement; this agreement is no longer in effect.

The Corporation issued options to acquire Common Shares to certain directors and officers on September 21, 2011 pursuant to the terms of the Corporation's stock option plan. Each such option is exercisable for one Common Share at a price of \$0.17 per Common Share. The value in the "Option-based Awards" column in the table above represents the total number of options issued to each Named Executive Officer multiplied by the fair market value of such options as calculated using the Black Scholes method. The key assumptions used to calculate the fair market value of the options were a risk-free interest rate of 1.85%, an expected stock price annual volatility of 100% and an expected life of 6 years.

Incentive Plan Awards

The following table provides, for each Named Executive Officer and director, a summary of all awards outstanding at the end of the fiscal year ended June 30, 2012.

Outstanding Option-based Awards

Name and Principal Position	Option-based Awards			
	Number of Securities Underlying Unexercised Options (#)	Option Exercise Price (\$)	Option Expiration Date	Value of Unexercised in-the-money Options (\$)
Charles Entrekin Chief Executive Officer & Director	150,000	0.75	March 27, 2014	N/A
	150,000	1.50	March 27, 2014	N/A
	1,710,000	0.17	September 21, 2018	N/A
Gregory Radke Director	460,000	0.17	September 21, 2018	N/A
Daniel Dumas Director	460,000	0.17	September 21, 2018	N/A
Robert Dietrich Director	460,000	0.17	September 21, 2018	N/A

Incentive Plan Awards – Value Vested or Earned during Fiscal 2012

The following table sets forth all option-based awards granted to the Named Executive Officers and directors that vested during the most recently completed financial year. No non-equity incentive plan compensation was earned by the Named Executive Officers and directors during such year.

Name	Option-based awards – Value vested during the year (\$)
Charles Entrekin Chief Executive Officer & Director	187,450
Gregory Radke Director	50,425
Robert Dietrich Director	50,425
Daniel Dumas Director	50,425
Richard Lister Director	50,425
Steven Cresswell CFO	35,626
Rishi Tibriwal CFO	Nil

Pension Plan Benefits

The Corporation does not provide retirement or pension benefits for directors or executive officers.

Termination and Change of Control Benefits

Thomas Masney, the current CFO, is employed pursuant to terms set out in an employment agreement. The agreement terms provide that Thomas Masney is entitled to the greater of one month's written notice or such period of notice required by employment standards legislation of termination without just cause or, at the Corporation's option, payment in lieu of such notice of one months' salary (or such period required by employment standards legislation) and accrued but unpaid salary, expenses and vacation pay. Thomas Masney may resign on one month's written notice. The Corporation can terminate Thomas Masney's employment at any time for just cause without notice or payment in lieu thereof. The agreement does not contain any payment provisions in connection with any change of control of the Corporation. Thomas Masney was not employed by the Corporation on June 30, 2012.

Director Compensation

The Corporation pays an annual retainer of US\$25,000 to directors (US\$45,000 to the Chair). The Corporation also pays an annual retainer to members of the committees of the Board as follows: Audit Committee US\$4,000 (US\$20,000 to the Chair); Compensation Committee US\$4,000 (US\$8,000 to the Chair); Nomination and Corporate Governance Committee US\$4,000 (US\$8,000 to the Chair); in their capacities as members of such committees. Each director receives a fee of US\$500 for each meeting of the Board they attend and each member of the Audit Committee also receives a fee of US\$500 for each Audit Committee meeting they attend.

Richard Lister's and Charles Entrekin's compensation during the most recently completed financial year, ended June 30, 2012, is disclosed above under the heading "Summary Compensation Table". The other directors of the Corporation were compensated as follows:

Name	Fees Earned (\$)	Option Based Awards (\$)	Total (\$)
Daniel Dumas ⁽¹⁾	45,636	50,425	96,061
Gregory Radke	57,112	50,425	107,537
Robert Dietrich	71,011	50,425	121,436

Notes:

(1) Daniel Dumas was appointed as a director on September 8, 2011.

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The following table sets forth information concerning the Corporation's incentive stock option plan (the "Plan") as at June 30, 2012. The Corporation has no equity compensation plans other than the Plan.

Plan Category	Number of securities to be issued upon exercise of outstanding options	Weighted-average exercise price of outstanding options	Number of securities remaining available for future issuance under equity compensation plans
Equity compensation plans approved by shareholders	3,390,000	\$0.25	13,948,097
Equity compensation plans not approved by shareholders	N/A	N/A	N/A
Total	3,390,000	\$0.25	13,948,097

The aggregate number of Common Shares reserved for issuance upon the exercise of options pursuant to the Plan is such number of Common Shares as is equal to 10% of the number of issued and outstanding Common Shares from time to time. As at the date of this Circular, the maximum number of Common Shares which may be issued under the Plan is 17,338,097 (representing 10% of the 173,380,974 Common Shares currently issued and outstanding).

