

**CANADIAN OREBODIES INC.**

**301 – 141 Adelaide Street West  
Toronto, Ontario M5H 3L5**

**NOTICE OF ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS**

**NOTICE IS HEREBY GIVEN** that an annual and special meeting of the shareholders (the “**Meeting**”) of Canadian Orebodies Inc. (the “**Corporation**”) will be held at 141 Adelaide Street West, Suite 301, Toronto, Ontario on the 9<sup>th</sup> day of July, 2014, at 11:00 a.m. (Toronto time) for the following purposes:

1. to receive the audited financial statements of the Corporation for the fiscal year ended January 31, 2014, together with the report of the auditors thereon;
2. to elect directors;
3. to appoint auditors and to authorize the directors to fix the auditor’s remuneration;
4. to consider and, if thought appropriate, to pass an ordinary resolution, with or without variation, re-approving the Corporation’s “rolling” stock option plan which provides that the maximum number of common shares of the Corporation (the “**Common Shares**”) that may be reserved and set aside for issuance under the stock option plan shall not exceed 10% of the aggregate number of Common Shares outstanding (the “**Stock Option Plan Resolution**”);
5. to consider and, if thought appropriate, to pass a special resolution authorizing the board of directors of the Corporation, in its sole discretion, to consolidate the Common Shares at a ratio of up to five (5) to one (1), and to amend the Corporation’s articles accordingly, as described in further detail in the accompanying management information circular (the “**Consolidation Resolution**”);
6. to transact such further or other business as may properly come before the Meeting or any adjournment or adjournments thereof.

The nature of the business to be transacted at the Meeting, including the text of the Stock Option Plan Resolution and the Consolidation Resolution, is described in further detail in the accompanying management information circular dated June 2, 2014 which accompanies this notice.

The record date for the determination of shareholders entitled to receive notice of and to vote at the Meeting (the “**Record Date**”) is May 29, 2014. Shareholders whose names have been entered in the register of shareholders at the close of business on the Record Date will be entitled to receive notice of and to vote at the Meeting.

**A shareholder may attend the Meeting in person or may be represented by proxy. Shareholders who are unable to attend the Meeting, or any adjournment thereof, in person**

**are requested to date, sign and return the accompanying form of proxy (the “Proxy Form”) for use at the Meeting or any adjournment thereof. To be effective, the enclosed proxy must be deposited at the office of TMX Equity Financial Transfer Services, by mail to Suite 300, 200 University Avenue, Toronto, Ontario, M5H 4H1 or by fax to (416) 595-9593, not later than forty-eight (48) hours (excluding Saturdays, Sundays and statutory holidays in the Province of Ontario) prior to the time set for the Meeting or any adjournment thereof.**

The instrument appointing a proxy shall be in writing and shall be executed by the shareholder or the shareholder’s attorney authorized in writing or, if the shareholder is a company, under its corporate seal by an officer or attorney thereof duly authorized.

**The persons named in the enclosed form of proxy are directors and/or officers of the Corporation. Each shareholder of the Corporation has the right to appoint a proxyholder other than such persons, who need not be a shareholder, to attend and to act for such shareholder and on such shareholder’s behalf at the Meeting. To exercise such right, the names of the nominees of management should be crossed out and the name of the shareholder’s appointee should be legibly printed in the blank space provided on the Proxy Form.**

In the event of a strike, lockout or other work stoppage involving postal employees, all documents required to be delivered by a shareholder should be delivered by fax to TMX Equity Transfer Services at **(416) 595-9593**.

DATED at Toronto, Ontario as of the 2nd day of June, 2014.

BY ORDER OF THE BOARD OF DIRECTORS

*(signed) “Gordon McKinnon”*

**Gordon McKinnon  
President & Chief Executive Officer**

**CANADIAN OREBODIES INC.**  
**301 – 141 Adelaide Street West**  
**Toronto, Ontario M5H 3L5**

**MANAGEMENT INFORMATION CIRCULAR**  
**SOLICITATION OF PROXIES**

**THIS INFORMATION CIRCULAR IS FURNISHED IN CONNECTION WITH THE SOLICITATION BY THE MANAGEMENT OF CANADIAN OREBODIES INC.** (the “**Corporation**”) of proxies to be used at the annual and special meeting of shareholders (the “**Meeting**”) of the Corporation to be held at the time and place and for the purposes set forth in the enclosed notice of Meeting (the “**Notice of Meeting**”). While it is expected that the solicitation will be primarily by mail, proxies may also be solicited personally by regular employees of the Corporation at nominal cost. The cost of solicitation by management will be borne directly by the Corporation. The information contained herein is given as at June 2, 2014, unless indicated otherwise.

The Corporation may pay the reasonable costs incurred by persons who are the registered but not beneficial owners of common shares of the Corporation (the “**Common Shares**”) (such as brokers, dealers, other registrants under applicable securities laws, nominees and/or custodians) in sending or delivering copies of the Notice of Meeting, this information circular (the “**Information Circular**”) and the form of proxy (collectively, the “**Meeting Materials**”) to the beneficial owners of such Common Shares. The Corporation will provide, without cost to such persons, upon request to the Secretary of the Corporation, additional copies of the Meeting Materials required for this purpose.

**Notice and Access**

The Corporation has again decided to use the notice and access model (“**Notice and Access**”) provided for under National Instrument 54-101 - *Communication With Beneficial Owners of Securities of a Reporting Issuer* (“**NI 54-101**”) for the delivery of proxy-related materials to shareholders for the Meeting, which includes, among other things, the Meeting Materials. The Corporation has adopted this alternative means of delivery in order to further its commitment to environmental sustainability and to reduce its printing and mailing costs.

