

# **JERICO EXPLORATIONS INC.**

## **MANAGEMENT INFORMATION CIRCULAR**

The information contained in this Information Circular, unless otherwise indicated, is as of February 24, 2012.

This Information Circular is being mailed by the management of Jerico Explorations Inc. (“Jerico” or the “Corporation”) to everyone who was a shareholder of record of Jerico on February 24, 2012, which is the date that has been fixed by the directors of Jerico as the record date to determine the shareholders who are entitled to receive notice of the meeting.

We are mailing this Information Circular in connection with the solicitation of proxies by and on behalf of our management for use at the annual meeting of the shareholders of Jerico that is to be held on Thursday, March 29, 2012, at 2:00 p.m. (Pacific time) at the offices of our solicitors, Getz Prince Wells LLP, Suite 1810, 1111 West Georgia Street, Vancouver, British Columbia. The solicitation of proxies will be primarily by mail. Certain directors of Jerico may also solicit proxies by telephone or in person. The cost of solicitation will be borne by Jerico.

Under our By-laws, at least two shareholders entitled to vote at the meeting must be present in person or be represented by proxy before any action may validly be taken at the meeting. If such a quorum is not present in person or by proxy, we will reschedule the meeting.

### **PART 1 - VOTING**

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#### **HOW A VOTE IS PASSED**

All of the matters that will come to a vote at the meeting as described in the attached Notice of Meeting are ordinary resolutions and can be passed by a simple majority – that is, if more than half of the votes that are cast are in favour, then the resolution is approved. See Part 3 – The Business of the Meeting.

#### **WHO CAN VOTE?**

If you are a registered shareholder of Jerico as at February 24, 2012, you are entitled to attend at the meeting and cast a vote for each share registered in your name on all resolutions put before the meeting. If the shares are registered in the name of a corporation, a duly authorized officer of the corporation may attend on its behalf but documentation indicating such officer’s authority should be presented at the meeting. If you are a registered shareholder but do not wish to or cannot attend the meeting in person, you can appoint someone who will attend the meeting and act as your proxyholder to vote in accordance with your instructions (see “Voting by Proxy”). If your shares are registered in the name of a “nominee” (usually a bank, trust company, securities dealer or other financial institution) you should refer to the section entitled “Non-registered Shareholders” set out below.

It is important that your shares be represented at the meeting regardless of the number of shares you hold. If you will not be attending the meeting in person, we invite you to complete, date, sign and return your form of proxy as soon as possible so that your shares will be represented.

#### **VOTING BY PROXY**

If you do not come to the meeting, you can still make your votes count by appointing someone who will be there to act as your proxyholder. You can either tell that person how you want to vote or you can let him or her decide for you. You can do this by completing a form of proxy.

In order to be valid, you must return the completed form of proxy by 2:00 p.m. (Pacific time) on Tuesday, March 27, 2012, to our transfer agent, Computershare Trust Company of Canada, 9<sup>th</sup> Floor, 100 University Avenue, Toronto, Ontario M5J 2Y1; facsimile numbers: within North America 1-866-249-7775; outside North America 1-416-263-9524.

#### *What is a proxy?*

A form of proxy is a document that authorizes someone to attend the meeting and cast your votes for you. We have enclosed a form of proxy with this Information Circular. You should use it to appoint a proxyholder, although you can also use any other legal form of proxy.

#### *Appointing a proxyholder*

**You can choose any individual to be your proxyholder.** It is not necessary for the person whom you choose to be a shareholder of Jerico. To make such an appointment, simply fill in the person's name in the blank space provided in the enclosed form of proxy. To vote your shares, your proxyholder must attend the meeting. If you do not fill a name in the blank space in the enclosed form of proxy, the persons named in the form of proxy are appointed to act as your proxyholder. Those persons are Reinhold (Ron) Wiesendahl, the President and a director of Jerico, and Pamela Egger, a director of Jerico.

#### *Instructing your proxy*

You may indicate on your form of proxy how you wish your proxyholder to vote your shares. To do this, simply mark the appropriate boxes on the form of proxy. If you do this, your proxyholder must vote your shares in accordance with the instructions you have given.

If you do not give any instructions as to how to vote on a particular issue to be decided at the meeting, your proxyholder can vote your shares as he or she thinks fit. If you have appointed the persons designated in the form of proxy as your proxyholder they will, unless you give contrary instructions, vote your shares at the meeting as follows:

- ✓ **FOR the election of the proposed nominees as directors;**
- ✓ **FOR the re-appointment of Dale Matheson Carr-Hilton LaBonte LLP, Chartered Accountants, as our auditor;**
- ✓ **FOR the resolution to authorize the directors to fix the auditor's remuneration; and**
- ✓ **FOR the resolution giving annual approval of Jerico's 2009 Stock Option Incentive Plan.**

For more information about these matters, see Part 3 - The Business of the Meeting. **The enclosed form of proxy gives the persons named on it the authority to use their discretion in voting on amendments or variations to matters identified in the Notice of Meeting.** At the time of printing this Information Circular, the management of Jerico is not aware of any other matter to be presented for action at the meeting. If, however, other matters do properly come before the meeting, the persons named on the enclosed form of proxy will vote on them in accordance with their best judgment, pursuant to the discretionary authority conferred by the form of proxy with respect to such matters.

#### *Changing your mind*

If you want to revoke your proxy after you have delivered it, you can do so at any time before it is used. You may do this by (a) attending the meeting and voting in person; (b) signing a proxy bearing a later date; (c) signing a written statement which indicates, clearly, that you want to revoke your proxy and delivering this signed written

statement to the registered office of Jerico at Suite 1810, 1111 West Georgia Street, Vancouver, British Columbia V6E 4M3; or (d) in any other manner permitted by law.

Your proxy will only be revoked if a revocation is received by 5:00 in the afternoon (Pacific time) on the last business day before the day of the meeting, or any adjournment thereof, or delivered to the person presiding at the meeting before it (or any adjournment) commences. If you revoke your proxy and do not replace it with another that is deposited with us before the deadline, you can still vote your shares but to do so you must attend the meeting in person.

## NON-REGISTERED SHAREHOLDERS

If your shares are not registered in your own name, they will be held in the name of a “nominee,” usually a bank, trust company, securities dealer or other financial institution and, as such, your nominee will be the entity legally entitled to vote your common shares and must seek your instructions as to how to vote your shares.

Accordingly, unless you have previously informed your nominee that you do not wish to receive material relating to shareholders’ meetings, you will have received this Information Circular from your nominee, together with a form of proxy or a Request for Voting Instruction Form. If that is the case, **it is most important that you comply strictly with the instructions that have been given to you by your nominee on the voting instruction form.** If you have voted and wish to change your voting instructions, you should contact your nominee to discuss whether this is possible and what procedures you must follow.