Description of Stock Option Plan

The Plan provides for the grant of options to purchase Common Shares to eligible directors, senior officers, employees and consultants of the Corporation or any of its affiliates (“**Participants**”). The purpose of the Plan is to attract, retain, motivate and compensate persons who are integral to the growth and success of the Corporation. The Plan is administered by the Board. All of the powers exercisable by the Board under the Plan may, to the extent permitted by applicable law and as authorized by the Board, be exercised by the Compensation Committee. The aggregate number of Common Shares currently reserved for issuance upon the exercise of options pursuant to the Plan is such number of Common Shares as is equal to 10% of the number of issued and outstanding Common Shares from time to time or such other number or percentage of Common Shares as the Board may determine from time to time and as the shareholders of the Corporation shall approve in accordance with the requirements of the TSX Venture Exchange. The number of Common Shares reserved for issuance to any one participant upon the exercise of options pursuant to the Plan shall not exceed 5% of the total number of Common Shares issued and outstanding. The number of Common Shares reserved for issuance to any one non-employee director upon the exercise of options pursuant to the Plan shall not exceed 2% of the total number of Common Shares issued and outstanding.

The number of Common Shares issuable to insiders pursuant to options granted under the Plan and all other security based compensation arrangements of the Corporation shall not, at any time, exceed 10% of the total number of Common Shares then issued and outstanding. The number of Common Shares issued to insiders pursuant to options granted under the Plan and all other security based compensation arrangements shall not, within a one year period, exceed 10% of the total number of Common Shares then issued and outstanding. The number of Common Shares issued to any insider and such insider’s associates pursuant to options granted under the Plan and all other security based compensation arrangements shall not, within a one year period, exceed 5% of the total number of Common Shares then issued and outstanding.

The number of options granted to any one participant under the Plan and all other security based compensation arrangements of the Corporation shall not result in the grant to such participant of in excess of 5% of the number of Common Shares outstanding immediately prior to the grant of any such options within any 12 month period unless disinterested shareholder approval is obtained. The number of options granted to any one consultant under the Plan and all other security based compensation arrangements of the Corporation shall not result in the grant to such consultant of in excess of 2% of the number of Common Shares outstanding immediately prior to the grant of any such options within any 12 month period.

In addition to the limitations on the grant of options under the Plan described above, the number of shares reserved for issuance to any one person pursuant to options shall not exceed 5% of the issued and outstanding Common Shares and the number of Common Shares reserved for issuance pursuant to options granted to directors who are not also employees of the Corporation, in the aggregate, shall not exceed 1% of the issued and outstanding Common Shares.

The exercise price of an option is set by the Board at the time of grant, but may not be less than the closing price of the Common Shares on the principal stock exchange on which the Common Shares are listed on the last trading day preceding the date on which the grant of the option is approved by the

Board. The Plan provides for flexible vesting, at the discretion of the Board. Under the Plan, the Board determines the term of any options granted, which shall not exceed 10 years from the date of grant.

The expiration of any option will be accelerated if the Participant's employment or other relationship with the Corporation terminates. An optionee that ceases to be a Participant (for reasons other than termination for cause) has 90 days from the date of termination to exercise all existing vested options; provided that in no event shall such right extend beyond the option period. In the event of the death of a Participant, the options granted to the Participant shall be exercisable thereafter by the person or persons to whom the Participant's rights under the option shall pass by the Participant's will or the laws of descent and distribution; provided that in no event shall such right extend beyond the option period. If the date on which an option expires occurs during or within two business days after the last day of a trading black-out period imposed pursuant to the Corporation's insider trading policy (as it may be amended from time to time), the expiry date of such option shall be the date that is 10 business days following the date of expiry of the black-out period.

Any exercises of options will make new grants available under the Plan, effectively resulting in reloading of the number of options available to grant under the Plan. In the event that options granted are surrendered in accordance with the provisions of the Plan, or terminate or expire without being exercised in whole or in part, the Common Shares reserved for issuance but not purchased under such lapsed options shall be available for subsequent options to be granted under the Plan.

The benefits, rights and options accruing to any Participant in accordance with the terms and conditions of the Plan are not assignable or transferable by the Participant except: (a) from the Participant to an entity controlled by the Participant or the Participant's registered retirement savings plan ("RRSP") or registered retirement income fund ("RRIF") or from an entity controlled by the Participant or the Participant's RRSP or RRIF to the Participant and, in either such event, the provisions of the Plan shall apply *mutatis mutandis* as though they were originally issued to and registered in the name of the Participant; or (b) as otherwise specifically permitted under the Plan and in accordance with applicable laws.

The Plan further provides for the termination of options in connection with certain fundamental changes such as the dissolution, liquidation or merger of the Corporation, or in the event of a change of control of the Corporation and provides for accelerated vesting in such circumstances, at the discretion of the Board. Subject to the approval of any stock exchange on which the Corporation's securities are listed, the Board may suspend, amend or terminate the Plan.

