

CONSOLIDATED HCI HOLDINGS CORPORATION

MANAGEMENT INFORMATION CIRCULAR

Solicitation of Proxies

This management information circular (the "Circular") is furnished in connection with the solicitation of proxies by the management of CONSOLIDATED HCI HOLDINGS CORPORATION (the "Corporation") for use at the annual meeting of shareholders of the Corporation (the "Meeting") to be held at the time and place and for the purposes set forth in the attached Notice of Annual Meeting of Shareholders. It is expected that the solicitation will be by mail primarily, but proxies may also be solicited personally by regular employees of the Corporation. The cost of such solicitation will be borne by the Corporation.

Appointment and Revocation of Proxies

Registered Shareholders

A shareholder has the right to appoint a person (who need not be a shareholder) to attend and act for him and on his behalf at the Meeting other than the persons designated in the enclosed form of proxy. Such right may be exercised by striking out the names of the persons designated in the enclosed form of proxy and by inserting in the blank space provided for that purpose the name of the desired person or by completing another proper form of proxy and, in either case, delivering the completed and executed proxy to the Corporation or its transfer agent prior to the time of the Meeting or any adjournment thereof.

A shareholder who has given a proxy may revoke it at any time insofar as it has not been exercised. A proxy may be revoked, as to any matter on which a vote shall not already have been cast pursuant to the authority conferred by such proxy, by instrument in writing executed by the shareholder or by his attorney authorized in writing or, if the shareholder is a body corporate by an officer or attorney thereof duly authorized, and deposited either with the Corporation or its transfer agent at any time up to and including the last business day preceding the day of the Meeting, or any adjournment thereof, at which the proxy is to be used or with the Chairman of such Meeting on the date of the Meeting or any adjournment thereof, and upon either of such deposits the proxy is revoked. A proxy may also be revoked in any other manner permitted by law.

Non-Registered Holders

Only registered holders of Class B shares or the persons they appoint as their proxies, are permitted to attend and vote at the Meeting. However, in many cases Class B shares beneficially owned by a holder (a "Non-Registered Holder") are registered either:

- (a) in the name of an intermediary (an "Intermediary") that the Non-Registered Holder deals with in respect of the shares, such as, among others, banks, trust companies, securities dealers or brokers and trustees or administrators or self-administered RRSPs, RRIAs, RESPs and similar plans; or
- (b) in the name of a depository such as The Canadian Depository for Securities Limited (a "Depository") of which the Intermediary is a participant.

In accordance with the requirements of Canadian securities law, the Corporation has distributed copies of the Notice of Annual Meeting of Shareholders, this Circular, the form of proxy, the 2011 annual report (collectively, the "Meeting Materials") to Depositories and Intermediaries for onward distribution to Non-Registered Holders.

Intermediaries are required to forward Meeting Materials to Non-Registered Holders unless a Non-Registered Holder has waived the right to receive them. Very often, Intermediaries will use service companies to forward the Meeting Materials to Non-Registered Holders. Generally, Non-Registered Holders who have not waived the right to receive Meeting Materials will either:

- (a) be given a proxy which has already been signed by the Intermediary (typically by a facsimile, stamped signature) which is restricted as to the number of shares beneficially owned by the Non-Registered Holder but which is otherwise uncompleted. This form of proxy need not be signed by the Non-Registered Holder. In this case, the Non-Registered Holder who wishes to submit a proxy should otherwise properly complete the form of proxy and deposit it with the Secretary of the Corporation c/o Computershare Investor Services Inc., 100 University Avenue, 9th Floor, Toronto, Ontario, M5J 2Y1, as described above; or
- (b) more typically, be given a voting instruction form which must be completed and signed by the Non-Registered Holder in accordance with the directions on the voting instruction form (which may in some cases permit the completion of the voting instruction form by telephone).

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

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

Voting Securities and Principal Holders Thereof

On February 22, 2012, 20,575,866 Class B shares of the Corporation were issued and outstanding. Each Class B share entitles the holder thereof to one vote on all matters to be acted upon at the Meeting.