If your shares are not registered in your own name, Jerico’s transfer agent will not have a record of your name and, as a result, unless your nominee has appointed you as a proxyholder, will have no knowledge of your entitlement to vote. If you wish to vote in person at the meeting, therefore, please insert your own name in the space provided on the form of proxy or voting instruction form that you have received from your nominee. If you do this, you will be instructing your nominee to appoint you as proxyholder. **Please adhere strictly to the signature and return instructions provided by your nominee.** It is not necessary to complete the form in any other respect, since you will be voting at the meeting in person. Upon arrival at the meeting, please register with the representative of Jerico’s transfer agent, Computershare Trust Company of Canada, who will act as scrutineer for the meeting.

## PART 2 – VOTING SHARES AND PRINCIPAL HOLDERS THEREOF

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Jerico has authorized voting capital of an unlimited number of common shares. Each shareholder is entitled to one vote for each common share registered in his or her name at the close of business on February 24, 2012, the date fixed by our directors as the record date for determining who is entitled to receive notice of and to vote at the meeting.

At the close of business on February 24, 2012, 6,699,001 common shares in the capital of Jerico were outstanding. To the knowledge of our directors and officers, the only persons or companies who or which beneficially owned, directly or indirectly, or exercised control or direction over 10% or more of our common shares on that date were:

Name <sup>(1)</sup>	Number of common shares <sup>(1)</sup>	Percentage of issued shares
Chrometech Investments Inc.	2,300,000	34.3%
Robert Disbrow	1,163,860	17.4%

<sup>(1)</sup> The information as to shares beneficially owned, not being within the knowledge of the management of Jerico, has been taken from publicly available insider reports filed by the respective individuals.

## PART 3 – THE BUSINESS OF THE MEETING

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### FINANCIAL STATEMENTS

The audited consolidated financial statements of Jerico for the year ended September 30, 2011 will be placed before you at the meeting. These financial statements have been mailed to shareholders together with Management's Discussion and Analysis for the year ended September 30, 2011, the Notice of Annual Meeting of Shareholders and this Information Circular.

### ELECTION OF DIRECTORS

Directors of Jerico are elected for a term of one year. The term of office of each of the nominees proposed for election as a director will expire at the meeting and each of them, if elected, will serve until the close of the next annual meeting, unless he or she resigns or otherwise vacates office before that time.

Pursuant to applicable legislation and TSX Venture Exchange Policy, the number of directors comprising Jerico's Board must be a minimum of three and, pursuant to Jerico's Articles of Incorporation, a maximum of ten, the exact number within such limits to be determined from time to time by the Board of Directors. Jerico currently has four directors. The Board of Directors believes this number of directors is sufficient to efficiently carry out the duties of the Board, as well as enhance the diversity of views, skills and experience the directors bring to the Board. Pursuant to Jerico's Bylaws, the Board of Directors has fixed the number of directors to be elected at the meeting at four.

#### *Nominees for Election*

The following are the nominees proposed for election as directors of Jerico, together with their principal occupations during the five preceding years and the number of common shares and stock options that are beneficially owned, directly or indirectly, or over which control or direction is exercised, by each nominee. All of the nominees are currently directors of Jerico. Each of the nominees has agreed to stand for re-election. If, however, one or more of them should become unable to stand for election, it is likely that one or more other persons would be nominated at the meeting for election and, in that event, the persons designated in the form of proxy prepared for the meeting will vote in their discretion for a substitute nominee.

Name, place of residence and relationship to Jerico	Principal occupation during the five preceding years	Director since	Number of common shares <sup>(2)</sup>	Number of options
<b>Reinhold (Ron) Wiesendahl<sup>(1)</sup></b> British Columbia, Canada <i>Director, President &amp; CEO</i>	Self-employed Certified General Accountant since May 2002; a director and Chief Financial Officer (from May 2006 to August 2010) of Hothead Games Inc., an independent Vancouver-based video game developer and publisher.	March 29, 2004	150,000	150,000
<b>Roy M. Wiesendahl</b> British Columbia, Canada <i>Chief Financial Officer, Secretary and Director</i>	Chief Executive Officer (since January 2003) of Coast Outfitter Van & RV Ltd., a privately held recreational vehicle manufacturing, sales and service company.	September 17, 2010	3,750	100,000
<b>Joel DeYoung<sup>(1)</sup></b> British Columbia, Canada <i>Director</i>	Director of Technology (since May 2006) and co-founder and a director of Hothead Games, Inc., an independent Vancouver-based video game developer and publisher; Producer (August 1997 to May 2006) with Radical Entertainment, a Vancouver-based video game developer.	November 9, 2010	9,000	100,000

Name, place of residence and relationship to Jerico	Principal occupation during the five preceding years	Director since	Number of common shares <sup>(2)</sup>	Number of options
<b>Pamela Egger</b> <sup>(1)</sup> British Columbia, Canada <i>Director</i>	Self-employed consultant with exchange listed junior start-up companies, since August 2007; director and VP Corporate Affairs (January 2008 to October 2009) of Swift Power Corp.; corporate finance/securities lawyer in Vancouver in several full service and boutique law firms (for various periods from 1997 to August 2007); Legal Associate (November 2006 to August 2007) with Davis & Co. LLP, a full service Vancouver law firm ; Senior Legal Counsel, Corporate Finance (September 2001 to November 2006) with the British Columbia Securities Commission.	March 27, 2008	Nil	100,000

<sup>(1)</sup> Member of the Audit Committee (see Part 6 – Audit Committee). This is the only committee of the Board of Directors.

<sup>(2)</sup> The information as to shares beneficially owned, not being within the knowledge of the management of Jerico, has been furnished by the respective individual or has been taken from publicly available insider reports filed by the respective individual.

Jerico's management recommends that shareholders vote in favour of the nominees for election as directors. **Unless you give other instructions, the persons named in the enclosed form of proxy intend to vote FOR the election of the four nominees as directors of Jerico for the ensuing year.**

#### APPOINTMENT OF THE AUDITOR

During the financial year ended September 30, 2011, Dale Matheson Carr-Hilton LaBonte LLP, Chartered Accountants, served as Jerico's auditor and have served as auditor of Jerico since its inception in 2004. See Part 6 – Audit Committee – External Auditor Service Fees.