The following types of amendments to the Plan or an option granted under the Plan require shareholder approval: (a) any increase in the maximum number of Common Shares issuable under the Plan; (b) any reduction in the exercise price of outstanding options; (c) the cancellation of any option for the purpose of exchange for re-issuance at a lower exercise price to the same person; (d) any extension of the expiry date of an outstanding option (other than in accordance with the Plan); (e) any increase in the term of options granted under the Plan beyond 10 years from the date of grant; (f) any amendment to transfer provisions applicable to options granted under the Plan; (g) any amendment for which applicable law or rules of the TSX Venture Exchange require approval of the shareholders of the Corporation; (h) any change in the matters requiring shareholder approval under the Plan; and (i) any expansion in the class of Participants to whom options may be granted under the Plan. The Board may approve all other amendments to the Plan or options granted under the Plan.

The Plan has not been amended in any respect since it was approved by the shareholders at the last annual and special meeting of the Corporation. A copy of the Plan is attached to the Corporation's management information circular dated November 15, 2011 as Schedule "B". Pursuant to the TSX

Venture Exchange Corporate Finance Manual, rolling plans, such as the Plan, must receive shareholder approval yearly at the annual meeting of shareholders of the Corporation.

STATEMENT OF CORPORATE GOVERNANCE PRACTICES

NI 58-101 and National Policy 58-201 – *Corporate Governance Guidelines* (“**NP 58-201**”) set out a series of guidelines for effective corporate governance. Each reporting issuer, including the Corporation, must disclose on an annual basis and in prescribed form, the corporate governance practices that it has adopted. The Corporation’s disclosure with respect to its corporate governance practices is attached to this Circular as Schedule “B”.

AUDIT COMMITTEE INFORMATION

Audit Committee Charter

The charter of the Corporation’s Audit Committee is attached to this AIF as Schedule “C”.

Composition of the Audit Committee

The Audit Committee is currently comprised of Robert Dietrich, Charles Entrekin and Daniel Dumas; however, after the Meeting, the Audit Committee is proposed to be comprised of Remo Mancini, Muneeb Yusuf and Charles Entrekin, each of whom is financially literate. Remo Mancini and Muneeb Yusuf are considered to be independent of the Corporation under National Instrument 52-110 – *Audit Committees* (“**NI 52-110**”). Charles Entrekin is not considered to be independent as he is currently the Chief Executive Officer of the Corporation. The Corporation is relying on the exemption in section 6.1 of NI 52-110 for venture issuers with respect to the composition of the Audit Committee.

Relevant Education and Experience

The relevant education and experience of each proposed Audit Committee member is disclosed above under “Election of Directors – Biographies of Proposed Directors”. In addition, Charles Entrekin has served on the Audit Committee since his appointment to the Board on March 27, 2009. Remo Mancini is also the Chair of the audit committee of Niocan Inc. and a member of the audit committee of Estrella International Energy Services Ltd.

Pre-approval Policies and Procedures

The Audit Committee requires the Corporation to obtain Audit Committee approval for any non-audit services exceeding immaterial amounts. The Audit Committee has pre-approved certain non-audit services under prescribed limits; for all other services and services above these limits, specific consideration by, and approval of, the Audit Committee is required.

External Auditor Service Fees

The following are the aggregate fees incurred by the Corporation for services provided by its external auditors during the financial years ended June 30, 2012 and June 30, 2011:

	2012	2011
	\$	\$
Audit Fees		
Annual audit	27,500	30,000
Total Audit Fees	27,500	30,000
Tax Fees		
Tax compliance	3,000	0
Total Tax Fees	3,000	0
TOTAL FEES	30,500	30,000

There were no "Audit-Related Fees" or "Other Fees" during the financial years ended June 30, 2012 and June 30, 2011.

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

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

DIRECTORS AND OFFICERS INSURANCE

The Corporation's directors and officers insurance was renewed on December 22, 2012 for twelve months. The amount of the premium paid by the Corporation was \$21,948; no amount was payable by the directors or officers in respect of such insurance. The insurance policy is subject to a \$5,000,000 limit, both per claim and in the aggregate. A \$50,000 deductible applies to each claim by the Corporation on its own behalf and on behalf of each director and officer insured for indemnity.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

To the knowledge of the Corporation (i) no director, proposed nominee for election as a director or executive officer of the Corporation, (ii) no person or company that beneficially owns, or controls or directs, directly or indirectly, more than 10% of any class or series of the Corporation's outstanding voting securities, (iii) no director or executive officer of a company referred to in (ii) or of a subsidiary of the Corporation, and (iv) no associate or affiliate of the persons or companies referred to in (i), (ii) and (iii) above had any material interest, direct or indirect, in any transactions since the commencement of the Corporation's most recently completed financial year, or has any material interest, direct or indirect, in any proposed transactions, that materially affected or would materially affect the Corporation or any of its subsidiaries except as disclosed below or in the Corporation's AIF for the year ended June 30, 2012.

