

LORNEX CAPITAL INC.

ANNUAL AND SPECIAL MEETING  
TO BE HELD ON MAY 19, 2011

NOTICE OF ANNUAL AND SPECIAL MEETING  
AND  
INFORMATION CIRCULAR

APRIL 14, 2011

---

## NOTICE OF ANNUAL AND SPECIAL MEETING

---

NOTICE IS HEREBY GIVEN that the annual and special meeting of the shareholders of LORNEX CAPITAL INC. (the "Company") will be held at Suite 507 – 700 West Pender Street, Vancouver, British Columbia, V6C 1G8 on Thursday, May 19, 2011 at 10:00 a.m. At the meeting, the shareholders will consider resolutions to:

1. To receive the audited consolidated financial statements of the Company for the fiscal year ended December 31, 2010 (with comparative statements relating to the preceding fiscal period) together with the report of the auditors thereon;
2. To fix the number of directors at four (4);
3. To elect directors for the ensuing year;
4. To appoint the auditors for the Company for the ensuing financial year and to authorize the directors to fix the remuneration to be paid to the auditors;
5. To pass an ordinary resolution providing the required annual re-approval of the Company's Stock Option Plan;
6. To consider, and if deemed appropriate, to adopt, with or without variation, a special resolution authorizing the Company to file articles of amendment to provide for the consolidation of the Company's issued and outstanding common shares, as set forth in the Information Circular accompanying this Notice;
7. To approve the transaction of such other business as may properly come before the Meeting.

All shareholders are entitled to attend and vote at the meeting in person or by proxy. The Board of Directors requests all shareholders who will not be attending the meeting in person to read, date and sign the accompanying proxy and deliver it to Computershare, Attention: Investor Services Division, 3<sup>rd</sup> Floor, 510 Burrard Street, Vancouver, British Columbia, V6C 3B9. If a shareholder does not deliver a proxy to Computershare by 10:00 am (Vancouver, British Columbia time) on Tuesday, May 17, 2011 (or before 48 hours, excluding Saturdays, Sundays and holidays before any adjournment of the meeting at which the proxy is to be used) then the shareholder will not be entitled to vote at the meeting by proxy. Only shareholders of record at the close of business on Thursday, April 14, 2011 will be entitled to vote at the meeting.

An information circular and a form of proxy accompany this notice.

DATED at Vancouver, British Columbia, the 14<sup>th</sup> day of April, 2011.

### ON BEHALF OF THE BOARD

*"Marc Levy"*

**MARC LEVY**  
President & CEO

**LORNEX CAPITAL INC.**  
Suite 507 – 700 West Pender Street  
Vancouver, British Columbia  
V6C 1G8

**INFORMATION CIRCULAR**  
(as at April 14, 2011 except as otherwise indicated)

**SOLICITATION OF PROXIES**

This information circular (the “Circular”) is provided in connection with the solicitation of proxies by the management of LORNEX CAPITAL INC. (the “Company”). The form of proxy which accompanies this Circular (the “Proxy”) is for use at the annual and special meeting of the shareholders of the Company to be held on Thursday, May 19, 2011 (the “Meeting”), at the time and place set out in the accompanying notice of meeting (the “Notice of Meeting”). The Company will bear the cost of this solicitation. The solicitation will be made by mail, but may also be made by telephone. Advance notice of the Meeting was filed on SEDAR on March 17, 2011.

**APPOINTMENT AND REVOCATION OF PROXY**

The persons named in the Proxy are directors and officers of the Company. A shareholder who wishes to appoint some other person to serve as their representative at the Meeting may do so by striking out the printed name and inserting the desired person’s name in the blank space provided. The completed Proxy should be delivered to Computershare, Attention: Investor Services Division, 3<sup>rd</sup> Floor, 510 Burrard Street, Vancouver, British Columbia, V6C 3B9, by 10:00 am, Pacific Daylight Time, on Tuesday, May 17, 2011 (or before 48 hours, excluding Saturdays, Sundays and holidays before any adjournment of the Meeting at which the Proxy is to be used).

The Proxy may be revoked by:

- (a) signing a proxy with a later date and delivering it at the time and place noted above;
- (b) signing and dating a written notice of revocation and delivering it at the time and to the place noted above; or
- (c) attending the Meeting or any adjournment of the Meeting and registering with the scrutineer as a shareholder present in person.

**Provisions Relating to Voting of Proxies**

The shares represented by proxy in the enclosed form will be voted by the designated holder in accordance with the direction of the shareholder appointing him. If there is no direction by the shareholder, those shares will be voted for all proposals set out in the Proxy as set out in this Circular. The Proxy gives the person named in it the discretion to vote as they see fit on any amendments or variations to matters identified in the Notice of Meeting, or any other matters which may properly come before the Meeting. At the time of printing of this Circular, the management of the Company knows of no other matters which may come before the Meeting other than those referred to in the Notice of Meeting.

## **EXERCISE OF DISCRETION**

If the instructions in a Proxy are certain, the shares represented thereby will be voted on any poll by the persons named in the Proxy, and, where a choice with respect to any matter to be acted upon has been specified in the Proxy, the shares represented thereby will, on a poll, be voted or withheld from voting in accordance with the specifications so made.

Where no choice has been specified by the shareholder, such shares will, on a poll, be voted in accordance with the notes to the form of Proxy.

The enclosed form of Proxy, when properly completed and delivered and not revoked, confers discretionary authority upon the persons appointed proxyholders thereunder to vote with respect to any amendments or variations of matters identified in the Notice of Meeting and with respect to other matters which may properly come before the Meeting. At the time of the printing of this Information Circular, the management of the Company knows of no such amendment, variation or other matter which may be presented to the Meeting.

## **NON-REGISTERED HOLDERS**

Only registered shareholders or duly appointed proxyholders are permitted to vote at the Meeting. Most shareholders of the Company are “non-registered” shareholders because the shares they own are not registered in their names but are instead registered in the name of the brokerage firm, bank or trust company through which they purchased the shares. A person is not a registered shareholder (a “Non-Registered Holder”) in respect of shares which are held either: (a) in the name of an intermediary (an “Intermediary”) that the Non-Registered Holder deals with in respect of the shares (Intermediaries include, among others, banks, trust companies, securities dealers or brokers and trustees or administrators of self-administered RRSP’s, RRIF’s, RESP’s 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. In accordance with the requirements of National Instrument 54-101 of the Canadian Securities Administrators, the Company has distributed copies of the Notice of Meeting, this Circular and the Proxy (collectively, the “Meeting Materials”) to the clearing agencies and Intermediaries for onward distribution to Non-Registered Holders. Intermediaries are required to forward the Meeting Materials to Non-Registered Holders unless a Non-Registered Holder has waived the right to receive them.

Intermediaries will frequently use service companies to forward the Meeting Materials to Non-Registered Holders. Generally, Non-Registered Holders who have not waived the right to receive Meeting Materials will either:

- (a) be given a form of proxy which has already been signed by the Intermediary (typically by a facsimile, stamped signature), which is restricted as to the number of shares beneficially owned by the Non-Registered Holder and must be completed, but not signed, by the Non-Registered Holder and deposited with Computershare; or
- (b) more typically, be given a voting instruction form which is not signed by the Intermediary, and which, when properly completed and signed by the Non-Registered Holder and returned to the Intermediary or its service company, will constitute voting instructions which the Intermediary must follow.