Jerico's management recommends that shareholders vote in favour of the re-appointment of Dale Matheson Carr-Hilton LaBonte LLP, Chartered Accountants, as Jerico's auditor for the ensuing year and in favour of granting the Board of Directors the authority to determine the auditor's remuneration. **Unless you give other instructions, the persons named in the enclosed form of proxy intend to vote FOR the appointment of Dale Matheson Carr-Hilton LaBonte LLP to serve as our auditor until the close of our next annual meeting and also intend to vote FOR the proposed resolution to authorize the Board of Directors to fix the auditor's remuneration.**

#### ANNUAL APPROVAL OF STOCK OPTION PLAN

TSX Venture Exchange (the "Exchange") policies require that rolling stock option plans that set the number of shares issuable under the plan at a maximum of 10% of the issued and outstanding shares from time to time must be approved and ratified by shareholders and submitted to the Exchange for approval on an annual basis. At the meeting, shareholders will be asked to consider and, if thought advisable, pass, by way of an ordinary resolution, approval of our 2009 Stock Option Incentive Plan (the "2009 Plan") as required annually by the policies of the Exchange.

The Board of Directors of Jerico adopted the 2009 Plan on February 27, 2009 and implemented it upon receipt of shareholder and Exchange approvals received March 31, 2009 and May 12, 2009 respectively. The 2009 Plan was most recently approved by shareholders at the annual meeting held on March 17, 2011, and subsequently accepted by the Exchange on May 9, 2011.

### *Summary of the 2009 Plan*

The aggregate number of common shares reserved for issuance under the 2009 Plan, and common shares reserved for issuance under any other share compensation arrangement granted or made available by Jerico from time to time, may not exceed 10% of Jerico's outstanding common shares at the time of grant. The 2009 Plan must be approved and ratified by shareholders and submitted to the Exchange for approval on an annual basis. As of the date of this Circular, there are options outstanding and governed by the 2009 Plan entitling our directors and officers to purchase an aggregate 450,000 common shares of Jerico (as summarized in the table below) and the number of common shares remaining available for future issuance pursuant to options to be granted under the 2009 Plan, as of the date of this Circular, is 219,900.

<b>Date of grant</b>	<b>Options granted</b>	<b>Exercise price</b>	<b>Expiry date</b>
September 30, 2004	150,000	\$0.20	August 26, 2015 <sup>(1)</sup>
March 3, 2005	75,000	\$0.20	August 26, 2015 <sup>(1)</sup>
January 22, 2009	100,000	\$0.31	January 22, 2019
November 9, 2010	125,000	\$0.55	November 9, 2020
<b>Total</b>	<b>450,000</b>		

<sup>(1)</sup> Ten years from the date of listing of Jerico's common shares on the Exchange.

The 2009 Plan is administered by our Board of Directors and provides for grants of options to directors, officers, employees of and consultants to Jerico at the discretion of the Board. The term of any options granted under the 2009 Plan will be fixed by the Board of Directors and may not exceed ten years. The exercise price of options granted under the 2009 Plan will be determined by the Board of Directors, but the exercise price must not be less than the lowest price permitted by the Exchange. Any options granted pursuant to the 2009 Plan will terminate at the end of the period of time (to be determined in each instance by the Board of Directors at the time of grant) such period of time to not be in excess of six months after the option holder ceases to act as a director, officer, employee of or consultant to Jerico or any of its affiliates, unless such cessation is on account of death, disability or termination of employment with cause. If such cessation is on account of disability or death, the options terminate on the first anniversary of such cessation, and if it is on account of termination of employment with cause, the options terminate immediately. The 2009 Plan also provides for adjustments to outstanding options in the event of any consolidation, subdivision, conversion or exchange of Jerico's shares. Our directors may, at their discretion at the time of any grant, impose a schedule over which period of time the option will vest and become exercisable by the optionee.

Subject to the approval of any stock exchange on which Jerico's securities are then listed, the Board may terminate, suspend or amend the terms of the 2009 Plan, provided that the Board may not do any of the following without obtaining, within 12 months either before or after the Board's adoption of a resolution authorizing such action, shareholder approval, and, where required, disinterested shareholder approval as contemplated by the policies of the Exchange, or by the written consent of the holders of a majority of the securities of Jerico entitled to vote:

1. increase the aggregate number of common shares which may be issued under the 2009 Plan;
2. materially modify the requirements as to the eligibility for participation in the 2009 Plan that would have the potential of broadening or increasing Insider participation;
3. add any form of financial assistance or any amendment to a financial assistance provision which is more favourable to participants under the 2009 Plan;
4. add a cashless exercise feature, payable in cash or securities, which does not provide for a full deduction of the number of underlying securities from the 2009 Plan reserve; and
5. materially increase the benefits accruing to participants under the 2009 Plan.

However, the Board may amend the terms of the 2009 Plan to comply with the requirements of any applicable regulatory authority without obtaining shareholder approval, including:

1. amendments to the 2009 Plan of a housekeeping nature;
2. a change to the vesting provisions of a security or the 2009 Plan; and
3. a change to the termination provisions of a security or the 2009 Plan which does not entail an extension beyond the original expiry date.

A copy of the 2009 Plan is available for viewing by shareholders at Jerico's registered office located at Suite 1810, 1111 West Georgia Street, Vancouver, British Columbia, during normal business hours at any time up to and including the day prior to the meeting or any adjournment thereof, as well as at the meeting to which this Circular relates. See also Part 5 – Securities Authorized for Issuance under Equity Compensation Plans.

#### *Approval of the 2009 Plan*

The 2009 Plan must be approved annually by our shareholders, as well as by the Exchange. Shareholders will be asked at the meeting to vote on the following resolution:

“RESOLVED THAT:

- (1) the Corporation's 2009 Stock Option Incentive Plan (the “2009 Plan”), all as more particularly described in the Corporation's Information Circular dated February 24, 2012, with such changes to the 2009 Plan as may be required by the TSX Venture Exchange, is approved, ratified and confirmed; and
- (2) any director or officer of the Corporation is hereby authorized for and on behalf of the Corporation to execute and deliver all documents and instruments and to take such other actions as such director or officer may determine to be necessary or desirable to implement these resolutions and the matters authorized hereby, such determination to be conclusively evidenced by the execution and delivery of any such documents or instruments and the taking of any such actions.”

#### *Recommendation*

We believe the 2009 Plan enables us to better align the interests of our directors and officers with those of our shareholders and reduces the cash compensation Jerico would otherwise have to pay. Our Board of Directors recommend that shareholders vote FOR the resolution giving annual approval of the 2009 Plan. **Unless you give other instructions, the persons named in the enclosed form of proxy intend to vote FOR the resolution approving the 2009 Plan.**

## **PART 4 – EXECUTIVE COMPENSATION**

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### **Compensation Discussion and Analysis**

The purpose of this Compensation Discussion and Analysis is to provide information about Jerico's executive compensation objectives and processes and to discuss compensation decisions relating to its named executive officers (“Named Executive Officers”) listed in the Summary Compensation Table that follows. During its fiscal year ended September 30, 2011, the following individuals were Named Executive Officers of Jerico, as determined by applicable securities legislation:

- Reinhold (Ron) Wiesendahl, President and Chief Executive Officer; and
- Roy M. Wiesendahl, Chief Financial Officer and Secretary.