Interest of Pala in the Corporation's Investment in Asian Mineral Resources ("AMR")

Pala is a significant shareholder each of the Corporation and AMR. At the date of the Corporation's investment in AMR, Pala owned 157,814,933 common shares of AMR ("**AMR Shares**") (representing 43.7% of the outstanding AMR Shares, on an undiluted basis after giving effect to the Corporation's investment) plus 54,166,667 common share purchase warrants of AMR (which if exercised, would bring its ownership interest to 51% of the outstanding AMR Shares on a partially diluted basis after giving effect to the Corporation's investment). As such, AMR is a "related party" of the Corporation for the purposes of Multilateral Instrument 61-101 - *Protection of Minority Security Holders in Special Transactions* ("**MI 61-101**") and the investment in AMR constituted a "related party transaction" within the meaning of MI 61-101. The Corporation was exempt from the requirement to obtain a formal valuation and minority shareholder approval as neither the fair market value of the subject matter of, nor the fair market value of the consideration for, the investment, insofar as it involved interested parties, exceeded 25% of the Corporation's market capitalization.

Take-Over Bid by Pala Investments Limited

On October 1, 2012, 0947446 B.C. Ltd., a wholly-owned subsidiary of Pala, made an offer to purchase (the "**Offer**"), for a purchase price of \$0.11 per Common Share in cash, all of the outstanding Common Shares it did not own. Further details of the Offer are available in the directors' circular dated October 16, 2012, which was circulated to all shareholders of the Corporation and filed on SEDAR at www.sedar.com. All of the 9,832,366 Common Shares (representing approximately 5.67% of the outstanding Common Shares) deposited to the Offer were taken up, resulting in Pala and its affiliates now owning an aggregate of 94,528,199 Common Shares, representing approximately 54.52% of the outstanding Common Shares. The Offer expired on December 24, 2012.

OTHER MATTERS WHICH MAY COME BEFORE THE MEETING

Management of the Corporation knows of no matters to come before the Meeting other than those referred to in the Notice of Meeting accompanying this Circular. However, if any other matters properly come before the Meeting, it is the intention of the persons named in the form of proxy accompanying this Circular to vote the same in accordance with their best judgment of such matters.

ADDITIONAL INFORMATION

On March 31, 2011, the Corporation announced that it had developed and adopted a revised business strategy, intended to capitalize on the Board's and management's expertise and enable the Corporation to invest and aid growth in projects in the mining, metallurgical and mineral industries, in connection with its graduation to the TSXV. In conjunction with the Corporation's graduation to the TSXV, the Corporation was recategorized from a mineral resource company to an investment issuer and the Corporation adopted an Investment Policy which provides guidelines and criteria for all of the Corporation's investment activities. The Investment Policy is attached as Schedule "A" to the Corporation's news release issued and filed under the Corporation's profile on SEDAR on March 31, 2011.

The Corporation's strategy calls for strategic investments in resource based opportunities offering capital appreciation potential, in particular, debt or equity participation in investee companies, with projects nearing maturity. The Corporation believes it can add value through active involvement from not only a financial standpoint, but also by the contribution of guidance and additional mining and corporate finance expertise. The Corporation may make initial investments of debt, equity or a combination thereof in public or private companies through a variety of financial instruments including, but not limited to, private placements, participation in initial public offerings, convertible loans, loans with equity bonus

provisions or purchase options and the like. In most cases, one or more nominees of the Corporation will join the board of directors of the investee company.

On May 16, 2012, the Corporation announced that its Board had commenced a review of strategic alternatives with the objective of enhancing shareholder value. The Board evaluated the Corporation's options and has determined that it is in the best interests of the Corporation to continue to explore investment opportunities in accordance with the aforementioned business strategy.

Additional information relating to the Corporation is available under its profile on SEDAR at www.sedar.com. Financial information is provided in the Corporation's comparative annual financial statements and MD&A for its most recently completed financial year. The Corporation's financial statements and MD&A for its most recently completed financial year, together with the auditor's report thereon and its AIF for such year, have been filed and are available on SEDAR. Shareholders of the Corporation may also request copies of the Corporation's financial statements and MD&A by contacting the CEO of the Corporation at the Corporation's head office at 120 Adelaide Street West, Suite 2500, Toronto, Ontario, M5H 1T1, telephone: (416) 644-1217.

APPROVAL

The contents and sending of the Notice of Meeting and this Information Circular have been authorized and approved by the Board.

BY ORDER OF THE BOARD

By: (Signed) Charles Entrekin

Name: Charles Entrekin

Title: Chief Executive Officer

SCHEDULE "A"
STOCK OPTION PLAN RESOLUTION

BE IT RESOLVED THAT:

1. The stock option plan, in the form attached as Schedule "B" to the management information circular dated November 15, 2011 of Melior Resources Inc. (the "**Corporation**"), is approved and readopted as the stock option plan of the Corporation; and
2. Any one officer or director of the Corporation is authorized and directed, for and on behalf of the Corporation, to do, or cause to be done, all such acts and things and execute, whether under the corporate seal or otherwise, and deliver, or cause to be delivered, such other documents, agreements, certificates and statements, as any such director or officer of the Corporation may deem necessary or desirable in order to carry out any of the foregoing resolutions, the authority for the execution of such documents, agreements, certificates and statements and the doing of such other acts or things to be conclusively evidenced thereby.