In either case, the purpose of this procedure is to permit Non-Registered Holders to direct the voting of the shares which they beneficially own. Should a Non-Registered Holder who receives one of the above forms wish to vote at the Meeting in person, the Non-Registered Holder should strike out the names of the Management Proxyholder named in the form and insert the Non-Registered Holder's name in the blank space provided. Non-Registered Holders should carefully follow the instructions of their Intermediary, including those regarding when and where the Proxy or proxy authorization form is to be delivered.

### **Additional Information for Non-Registered Shareholders**

This Circular and accompanying materials ("Meeting Materials") are being sent to both registered and beneficial owners of Common Shares. There are two kinds of beneficial holders of Common Shares – those who object to their name being made known to the Company (called OBOs or Objecting Beneficial Owners) and those who do not object to the Company knowing who they are (called NOBOs or Non-Objecting Beneficial Owners). Subject to provisions of National Instrument 54-101 – *Communication with Beneficial Owners of Securities of Reporting Issuers* ("NI 54-101"), issuers may request and obtain a list of their NOBO's from intermediaries via their transfer agents. If you are a non-registered Shareholder and the Company or its agent has sent these Meeting Materials directly to you, your name and address and information about your holdings of Common Shares have been obtained in accordance with applicable securities legislation from the intermediary holding the Common Shares on your behalf.

In accordance with the requirements of applicable securities laws, the Company has distributed copies of the Meeting Materials to the clearing agencies and intermediaries for onward distribution to OBOs. As discussed above, intermediaries are required to forward the Meeting Materials to the OBOs unless in the case of certain proxy-related materials relating to routine business, the OBO has waived the right to receive such materials. As the matters related to herein are not considered routine business, OBOs will receive the Meeting Materials from the intermediaries. Should an OBO of Common Shares wish to vote at the Meeting in person, the OBO should follow the procedure in the request for voting instructions provided by or on behalf of the intermediary and request a form of legal proxy, which will grant the OBO the right to attend the Meeting and vote in person. OBOs should carefully follow the instructions of their intermediary, including those regarding when and where the completed request for voting instructions is to be delivered.

### **Financial Statements**

The audited financial statements of the Company for the year ended December 31, 2010, together with the auditor's report on those statements (the "Financial Statements"), will be presented to the shareholders at the Meeting.

## **INTEREST OF CERTAIN PERSONS IN MATTERS TO BE ACTED UPON**

Except as disclosed herein, no person has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in matters to be acted upon at the Meeting other than the election of directors and the appointment of auditors as set out herein. For the purpose of this paragraph, "Person" shall include each person: (a) who has been a director, senior officer or insider of the Company at any time since the commencement of the Company's last fiscal year; (b) who is a proposed nominee for election as a director of the Company; or (c) who is an associate or affiliate of a person included in subparagraphs (a) or (b).

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

As at the date of the accompanying Notice of Meeting, the Company has 13,840,737 fully paid and non-assessable common shares without par value issued and outstanding. The Company has no other classes of voting securities. All common shares in the capital of the Company are of the same class and carry the right to one vote.

Shareholders registered as at April 14, 2011 are entitled to attend and vote at the Meeting. Shareholders who wish to be represented by proxy at the Meeting must, to entitle the person appointed by the Proxy to attend and vote, deliver their Proxies at the place and within the time set forth in the notes to the Proxy.

To the knowledge of the directors and executive officers of the Company, as of the date of this Circular, no persons beneficially own, directly or indirectly, or exercise control or direction over, 10% or more of the issued and outstanding shares of each class of the Company.

## **ELECTION OF DIRECTORS**

Management of the Company is seeking shareholder approval of an ordinary resolution to set the number of directors of the Company at four (4) 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. 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 Company or until his or her successor is elected or appointed, unless his or her office is earlier vacated in accordance with the By-laws of the Company or with the provisions of the *Canada Business Corporations Act*.

The following table sets out the names of the nominees for election as directors, the country in which each is ordinarily resident, all offices of the Company now held by each of them, their principal occupations, the period of time for which each has been a director of the Company and the number of common shares of the Company beneficially owned by each, directly or indirectly, or over which control or direction is exercised, as at the date hereof.

Name, Present Position(s) with the Company <sup>(1)</sup> and Province or State of Residence <sup>(3)</sup>	Principal Occupation <sup>(2)</sup> <sup>(3)</sup>	Date(s) Served as a Director Since	Ownership or Control Over Voting Shares Held <sup>(3)</sup>
Marc Levy <sup>(4)</sup> British Columbia, Canada <b>CEO &amp; Director</b>	President of Mosam Ventures Inc., October 2004 to present; President and CEO of Prescient Mining Corp. (formerly Milk Capital Corp.), August 2008 to present; Director of Prescient Mining Corp., December 21, 2006 to present; President, CEO and director of Remstar Resources Ltd., August 1, 2006 to present; President, CEO and director of Norsemont Mining Inc. March 23, 2004 to June 2007; Director and President of Pan Global Resources Inc. (formerly Mosam Capital Corp.), February 1, 2006 to February 2008.	May 12, 2008	519,000
Marc Morin <sup>(4)</sup> British Columbia, Canada <b>Director</b>	Associate of Element and Associates, Corporate and Project Finance Ltd., November 2003 to November 2008; President and CEO and Director of Ultra Lithium Inc., March 2009 to present; President and CEO and Director of Sparrow Ventures Corp., December 2007 to present.	June 10, 2010	Nil
Nilda Rivera British Columbia, Canada <b>CFO &amp; Director</b>	CFO of Sparrow Ventures Corp. since December 14, 2007; Corporate Secretary of Sparrow Ventures Corp. from December 14, 2007 to October 2010; Corporate Secretary of Remstar Resources Ltd. from April 2008 to June 2010; CFO of Remstar resources since June 2010; Director of Lornex Capital Inc. since May 2008; CFO of Lornex Capital Inc. since June 2010; CFO of Prescient Mining Corp. since January 2010; CFO of SUB Capital Inc. since July 2010; Controller of Norsemont Mining Inc. from July 1, 2006 to December 1, 2007.	May 12, 2008	Nil

<b>Name, Present Position(s) with the Company <sup>(1)</sup> and Province or State of Residence <sup>(3)</sup></b>	<b>Principal Occupation <sup>(2) (3)</sup></b>	<b>Date(s) Served as a Director Since</b>	<b>Ownership or Control Over Voting Shares Held <sup>(3)</sup></b>
Roopinder Mundi <sup>(4)</sup> British Columbia, Canada <b>Director</b>	Vice-President of Kingsdale Shareholder Services, January 2009 to present; Director of The Cash Store Australia Holdings Inc., March 2009 to present; Director of Lornex Capital Inc., December 2009 to present; Director of Remstar Resources Ltd., December 2009 to present; Director of Ultra Lithium Inc., June 2010 to present; Associate, Cassels Brock & Blackwell LLP, March 2007 to January 2009; Associate, Goodman & Carr LLP, September 2005 to March 2007.	December 4, 2009	Nil

- (1) For the purposes of disclosing positions held in the Company, "Company" includes the Company and any parent or subsidiary thereof.
- (2) Unless otherwise stated above, any nominees named above have held the principal occupation or employment indicated for at least five years.
- (3) The information as to country of residence, principal occupation and number of shares beneficially owned by the nominees (directly or indirectly or over which control or direction is exercised) is not within the knowledge of the management of the Company and has been furnished by the respective nominees.
- (4) Members of the Audit Committee.