Jerico is an exploratory stage mineral exploration company engaged in the evaluation and exploration of mineral property interests in Arizona and does not anticipate generating revenues from operations in the near future. As such, Jerico has, to date, operated with limited financial resources to ensure that funds are available to complete scheduled exploration programs. As a result, the Board of Directors has to consider not only the financial situation

of Jerico at the time of determination of executive compensation, but also the estimated financial situation of Jerico in the mid- and long-term. An important element of executive compensation is that of stock options, which does not require cash disbursement by Jerico. Additional information about Jerico and its operations is available in our audited consolidated financial statements and Management's Discussion & Analysis for the year ended September 30, 2011, copies of which have been mailed with this Circular, and which have been electronically filed with regulators and are available for viewing through the Internet at the Canadian System for Electronic Document Analysis and Retrieval (SEDAR) at [www.sedar.com](http://www.sedar.com).

#### *Compensation Objectives and Principles*

While Jerico is in the initial exploration stage, Jerico's executive officers provide administrative services to Jerico without monetary remuneration. The fair value of management and administrative services received by Jerico is estimated to be \$1,500 per month, plus incidental annual expenses of \$2,000, these fair values determined based on market value estimates for time and expertise. As noted in the notes to Jerico's audited consolidated financial statements for the year ended September 30, 2011, \$20,000 has been recorded in the statements of loss and deficit and included as an addition to contributed surplus.

#### *Compensation Process*

Jerico relies solely on its Board of Directors, through discussion without any formal objectives or criteria, in determining the compensation of its executive officers. The Board of Directors is responsible for determining all forms of compensation, including long-term incentives in the form of stock options to be granted to the Named Executive Officers, as well as to our directors. Jerico does not currently have a contractual arrangement with, nor has the Board of Directors consulted with, any executive compensation consultant with respect to the fiscal year ended September 30, 2011.

#### *Option-Based Awards*

Options to purchase common shares of Jerico are intended to align the interests of Jerico's directors and its Named Executive Officers with those of its shareholders, to provide a long term incentive that rewards these individuals for their contribution to the creation of shareholder value and to reduce the cash compensation Jerico would otherwise have to pay. Jerico's Stock Option Incentive Plan is administered by the Board of Directors. In establishing the number of the incentive stock options to be granted to the Named Executive Officers, reference is made to the number of stock options granted to officers of other publicly traded companies that, similar to Jerico, are involved in the mining industry, as well as those of other publicly traded Canadian companies of a comparable size to that of Jerico in respect of assets. The Board of Directors also considers previous grants of options and the overall number of options that are outstanding relative to the number of outstanding common shares in determining whether to make any new grants of options and the size and terms of any such grants, as well as the level of effort, time, responsibility, ability, experience and level of commitment of the executive officer in determining the level of incentive stock option compensation. See Part 4 – Executive Compensation – Named Executive Officer Compensation – Incentive Plan Awards - Outstanding Option-Based Awards below, as well as Part 3 – The Business of the Meeting – Annual Approval of Stock Option Plan and Part 5 – Securities Authorized for Issuance under Equity Compensation Plans.

#### *Benefits and Perquisites*

Jerico does not, as of the date of this Circular, offer any benefits or perquisites to its Named Executive Officers other than entitlement to incentive stock options as otherwise disclosed and discussed herein.

### **Named Executive Officer Compensation**

#### *Summary Compensation Table*

The following table provides a summary of the compensation earned by, paid to, or accrued and payable to, each Named Executive Officer during the fiscal years ended September 30, 2011 and September 30, 2010. Amounts



reported in the table below are in Canadian dollars, the currency that Jerico uses in its consolidated financial statements.

Name and principal position	Financial year ended Sep 30	Salary (\$)	Share-based awards (\$)	Option-based awards (\$)	Non-equity incentive plan compensation (\$)		Pension value (\$)	All other compensation (\$)	Total Compensation (\$)
					Annual incentive plans	Long-term incentive plans			
Reinhold (Ron) Wiesendahl	2011	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	2010	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	2009	Nil	Nil	12,755 <sup>(1)</sup>	Nil	Nil	Nil	Nil	12,755
<i>President and CEO</i>									
Roy M. Wiesendahl	2011	Nil	Nil	8,511 <sup>(2)</sup>	Nil	Nil	Nil	Nil	8,511
	2010	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	2009	Nil	Nil	6,378 <sup>(3)</sup>	Nil	Nil	Nil	Nil	6,378
<i>CFO and Secretary</i>									

<sup>(1)</sup> Fair value of the extension of the expiry date of previously granted options to purchase 150,000 common shares in the capital of Jerico at a per share price of \$0.20 until August 26, 2015, which term was extended on June 8, 2009 for five years from the original expiry date of August 26, 2010.

<sup>(2)</sup> The grant date fair value of incentive stock options to purchase 25,000 common shares in the capital of Jerico at a per share exercise price of \$0.55 until November 9, 2020, estimated using the Black-Scholes option pricing model (see Note 6 to Jerico's audited consolidated financial statements for the year ended September 30, 2011, for the assumptions and estimates used for this calculation).

<sup>(3)</sup> Fair value of the extension of the expiry date of previously granted options to purchase 75,000 common shares in the capital of Jerico at a per share price of \$0.20 until August 26, 2015, which term was extended on June 8, 2009 for five years from the original expiry date of August 26, 2010.

## Incentive Plan Awards

### Outstanding Option-Based Awards

The following table sets out option-based awards granted to our Named Executive Officers that were outstanding at September 30, 2011.

Named Executive Officer	Option-based Awards				Share-based Awards	
	Number of common shares underlying unexercised options (#)	Option exercise price (\$)	Option expiry date	Value of unexercised in-the-money options <sup>(1)(2)</sup> (\$)	Number of shares or units of shares that have not vested (#)	Market <sup>(2)</sup> or payout value of share-based awards that have not vested (\$)
Reinhold (Ron) Wiesendahl	150,000	0.20	Aug 26, 2015 <sup>(3)</sup>	30,000	Nil	N/A
Roy M. Wiesendahl	75,000	0.20	Aug 26, 2015 <sup>(3)</sup>	15,000	Nil	N/A
	25,000	0.55	Nov 9, 2020	Nil	Nil	N/A

<sup>(1)</sup> The value of unexercised "in-the-money options" at the financial year-end is the difference between the option exercise price and the market value of the underlying stock on the TSX Venture Exchange at year end.

<sup>(2)</sup> The market value of the shares is the closing price of Jerico's common shares on the TSX Venture Exchange on September 30, 2011. The closing price of the shares on September 26, 2011 (the last day that the common shares traded prior to September 30, 2011) was \$0.40.

<sup>(3)</sup> The expiry date of these options was extended by Jerico's Board of Directors for five years from the original expiry date of August 26, 2010, following receipt of disinterested shareholder and TSX Venture Exchange approvals.