The Corporation has fixed February 14, 2012, as the record date for the purpose of determining holders of Class B shares entitled to receive notice of the Meeting. In accordance with the provisions of the *Canada Business Corporations Act* (the "**Act**"), the Corporation has prepared a list of holders of Class B shares at the close of business on the record date. Each holder of Class B shares named in the list will be entitled to vote at the Meeting the Class B shares shown opposite the shareholder's name on the list with respect to those matters with respect to which the holders of Class B shares are entitled to vote except to the extent that: (a) the shareholder has transferred any of such shares after the date on which the list was prepared, and (b) the transferee of those shares produces properly endorsed share certificates or otherwise establishes that such shareholder owns such shares and demands not later than 10 days before the Meeting that such shareholder's name be included in the list before the Meeting, in which case the transferee is entitled to vote such Class B shares at the Meeting.

To the knowledge of the directors and senior officers of the Corporation, the only persons, firms or corporations who beneficially own, directly or indirectly, or exercise control over equity shares of the Corporation carrying more than 10% of the voting rights attached to all equity shares of the Corporation are as follows:

<u>Name and Address</u>	<u>Number of Class B Shares Held</u>	<u>Percentage of Class B Shares Issued</u>
Marc Muzzo 50 Confederation Parkway Concord, Ontario L4K4T8	4,526,749.5	22%
Stanley Goldfarb 400 Bradwick Drive Suite 125 Concord, Ontario L4K5V9	3,547,013.5	17.2%
Richard Gambin 26 Tangiers Road Downsview, Ontario M3J 2B2	2,985,232	14.5%
Rudolph Bratty 7501 Keele Street Suite 200 Vaughan, Ontario L4K1Y2	2,449,777	11.9%
Alfredo DeGasperis 30 Floral Parkway Concord, Ontario L4K4R1	2,438,414	11.9%

Election of Directors

The Board of Directors of the Corporation have set the number of directors to be elected at the Meeting at six and **unless authority to do so is withheld, the persons named in the enclosed form of proxy for the Class B shares intend to vote for the election of the nominees whose names are set forth below.** Management does not contemplate that any of the nominees will be unable to serve as a director but if that should occur for any reason prior to the Meeting, it is intended that discretionary authority shall be exercised by the persons named in the enclosed form of proxy to vote the proxy for the election of any other person or persons in place of any nominee or nominees unable to serve. Each director elected will hold office until the close of business of the first annual meeting of shareholders of the Corporation following his election unless his office is earlier vacated in accordance with the Corporation's by-laws.

The statement as to the shares of the Corporation beneficially owned or over which control or direction is exercised by the nominees for election as directors hereinafter named is in each instance based upon information furnished by the person concerned.

<u>Name</u>	<u>Present principal occupation or employment</u>	<u>Year first became a director</u>	<u>Number of Class B shares beneficially owned directly or indirectly or over which control or direction is exercised</u>
Rudolph Peter Bratty Q.C. ⁽²⁾⁽³⁾⁽⁴⁾ Vaughan, Ontario	President of Ruland Realty Limited	1986	2,449,777 ⁽¹⁾
John Hunter Craig ⁽⁴⁾ Toronto, Ontario	Solicitor and Partner, Cassels, Brock & Blackwell LLP	1985	2,500
John Henry Daniels ⁽²⁾ Toronto, Ontario	Chief Executive Officer of The Daniels Corporation	1990	1,250
Richard Michael Gambin ⁽²⁾ Downsview, Ontario	President of Ricgam Investments Ltd. ⁽⁵⁾	2006	2,985,232 ⁽¹⁾
Stanley Goldfarb Toronto, Ontario	President, Chief Executive Officer and Treasurer of the Corporation; President of Logpin Investments Limited	1986	3,547,013.5 ⁽¹⁾
Marc Muzzo Woodbridge, Ontario	Director of Marel Contractors	2005	4,526,749.5 ⁽¹⁾

- (1) Certain of these shares are held in private companies controlled by the respective individual in certain circumstances together with other family members.
- (2) Member of the Audit and Compensation Committee.
- (3) Non-Executive Chairman of the Board
- (4) Member of the Corporate Governance and Nominating Committee.
- (5) Prior thereto, Solicitor and Partner, Gambin RDQ, LLP, Barristers and Solicitors.