Under Notice and Access, the Corporation is permitted to deliver the Meeting Materials to shareholders by posting them on an acceptable website (such as the Corporation’s website or its transfer agent’s website). In order for a reporting issuer such as the Corporation to avail itself of the Notice and Access regime, it is required to send by mail a notice (the “**N&A Notice**”) to shareholders with information about the Notice and Access process and voting instructions as well as a voting instruction form or form of proxy. The Corporation has sent the N&A Notice to shareholders on or about June 9, 2014. The N&A Notice provided to shareholders indicates where the Meeting Materials have been posted and explains how a shareholder can access them online or obtain a paper copy of them from the Corporation, as well as other basic information

about the Meeting including, among other things, the matters to be voted on at the Meeting.

This Information Circular is available electronically under the Corporation's profile on SEDAR at [www.sedar.com](http://www.sedar.com).

Pursuant to the Notice and Access regime, the Corporation will provide a paper copy of the Information Circular directly to any shareholder upon request for a period of one year following the date of the filing of this Information Circular on SEDAR. If a request is made before the date of the Meeting, the Information Circular will be sent to the requesting shareholder within three business days of the request free of charge. The Corporation must receive your request prior to June 27, 2014 to ensure you will receive paper copies in advance of the deadline to submit your vote. If the request is made on or after the date of the Meeting, the Information Circular will be sent to the requesting shareholder within ten calendar days of the request free of charge.

### **NON-REGISTERED HOLDERS**

Only registered holders of Common Shares (the "**Shareholders**") at the close of business on May 29, 2014 (the "**Record Date**") or the persons they appoint as their proxies are permitted to vote at the Meeting. However, in many cases, Common Shares beneficially owned by a person (a "**Non-Registered Holder**") are registered either: (i) in the name of a nominee such as an intermediary (an "**Intermediary**") with whom the Non-Registered Holder deals in respect of the Common Shares (Intermediaries include, among others, banks, trust companies, securities dealers or brokers and trustees or administrators of self-administered RRSPs, RRIFs, RESPs and similar plans); or (ii) in the name of a clearing agency (such as CDS Clearing and Depository Services Inc.) of which the Intermediary is a participant. In accordance with the requirements of NI 54-101, the Corporation will have distributed copies of 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. Non-Registered Holders will be given, in substitution for the proxy otherwise contained in Meeting Materials, a request for voting instructions (the "**voting instructions form**") which, when properly completed and signed by the Non-Registered Holder and returned to the Intermediary, will constitute voting instructions which the Intermediary must follow.

The purpose of this procedure is to permit Non-Registered Holders to direct the voting of the Common Shares they beneficially own. Should a Non-Registered Holder who receives the voting instructions form wish to vote at the Meeting in person (or have another person attend and vote on behalf of the Non-Registered Holder), the Non-Registered Holder should so indicate in the place provided for that purpose in the voting instructions form and a form of legal proxy will be sent to the Non-Registered Holder by the applicable Intermediary. **In any event, Non-Registered Holders should carefully follow the instructions of their Intermediary set out in the voting instructions form.**

### **NON-OBJECTING BENEFICIAL OWNERS**

The Company is taking advantage of those provisions of National Instrument 54-101 –

*Communication with Beneficial Owners of Securities of a Reporting Issuer* of the Canadian Securities Administrators, which permit the Company to deliver proxy-related materials directly to its NOBOs. As a result, NOBOs can expect to receive a scannable Voting Instruction Form (“VIF”) from Equity. These VIFs are to be completed and returned to Equity as set out in the instructions provided on the VIF. Equity will tabulate the results of the VIFs received from NOBOs and will provide appropriate instructions at the Meeting with respect to the shares represented by the VIFs it receives. This Information Circular, with related material, is being sent to both registered and non registered owners of the shares of the Company. If you are a non-registered owner, and the Company or its agent has sent these materials directly to you, your name and address and information about your shares have been obtained in accordance with applicable securities regulatory requirements from the intermediary who holds your shares on your behalf. By choosing to send these materials to you directly, the Company (and not the intermediary holding your shares on your behalf) has assumed responsibility for (i) delivering these materials to you, and (ii) executing your proper voting instructions. Please return your VIF as specified in your request for voting instructions that you receive.

### **APPOINTMENT AND REVOCATION OF PROXIES**

The persons named in the enclosed form of proxy are directors and/or officers of the Corporation. **A SHAREHOLDER DESIRING TO APPOINT SOME OTHER PERSON, WHO NEED NOT BE A SHAREHOLDER, TO REPRESENT HIM, HER OR IT AT THE MEETING MAY DO SO** either by crossing out the names of the management nominees and inserting the name of the Shareholder’s appointee in the blank space provided in the form of proxy or by completing another proper form of proxy and, in either case, depositing the completed proxy at the office of the Corporation’s transfer agent and registrar, TMX Equity Transfer Services, by mail to **Suite 300, 200 University Avenue, Toronto, Ontario, M5H 4H1** or by fax to **(416) 595-9593**, not later than 48 hours (excluding Saturdays, Sundays and holidays in the Province of Ontario) before the time of the Meeting or any adjournment thereof at which the proxy is to be used.

A Shareholder who has given a proxy has the power to revoke it as to any matter on which a vote has not already been cast pursuant to the authority conferred by such proxy and may do so either:

1. by delivering another properly executed form of proxy bearing a later date and depositing it as described above;
2. by depositing an instrument in writing revoking the proxy executed by such Shareholder or by the Shareholder’s attorney authorized in writing:
  - (a) at the registered office of the Corporation at any time up to and including the last business day preceding the day of the Meeting, or any adjournment thereof, at which the proxy is to be used; or
  - (b) with the Chairman of the Meeting on the day of the Meeting or any adjournment thereof; or

3. in any other manner permitted by law.

Only a registered shareholder of the Corporation has the right to revoke a proxy. A Non-Registered Holder who wishes to change his, her or its vote must arrange for the Intermediary to revoke the proxy on his, her or its behalf in accordance with the instructions of such Intermediary set out in the voting instructions form.

A revocation of a proxy does not affect any matter on which a vote has been taken prior to the revocation.

