

WEDGE ENERGY INTERNATIONAL INC.**Management Information Circular****SOLICITATION OF PROXIES**

This management information circular (the “Circular”) is furnished in connection with the solicitation by the management of Wedge Energy International Inc. (the “Corporation”) of proxies for use at the Meeting to be held at Unit 6 – 3791 St. Joseph Blvd., Ottawa, Ontario on Friday, January 13, 2011 commencing at 12:30 p.m. (EST), and at any adjournment thereof, for the purposes set forth in the notice of meeting (the “Notice”). The solicitation will be primarily by mail, but proxies may also be solicited personally or by telephone by directors, officers, consultants or representatives of the Corporation. All costs of solicitation will be borne by the Corporation. The information contained herein is given as at December 6, 2010, unless otherwise indicated.

All dollar amounts in this Circular are in Canadian dollars, except where otherwise indicated. References to “\$” are to Canadian dollars and references to “US\$” are to United States dollars. On December 6, 2010, the noon exchange rate of Canadian currency in exchange for United States currency, as reported by the Bank of Canada, was \$1.00 = US\$0.9947.

APPOINTMENT OF PROXIES

The persons named in the enclosed form of proxy are officers of the Corporation. *Each shareholder has the right to appoint a person other than the persons named in the enclosed form of proxy, who need not be a shareholder of the Corporation, to represent such shareholder at the Meeting or any adjournment thereof.* Such right may be exercised by inserting such person's name in the blank space provided in the form of proxy and striking out the other names or by completing another proper form of proxy.

VOTING INSTRUCTIONS**Registered Shareholders**

There are two methods by which registered shareholders (“Registered Shareholders”), whose names are shown on the books or records of the Corporation as owning common shares (“Common Shares”), can vote their Common Shares at the Meeting: in person at the Meeting, or by proxy. Should a Registered Shareholder wish to vote in person at the Meeting, the form of proxy included with the Circular should not be completed or returned; rather, the Registered Shareholder should attend the Meeting where his or her vote will be taken and counted. Should the Registered Shareholder not wish to attend the Meeting or not wish to vote in person, his or her vote may be voted by proxy through one of the methods described below and the Common Shares represented by the proxy will be voted or withheld from voting, in accordance with the instructions as indicated in the form of proxy, on any ballot that may be called for, and if a choice was specified with respect to any matter to be acted upon, the Common Shares will be voted accordingly.

A Registered Shareholder may vote by proxy by using one of the following methods: (i) the paper form of proxy to be returned by mail or delivery; (ii) facsimile, or (iii) the Internet. The methods of using each of these procedures as follows:

Voting by Mail. A Registered Shareholder may vote by mail or delivery by completing, dating and signing the enclosed form of proxy and depositing it with Equity Financial Trust Company (the “Transfer Agent”) using the envelope provided or by mailing it to Equity Financial Trust Company, Attention: Proxy Department, 200 University Ave, Suite 400, Toronto Ontario M5H 4H1, or to the Chairman of the Corporation, by no later than the close of business on January 11, 2011, or if the Meeting is adjourned, by no later than 48 hours (excluding Saturdays, Sundays and holidays) before any adjourned meeting.

Voting by Facsimile. A Registered Shareholder may vote by facsimile by completing, dating and signing the enclosed form of proxy and returning it by facsimile to the Transfer Agent at 416-361-0470. The form of proxy must be received by no later than the close of business on January 11, 2011, or if the Meeting is adjourned, no later than 48 hours (excluding Saturdays, Sundays and holidays) before any adjourned meeting.

Voting by Internet. Registered Shareholders may vote by internet by accessing the following website: www.voteproxyonline.com. When you logon to the site you will be required to input a control number as instructed on the logon page. Please see additional information enclosed with the Circular. Registered Shareholders may vote by internet up to 5:00 p.m. (EDT) on Tuesday, January 11, 2011, (or 5:00 p.m. (EDT) on the day preceding any adjournment of the Meeting date).

A proxy must be in writing and must be executed by the Registered Shareholder or by an attorney authorized in writing or, if the Registered Shareholder is a corporation or other legal entity, by an authorized officer or attorney. Voting by mail is the only method by which a Registered Shareholder may choose an appointee other than the management appointees named on the proxy.

Non-Registered Shareholders

In the Circular and the enclosed form of proxy and Notice, all references to shareholders are to Registered Shareholders of Common Shares. Only Registered Shareholders of Common Shares, or the persons they appoint as their proxies, are permitted to vote at the Meeting. However, in many cases, Common Shares beneficially owned by a holder (a “Non-Registered Shareholder” or “Beneficial Owner”) are registered either:

- (a) in the name of an intermediary (an “Intermediary”) that the Non-Registered Shareholder deals with in respect of the Common Shares, such as, among others, banks, trust companies, securities dealers or brokers and trustees or administrators of self-administered RRSPs, RRIFs, RESPs and similar plans; or
- (b) in the name of a clearing agency (such as The Canadian Depository for Securities Limited) of which the Intermediary is a participant.