Statement of Executive Compensation

- (a) For the purposes of this statement "executive officer" of the Corporation means the President and Chief Executive Officer, the Chief Financial Officer, any Vice-President in charge of a principal business unit such as sales, finance or production and any officer of the Corporation or a subsidiary who performs a policy-making function in respect of the Corporation whether or not such officer is also a director of the Corporation or the subsidiary.
- (b) There were three executive officers of the Corporation (the "named executive officers"), Stanley Goldfarb, President and CEO, Arnold Resnick, CFO, and Marc Muzzo, Vice-President, for the Corporation's most recently completed financial year and for the previous two years.
- (c) The named executive officers do not have contracts of employment and do not have any compensation plan or arrangement in respect of resignation, retirement, termination or change in control of the Corporation. However, consulting companies which two of the named executive officers controlled during the year are parties to the management contract described under "Report on Executive Compensation."

- (d) The Corporation has not granted any options to purchase or acquire securities of the Corporation or any of its subsidiaries nor were there any freestanding Stock Appreciation Rights made during the most recently completed financial year. There were no unexercised options to purchase or acquire securities of the Corporation or any of its subsidiaries nor were there any freestanding Stock Appreciation Rights outstanding as of the most recently completed financial year end.
- (e) There are no pension plan benefits in place for any executive officers or directors of the Corporation and none of the executive officers or directors of the Corporation is indebted to the Corporation or has been indebted to the Corporation at any time since the beginning of the most recently completed financial year of the Corporation.

Summary Compensation Table

The following table contains information about the compensation paid to, or earned by, those who served during the year ended September 30, 2011 as the Corporation's Chief Executive Officer and the Corporation's Chief Financial Officer, and the Vice-President of the Corporation (collectively, the **"Named Executive Officers"**) whose total salary and bonus exceeded \$150,000.

Name and Principal Position	Annual Compensation				Long-Term Compensation	All Other Compensation
	Year Ended September 30	Salary (\$)	Bonus (\$)	Other Annual Compensation (\$)	Securities Under Options Granted (#)	
Stanley Goldfarb President and CEO	2011	Nil	Nil	(1)	Nil	Nil
	2010	Nil	Nil	(1)	Nil	Nil
	2009	Nil	Nil	(1)	Nil	Nil
Arnold Resnick CFO	2011	160,000	10,000	Nil	Nil	Nil
	2010	158,735	10,000	Nil	Nil	Nil
	2009	155,300	5,000	Nil	Nil	Nil
Marc Muzzo Vice-President	2011	Nil	Nil	(1)	Nil	Nil
	2010	Nil	Nil	(1)	Nil	Nil
	2009	Nil	Nil	(1)	Nil	Nil

- (1) During the applicable years, under the terms of a management agreement between the Corporation and Circle M Limited Partnership and Logpin Investments Limited (the "Consultants"), the Consultants provided the services of Stanley Goldfarb and Marc Muzzo to the Corporation. The total fees payable during the applicable years were as follows: 2009: \$300,000; 2010: \$300,000, 2011: \$300,000. For the years ended September 30, 2009, 2010 and 2011 the management fee was based on 3% of the Corporation's pre-tax profits with a minimum of \$300,000.

Compensation of Directors

A. *Standard Compensation Arrangements*

Non-executive directors of the Corporation are entitled to be paid a director's fee of \$7,500 annually plus \$1,000 per directors' meeting attended and \$1,000 per committee meeting attended. Chairmen of Committees are paid an additional \$500 per meeting. The non-executive Chairman of the Board is paid an additional \$7,500 per annum.

B. *Other Arrangements*

None of the directors of the Corporation was compensated in his capacity as a director by the Corporation and its subsidiaries during the most recently completed financial year pursuant to any other arrangement or in lieu of any standard arrangement.

C. *Compensation for Services*

None of the directors of the Corporation was compensated by the Corporation during the most recently completed financial year for services as consultants or experts.

Report on Executive Compensation

The responsibilities for the determination of the level of compensation in respect of the Corporation's senior executive officers was assigned by the Board of Directors (the "**Board**") to the Audit and Compensation Committee which is comprised of four independent directors reducing to three independent directors during the year. It is the Committee's responsibility to provide recommendations to the Board for the compensation of such executive officers having regard to their performance, the performance of the Corporation and industry standards. The services of Stanley Goldfarb, the President and CEO, and Marc Muzzo, the Vice-President, are provided to the Corporation under a Management Agreement between the Corporation and Circle M Limited Partnership and Logpin Investments Limited (the "**Consultants**").

