

**NORTHFIELD METALS INC.**

20 Adelaide Street East, Suite 301  
Toronto, Ontario  
M5C 2T6

**MANAGEMENT INFORMATION CIRCULAR**  
for the  
**ANNUAL AND SPECIAL MEETING OF THE SHAREHOLDERS**  
to be held on  
**JANUARY 10<sup>th</sup>, 2013**

**THIS MANAGEMENT INFORMATION CIRCULAR (the “Circular”) IS FURNISHED IN CONNECTION WITH THE SOLICITATION OF PROXIES BY THE MANAGEMENT OF NORTHFIELD METALS INC. (the “Corporation”) FOR USE AT THE ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS OF THE CORPORATION TO BE HELD ON THURSDAY, THE 10TH DAY OF JANUARY, 2013, AT 11:00 A.M., TORONTO TIME (the “Meeting”), AT THE OFFICES OF THE CORPORATION, SUITE 301, 20 ADELAIDE STREET EAST, TORONTO, ONTARIO M5C 2T6, AND AT ANY ADJOURNMENT THEREOF FOR THE PURPOSES SET OUT IN THE ACCOMPANYING NOTICE OF MEETING.**

Although it is expected that the solicitation of proxies will be primarily by mail, proxies may also be solicited personally or by telephone by directors or officers of the Corporation. Arrangements will also be made with brokerage houses and other custodians, nominees and fiduciaries to forward proxy solicitation material to the beneficial owners of the common shares of the Corporation (the “**Common Shares**”) pursuant to the requirements of National Instrument 54-101 *Communication with Beneficial owners of Securities of a Reporting Issuer*. The cost of any such solicitation will be borne by the Corporation.

This Circular describes the matters to be acted on at the Meeting and the procedures for attending or appointing proxies to vote at the Meeting. Unless otherwise stated, the information provided herein is given as of the 12th day of December, 2012.

**VOTING OF PROXIES AND DISCRETIONARY AUTHORITY**

All Common Shares represented at the Meeting by properly executed and deposited proxies will be voted and, **where a choice with respect to any matter to be acted upon at the Meeting has been specified in the instrument of proxy, the Common Shares represented by the proxy will be voted in accordance with such specifications. In the absence of any such specifications, the management designees, if named as proxy, will vote in favour of all of the matters set out herein.**

**The enclosed instrument of proxy confers discretionary authority upon the management designees, or other persons named as proxy, with respect to amendments to or variations of matters identified in the Notice of Meeting and any other matters which may properly come before the Meeting. At the date of this Circular, the Corporation is not aware of any amendments to, or variations of, or other matters which may come before the Meeting. In the event that other matters come before the Meeting, the management designees intend to vote in accordance with their judgment in respect of such matters.**

Proxies, to be valid, must be deposited at the office of Equity Financial Trust Company, the registrar and transfer agent of the Corporation, at 200 University Avenue, Suite 400, Toronto, Ontario M5H 4H1, facsimile (416) 595-9593, not less than 48 hours, excluding Saturdays, Sundays and statutory holidays in the province of Ontario, preceding the Meeting or any adjournment of the Meeting. A proxy is valid only at the meeting in respect of which it is given or any adjournment of that meeting.

### **APPOINTMENT OF PROXY**

The Notice of Meeting, Proxy and Circular are being sent to both registered and non-registered owners of the Common Shares.

#### **Registered Shareholders**

If you are a registered shareholder, you can vote your shares at the Meeting in person or by proxy. If you wish to vote in person at the Meeting, do not complete or return the form of proxy included with this Circular. Your vote can be cast by you in person and counted at the Meeting. If you do not wish to attend the Meeting or do not wish to vote in person, complete and deliver a form of proxy in accordance with the instructions given below.

A form of proxy is enclosed and, if it is not your intention to be present in person at the Meeting, you are asked to sign, date and return the form of proxy in the envelope provided. The persons named in the enclosed form of proxy are directors or officers of the Corporation. **A shareholder has the right to designate a person (who need not be a shareholder of the Corporation) other than the management designees, Paul R. Ankcorn and Jorge Estepa, to attend and act for him or her at the Meeting.** Such right may be exercised by inserting in the blank space provided, the name of the person to be designated and deleting therefrom the names of the management designees or by completing another proper instrument of proxy and, in either case, depositing the instrument of proxy with Equity Financial Trust Company, the registrar and transfer agent of the Corporation, at 200 University Avenue, Suite 400, Toronto, Ontario M5H 4H1, facsimile: (416) 595-9593 at any time not less than 48 hours, excluding Saturdays, Sundays and statutory holidays in the Province of Ontario, preceding the Meeting or any adjournment of the Meeting.

The form of proxy must be executed by the registered shareholder or his attorney duly authorized in writing or, if the registered shareholder is a corporation, by instrument in writing executed (under corporate seal if so required by the rules and laws governing the corporation) by a duly authorized signatory of such corporation. If the proxy is executed by a duly authorized attorney or signatory of the shareholder, the proxy should reflect such person's capacity following his or her signature and should be accompanied by the appropriate instrument evidencing such person's qualifications and authority to act (unless such has been previously filed with the Corporation or the Corporation's registrar and transfer agent, Equity Financial Trust Company).

#### **Non-Registered or 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 Common Shares in their own name.** Shareholders who do not hold their shares in their own name (referred to in this Circular as “**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 likely be registered

under the name of the shareholder's broker or an agent or nominee of that broker. In Canada, the majority of such shares are registered under the name of CDS & Co. (the nominee of The Canadian Depository for Securities Limited, which acts as depository for many Canadian brokerage firms). Common Shares held by brokers or their agents or nominees can only be voted (for or against resolutions) upon the instructions of the Beneficial Shareholder. Without specific instructions, a broker and its agents and nominees are prohibited from voting shares for the broker's clients. **Therefore, Beneficial Shareholders should ensure that instructions respecting the voting of their Common Shares are communicated to the appropriate person.**