No proposed director of the Company is or has been, within the past 10 years, a director or executive officer of any company that, while that person was acting in that capacity or within a year of that person ceasing to act in that capacity, become 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 past 10 years, become 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 the assets of the proposed director.

### **STATEMENT OF EXECUTIVE COMPENSATION**

Set out below are particulars of compensation paid to the following persons (the "Named Executive Officers"):

- (a) the Company's chief executive officer ("CEO");



- (b) the Company's chief financial officer ("CFO");
- (c) each of the Company's three most highly compensated executive officers, other than the CEO and CFO, who was serving as an executive officer at the end of the most recently completed fiscal year and whose total salary and bonus exceeds \$150,000 per year; and
- (d) any additional individuals for whom disclosure would have been provided under (c) but for the fact that the individual was not serving as an executive officer of the Company at the end of the most recently completed fiscal year.

During the most recently completed fiscal year of the Company ended December 31, 2010, the Company had three Named Executive Officers, whose names and positions held within the Company are set out in the summary of compensation table below.

### **Compensation Discussion and Analysis**

The Company's executive compensation program is comprised of base salary, annual cash bonuses, indirect compensation (benefits) and long-term incentives in the form of stock options. The Company's executive compensation practices are designed to attract and retain talented personnel capable of achieving the Company's objectives. The Company also utilizes compensation programs to motivate and reward the Company's executives for the ultimate achievement of the Company's goals. The Company makes use of complementary short-term and long-term incentive programs intended to provide fair, competitive and motivational rewards in the short-term while ensuring that executive's long-term objectives remain aligned with those of the shareholders.

The base salaries for all executives are paid within salary ranges established for each position based on scope and level of responsibility. Individual salaries within the range are determined by that executive's competence, skill level, and experience and market influences. Annual cash bonuses may be given based on subjective criteria, including the Company's ability to pay such bonuses, individual performance, the executive's contributions to achieving the Company's objectives, and other competitive considerations.

### **Option-Based Awards**

Stock options are granted pursuant to the Plan to provide an incentive to the directors, officers, employees and consultants of the Company to achieve the longer-term objectives of the Company, to give suitable recognition to the ability and industry of such persons who contribute materially to the success of the Company, and to attract and retain persons of experience and ability, by providing them with the opportunity to acquire an increased proprietary interest in the Company. Previous grants of incentive stock options are taken into account when considering new grants.

Implementation of a new incentive stock option plan and amendments to the existing stock option plan are the responsibility of the Company's Board of Directors.

### **Summary of Compensation Table**

The following table is a summary of compensation paid to the Named Executive Officers during the Company's financial years ended December 31, 2010 and 2009, in accordance with National Instrument 51-102, Continuous Disclosure Obligations ("NI 51-102"):

					Non-Equity Incentive Plan Compensation (\$)				
Name and Principal Position	Year	Salary (\$)	Share-based Awards (\$)	Option-based Awards (\$)	Annual incentive plans	Long-term incentive plans	Pension Value (\$)	All other compensation (\$)	Total Compensation (\$)
MARC LEVY President and CEO	2010	\$55,800	NIL	\$4,067 <sup>(1)</sup>	N/A	N/A	N/A	N/A	\$59,867
	2009	\$52,584	NIL	\$9,916 <sup>(1)</sup>	N/A	N/A	N/A	N/A	\$62,500
NILDA RIVERA CFO & Director	2010	\$NIL	NIL	\$5,083 <sup>(1)</sup>	N/A	N/A	N/A	N/A	\$5,083
	2009	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
TONY RICCI Former CFO & Director <sup>(2)</sup>	2010	\$18,000	NIL	\$NIL	N/A	N/A	N/A	N/A	\$18,000
	2009	\$56,000	NIL	\$5,950 <sup>(1)</sup>	N/A	N/A	N/A	N/A	\$61,950

(1) The fair value of option-based awards is calculated using a Black-Scholes option pricing model using the following weighted average assumptions:

	2010	2009
Risk-free rate	1.81%	2.09%
Expected dividend yield	0%	0%
Expected stock price volatility	114.68%	103.19%
Expected life of options	3.29 years	6.4 years

Option pricing models require the input of highly subjective assumptions, particularly as to the expected volatility of the stock. Changes in these assumptions can materially affect the fair value estimate, and therefore it is management's view that the existing models may not provide a single reliable measure of the fair value of the Company's stock option grants. The Company uses an option-pricing model because there is no market for which employee options may be freely traded. Readers are cautioned not to assume that the value derived from the model is the value that an employee might receive if the options were freely traded, nor assume that these amounts are the same as those reported for income tax purposes.

(2) Tony Ricci was CFO and a Director of the Company from May 12, 2008 to June 10, 2010.

## Incentive Plan Awards

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

The following table sets out the outstanding share-based awards and option-based awards held by the Named Executive Officers as at December 31, 2010:

Name	OPTION-BASED AWARDS				SHARE-BASED AWARDS	
	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options (\$) <sup>(1)</sup>	Number of shares or units of share that have not vested (#)	Market or payout value of share-based awards that have not vested (\$)
MARC LEVY President and CEO	200,000	\$0.11	September 26, 2013	\$22,000	N/A	N/A
	125,000	\$0.11	April 17, 2019	\$13,750	N/A	N/A
	20,000	\$0.30	June 14, 2020	N/A	N/A	N/A
NILDA RIVERA CFO & Director	25,000	\$0.11	September 26, 2013	\$2,750	N/A	N/A
	25,000	\$0.11	April 17, 2019	\$2,750	N/A	N/A
	25,000	\$0.30	June 14, 2020	N/A	N/A	N/A

TONY RICCI Former CFO & Director	NIL	N/A	N/A	N/A	N/A	N/A
--	-----	-----	-----	-----	-----	-----

(1) The closing market price of the Company's common shares on December 31, 2010 was \$0.22.

### ***Incentive plan awards – value vested or earned during the year***

The following table sets out the value vested or earned in incentive plan awards held by the Named Executive Officers during the financial year ended December 31, 2010:

<b>Name</b>	<b>Option-based awards – value vested during the year (\$)</b>	<b>Share-based awards – value vested during the year (\$)</b>	<b>Non-equity incentive plan compensation – value earned during the year (\$)</b>
MARC LEVY President and CEO	\$24,063 <sup>(1)</sup>	N/A	N/A
NILDA RIVERA CFO & Director	\$4,063 <sup>(1)</sup>	N/A	N/A
TONY RICCI Former CFO & Director	\$13,438 <sup>(1)</sup>	N/A	N/A

(1) This value was determined by calculating the difference between the market price of the underlying common shares on the vesting dates and the exercise price of the options on the vesting dates. 25% of the options vested on the grant date and additional 12.5% vests every 3 months thereafter up to a period of 18 months.