With regard to the year ending September 30, 2011, the Committee reviewed the terms of the Management Agreement having regard to the contemplated operations of the Corporation in the forthcoming year particularly the ongoing process undertaken by the Board to consider all options for the creation of shareholder value. With this in mind the Committee recommended and, with the agreement of the Consultants, the Management Agreement was renewed for the year ending September 30, 2011, to provide for a fee of 3% of pre-tax profits with a minimum of \$300,000. As the compensation payable under the Management Agreement is totally dependent on audited financial statements the Committee is confident that any risks associated with such compensation based on inaccurate information is adequately addressed.

For the year ending September 30, 2012, the terms of the Management Agreement were left unamended providing for a fee of 3% of the Corporation's pre-tax profits with a minimum of \$300,000.

In recommending the compensation to be payable to the senior management under the Management Agreement the Audit and Compensation Committee considered a number of factors including: the historical arrangement between the Corporation and the Consultants and the reduced activity level of the Corporation following the sale of assets completed in 2007. They also considered the fact that management has historically been provided with no other compensation enhancements such as options, bonuses (with the exception of the one-time bonus paid for 2007) or similar compensation components usual in other public companies. No outside consultants were engaged to assist the Audit and Compensation Committee in determining the Compensation of Named Executive Officers for the year ended September 30, 2011.

Submitted on behalf of the Audit and Compensation Committee
Rudolph P. Bratty Q.C.
Chairman

Disclosure of Corporate Governance Practices Pursuant to National Instrument 58-101

Board of Directors

The Board has considered the relationship of each director to the Corporation. Two directors, namely Marc Muzzo and Stanley Goldfarb, were not independent by virtue of their holding senior management positions. John H. Craig, through a firm in which he is a partner, periodically provides legal services to the Corporation. He is, however, considered to be independent because of the size of his fees for such services relative to the overall fee income of his practice. Although Messrs. Rudolph Bratty, John Daniels and Richard Gambin had, and, in some cases, continue to have, business relationships with members of senior management and their associates with respect to certain real estate developments, partnerships and joint ventures in which they are mutually involved, this is quite common in the real estate industry in the Greater Toronto Area. In fact, any party having any significant involvement in the real estate industry in the Greater Toronto Area is likely to have some involvement, direct or indirect, with other parties having similar interests. The Board is confident that such business relationships do not materially affect the ability of the aforesaid directors to carry out their duties in an impartial and independent manner and therefore have determined that such directors are independent directors as contemplated in the Governance Guidelines.

The Board has functioned, and is of the view that it can continue to function, independently of management, as required. The Board has appointed Rudolph Bratty, as non-executive Chairman of the Board. Unrelated directors are free to add items to agendas or to request the calling of Board meetings where deemed necessary and all members of the Board are invited to raise issues not on the agenda at Board meetings. Board meetings are held at least four times a year. During the year ended September 30, 2011, the Board met four times. The attendance record of the directors during that period was as follows: Marc Muzzo: 3 of 4; Stanley Goldfarb: 4 of 4; Rudolph Bratty: 4 of 4; John Craig 4 of 4; John Daniels: 3 of 4; and Richard Gambin: 4 of 4. H. Clifford Hatch, who retired from the Board on August 29, 2011, attended 3 of 4 Board meetings.

The Board on occasion has met without management present where deemed appropriate. The Audit and Compensation Committee does meet with the auditors without management present.

Board Relationships With Other Reporting Issuers

Several of the directors serve as directors of other reporting issuers more particularly described below:

<u>Director</u>	<u>Other Reporting Issuers</u>
Rudolph Bratty	Brampton Brick Limited

John H. Craig

Africa Oil Corp.
Atacama Minerals Corp.
BlackPearl Resources Inc.
Corsa Coal Corp.
Denison Mines Corp.
Etrion Corporation
Lundin Mining Corporation

Stanley Goldfarb

The Goldfarb Corporation
Firm Capital Mortgage Investment Corporation

None of the directors of the Corporation

- (a) is, as at the date hereof or has been within 10 years before the date hereof, a director or executive officer of any company, that while that person was acting in that capacity:
- (i) was the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days;
 - (ii) was subject to an event that resulted, after the director or executive officer ceased to be a director or executive officer, in the company being the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days;
 - (iii) or within a year of that person ceasing to act in that capacity, become a 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, state the fact; or
- (b) has, within the 10 years before the date hereof, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director

save and except as follows:

Mr. Goldfarb was a director of Fleming Packaging Corporation, a corporation controlled by The Goldfarb Corporation, which became bankrupt in 2003.