Applicable regulatory rules require intermediaries/brokers to seek voting instructions from Beneficial Shareholders in advance of shareholders' meetings. Every intermediary/broker has its own mailing procedures and provides its own return instructions to clients, which should be carefully followed by Beneficial Shareholders in order to ensure that their Common Shares are voted at the Meeting. Often, the form of proxy supplied to a Beneficial Shareholder by its broker (or the agent of the broker) is identical to the form of proxy provided to registered shareholders. However, its purpose is limited to instructing the registered shareholder (the broker or agent of the broker) how to vote on behalf of the Beneficial Shareholder. The majority of brokers delegate responsibility for obtaining instructions from clients to Broadridge Financial Solutions, Inc. ("**Broadridge**"). Broadridge typically applies a special sticker to the proxy forms, mails those forms to the Beneficial Shareholders and asks Beneficial Shareholders to return the proxy forms to Broadridge or to call their toll free telephone number to vote their shares or access their web site [www.proxyvotecanada.com](http://www.proxyvotecanada.com) to deliver voting instructions. Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of shares to be represented at a meeting. A Beneficial Shareholder receiving a proxy with a Broadridge sticker on it cannot use that proxy to vote Common Shares directly at the Meeting. The proxy must be returned to Broadridge in advance of the Meeting in order to have the Common Shares voted at the Meeting.

If you are a Beneficial Shareholder and the Corporation or its agent has sent these materials directly to you, your name and address and information about your holdings of securities, have been obtained in accordance with applicable securities regulatory requirements from the intermediary holding on your behalf. By choosing to send these materials to you directly, the Corporation (and not the intermediary holding on your behalf) 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

Although a Beneficial Shareholder may not be recognized directly at the Meeting for the purposes of voting Common Shares registered in the name of his or her broker (or an agent or nominee of the broker), a Beneficial Shareholder may attend at the Meeting as proxyholder for the registered shareholder and vote the Common Shares in that capacity. Beneficial Shareholders who wish to attend the Meeting and indirectly vote their Common Shares as proxyholder for the registered shareholder should enter their own names in the blank space on the form of proxy provided to them and return the same to their broker (or the broker's agent) in accordance with the instructions provided by such broker (or agent), well in advance of the Meeting.

Occasionally, a Beneficial Shareholder may be given a proxy that has already been signed by the intermediary. This form of proxy is restricted to the number of shares owned by the Beneficial Shareholder but is otherwise not completed. This form of proxy does not need to be signed by you. In this case, you can complete and deliver the proxy as described above under the heading "Registered Shareholders".

**Beneficial Shareholders should carefully follow the instructions of their intermediaries on the forms they receive, including those regarding when and where the form of proxy or voting instruction form is to be delivered, and contact their intermediaries promptly if they need assistance.**

### **REVOCATION OF PROXIES**

A shareholder who has given a proxy may revoke it as to any matter upon which a vote has not already been cast pursuant to the authority conferred by the proxy.

A shareholder may revoke a proxy:

- (a) by depositing an instrument in writing, executed by him or her or his or her attorney authorized in writing at the offices of Equity Financial Trust Company, the registrar and transfer agent of the Corporation, at 200 University Avenue, Suite 400, Toronto, Ontario, M5H 4H1, or at the registered office of the Corporation, 20 Adelaide Street East, Suite 301, Toronto, Ontario M5C 2T6, at any time up to and including the last business day preceding the day of the Meeting at which the proxy is to be used;
- (b) by transmitting, by telephonic or electronic means, a revocation that complies with paragraph (a) above and is signed by means of an electronic signature that permits a reliable determination that the document was created or communicated by or on behalf of the shareholder or the attorney, as the case may be; or
- (c) in any other manner permitted by law, including depositing the revocation with the chairman of the Meeting on the day of the Meeting or any adjournment of the Meeting.

### **RECORD DATE**

The holders of Common Shares of record at the close of business on the Record Date, set by the directors of the Corporation to be December 11, 2012 (the “**Record Date**”), are entitled to receive notice of the Meeting and to vote such Common Shares at the Meeting and any adjournment thereof.

### **VOTING SHARES AND QUORUM**

The Corporation is authorized to issue an unlimited number of Common Shares, of which, as of the Record Date, 18,432,320 Common Shares were issued and outstanding and entitled to vote at the Meeting on the basis of one vote for each Common Share held.

The by-laws of the Corporation provide that any two (2) shareholders present in person and entitled to vote thereat, or a duly appointed proxyholder or a representative for a shareholder so entitled, constitute a quorum for the Meeting.

### **PRINCIPAL HOLDERS OF VOTING SECURITIES**

To the knowledge of the directors and senior officers of the Corporation, as at the date hereof, no person or company beneficially owns, directly or indirectly, controls or directs Common Shares carrying 10% or more of the voting rights attached to the outstanding Common Shares of the Corporation except for:

- (a) Champion Iron Mines Limited (3,568,000 Common Shares representing 19.36% of the outstanding Common Shares of the Corporation).

On September 28, 2012, the Corporation signed a preliminary agreement with Champion Iron Mines Limited (“Champion”) and, on December 10, 2012, signed a definitive agreement whereby the Corporation has been granted an option to earn a 65% interest in seven iron-rich mineral concessions, which the Corporation calls “Gagnon Holdings”, totaling approximately 220 km<sup>2</sup> in the southern Labrador Trough, Fermont Iron Ore District of northeastern Québec. Under the terms of the agreement, the Corporation can earn a 65% interest in the properties at its option by expending \$6,000,000 in staged exploration and development work expenditures on the properties, making cash payments to Champion totalling \$1,000,000, and issuing 2,500,000 Common Shares to Champion - all over a 4-year period.

After the Corporation completes its earn-in, Champion and the Corporation will form a joint venture reflective of their proportionate ownership interests in the properties in order to explore and develop the retained mineral concessions. The Corporation will retain a right-of-first-refusal on any part or all of Champion’s proportionate interest in each of the mineral concessions comprising the properties. There is also a 10 km area of influence around each mineral concession. In the event that a joint venture party’s interest is diluted below 10%, it will be converted to a 1% royalty, half of which may be purchased for \$3,000,000. The properties are subject to a 3% royalty held by previous owners, which can be reduced to 2.5% on payment of \$1,500,000.

Pursuant to the definitive agreement, on December 10, 2012 the Corporation issued 1,000,000 Common Shares to Champion. In connection with signing the definitive agreement, Champion also completed a concurrent private placement, purchasing 2,000,000 Common Shares from the treasury of the Corporation at a price of \$0.25 per share for cash proceeds of \$500,000 and acquiring an additional 568,000 Common Shares from the treasury of the Corporation also at a price of \$0.25 per share in settlement of outstanding loans made by Champion to the Corporation.

