

NETCO ENERGY INC.

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MANAGEMENT INFORMATION CIRCULAR FOR THE ANNUAL GENERAL AND SPECIAL MEETING OF SHAREHOLDERS TO BE HELD ON MONDAY, JUNE 20, 2011

DATE AND CURRENCY

The date of this Information Circular is May 13, 2011. Unless otherwise stated, all amounts herein are in Canadian Dollars (“CDN”).

REVOCABILITY OF PROXY

A Shareholder who has given a proxy may revoke it at any time, before it is exercised, by an instrument in writing: (a) executed by that Shareholder or by that Shareholder’s attorney-in-fact authorized in writing or, where that Shareholder is a corporation, by a duly authorized officer of, or attorney-in-fact for, the corporation; and (b) delivered either: (i) to the Company at #880 – 609 Granville Street, Vancouver, British Columbia, Canada V7Y 1G5 (Attention: Andrew Gourlay) at any time up to and including the last business day preceding the day of the Meeting or, if adjourned or postponed, any reconvening thereof, or (ii) to the Chairman of the Meeting prior to the vote on matters covered by the proxy on the day of the Meeting or, if adjourned or postponed, any reconvening thereof, or (iii) in any other manner provided by law. Also, a proxy will automatically be revoked by either: (i) attendance at the Meeting and participation in a poll (ballot) by a Shareholder, or (ii) submission of a subsequent proxy in accordance with the foregoing procedures. A revocation of a proxy does not affect any matter on which a vote has been taken prior to the revocation.

PERSONS MAKING THE SOLICITATION

This Information Circular is furnished to the shareholders (the “Shareholders”) of Netco Energy Inc. (the “Company”) in connection with the solicitation by the management of the Company of proxies to be voted at the annual general and special meeting (the “Meeting”) of the Shareholders to be held on Monday, June 20, 2011 at 2:00 p.m. (Vancouver time) at the offices of Clark Wilson LLP, 8th Floor, 885 West Georgia Street, Vancouver, British Columbia, Canada.

The solicitation will be conducted by mail and may be supplemented by telephone or other personal contact to be made without special compensation by the directors, regular officers and employees of the Company. The Company does not reimburse Shareholders, nominees or agents for the cost incurred in obtaining from their principals authorization to execute forms of proxy, except that the Company has requested brokers and nominees who hold stock in their respective names to furnish this proxy material to their customers, and the Company will reimburse such brokers and nominees for their related out of pocket expenses. No solicitation will be made by specifically engaged employees or soliciting agents.

The cost of solicitation will be borne by the Company.

PROXY INSTRUCTIONS

Only registered Shareholders are entitled to vote at the Meeting. A Shareholder is entitled to one vote for each common share (“**Common Share**”) in the capital of the Company that such Shareholder holds on the Record Date (as defined hereinafter) on the resolutions to be acted upon at the Meeting and any other matter to come before the Meeting.

The persons named as proxyholders (the “**designated persons**”) in the enclosed form of proxy (the “**Form of Proxy**”) were designated by the directors of the Company. **A SHAREHOLDER HAS THE RIGHT TO APPOINT A PERSON OR CORPORATION (WHO NEED NOT BE A SHAREHOLDER) TO ATTEND AND ACT FOR AND ON BEHALF OF THAT SHAREHOLDER AT THE MEETING, OTHER THAN THE DESIGNATED PERSONS IN THE ENCLOSED FORM OF PROXY. THE SHAREHOLDER MAY EXERCISE THIS RIGHT BY STRIKING OUT THE PRINTED NAMES OF THE DESIGNATED PERSONS AND INSERTING THE NAME OF SUCH OTHER PERSON AND, IF DESIRED, AN ALTERNATE TO SUCH PERSON IN THE BLANK SPACE PROVIDED IN THE FORM OF PROXY. SUCH SHAREHOLDER SHOULD NOTIFY THE NOMINEE OF THE APPOINTMENT, OBTAIN THE NOMINEE’S CONSENT TO ACT AS PROXY AND SHOULD PROVIDE INSTRUCTIONS TO THE NOMINEE ON HOW THE SHAREHOLDER’S SHARES SHOULD BE VOTED. THE NOMINEE SHOULD BRING PERSONAL IDENTIFICATION TO THE MEETING.**

In order to be voted, the completed Form of Proxy must be received by the Company’s registrar and transfer agent Computershare Investor Services Inc., at their offices located at Proxy Department, 100 University Avenue, 9th Floor, Toronto, Ontario, Canada, M5J 2Y1, Fax: 1-866-249-7775 (within North America) or 416-263-9524 (outside North America), at least forty eight (48) hours (excluding Saturdays, Sundays and holidays) prior to the time of the Meeting, or any adjournment thereof.

A Form of Proxy may not be valid unless it is dated and signed by the Shareholder who is giving it or by that Shareholder’s attorney-in-fact duly authorized by that Shareholder in writing or, in the case of a corporation, dated and executed by a duly authorized officer, or attorney-in-fact for, the corporation. If a Form of Proxy is executed by an attorney-in-fact for an individual Shareholder or joint Shareholders or by an officer or attorney-in-fact for a corporate Shareholder, the instrument so empowering the officer or attorney-in-fact, as the case may be, or a notarial copy thereof, should accompany the Form of Proxy.

IN THE ABSENCE OF ANY INSTRUCTIONS TO THE CONTRARY, THE DESIGNATED PERSONS OR OTHER PROXY AGENT NAMED ON THE FORM OF PROXY WILL CAST THE SHAREHOLDER’S VOTES ON ANY POLL (BALLOT) FOR THE APPROVAL OF ALL THE MATTERS IN THE ITEMS SET OUT IN THE FORM OF PROXY AND IN FAVOUR OF EACH OF THE NOMINEES NAMED THEREIN FOR ELECTION AS DIRECTORS.

The enclosed Form of Proxy confers discretionary authority upon the persons named therein with respect to other matters, which may properly come before the Meeting, including any amendments or variations to any matters identified in the Notice of Meeting and with respect to other matters which may properly come before the Meeting. At the date of this Information Circular, management of the Company knew of no such amendments, variations, or other matters to come before the Meeting. **The Common Shares represented by a Shareholder’s Form of Proxy will be voted or withheld from voting in accordance with the instructions of the Shareholder or any ballot that may be called for. If the Shareholder specifies a choice with respect to any matter to be voted upon, the Common Shares represented by that Shareholder’s proxy will be voted accordingly.**

In the case of abstentions from or withholding of the voting of Common Shares on any matter, the shares which are the subject of the abstention or withholding (“**non-voted shares**”) will be counted for determination of a quorum, but will not be counted as affirmative or negative on the matter to be voted upon.