### *Incentive Plan Awards – Value Vested or Earned During the Year*

No options were exercised by our Named Executive Officers during Jerico's financial year ended September 30, 2011. Further, incentive stock options previously granted to our Named Executive Officers in 2004 and 2005 vested over an 18 month period and became fully vested prior to the beginning of Jerico's financial year ended September 30, 2011. Stock options granted to Roy Wiesendahl on November 9, 2010, vest over an 18 month period commencing on November 9, 2010 and will become fully vested on May 9, 2012 and the market price of Jerico's common shares on the TSX Venture Exchange was not, on any of the vesting dates, higher than the \$0.55 exercise price of the stock options granted to Roy Wiesendahl. As such, there was no value earned by our Named Executive Officers during the financial year ended September 30, 2011, as a result of vesting of incentive stock options (value being the aggregate dollar value that would have been realized if options had been exercised on the vesting date - that is, the difference between the market price of the underlying shares and the option exercise price on the vesting date) or as a result of exercise of stock options.

### ***Pension Plan Benefits***

Jerico does not offer any pension plan benefits to its Named Executive Officers.

### ***Termination and Change of Control Benefits***

Jerico is not a party to any contract, agreement, plan or arrangement with its Named Executive Officers that provides for payments to Named Executive Officers at, following, or in connection with any termination (whether voluntary, involuntary or constructive), resignation or retirement, or as a result of a change in control of Jerico or a change in a Named Executive Officer's responsibilities.

### **Director Compensation**

We do not compensate our directors for their services as such. Directors are entitled to be reimbursed for reasonable expenditures incurred in performing their duties as directors, and Jerico may, from time to time, grant to its directors incentive stock options to purchase common shares (see "Outstanding Option-Based Awards" below).

The following disclosure of director compensation for Jerico's most recently completed financial year ended September 30, 2011, excludes compensation of Ron Wiesendahl in his capacity as President and Chief Executive Officer and excludes compensation of Roy Wiesendahl, Jerico's Chief Financial Officer. Ron Wiesendahl and Roy Wiesendahl do not receive additional compensation for serving as directors of Jerico and their compensation is disclosed above at Part 4 – Executive Compensation – Named Executive Officer Compensation.

<b>Name</b>	<b>Fees earned (\$)</b>	<b>Share-based awards (\$)</b>	<b>Option-based awards (\$)</b>	<b>Non-equity incentive plan compensation (\$)</b>	<b>Pension value (\$)</b>	<b>All other compensation (\$)</b>	<b>Total (\$)</b>
Joel DeYoung	Nil	Nil	34,044 <sup>(1)</sup>	Nil	Nil	Nil	34,044
Pamela Egger	Nil	Nil	Nil	Nil	Nil	Nil	Nil

<sup>(1)</sup> The grant date fair value of incentive stock options to purchase 100,000 common shares in the capital of Jerico at a per share exercise price of \$0.55 until November 9, 2020, estimated using the Black-Scholes option pricing model (see Note 6 to Jerico's audited consolidated financial statements for the year ended September 30, 2011, for the assumptions and estimates used for this calculation).

### ***Outstanding Option-Based Awards***

The following table sets out option-based awards granted to our non-executive directors that were outstanding at September 30, 2011. No share-based awards, other than incentive stock options, have been granted to the directors. See also Part 4 – Executive Compensation – Named Executive Officer Compensation – Incentive Plan Awards for outstanding options held by Ron Wiesendahl and Roy Wiesendahl.

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)(2)</sup> (\$)	Number of shares or units of shares that have not vested (#)	Market <sup>(2)</sup> or payout value of share-based awards that have not vested (\$)
Joel DeYoung	100,000	0.55	Nov 9, 2020	Nil	Nil	N/A
Pamela Egger	100,000	0.31	Jan 22, 2019	9,000	Nil	N/A

<sup>(1)</sup> The value of unexercised “in-the-money options” at the financial year-end is the difference between the option exercise price and the market value of the underlying stock on the TSX Venture Exchange at year end.

<sup>(2)</sup> The market value of the shares is the closing price of Jerico’s common shares on the TSX Venture Exchange on September 30, 2011. The closing price of the shares on September 26, 2011 (the last day that the common shares traded prior to September 30, 2011) was \$0.40.

#### *Incentive Plan Awards – Value Vested or Earned During the Year*

No options were exercised by our non-executive directors during Jerico’s financial year ended September 30, 2011. Further, incentive stock options previously granted to Ms. Egger vested over an 18 month period and became fully vested prior to the beginning of Jerico’s financial year ended September 30, 2011. Stock options granted to Joel DeYoung on November 9, 2010, vest over an 18 month period commencing on November 9, 2010 and will become fully vested on May 9, 2012 and the market price of Jerico’s common shares on the TSX Venture Exchange was not, on any of the vesting dates, higher than the \$0.55 exercise price of the stock options granted to Mr. DeYoung. As such, there was no value earned by our non-executive directors during the financial year ended September 30, 2011, as a result of vesting of incentive stock options (value being the aggregate dollar value that would have been realized if options had been exercised on the vesting date - that is, the difference between the market price of the underlying shares and the option exercise price on the vesting date) or as a result of exercise of stock options.

## **PART 5 – SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS**

The following information is as of September 30, 2011, Jerico’s most recently completed financial year.

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted-average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by securityholders <sup>(1)</sup>	450,000	\$0.32	219,900
Equity compensation plans not approved by securityholders	Not applicable	Not applicable	Not applicable
<b>Total</b>	<b>450,000</b>	<b>\$0.32</b>	<b>219,900</b>

<sup>(1)</sup> For a summary of the main features of our 2009 Stock Option Incentive Plan, see Part 3 – The Business of the Meeting – Annual Approval of Stock Option Plan.

## **PART 6 – AUDIT COMMITTEE**

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### **AUDIT COMMITTEE CHARTER**

The charter for the Audit Committee of the Board of Directors of Jerico is attached to this Circular as Appendix A.

### **AUDIT COMMITTEE MEMBERS**

During the financial year ended September 30, 2011, and as of the date of this Information Circular, Joel DeYoung, Pamela Egger and Ron Wiesendahl (Chair) are members of our Audit Committee. Joel DeYoung and Pamela Egger are considered by Jerico's Board to be independent of management, having applied the guidelines contained in applicable securities legislation, and all three of the Audit Committee members have the ability to read and understand financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by Jerico's financial statements.

In determining whether a director is independent, the Board considers, for example, whether the director has any interests or relationships – other than those arising from his shareholdings in Jerico – that could, or could be perceived to, interfere with the director's ability to objectively assess the performance of management, or to exercise independent judgement in the best interests of Jerico. On this basis and pursuant to applicable legislation, Ron Wiesendahl, by reason of his office as our President and Chief Executive Officer, is not considered to be independent.