In connection with these transactions, the two companies signed a Pre-emptive Rights Agreement whereby the Corporation granted Champion the right and option to participate in the Corporation’s private placements over a period of approximately two (2) years expiring December 31, 2014, thereby giving Champion the opportunity to maintain its proportionate interest in outstanding shares of the Corporation. Champion also reserved the right and option to participate in the Corporation’s private placements to increase Champion’s holdings of the Corporation’s outstanding Common Shares up to 38%, which right and option will expire on June 30, 2013 or such later date when the Corporation has at least 30,000,000 Common Shares outstanding. The two companies also signed a Board Representation and Standstill Agreement whereby, for a period of approximately five (5) years expiring December 31, 2017, Champion will have the right to nominate one director to the Corporation’s Board and will be restricted from voting in certain circumstances, including not voting against the election of any nominee to the Board proposed by the Corporation or against any resolutions supported by the Corporation’s Board, subject to certain exceptions. The agreement also provides for restrictions on sales of the Corporation’s shares by Champion without the Corporation’s consent for a period of approximately five years expiring December 31, 2017 and then limited monthly sales thereafter.

#### **PARTICULARS OF MATTERS TO BE ACTED UPON AT THE MEETING**

To the knowledge of the Corporation’s directors, the only matters to be dealt with at the Meeting are those matters set forth in the accompanying Notice of Meeting and more fully described below.

## I. RECEIPT OF FINANCIAL STATEMENTS

The directors will place before the Meeting the audited financial statements for the years ended December 31, 2011 and 2010 together with the auditors' report thereon. These audited financial statements have been approved by the Board and have been sent to the shareholders who have requested that the Corporation provide them with financial statements. The financial statements are also available on the Corporation's profile on SEDAR at [www.sedar.com](http://www.sedar.com).

## II. APPOINTMENT OF AUDITORS

The Corporation is proposing to reappoint Collins Barrow Toronto LLP, Chartered Accountants, as auditors of the Corporation for the ensuing year and to authorize the directors to fix the auditors' terms of engagement and remuneration. Collins Barrow Toronto LLP, Chartered Accountants, were first appointed as auditors of the Corporation on January 16, 2008.

**The management designees, if named as proxy, intend to vote the shares represented by any such proxy for the reappointment of Collins Barrow Toronto LLP, Chartered Accountants, as auditors of the Corporation, on such terms of engagement and at a remuneration to be fixed by the Board, unless a shareholder has specified on his or her proxy that his or her shares are to be withheld from voting on the appointment of such auditors.**

## III. AUTHORIZATION OF DIRECTORS TO CHANGE NUMBER OF DIRECTORS

The Board of Directors of the Corporation (the "**Board**") considers it advisable for the Corporation's shareholders to grant authority to the Board to set the number of directors from time to time between shareholders' meetings. That authority will be subject to the minimum number and the maximum number of directors prescribed by the Articles of the Corporation – currently the minimum is three (3) and the maximum is twelve (12) – and subject to other applicable provisions of the *Business Corporations Act* (Ontario).

In this regard, the following special resolution will be proposed:

**"BE IT RESOLVED** as a special resolution that, subject to the *Business Corporations Act* (Ontario), the Board of Directors of the Corporation be and it is hereby authorized and empowered from time to time to fix the number of directors within the minimum and maximum of directors provided in the Articles of the Corporation."

**The Board unanimously recommends that the shareholders vote in favour of this special resolution. To be effective, the foregoing special resolution must be approved by not less than two-thirds (2/3) of the votes cast by the holders of Common Shares present in person or represented by proxy at the Meeting. The persons named in the accompanying form of proxy intend to vote the Common Shares represented by such form of proxy FOR this special resolution, unless the shareholder has specified in the proxy that the shares represented thereby are to be voted against such special resolution.**

## IV. ELECTION OF DIRECTORS

It is proposed that five (5) directors be elected for the ensuing year, subject to the foregoing special resolution (if approved), and that the persons named below will be nominated at the Meeting to be directors for the ensuing year. Each director elected will hold office until the next annual meeting of

shareholders or until his successor is duly elected or appointed pursuant to the by-laws of the Corporation unless his office is earlier vacated in accordance with the provisions of the *Business Corporations Act* (Ontario) or the Corporation's by-laws.

**It is the intention of the management designees, if named as proxy, to vote for the election of said persons to the Board. Management does not contemplate that any of such nominees will be unable to serve as directors. However, if for any reason any of the proposed nominees does not stand for election or is unable to serve as such, proxies in favour of management designees will be voted in their discretion for another nominee unless the shareholder has specified in his proxy that his or her shares are to be withheld from voting in the election of directors.**

The following information relating to the nominees as directors is based on information received by the Corporation from proposed nominees:

Name of Proposed Nominees, Place of Residence and Positions with the Corporation	Principal Occupation for Past Five Years and Positions with other Reporting Issuers	Director Since	Common Shares Beneficially Owned or Controlled
Paul Ankcorn <sup>(1)</sup> Ontario, Canada Director and President	President and director of the Corporation, Chief Financial Officer of Tartisan Resources Corp. and Shield Gold Inc. since 2008, President of Remington Resources Inc. from 2005 to 2010, Chief Financial Officer of Cuervo Resources Inc. from 2005 to 2007 (all resource exploration corporations). Mr. Ankcorn is a director of the Corporation, Shield Gold Inc. since 2007, ACME Resources Corp. since 2009, Fancamp Exploration Ltd. since 2012, Tartisan Resources Corp. since 2011 and NWT Copper Mines Limited since 2011 (all resource exploration corporations).	2012	75,000
Alexander Horvath Ontario, Canada Director Nominee	President of A.S. Horvath Engineering Inc. (a geological engineering services company). Director of Bear Lake Gold Ltd. since 2006, Champion Iron Mines Limited since 2007 and Eloro Resources Ltd. since 2009 (resource exploration corporations).	Nominee	Nil
Miles A. Nagamatsu Ontario, Canada Chief Financial Officer and Director	Chief Financial Officer of the Corporation, Eloro Resources Ltd. since 1997, NFX Gold Inc. (renamed Bear Lake Gold Ltd.) from 1997 to 2008, Champion Iron Mines Limited since 2006, Randsburg International Gold Corp. from 2007 to 2009, PC Gold Inc. from 2008 to 2012, Delta Uranium Inc. from 2008 to 2009, Essex Oil Ltd. since 2008, Forsys Metals Corp. from 2004 to 2008 (all resource exploration corporations).	1998	107,203 (Direct) 1,100,000 (Indirect)