SCHEDULE "B"
CORPORATE GOVERNANCE PRACTICES

1. Board of Directors

The Board is currently, and is proposed to be, comprised of four (4) directors. Remo Mancini and Muneeb Yusuf are considered "independent" under NI 58-101. Charles Entrekin is not considered to be "independent" as he is also the CEO of the Corporation. Despite the fact Evgenij Iorich is not a member of management, the Board has determined, based on Evgenij Iorich's affiliation with the Corporation's significant shareholder, that Evgenij Iorich is not independent. Charles Entrekin is the Chair of the Board. The Board believes that the current composition provides appropriate independent representation for the public shareholders of the Corporation and has, in conjunction with the Meeting, nominated a slate of directors that is comprised of two independent directors.

In order to facilitate the exercise of independent judgment in carrying out the Board's responsibilities, the Board has established a mandate that sets forth in detail the responsibilities and obligations of the members of the Board, including the obligation to identify and declare conflicts of interest. Further, the responsibilities of the Board and management to act with due care in the best interests of the Corporation are well defined by law and both management and the Board recognize their respective duties and obligations. The independent directors meet in the absence of members of management as deemed appropriate and at each Board meeting to which management is invited the independent directors hold an in camera session.

The primary functions of the Chair of the Board are to facilitate the operations and deliberations of the Board and the satisfaction of the Board's functions and responsibilities as set out in the Board Mandate.

Corporate objectives are reviewed by the Board from time to time throughout the year. The Board has the responsibility to set the strategic direction of the Corporation and to oversee its implementation by management of the Corporation. To assist it in fulfilling this responsibility, the Board has specifically recognized its responsibility for several areas, including:

- (a) reviewing and approving the Corporation's strategic and operating plans;
- (b) reviewing and approving material proposed expenditures;
- (c) reviewing and approving significant operational and financial matters; and
- (d) providing direction to management on these matters.

Decisions regarding the ongoing day-to-day management are made by management of the Corporation. The Board meets regularly to discuss the Corporation's business and operations and to review financial statements of the Corporation. The Board also discharges, in part, its responsibility through the Audit Committee, the Compensation Committee, the Nomination and Corporate Governance Committee and the Investment Committee. The frequency of the meetings of the Board, as well as the nature of agenda items, changes depending upon the state of the Corporation's affairs and in light of opportunities which arise or risks which the Corporation faces. The Corporation holds a minimum of four meetings of the Board in each financial year.

The Board participates fully in assessing and approving strategic plans and prospective decisions proposed by management. In order to ensure that the principal business risks borne by the Corporation are appropriate, the directors receive and comment on periodic reports from management as to the Corporation's assessment and management of such risks. The Board regularly monitors the financial

performance of the Corporation, including receiving and reviewing periodic management reports. The Board, directly and through its Audit Committee, assesses the integrity of the Corporation's internal control and management information systems.

Moreover, the Corporation has adopted a corporate disclosure policy within its corporate governance policy. The policy deals with, among other things, how the Corporation interacts with analysts, investors, other stakeholders and the public as well as how the Corporation complies with its disclosure obligations. In addition, the Audit Committee reviews press releases containing the quarterly results of the Corporation prior to release. The Corporation's disclosure policy has been established in accordance with the relevant disclosure requirements under applicable Canadian securities laws.

Two of the current directors of the Corporation and three of the newly proposed nominees are presently a director of at least one other issuer that is a reporting issuer, or the equivalent thereof. All directorships with other public entities for each of the proposed Board members are set forth in the Circular under "Election of Directors - Directorships with Other Reporting Issuers" and in their biographies. Gregory Radke is a director of Churchill Mining PLC which is listed on AIM.

The attendance record of each director for all Board meetings held during the Corporation's most recently completed financial year is set out below:

Director	Total Number of Meetings	Number of Meetings Attended	Attendance %
Richard Lister ⁽¹⁾	1	1	100%
Charles Entrekin	27	27	100%
Gregory Radke	27	26	96%
Robert Dietrich	27	27	100%
Daniel Dumas ⁽²⁾	23	22	96%

Notes:

- (1) Richard Lister resigned from the Board on August 17, 2011.
- (2) Daniel Dumas was appointed to the Board on September 8, 2011.

2. Orientation and Continuing Education

The Corporation has not established a formal orientation and education program for Board members; however, the Corporation is committed to providing sufficient information so as to ensure that new directors are familiar with the Corporation's business and the procedures of the Board. Information may include the Corporation's corporate and organizational structure, recent filings and financial information, governance documents and important policies and procedures. The Board will ensure that every director possesses the capabilities, expertise, availability and knowledge required to fill his or her position adequately.

The Board ensures that all new directors receive a comprehensive orientation. All new directors should fully understand the role of the Board and its committees, as well as the contribution individual directors are expected to make (including, in particular, the commitment of time and resources that the Corporation expects from its directors). All new directors are expected to understand the nature and operations of the business.