There are two kinds of Beneficial Owners, those who object to their name being made known to the Corporation, referred to as objecting beneficial owners (“OBOs”) and those who do not object to being known by the Corporation, referred to as non-objecting beneficial owners (“NOBOs”). In accordance with the requirements of *National Instrument 54-101—Communication with Beneficial Owners of Securities of a Reporting Issuer*, the Corporation has opted this year to distribute copies of the Notice, Circular, the enclosed form of proxy and the Corporation management's discussion and analysis of financial condition and results of operations and financial statements for the fiscal year ended December 31, 2009 (collectively, the “Meeting Materials”) to NOBOs directly. Whereas, the Meeting Materials will continue to be distributed to OBOs through clearing houses and Intermediaries, who often use a service company (such as Broadridge Investor Communications) to forward Meeting Materials to Non-Registered Shareholders.

The Meeting Materials are being sent to both Registered and Non-Registered Shareholders of the Common Shares. If you are a Non-Registered Shareholder, and the Corporation or its agent has sent these Meeting Materials directly to you, your name, address and information about your holdings of Common Shares, have been obtained in accordance with applicable securities regulatory requirements from the Intermediary holding on your behalf.

By choosing to send the Meeting Materials to NOBOs directly, the Corporation (and not the intermediary holding on your behalf) has assumed responsibility for (i) delivering these Meeting Materials to you, and (ii) executing your proper voting instructions. Please return your voting instructions as specified in the request for voting instructions.

Objecting Beneficial Owners (“OBOs”)

Intermediaries are required to forward Meeting Materials to OBOs unless an OBO has waived the right to receive them. Generally, OBOs who have not waived the right to receive Meeting Materials will either:

- (i) be given a proxy which has already been signed by the Intermediary (typically by a facsimile, stamped signature) and is restricted as to the number of Common Shares beneficially owned by the OBO but which is otherwise not completed. This form of proxy need not be signed by the OBO. In this case, the OBO who wishes to submit a proxy should otherwise properly complete the form of proxy and deposit it with the Transfer Agent, by mail addressed to Equity Financial Trust Company, Attention: Proxy Department, 200 University Ave., Suite 400, Toronto, Ontario M5H 4H1 or by facsimile at 416-361-0470, as applicable, or with the Corporate Secretary of the Corporation; or
- (ii) more typically, be given a voting instruction form (“VIF”) which must be completed and signed by the OBO in accordance with the directions on the VIF (which may in some cases permit the completion of VIF by telephone, the internet or facsimile).

Non-Objecting Beneficial Owners (“NOBOs”)

NOBOs can expect to receive the Meeting Materials with a VIF from the Transfer Agent. These VIFs are to be completed and returned to the Transfer Agent in the envelope provided or by following the instructions contained on the VIF for facsimile, telephone or Internet voting. The Transfer Agent will tabulate the results of the VIFs received from NOBOs and will provide appropriate instructions at the Meeting with respect to the Common Shares represented by the VIFs they receive.

The purpose of these procedures is to permit Non-Registered Holders to direct the voting of the Common Shares they beneficially own. Should a Non-Registered Holder who receives either a proxy or a VIF wish to attend and vote at the Meeting in person (or have another person attend and vote on behalf of the Non-Registered Holder), the Non-Registered Holder should strike out the names of the persons named in the proxy and insert the Non-Registered Holder's (or such other person's) name in the blank space provided or, in the case of a VIF, follow the corresponding instructions on the form.

In any event, Non-Registered Shareholders should carefully follow the instructions of their Intermediaries and their service companies or the Transfer Agent, as the case may be.

REVOCATION OF PROXIES

A shareholder who has given a proxy has the power to revoke it as to any matter on which a vote shall not already have been cast pursuant to the authority conferred by such proxy and may do so (1) by delivering

another properly executed proxy bearing a later date and depositing it as aforesaid, including within the prescribed time limits noted above; (2) by depositing an instrument in writing revoking the proxy executed by the shareholder or by the shareholder's attorney authorized in writing (i) at the registered office of the Corporation (Unit 6 – 3791 St. Joseph Blvd., Ottawa, Ontario K1C 1T1) at any time up to and including the last business day preceding the day of the Meeting, or any adjournment thereof, at which the proxy is to be used, or (ii) with the Chairman of the Meeting, prior to its commencement, on the day of the Meeting or at any adjournment thereof; (3) by attending the Meeting in person and so requesting; or (4) in any other manner permitted by law.