Name of Proposed Nominees, Place of Residence and Positions with the Corporation	Principal Occupation for Past Five Years and Positions with other Reporting Issuers	Director Since	Common Shares Beneficially Owned or Controlled
John Langton <sup>(1)</sup> Quebec, Canada Director	Professional Geologist. Independent consultant and co-owner of MRB & Associates (a geological consulting firm) since 2010. Vice President, Exploration of Eloro Resources Ltd. since 2008, and of NFX Gold Inc. (renamed Bear Lake Gold Ltd.) from 2008 to 2009. Assistant Regional Geologist with Govt. of New Brunswick prior to 2008.	2011	50,000
Marcus Moser Switzerland Director Nominee	Managing Partner of Previs Capital AG from 2011 and Managing Partner and Chairman of Global Opportunities AG from 2007 to 2011.	Nominee	150,000

Notes: (1) Currently a member of the Audit Committee of the Corporation.

The current directors, officers and promoters of the Corporation, as a group, control 2,756,328 Common Shares, representing approximately 15% of the outstanding Common Shares.

The Corporation signed a Board Representation and Standstill Agreement dated December 10, 2012 with Champion Iron Mines Limited (“Champion”) whereby, for a period of approximately five (5) years expiring December 31, 2017, so long as Champion holds at least 10% of the outstanding number of shares of the Corporation, Champion will have the right to nominate one director to the Corporation’s Board. During the term of the agreement, Champion will be restricted from voting in certain circumstances, including not voting against the election of any nominee to the Board proposed by the Corporation or against any resolutions supported by the Corporation’s Board, subject to certain exceptions. Alexander Horvath is Champion’s nominee to the Board.

To the knowledge of the Corporation, no proposed director is, at the date of this Circular, or has been, within 10 years before the date of this Circular, a director, chief executive officer or chief financial officer of any company (including the Corporation) that, while that person was acting in that capacity, (a) was the subject of a cease trade order or similar order or an order that denied the issuer access to any exemption under securities legislation, for a period of more than 30 consecutive days, or (b) was subject to an event that resulted, after that person ceased to be a director or executive officer, in the issuer being the subject of a cease trade or similar order or an order that denied the issuer access to any exemption under securities legislation, for a period of more than 30 consecutive days.

To the knowledge of the Corporation, no proposed director is, as at the date of this Circular, or has been with 10 years before the date of this Circular, a director or executive officer of any company (including the Corporation) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangements or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets, except for the following:

Miles Nagamatsu is a director and officer of Essex Oil Ltd (“Essex”). On January 14, 2011, Randsburg International Gold Corp. (“Randsburg”) purported to appoint an unlicensed privately-appointed receiver over the assets of Essex pursuant to a general security agreement granted to Randsburg in respect of a loan of \$125,000 plus accrued interest. On January 28, 2011, Essex advised Randsburg that its attempted appointment of a receiver contravened section 243(4) of the *Bankruptcy and Insolvency Act* (Canada) which provides that only a licensed trustee may be appointed as a receiver pursuant to the



terms of a security agreement. On February 10, 2011, Randsburg purported to appoint a licensed trustee as a privately-appointed receiver over the assets of Essex. Essex is taking steps to refute the efforts by Randsburg and Essex continues to retain possession of its assets.

To the knowledge of the Corporation, no proposed director 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 became 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.

To the knowledge of the Corporation, no proposed director (a) has been subject to any penalties or sanctions imposed by a court relating to securities legislation, or by a securities regulatory authority; or (b) since December 31, 2000, has entered into a settlement agreement with a securities regulatory authority or, before January 1, 2001, entered into a settlement agreement with a securities regulatory authority which would likely be important to a reasonable securityholder in deciding whether to vote for a proposed director; or (c) been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable securityholder in deciding whether to vote for a proposed director.

**Directors will be elected by the affirmative vote of a majority of the votes cast on the resolution and will hold office until the next annual meeting of shareholders or until the directors' respective successors are duly elected or appointed.**

#### **V. AUTHORIZATION TO AMEND THE ARTICLES TO CHANGE THE NAME OF THE CORPORATION**

The Board wishes to have the ability to amend the Articles of the Corporation to change the name of the Corporation. . At the Meeting, shareholders will be asked to consider and, if deemed advisable, approve, with or without variation, a special resolution to change the name of the Corporation to “Cartier Iron Corporation” or such other name as the directors may determine.

In this regard, the following special resolution will be proposed:

**“BE IT RESOLVED AS A SPECIAL RESOLUTION THAT** the Articles of the Corporation be amended to change the name of the Corporation to “Cartier Iron Corporation” or such other name as the directors may determine.

Any director or officer of the Corporation be and is hereby authorized and directed for and on behalf of the Corporation (whether under its corporate seal or otherwise), at such time as the directors may determine, to execute all documents and instruments and to take all such other actions as such officer or director may deem necessary or desirable to implement the foregoing special resolution and the matters authorized hereby, such determinations to be conclusively evidenced by the execution and delivery of such documents or other instruments or the taking of any such action.

Notwithstanding the approval of the shareholders of the above resolutions, the Board of Directors may, without any further approval of the shareholders, revoke the foregoing resolutions at any time prior to the endorsement by the Director appointed under section 278 of the *Business Corporations Act* (Ontario) of a certificate of amendment of articles in respect of such amendment.”

The Board unanimously recommends that the shareholders vote in favour of this special resolution. To be effective, the foregoing special resolution must be approved by not less than two-thirds (2/3) of the votes cast by the holders of Common Shares present in person or represented by proxy at the Meeting. The persons named in the accompanying form of proxy intend to vote the Common Shares represented by such form of proxy FOR this special resolution, unless the shareholder has specified in the proxy that the shares represented thereby are to be voted against such special resolution.