See “Particulars of Matters to be Acted Upon – Annual Re-Approval of Stock Option Plan” for a summary of the terms of the Company’s stock option plan.

### **Termination of Employment, Change in Responsibilities and Employment Contracts**

No employment contract exists between the Company and the Named Executive Officers. There are no compensatory plans or arrangements with respect to the named executive officers resulting from the resignation, retirement or other termination of employment or from a change of control of the company.

### **Compensation of Directors**

The Company has no arrangements, standard or otherwise, pursuant to which Directors are compensated by the Company for their services in their capacity as Directors, or for committee participation, involvement in special assignments or for services as a consultant or expert during the financial year ended December 31, 2010 or subsequently, up to and including the date of this Information Circular:

### **Director compensation table**

The following table sets out the compensation provided to all directors of the Company, who are not Named Executive Officers, for the Company’s financial years ended December 31, 2010 and 2009:

Name	Year	Fees earned (\$)	Share-based awards (\$)	Option-based awards (\$) <sup>(1)</sup>	Non-equity incentive plan compensation (\$)	Pension value (\$)	All other compensation (\$)	Total (\$)
ROOPINDER MUNDI	2010	\$Nil	N/A	\$16,398	N/A	N/A	N/A	\$16,398
	2009	\$Nil	N/A	\$Nil	N/A	N/A	N/A	\$Nil
MARC MORIN <sup>(2)</sup>	2010	\$Nil	N/A	\$5,083	N/A	N/A	N/A	\$5,083
	2009	N/A	N/A	N/A	N/A	N/A	N/A	N/A

(1) For option-based awards, refer to the discussion in footnote 1 in the Summary of Compensation table for Named Executive Officers for the method of determining the value of option based awards.

(2) Marc Morin was appointed as a director on June 10, 2010.

## Incentive Plan Awards

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

The following table sets out the outstanding share-based awards and option-based awards held by the directors of the Company, who are not Named Executive Officers, as at December 31, 2010:

Name	OPTION-BASED AWARDS				SHARE-BASED AWARDS	
	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options (\$) <sup>(1)</sup>	Number of shares or units of share that have not vested (#)	Market or payout value of share-based awards that have not vested (\$)
ROOPINDER MUNDI	50,000	\$0.35	January 12, 2020	\$Nil	N/A	N/A
	25,000	\$0.30	June 14, 2020	\$Nil	N/A	N/A
MARC MORIN	25,000	\$0.11	April 17, 2019	\$2,750	N/A	N/A
	25,000	\$0.30	June 14, 2020	\$Nil	N/A	N/A

(1) The closing market price of the Company's common shares on December 31, 2010 was \$0.22.

### *Incentive plan awards – value vested or earned during the year*

The following table sets out the value vested or earned in incentive plan awards by the directors of the Company, who are not Named Executive Officers, during the financial year ended December 31, 2010:

Name	Option-based awards – value vested during the year (\$) <sup>(1)</sup>	Share-based awards – value vested during the year (\$)	Non-equity incentive plan compensation – value earned during the year (\$)
ROOPINDER MUNDI	\$1,063	N/A	N/A
MARC MORIN	\$2,813	N/A	N/A

(1) This value was determined by calculating the difference between the market price of the underlying common shares on the vesting dates and the exercise price of the options on the vesting dates. 25% of the options vested on the grant date and additional 12.5% vests every 3 months thereafter up to a period of 18 months.

See “Particulars of Matters to be Acted Upon – Annual Re-Approval of Stock Option Plan” for a summary of the terms of the Company’s stock option plan.

### Compensation of Directors

The Company has no arrangements, standard or otherwise, pursuant to which Directors are compensated by the Company for their services in their capacity as Directors, or for committee participation, involvement in special assignments or for services as a consultant or expert during the most recently completed fiscal year or subsequently, up to and including the date of this Information Circular, except as follows:

Name	Directors’ Fees	Consulting Fees	Option Grants
ROOPINDER MUNDI	\$Nil	\$Nil	75,000
MARC MORIN	\$Nil	\$Nil	25,000

### Equity Compensation Plans

The following table provides information regarding the Company’s equity compensation plans which were in effect as at the fiscal year end December 31, 2010:

Plan Category	# of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights	Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights	# of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column (a))
Equity Compensation Plans Approved By Shareholders	887,000	\$0.11	250
Equity Compensation Plans Not Approved By Shareholders	None	N/A	N/A
<b>Total</b>	887,000	\$0.11	250

### INDEBTEDNESS OF DIRECTORS, EXECUTIVE AND SENIOR OFFICERS

During the last completed fiscal year, no director, executive officer, senior officer or nominee for director of the Company, or any of their associates, has been indebted to the Company, or any of its subsidiaries, nor has any of these individuals been indebted to another entity which indebtedness is the subject of a guarantee, support in agreement, letter of credit or other similar arrangement or understanding provided by the Company, or any of its subsidiaries.

### INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

Except as set out below or otherwise disclosed in this Circular, none of the persons who were directors or executive officers of the Company or a subsidiary of the Company at any time during the Company’s last financial year, any person or company who beneficially owns, directly or indirectly, or who exercises control or direction over (or a combination of both) more than 10% of the issued

and outstanding common shares of the Company, nor any associate or affiliate of those persons, has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any transaction or proposed transaction which has materially affected or would materially affect the Company or any of its subsidiaries.

## **MANAGEMENT CONTRACTS**

There are no management functions of the Company which are to any substantial degree performed by a person other than the directors or executive officers of the Company.

## **AUDIT COMMITTEE**

### **Audit Committee Charter**

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

### **Composition of Audit Committee**

Pursuant to National Instrument 52-110 ("NI 52-110"), *Audit Committees*, 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 forth below. The Company is relying on the exemption provided by section 6.1 of NI 52-110 by virtue of the fact that it is a venture issuer. Section 6.1 exempts the Company from the requirements of Parts 3 (*Composition of the Audit Committee*) and 5 (*Reporting Obligations*) of NI 52-110.

As at the date hereof, the Audit Committee is composed of Marc Levy, Marc Morin and Roopinder Mundi. All of the members of the Audit Committee are "financially literate" and Marc Morin and Roopinder Mundi are "independent" within the meaning of section 1.4 of NI 52-110.

### **Audit Committee Oversight**

At no time since the commencement of the Company's most recently completed financial year, has a recommendation of the audit committee to nominate or compensate an external auditor not been adopted by the board of directors.

### **Reliance on Certain Exemptions**

At no time since the commencement of the Company's most recently completed financial year has the Company relied on the exemption in Section 2.4 of NI 52-110 (*De Minimis Non-audit Services*) or an exemption from NI 52-110, in whole or in part, granted under Part 8, (*Exemptions*) of NI 52-110.

### **Pre-Approval Policies and Procedures**

The Audit Committee has adopted specific policies and procedures for the engagement of non-audit services as described under the heading "*Article 2 – Pre-Approval of Non-Audit Services*" of the Audit Committee Charter as set out in Schedule "A" to this Information Circular.

### **Audit Fees**

The aggregate fees unbilled by Meyers Norris Penny LLP, Chartered Accountants, for fiscal year 2010 for audit services were approximately \$12,500.