Board Mandate

The Mandate of the board is attached as Schedule "A" to this Management Information Circular.

Position Descriptions

The Corporation has developed position descriptions for the Board under the terms of the Charter of the Board of Directors and for the Chief Executive Officer. The Corporation has developed a position description for a Lead Director but, as the Board has a Non-Executive Chairman, it currently does not have a lead director. Any responsibility which is not delegated to management or a Board committee remains with the Board.

Orientation and Continuing Education

Given the extensive experience of senior management in the real estate development business in the Greater Toronto Area, it has not been necessary for the Board to encourage senior management to participate in appropriate professional and personal development activities, courses and programs relative to the Corporation's business. In addition, from the standpoint of governance, the Board has adopted a standard Charter for the Board of Directors, a Code of Business Conduct for all Directors, Officers and Senior Employees, a Timely Disclosure, Confidentiality and Insider Trading Policy and a Whistleblower Policy. It has also developed a Role Statement for the Corporation's Chief Executive Officer and has created a Corporate Governance and Nominating Committee. In addition, each director is provided with a corporate handbook which includes copies of relevant National Instruments and Policies relative to the responsibilities of directors of reporting issuers.

The Board, as presently constituted and the proposed nominees for election, bring together a mix of skills, background, ages and attitudes that the Board considers appropriate to the stewardship of the Corporation. In particular, the Board represents many years of considerable experience in the real estate industry in the Greater Toronto Area where the Corporation's business activities are concentrated. The periodic review of this issue has been mandated to the Corporate Governance and Nominating Committee.

The Board has constituted the Corporate Governance and Nominating Committee to be comprised exclusively of outside directors, all of whom are independent directors, to assess the effectiveness of the Board as a whole, the committees of the Board and the contribution of individual directors, as well as the orientation and education for new members of the Board.

Ethical Business Conduct

The Corporation has adopted a code of Business Conduct for directors, officers and employees, a copy of which can be obtained from the Corporation by contacting the Chief Financial Officer at the Corporation's offices located at 100 Strada Drive, Unit 3, Woodbridge, Ontario L4L 5V7.

Copies of the Code have been provided to each director, officer and senior employee, each of whom have acknowledged that they have received and read the Code.

On those occasions where the Board of the Corporation is considering any matter where a Board member may have a personal interest that might constitute a conflict of interest, the Board member affected declares his interest and refrains from participating in the discussions or voting on the issue.

Corporate Governance and Nominating Committee

The Board has created a Corporate Governance and Nominating Committee which consists of three members: John H. Craig, Richard Gambin, Jr. and Rudolph Bratty. The Committee is responsible for monitoring corporate governance issues and for proposing new nominees to the Board and for assessing the performance of directors on an ongoing basis as well as the orientation of new directors.

The Mandate of the Corporate Governance and Nominating Committee includes:

- Assessing the effectiveness of the Board of Directors as a whole as well as discussing the contribution of individual members;
- Assessing and improving the Corporation's governance practices;
- Proposing new nominees for appointment to the Board of Directors as required; and
- Orienting new Directors.

The Corporate Governance and Nominating Committee did not meet during the year ended September 30, 2011.

Audit and Compensation Committee

The Audit and Compensation Committee is currently composed of three directors, all of whom are independent. Having regard to new corporate governance standards developed with regard to the makeup and responsibilities of audit committees, the Board requested the Corporation's outside legal counsel to analyze the independence and skill set of the members of the Audit and Compensation Committee. As a result of this analysis, it was determined that all of the existing members of the Audit and Compensation Committee were independent and financially literate, as that term is defined in the new standards.

Following is the educational background and business background relevant to the ability of the current members of the Audit and Compensation Committee to perform their duties:

Rudolph Bratty: Member of several audit committees including The Toronto Sun, C.T. Financial, Brampton Brick Limited; President and Chief Executive Officer of Ruland Realty Limited, and Chairman of The Erin Mills Development Corporation, both real estate development companies; holds an LLB.