#### STATEMENT OF EXECUTIVE COMPENSATION (FORM 51-102F6)

In accordance with the requirements of applicable securities legislation in Canada, the section below entitled “*Compensation Discussion and Analysis*” sets out the “*Summary Compensation Table*” and related tables and narrative disclosures, all as required under Form 51-102F6 which applies to financial years ending on or after December 31, 2010. The stated objective of Form 51-102F6 is to provide insight into executive compensation as a key aspect of the overall stewardship and governance of a corporation and to help investors understand how decisions about executive compensation are made.

##### Summary Compensation Table

The “*Summary Compensation Table*” below details all of the compensation paid, payable, awarded, granted, given or otherwise provided, directly or indirectly for the fiscal year ended December 31, 2011, to the Chief Executive Officer, the Chief Financial Officer and the other individuals (to a maximum of three) who were the most highly compensated executive officers of the Corporation and its subsidiaries and whose total compensation from the Corporation and its subsidiaries exceeded \$150,000 in 2011 (collectively, with the Chief Executive Officer and the Chief Financial Officer, the “**named executive officers**” or the “**NEOs**” of the Corporation). During the financial year ended December 31, 2011, the Company had two (2) Named Executive Officers: Thomas Larsen and Miles Nagamatsu.

The following table sets forth particulars concerning the compensation paid or accrued for services rendered to the Corporation by its NEOs in all capacities during the three most recently completed financial years ended December 31, 2011, 2010 and 2009:

Name and principal position	Year	Salary <sup>(3)</sup> (\$)	Share-based awards (\$)	Option-based awards (\$)	Non-equity incentive plan compensation (\$)		Pension value (\$)	All other compensation (\$)	Total compensation (\$)
					Annual incentive plans	Long-term incentive plans			
Thomas Larsen President and CEO <sup>(4)</sup>	2011	96,000 <sup>(1)</sup>	Nil	Nil	Nil	Nil	Nil	Nil	96,000 <sup>(1)</sup>
	2010	96,000 <sup>(1)</sup>	Nil	Nil	Nil	Nil	Nil	Nil	96,000 <sup>(1)</sup>
	2009	96,000 <sup>(1)</sup>	Nil	Nil	Nil	Nil	Nil	Nil	96,000 <sup>(1)</sup>
Miles Nagamatsu CFO	2011	72,000 <sup>(2)</sup>	Nil	Nil	Nil	Nil	Nil	Nil	72,000 <sup>(2)</sup>
	2010	72,000 <sup>(2)</sup>	Nil	Nil	Nil	Nil	Nil	Nil	72,000 <sup>(2)</sup>
	2009	72,000 <sup>(2)</sup>	Nil	Nil	Nil	Nil	Nil	Nil	72,000 <sup>(2)</sup>

Notes:

- (1) Payable to a corporation controlled by Thomas Larsen.
- (2) Payable to a corporation controlled by Miles Nagamatsu.
- (3) Compensation is awarded as consulting fees under a contractual agreement with the NEO.
- (4) Resigned as a Director and President and Chief Executive Officer effective May 29, 2012.

### **Compensation Discussion and Analysis**

All matters relating specifically to senior executive compensation are reviewed and approved by the full Board. The Board has elected not to appoint a Compensation Committee. The Chief Executive Officer makes recommendations to the Board with respect to compensation of the Corporation's executive officers, including base salaries, annual bonuses and long-term equity participation levels. The CEO also plays a major role in setting performance objectives and outlining progress in meeting corporate objectives. The Board gives final approval on compensation matters.

The Corporation's overall policy regarding compensation of the Corporation's executive officers is structured to provide competitive salary levels and compensation incentives that support both the short-term and long-term goals of the Corporation, attract and retain suitable and qualified executive management and establish a compensation framework which is industry competitive. The Corporation's policy is to recognize and reward individual performance as well as to place executive compensation within the range of compensation levels in the industry.

### **Compensation Policy and Key Compensation Components**

The Corporation does not have a compensation program other than paying base salaries, incentive bonuses, and incentive stock options to the NEOs. The Corporation recognizes the need to provide a compensation package that will attract and retain qualified and experienced executives, as well as align the compensation level of each executive to that executive's level of responsibility.

The Corporation has no other forms of compensation, although payments may be made from time to time to individuals or companies they control for the provision of consulting services. Such consulting services are paid for by the Company at competitive industry rates for work of a similar nature by reputable arm's length service providers.

#### ***Base Salary***

The objectives of base salary are to recognize market pay and to acknowledge the competencies and skills of individuals. The base salary paid to the NEOs shall be reviewed annually by the Board as part of the annual review of executive officers. The decision on whether to grant an increase to the executive's base salary and the amount of any such increase shall be in the sole discretion of the Board.

#### ***Incentive Bonuses***

The objectives of incentive bonuses in the form of cash payments are designed to add a variable component of compensation, based on corporate and individual performances for executive officers and employees. No incentive bonuses were paid to NEOs, other executive officers or employees during the most recently completed fiscal year.

#### ***Stock Option Plan***

The objectives of the stock option plan are to reward achievement of long-term financial and operating performance and focus on key activities and achievements critical to the ongoing success of the

Corporation. No stock options are currently outstanding and no stock options were granted to NEOs, other executive officers or employees during the most recently completed fiscal year.

**Incentive Plan Awards**

***Outstanding share-based awards and option-based awards***

The following table sets forth the options granted to the NEOs to purchase or acquire securities of the Corporation outstanding at the end of the most recently completed financial year ended December 31, 2011:

Name	Option-based Awards				Share-based Awards		
	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options (\$)	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested (\$)	Market or payout value of vested share-based awards not paid out or distributed (\$)
Thomas Larsen President and CEO	Nil	N/A	N/A	N/A	N/A	N/A	N/A
Miles Nagamatsu CFO	Nil	N/A	N/A	N/A	N/A	N/A	N/A

***Incentive plan awards - value vested or earned during the year***

The following table sets forth the value vested or earned during the year in respect of option-based awards, share-based awards and non-equity incentive plan compensation paid to NEOs during the most recently completed financial year ended December 31, 2011:

Name	Option-based awards - Value vested during the year (\$)	Share-based awards - Value vested during the year (\$)	Non-equity incentive plan compensation - Value earned during the year (\$)
Thomas Larsen President and CEO	Nil	Nil	Nil
Miles Nagamatsu CFO	Nil	Nil	Nil

Note: No incentive stock options were granted during financial year ended December 31, 2011.