No person has been authorized to give any information or to make any representation other than those contained in this Information Circular in connection with the solicitation of proxies and, if given or made, such information or representations must not be relied upon as having been authorized by the Company. The delivery of this Information Circular shall not create, under any circumstances, any implication that there has been no change in the information set out herein since the date of this Information Circular. This Information Circular does not constitute the solicitation of a proxy by anyone in any jurisdiction in which such solicitation is not authorized or in which the person making such solicitation is not qualified to do so or to anyone to whom it is unlawful to make such offer or solicitation.

ADVICE TO BENEFICIAL SHAREHOLDERS OF COMMON SHARES

The information set forth in this section is of significant importance to those of our Shareholders who do not hold shares in their own name. Shareholders who do not hold their shares in their own name (the “**Beneficial Shareholders**”) should note that only proxies deposited by Shareholders whose names appear on the records of the Company 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 Company. Such Common Shares will more likely be registered under the names of the Shareholder’s broker or an agent of that broker. In the United States, the vast majority of such Common Shares are registered under the name of Cede & Co. as nominee for The Depository Trust Company (which acts as depository for many U.S. brokerage firms and custodian banks), and in Canada, under the name of CDS & Co. (the registration name for The Canadian Depository for Securities Limited, which acts as nominee for many Canadian brokerage firms). **Beneficial Shareholders should ensure that instructions respecting the voting of their Common Shares are communicated to the appropriate person well in advance of the Meeting.**

The Company does not have access to the names of Beneficial Shareholders. Applicable regulatory policy requires 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. The Form of Proxy or voting instruction form supplied to a Beneficial Shareholder by its broker (or the agent of the broker) is similar to the Form of Proxy provided to a registered Shareholder by the Company. However, its purpose is limited to instructing the registered Shareholder (the broker or agent of the broker) on how to vote on behalf of the Beneficial Shareholder. The majority of brokers now delegate responsibility for obtaining instructions from clients to Broadridge Financial Solutions, Inc. (“**Broadridge**”) in the United States and in Canada. Broadridge typically prepares a special voting instruction form, mails this form to the Beneficial Shareholders and asks for appropriate instructions regarding the voting of Common Shares to be voted at the Meeting. Beneficial Shareholders are requested to complete and return the voting instructions to Broadridge by mail or facsimile. Alternatively, Beneficial Shareholders can call a toll-free number or access Broadridge’s dedicated voting website (each as noted on the voting instruction form) to deliver their voting instructions and to vote the Common Shares held by them. Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of shares to be represented at the Meeting. **A Beneficial Shareholder receiving a Broadridge voting instruction form cannot use that voting instruction form as a proxy to vote Common Shares directly at the**

Meeting – the voting instruction form must be returned to Broadridge well in advance of the Meeting in order to have its Common Shares voted at the Meeting.

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 agent 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 at 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.

Alternatively, a Beneficial Shareholder may request in writing that his or her broker send to the Beneficial Shareholder a legal proxy which would enable the Beneficial Shareholder to attend at the Meeting and vote his or her Common Shares.

All references to Shareholders in this Information Circular are to registered Shareholders, unless specifically stated otherwise.

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

Except as discussed elsewhere in this Information Circular, none of the following persons has any material interest, direct or indirect by way of beneficial ownership of securities or otherwise, in any matter to be acted upon, other than the election of directors:

- (a) any director or executive officer of the Company since January 1, 2010, being the beginning of the Company's last financial year;
- (b) any proposed nominee for election as a director of the Company; and
- (c) any associate or affiliate of any of the foregoing persons.

VOTING SECURITIES AND PRINCIPAL HOLDERS OF VOTING SECURITIES

The Company is authorized to issue an unlimited number of Common Shares without par value, of which 33,683,275 Common Shares were issued and outstanding at the date of this Information Circular. Although the Company is also authorized to issue an unlimited number of preferred shares without par value, none of these preferred shares have been issued.

Only registered Shareholders of Common Shares who were holders of record on May 13, 2011 (the "**Record Date**"), will be entitled to vote at the Meeting. These registered Shareholders of Common Shares will be entitled to cast one vote for each Common Share held on the Record Date.

To the knowledge of the directors and executive officers of the Company, there is no person that beneficially owns or exercises control or direction over, directly or indirectly, shares carrying more than 10% of the voting rights attached to any class of voting securities of the Company.

NUMBER OF DIRECTORS AND ELECTION OF DIRECTORS

The directors of the Company are elected at each annual general meeting and hold office until the next annual general meeting or until their successors are elected or appointed, unless his office is earlier vacated in accordance with the Articles of the Company or with the provisions of the *Business Corporations Act* (Alberta). In the absence of instructions to the contrary, the enclosed Form of Proxy will be voted for the nominees listed in the Form of Proxy, all of whom are presently members of the Company's board of directors (the "**Board**").

At the Meeting, the Shareholders will be asked to pass an ordinary resolution to set the number of directors of the Company at four (4). The number of directors will be approved if the affirmative vote of the majority of common shares present or represented by proxy at the Meeting and entitled to vote are voted in favour of setting the number of directors at four (4).

Management recommends the approval of the resolution to set the number of directors of the Company at four (4).

Management of the Company proposes to nominate each of the following persons for election as a director. Information concerning such persons, as furnished by the individual nominees, is as follows:

Name, Province and Country of Residence and Position Held with the Company ⁽¹⁾	Principal Occupation or Employment and, if not an Elected Director, Occupation During the Past Five Years ⁽¹⁾	Number of Voting Securities of the Company Beneficially Owned or Controlled or Directed, Directly or Indirectly ⁽²⁾	Period during which the Nominee has served as a Director of the Company
ANDREW GOURLAY B.C., Canada PRESIDENT, CEO, CHAIRMAN and DIRECTOR ⁽³⁾⁽⁶⁾	President, CEO and Chairman and Director of the Company since February 15, 2011; and a Consulting Geologist.	100,000	February 15, 2011 to present
MICHAEL SWEATMAN B.C., Canada CFO, SECRETARY, and DIRECTOR ⁽⁴⁾⁽⁵⁾⁽⁶⁾	CFO, Secretary, and Director of the Company since November 17, 2010; and a Chartered Accountant.	525,000	November 17, 2010 to present
COLIN BOWKETT B.C., Canada DIRECTOR ⁽³⁾⁽⁴⁾⁽⁵⁾⁽⁶⁾	Director of the Company; President of Archer Petroleum Corp. since February 2010 and Director of Archer Petroleum Corp. since June 2009.	360,000	November 17, 2010 to present
PAUL ANDREOLA B.C., Canada DIRECTOR ⁽³⁾⁽⁴⁾⁽⁵⁾⁽⁶⁾	Director of the Company; Self-employed since October 2008, Vice-President of 3One Media Corp. from June 2007 to September 2008, and Investment Advisor at Golden Capital Securities/Gateway Securities from November 2002 to May 2007	Nil	April 28, 2011 to present