John Daniels: Chairman of Daniels Corporation, a real estate development company; holds a B. Arch, M.R.A.I.C..

Richard Gambin: President of Ricgam Investments Ltd., formerly Solicitor and Partner, Gambin RDQ, LLP, and acted for major financial institutions in land acquisitions, land development and construction financing; holds a BA (Administrative and Commercial Studies) and an LLB.

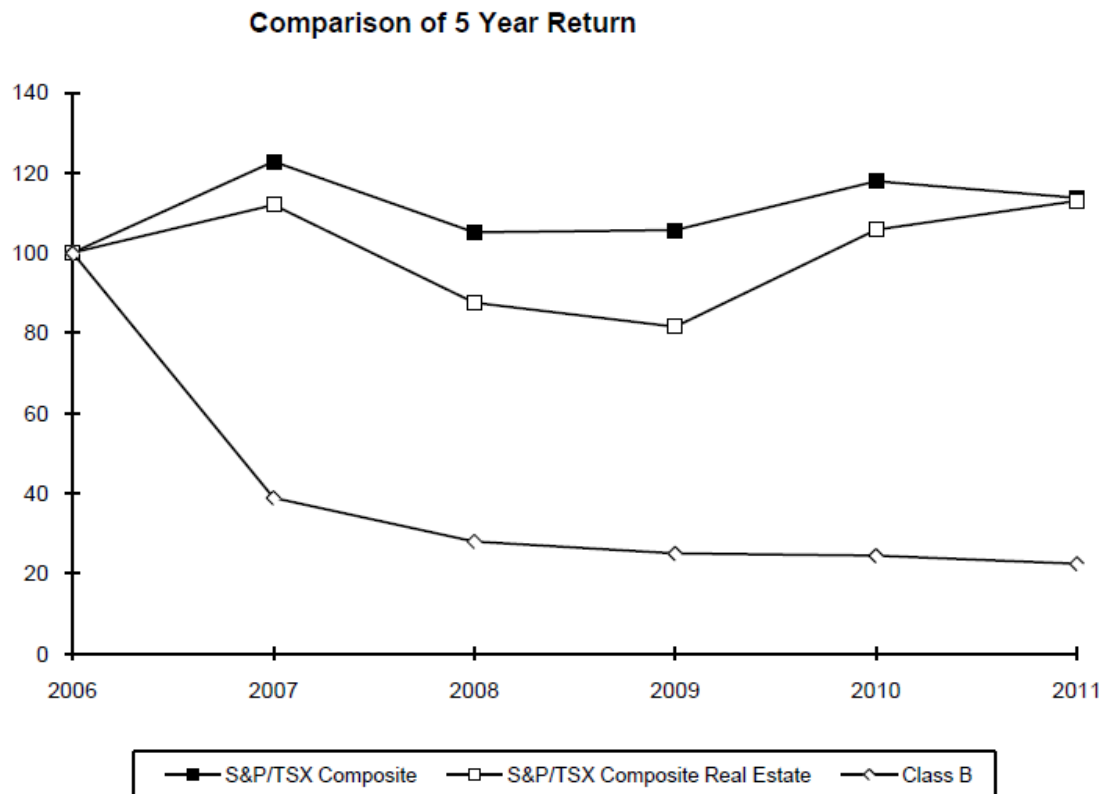
The Audit and Compensation Committee met on four occasions during fiscal 2011. The attendance record was as follows: Rudolph Bratty: 4 of 4; Richard Gambin: 4 of 4; and John Daniels: 3 of 4. H. Clifford Hatch Jr., who retired from the Board on August 29, 2011, attended 3 of 4 meetings.

The roles and responsibilities of the Audit and Compensation Committee have been specifically defined under its Charter which includes responsibility for reviewing all financial information, including annual and quarterly financial statements, reviewing reports prepared by the external auditors relating to the Corporation's accounting policies and procedures as well as internal control procedures and systems. The Audit and Compensation Committee has direct communication channels with the external auditors. Due to its size, the Corporation has no formal internal audit process. The Charter of the Audit and Compensation Committee meets the new standards established by securities regulators.