### **EXERCISE OF DISCRETION BY PROXIES**

The Common Shares represented by proxies in favour of management nominees will be voted or withheld from voting in accordance with the instructions of the Shareholder on any ballot that may be called for and, if the Shareholder specifies a choice with respect to any matter to be acted upon at the Meeting, the Common Shares represented by the proxy shall be voted accordingly. **WHERE NO CHOICE IS SPECIFIED, THE PROXY WILL CONFER DISCRETIONARY AUTHORITY AND WILL BE VOTED FOR: (1) THE ELECTION OF EACH OF THE DIRECTORS; (2) THE APPOINTMENT OF AUDITORS AND THE AUTHORIZATION OF THE DIRECTORS TO FIX THEIR REMUNERATION; (3) THE RE-APPROVAL OF THE CORPORATION'S STOCK OPTION PLAN; AND (4) THE CONSOLIDATION RESOLUTION (AS DEFINED BELOW), ALL AS STATED ELSEWHERE IN THIS INFORMATION CIRCULAR. THE ENCLOSED FORM OF PROXY ALSO CONFERS DISCRETIONARY AUTHORITY UPON THE PERSONS NAMED THEREIN TO VOTE WITH RESPECT TO ANY AMENDMENTS OR VARIATIONS TO THE MATTERS IDENTIFIED IN THE NOTICE OF MEETING AND WITH RESPECT TO OTHER MATTERS WHICH MAY PROPERLY COME BEFORE THE MEETING IN SUCH MANNER AS SUCH NOMINEE IN HIS JUDGMENT MAY DETERMINE.** As at the date of this Information Circular the management of the Corporation knows of no such amendments, variations or other matters to come before the Meeting.

### **VOTING SECURITIES AND PRINCIPAL HOLDERS THEREOF**

The Corporation shall make a list of all Shareholders at the close of business on the Record Date and the number of Common Shares registered in the name of each such person on that date. Each Shareholder is entitled to one vote for each Common Share registered in his, her or its name as it appears on the list.

The authorized capital of the Corporation consists of an unlimited number of Common Shares. As at the Record Date, 163,420,290 Common Shares were issued and outstanding.

To the knowledge of the directors and executive officers of the Corporation, as of the Record Date, the only person or company beneficially owning, controlling or directing, directly or indirectly, voting securities carrying 10% or more of the voting rights attached to any class of outstanding voting securities of the Corporation is as follows:

Name	Type of Ownership	Number of Common Shares held	Percentage of Common Shares held
Stephanie McKinnon	Of record	17,495,232	10.7%
Northfield Capital Corporation	Of record	21,696,956 <sup>(1)</sup>	13.3%
Pinetree Capital Ltd.	Of record	18,502,000 <sup>(2)</sup>	11.3%

Notes:

- (1) This figure does not include the 3,277,778 Common Shares issuable upon the exercise of Common Share purchase warrants of the Corporation held by Northfield Capital Corporation.
- (2) This figure does not include the 1,000,000 Common Shares issuable upon the exercise of Common Share purchase warrants of the Corporation held by Pinetree Capital Limited.

## EXECUTIVE COMPENSATION

The Corporation reports its financial results in Canadian Dollars. Unless otherwise indicated, in this executive compensation disclosure.

The purpose of this Compensation Discussion and Analysis (“**CD&A**”) is to provide information about the Corporation’s executive compensation philosophy, objectives, and processes and to discuss compensation decisions relating to the Corporation’s senior leaders, being the two identified named executive officers (the “**NEOs**”) during the financial year ended January 31, 2014. The NEOs who are the focus of the CD&A and who appear in the compensation tables of this Information Circular are Gordon S. McKinnon, President and Chief Executive Officer of the Corporation (the “**CEO**”) and Fraser Laschinger, the Chief Financial Officer and Secretary of the Corporation (the “**CFO**”).

### Board Oversight of Compensation

Among its other duties, the Board of Directors of the Corporation (the “**Board**”) is responsible for (i) overseeing the Corporation’s human resources policies, executive compensation, management succession and development, and equity compensation plans, and (ii) ensuring that the Corporation’s executive compensation policies and programs are competitive and reflect the long term interest of the Corporation and its shareholders. Given the size of the Corporation and the number of directors on the Board, the Board has not delegated any of the above responsibilities to a committee of the Board and instead performs such functions itself. In performing its duties, the Board has the authority to engage such advisors, including executive compensation consultants, as it considers necessary.

In order to ensure that the process for determining executive compensation remains objective, the Board requires that executive directors remove themselves from any deliberations or determinations relating to their own compensation. The Board considers the experience and insight of the executive directors to be an asset in the Board’s discussions and decisions relating to human resources and general compensation matters and relies on their input in matters that are not directly related to their own compensation.

## **Compensation Program**

The primary goal of the Corporation's executive compensation program is to retain and motivate top quality individuals at the executive level. The program is designed to ensure that the compensation provided to the Corporation's executive officers is determined with regard to the Corporation's business strategy and objectives and financial condition, such that the financial interests of the executive officers are matched with the financial interests of the Corporation's shareholders. The Corporation strives to ensure that the Corporation's executive officers are compensated fairly and commensurately with their contributions to furthering the Corporation's strategic direction and objectives.

Neither the Corporation nor the Board currently has any contractual arrangement with any executive compensation consultant who has a role in determining or recommending the amount or form of executive officer or director compensation. The Board relies on the knowledge and experience of the members of the Board and the recommendations of the CEO to set appropriate levels of compensation for executive officers (other than the CEO).

## **Compensation Program Design**

The total compensation mix was designed on the basis of the Corporation's compensation objectives. Standard compensation arrangements for the Corporation's executive officers are composed of the following elements, which are linked to the Corporation's compensation and corporate objectives.

### ***Base Salary***

Base salary is determined for each of the Corporation's executive officers on an individual basis, taking into consideration the individual's experience, performance and contributions to the Corporation's success and competitive industry pay practices for comparable positions with the primary goal of retaining highly qualified executives in a competitive market environment.