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

VOTING AND DISCRETION OF PROXIES

On any ballot that may be called for, the Common Shares represented by proxies in favour of the persons named by management of the Corporation will be voted for or against, or voted for or withheld from voting on, the matters identified in the proxy, in each case in accordance with the instructions of the shareholder. **In the absence of any instructions on the proxy, it is the intention of the persons named by management in the accompanying form of proxy to vote (a) FOR the election of management's nominees as directors, and (b) FOR the appointment of management's nominee as auditor and the authorization of the directors to fix the remuneration of the auditor.**

The accompanying form of proxy confers discretionary authority upon the persons named therein with respect to amendments or variations of the matters identified in the Notice or any other matters that may properly come before the Meeting. As at the date of this Circular, management of the Corporation knows of no such amendments, variations or other matters that may properly come before the Meeting other than the matters referred to in the Notice.

VOTING SHARES AND PRINCIPAL SHAREHOLDERS

As at December 6, 2010, the authorized capital of the Corporation consisted of an unlimited number of Common Shares, of which 39,139,138 Common Shares were issued and outstanding.

A holder of record of Common Shares as at the close of business on December 6, 2010 (the "Record Date") is entitled to one vote for each Common Share held by him or her. The affirmative vote of a majority of the votes cast at the Meeting is required for approval of each matter set forth in this Circular.

In accordance with the *Business Corporations Act* (Ontario), the Corporation will prepare a list of holders of Common Shares on the Record Date. Each holder of Common Shares named in the list at the close of business on the Record Date will be entitled to vote the Common Shares shown opposite his or her name on the list at the Meeting.

As of December 6, 2010, to the knowledge of the directors and senior officers of the Corporation, no person beneficially owns, directly or indirectly, or exercises control or direction over more than 10% of the Common Shares except as follows:

Name	Number of Common Shares	Percentage of Outstanding Common Shares
RAB Special Situations (Master) Fund Ltd.	5,069,030	13%
Firebird Global Master Fund Ltd.	1,480,201	4%
Firebird Global Master Fund II Ltd.	3,916,253	10%

PARTICULARS OF MATTERS TO BE ACTED UPON

Election of Directors

The Board of Directors presently consists of three directors and the Corporation does not intend to increase the number of directors for the ensuing year.

The term of office of each of the present directors expires at the Meeting. The persons named below will be presented for election at the Meeting as management's nominees and the persons named in the accompanying form of proxy intend to vote for the election of these nominees. Management does not contemplate that any of these nominees will be unable to serve as a director. Each director elected will hold office until the next annual general meeting of the Corporation or until his successor is elected or appointed, unless his office is earlier vacated in accordance with the Articles of the Corporation, or with the provisions of the *Business Corporations Act* (Ontario).

The following table and notes thereto sets out the names of each person proposed to be nominated by management for election as a director (a "proposed director"), the province or state and country in which he is ordinarily resident, all offices of the Corporation now held by him, his principal occupation, the period of time for which he has been a director of the Corporation, and the number of common shares of the Corporation beneficially owned by him, directly or indirectly, or over which he exercises control or direction, as at the date hereof.

Name and Municipality of Residence	Position with Corporation and Principal Occupation Within the Past Five Years	Period(s) of Service as a Director	Common Shares Beneficially Owned or Subject to Control or Direction
James Passin <i>New York, NY</i> (1) (2)	Director Investment Fund Manager	January 27, 2010	%
Paul Rapello <i>Connecticut</i> (1) (2)	Director	January 27, 2010	%
Donald Padgett Vancouver, BC (1) (2)	Interim C.E.O. Director	November 9, 2010	%

(1) Member of the Audit Committee.

(2) Member of the Compensation Committee.

James Passin, MBA, (New York, NY) - Director

Mr. Passin joined Firebird in 1999. He co-founded and manages Firebird Global Fund and Firebird Global Fund II. Mr. Passin serves on the board of several venture-stage international resource companies. Mr. Passin is a graduate of St. John's College, where he majored in philosophy and classical literature.

Paul Rapello, (Connecticut) – Director

Mr. Rapello is a founding partner of Great Circle Capital LLC, the general partner of The Great Circle Fund LP, a private equity fund dedicated to investing in the transportation and infrastructure sector in Russia, CIS, Eastern Europe and Turkey. At Great Circle Capital, he was a member of the investment committee and sat on several portfolio company boards of directors. He has an extensive background in M&A, corporate finance and private equity in the US and emerging markets. Prior to the founding of Great Circle, he was a Managing Director of Stanton Capital Corp., a New York-based private equity firm specializing in emerging markets. Prior to joining Stanton Capital, he was a Vice President of the leveraged finance group of Credit Suisse First Boston. Mr. Rapello graduated from Georgetown University and received an M.B.A. from Columbia University Graduate School of Business.