- (1) The information as to country or residence and principal occupation, not being within the knowledge of the Company, has been furnished by the respective nominees.
- (2) The information as to Common Shares beneficially owned or over which a director/nominee exercises control or direction, not being within the knowledge of the Company, has been furnished by the respective nominees as at May 18, 2011.
- (3) Member of the Audit Committee.
- (4) Member of the Corporate Governance Committee.
- (5) Member of the Compensation and Nominating Committee.
- (6) Member of the Disclosure Committee.

Management recommends the approval of each of the nominees listed above for election as directors of the Company for the ensuing year.

Management does not contemplate that any of its nominees will be unable to serve as directors. If any vacancies occur in the slate of nominees listed above before the Meeting, then the Designated Persons intend to exercise discretionary authority to vote the common shares represented by proxy for the election of any other persons as directors.

The term of office of the nominees set out above, who are presently directors will expire as of the date of the Meeting. All of the directors who are elected at the Meeting will have their term of office expire at the next annual general meeting or at such time when their successors are duly elected or appointed in accordance with the Company's Articles, or with the provisions of the *Business Corporations Act* (Alberta) or until such directors' earlier death, resignation or removal.

Cease Trade Orders

No proposed director of the Company is, or within the ten (10) years before the date of this Information Circular has been, a director, chief executive officer or chief financial officer of any company that:

- (a) was subject to an order that was issued while the proposed director was acting in the capacity of director, chief executive officer or chief financial officer; or
- (b) was subject to an order that was issued after the proposed director ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity of director, chief executive officer or chief financial officer.

Bankruptcies

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

No proposed director of the Company has, within the ten (10) years before the date of this Information Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the proposed director.

No proposed director has been subject to:

- (a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement; or
- (b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to reasonable Shareholders in deciding whether to vote for a proposed director.

The above information was provided by management of the Company.

EXECUTIVE COMPENSATION

1. General

For the purpose of this Information Circular:

“**CEO**” means each individual who acted as chief executive officer of the Company or acted in a similar capacity for any part of the most recently completed financial year;

“**CFO**” means each individual who acted as chief financial officer of the Company or acted in a similar capacity for any part of the most recently completed financial year;

“**Named Executive Officer**” or “**NEO**” means:

- (a) a CEO;
- (b) a CFO;
- (c) each of the Company’s three most highly compensated executive officers, or the three most highly compensated individuals acting in a similar capacity, other than the CEO and CFO, at the end of the most recently completed financial year and whose total compensation was, individually, more than \$150,000 as determined in accordance with subsection 1.3(6) of Form 51-102F6 *Statement of Executive Compensation*; or
- (d) any individual who would be a Named Executive Officer under (c) but for the fact that the individual was neither an executive officer of the Company, nor acting in a similar capacity at the end of the most recently completed financial year.

2. Compensation Discussion and Analysis

All tasks related to developing and monitoring the Company’s approach to the compensation of officers of the Company and to developing and monitoring the Company’s approach to the nomination of directors to the Board are performed by the members of the Company’s Compensation and Nominating Committee. The compensation of the NEOs and the Company’s employees is reviewed and recommended for Board approval by the Compensation and Nominating Committee.

The overall purpose of the Compensation and Nominating Committee is to develop and monitor the Company’s approach to the compensation of officers of the Company and to develop and monitor the Company’s approach to the nomination of directors to the Board.

The objectives of the Company’s compensation policies and procedures are to align the interests of the Company’s employees with the interests of the Shareholders. As such, a significant portion of total compensation paid by the Company is based upon overall corporate performance. The Company’s compensation strategy is to offer short-term, medium-term and long-term compensation components to ensure that the Company has in place programs to attract, retain and develop management of the highest caliber and a process to provide for the orderly succession of management, including receipt on an annual basis of any recommendations of the CEO, if any, in this regard. The Company currently has short-term and long-term compensation components in place, and will develop a medium-term compensation component.

Compensation to NEOs is comprised of a base salary. The Company chooses to pay a base salary to its NEOs and employees to satisfy the short-term compensation component. The Company has also granted stock options to NEOs to satisfy the long-term compensation component. In the future, the Company may consider paying discretionary annual cash bonuses to satisfy the medium-term compensation component and may grant additional options to purchase Common Shares of the Company with longer future vesting dates to satisfy the long-term compensation component. During the most recent fiscal year, the Company did not pay any bonuses or commissions to its directors and officers and did not grant any stock options, nor is the Company currently considering the payment of bonuses.

Annual Base Salaries

The annual salaries for NEOs are designed to be comparable to executive compensation packages for similar positions at companies with similar financial, operating and industry characteristics. Each NEO will be paid an annual salary that also takes into account his or her existing professional qualifications and experience. The NEOs' performances and salaries are to be reviewed periodically on the anniversary of their employment with the Company. Increases in salary are to be evaluated on an individual basis and are performance and market-based.

Option-Based Awards

Executive officers of the Company, as well as directors, employees and consultants, are eligible to participate in the Company's Stock Option Plan (2007) (the "**Stock Option Plan**") to receive grants of stock options. The Company currently has 725,000 stock options outstanding and it regards the strategic use of incentive stock options as a cornerstone of the Company's compensation plan. It applies to employees at all levels and continues to be one of the Company's primary tools for attracting, motivating and retaining qualified employees, which is critical to the Company's success. The Company is committed to long-term incentive programs that promote the continuity of an excellent management team and, therefore, the long-term success of the Company. The Company established the Stock Option Plan as an incentive to serve the Company in attaining its goal of improving shareholder value. The Board is responsible for administering the Stock Option Plan. The Compensation and Nominating Committee is charged with the responsibility to determine the type and amount of compensation to be paid to directors, officers, employees and consultants of the Company including the awards of any stock options under the Stock Option Plan. Stock options are typically part of the overall compensation package for executive officers and employees.