### ***Stock Options***

The Board believes that stock options encourage the Corporation's executive officers to own and hold Common Shares which aligns their long-term interests directly to those of shareholders and helps to achieve the Corporation's objective of retaining highly qualified executives. Under the terms of the Corporation's stock option plan (the "**Stock Option Plan**"), the Board may propose and designate employees, including executive officers, eligible to receive options to acquire such numbers of Common Shares as the Board determines at an exercise price determined in accordance with the terms of the Stock Option Plan.

When granting options pursuant to the Stock Option Plan, consideration is given to the exercise price of the aggregate options that would be held by an individual after the award. In determining the individual grants, the Board considers the following factors: the executive officer's relative position and performance as well as past equity grants.



The incentive stock options granted to executive officers increase in value as the market price of the Common Shares increase, thereby linking equity-based executive compensation to shareholder returns.

The Board regularly assesses the individual performance of the Corporation's executive officers. Based on these assessments, the Board makes decisions concerning the nature and scope of the equity-based compensation to be paid to the Corporation's executive officers. The criteria upon which these assessments are based reflect the Board's views as to the nature and value of the contributions made by the executive officers to the achievement of the Corporation's corporate plans and objectives. The Board generally considers option grants following the annual meeting of shareholders, except in exceptional circumstances.

### **Compensation Process**

The Board has ultimate responsibility for the Corporation's compensation program and compensation decisions. The Board seeks the advice of the President and CEO and confers with the Corporation's legal counsel and CFO on matters that fall within their respective realms of responsibility in considering compensation decisions. The compensation of the President and CEO is reviewed and determined by the Board without the President and CEO. The Board reviews the performance of other executive officers with the President and CEO.

The Corporation is an exploratory stage mining company and will not be generating revenues from operations for a significant period of time, if at all. As a result, the use of traditional performance standards, such as corporate profitability, is considered by the Board to be inappropriate in the evaluation of corporate or NEO performance. The compensation of the Corporation's executive officers is based, in substantial part, on industry compensation practices, trends in the mining industry as well as achievement of the Corporation's business objectives. In determining executive compensation the Board generally relies on Board discussions without any formal objectives, criteria and analysis.

The Board uses all the relevant data available to it to ensure that the Corporation is maintaining a level of compensation that is both commensurate with the size of the Corporation and sufficient to retain personnel it considers essential to its success. In reviewing comparative data, the Board does not engage in benchmarking for the purpose of establishing compensation levels relative to any predetermined level. Independent surveys and informal surveys prepared by the Corporation regarding compensation paid to persons occupying similar positions with mining exploration companies of comparable size and stage of development provides the Board with insight into what is considered fair compensation.

### ***Option Granting***

Typically, the Board considers option grants following the annual meeting of shareholders, except in exceptional circumstances. The Board determines individual grants including the particulars with respect to all options granted to executive officers in accordance with the terms of the Stock Option Plan. In determining the nature and scope of such grants the Board considers the recommendations of the Board and the executive officer's relative position, performance and past equity grants. See "Securities Authorized for Issuance Under Equity

Compensation Plans - Stock Option Plan” for more information regarding the Stock Option Plan.

## Managing Compensation-Related Risk

The Board has not formally considered the implications of the risks associated with the Corporation’s compensation policies and practices. However, the Board believes that the Corporation’s compensation program is structured in a way that does not encourage excessive risk taking by its management. In particular, executive compensation is not tied to performance targets. Accordingly, no single metric or objective can significantly impact executive compensation in a given year.

## Restrictions on Financial Instruments

The Corporation does not have a policy that would prohibit a NEO or director from purchasing financial instruments, including prepaid variable forward contracts, equity swaps, collars or units of exchange funds, that are designed to hedge or offset a decrease in market value of equity securities granted as compensation or held, directly or indirectly, by the NEO or director. However, management is not aware of any NEO or director purchasing such an instrument.

## Summary Compensation Table

The following table provides a summary of the compensation earned by the NEOs for services rendered in all capacities during the financial years ended January 31, 2014, January 31, 2013 and January 31, 2012:

Name and Principal Position	Financial Year Ended	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			
Gordon S. McKinnon President, CEO and a Director	January 31, 2012	127,250	Nil	Nil	Nil	Nil	Nil	Nil	127,250
	January 31, 2013	207,000	Nil	88,358 <sup>(2)</sup>	Nil	Nil	Nil	Nil	295,358
	January 31, 2014	207,000	Nil	60,900 <sup>(3)</sup>	Nil	Nil	Nil	Nil	267,900
Fraser Laschinger <sup>(1)</sup> CFO and Secretary	January 31, 2012	51,000	Nil	57,065 <sup>(4)</sup>	Nil	Nil	Nil	Nil	108,065
	January 31, 2013	102,000	Nil	41,580 <sup>(2)</sup>	Nil	Nil	Nil	Nil	143,580
	January 31, 2014	141,000	Nil	39,150 <sup>(3)</sup>	Nil	Nil	Nil	Nil	180,150

Notes:

- (1) Mr. Laschinger joined the Corporation as Corporate Development Manager on August 1, 2011, and was appointed Chief Financial Officer effective March 1, 2013.
- (2) On April 5, 2012, Messrs. McKinnon and Laschinger were each granted 425,000 and 200,000 options respectively pursuant to the Stock Option Plan, each such option having an exercise price of \$0.25 and expiring on April 5, 2017. All issued options vested in full on their grant date. The amount in the table above represents the grant date fair value of such options. The grant date fair value was calculated in accordance with the Black-Scholes model using the Common Share price on the date of grant of \$0.22, with the key valuation assumptions being stock price volatility of 172%, risk free interest rate of 1.53%, no dividend yield, and expected life of 5 years.