The Board provides continuing education opportunities for all directors, so that individuals may maintain or enhance their skills and abilities as directors, and to ensure their knowledge and understanding of the Corporation's business remains current.

3. Ethical Business Conduct

The Corporation is committed to conducting its affairs with integrity, honesty, fairness and professionalism. The Board has approved a Code of Ethics (the “Code”) intended to encourage and promote a culture of ethical business conduct. The Code is available on SEDAR at www.sedar.com or upon request to the CEO of the Corporation at its office at 120 Adelaide Street West, Suite 2500, Toronto, Ontario, M5H 1T1.

The Code applies at all levels of the organization, from major decisions to day-to-day transactions. The Code delineates the standards governing the relations between the Corporation and shareholders, customers, suppliers and competitors, respectively. Within this framework, employees and directors are expected to exercise good judgment and to be accountable for their actions. All employees and directors are required to review and attest to compliance with the Code on an annual basis and the Board receives a report on compliance with the Code. Transactions and agreements in respect of which a director or executive officer has a material interest must be reviewed and approved by the Board in accordance with the Code.

4. Nomination of Directors

The Board has the ultimate responsibility for the appointment, nomination and assessment of directors, but it performs this function with the assistance of the Nomination and Corporate Governance Committee. The Board believes that this is a practical approach at this stage of the Corporation’s development. While there are no specific criteria for Board membership, the Corporation attempts to attract and maintain directors with a wealth of business knowledge and particular knowledge of the Corporation’s industry or other industries which provide relevant experience or which would assist in guiding the officers of the Corporation. As such, and in order to encourage an objective nomination process, nominations tend to be the result of recruitment efforts by management of the Corporation and members of the Nomination and Corporate Governance Committee, but are subject to informal discussions among the directors prior to the consideration by the Board as a whole of the nominated director.

The Nomination and Corporate Governance Committee is a committee of the Board which assists the Board by providing it with recommendations relating to corporate governance in general including, without limitation: (a) all matters relating to the stewardship role of the Board in respect of the management of the Corporation, (b) Board size and composition, including the candidate selection process and the orientation of new members, (c) Board compensation, and (d) such procedures as may be necessary to allow the Board to function independently of management. The Corporate Governance Committee also oversees compliance with policies associated with an efficient system of corporate governance.

5. Compensation

The Compensation Committee reviews and approves salary and benefits for executives of the Corporation and compensation for the directors of the Corporation. The Corporation has developed policies for the compensation of its executives and directors. For specific disclosure regarding the compensation of executive officers, including the CEO and the CFO, please see “Statement of Executive Compensation”.

Two of the proposed members of the Compensation Committee are considered to be independent directors.

The Charter of the Compensation Committee establishes the committee's purpose, responsibilities, member qualifications, member appointment and removal, structure and operations (including any authority to delegate to individual members or subcommittees), and the manner of reporting to the Board. In addition, the Compensation Committee has the authority to engage and compensate any outside advisor that it determines to be necessary to permit it to carry out its duties.

The Compensation Committee is responsible, among other things, for:

- (a) reviewing and approving corporate goals and objectives relevant to CEO compensation, evaluating the CEO's performance in light of those corporate goals and objectives, and determining (or making recommendations to the Board with respect to) the CEO's compensation level based on this evaluation;
- (b) making recommendations to the Board with respect to officer and director compensation, incentive compensation plans and equity-based plans; and
- (c) reviewing executive compensation disclosure before the Corporation publicly discloses this information.

Both the current and the proposed members of the Compensation Committee have the skills and experience necessary to enable the Compensation Committee as a whole to make decisions on the suitability of the Corporation's compensation policies and practices.

6. Other Board Committees

The Corporation has the following standing committees, the Audit Committee, the Compensation Committee, the Nomination and Corporate Governance Committee and the Investment Committee.

The Investment Committee was formed to review and approve all investments by the Corporation. This committee is responsible for overseeing the Corporation's investments and ensuring compliance with the Corporation's Investment Policy. The Investment Committee is comprised of the entire Board and Charles Entekin is the chair. The Investment Policy was filed on SEDAR on March 31, 2011 and is available on the Corporation's website.

7. Assessments

The Board monitors the effectiveness of the relationship between management and the Board, the effectiveness of Board operations, the operations of the committees of the Board and of individual directors, and recommends improvements as necessary. This is accomplished through an informal process in discussions between the directors at Board meetings and between the independent directors at in camera sessions. Individual directors are encouraged to raise any perceived issues before the Board.

SCHEDULE "C"
CHARTER OF THE AUDIT COMMITTEE

MELIOR RESOURCES INC.
(the "Corporation")

I. Purpose

The Audit Committee is a committee of the Board of Directors which assists the Board in overseeing the Corporation's financial controls and reporting and in fulfilling its legal and fiduciary obligations with respect to matters involving the accounting, auditing, financial reporting, internal control and legal compliance functions of the Corporation. The Audit Committee's primary duties and responsibilities are to:

- Oversee: (i) the integrity of the Corporation's financial statements; (ii) the Corporation's compliance with legal and regulatory requirements with respect to financial controls and reporting; and (iii) the auditors' qualifications and independence.
- Serve as an independent and objective party to monitor the Corporation's financial reporting processes and internal control systems.
- Review and appraise the audit activities of the Corporation's independent auditors and its internal auditing functions.
- Provide open lines of communication among the independent auditors, financial and senior management and the Board of Directors for financial reporting and control matters.