All grants of stock options to the NEOs are reviewed and approved by both the Compensation and Nominating Committee and the Board. In evaluating option grants to a NEO, the Compensation and Nominating Committee and the Board evaluate a number of factors including, but not limited to: (i) the number of options already held by such NEO; (ii) a fair balance between the number of options held by the NEO concerned and the other executives of the Company, in light of their responsibilities and objectives; and (iii) the value of the options (generally determined using a Black-Scholes analysis) as a component in the NEO's overall compensation package.

3. Summary Compensation Table

Particulars of compensation paid to each NEO in the most recently completed financial year is set out in the summary compensation table below:

Name and principal position	Year Ending	Salary ⁽⁹⁾ (\$)	Share-based awards ⁽¹⁰⁾ (\$)	Option-based awards (\$)	Non-equity incentive plan compensation (\$)		Pension value (\$)	All other compensation (\$)	Total compensation (\$)
					Annual incentive plans	Long-term incentive plans			
Gordon Nielsen President, CEO and Director ⁽¹⁾⁽²⁾	12/31/10	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	12/31/09	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	12/31/08	39,000	Nil	Nil	Nil	Nil	Nil	Nil	39,000
Daniel Weisbeck CFO, Secretary ⁽³⁾⁽⁴⁾	12/31/10	4,500	Nil	Nil	Nil	Nil	Nil	Nil	4,500
	12/31/09	6,000	Nil	Nil	Nil	Nil	Nil	Nil	6,000
	12/31/08	6,000	Nil	Nil	Nil	Nil	Nil	Nil	6,000
Arni Johannson ⁽⁵⁾⁽⁶⁾ President, CEO and Director	12/31/10	500	Nil	Nil	Nil	Nil	Nil	Nil	500
	12/31/09	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	12/31/08	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Michael Sweatman ⁽⁷⁾⁽⁸⁾ CFO, Secretary and Director	12/31/10	500	Nil	Nil	Nil	Nil	Nil	Nil	500
	12/31/09	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	12/31/08	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Notes:

- (1) Gordon Nielsen was President and CEO from June 3, 2005 to November 17, 2010.
- (2) Gordon Nielsen received a salary from a private company that provided management, administration, accounting and compliance services to the Company. In 2008, a portion of Mr. Nielsen's salary was attributable to his work as President CEO and director of the Company.
- (3) Daniel Weisbeck was CFO of the Company from May 11, 2004 to November 17, 2010 and Secretary of the Company from June 3, 2005 to November 17, 2010.
- (4) Daniel Weisbeck was paid \$500 per month for services provided as CFO and Secretary of the Company.
- (5) Arni Johannson was Senior Vice President of Business Operations of the Company from August 2, 2007 to June 8, 2009. Arni Johannson was appointed President and CEO of the Company on November 17, 2010 and resigned from those positions on February 15, 2011 when Andrew Gourlay was appointed.
- (6) Arni Johannson was paid \$500 per month for services provided.
- (7) Michael Sweatman was appointed CFO and Secretary of the Company on November 17, 2010.
- (8) Michael Sweatman is paid \$500 per month for services provided.
- (9) The value of perquisites including property or other personal benefits provided to a NEO that are generally available to all employees, and that in the aggregate are worth less than \$50,000, or are worth less than 10% of a NEO's total salary for the financial year, are not reported herein.
- (10) The Company has not granted any restricted shares or restricted share units, stock appreciate rights or long-term incentive plan payouts to the NEOs during the most recently ended fiscal year.

There were no Named Executive Officers serving as executive officers at the end of the most recently completed financial year or executive officers who served during the financial year whose total compensation exceeded \$150,000 per year.

4. Incentive Plan Awards

An “incentive plan” is any plan providing compensation that depends on achieving certain performance goals or similar conditions within a specified period. An “incentive plan award” means compensation awarded, earned paid, or payable under an incentive plan.

Outstanding share-based awards and option-based awards

No outstanding share-based awards or option-based awards were granted to the NEOs during the most recently completed financial year.

5. Pension Plan Benefits

The Company does not have any pension plans that provide for payments or benefits at, following, or in connection with retirement.

6. Termination and Change of Control Benefits

The Company does not have any contracts, agreements, plans or arrangements that provide for payments to a NEO at, following, or in connection with any termination (whether voluntary, involuntary or constructive), resignation, retirement, a change in control of the Company or a change in a NEO’s responsibility.

7. Compensation of Directors

The following table sets forth the details of all compensation provided to the directors of the Company, other than directors who were also NEOs, during the Company’s most recently completed financial year:

Name	Fees Earned (\$)	Share-based Awards (\$)	Option-based Awards (\$)	Non-Equity Incentive Plan Compensation (\$)	Pension Value (\$)	All Other Compensation (\$)	Total (\$)
David Finn ⁽¹⁾	6,000	Nil	Nil	Nil	Nil	Nil	6,000
Colin Bowkett	500	Nil	Nil	Nil	Nil	Nil	500

Notes:

(1) Mr. Finn resigned as a director of the Company effective April 28, 2011.

Narrative Discussion

During the fiscal year ended December 31, 2010, Mr. David Finn was paid a total of \$6,000 for consulting services provided to the Company and Mr. Colin Bowkett was paid \$500 per month in director fees for services provided to the Company. Directors are entitled to be reimbursed for reasonable expenditures incurred in performing their duties as directors and may receive cash bonuses from time to time which the Company awards to directors for serving in their capacity as a member of the Board. Executive officers who also act as directors of the Company do not receive any additional compensation for services rendered in their capacity as directors.

Directors are also entitled to participate in the Stock Option Plan, which is designed to give each option holder an interest in preserving and maximizing shareholder value in the longer term. Individual grants are determined by an assessment of each individual director’s current and expected future performance,

level of responsibilities and the importance of his position and contribution to the Company. There were no stock options granted to directors of the Company during the most recently completed financial year.

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The following table sets forth details of the Stock Option Plan, being the Company's only equity compensation plan, as of December 31, 2010.

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted-average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans
Equity compensation plans approved by the Shareholders	750,000	\$0.40	5,665,600
Equity compensation plans not approved by the Shareholders	Nil	N/A	N/A
Total	750,000⁽¹⁾	\$0.40	5,665,600

Notes:

(1) Since December 31, 2010 a total of 750,000 options were cancelled and a total of 725,000 options were granted.