***Pension Plan Benefits***

No pension plan or retirement benefit plans have been instituted by the Corporation and none are proposed at this time.

**NEO Employment Contracts, Termination and Change of Control Benefits**

As at December 31, 2011, the Corporation had written services contracts with the NEOs as follows:

*Thomas Larsen* - The Corporation had a written services contract with a management company providing the services of the Chief Executive Officer, Thomas G. Larsen. The contract was originally for a one-year period expiring in November 1997 and, in accordance with its terms, was automatically extended thereafter on an annual basis for additional terms of one year. Under the terms of the contract, annual compensation of \$96,000 was payable to the management services company controlled by Mr. Larsen. During the most recently completed year ended December 31, 2011, none of the compensation earned by the management company from the Corporation was paid to Mr. Larsen. In the event of termination of office of Mr. Larsen for just cause, the Corporation was not be liable to pay any amount to Mr. Larsen or his management services company solely as a consequence of such termination, whether as severance pay, payment in lieu of notice, damages or otherwise. If there was a change in control of the Corporation which resulted in the termination of office for Mr. Larsen, his management services company would have been entitled to receive an amount equal to two times the then current annual compensation. Mr. Larsen would also have been entitled to exercise any unexercised stock options granted to Mr. Larsen under the provisions of the Corporation's stock option plan for a period of up to two years after the termination date. Mr. Larsen resigned as President, Chief Executive Officer and Director on May 29, 2012 and consequently the contract was terminated on that date.

*Miles Nagamatsu* - The Corporation had a written services contract with a management services company providing the services of the Chief Financial Officer, Miles Nagamatsu. The contract was originally for a one-year period expiring in November 1997 and, in accordance with its terms, was automatically extended thereafter on an annual basis for additional terms of one year. Under the terms of the contract, annual compensation of \$72,000 was payable to the management services company controlled by Mr. Nagamatsu. During the most recently completed year ended December 31, 2011, none of the compensation earned by the management company from the Corporation was paid to Mr. Nagamatsu. In the event of termination of office of Mr. Nagamatsu for just cause, the Corporation is not be liable to pay any amount to Mr. Nagamatsu or his management services company solely as a consequence of such termination, whether as severance pay, payment in lieu of notice, damages or otherwise. If there was a change in control of the Corporation which resulted in the termination of office for Mr. Nagamatsu, his management services company would be entitled to receive an amount equal to two times the then current annual compensation and Mr. Nagamatsu would have been entitled to exercise any unexercised stock options granted to Mr. Nagamatsu under the provisions of the Corporation's stock option plan for a period of up to two years after the termination date. By mutual agreement, the contract was terminated on October 31, 2012.

The following table details the estimated payments, payables and benefits triggered by a termination without cause or as a result of a change of control for each of the NEOs, assuming the triggering event took place on December 31, 2011. This table assumes that all compensation currently owed to the NEOs as at December 31, 2011 has been paid.

Name and principal position	Salary (\$)	Performance Share-based awards (\$)	Option-based awards (\$)	Non-equity incentive plan compensation (\$)	All other compensation (\$)	Total compensation (\$)
Thomas Larsen (1) President and CEO	192,000	Nil	Nil	N/A	Nil	192,000
Miles Nagamatsu CFO	144,000	Nil	Nil	N/A	Nil	144,000

(1) Mr. Larsen resigned as President and CEO on May 29, 2012.

### Director's Compensation

During the year ended December 31, 2011, directors of the Corporation were not provided with any compensation. Additionally, no options were granted to directors of the Corporation.

The following table sets forth the value of all compensation paid to the directors of the Corporation who are not NEOs during the most recently completed financial year ended December 31, 2011:

Name	Fees earned (\$)	Share-based awards (\$)	Option-based awards (\$)	Non-equity incentive plan compensation (\$)	Pension value (\$)	All other compensation (\$)	Total (\$)
Francis Sauve	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Kenneth Friedman	Nil	Nil	Nil	Nil	Nil	Nil	Nil

### *Share-based awards and option-based awards*

The following table sets forth the options granted to the directors of the Corporation who are not NEOs to purchase or acquire securities of the Corporation outstanding at the end of the most recently completed financial year ended December 31, 2011:

Name	Option-based Awards				Share-based Awards		
	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options (\$)	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested (\$)	Market or payout value of vested share-based awards not paid out or distributed (\$)
Francis Sauve	Nil	N/A	N/A	N/A	Nil	N/A	N/A
Kenneth Friedman	Nil	N/A	N/A	N/A	Nil	N/A	N/A

### *Securities Authorized for Issuance Under Equity Compensation Plans*

The following table sets forth the Corporation's equity compensation plan, which is the Corporation's stock option plan.

<b>Plan Category</b>	<b>(A) Number of securities to be issued upon exercise of outstanding options, warrants and rights (#)</b>	<b>(B) Weighted average option price of outstanding options, warrants and rights (\$)</b>	<b>(C) Number of securities available for future issuance under equity compensation plans (excluding securities reflected in column a) (#)</b>
Equity compensation plans approved by security holders	Nil	N/A	1,843,232 <sup>(1)</sup>
Equity compensation plans not approved by security holders	N/A	N/A	Nil
Total	Nil	N/A	1,843,232 <sup>(1)</sup>

Note (1) Based on a maximum number available for issuance of 1,848,232 Common Shares, representing 10% of the issued and outstanding Common Shares as at December 12, 2012.

The Corporation's stock option plan was approved by the shareholders of the Corporation on June 29, 2007. The stock option plan provides that the Board of the Corporation may from time to time, in its discretion, grant to directors, officers, employees and consultants of the Corporation or any subsidiary of the Corporation, the option to purchase Common Shares. The stock option plan provides for a maximum limit of 10% of the number of Common Shares outstanding from time to time. On December 12, 2012, this represents 1,843,232 Common Shares available to be granted under the stock option plan.

The number of Common Shares reserved for any one person during any 12-month period may not exceed 5% of the outstanding Common Shares. The Board determines the price per Common Share and the number of Common Shares that may be allotted by option to each director, officer, employee and consultant and all other terms and conditions of the options, subject to applicable stock exchange rules including rules regarding minimum exercise price.