Donald Padgett, MBA, (Vancouver, BC) - Director

Mr. Padgett has extensive experience in all aspects of public company finance, corporate restructuring and governance. He has held senior executive positions in corporate finance within major Canadian investment firms, and he is a director of various public and private Canadian corporations including Vangold Resources Ltd., Vanoil Energy Ltd. and War Eagle Mining Company Inc.

Corporate Cease Trade Orders or Bankruptcies

Except as outlined below, none of the proposed directors of the Corporation:

- (a) is, as at the date of this Circular, or has been, within ten years before the date of this Circular, a director, chief executive officer or chief financial officer of any company, including the Corporation, that:
 - (i) was subject of a cease trade order or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days while that person was acting in the capacity as director, executive officer or chief financial officer; or
 - (ii) was the subject of a cease trade or similar order or an order that denied the issuer access to any exemption under securities legislation in each case for a period of 30 consecutive days, that was issued after the person ceased to be a director, chief executive officer or chief financial officer in the company and which resulted from an event that occurred while that person was acting in the capacity as director, executive officer or chief financial officer; or
- (b) is as at the date of this Circular or has been within the 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, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or

- (c) has, within the 10 years before the date of this Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangements or compromise with creditors, or had a receiver, receiver manager as trustee appointed to hold the assets of that individual.

None of the proposed directors has been subject to:

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

Penalties or Sanctions

None of the directors or officers of the Corporation has been subject to any penalties or sanctions imposed by a court relating to Canadian securities legislation or by a Canadian securities regulatory authority or has entered into a settlement agreement with a Canadian securities regulatory authority or been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

Personal Bankruptcies

None of the directors or officers of the Corporation has, during the ten years prior to the date hereof, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or has been subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver-manager or trustee appointed to hold the assets of the director or officer.

Appointment of Auditors

At the Meeting, it is proposed to appoint Raymond Chabot Grant Thornton LLP, Chartered Accountants, as auditors of the Corporation to hold office until the next annual meeting of shareholders with their remuneration to be fixed by the Board of Directors.

The aggregate fees billed by Meyers Norris Penny LLP for audit and audit-related services in relation to the Corporation during the financial year ended December 31, 2009 were \$26,000. No fees were billed with respect to non-audit services during 2009.

EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

The Board of Directors of the Corporation is responsible for ensuring that the Corporation has in place an appropriate plan for executive compensation with respect to the compensation of the Corporation's executive officers. Compensation plays an important role in achieving short and long-term business objectives that ultimately drive business success. The Corporation's compensation philosophy is to foster entrepreneurship at all levels of the organization by making long term equity-based incentives, through the granting of stock options, a significant component of executive compensation. This approach is based on the assumption that the performance of the Corporation's common share price over the long term is an important indicator of long term performance. Option-based compensation represents compensation that is "at risk" and thus may or may not be paid to the respective executive officer depending on the market performance of the Corporation's common shares.

Base Salary

During the financial year ended December 31, 2009, the Corporation did not pay base salary to any of the named executive officers. The Corporation did make payments to the named executive officers pursuant to the terms of the consulting contracts entered into by each of them with the Corporation.

Long Term Compensation

The Corporation has no long-term incentive plans other than its incentive stock option plan (the "Plan"). The Plan is designed to encourage share ownership and entrepreneurship on the part of the senior management and other employees. The Board believes that the Plan aligns the interests of the NEOs with shareholders by linking a component of executive compensation to the longer term performance of the Corporation's common shares.

Options are recommended by the Board. In monitoring or adjusting the option allotments, the Board takes into account the level of options granted for similar levels of responsibility and considers each NEO or employee based on reports received from management, its own observations on individual performance (where possible) and its assessment of individual contribution to shareholder value, previous option grants and the objectives set for the individual. The scale of options is generally commensurate to the appropriate level of base compensation for each level of responsibility.

Compensation of Executive Officers

The following table sets forth the summary information concerning compensation paid or earned by the Chief Executive Officer (“CEO”) and Chief Financial Officer (“CFO”) of the Corporation (collectively, the “Named Executive Officers”) during the two most recently completed financial years.