AUDIT COMMITTEE AND RELATIONSHIP WITH AUDITOR

Pursuant to National Instrument 52-110 *Audit Committees* ("NI 52-110"), the Company is required, as a venture issuer, to disclose annually in its Information Circular certain information concerning the constitution of its Audit Committee and its relationship with its independent auditor, as set out in the following paragraphs.

1. Audit Committee Charter

The Company's Audit Committee is governed by the Company's Audit Committee Charter, the text of which is attached as Schedule "A" to this Information Circular.

2. Composition of the Audit Committee

The Company's Audit Committee is currently comprised of three directors, Andrew Gourlay, Colin Bowkett and Paul Andreola. As defined in NI 52-110, Andrew Gourlay is not "independent" and Colin Bowkett and Paul Andreola are "independent". Also as defined in NI 52-110, all of the Audit Committee members are "financially literate".

3. Relevant Education and Experience

Mr. Gourlay is a mineral exploration geologist who has worked as a Professional Geologist, Qualified Person and author of numerous NI 43-101 reports for nearly three decades. A graduate of the University of British Columbia in 1977, Mr. Gourlay has extensive exploration and management experience throughout South America, Asia and North America. Mr. Gourlay has successfully advanced projects from the grassroots to definition drilling and the resource calculation stage. These include the Bonaparte Gold Property in British Columbia and managing Kennecott Canada's first two years of successful

diamond exploration in the Lac de Gras area. Mr. Gourlay is the former President of Andean American Mining Corp and Sinchao Metals Corp. and has been the Exploration Manager for Chase Resource Corp in the Philippines, Essex Resource Corp. in Bolivia, and Asia Gold Corp (a subsidiary of Ivanhoe Mines Ltd) in Mongolia. Mr. Gourlay is a Professional Geologist registered with The Association of Professional Engineers, Geologists and Geophysicists of Alberta and a Fellow of the Geological Association of Canada.

Michael Sweatman is a chartered accountant. He has served as a director and officer of a number of companies over the past 20 years. Mr. Sweatman obtained his CA designation in 1982 and is a member of the Institutes of Chartered Accountants of both British Columbia and the Yukon Territory. He obtained his Bachelor of Arts degree in Economics and Commerce in 1982 from Simon Fraser University.

Paul Andreola has over 20 years of business development and financial markets experience including senior management, marketing, and communications roles for early stage companies. Previously in his career, Mr. Andreola was a licensed investment advisor for over 10 years and has facilitated multiple early stage private and public companies in the resource and technology sectors. Mr. Andreola is the co-founder of both MDU Communications Inc. (MDTV), a provider of premium telecommunications services, and Destiny Media Technologies Inc. (TSX.V : DSY), a leader in digital media distribution. Mr. Andreola has served on the board of, and in advisory positions to, several public and private companies.

4. Audit Committee Oversight

Since the commencement of the Company's most recently completed financial year, the Board has adopted all recommendations of the Audit Committee to nominate or compensate an external auditor.

5. Reliance on Exemptions

Since the effective date of NI 52-110, the Company has not relied on the exemptions contained in sections 2.4 or 8 of NI 52-110. Section 2.4 provides an exemption from the requirements that an audit committee must pre-approve all non-audit services to be provided by the auditor, where the total amount of fees related to the non-audit services are expected to exceed 5% of the total fees payable to the auditor in the fiscal year in which the non-audit services were provided. Section 8 permits a company to apply to a securities regulatory authority for an exemption from the requirements of NI 52-110 in whole or in part.

6. Pre-Approval Policies and Procedures

The Audit Committee has not adopted specific policies and procedures for the engagement of non-audit services. Subject to the requirements of NI 52-110, the engagement of non-audit services is considered by the Board and, where applicable, the Audit Committee, on a case-by-case basis.

7. External Auditor Service Fees

In the following table, "audit fees" are fees billed by the Company's external auditor for services provided in auditing the Company's annual financial statements for the subject year. "Audit-related fees" are fees not included in fees that are billed by the auditor for assurance and related services that are reasonably related to the performance of the audit review of the Company's financial statements. "Tax fees" are fees billed by the auditor for professional services rendered for tax compliance, tax advice and tax planning. "All other fees" are fees billed by the auditor for products and services not included in the foregoing categories.

The fees paid by the Company to its auditors in each of the last two fiscal years, by category, are as follows:

Financial Year Ending	Audit Fees (\$)	Audit Related Fees (\$)	Tax Fees (\$)	All Other Fees (\$)
December 31, 2010	15,000 ⁽¹⁾	Nil	Nil	Nil
December 31, 2009	26,000	Nil	4,250	3,200

⁽¹⁾ Amounts accrued for the 2010 annual audit.

8. Exemption

The Company is relying on the exemption provided by section 6.1 of NI 52-110, which provides that the Company, as a venture issuer, is not required to comply with Part 3 (Composition of the Audit Committee) and Part 5 (Reporting Obligations) of NI 52-110.

CORPORATE GOVERNANCE DISCLOSURE

National Instrument 58-101 *Disclosure of Corporate Governance Practices* requires all reporting issuers to provide certain annual disclosure of their corporate governance practices with respect to the corporate governance guidelines (the “**Guidelines**”) adopted in National Policy 58-201. These Guidelines are not prescriptive, but have been used by the Company in adopting its corporate governance practices. The Company’s approach to corporate governance is set out below.

1. Board of Directors

Management is nominating four (4) individuals to the Board, Andrew Gourlay, Michael Sweatman, Colin Bowkett and Paul Andreola, all of whom are currently directors of the Company.

The Guidelines suggest that the board of directors of every reporting issuer should be constituted with a majority of individuals who qualify as “independent” directors under NI 52-110, which provides that a director is independent if he or she has no direct or indirect “material relationship” with the Company. A “material relationship” is a relationship, which could, in the view of the Company’s Board, be reasonably expected to interfere with the exercise of a member’s independent judgment.

Of the Company’s current directors, Colin Bowkett and Paul Andreola are considered to be independent directors, as they are not officers of the Company and have no direct or indirect material relationship with the Company.

Andrew Gourlay and Michael Sweatman are not considered to be independent directors as they are also executive officers of the Company.