### **RELEVANT EDUCATION AND EXPERIENCE**

All of the Audit Committee members have experience in financial matters and each has an understanding of accounting principles used to prepare financial statements and as to the general application of such accounting principles, as well as the internal controls and procedures necessary for financial reporting. In addition, each of the members of the Audit Committee have knowledge of the role of an audit committee from their respective experience as directors of, or association with, companies other than Jerico.

#### **Joel DeYoung**

Joel DeYoung earned a Master of Science degree in computer science from the University of British Columbia in 1996. He is currently the Director of Technology for Hothead Games, Inc., an independent Vancouver-based video game developer and publisher that creates products focused on the growing digital distribution market. He co-founded Hothead Games in 2006 and also serves on that company's Board of Directors. In his career he has worked in various capacities as a software developer, technical director and producer with such firms as Texas Instruments, Seagate Software (now SAP), Iobion Informatics (now Aligent Technologies) and Radical Entertainment. Mr. DeYoung also serves as the Chair of the Board of Directors of Modo The Car Co-op.

#### **Pamela Egger**

Pamela Egger earned a Bachelor of Law degree from the University of Saskatchewan in 1994 and she is a member of the British Columbia Law Society. Ms. Egger has been a self-employed consultant to exchange listed junior start-up companies since August 2007, and from January 2008 to October 2009 she was a director and the Vice President Corporate Affairs of Swift Power Corp., then a private company developing run-of-river hydro power projects within and outside British Columbia. Ms. Egger has practised as a corporate finance and securities lawyer with several full service and boutique law firms in Vancouver. She was an associate with Davis & Co. LLP, a full service Vancouver law firm from November 2006 to August 2007 and Senior Legal Counsel, Corporate Finance at the British Columbia Securities Commission from September 2001 to November 2006.

## Reinhold (Ron) Wiesendahl

Mr. Wiesendahl has been active in the mining, manufacturing, and marketing sectors in the Yukon and British Columbia. He became a certified general accountant and has been a member in good standing of the Certified General Accountants Association of British Columbia since June 1984. From March 1980 to March 1989, Mr. Wiesendahl was the controller of Sea West Engines Ltd., an importer and distributor of various generator and marine propulsion systems. From April 1992 to August 1996, Mr. Wiesendahl was the Chief Financial Officer of Grand Touring RV Mfrs. Inc., a production and marketing company he founded with his eldest son in July of 1989. From September 1996 to April 2002, Mr. Wiesendahl was employed as Chief Financial Officer of Volvo Penta Canada Inc., a global manufacturer of engines and complete power systems for both marine and industrial applications. Since his retirement from Volvo Penta in May 2002, Mr. Wiesendahl has been a semi-retired, self-employed accountant. From May 2006 to August 2010, Mr. Wiesendahl was a director of Hothead Games Inc., a producer and marketer of interactive electronic media games and entertainment in Vancouver, and from May 2006 to August 2010, he was the Chief Financial Officer of Hothead Games on a part-time, contractual basis. He was a director and the President of Crossroads Explorations Inc., a junior mining issuer from its incorporation on September 2, 2003 to April 12, 2007, when the issuer completed a reverse take over transaction pursuant to the policies of the TSX Venture Exchange.

## EXTERNAL AUDITOR SERVICE FEES

Aggregate audit fees billed by Dale Matheson Carr-Hilton LaBonte LLP, Jerico's external auditor, for services rendered with respect to each of the last two completed financial years were as follows:

	<b>Fiscal year ended September 30, 2011</b>	<b>Fiscal year ended September 30, 2010</b>
Audit fees.....	\$10,800	\$10,000
Audit related fees <sup>(1)</sup> .....	Nil	\$500
Tax fees <sup>(2)</sup> .....	Nil	\$2,000
Other fees <sup>(3)</sup> .....	\$216	\$210

<sup>(1)</sup> Review of Management's Discussion & Analysis.

<sup>(2)</sup> Professional services rendered with respect to and/or preparation of corporate tax returns for Jerico and its subsidiary.

<sup>(3)</sup> Reimbursement of Canadian Public Accountability Board fees.

## AUDIT COMMITTEE OVERSIGHT

At no time since the commencement of Jerico's most recently completed financial year ended September 30, 2011, was a recommendation of the Audit Committee to nominate or compensate an external auditor not adopted by Jerico's Board of Directors.

## PRE-APPROVED POLICIES AND PROCEDURES FOR NON-AUDIT SERVICES

Jerico's Audit Committee Charter provides that management seek pre-approval from the Audit Committee for all non-audit services to be provided to Jerico, or to its subsidiary, by Dale Matheson Carr-Hilton LaBonte LLP, Jerico's external auditor, prior to engaging the external auditor to perform any such non-audit services, in light of any potential impact on the external auditor's independence. Jerico has not, as of the date of this Circular, adopted any specific policies and procedures for the engagement of non-audit services.

## RELIANCE ON EXEMPTION

As Jerico is a "venture issuer" pursuant to relevant securities legislation, we are relying on the exemption in Section 6.1 of National Instrument 52-110 - *Audit Committees* ("NI 52-110") from the requirements of Part 3 (*Composition of the Audit Committee*) and Part 5 (*Reporting Obligations*) of NI 52-110.

## **PART 7 – CORPORATE GOVERNANCE**

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Follows is a summary of Jerico's approach to corporate governance.

### ***Board of Directors***

Our Board of Directors believes in the exercise of independent supervision over management and strives to ensure that the Board is adequately represented by independent directors. The Board, at present, is comprised of four directors, of which Joel DeYoung and Pamela Egger are considered by Jerico's Board to be independent, having applied the guidelines contained in applicable securities legislation. In determining whether a director is independent, the Board considers, for example, whether the director has any interests or relationships which could, or could be perceived to, interfere with the director's ability to objectively assess the performance of management, or to exercise independent judgement in the best interests of Jerico. On this basis, Ron Wiesendahl, by reason of his office as President and Chief Executive Officer of Jerico, and Roy Wiesendahl, by reason of his office as Chief Financial Officer of Jerico, are not considered to be independent.

Our Board delegates to management, through the President and Chief Executive Officer, the responsibility for meeting defined corporate objectives, implementing approved strategic and operating plans, carrying on Jerico's business in the ordinary course, managing cash flow, evaluating new mineral resource properties and exploration opportunities, recruiting staff (or consultants) and complying with applicable regulatory requirements. Our Board also looks to management to furnish recommendations respecting corporate objectives, long-term strategic plans and annual operating plans. Board consideration and approval is required for all material contracts, business transactions and all debt and equity financing proposals.

### ***Directorships***

As of the date of this Circular, none of our directors, who are also nominees for re-election as directors of Jerico at the meeting to which this Circular relates, is a director of any other reporting issuer (or equivalent) in a jurisdiction or a foreign jurisdiction.