The aggregate fees billed by Minni, Clark & Company, Certified General Accountants, for fiscal year 2009 for audit services were \$13,600.

### **Audit-Related Fees**

The aggregate fees billed by Meyers Norris Penny LLP, Chartered Accountants, for fiscal year 2010 for audit and assurance and related services were approximately \$Nil (2009 - \$Nil).

### **Tax Fees and All Other Fees**

The aggregate fees billed for tax compliance, tax advice and tax planning services by Meyers Norris Penny LLP, Chartered Accountants, for fiscal year 2010 were approximately \$Nil (2009 - \$Nil).

## **APPOINTMENT OF AUDITORS**

The Company proposes to change its auditors from Minni, Clark & Company, Certified General Accountants, to Meyers Norris Penny LLP, Chartered Accountants, of 2300 - 1055 Dunsmuir Street, Vancouver, British Columbia, V7X 1J1, effective as of June 10, 2010.

As indicated in the Notice of Change of Auditor dated June 28, 2010, attached hereto as Schedule B to this Information Circular, there are no reportable events as defined in section 4.11 of National Instrument 51-102 and there were no reservations in the report of Minni, Clark & Company on the Company's financial statements relating to the "relevant period" as defined in Section 4.11 of National Instrument 51-102.

Shareholders will be asked to approve the appointment of Meyers Norris Penny LLP, Chartered Accountants, as auditors of the Company to hold office until the next annual general meeting of shareholders at a remuneration to be fixed by the directors. Included with this information circular is a Notice of Change of Auditor - Reporting Package under Schedule B, which consists of (a) the Notice of Change of Auditors, (b) letter from the successor auditors, and (c) letter from the former auditors.

## **CORPORATE GOVERNANCE DISCLOSURE**

Corporate governance relates to the activities of the Board of Directors (the "Board") of the Company, the members of which are elected by and are accountable to the shareholders, and takes into account the role of the individual members of management who are appointed by the Board and who are charged with the day-to-day management of the Company. The Board is committed to sound corporate governance practices that are both in the interest of its shareholders and contribute to effective and efficient decision making. National Policy 58-201 *Corporate Governance Guidelines* establishes corporate governance guidelines that apply to all public companies. The Company has reviewed its own corporate governance practices in light of these guidelines. In certain cases, the Company's practices comply with the guidelines, however, the Board considers that some of the guidelines are not suitable for the Company at its current stage of development and therefore these guidelines have not been adopted. National Instrument 58-101 *Disclosure of Corporate Governance Practices* mandates disclosure of corporate governance practices for Venture Issuers in Form 58-101F2, which disclosure is set out below.

## **Mandate of the Board**

The Board is elected by and accountable to the shareholders of the Company. The mandate of the Board is to continually govern the Company and to protect and enhance the assets of the Company in the long term best interests of the shareholders. The Board will annually assess and approve a strategic plan which takes into account, among other things, the opportunities and the identification of the principal risks of the issuer's business, and ensuring the implementation of appropriate systems to manage these risks.

## **Committees**

The Board currently has two committees: The Audit Committee and a new Corporate Governance and Nomination Committee. The committees, their mandates and membership are discussed below.

### **Audit and Finance Committee**

The Audit and Finance Committee's primary purpose is to assist the Board in fulfilling its oversight responsibilities for the financial reporting process, the system of internal control over financial reporting and accounting compliance, the audit process and processes for identifying, evaluating and monitoring the management of the Company's principal risks impacting financial reporting. The Committee also assists the Board with the oversight of financial strategies and overall risk management. The Committee provides independent communication between the Board and the external auditors.

The Audit Committee is composed of Mr. Marc Morin, Mr. Marc Levy and Mr. Roopinder Mundi, of whom Mr. Morin and Mr. Mundi are unrelated directors and are considered by the Board to be independent of management. All members of the audit committee are "financially literate" within the meaning of section 1.5 of NI 52-110.

### **Audit Committee Oversight**

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

### **Reliance on Certain Exemptions**

At no time since the commencement of the Company's most recently completed financial year has the Company relied on the exemption in section 2.4 of NI 52-110 (*De Minimis Non-audit Services*) or an exemption from NI 52-110, in whole or in part, granted under Part 8, (*Exemptions*) of NI 52-110.

### **Pre-Approval Policies and Procedures**

The Audit Committee has adopted specific policies and procedures for the engagement of non-audit services as described under the heading "*Article 2 – Pre-Approval of Non-Audit Services*" of the Audit Committee Charter as set out in Schedule A to this Information Circular.



## Corporate Governance and Nominating Committee

The role of the Corporate Governance and Nomination Committee will be to develop and recommend standards of performance for the Board, its committees and individual directors. In the event of the expansion of the Board or replacement of current directors, the Committee will be responsible for coordinating and managing the process of recruiting, interviewing and recommending candidates to the Board. The Committee is composed of Marc Levy, Marc Morin and Roopinder Mundi. Mr. Morin and Mr. Mundi are independent directors.

**1. Board of Directors** – Exercise of independent supervision over management, including the identity of directors who are independent and those that are not independent.

Mr. Morin and Mr. Mundi are independent directors and do not exercise any management functions are not involved in the day to day operations of the Company.

Mr. Marc Levy is a director who is not independent in that he is the President and CEO of the Company. Ms. Nilda Rivera is a director who is not independent in that she is the CFO of the Company.

### 2. Directorships –

Marc Levy	Lornex Capital Inc.	TSXV
	Prescient Mining Corp.	TSXV
	Remstar Resources Ltd.	TSXV
Marc Morin	Ultra Lithium Inc.	TSXV
	Sparrow Ventures Corp.	TSXV
	Lornex Capital Inc.	TSXV
Roopinder Mundi	Remstar Resources Ltd.	TSXV
	Ultra Lithium Inc.	TSXV

**3. Orientation and Continuing Education** – Mr. Marc Levy and Ms. Nilda Rivera were appointed on May 12, 2008, Mr. Mundi was appointed on December 4, 2009 and Mr. Morin was appointed on June 10, 2010. No new directors are planned at this time. The Board does not provide any formal continuing education for directors other than as required to keep current with ongoing changes governing corporate and securities law. Any new board member if not experienced with securities and corporate law, will be required to complete available courses for directors of public companies.

**4. Ethical Business Conduct – Code** – The Board has adopted a written code of business conduct and ethics applicable to directors, officers and employees of the issuer to promote integrity and to deter wrongdoing with respect to the following issues:

- (a) conflicts of interest, including transactions and agreements in respect of which a director or executive officer has a material interest which must be disclosed in writing to the board of director immediately upon becoming aware of the conflict;
- (b) protection and proper use of corporate assets and opportunities;
- (c) confidentiality of corporate information;
- (d) fair dealing with the issuer's security holders, customers, suppliers, competitors and employees;

- (e) compliance with laws, rules and regulations; and
- (f) reporting of any illegal or unethical behaviour.

Any waivers from the code that are granted for the benefit of the issuer's directors or executive officers must be granted by the Board (excluding the director seeking the waiver).