Assessments of Board Effectiveness

See "Corporate Governance and Nominating Committee".

Performance Graph of the Corporation



September 30	2006	2007	2008	2009	2010	2011
S&P/TSX Composite	100.00	122.81	105.13	105.66	117.92	113.73
S&P/TSX Composite Real	100.00	111.93	87.60	81.56	105.76	113.00
Class B	100.00	38.89	28.00	25.00	24.44	22.44

Appointment of Auditors

Unless authority to do so is withheld, the persons named in the enclosed form of proxy intend to vote for the appointment of the firm of **PricewaterhouseCoopers LLP**, the Corporation's current auditors, as auditors of the Corporation, to hold office until the next annual meeting of shareholders.

Interest of Insiders in Material Transactions

In the normal course of business, the Corporation may purchase lots within housing joint ventures from companies partly owned by insiders of the Corporation and certain insiders are also participants in some of the land owned by the joint ventures and in the joint ventures themselves. The quantum of these various involvements is set forth in detail in the Notes to the Corporation's year end financial statements and the accompanying Management's Discussion and Analysis.

Interim Financial Statements

Pursuant to National Instrument 51-102 published by the Canadian Securities Administrators, the Corporation no longer has an obligation to mail interim financial statements to registered holders of its securities if the Corporation sends the interim financial statements to the registered holders and beneficial holders whose names appear on a supplemental mailing list. The Corporation will maintain a supplemental mailing list containing the names of the holders of the securities of the Corporation to whom the interim financial statements of the Corporation will be mailed for such purposes. A return card is enclosed with the material accompanying this Circular permitting shareholders to request that they be placed on the supplemental mailing list in accordance with the foregoing.

General

Management knows of no matters to come before the Meeting other than the matters referred to in the Notice of Annual meeting of Shareholders. However, if any other matters which are not now known to Management should properly come before the Meeting, the proxy solicited hereby will be voted on such matters in accordance with the best judgment of the person voting the proxy.

Directors' Approval

The contents and the sending of this Circular to shareholders of the Corporation have been approved by the Board.

DATED: February 22nd, 2012.

(signed) John H. Craig
Secretary

SCHEDULE A

MANDATE OF THE BOARD OF DIRECTORS

I. PURPOSE

The Board of Directors is responsible for the stewardship of the business and for acting in the best interests of the Company and its shareholders. The Board of Directors will discharge its responsibilities directly and through its committees, currently consisting of the Audit and Compensation Committee, and the Corporate Governance and Nominating Committee. The Board of Directors shall meet at least quarterly to review the business operations, corporate governance and financial results of the Company. Meetings of the Board of Directors shall also include meetings as required of the independent members of the Board without management being present.

II. COMPOSITION

The Board of Directors shall be constituted at all times of a majority of independent directors in accordance with Multilateral Instrument 58-201. The Chairman of the Board should also be independent or alternatively the Board will appoint an independent lead director. A director is considered to be "independent" if he or she has no direct or indirect material relationship which could in the view of the Board of Directors reasonably interfere with the exercise of a director's independent judgment. Notwithstanding the foregoing, a director shall be considered to have a material relationship with the Company (and therefore shall be considered a "dependent" director) if he or she falls in one of the categories listed in Schedule A-1 attached hereto.

III. RESPONSIBILITIES

The Board of Directors' mandate is the stewardship of the Company and its responsibilities include, without limitation to its general mandate, the following specific responsibilities:

- The assignment to the various committees of directors the general responsibility for developing the Company's approach to: (i) corporate governance and nomination of directors related issues; (ii) financial reporting and internal controls; and (iii) issues relating to compensation of officers and employees.
- With the assistance of the Corporate Governance and Nominating Committee:
 - Developing the Company's approach to corporate governance, including developing a set of corporate governance principles and guidelines specific to the Company.
 - Reviewing the composition of the Board of Directors and ensuring it respects its independence criteria.
 - Satisfying itself as to the integrity of the Chief Executive Officer and other senior officers and that such officers create a culture of integrity throughout the organization.
 - The assessment, at least annually, of the effectiveness of the Board of Directors as a whole, the committees of the Board of Directors and the contribution of individual directors, including, consideration of the appropriate size of the Board of Directors.
 - Ensuring that an appropriate review selection process for new nominees to the Board of Directors is in place.