- (3) On May 22, 2013, Messrs. McKinnon and Laschinger were each granted 1,050,000 and 675,000 options respectively pursuant to the Stock Option Plan, each such option having an exercise price of \$0.10 and expiring on May 22, 2018. All issued options vested in full on their grant date. The amount in the table above represents the grant date fair value of such options. The grant date fair value was calculated in accordance with the Black-Scholes model using the Common Share price on the date of grant of \$0.07, with the key valuation assumptions being stock price volatility of 130%, risk free interest rate of 1.38%, no dividend yield, and expected life of 5 years.
- (4) On August 5, 2011, Mr. Laschinger was granted 200,000 options pursuant to the Stock Option Plan, each such option having an exercise price of \$0.265 and expiring on August 5, 2016. All issued options vested in full on their grant date. The amount in the table above represents the grant date fair value of such options. The grant date fair value was calculated in accordance with the Black-Scholes model using the Common Share price on the date of grant of \$0.265, with the key valuation assumptions being stock price volatility of 147%, risk free interest rate of 2.37%, no dividend yield, and expected life of 5 years.

## Incentive Plan Awards

The following table provides details regarding outstanding NEO option and share-based awards as at January 31, 2014:

<i>Outstanding share-based awards and option-based awards</i>							
	Option-based Awards				Share-based Awards		
Name	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 that have not vested (#)	Market or payout value of share-based awards that have not vested (\$)	Market or payout value of vested share-based awards not paid out or distributed (\$)
Gordon S. McKinnon President, CEO and a Director	375,000	0.10	Sept. 17, 2014	Nil	N/A	N/A	N/A
	500,000	0.10	July 28, 2015	Nil			
	425,000	0.25	April 5, 2017	Nil			
	1,050,000	0.10	May 22, 2018	Nil			
Fraser Laschinger CFO and Secretary	200,000	0.265	Aug. 5, 2016	Nil	N/A	N/A	N/A
	200,000	0.25	April 5, 2017	Nil			
	675,000	0.10	May 22, 2018	Nil			

Note:

- (1) The options were not in-the-money based on the closing price of the Common Shares on the TSX Venture Exchange (the "TSXV") on January 31, 2014 (\$0.03 per Common Share), being the last trading day during the Corporation's financial year ended January 31, 2014. All issued options vested in full on their grant date.

The following table provides details regarding outstanding NEO option-based awards, share-based awards and non-equity incentive plan compensation, which vested and/or was earned during the year ended January 31, 2014:

<i>Incentive plan awards - value vested or earned during the year</i>			
<b>Name</b>	<b>Option-based awards - Value vested during the year<sup>(1)</sup> (\$)</b>	<b>Share-based awards - Value vested during the year (\$)</b>	<b>Non-equity incentive plan compensation - Value earned during the year (\$)</b>
Gordon S. McKinnon President, CEO and a Director	N/A	N/A	Nil
Fraser Laschinger CFO and Secretary	N/A	N/A	Nil

Note:

- (1) Intended to represent the aggregate dollar value that would have been realized if options had been exercised on the vesting date, based on the difference, if any between the market price of the Common Shares on the TSXV on the vesting date and the exercise price of the options. As the market price of the Common Shares was equal to or less than the exercise price of the options on the vesting date(s), no value would have been realized by the NEO if the NEO had exercised his options on the vesting date(s).

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

The Corporation has not entered into employment agreements with any of its employees or consulting agreements with any of its officers, except as described below.

The Corporation entered into an employment agreement effective January 1, 2012 (the “**Employment Agreement**”) with Mr. Gordon McKinnon, the President and CEO of the Corporation. Pursuant to the Employment Agreement, Mr. McKinnon is entitled to an annual salary of \$207,000 and Mr. McKinnon is eligible for grants of stock options as the Board may award from time to time. Subject to earlier termination as provided for therein, the initial term of the Employment Agreement expired on December 31, 2012 and was automatically renewed on such date, and on each successive anniversary date, for an additional one year period on the same terms and conditions unless re-negotiated. The Employment Agreement provides that Mr. McKinnon may terminate the agreement upon providing six months’ advance written notice. In addition, the Employment Agreement provides that Mr. McKinnon may terminate the Employment Agreement upon thirty days prior written notice to the Corporation for a period of three months prior or six months following the occurrence of any of the following (each, a “**Change of Control**”):

1. the acquisition (whether in one transaction or a series of transactions), directly or indirectly and by any means whatsoever, by any person (other than Mr. McKinnon), or by a group of persons (excluding Mr. McKinnon) acting jointly or in concert, of beneficial ownership of, or control or direction over, that number of Common Shares which is greater than 50% of the total outstanding Common Shares immediately after such acquisition;
2. the replacement by way of election or appointment at any time of a majority of the total number of then incumbent members of the Board;
3. any transaction or series of transactions, whether by way of reconstruction, reorganization, consolidation, amalgamation, arrangement, merger, transfer, sale or otherwise, whereby all or substantially all of the Corporation’s assets become, directly or indirectly, the property of or controlled by, any other person (other than Mr. McKinnon or a subsidiary of the Corporation or a corporation formed upon the amalgamation of the Corporation with another corporation

which is a wholly-owned subsidiary of the Corporation) (the “**Successor Entity**”) unless:

- a. persons who were holders of Common Shares immediately prior to such transaction hold, as a result of such transaction, in the aggregate, at least 50% of the voting securities of the Successor Entity;
  - b. a majority of the members of the board of directors of the Successor Entity is comprised of individuals who were members of the Board immediately prior to such transaction; and
  - c. after such transaction, no person, or group of persons acting jointly or in concert, holds more than 50% of the voting securities of the Successor Entity;
4. a transaction or series of transactions in which, directly or indirectly, the Corporation sells or otherwise transfers to any person, other than an affiliate or affiliates of the Corporation, assets:
- a. having an aggregate fair market value of more than 50% of the aggregate fair market value of all the assets of the Corporation, or
  - b. that generated during the Corporation’s last completed fiscal year or are expected to generate in the Corporation’s then current fiscal year more than 50% of its operating income or cash flow.