Conduct by a director or executive officer which constitutes a material departure from the code will likely constitute a "material change" within the meaning of National Instrument 51-102 *Continuous Disclosure Obligations* and the Company will issue a material change report to disclose a full description of the material change.

**5. Nomination of Directors** – As there are no plans to expand the Board at this time, Corporate Governance and Nominating Committee will be responsible for establishing new candidates for board nomination, including the process of identifying new candidates and the identification of new candidates.

**6. Compensation** – At this time, the directors are not paid any compensation for acting as directors and compensation is not contemplated at this time. Directors have been awarded incentive stock options – see page 10 "Incentive Plan Awards". The quantity and quality of the Board compensation is reviewed on an annual basis. At present, the Board is satisfied that the current compensation arrangements adequately reflect the responsibilities and risks involved in being an effective director of the Company. The number of options to be granted to any director or officer is determined by the Board as a whole, thereby providing the independent directors with significant input into compensation decisions. Given the current size and limited scope of operations of the Company, the Board does not believe that a formal compensation committee is required. At such time as, in the opinion of the Board, the size and activities of the Company and the number of management employees warrants it, the Board will consider it necessary to appoint a formal compensation committee.

**7. Other Board Committees** – The Board does not have standing committees other than the Audit Committee and the Corporate Governance and Nominating Committee.

**8. Assessments** – The Corporate Governance and Nominating Committee assumes the responsibility of assessing the effectiveness of the Board, the committees of the Board and the contribution and effectiveness of individual directors on an annual basis.

## **PARTICULARS OF MATTERS TO BE ACTED UPON**

### **A. Annual Re-Approval of Stock Option Plan**

Pursuant to Policy 4.4 of the TSX Venture Exchange ("TSXV"), all TSXV listed companies are required to adopt a stock option plan prior to granting incentive stock options. On June 16, 2009, the Board of Directors of the Company adopted a new Stock Option Plan (the "Plan"). The purpose of the Plan is to attract and motivate directors, senior officers, employees, consultants and others providing services to the Company and its subsidiaries, and thereby advance the Company's interests, by affording such persons with an opportunity to acquire an equity interest in the Company through the issuance of stock options. The Company is currently listed on Tier 2 of the TSXV and has adopted a "rolling" stock option plan reserving a maximum of 10% of the issued shares of the Company at the time of the stock option grant. The Shareholders last approved the Plan on June 10, 2010. As a "rolling" stock option plan, the Plan is required to be re-approved by the Shareholders each year at the Company's Annual General Meeting.

The terms of the Plan authorize the Board of Directors to grant stock options to optionees on the following terms:

1. The aggregate number of shares that may be issued pursuant to options granted under the Plan, unless otherwise approved by shareholders, may not exceed that number which is equal to 10% of the issued and outstanding shares of the Company at the time of the grant.
2. The term of any stock option will not exceed ten years.
3. If the Optionee ceases to be an Officer, Director, Employee, Consultant or Service Provider for any reason other than such Optionee's death or disability, all Stock Options held by the Optionee shall be exercisable, to the extent that such Stock Options were exercisable on the date the Optionee ceased to fall under one of the foregoing categories (the "Termination Date") for a period of 30 days following the Termination Date.
4. If the Optionee ceases to be an Officer, Director, Employee, Consultant or Service Provider because of Optionee's death or disability all Stock Options held by the Optionee shall become immediately exercisable and shall be exercisable by the Optionee, the personal representative of the Optionee's estate, or the person(s) to who the Stock Options are transferred pursuant to the Optionee's will in accordance with the laws of descent and distribution, as applicable, for a period of 12 months following the Termination Date.
5. An individual can receive Awards to purchase no more than 5% of the outstanding shares of Common Stock listed on the TSXV on a yearly basis unless the Company has obtained disinterested shareholder approval.
6. An Award to an Employee conducting Investor Relations Activities or to a Consultant is restricted to an aggregate of 2% of the Company's issued shares in any 12 month period.
7. For any Stock Options granted to Employees, Consultants or Management Company Employees, the Company represents that the Optionee is a bona fide Employee, Consultant or Management Company Employee as the case may be.
8. The Optionee must be a director, senior officer, employee, consultant or management company employee of the Company or a subsidiary of the Company at the time of grant.

9. All options are non-assignable and non-transferable.
10. An option may only be exercised while the optionee is a director, senior officer, employee, consultant or management company employee or within a period of 30 days thereafter.
11. Disinterested shareholder approval must be obtained for any reduction in the exercise price of an option if the optionee is an insider of the Company at the time of the proposed reduction.

A copy of the Plan may be inspected at the offices of the Company, Suite 507, 700 West Pender Street, Vancouver, B.C. V6C 1G8 during normal business hours at any time up to the Meeting and at the Meeting. In addition, a copy of the Plan will be mailed, free of charge, to any holder of common shares who requests a copy, in writing, from the Secretary of the Company at the address above.

Notice of options granted under the Plan must be given to the TSXV on a monthly basis. Any amendments to the Plan must also be approved by the TSXV and, if necessary, by the shareholders of the Company prior to becoming effective.

Accordingly, Shareholders will be asked to pass an ordinary resolution, in substantially the following form, to re-approve the Plan:

**BE IT RESOLVED, as an Ordinary Resolution passed by a majority of shareholders, THAT**

1. The Company's Stock Option Plan be and is hereby approved, ratified and confirmed.
2. All issued and outstanding stock options previously granted be and are continued under the Plan and are hereby ratified, confirmed and approved;
3. The allocation by the directors of stock options for all unallocated common shares reserved or to be reserved under the Plan be and is hereby approved, ratified and confirmed; and
4. Any one (or more) director or officer of the Company be and is hereby authorized and directed to perform all such acts, deeds and things and execute all such documents and other writings as may be required to give effect to this resolution."

**B. Consolidation of Common Shares**

At the Meeting, Shareholders will be asked to consider a special resolution ("Consolidation Resolution"), approving an amendment to the Company's Articles of Incorporation to consolidate the Company's issued and outstanding Common Shares ("Consolidation") on the basis of one Common Share for up to every 3 existing Common Shares (or such other consolidation ratio that the Board deems appropriate, such ratio to be no greater than 3 pre-consolidation Common Shares for every one post-consolidation Common Share) ("Consolidation Ratio"). The Board considers it advisable to effect the Consolidation to facilitate future financings to pursue mining and other opportunities.

As of the date of this Circular, the number of issued and outstanding Common Shares is 13,840,737. The number of post-consolidation Common Shares, assuming a Consolidation Ratio of 1 to 3 Common Shares, would be approximately 4,613,579. No fractional or post-consolidation Common Shares will be issued and no cash will be paid in lieu of fractional or post-consolidation Common Shares. In the case of fractional Common Shares resulting from the Consolidation, fractions of a share will be rounded down to the nearest whole Common Share.

If the Consolidation Resolution is approved by Shareholders at the Meeting, Articles of Amendment will be filed if and when deemed advisable by the Board. In this regard, the Consolidation Resolution authorizes the Board to set a record date for the Consolidation, which the Company will announce by way of a news release. The Consolidation Resolution also authorizes the Board to elect not to proceed with the Consolidation, if the Board subsequently concludes that it would not be in the best interest of the Company. The Company does not intend to change its name or its trading symbol in conjunction with the Consolidation.