Summary Compensation Table

Name and Principal Position	Year	Annual Compensation			Long-Term Compensation	All Other Compensation / Contractor Shares (CS) / # Shares
		Salary (CS)	Bonus (CS)	Other Annual Compensation (CS)	Common Shares Under Options Granted (#)	
Don Padgett CEO (1)	2009	Nil	Nil	Nil	Nil	Nil
	2008	Nil	Nil	Nil	Nil	Nil
Robin Dow CEO (2)	2009	Nil	Nil	Nil	Nil	Nil
	2008	Nil	Nil	Nil	650,000	Nil
Robert Schellenberg CFO (4)	2009	Nil	Nil	Nil	400,000	Nil
Brad Haack CFO (5)	2009	Nil	Nil	\$ 5,238	Nil	Nil
	2008	Nil	Nil	\$29,410	200,000	Nil
Sabino Di Paola CFO (3)	2009	Nil	Nil	Nil	100,000	Nil
	2008	Nil	Nil	Nil	Nil	Nil

Notes:

- (1) Mr. Padgett was appointed CEO on November 9, 2010. Mr. Padgett is not a salaried employee of Wedge and commenced invoicing Wedge for services rendered in his capacity as CFO for fees.
- (2) Mr. Dow resigned as CEO on July 12, 2010.
- (3) Mr. Di Paola was appointed CFO on February 2, 2010. Mr. Di Paola is not a salaried employee of Wedge and commenced invoicing Wedge for services rendered in his capacity as CFO for fees.
- (4) Mr. Schellenberg resigned as CFO on February 1, 2010
- (5) Mr. Haack resigned as CFO on March 18, 2009.

Stock Options

The Corporation adopted the Plan in order to advance the interests of the Corporation by providing directors, officers, consultants and employees with a financial incentive tied to the long-term financial performance of the Corporation and continued service or employment with the Corporation.

As of December 6, 2010, a total of 10% of the Corporation's issued and outstanding Common Shares were reserved for issuance pursuant to the Plan or 3,913,914 Common Shares. The number of shares reserved is subject to adjustment if the Common Shares are subdivided, consolidated, converted or reclassified or the number of Common Shares varies as a result of a stock dividend or an increase or a reduction in the share capital of the Corporation.

Under the Plan, options may be granted to all directors, officers, employees and consultants of the Corporation. The maximum number of Common Shares that may be reserved for issuance to any one person under the Plan is 5% of the number of Common Shares outstanding at the time of reservation. The exercise price for Common Shares subject to an option is determined by the Board at the time of grant and may not be less than the market price of the Common Shares at the time the option is granted, subject to the right of the Board to determine at the time of a particular grant that such options will become exercisable on different dates. An option may be for a term of up to five years and may not be assigned.

Options granted under the Plan are subject to early termination under certain circumstances, including (i) one year after the death of the option holder, (ii) three months after the option holder's resignation or dismissal without cause as an employee, or (iii) immediately upon the option holder's dismissal for cause as employee. In each case, only options exercisable at the time of the event which gave rise to such early termination may be exercised by the option holder during such period.

The Plan and the terms of any outstanding option may be amended at any time by the Board subject to any required regulatory or shareholder approvals, provided that where such an amendment would prejudice the rights of an option holder under any outstanding option, the consent of the option holder is required to be obtained.

Option Grants during the Financial Year Ended December 31, 2009

Stock options were granted by the Corporation to the Named Directors and Executive Officers during the financial year ended December 31, 2009 as shown in the table below:

Grant Date:	Jan - 2009	Sept - 2009	
Exercise Price:	0.10	0.10	
Expiry:	29-Jan-2014	31-Aug-2014	Total:
David Clark		100,000	100,000
Robert Schellenberg	100,000	300,000	400,000
Kevin Rivers	100,000	200,000	300,000
Totals:	200,000	600,000	800,000

Indebtedness of Directors, Executive Officers and Others

At no time since the beginning of the Corporation's last financial year was any director, executive officer, proposed nominee for election as a director, or any of their respective associates indebted to the Corporation or any of its subsidiaries, nor was the indebtedness of any such person to another entity the

subject of any guarantee, support agreement, letter of credit or similar arrangement provided by the Corporation or any of its subsidiaries.

Compensation of Directors

Directors who are non-executive officers of the Corporation are eligible to receive options for Common Shares. All directors are reimbursed for payments on account of travelling and other out-of-pocket expenses incurred in attending Board of Directors' meetings.

Directors' and Officers' Liability Insurance

The Corporation currently has directors' and officers' liability insurance.

EQUITY COMPENSATION PLAN INFORMATION

The Company has no equity compensation plan.

INTERESTS OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

Except as otherwise disclosed in this Circular, no insider of the Corporation or proposed nominee for election as a director of the Corporation, nor any of their respective associates or affiliates, has had any material interest, direct or indirect, in any transaction since the commencement of the Corporation's last financial year or in any proposed transaction which has materially affected or will materially affect the Corporation or any of its subsidiaries.