Options may be exercisable for up to five years from the date of grant, but the Board has the discretion to grant options that are exercisable for a shorter period. Options granted under the stock option plan do not require vesting provisions, although the Board may attach a vesting period or periods to individual grants as it deems appropriate. Options under the stock option plan are non-assignable and non-transferable. If, prior to the exercise of an option, the holder ceases to be a director, officer, employee or consultant, the stock options must be exercised within 30 days of termination of employment or cessation of position with the Corporation, provided that if the cessation of office, directorship, consulting arrangement or employment was by reason of death or disability, the option must be exercised within six months, subject to an earlier expiry date.

#### **Indebtedness of Directors and Officers**

No director or senior officer of the Corporation or associate of the foregoing persons, was indebted to the Corporation at any time during the most recently completed financial year ended December 31, 2011.

#### **Interest Of Informed Persons In Material Transactions**

No informed person (within the meaning of National Instrument 51-102 "Continuous Disclosure Obligations", which definition includes, among others, executive officers, directors and insiders) of the

Corporation, no nominee for election as a director of the Corporation and no associate or affiliate of any informed person or nominee for election as a director of the Corporation has or had any material interest, direct or indirect, in any transaction since the commencement of the Corporation's most recently completed financial year or in any proposed transaction that has materially affected or would materially affect the Corporation or any of its subsidiaries.

## **CORPORATE GOVERNANCE AND OTHER INFORMATION**

### **General**

The Board believes that good corporate governance improves corporate performance and benefits all shareholders. The Canadian Securities Administrators (the "CSA") have adopted National Policy 58-201 *Corporate Governance Guidelines*, which provides non-prescriptive guidelines on corporate governance practices for reporting issuers such as the Corporation. In addition, the CSA have implemented National Instrument 58-101 *Disclosure of Corporate Governance Practices* ("NI 58-101"), which prescribes certain disclosure by the Corporation of its corporate governance practices. The disclosure pursuant to NI 58-101 is presented below.

### **Board of Directors**

The Board exercises independent supervision over management, which includes among other duties and responsibilities: to approve and monitor the strategic, business and financial plans of the Corporation; to supervise performance and succession planning of senior officers; to assess the principal risk factors relating to the business of the Corporation; and to monitor and oversee the integrity of the financial reporting and disclosure. Every director is required to act honestly and in good faith with a view to the best interests of the Corporation and to exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. Responsibilities not delegated to senior management or to a committee of the Board remain those of the full Board.

### **Composition of the Board of Directors**

The Board is currently comprised of four (4) directors, Paul Ankcorn, John Langton, Miles Nagamatsu and Kenneth Friedman. Kenneth Friedman is independent for the purposes of NI -58-101. Paul Ankcorn is President and therefore not independent for the purposes of NI -58-101, Miles Nagamatsu is Chief Financial Officer and therefore also not independent, and John Langton is Vice President, Exploration and therefore also not independent.

### **Directorships**

Certain of the directors are also directors of other reporting issuers as follows:

<b>Director</b>	<b>Other Reporting Issuer</b>
Paul Ankcorn	Tartisan Resources Corp., Shield Gold Inc., Fancamp Exploration Ltd., ACME Resources Inc. and N.W.T. Copper Mines Limited.
John Langton	None
Miles Nagamatsu	Essex Oil Ltd.
Kenneth Friedman	Clifton Mining Company



## **Orientation and Continuing Education of Board Members**

New Board members receive an orientation package which includes reports on operations and results and public disclosure filings by the Corporation. Board meetings are sometimes held at the Corporation's facilities and are combined with tours and presentations by the Corporation's management to give the directors additional insight into the Corporation's business. In addition, management of the Corporation makes itself available for discussion with all Board members. The directors are encouraged to participate in continuing education programs which promote awareness and an understanding of current corporate governance issues.

## **Measures to Encourage Ethical Business Conduct**

The Board promotes a culture of ethical business conduct with respect to the fiduciary duties placed on individual directors and officers by law, the restrictions placed by applicable corporate legislation on an individual director's participation in decisions of the Board in which the director has an interest, and through independent oversight of management, to encourage each director and officer to act in the best interests of the Corporation.

## **Nomination of Board Members**

The Board considers its size each year when it considers the number of directors to recommend to the shareholders for election at the annual meeting of shareholders, taking into account the number required to carry out the Board's duties effectively and to maintain a diversity of views and experiences beneficial to the governance of the Corporation.

The Board does not have a nominating committee, and those functions sometimes delegated to a nominating committee are currently performed by the Board as a whole. New candidates for nomination to be elected to the Board are identified by the Board as a whole following an informal invitation to the directors and officers to propose individuals to be considered by the Board.

## **Other Board Committees**

The Corporation does not presently have other committees apart from the audit committee.

## **Assessment of Directors, the Board and Board Committees**

The Board is responsible to periodically consider and assess the effectiveness and performance of the audit committee, the individual directors and the Board as a whole. The Board monitors the adequacy of information given to directors by management and the effectiveness of communication between the Board and management with respect to corporate governance.

## **AUDIT COMMITTEE**

### **Audit Committee**

In accordance with the Multilateral Instrument 52-110 *Audit Committees* ("MI 52-110"), the Audit Committee reviews the annual and interim financial statements of the Corporation and makes recommendations to the Board with respect to such statements. The Audit Committee also reviews the nature and scope of the annual audit as proposed by the auditors and management, and the adequacy of the internal accounting control procedures and systems within the Corporation. The Audit Committee is responsible to ensure that management has implemented an effective system of internal control and has

oversight responsibility for management reporting on internal control. The Audit Committee Charter is attached hereto as Schedule “A”.

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

The Audit Committee is currently comprised of Kenneth S. Friedman, John Langton and Paul Ankorn, all of whom are financially literate. Kenneth Friedman is considered independent within the meaning of MI 52-110, while Messrs. Ankorn and Langton are not considered independent, but the Board believes that Messrs. Ankorn and Langton, as experienced directors and officers of public companies, are sufficiently versed in the expectations of independent directors and fully capable of exercising independent judgment. The Chair of the Audit Committee is Kenneth Friedman.

### **Relevant Education and Experience**

Kenneth Friedman is currently the President of Clifton Mining Corporation, a U.S. based resource exploration company. Dr. Friedman is also a former money manager, author and stock analyst. He holds an M.A. from Harvard University as well as a Ph.D. from M.I.T.