If the Employment Agreement is terminated by Mr. McKinnon within six months following a Change of Control, Mr. McKinnon will be entitled to receive an amount equal to two times the annual salary payable to Mr. McKinnon under the Employment Agreement. If the Employment Agreement is terminated by the Corporation without cause, Mr. McKinnon will be entitled to receive an amount equal to six months of his salary. If the Employment Agreement is terminated by the Corporation upon the permanent disability of Mr. McKinnon, Mr. McKinnon will be entitled to receive an amount equal the lesser: (i) six months’ of his salary; and (ii) the salary that he would have otherwise received over the balance of the unexpired term of the Employment Agreement had such termination not occurred.

The Corporation entered into an employment agreement effective March 1, 2013 (the “**CFO Agreement**”) with Mr. Fraser Laschinger, the CFO of the Corporation. Pursuant to the CFO Agreement, Mr. Laschinger is entitled to an annual salary of \$148,800 and Mr. Laschinger is eligible for grants of stock options as the Board may award from time to time. Subject to earlier termination as provided for therein, the initial term of the CFO Agreement expired on December 31, 2013 and was automatically renewed on such date, and on each successive anniversary date, for an additional one year period on the same terms and conditions unless re-negotiated. The CFO Agreement provides that Mr. Laschinger may terminate the agreement upon providing three months’ advance written notice. In addition, the CFO Agreement provides that Mr. Laschinger may terminate the CFO Agreement upon thirty days prior written notice to the Corporation for a period of six months following the occurrence of any Change of Control (as defined above).

If the CFO Agreement is terminated by Mr. Laschinger within six months following a Change of Control, Mr. Laschinger will be entitled to receive an amount equal to one and one-half times the annual salary payable to Mr. Laschinger under the CFO Agreement. If the CFO Agreement is terminated by the Corporation without cause, Mr. Laschinger will be entitled to receive an amount equal to three months of his salary. If the CFO Agreement is terminated by the Corporation upon the permanent disability of Mr. Laschinger, Mr. Laschinger will be entitled to receive an amount equal the lesser: (i) four months of his salary; and (ii) the salary that he would have otherwise received over the balance of the unexpired term of the CFO Agreement had such termination not occurred.

The following table sets out the estimated payments in the event of termination of employment for Mr. McKinnon or Mr. Laschinger, assuming that the event giving rise to the payment occurred on January 31, 2014.

Employee	Termination by the Employee	Termination by the Corporation	
	Within Six Months following a Change of Control	Without Cause	Upon Permanent Disability
Gordon S. McKinnon	\$414,000	\$103,500	\$103,500 <sup>(1)</sup>
Fraser Laschinger	\$223,200	\$37,200	\$49,600 <sup>(2)</sup>

Note:

- (1) The amount Mr. McKinnon would have otherwise received over the balance of the unexpired term of the Employment Agreement would have been \$189,750.
- (2) The amount Mr. Laschinger would have otherwise received over the balance of the unexpired term of the CFO Agreement would have been \$136,400.

The Employment Agreement and CFO Agreement also contain provisions in favour of the Corporation relating to non-solicitation and confidentiality.

## **DIRECTOR COMPENSATION**

The director compensation program is designed to achieve the following goals: (i) compensation should attract and retain the most qualified people to serve on the Board; (ii) compensation should align directors' interests with the long-term interests of shareholders; (iii) compensation should fairly pay directors for risks and responsibilities related to being a director of an entity of the Corporation's size and scope; and (iv) the structure of the compensation should be simple, transparent and easy for shareholders to understand.

Directors may receive options as compensation for their services as recommended and determined by the Board. The exercise price of such options is determined by the Board, but shall in no event be less than the discounted market price of the Common Shares at the time of the grant of the options. During the financial year ended January 31, 2014, other than as described herein, there were no standard or other arrangements pursuant to which the Corporation compensated the directors for their services in their capacity as directors, and there were no amounts paid for special assignments.

## Summary of Director Compensation in During the Year Ended January 31, 2014

The Corporation did not pay or accrue any directors fees during the year ended January 31, 2014. The following table provides a summary of the compensation earned by the directors of the Corporation (other than directors who are also NEOs), for services rendered in all capacities during the financial year ended January 31, 2014:

Name <sup>(1)</sup>	Fees earned (\$)	Share-based awards (\$)	Option-based awards (\$)	Non-equity incentive plan compensation (\$)	Pension Value (\$)	All other Compensation (\$)	Total (\$)
Christopher D. Hodgson	Nil	Nil	26,100 <sup>(2)</sup>	Nil	Nil	Nil	26,100
John D. Harvey	Nil	Nil	26,100 <sup>(2)</sup>	Nil	Nil	Nil	26,100
Gordon J. Cyr	Nil	Nil	26,100 <sup>(2)</sup>	Nil	Nil	Nil	26,100

Notes:

- (1) Compensation paid to Gordon McKinnon is reported in the NEO Summary Compensation Table above. Gordon McKinnon does not receive any additional compensation as a director.
- (2) On May 22, 2013, Messrs. Hodgson, Harvey and Cyr were each granted 450,000 options pursuant to the Stock Option Plan, each such option having an exercise price of \$0.10 and expiring on May 22, 2018. All issued options vested in full on their grant date. The amounts in the table above represent the grant date fair value of such options. The grant date fair value was calculated in accordance with the Black-Scholes model using the Common Share price on the date of grant of \$0.07, with the key valuation assumptions being stock price volatility of 130%, risk free interest rate of 1.38%, no dividend yield, and expected life of 5 years.