Certain of the Corporation's officers and directors also serve as directors and officers of one or more public companies as identified in the biographies of each of the directors under "Election of Directors" in this Circular. Such directors and officers are also in many cases shareholders of one or more of the foregoing companies. While there is a potential for conflicts of interest to arise in such situations, that potential is minimized because of the nature of each company.

To date, no situations of potential conflict have arisen as a result of the cross directorships and cross shareholdings. Except as otherwise disclosed in this Circular, no person who has been a director or senior officer of the Corporation since the commencement of the Corporation's last financial year, nor any proposed nominee for election as a director of the Corporation, nor any of their respective associates or affiliates, has any material interest, direct or indirect, in any matter to be acted upon at the Meeting.

STATEMENT OF CORPORATE GOVERNANCE PRACTICES

Introduction

The Board of Directors believes that effective corporate governance contributes to improved corporate performance and enhanced shareholder value. The Board of Directors has reviewed the corporate governance best practices identified in National Policy 58-201 *Corporate Governance Guidelines* and National Instrument 58-101 *Disclosure of Corporate Governance Practices* (collectively, the "CSA Guidelines"). The Board of Directors is committed to ensuring that the Corporation follows best practices. The Corporation's specific disclosure relative to these guidelines is set out below.

Board of Directors

The responsibility of the Board of Directors is to supervise the management of the business and affairs of the Corporation in accordance with the best interests of the Corporation and all of its shareholders. In discharging its responsibility, the Board of Directors reviews the performance of the President and CEO and oversees and reviews the development and implementation of the following significant corporate plans and initiatives:

- the Corporation’s strategic planning and budgeting process;
- succession planning, including appointing, training and monitoring senior management; and
- the Corporation’s public communications policies and continuous disclosure record.

The Board meets periodically throughout the year as frequently as required. In addition, the Board took numerous actions by written resolution during 2009.

Board Composition

The Board of Directors is composed of three directors. All directors are elected annually.

The Corporation’s three directors include James Passin, Paul Rapello, and Don Padgett who are independent directors as contemplated by the CSA Guidelines (i.e. each is independent of management and free from any interest in and any business or other relationship with the Corporation which could reasonably be expected to interfere with the exercise of the director’s judgment). In determining whether a director is independent, the Board considers the specific circumstances of a director and the nature, as well as materiality, of any relationship between the director and the Corporation.

Several members of the Board of Directors are directors of other reporting issuers as identified in the biographies of each of the directors under “Election of Directors” in this Circular.

Board Committees

There are two permanent Board committees: (i) the audit committee (“Audit Committee”); and (ii) the compensation committee (“Compensation Committee”). The Board of Directors may also appoint other temporary or permanent committees from time to time for particular purposes.

Currently, the Board of Directors does not have a corporate governance committee or nominating committee. The Board of Directors as a whole evaluates corporate governance requirements, the conduct of the Board of Directors and the respective roles of the committees; and identifies and recommends for nomination candidates for election as directors. The Board of Directors looks at the education and experience of potential nominees to the Board of Directors.

The following sets out the report of the Audit Committee as well as a summary of the responsibilities and activities of the Compensation committee.

Audit Committee Report

James Passin, Paul Rapello and Sabino Di Paola are members of the Audit Committee. James Passin is Chair of the Audit Committee. Each of the members of the Audit Committee is financially literate as

defined in Multilateral Instrument 52-110. The education and experience of each member of the Audit Committee is set forth under the heading “Election of Directors” in this Circular. The Corporation as a venture issuer has relied on the exemptions in Section 6.1 of Multilateral Instrument 52-110 (“MI 52-110”) exempting the Corporation from the requirements of Part 3 (Composition of the Audit Committee) and Part 5 (Reporting Obligations) of MI 52-110.

The Audit Committee charter was adopted during April 2006 and is available electronically at www.sedar.com. The Audit Committee assists the Board in carrying out its responsibilities relating to corporate accounting and financial reporting practices. The duties and responsibilities of the Audit Committee include the following:

- reviewing for recommendation to the Board of Directors for its approval the principal documents comprising the Corporation’s continuous disclosure record, including interim and annual financial statements and management’s discussion and analysis;
- recommending to the Board of Directors a firm of independent auditors for appointment by the shareholders and reporting to the Board of Directors on the fees and expenses of such auditors. The Audit Committee has the authority and responsibility to select, evaluate and if necessary replace the independent auditor. The Audit Committee has the authority to approve all audit engagement fees and terms and the Audit Committee, or a member of the Audit Committee, must review and pre-approve any non-audit services provided to the Corporation by the Corporation’s independent auditor and consider the impact on the independence of the auditor;
- reviewing periodic reports from the CFO;
- discussing with management and the independent auditor, as appropriate, any audit problems or difficulties and management’s response; and
- establishing procedures for the receipt, retention and treatment of complaints regarding accounting, internal accounting controls or auditing matters.