### ***Orientation and Continuing Education***

Jerico has not yet developed an official orientation or training program for new directors. Orientation activities are tailored to the particular needs and experience of each director and the overall needs of the Board. New directors have opportunity to become familiar with Jerico and its operations by meeting with the other directors and with our executive officers and by reviewing relevant financial information, reports on operations and results, public disclosure filings, committee charters and other background information relating to Jerico's business.

### ***Ethical Business Conduct***

Our Board monitors the ethical conduct of Jerico in conducting its business and operations and ensures that it complies with applicable legal and regulatory requirements, such as those of relevant securities commissions and stock exchanges. The Board has found that the fiduciary duties placed on individual directors by applicable corporate law, as well as the restrictions placed by applicable corporate legislation on an individual director's participation in decisions of the Board in which the director has an interest, have been sufficient to date to ensure that the Board operates independently of management and in the best interests of our business and operations, as well as shareholders' interests.

### ***Nomination of Directors***

Our Board of Directors considers its size each year when it considers the number of directors to recommend to our shareholders for election at the annual meeting of shareholders, taking into account the number required to carry out the Board's duties effectively and to maintain diversity of view and experience. Our Board has not appointed a nominating committee and these functions are currently performed by the Board as a whole.

### ***Compensation***

Our Board of Directors is responsible for determining all forms of compensation to be granted to the Chief Executive Officer and the other executive officers of Jerico. Since its inception, the only compensation awarded by Jerico to our executive officers and to our directors has been in the form of long-term incentive stock options. See Part 4 – Executive Compensation.

### ***Committees of the Board of Directors***

Our Board of Directors has, to date, only appointed one committee, the Audit Committee.

The Audit Committee is currently comprised of Joel DeYoung, Pamela Egger, and Ron Wiesendahl (Chair). The Audit Committee is responsible for the policies and practices relating to integrity of Jerico's financial and regulatory reporting, as well as internal controls to achieve the objectives of safeguarding Jerico's assets; reliability of financial information; and compliance with policies and laws. For further information regarding the mandate of the Audit Committee, its specific authority, duties and responsibilities, as well as the Audit Committee Charter, see Part 6 – Audit Committee.

### ***Assessments***

Our Board does not formally review the contributions of individual directors. However, our directors believe that the Board's current size facilitates informal discussion and evaluation of members' contributions within that framework. It is intended that, with the evolution of our operations and corporate governance policies, a more formal assessment process will be developed over time.

## **PART 8 – OTHER INFORMATION**

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### **INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS**

Since the beginning of the most recently completed financial year ended September 30, 2011 and as at the date of this Circular, no director, executive officer or employee or former director, executive officer or employee of Jerico, nor any nominee for election as a director of Jerico, nor any associate of any such person, was indebted to Jerico or its subsidiary, Jerico Explorations Arizona, Inc., nor was any indebtedness to another entity the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by Jerico or its subsidiary.

### **INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS**

No proposed nominee for election as a director, and no director or officer of Jerico or its subsidiary, Jerico Explorations Arizona, Inc., who has served in such capacity since the beginning of the most recently completed financial year, and, to the best of the knowledge of Jerico's officers and directors, no shareholder holding of record or beneficially, directly or indirectly, more than 10% of Jerico's outstanding common shares, and none of the respective associates or affiliates of any of the foregoing, had or has any interest in any transaction with Jerico since the beginning of the most recently completed financial year or in any proposed transaction that has materially affected Jerico or its subsidiary or is likely to do so.

### **INTEREST OF CERTAIN PERSONS IN MATTERS TO BE ACTED ON AT THE MEETING**

Reinhold (Ron) Wiesendahl (President, Chief Executive Officer and a director), Joel DeYoung, Pamela Egger and Roy Wiesendahl have served as the directors and executive officers of Jerico since the beginning of Jerico's most recently completed financial year ended September 30, 2011.

None of the directors or executive officers of Jerico, no proposed nominee for election as a director of Jerico, none of the persons who have been directors or executive officers of Jerico since the commencement of Jerico's most

recently completed financial year, and, to the best of the knowledge of Jerico's officers and directors, none of the other insiders of Jerico and no associate or affiliate of any of the foregoing persons has any substantial interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted upon at the meeting other than the election of the directors and approval of the 2009 Stock Option Incentive Plan, all as more particularly described herein.

## **MANAGEMENT CONTRACTS**

The management functions of Jerico and its subsidiary, Jerico Explorations Arizona, Inc., are performed by the directors and executive officers of Jerico and we have no management agreements or arrangements under which such management functions are performed by persons other than our directors and executive officers. See Part 4 – Executive Compensation.

## **PENALTIES AND SANCTIONS**

As at the date of this Information Circular, no proposed director of Jerico or any of his or her personal holding companies 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 that would likely be considered important to a reasonable securityholder in deciding whether to vote for a proposed director.

## **CEASE TRADE ORDERS AND BANKRUPTCY**

As at the date of this Information Circular, no proposed nominee for election as a director of Jerico is, or has been, within 10 years before the date of this Information Circular, a director, chief executive officer or chief financial officer of any company (including Jerico and any personal holding companies of the proposed director) that, while that person was acting in that capacity:

- (a) was subject to a cease trade order (including any management cease trade order which applied to directors or executive officers of a company, whether or not the person is named in the order) or an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation (an "Order"); or
- (b) was subject to an Order that was issued after the proposed director ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer;

that was in effect for a period of more than 30 consecutive days.

In addition, no proposed director of Jerico is, as at the date of this Information Circular, or has been within 10 years before the date of this Information Circular, a director or executive officer of any company (including Jerico) 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.

## **PERSONAL BANKRUPTCY**

As at the date of this Information Circular, no proposed nominee for election as a director of Jerico has, within the ten years before the date of this Information Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or



compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the proposed director.

## **OTHER MATTERS**

Management of Jerico is not aware of any other matters to come before the meeting other than as set forth in the Notice of Meeting that accompanies this Information Circular. If any other matter properly comes before the meeting, it is the intention of the persons named in the enclosed form of proxy to vote the shares represented thereby in accordance with their best judgment on such matter.

## **MATTERS TO BE RAISED AT NEXT ANNUAL MEETING**

Any shareholder who wishes to submit to Jerico notice of any matter that the shareholder proposes to raise at Jerico's next annual shareholder meeting to be held in 2013, and have the proposal included in Jerico's proxy materials for that meeting, must send notice of the proposal as required by and in compliance with section 137 of the *Canada Business Corporations Act* to us no later than November 25, 2012. Any such proposal should be sent to Jerico at its registered office at Suite 1810, 1111 West Georgia Street, Vancouver, British Columbia V6E 4M3. Jerico is not obligated to include any shareholder proposal in its proxy materials for the 2013 annual shareholder meeting if the proposal is received after the November 25, 2012 deadline.