## Incentive Plan Awards to Directors

The following table provides details regarding the outstanding option and share based awards held by directors as at January 31, 2014:

<i>Outstanding share-based awards and option-based awards</i>							
Name <sup>(1)</sup>	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>(2)</sup> (\$)	Number of shares or units that have not vested (#)	Market or payout value of share-based awards that have not vested (\$)	Market or payout value of vested share-based awards not paid out or distributed (\$)
Christopher D. Hodgson	200,000	0.10	Sept. 17, 2014	Nil	N/A	N/A	N/A
	300,000	0.10	July 28, 2015	Nil			
	200,000	0.335	Mar. 24, 2016	Nil			
	225,000	0.25	April 5, 2017	Nil			
	450,000	0.10	May 22, 2018	Nil			
John D. Harvey	200,000	0.10	Sept. 17, 2014	Nil	N/A	N/A	N/A
	300,000	0.10	July 28, 2015	Nil			
	200,000	0.335	Mar. 24, 2016	Nil			
	225,000	0.25	April 5, 2017	Nil			
	450,000	0.10	May 22, 2018	Nil			
Gordon J. Cyr	200,000	0.10	Sept. 17, 2014	Nil	N/A	N/A	N/A
	300,000	0.10	July 28, 2015	Nil			
	300,000	0.335	Mar. 24, 2016	Nil			
	225,000	0.25	April 5, 2017	Nil			
	450,000	0.10	May 22, 2018	Nil			

Note:

- (1) Compensation paid to Gordon McKinnon is reported in the NEO Summary Compensation Table above. Gordon McKinnon does not receive any additional compensation as a director.

- (2) The options were not in-the-money based on the closing price of the Common Shares on the TSXV on January 31, 2014 (\$0.03 per Common Share), being the last trading day during the Corporation's financial year ended January 31, 2014. All issued options vested in full on their grant date.

The following table provides details regarding the outstanding option-based awards, share-based awards and non-equity incentive plan compensation, vested and exercisable by directors during the year ended January 31, 2014:

<i>Incentive plan awards - value vested or earned during the year</i>			
<b>Name<sup>(1)</sup></b>	<b>Option-based awards - Value vested during the year (\$)<sup>(2)</sup></b>	<b>Share-based awards - Value vested during the year (\$)</b>	<b>Non-equity incentive plan compensation - Value earned during the year (\$)</b>
Christopher D. Hodgson	Nil	N/A	N/A
John D. Harvey	Nil	N/A	N/A
Gordon J. Cyr	Nil	N/A	N/A

Note:

- (1) Compensation paid to Gordon McKinnon is reported in the NEO Summary Compensation Table above. Gordon McKinnon does not receive any additional compensation as a director.
- (2) Intended to represent the aggregate dollar value that would have been realized if options had been exercised on the vesting date, based on the difference, if any between the market price of the Common Shares on the TSXV on the vesting date and the exercise price of the options. As the market price of the Common Shares was equal to or less than the exercise price of the options on the vesting date(s), no value would have been realized by the NEO if the NEO had exercised his options on the vesting date(s).

## **DIRECTORS' AND OFFICERS' LIABILITY INSURANCE**

The Corporation maintains insurance for the benefit of the Corporation's directors and officers against liability incurred by them in their capacity as directors and officers. The policy provides coverage in respect of a maximum total liability of \$5,000,000, subject to a deductible of \$25,000 per event. The premium for the year ended January 31, 2014 amounted to \$10,752, which was paid by the Corporation.

## **SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS**

The following table provides information as of January 31, 2014 with respect to the Common Shares that may be issued under the Stock Option Plan. See also "Executive Compensation - Incentive Plan Awards" and "Director Compensation - Incentive Plan Awards to Directors".



## Equity Compensation Plan Information

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	8,775,000	\$0.16	7,542,029 <sup>(1)</sup>
Equity compensation plans not approved by securityholders	Nil	\$Nil	Nil
Total	8,775,000	\$0.16	7,542,029

Note:

(1) The Stock Option Plan provides for the issuance of options to purchase up to an aggregate of 10% of the issued and outstanding Common Shares.

## PARTICULARS OF MATTERS TO BE ACTED UPON

### 1. Financial Statements

The audited financial statements of the Corporation for the fiscal year ended January 31, 2014 together with the auditor's report thereon (collectively, the "**Financial Statements**") will be placed before the Shareholders at the Meeting. Receipt of the Financial Statements at the Meeting will not constitute approval or disapproval of any matters referred to therein.

### 2. Appointment of Auditors

MSCM LLP, Chartered Accountants, of Toronto, Ontario were appointed auditors to the Corporation on January 18, 2012. In June, 2013, MSCM LLP merged with MNP LLP, Chartered Accountants and the resulting company, MNP LLP, Chartered Accountants, continued to act as auditors for the Corporation.

At the Meeting, Shareholders will be requested to appoint MNP LLP as the Corporation's auditors to hold office for the ensuing year at a remuneration to be fixed by the Board. The appointment of MNP LLP, as auditors of the Corporation for the ensuing year at a remuneration to be fixed by the Board must be approved by a majority of the votes cast at the Meeting.

Unless such authority is withheld, the persons named in the accompanying Form of Proxy intend to vote for the appointment of MNP LLP, Chartered Accountants, as auditors of the Corporation to hold office until the next annual meeting of Shareholders, at a remuneration to be fixed by the directors.

### 3. Election of Directors

Unless otherwise directed, the persons named in the accompanying form of proxy intend to vote in favour of the election, as directors of the Corporation, of the nominees (the "**Nominees**") whose names are set forth below. Management does not contemplate that any of

the Nominees will be unable to serve as a director of the Corporation.

Each elected director will hold office until the close of business of the next annual meeting of Shareholders following his election unless his office is earlier vacated in accordance with the Corporation's by-law.

At the Meeting, Shareholders will be asked to elect four directors to the Board. Shareholders can vote for all of these directors, vote for some of them and withhold their votes for others, or withhold votes for all of them. The following table provides the names of the Nominees, the province and country of residence, all positions and offices in the Corporation held by each of them, the year in which each was first elected a director of the Corporation and the number of Common Shares that each has advised are beneficially owned, or controlled or directed, directly or indirectly, by each Nominee. Information regarding the present principal occupation, business or employment of each Nominee within the preceding five years is set out following the table below.