The Audit Committee maintains direct communication during the year with the Corporation’s independent auditor and the Corporation’s senior officers responsible for accounting and financial matters.

The Audit Committee has reviewed and discussed with management and the independent auditors the financial statements of the Corporation as at December 31, 2009 and management’s discussion and analysis. Based on that review and on the report of the independent auditor of the Corporation, the Audit Committee recommended to the Board of Directors that the Corporation’s financial statements and management’s discussion and analysis be approved and filed with Canadian regulatory authorities.

The Audit Committee has recommended to the Board of Directors that the shareholders of the Corporation be requested to appoint Raymond Chabot Grant Thornton LLP, Chartered Accountants, as the independent auditor for 2010.

The Audit Committee's Charter

A copy of the Audit Committee's charter is attached as Schedule "A" hereto.

Audit Committee Oversight

At no time since the commencement of the Corporation's most recently completed financial year was a recommendation of the Audit Committee to nominate or compensate an external auditor not adopted by the Board.

For the years ended December 31, 2009 and 2008, the fees paid by the Corporation for audit work and other services performed by Meyers Norris Penny LLP and MacKay LLP were as follows:

	2009	2008
Audit Services	\$26,000	\$38,000
Audit-Related Services	–	–
Tax Services	–	–
Other Services	–	–
Total	\$26,000	\$38,000

Audit Service Fees

Audit service fees were paid for professional services rendered by the auditors for audit of the financial statements including the services provided in connection with statutory and regulatory filings.

Audit-Related Services Fees

No audit-related service fees were paid.

Tax Service Fees

No tax service fees were paid.

Other Service Fees

No other service fees were paid.

Pursuant to the Audit Committee charter, the Audit Committee approved in advance all auditing services of the external auditors and related fees and terms and all non-audit service mandates including related fees and terms, to the extent permitted by applicable laws, regulations and policies. The Audit Committee may delegate to one or members of the Audit Committee the authority to pre-approve non-audit services to be provided by the external auditors provided that any such approvals made by the designated individuals will be reported to the full Audit Committee at its next scheduled meeting.

Compensation Committee

The Compensation Committee assists the Board in carrying out its responsibilities relating to personnel matters, including performance, compensation, developing annual objectives against which to assess members of management including the President and CEO, reviewing and making recommendations to the Board with respect to employee and contractor compensation arrangements including stock options and management succession planning.

A part of each meeting is conducted without management present, including for the purpose of specifically discussing the compensation of the President and CEO. The members of the Compensation Committee are James Passin, Paul Rapello and Donald Padgett. Paul Rapello is chair of the Compensation Committee.

Ethical Conduct

The Corporation has not implemented a written Code of Ethics (the “Code”) but is considering a review of current practices implemented by the Corporation and setting them out in a written Code so that all directors, officers, employees and consultants of the Corporation would be able to be familiar with appropriate written principles and procedures. As is currently applicable, the Board of Directors would have ultimate responsibility for the application of the Code to the affairs of the Corporation.

Shareholder Feedback

The Board of Directors believes that management should speak for the Corporation in its communications with shareholders and others in the investment community and that the Board of Directors should be satisfied that appropriate investor relations programs and procedures are in place. Management meets regularly with shareholders and others in the investment community to receive and respond to shareholder feedback.

The Board of Directors regularly reviews the Corporation’s major communications with shareholders and the public, including its management information circular.

Expectations of Management

The Board of Directors believes that it is appropriate for management to be responsible for the development of long-term strategies for the Corporation. Meetings of the Board of Directors are held, as required, to specifically review and deal with long-term strategies of the Corporation as presented by senior members of management.

SHAREHOLDER PROPOSALS

All proposals of the Corporation’s shareholders intended to be presented at the Corporation's annual meeting of shareholders in 2011, must be received by the Corporation no later than May 15, 2011 for inclusion in the information proxy circular related to that meeting. The Corporation's next annual meeting of shareholders is planned for July 1, 2011.

OTHER MATTERS

Management knows of no amendment, variation or other matter to come before the Meeting other than the matters referred to in the Notice. However, if any other matter properly comes before the Meeting, the

accompanying proxy will be voted on such matter with the best judgment of the person or persons voting the proxy.

ADDITIONAL INFORMATION

Additional financial information with respect to the Corporation is available in the Corporation's audited financial statements for the year ended December 31, 2009 and related management's discussion and analysis for the year ended December 31, 2009, which have been filed with Canadian securities regulators and are available under the Corporation's profile at www.sedar.com.