### **Effect on Stock Options**

Upon the Consolidation becoming effective, the number of Common Shares reserved for issuance by the Company, including those Common Shares reserved for issuance under the Company's incentive stock option plan, will be adjusted to give effect to the Consolidation, such that the number of consolidated Common Shares issuable will equal the number obtained when the number of Common Shares issuable pursuant to the stock option plan is multiplied by the Consolidation Ratio, and the exercise price of the outstanding options to purchase Common Shares will be equal to the price obtained by dividing the existing exercise price by the Consolidation Ratio.

### **Letters of Transmittal**

Upon the Consolidation becoming effective, a letter of transmittal will be sent to all registered holders of Common Shares then issued and outstanding for use in transmitting their share certificate(s) to the Company's registrar and transfer agent, Computershare Trust Company of Canada, in exchange for a document ("Direct Registration Advice") representing the number of Common Shares to which such Shareholder is entitled as a result of the Consolidation. Upon return of a properly completed letter of transmittal, together with the certificate(s) evidencing the Common Shares of the Company, a Direct Registration Advice for the appropriate number of new consolidated Common Shares will be issued at no charge. Shareholders whose Common Shares are registered in the name of a broker, dealer, bank, trust company or nominee, must contact such nominee to deposit their Common Shares in exchange for a Direct Registration Advice representing post-consolidation Common Shares to which such Shareholder is entitled. Such nominee may have its own procedure for processing the Consolidation.

### **Risks Associated with the Consolidation**

There can be no assurance that any increase in the market price for Common Shares of the Company resulting from the Consolidation will be sustainable or that it will equal or exceed the direct arithmetical result of the Consolidation since there are numerous factors and contingencies that could affect such price, including the status of the market for the Common Shares at the time, the Company's operations and general economic, geopolitical, stock market and industry conditions.

Accordingly, the total market capitalization of the Common Shares after the Consolidation may be lower than the total market capitalization before the Consolidation and, in the future, the market price of the Common Shares may not exceed or remain higher than the market price prior to the Consolidation. While the Board believes that a higher share price may help generate investor interest in the Common Shares, there can be no assurance that the Consolidation will result in a per share market price that will attract additional investors or that such price will satisfy the investing guidelines of such investors. As a result, the trading liquidity of the Common Shares may not necessarily improve. If the Consolidation is implemented and the market price of the shares declines, the percentage decline may be greater than would occur in the absence of the Consolidation. The market price of the Common Shares will, however, also be based on the Company's performance and other factors, which are unrelated to the number of

Common Shares outstanding. Furthermore, the liquidity of the Common Shares could be adversely affected by the reduced number of Common Shares that would be outstanding after the Consolidation.

Management is requesting shareholder approval of the following resolution:

**“BE IT RESOLVED AS A SPECIAL RESOLUTION THAT:**

1. The Company amend its Articles of Incorporation to consolidate all of the issued and outstanding common shares in the capital of the Company on the basis of up to three (3) existing common shares, or such lesser number of common shares as the Board of Directors of the Company and the TSX Venture Exchange may approve, into one (1) new common share;
2. The Directors of the Company may revoke the foregoing resolutions without further approval of the shareholders at any time prior to the endorsement by the Director appointed under the *Canada Business Corporations Act* of a Certificate of Amendment of Articles in respect of this amendment;
3. Any Director or Officer of the Company be and he is hereby authorized to execute and deliver, for and on behalf of the Company, all such documents and to do all such other acts and things as may be considered necessary or desirable to give effect to this resolution including, without limitation, the delivery of articles of amendment in the prescribed form to the director appointed under the *Canada Business Corporations Act*; and
4. Upon Articles of Amendment having become effective in accordance with the *Canada Business Corporations Act*, the Articles of the Company be and they are hereby amended in accordance with the foregoing.”

In order for the Consolidation Resolution to be effective, the Consolidation Resolution requires confirmation by the shareholders of the Company. The *Canada Business Corporations Act* requires that the Consolidation Resolution be confirmed by at least 66 2/3% of the votes cast by the shareholders of the Company present in person or represented by proxy at the meeting. The proposed consolidation is also subject to the acceptance for filing by the TSX venture exchange.

**Additional information**

Additional information relating to the Corporation may be found on SEDAR at [www.sedar.com](http://www.sedar.com). Additional financial information concerning the Company may be obtained by any security holder of the Company free of charge by writing to the Secretary of the Company at the Company’s head office.

## **BOARD APPROVAL**

The contents of this Circular have been approved and its mailing authorized by the directors of the Company.

DATED at Vancouver, British Columbia, the 14<sup>th</sup> day of April, 2011.

### **ON BEHALF OF THE BOARD**

*"Marc Levy"*

**MARC LEVY**  
President & CEO

## SCHEDULE "A"

---

### Charter of the Audit Committee of the Board of Directors of Lornex Capital Inc. (the "Company")

#### Article 1 – Mandate and Responsibilities

The Audit Committee is appointed by the board of directors of the Company (the "Board") to oversee the accounting and financial reporting process of the Company and audits of the financial statements of the Company. The Audit Committee's primary duties and responsibilities are to:

- (a) recommend to the Board the external auditor to be nominated for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for the Company;
- (b) recommend to the Board the compensation of the external auditor;
- (c) oversee the work of the external auditor engaged for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for the Company, including the resolution of disagreements between management and the external auditor regarding financial reporting;
- (d) pre-approve all non-audit services to be provided to the Company or its subsidiaries by the Company's external auditor;
- (e) review the Company's financial statements, MD&A and annual and interim earnings press releases before the Company publicly discloses this information;
- (f) be satisfied that adequate procedures are in place for the review of all other public disclosure of financial information extracted or derived from the Company's financial statements, and to periodically assess the adequacy of those procedures;
- (g) establish procedures for:
  - (i) the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters; and
  - (ii) the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters; and
- (h) review and approve the Company's hiring policies regarding partners, employees and former partners and employees of the present and former external auditor of the Company.

The Board and management will ensure that the Audit Committee has adequate funding to fulfill its duties and responsibilities.

#### Article 2 – Pre-Approval of Non-Audit Services

The Audit Committee may delegate to one or more of its members the authority to pre-approve non-audit services to be provided to the Company or its subsidiaries by the Company's external auditor. The pre-approval of non-audit services must be presented to the Audit Committee at its first scheduled meeting following such pre-approval.



The Audit Committee may satisfy its duty to pre-approve non-audit services by adopting specific policies and procedures for the engagement of the non-audit services, provided the policies and procedures are detailed as to the particular service, the Audit Committee is informed of each non-audit service and the procedures do not include delegation of the Audit Committee's responsibilities to management.

### **Article 3 – External Advisors**

The Audit Committee has the authority to conduct any investigation appropriate to fulfilling its responsibilities, and it has direct access to the external auditors as well as anyone in the organization. The Audit Committee has the ability to retain, at the Company's expense, special legal, accounting or other consultants or experts it deems necessary in the performance of its duties.