II. Composition

The Committee will be comprised of at least three directors, all of whom qualify as independent directors, as determined by the Board.

Members of the Audit Committee shall be appointed by the Board of Directors on an annual basis and shall serve at the pleasure of the Board, or until the earlier of (a) the close of the next annual meeting of shareholders of the Corporation at which the member's term of office expires, (b) the death of the member or (c) the resignation, disqualification or removal of the member from the Audit Committee or from the Board. The Board may fill a vacancy in the membership of the Audit Committee.

All members should have skills and/or experience which are relevant to the mandate of the Committee, as determined by the Board. All members of the Committee shall be financially literate at the time of their election to the Committee. "Financial literacy" shall be determined by the Board of Directors in the exercise of its business judgment, and shall include a working familiarity with basic finance and accounting practices and an ability to read and understand financial statements that present a breadth and level of complexity of the issues that can reasonably be expected to be raised by the Corporation's financial statements. Committee members, if they or the Board of Directors deem it appropriate, may enhance their understanding of finance and accounting by participating in educational programs conducted by the Corporation or an outside consultant or firm.

At the time of the annual appointment of the members of the Audit Committee, the Board shall appoint a Chairman of the Audit Committee. The Chairman shall be a member of the Audit Committee, preside over all Audit Committee meetings, coordinate the Audit Committee's compliance with this charter, and

provide reports of the Audit Committee to the Board. The Chair may vote on any matter requiring a vote and shall provide a second vote in the case of a tie vote.

III. Responsibilities

The responsibilities of the Audit Committee shall generally include, but not be restricted to, undertaking the following:

Selection and Evaluation of Auditors

- (a) Recommending to the Board of Directors the external auditors (subject to shareholder approval) to be engaged to prepare or issue an auditor's report or performing other audit, review or attest services for the Corporation and the compensation of such external auditors.
- (b) Overseeing the independence of the Corporation's auditors and taking such actions as it may deem necessary to satisfy it that the Corporation's auditors are independent within the meaning of applicable securities laws by, among other things: (i) requiring the independent auditors to deliver to the Committee on a periodic basis a formal written statement delineating all relationships between the independent auditors and the Corporation; and (ii) actively engaging in a dialogue with the independent auditors with respect to any disclosed relationships or services that may impact the objectivity and independence of the independent auditors and taking appropriate action to satisfy itself of the auditors' independence.
- (c) Instructing the Corporation's independent auditors that: (i) they are ultimately accountable to the Committee (as representatives of the shareholders of the Corporation); (ii) they must report directly to the Committee; and (iii) the Committee is responsible for the appointment (subject to shareholder approval), compensation, retention, evaluation and oversight of the Corporation's independent auditors.
- (d) Ensuring the respect of legal requirements regarding the rotation of applicable partners of the external auditors, on a regular basis, as required.
- (e) Reviewing and pre-approving all audit and permitted non-audit services or mandates to be provided by the independent auditors to the Corporation or any of its subsidiaries, including tax services, and the proposed basis and amount of the external auditors' fees for such services, and determining which non-audit services the auditors are prohibited from providing (and adopting specific policies and procedures related thereto).
- (f) Reviewing the performance of the Corporation's independent auditors and replacing or terminating the independent auditors (subject to required shareholder approvals) when circumstances warrant.

Oversight of Annual Audit

- (a) Reviewing and accepting, if appropriate, the annual audit plan of the Corporation's independent auditors, including the scope, extent and schedule of audit activities, and monitoring such plan's progress and results during the year.

- (b) Confirming through private discussions with the Corporation's independent auditors and the Corporation's management that no management restrictions are being placed on the scope of the independent auditors' work.
- (c) Reviewing with the external auditors any audit problems or difficulties and management's response thereto and resolving any disagreement between management and the external auditors regarding accounting and financial reporting.
- (d) Reviewing with management and the external auditors the results of the year-end audit of the Corporation, including: (i) the annual financial statements and the audit report, the related management representation letter, the related "Memorandum Regarding Accounting Procedures and Internal Control" or similar memorandum prepared by the Corporation's independent auditors, any other pertinent reports and management's responses concerning such memorandum; and (ii) the qualitative judgments of the independent auditors about the appropriateness and not just the acceptability of accounting principles and financial disclosure practices used or proposed to be adopted by the Corporation including any alternative treatments of financial information that have been discussed with management, the ramification of their use and the independent auditor's preferred treatment as well as any other material communications with management and, particularly, about the degree of aggressiveness or conservatism of its accounting principles and underlying estimates.