The Board does not currently have a majority of independent directors. The Board has put in place a Code of Business Conduct with formal procedures designed to facilitate the exercise of independent supervision over management, which relies on the integrity of the individual members of its management team to act in the best interests of the Company and the Shareholders. The independent directors do not regularly hold meetings at which the non-independent directors are not present. In the event a director has a conflict of interest, the director must disclose his interest to the Board and abstain from voting.

2. Directorships

The following directors and proposed nominees for election as directors of the Company are also directors of other reporting issuers, as set forth below:

Michael Sweatman: Brownstone Energy Inc.
 Blackbird Energy Inc.
 Lions Gate Metals Inc.
 Galena Capital Inc.
 Mega Uranium Ltd.
 Teslin River Resources Corp.
 Pacific Coast Nickel Corp.
 Mega Precious Metals Inc.

Colin Bowkett: Archer Petroleum Corp.

3. Code of Business Conduct

The Board currently has a written Code of Business Conduct for its directors, officers and employees and views good corporate governance as an integral component to the success of the Company. Additionally, the Board has found that the fiduciary duties placed on individual directors by the Company's governing corporate legislation and the common law, and the restrictions placed by the applicable corporate legislation on an individual director's participation in decisions of the Board in which the director has an interest, have been sufficient to ensure that the Board operates independently of management and in the best interests of the Company.

In considering a transaction in which a director or executive officer has a material interest, the director or executive officer is required to disclose the nature and extent of his interest to the Board and abstain from voting on any resolution pertaining to the transaction.

The Board may establish an independent committee from time to time to consider transactions or agreements in respect of which a director or executive officer has a material interest.

4. Board Orientation and Continuing Education

Due to the size of the Company's current Board, the Board does not have a formal process of orientation or education program for the new members of the Board and Committee members. However, the Chair of the Board oversees the orientation of new Board members and Committee members. Any new directors will be given the opportunity to (a) familiarize themselves with the Company, the current directors and members of management; (b) review copies of recent publicly filed documents of the Company, technical reports and the Company's internal financial information; (c) have access to technical experts and consultants; (d) have access to legal counsel, engineers and auditors; and (e) review a summary of significant corporate and securities legislation. Directors are also given the opportunity for continuing education.

The Company does not have a formal process of continuing education for directors. Generally, the Company expects that existing and new Board members will have a familiarity with the mining business. Each Board member is responsible for maintaining the skill and knowledge necessary to meet their obligations as directors.

Board meetings may also include presentations by the Company's management and consultants to give the directors additional insight into the Company's business.

5. Assessments

The Board has procedures for regularly assessing the effectiveness and contribution of the Board, its committees or individual directors. As the Board is relatively small, it is expected that a significant lack of performance on the part of a committee or individual director would become readily apparent, and could be dealt with on a case-by-case basis. With respect to the Board as a whole, the Board monitors its performance on an ongoing basis, and as part of that process considers the overall performance of the Company and input from the Shareholders.

6. Compensation and Nominating of Directors

The Board's Compensation and Nominating Committee is comprised of Michael Sweatman, Colin Bowkett and Paul Andreola, the majority of which are independent directors of the Company.

Potential candidates for appointment to the Board are considered by the Compensation and Nominating Committee, in reliance on the recommendations, qualifications and experience of its members, and the potential candidates are then recommended to the Board.

While no specific procedures have been established to ensure an objective process for determining compensation, the Company believes its levels of compensation to be fair and appropriate. The Board has not engaged an outside consultant or advisor to assist in determining compensation for any of the Company's directors or officers.

The Compensation and Nominating Committee has a written charter that includes the following powers and responsibilities:

- to develop and monitor the Company's overall approach to compensation issues, subject to approval by the Board. To implement and administer a system of compensation which reflects superior standards of compensation practices and to continue to develop the Company's approach to compensation issues;
- to undertake, if deemed necessary, an annual review of compensation issues and practices as they affect the Company and make a comprehensive set of recommendations to the Board during each calendar year;
- to advise the Board, or any committees of the Board, of compensation issues which the Compensation and Nominating Committee determines ought to be considered by the Board or any such committee;
- to ensure that the Company has in place programs to attract and develop management of the highest caliber and a process to provide for the orderly succession of management, including receipt on an annual basis of any recommendation of the CEO in this regard;

- to identify and recommend qualified individuals to become new members of the Board;
- to report annually to the Shareholders, through the Company's annual management information circular, the Company's approach to compensation, and to review executive compensation disclosure before the Company publically discloses such information; and
- to recommend the slate of directors to be nominated for election at the annual meeting of Shareholders.

7. Other Board Committees

Audit Committee:

The Board's Audit Committee is comprised of Andrew Gourlay, as the Chairman, Colin Bowkett and Paul Andreola. The purpose of the Audit Committee is to provide an open avenue of communication between management, the Company's independent auditor and the Board, and to assist the Board in its oversight of the integrity, adequacy and timeliness of the Company's financial reporting and disclosure practices; the Company's compliance with legal and regulatory requirements related to financial reporting; and the independence and performance of the Company's independent auditor.

Corporate Governance Committee:

The Corporate Governance Committee is comprised of Michael Sweatman, as the Chairman, Colin Bowkett and Paul Andreola. The overall purpose of the Corporate Governance Committee is to develop and monitor the Company's approach to matters of governance.

Compensation and Nominating Committee:

The Compensation and Nominating Committee is comprised of Michael Sweatman, as the Chairman, Colin Bowkett and Paul Andreola. The overall purpose of the Compensation and Nominating Committee of the Company is to develop and monitor the Company's approach to the compensation of officers of the Company and to develop and monitor the Company's approach to the nomination of directors to the Board.

Disclosure Committee:

The Board's Disclosure Committee is comprised of Michael Sweatman, as the Chairman, Andrew Gourlay, Colin Bowkett, and Paul Andreola. Its overall purpose is to provide timely, accurate and balanced disclosure of, and provide fair and equal access to, material information concerning the Company.

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

None of the current or former directors, executive officers or employees of the Company, proposed nominees for election to the Board, or associates of such persons is, or has been, indebted to the Company or its subsidiary at any time since the beginning of the last completed financial year of the Company and no indebtedness remains outstanding as at the date of this Information Circular.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

Except as disclosed elsewhere in this Information Circular, no director or executive officer of the Company who was a director or executive officer since the beginning of the Company's last financial year, no proposed nominee for election as a director of the Company, or any associate or affiliates of any such directors, officers or nominees, has any material interest, direct or indirect, by way of beneficial ownership of Common Shares or other securities in the Company or otherwise, in any matter to be acted upon at the Meeting other than the election of directors.