Paul Ankorn has obtained significant financial experience and exposure to accounting and financial issues in his current position as Chief Financial Officer of Tartisan Resources Corp. and Shield Gold Inc. (both since 2008) and his past positions as Chief Financial Officer of Richmond Minerals Inc. from March 2006 to October 2006, Terex Resources Inc. from October 2001 to June 2005 and of Cuervo Resources Inc. from April 2005 through 2008. Mr. Ankorn has been, and is currently, an officer and/or director of a number of publicly traded resource exploration companies.

John Langton co-owns his own business and in such capacity has experience in the preparation, analysis and/or evaluation of financial statements generally and an understanding of internal control and procedures for financial reporting. Over the past 5 years, Mr. Langton has been an officer and/or director of a number of publicly traded resource exploration companies.

### **External Auditor Service Fees (By Category)**

The following table provides information about the fees billed to the Corporation for professional services rendered by Collins Barrow Toronto LLP for professional services rendered for the fiscal 2011 and 2010 audits:

<b>Fees</b>	<b>2011</b>	<b>2010</b>
Audit Fees <sup>(1)</sup>	\$10,000	\$12,000
Audit-Related Fees	Nil	Nil
Tax Fees	\$2,300	\$2,750
All other Fees	Nil	Nil
<b>Total:</b>	<b>\$12,300</b>	<b>\$14,750</b>

Notes:

- (1) Audit fees were for professional services rendered by Collins Barrow Toronto LLP for the audit of the Corporation’s 2010 and 2011 annual financial statements.

### **Exemption**

The Corporation is a venture issuer as defined in MI 52-110 and is relying on the exemptions provided by section 6.1 of MI 52-110 relating to Part 3 “Composition of Audit Committees” and Part 5 “Reporting Obligations”.



## **SCHEDULE “A”**

### **NORTHFIELD METALS INC. (the “Corporation”)**

#### **AUDIT COMMITTEE CHARTER**

Adopted by the Board of Directors May 29<sup>th</sup>, 2007

The Audit Committee is a committee of the Board of Directors (the “Board”) of the Corporation to which the Board delegates certain of its responsibilities for the oversight of the accounting and financial reporting process and financial statement audits.

#### **OVERALL ROLE AND RESPONSIBILITY**

The Audit Committee’s overall purpose is to assist the Board in its oversight role with respect to:

- (i) the quality and integrity of financial information;
- (ii) the external auditor’s performance, qualifications and independence;
- (iii) the performance of the Corporation’s internal audit function, if applicable; and
- (iv) the Corporation’s compliance with legal and regulatory requirements.

#### **MEMBERSHIP AND MEETINGS**

The Audit Committee shall consist of three or more directors appointed by the Board, the majority of whom shall meet the requirement of independence as defined in MI 52-110 and shall not be officers or employees of the Corporation or any of the Corporation’s affiliates.

The Board shall designate one member of the Audit Committee as the Committee Chair. Each member of the Audit Committee at the time of appointment shall be financially literate as such qualification is defined by Multilateral Instrument 52-110 *Audit Committees* (“MI 52-110”), or become financially literate within a three month period from the date of appointment to the Audit Committee.

#### **STRUCTURE AND OPERATIONS**

The Audit Committee shall meet as often as it determines, but not less frequently than quarterly. The Audit Committee shall report to the Board on its activities after each of its meetings at which time minutes of the prior Audit Committee meeting shall be tabled for the Board.

The Audit Committee shall review and assess the adequacy of this Charter periodically and, where necessary, will recommend changes to the Board for its approval.

The Audit Committee is expected to establish and maintain free and open communication with management and the external auditor and shall periodically meet separately with each of them.

## **SPECIFIC DUTIES**

### **1) Oversight of the External Auditor**

The Audit Committee shall:

- Make recommendations to the Board for the external auditor to be nominated for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for the issuer and the compensation of the external auditor;
- Directly oversee of the work of the external auditor engaged for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for the issuer, including the resolution of disagreements between management and the external auditor regarding financial reporting. The external auditor shall report directly to the Audit Committee;
- The Audit Committee must pre-approve all non-audit services (including the fees, terms and conditions for the performance of such services) to be provided by the external auditor; and
- The Audit Committee shall review and approve the Corporation's hiring policies regarding partners, employees and former partners and employees of the present and former external auditor of the issuer.

### **2) Financial Reporting**

The Audit Committee shall:

- Review the financial statements, MD&A and annual and interim earnings press releases before the Corporation publicly discloses this information;
- Satisfy itself that adequate procedures are in place for the review of the Corporation's public disclosure of financial information extracted or derived from the Corporation's financial statements and shall periodically assess the adequacy of those procedures;
- Review and discuss with management and the external auditor:
  - prior to the annual audit the scope, planning and staffing of the annual audit,
  - the annual audited financial statements,
  - significant financial reporting issues and judgments made in connection with the preparation of the Corporation's financial statements,
  - any significant changes in the Corporation's selection or application of accounting principles,
  - any major issues as to the adequacy of the Corporation's internal controls and any special steps adopted in light of material control deficiencies, and
  - other material written communications between the external auditor and management, such as any management letter or schedule of unadjusted differences.
- Monitor, evaluate and report to the Board on the integrity of the financial reporting process and the system of internal controls that management and the Board have established;
- Monitor management of the principal risks that could impact the financial reporting of the

Corporation; and

- With respect to ensuring the integrity of disclosure controls and internal controls over financial reporting, understand the process utilized by the Chief Executive Officer and the Chief Financial Officer to comply with Multilateral Instrument 52-109.

### **3) Other Duties**

The Audit Committee shall:

- Establish procedures for the receipt, retention and treatment of complaints received by the issuer regarding accounting, internal accounting controls or auditing matters, and confidential anonymous submission by employees of the issuer of concerns regarding questionable accounting or auditing matters;
- Pre-approve all non-audit services to be provided to the Corporation or its subsidiaries by the external auditors in accordance with MI 52-110; and
- Review and approve the disclosure required under MI 52-110F2 regarding the Audit Committee as included within the annual management information circular of the Corporation.

#### **Authority of the Audit Committee**

The Audit Committee shall have the authority to engage independent counsel and other advisors as it determines necessary to carry out its duties, and to set and pay the compensation for any advisors employed by the Audit Committee. The Audit Committee may communicate directly with the internal and external auditors of the Corporation.