Upon request made to the Chairman of the Corporation at Unit 6 – 3791 St. Joseph Blvd., Ottawa, Ontario, K1C 1T1, the Corporation will provide a shareholder of the Corporation with a copy of its audited financial statements for the year ended December 31, 2009 and related management's discussion and analysis of financial condition and results of operations for the year ended December 31, 2009.

APPROVAL BY BOARD OF DIRECTORS

The contents and the sending of this Circular have been approved by the board of directors of the Corporation.

DATED at Ottawa, Ontario, this 6th day of December, 2010.

By Order of the Board of Directors

/s/ Donald Padgett

Interim C.E.O.

**SCHEDULE “A”
AUDIT COMMITTEE CHARTER**

The purpose of the Audit Committee shall be to assist the Board in its oversight of the integrity of the financial statements of the Corporation, of the Corporation’s compliance with legal and regulatory requirements, of the independence and qualification of the independent auditors, and of the performance of the Corporation’s internal audit function and independent auditors.

CHAIR

The Board appoints or re-appoints the Chair of the Committee annually when it completes the appointments for all Board committee members following the Annual General Meeting of shareholders. In selecting the Chair, the Board takes into consideration those directors who bring background skills and experience relevant to financial statement review and analysis. The Chair shall also be “financially literate” as such term is defined under applicable Canadian regulatory requirements.

The Chair shall provide leadership to Committee members in fulfilling the mandate set out in these terms of reference. He or she shall work with the Chief Executive Officer and the Chairman of the Board in planning Committee meetings and agendas. The Chair of the Committee reports to the Board on behalf of the Committee on the matters and issues covered or determined at each Committee meeting.

RESPONSIBILITIES

In assisting the Board in fulfilling its responsibilities relating to the Corporation's corporate accounting and reporting practices the Audit Committee shall:

1. review and discuss with management and the independent auditors the annual audited financial statements, the quarterly financial statements, Management’s Discussion and Analysis accompanying such financial statements and any other matter required to be reviewed under applicable legal, regulatory or stock exchange requirements, and report thereon to the Board;
2. review the results of the external audits and any changes in accounting practices or policies and the financial statement impact thereof;
3. review the terms of engagement and audit plans of the external auditors and determine through discussion with the auditors that no restrictions were placed by management on the scope of their examination or on its implementation;
4. assess management's programs and policies regarding the adequacy and effectiveness of internal controls over the accounting and financial reporting system within the Corporation;
5. recommend to the Board a firm of independent auditors for appointment by the shareholders and report to the Board on the fees and expenses of such auditors. The Committee shall have the authority and responsibility to select, evaluate and if necessary replace the independent auditors. The Committee shall have the authority to approve all audit engagement fees and terms and the Committee, or a member of the Committee, must review and pre-approve any non-audit service provided to the Corporation by the Corporation’s independent auditors and consider the impact on the independence of the auditors;
6. enquire into and report regularly to the Board, with associated recommendations, on any matter referred to the Committee;

7. discuss with management and the independent auditors, as appropriate, earnings press releases and any financial information and earnings guidance provided to analysts and rating agencies;
8. discuss with management and the independent auditors, as appropriate, any audit problems or difficulties and management's response, and the Corporation's risk assessment and risk management policies, including the Corporation's major financial risk exposure and steps taken by management to monitor and mitigate such exposure;
9. obtain and review at least annually a formal written report from the independent auditors delineating the auditing firm's procedures for reviewing internal controls and any material issues raised by (i) the auditing firm's internal quality-control reviews, (ii) peer reviews of the firm, or (iii) any governmental or other inquiry or investigation relating to any audit conducted by the firm. The Committee will also review steps taken by the auditing firm to address any findings in any of the foregoing reviews. Also, in order to assess auditor independence, the Committee will review at least annually all relationships between the independent auditors and the Corporation;
10. prepare and publish an annual Committee report in the Corporation's proxy circular;
11. conduct an annual self-evaluation in respect of the effectiveness of the Committee;
12. set clear hiring policies for employees or former employees of the independent auditors; and
13. establish procedures for the receipt, retention and treatment of complaints regarding accounting, internal accounting controls or auditing matters, including procedures for the confidential, anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters.

The Committee shall hold *in camera* sessions without members of management as frequently as is determined necessary by the Committee members.

The Committee shall have authority to retain such outside counsel, experts and other advisors as the Committee may deem appropriate in its sole discretion. The Committee shall have sole authority to approve related fees and retention terms.

The Committee shall meet separately with the Corporation's independent auditors at least on an annual basis and more often as determined necessary by the Committee members.

The Committee shall review at least annually the adequacy of this charter and recommend any proposed changes to the Board for approval.

Committee Composition

Three or more members, of which the majority shall be independent directors. All members shall have sufficient financial experience, financial literacy and ability to enable them to discharge their responsibilities.

Quorum

Majority of members.