APPOINTMENT OF AUDITOR

Unless otherwise instructed, the proxies given pursuant to this solicitation will be voted for the re-appointment of MacKay LLP, Chartered Accountants, of Vancouver, British Columbia, as the auditors of the Company until the close of the next annual general meeting of the Company. It is proposed that the remuneration to be paid to the auditor of the Company be fixed by the Board. MacKay LLP was first appointed auditor of the Company on February 20, 2006.

Management recommends that shareholders vote for the ratification of the appointment of Mackay LLP as the Company's auditor for the Company's fiscal year ending December 31, 2011 at a remuneration to be fixed by the Board.

MANAGEMENT CONTRACTS

As of January 1, 2009, the Company is party to a management services agreement dated January 1, 2009 (the "**Caravel Management 2009 Agreement**") with Caravel Management Corp. ("**Caravel**"). Caravel is a privately held management company wholly-owned by John R. Hislop, with an office located at #900 – 609 West Hastings Street, Vancouver, British Columbia, Canada V6B 4W4. The Caravel Management 2009 Agreement was terminated on November 17, 2010. In November 2010, the Company entered into a new management services agreement with Caravel (the "**Caravel Management 2010 Agreement**"). Pursuant to the Caravel Management 2010 Agreement, the Company has agreed to pay Caravel \$2,000 per month for management and administrative services to be provided to the Company, plus any out-of-pocket expenses incurred and specific specialized management services requested. Pursuant to the Caravel Management Agreement, Caravel provides a variety of services to the Company, as required, including: providing assistance with respect to the administration of the financial affairs of the Company; liaising with the Company's auditors; preparing, in consultation with the Company's audit committee or Board, the financial statements, related management's discussion and analysis, press release disclosing financial results and other financial information, and attend to the dissemination thereof to the Shareholders; providing general bookkeeping and accounting services to the Company; coordinating and administering the Company's compliance with financial reporting requirements of the securities regulatory authorities; performing or causing to be performed through the Company's solicitors, the duties of a corporate secretary; providing general and office administration services to the Company; and providing electronic filing of all material documents through SEDAR. Provided that Caravel is not in default under the Caravel 2010 Management Agreement, the agreement will automatically renew for additional monthly terms unless Caravel or the Company gives thirty days notice to the other party that it does not intend to renew the Caravel 2010 Management Agreement. The Caravel 2010 Management Agreement contains confidentiality provisions which prohibit Caravel, except as authorized or required by its duties, from divulging any trade secrets, secret or confidential operations, processes or dealings or any information concerning the organization, business, finances, transactions or other affairs of the Company. During the Company's most recently completed financial year, payments made to Caravel

totalled \$95,700 for services provided. Since January 1, 2011 to date, payments accrued to Caravel totalled \$10,000 for services provided.

As of December 1, 2010, the Company is party to a management services agreement dated December 1, 2010 (the “**Canadian Nexus Agreement**”) with Canadian Nexus Ventures Ltd. (“**Canadian Nexus**”). Canadian Nexus is a private company, wholly-owned by Arni Johannson, in the business of providing office space, which is located at 880 - 609 Granville Street, Vancouver, British Columbia V7Y 1G5. Pursuant to the Canadian Nexus Agreement, the Company has agreed to pay Canadian Nexus \$2,500.00 per month for office space, telephone services and miscellaneous office services provided to the Company. During the Company’s most recently completed financial year, payments accrued to Canadian Nexus totalled \$2,500 for services provided. Since January 1, 2011 to date, payments accrued to Canadian Nexus totaled \$12,500.

PARTICULARS OF OTHER MATTERS TO BE ACTED UPON

1. Approval of the change of name

In connection with the Company’s proposed acquisition of the Toruel Silver Property, management proposes to change the name of the Company to “Netco Silver Inc.”, or such other name as may be approved by the Board, in its sole discretion, to properly reflect the Company’s new business focus (the “**Name Change**”). The Name Change will be subject to the approval of the Alberta Registrar of Companies. If the Name Change is approved by the Shareholders, the Company intends to file with the Alberta Registrar of Companies, articles of amendment to alter the Company’s articles to reflect the Name Change.

In accordance with the provisions of the *Business Corporations Act* (Alberta), the special resolution approving the Name Change will require the approval of not less than 2/3 of the votes cast by Shareholders who vote in respect of such resolution at the Meeting.

It may occur that management hereafter determines, for valid reason, that some name other than “Netco Silver Inc.” should be substituted as the new name of the Company. To avoid the time and expense of convening another meeting of the Shareholders, management seeks the approval of the members to a resolution authorizing the directors to approve some other name as the new name of the Company. Accordingly, the Shareholders will be asked to approve the following special resolution:

In the event that management determines prior to the Meeting that some name other than “Netco Silver Inc.” should be substituted as the new name of the Company, the new name will be inserted in the special resolution presented to the Shareholders for their consideration.

The complete text of the special resolution which management intends to place before the Meeting for approval, confirmation and adoption, with or without amendment, is as follows:

“BE IT RESOLVED, as a special resolution, that, subject to regulatory approval:

1. The name of the Company be changed from “Netco Energy Inc.” to “Netco Silver Inc.” or such other name as may be approved by the directors of the Company, in their sole discretion, and as may be acceptable to any regulatory body having jurisdiction (the “**Name Change**”);

2. Any one or more of the directors or officers of the Company be and are hereby authorized to do, sign and execute all such further things, deeds, documents or writings necessary or desirable to effect the Name Change;
3. Any one or more directors or officers of the Company be and are hereby authorized to take all such actions and execute and deliver all such documents in connection with the application to the Alberta Registrar of Companies for the Name Change, including, without limitation, filing articles of amendment in the forms prescribed by the Business Corporations Act (Alberta) to amend the articles of the Company to effect the Name Change;
4. The directors of the Company, in their sole and complete discretion, be and are hereby authorized to choose not to effect the proposed Name Change, notwithstanding approval of the shareholders of the Company for the Name Change, or to change the name of the Company to such name other than "Netco Silver Inc." as may be determined by the directors in their sole and complete discretion, without seeking further approval of the shareholders of the Company; and
5. Any one director or officer of the Company be and is authorized and directed on behalf of the Company to take all necessary steps and proceedings and to execute, deliver and file any and all declarations, agreements, documents and other instruments and do all such other acts and things as may be necessary or desirable to give effect to these resolutions."