- Ensuring that an appropriate orientation and education program for new members of the Board of Directors is in place.
- Approving disclosure and securities compliance policies, including communications policies of the Company.
- With the assistance of the Audit and Compensation Committee:
 - Recommending the appointment of the auditors and assessing the performance of the auditors.
 - Ensuring the integrity of the Company's internal controls and management information systems.
 - Ensuring the Company's ethical behaviour and compliance with laws and regulations, audit and accounting principles and the Company's own governing documents.
 - Identification of the principal risks of the Company's business and ensuring that appropriate systems are in place to manage these risks.
 - Reviewing and approving significant operational and financial matters and the provision of direction to management on these matters.
 - As required and agreed upon, providing assistance to shareholders concerning the integrity of the Company's reported financial performance.
- With the assistance of the Audit and Compensation Committee and the Chief Executive Officer, the establishment of appropriate performance criteria for the senior management team and the approval of the compensation of the senior management team.
- With the assistance of the Chief Executive Officer, monitor and review feedback provided by the Company's various stakeholders.
- Succession planning and the selection, appointment, monitoring evaluation and, if necessary, the replacement of the senior management to ensure management succession.
- The adoption of a strategic planning process, approval at least annually of a strategic plan that takes into account business opportunities and business risks identified by the Board and/or the Audit and Compensation Committee and monitoring performance against such plans.
- The review and approval of corporate objectives and goals applicable to the Company's senior management and monitoring realization of those objectives.
- Reviewing with senior management:
 - major corporate decisions which require Board approval and approving such decisions as they arise.
 - major capital expenditure decisions in excess of thresholds previously authorized in a budget or by resolution of the Board of Directors.

- material decisions relating to senior personnel, major property acquisitions or divestments, major investments, etc.
- Performing such other functions as prescribed by law or assigned to the Board of Directors in the Company's constating documents and by-laws.

IV. MISCELLANEOUS

1. The members of the Board are expected to attend all meetings of Board of Directors unless prior notification of absence is provided.
2. The members of the Board are required to have reviewed board materials in advance of the meeting and be prepared to discuss such materials at the meeting, to actively participate in Board deliberations, and to take full responsibility for Board decisions.
3. Board members will treat their fellow board members with respect.
4. The members of the Board should endeavour to avoid conflicts between their own personal interests and those of the Company and, where conflicts exist, to fully disclose such conflicts to the Board and refrain from participating in decisions relating to the subject matter of such conflicts.
5. The Board shall provide contact information on the website of the Company or, if no website exists, in the Company's Annual Information Form, of an independent director responsible for receiving feedback from shareholders and such director will report to the whole Board on a regular basis on the feed back received.

February 10, 2005

Schedule A-1

Subject to the exemptions available under Multilateral Instrument 52-110 Audit Committees, the following individuals are considered to have a material relationship with the Company:

- (a) an individual who is, or has been within the last three years, an employee or executive officer of the Company;
- (b) an individual whose immediate family member is, or has been within the last three years, an executive officer of the Company;
- (c) an individual who:
 - (i) is a partner of a firm that is the Company's internal or external auditor;
 - (ii) is an employee of that firm; or
 - (iii) was within the last three years a partner or employee of that firm and personally worked on the Company's audit within that time;
- (d) an individual whose spouse, minor child or stepchild, or child or stepchild who shares a home with the individual:
 - (i) is a partner of a firm that is the Company's internal or external auditor;
 - (ii) is an employee of that firm and participates in its audit, assurance or tax compliance (but not tax planning) practice, or
 - (iii) was within the last three years a partner or employee of that firm and personally worked on the Company's audit within that time;
- (e) an individual who, or whose immediate family member, is or has been within the last three years, an executive officer of an entity if any of the Company's current executive officers serves or served at the same time on the entity's compensation committee; and
- (f) an individual who received, or whose immediate family member who is employed as an executive officer of the Company received, more than \$75,000 in direct compensation from the Company during any 12 month period within the last three years, other than as remuneration for acting in his or her capacity as a member of the Board of Directors or any Board committee, or the receipt of fixed amounts of compensation under a retirement plan (including deferred compensation) for prior service for the Company if the compensation is not contingent in any way on continued service.