### **Article 4 – External Auditors**

The external auditors are ultimately accountable to the Audit Committee and the Board, as representatives of the shareholders. The external auditors will report directly to the Audit Committee. The Audit Committee will:

- (a) review the independence and performance of the external auditors and annually recommend to the Board the nomination of the external auditors or approve any discharge of external auditors when circumstances warrant;
- (b) approve the fees and other significant compensation to be paid to the external auditors;
- (c) on an annual basis, review and discuss with the external auditors all significant relationships they have with the Company that could impair the external auditors' independence;
- (d) review the external auditors' audit plan to see that it is sufficiently detailed and covers any significant areas of concern that the Audit Committee may have;
- (e) before or after the financial statements are issued, discuss certain matters required to be communicated to audit committees in accordance with the standards established by the Canadian Institute of Chartered Accountants;
- (f) consider the external auditors' judgments about the quality and appropriateness of the Company's accounting principles as applied in the Company's financial reporting;
- (g) resolve any disagreements between management and the external auditors regarding financial reporting;
- (h) approve in advance all audit services and any non-prohibited non-audit services to be undertaken by the external auditors for the Company; and
- (i) receive from the external auditors timely reports of:
  - (i) all critical accounting policies and practises to be used;
  - (ii) all alternative treatments of financial information within generally accepted accounting principles that have been discussed with management, ramifications of the use of such alternative disclosures and treatments and the treatment preferred by the external auditors; and
  - (iii) other material written communications between the external auditors and management.

### **Article 5 – Legal Compliance**

On at least an annual basis, the Audit Committee will review with the Company's legal counsel any legal matters that could have a significant impact on the organization's financial statements, the Company's compliance with applicable laws and regulations and inquiries received from regulators or governmental agencies.

## **Article 6 - Complaints**

Individuals are strongly encouraged to approach a member of the Audit Committee with any complaints or concerns regarding accounting, internal accounting controls or auditing matters. The Audit Committee will from time to time establish procedures for the submission, receipt and treatment of such complaints and concerns. In all cases the Audit Committee will conduct a prompt, thorough and fair examination, document the situation and, if appropriate, recommend to the Board appropriate corrective action.

To the extent practicable, all complaints will be kept confidential. The Company will not condone any retaliation for a complaint made in good faith.

## SCHEDULE B

# LORNEX CAPITAL INC.

TO: Shareholders  
British Columbia Securities Commission  
Alberta Securities Commission  
Manitoba Securities Commission  
TSX Venture Exchange  
Minni, Clark & Company, Certified General Accountants  
Meyers Norris Penny LLP, Chartered Accountants

### NOTICE OF CHANGE OF AUDITOR – NATIONAL INSTRUMENT 51-102 – SECTION 4.11

#### TAKE NOTICE THAT:

Effective as of June 10, 2010, the Board of Directors of Lornex Capital Inc. (the "Corporation") has decided not to propose Minni, Clark & Company, Certified General Accountants, for reappointment as the auditors of the Corporation and the Board of Directors of the Corporation has determined to propose, to the holders of common shares of the Corporation, Meyers Norris Penny LLP, Chartered Accountants, for appointment as the auditors of the Corporation until the next annual meeting of the Corporation.

#### TAKE FURTHER NOTICE THAT:

- (a) the termination of Minni, Clark & Company, Certified General Accountants, and appointment of Meyers Norris Penny LLP, Chartered Accountants, were considered and approved by the audit committee of the Corporation's board of directors and the Corporation's board of directors;
- (b) there were no reservations in the report of Minni, Clark & Company on the Corporation's financial statements relating to the "relevant period" (as that term is used in Section 4.11 of National Instrument 51-102);
- (c) in the opinion of the Corporation, there are no "reportable events" (as that term is used in Section 4.11 of National Instrument 51-102).

DATED this 28<sup>th</sup> day of June, 2010.

BY ORDER OF THE BOARD OF DIRECTORS,  
LORNEX CAPITAL INC.

*"Marc Levy"*

Marc Levy  
CEO



MEYERS NORRIS PENNY LLP

British Columbia Securities Commission  
Alberta Securities Commission  
Manitoba Securities Commission  
TSX Venture Exchange

28 June 2010

Dear Sirs:

Re: Lornex Capital Inc.

As required by Section 4.11 of National Instrument 51-102, we have reviewed the information contained in the Notice of Change of Auditor dated June 28, 2010 for the above company and have the following comments:

With exception to paragraph (a), with which we agree, we have no basis on which to agree or disagree with the statements made in paragraphs (b) and (c).

We understand that the Notice of Change of Auditor, along with this letter and a similar letter from Minni, Clark & Company, the resigning auditors, will be provided to the company's registered shareholders with the meeting materials relating to the company's next annual general meeting of the shareholders.

Yours truly,

*Meyers Norris Penny LLP*

MEYERS NORRIS PENNY LLP

/JJC  
encls.



CHARTERED ACCOUNTANTS & BUSINESS ADVISORS  
2300 - 1055 DUNSMUIR STREET VANCOUVER, BC V7X 1J1  
PH. (604) 685-8408 FAX (604) 685-8594 www.mnp.ca

**MINNI, CLARK & COMPANY**  
CERTIFIED GENERAL ACCOUNTANT

SUITE 200 – 551 HOWE STREET  
VANCOUVER, BRITISH COLUMBIA  
CANADA V6C 2C2

Jerry A. Minni, C.G.A. \*  
Bryce A. Clark, C.G.A. \*

TELEPHONE: (604)683-0343  
FAX: (604)683-4499

\* *Incorporated Professional*

July 20, 2010

British Columbia Securities Commission  
P.O. Box 10142, Pacific Centre  
500 - 701 West Georgia Street  
Vancouver, B.C. V7Y 1L2  
Attn: Statutory Filings

and

Alberta Securities Commission  
4<sup>th</sup> Floor, 300 – 5<sup>th</sup> Avenue S.W.  
Calgary, Alberta  
T2P 3C4  
Attn: Statutory Filings

Dear Sirs:

**RE: LORNE CAPITAL INC. (The "Company") – NOTICE OF CHANGE OF AUDITOR.**

As the former auditor of the Company and pursuant to National Policy No. 31 of the Canadian Securities Administrators, we have reviewed the Notice of Change of Auditor dated June 28, 2010 (the "Notice") for the Company and, based on our knowledge of the information at the time, we agree with the following information contained in the Notice:

The Company has requested and has accepted the resignation of its auditor, Minni, Clark & Company of Vancouver, British Columbia, effective June 24, 2010 and Meyers Norris Penny LLP of Vancouver, British Columbia, has been appointed the Company's auditor in their stead to hold office until the next annual general meeting of the Company.

There have been no reservations in the reports of Minni, Clark & Company on the financial statements of the Company for the two most recently completed fiscal years preceding the date of this Notice.

The resignation of the former auditor has been considered and the appointment of the successor auditor has been approved by the Company's Board of Directors.

There were no reportable events between Minni, Clark & Company, Certified General Accountants.

We understand that the Notice, this letter and a letter from the successor auditor will be disclosed in the Informational Circular to be mailed to all shareholders of the Company for the Company's next Annual General and Special Meeting at which time action is to be taken concerning the Change of Auditor.

Yours truly,

***"MINNI, CLARK & COMPANY"***

Minni, Clark & Company  
Certified General Accounts