It is the intention of the Designated Persons named in the enclosed Form of Proxy, if not expressly directed otherwise in such Form of Proxy by a Shareholder, to vote such proxies FOR the special resolution of Shareholders to approve the Name Change.

The Board has concluded that the proposed Name Change is in the best interests of the Company and the Shareholders. **The Board unanimously recommends that the Shareholders vote in favour of the Name Change.**

2. Other Matters

Other than: (a) the approval of financial statements; (b) setting the number of directors at four (4); (c) electing the directors as nominated; (d) appointing the auditors; (e) authorizing the directors to determine the auditors' remuneration, and (f) the approval of the Name Change, the management of the Company is not aware of any other matter to come before the Meeting other than as set out in the Notice of Meeting. **If any other matter properly comes before the Meeting, it is the intention of the persons named in the enclosed Form of Proxy to vote the Common Shares represented thereby in accordance with their best judgment on such matters.**

ADDITIONAL INFORMATION

Additional information relating to the Company is on SEDAR at www.sedar.com. Financial information relating to Netco Energy Inc. is provided in the Company's comparative financial statements and Management's Discussion and Analysis ("MD&A") for the financial year ended December 31, 2010. Shareholders may contact the Company to request copies of financial statements and MD&A at the following address: #880 – 609 Granville Street, Vancouver, British Columbia, Canada V7Y 1G5.

APPROVAL OF THE BOARD OF DIRECTORS

The contents of this Information Circular have been approved and the delivery of it to each shareholder of the Company entitled thereto and to the appropriate regulatory agencies has been authorized by the Board.

DATED at Vancouver, British Columbia, the 13th day of May, 2011.

BY ORDER OF THE BOARD OF DIRECTORS

"Andrew Gourlay"

Andrew Gourlay
President and Chief Executive Officer

SCHEDULE “A”

NETCO ENERGY INC. (the “Company”)

AUDIT COMMITTEE CHARTER

PURPOSE OF THE COMMITTEE

The purpose of the Audit Committee (the “**Committee**”) of the Board of Directors (the “**Board**”) of Corporation is to provide an open avenue of communication between management, the Corporation’s independent auditor and the Board and to assist the Board in its oversight of:

- the integrity, adequacy and timeliness of the Corporation’s financial reporting and disclosure practices;
- the Corporation’s compliance with legal and regulatory requirements related to financial reporting; and
- the independence and performance of the Corporation’s independent auditor.

The Committee shall also perform any other activities consistent with this Charter, the Corporation’s articles and governing laws as the Committee or Board deems necessary or appropriate.

The Committee shall consist of at least three directors. Members of the Committee shall be appointed by the Board and may be removed by the Board in its discretion. The members of the Committee shall elect a Chairman from among their number. A majority of the members of the Committee must not be officers or employees of the Corporation or of an affiliate of the Corporation. The quorum for a meeting of the Committee is a majority of the members who are not officers or employees of the Corporation or of an affiliate of the Corporation. With the exception of the foregoing quorum requirement, the Committee may determine its own procedures.

The Committee’s role is one of oversight. Management is responsible for preparing the Corporation’s financial statements and other financial information and for the fair presentation of the information set forth in the financial statements in accordance with Generally Accepted Accounting Principles (“**GAAP**”). Management is also responsible for establishing internal controls and procedures and for maintaining the appropriate accounting and financial reporting principles and policies designed to assure compliance with accounting standards and all applicable laws and regulations.

The independent auditor’s responsibility is to audit the Corporation’s financial statements and provide its opinion, based on its audit conducted in accordance with generally accepted auditing standards, that the financial statements present fairly, in all material respects, the financial position, results of operations and cash flows of the Corporation in accordance with GAAP.

The Committee is responsible for recommending to the Board the independent auditor to be nominated for the purpose of auditing the Corporation’s financial statements, preparing or issuing an auditor’s report or performing other audit, review or attest services for the Corporation, and for reviewing and recommending the compensation of the independent auditor. The Committee is also directly responsible for the evaluation of and oversight of the work of the independent auditor. The independent auditor shall report directly to the Committee.

AUTHORITY AND RESPONSIBILITIES

In addition to the foregoing, in performing its oversight responsibilities, the Committee shall:

1. Monitor the adequacy of this Charter and recommend any proposed changes to the Board.
2. Review the appointments of the Corporation's Chief Financial Officer and any other key financial executives involved in the financial reporting process.
3. Review with management and the independent auditor the adequacy and effectiveness of the Corporation's accounting and financial controls and the adequacy and timeliness of its financial reporting processes.
4. Review with management and the independent auditor the annual financial statements and related documents and review with management the unaudited quarterly financial statements and related documents, prior to filing or distribution, including matters required to be reviewed under applicable legal or regulatory requirements.
5. Where appropriate and prior to release, review with management any news releases that disclose annual or interim financial results or contain other significant financial information that has not previously been released to the public.
6. Review the Corporation's financial reporting and accounting standards and principles and significant changes in such standards or principles or in their application, including key accounting decisions affecting the financial statements, alternatives thereto and the rationale for decisions made.
7. Review the quality and appropriateness of the accounting policies and the clarity of financial information and disclosure practices adopted by the Corporation, including consideration of the independent auditor's judgment about the quality and appropriateness of the Corporation's accounting policies. This review may include discussions with the independent auditor without the presence of management.
8. Review with management and the independent auditor significant related party transactions and potential conflicts of interest.
9. Pre-approve all non-audit services to be provided to the Corporation by the independent auditor.
10. Monitor the independence of the independent auditor by reviewing all relationships between the independent auditor and the Corporation and all non-audit work performed for the Corporation by the independent auditor.
11. Establish and review the Corporation's procedures for the:
 - receipt, retention and treatment of complaints regarding accounting, financial disclosure, internal controls or auditing matters; and
 - confidential and anonymous submissions by employees regarding questionable accounting, auditing and financial reporting and disclosure matters.
12. Conduct or authorize investigations into any matters that the Committee believes is within the scope of its responsibilities. The Committee has the authority to retain independent counsel, accountants or other advisors to assist it, as it considers necessary, to carry out its duties, and to set and pay the compensation of such advisors at the expense of the Corporation.

13. Perform such other functions and exercise such other powers as are prescribed from time to time for the audit committee of a reporting company in Parts 2 and 4 of National Instrument 52-110 of the Canadian Securities Administrators, the *Business Corporations Act* (British Columbia) and the articles of the Corporation.