Oversight of Financial Reporting Process and Internal Controls

- (a) Reviewing with management and the external auditors the annual financial statements and accompanying notes, the external auditors' report thereon, the related management's discussion and analysis and the related press release, and obtaining explanations from management on all significant variances with comparative periods, before recommending approval by the Board and the release thereof.
- (b) Reviewing with management the quarterly financial statements, any auditors' review thereof, the related management's discussion and analysis and the related press release before approval.
- (c) Reviewing and periodically assessing the adequacy of the Corporation's procedures for the Corporation's public disclosure of financial information extracted or derived from the Corporation's financial statements, including reviewing the financial information contained in the annual information form, management proxy circular, management's discussion and analysis, prospectuses and other documents containing similar financial information before their public disclosure or filing with regulatory authorities, including the audit committee's report for inclusion in the Corporation's management information circular in accordance with applicable rules and regulations.
- (d) Periodically reviewing the Corporation's disclosure policy to ensure that it conforms with applicable legal and regulatory requirements.
- (e) Reviewing the adequacy and effectiveness of the Corporation's accounting and internal control policies and procedures through inquiry and discussions with the Corporation's independent auditors and management of the Corporation.

- (f) Monitoring the quality and integrity of the Corporation's disclosure controls and procedures and management information systems through discussions with management and the external auditors.
- (g) Overseeing management's reporting on internal controls and disclosure controls and procedures.
- (h) Reviewing on a regular basis and monitoring the Corporation's policies and guidelines which govern the Corporation's risk assessment and risk management, including the Corporation's major financial risk exposures and the steps management has taken to monitor and control such exposures, including hedging policies through the use of financial derivatives.
- (i) Establishing and maintaining free and open means of communication between and among the Board of Directors, the Committee, the Corporation's independent auditors and management.

Other Matters

- (a) Assisting the Board with oversight of the Corporation's compliance with applicable legal and regulatory requirements, including meeting with general counsel and outside counsel when appropriate to review legal and regulatory matters, including any matters that may have a material impact on the financial statements of the Corporation.
- (b) Reviewing and approving any transactions between the Corporation and members of management and/or the Board as well as policies and procedures with respect to officers' expense accounts and perquisites, including the use of corporate assets. The Committee shall consider the results of any review of these policies and procedures by the Corporation's independent auditors.
- (c) Conducting or authorizing investigations into any matters within the Committee's scope of responsibilities, including retaining outside counsel or other consultants or experts as the Committee determines necessary to carry out its duties and to set and pay the compensation for these advisors.
- (d) Establishing procedures for the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls or auditing matters and the confidential, anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters.
- (e) Establishing procedures for the review and approval of financial and related information of the Corporation.
- (f) Reviewing and approving the Corporation's hiring policies regarding partners, employees and former partners and employees of the present and former external auditors of the Corporation.
- (g) Performing such additional activities, and considering such other matters, within the scope of its responsibilities, as the Committee or the Board of Directors deems necessary or appropriate.

IV. Meetings and Advisors

The Committee will meet as often as it deems necessary or appropriate to perform its duties and carry out its responsibilities described above in a timely manner, but not less than quarterly. The quorum at any meeting of the Committee shall be a majority of its members. All such meetings shall be held pursuant to the By-Laws of the Corporation with regard to notice and waiver thereof.

The Audit Committee shall meet on a regular basis without management or the external auditors. The Committee, in its discretion, may ask members of management or others to attend its meetings (or portions thereof) and to provide pertinent information as necessary. As part of its mandate to foster open communications, the Committee shall meet at least annually, and more frequently as required, with management and the Corporation's independent auditors in separate executive sessions to discuss any matters that the Committee or each of these groups or persons believe should be discussed privately. The independent auditors will have direct access to the Committee at their own initiative. The Chairman should work with the Chief Financial Officer and management to establish the agenda for Committee meetings.

Written minutes of each meeting of the Committee shall be filed in the Corporation's records. The Chairman of the Committee will report periodically to the Board of Directors.

The Committee shall, in appropriate circumstances and subject to advising the Chairman of the Board, have the authority to engage and obtain advice and assistance from advisors, including independent or outside legal counsel and accountants, as it determines is necessary or appropriate to carry out its duties. The Corporation shall provide for appropriate funding, as determined by the Committee, for payment of any compensation (i) to any independent auditors engaged for the purpose of rendering or issuing an audit report or related work or performing other audit, review or attest services for the Corporation, and (ii) to any independent advisors employed by the Committee.

V. Disclosure of Charter

The charter shall be published in the Corporation's annual information form or information circular as required by applicable securities laws.

While the Committee has the duties and responsibilities set forth in this charter, the Committee is not responsible for planning or conducting the audit or for determining whether the Corporation's financial statements are complete and accurate and are in accordance with generally accepted accounting principles. Similarly, it is not the responsibility of the Committee to ensure that the Corporation complies with all laws and regulations.

Nothing contained in this charter is intended to expand applicable standards of conduct under statutory or regulatory requirements for the directors of the Corporation or the members of the Audit Committee.