## **ADDITIONAL INFORMATION**

You may obtain additional financial information about Jerico in our audited consolidated financial statements and Management's Discussion and Analysis for the year ended September 30, 2011, copies of which are included with this Information Circular. Additional copies may be obtained without charge upon request to us at 308 – 5600 Andrews Road, Richmond, British Columbia V7E 6N1 or by telephone or facsimile to (604) 275-8544. You may also access Jerico's disclosure documents through the Internet on the Canadian System for Electronic Document Analysis and Retrieval (SEDAR) at [www.sedar.com](http://www.sedar.com).

## **DIRECTORS' APPROVAL**

The Board of Directors of Jerico Explorations Inc. has approved the contents of this Information Circular and the sending of it to each shareholder entitled to receive notice of the meeting to which it relates. A copy of this Information Circular has also been sent to each of Jerico's directors and to its external auditor.

Vancouver, British Columbia, February 24, 2012.

(signed) "*Reinhold (Ron) Wiesendahl*"

Reinhold (Ron) Wiesendahl  
President, Chief Executive Officer and a Director

**APPENDIX A**  
**to the Information Circular of**  
**JERICO EXPLORATIONS INC.**

**CHARTER FOR THE AUDIT COMMITTEE OF THE BOARD OF DIRECTORS**

**1. Purpose**

- 1.1. The Audit Committee is ultimately responsible for the policies and practices relating to integrity of financial and regulatory reporting, as well as internal controls to achieve the objectives of safeguarding of corporate assets; reliability of information; and compliance with policies and laws. Within this mandate, the Audit Committee's role is to:
- (a) support the Board of Directors in meeting its responsibilities to shareholders;
  - (b) enhance the independence of the external auditor;
  - (c) facilitate effective communications between management and the external auditor and provide a link between the external auditor and the Board of Directors; and
  - (d) increase the credibility and objectivity of the Corporation's financial reports and public disclosure.
- 1.2. The Audit Committee will make recommendations to the Board of Directors regarding items relating to financial and regulatory reporting and the system of internal controls following the execution of the Committee's responsibilities as described herein.
- 1.3. The Audit Committee will undertake those specific duties and responsibilities listed below and such other duties as the Board of Directors from time to time prescribe.

**2. Membership**

- 2.1. Each member of the Audit Committee must be a director of the Corporation.
- 2.2. The Audit Committee will consist of at least three members, the majority of whom are considered "independent" as that term is defined in Multilateral Instrument 52-110.
- 2.3. The members of the Audit Committee will be appointed annually by and will serve at the discretion of the Board of Directors.

**3. Authority**

- 3.1. In addition to all authority required to carry out the duties and responsibilities included in this charter, the Audit Committee has specific authority to:
- (a) engage, and set and pay the compensation for, independent counsel and other advisors as it determines necessary to carry out its duties and responsibilities; and
  - (b) communicate directly with management and any internal auditor, and with the external auditor without management involvement.

#### **4. Duties and Responsibilities**

##### **4.1. The duties and responsibilities of the Audit Committee include:**

- (a) recommending to the Board of Directors the external auditor to be nominated by the Board of Directors;
- (b) recommending to the Board of Directors the compensation of the external auditor;
- (c) reviewing the external auditor's audit plan, fee schedule and any related services proposals;
- (d) overseeing the work of the external auditor;
- (e) ensuring that the external auditor is in good standing with the Canadian Public Accountability Board and enquiring if there are any sanctions imposed by the CPAB on the external auditor;
- (f) ensuring that the external auditor meets the rotation requirements for partners and staff on the Corporation's audits;
- (g) reviewing and discussing with management and the external auditor the annual audited financial statements, including discussion of material transactions with related parties, accounting policies, as well as the external auditor's written communications to the Committee and to management;
- (h) reviewing the external auditor's report, audit results and financial statements prior to approval by the Board of Directors;
- (i) reporting on and recommending to the Board of Directors the annual financial statements and the external auditor's report on those financial statements, prior to Board approval and dissemination of financial statements to shareholders and the public;
- (j) reviewing financial statements, MD&A and annual and interim earnings press releases prior to public disclosure of this information;
- (k) ensuring adequate procedures are in place for review of all public disclosure of financial information by the Corporation, prior to its dissemination to the public;
- (l) overseeing the adequacy of the Corporation's system of internal accounting controls and internal audit process obtaining from the external auditor summaries and recommendations for improvement of such internal accounting controls;
- (m) ensuring the integrity of disclosure controls and internal controls over financial reporting;
- (n) resolving disputes between management and the external auditor regarding financial reporting;
- (o) establishing procedures to deal with complaints and concerns, from employees and others, regarding questionable accounting, internal accounting controls or auditing practices;
- (p) reviewing and approving the Corporation's hiring policies with respect to partners or employees (or former partners or employees) of either a former or the present external auditor;
- (q) pre-approving all non-audit services to be provided to the Corporation or any subsidiaries by the Corporation's external auditor; and
- (r) overseeing compliance with regulatory authority requirements for disclosure of external auditor services and Audit Committee activities.

##### **4.2. The Audit Committee will report, at least annually, to the Board regarding the Committee's examinations and recommendations.**

#### **5. Meetings**

##### **5.1. The quorum for a meeting of the Audit Committee is a majority of the members of the Committee who are not officers or employees of the Corporation or of an affiliate of the Corporation.**

- 5.2. The members of the Audit Committee must elect a chair from among their number and may determine their own procedures.
- 5.3. The Audit Committee may establish its own schedule that it will provide to the Board of Directors in advance.
- 5.4. The external auditor is entitled to receive reasonable notice of every meeting of the Audit Committee and to attend and be heard thereat.
- 5.5. A member of the Audit Committee or the external auditor may call a meeting of the Audit Committee.
- 5.6. The Audit Committee will meet separately with the President and separately with the Chief Financial Officer of the Corporation at least annually to review the financial affairs of the Corporation.
- 5.7. The Audit Committee will meet with the external auditor of the Corporation at least once each year, at such time(s) as it deems appropriate, to review the external auditor's examination and report.
- 5.8. The chair of the Audit Committee must convene a meeting of the Audit Committee at the request of the external auditor, to consider any matter that the auditor believes should be brought to the attention of the Board of Directors or the shareholders.

**6. Reports**

- 6.1. The Audit Committee will record its recommendations to the Board in written form which will be incorporated as a part of the minutes of the Board of Directors' meeting at which those recommendations are presented.

**7. Minutes**

- 7.1. The Audit Committee will maintain written minutes of its meetings, which minutes will be filed with the minutes of the meetings of the Board of Directors.

*Approved and adopted by the Board of Directors on August 15, 2005.*