Name and Residence	Position with Corporation	Period of Service as a Director	Number of Common Shares Beneficially Owned, or Controlled or Directed, directly or indirectly <sup>(2)</sup>
Gordon S. McKinnon <sup>(1)</sup> Ontario, Canada	President, CEO and Director	Since January 10, 2008	15,700,000 <sup>(3)</sup>
Christopher D. Hodgson <sup>(1)</sup> Ontario, Canada	Director	Since January 10, 2008	320,000
John D. Harvey Ontario, Canada	Director	Since January 10, 2008	300,000
Gordon J. Cyr <sup>(1)</sup> British Columbia, Canada	Director	Since January 10, 2008	300,000

Notes:

- (1) Member of the Audit Committee.
- (2) The information as to the number of Common Shares beneficially owned, or controlled or directed, directly or indirectly, not being within the knowledge of the Corporation, has been furnished by the respective Nominees individually as at May 29, 2014.
- (3) 1,949,731 Common Shares are held through a self-directed RRSP.

## Cease Trade Orders and Bankruptcies

None of the Nominees is, as at the date of this Information Circular, or has been, within ten years before the date of this Information Circular, a director, chief executive officer or chief financial officer of any company (including the Corporation) that was subject to a cease trade order, an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than thirty consecutive days that was issued:

- (a) while such Nominee was acting in the capacity as director, chief executive officer or chief financial officer; or

- (b) after such Nominee ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while such Nominee was acting in the capacity as director, chief executive officer or chief financial officer.

### **Corporate Bankruptcies**

No Nominee (or any personal holding company of such Nominee), is, as of the date of this Information Circular, or has been within ten years before the date of this Information Circular, a director or executive officer of any company (including the Corporation) that, while such Nominee 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 Bankruptcies**

No Nominee (or any personal holding company of such Nominee), 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 such Nominee.

### **Penalties or Sanctions**

No Nominee (or any personal holding company of such Nominee), 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 Nominee.

### ***Mr. Gordon J. Cyr***

Mr. Cyr has been involved in numerous world-class exploration drilling programs for over thirty years, including surface and underground field operations. Mr. Cyr has held senior management positions with Canadian-based Midwest Drilling and Major Drilling International Inc. Prior to his departure from Major Drilling International Inc. in 2003, Mr. Cyr was the General Manager of their North American operations. In May, 2003, Mr. Cyr became a consultant to the mining industry, and in 2004 established Cyr Drilling International Ltd., a drilling consulting company for which Mr. Cyr is the President.

### ***Mr. John D. Harvey***

Mr. Harvey graduated with a Bachelor of Science degree in Geology from the University

of New Brunswick in 1959. He has served as President and Chief Executive Officer of Hemlo Gold Mines Inc. from 1989 to 1991. He also held the position of President of Noranda Exploration Company Limited from May 1982 to October 1994. Mr. Harvey is currently a member of the Canadian Institute of Mining and Metallurgy and the Professional Engineers of Ontario and was the Chief Operating Officer of Noront Resources Inc. from June 2008 until September 2009. During the last 5 years, Mr. Harvey has been engaged as a consulting geologist for J.D. Harvey & Associates.

***Mr. Chris Hodgson***

Mr. Hodgson entered provincial politics in a 1994 by-election and following the 1995 general election was appointed as Ontario's Minister of Natural Resources and Minister of Northern Development and Mines. Within this post, Mr. Hodgson was recognized for creating new opportunities and growth within the Ontario mining industry, as he introduced and proclaimed a new *Mining Act*. In addition, he preserved the Prospectors Assistance Program and launched Operation Treasure Hunt, which provided a \$19 million boost to Ontario's geological surveys. In 1997, Mr. Hodgson was appointed as Chairman of the Management Board of Cabinet and Deputy House Leader and following his re-election in 1999, was re-appointed Chairman of the Management Board of Cabinet. In 2001, Mr. Hodgson was named as Minister of Municipal Affairs and Housing. Mr. Hodgson has served as the President of the Ontario Mining Association since October, 2004.

***Mr. Gordon S. McKinnon***

Mr. Gordon McKinnon graduated with an Honours Bachelor degree in Management and Organizational Studies from the University of Western Ontario in 2006. He is currently serving as a principal of McKinnon Prospecting Ltd., a private exploration company, is a director of Mill City Gold Corporation, Noble Mineral Exploration Incorporated and PhosCan Chemical Corporation, a bankable-feasibility stage phosphate company. He is also a founder and serves as Chief Executive Officer of Mineral Streams Incorporated, a private mineral royalty and streaming company. Prior to joining Canadian Orebodies, Mr. Gordon McKinnon served as Manager of Corporate Development with Baltic Resources Inc. Mr. Gordon McKinnon has been the President, CEO and a Director of the Corporation since its incorporation.

**IF ANY OF THE NOMINEES IS FOR ANY REASON UNAVAILABLE TO SERVE AS A DIRECTOR, PROXIES IN FAVOUR OF MANAGEMENT WILL BE VOTED FOR ANOTHER NOMINEE IN THEIR DISCRETION UNLESS THE SHAREHOLDER HAS SPECIFIED IN THE PROXY THAT HIS, HER OR ITS COMMON SHARES ARE TO BE WITHHELD FROM VOTING IN THE ELECTION OF DIRECTORS.**

**4. Special Business – Re-Approval of the Stock Option Plan**

Shareholders will be asked to consider and, if thought appropriate, to pass an ordinary resolution, with or without variation, re-approving the Stock Option Plan.

## **Purpose of the Stock Option Plan**

The Stock Option Plan is intended to benefit the Corporation as it aligns the optionees' interests with those of the shareholders of the Corporation. It enables the Corporation to attract, retain and reward personnel of appropriate experience and qualifications on a cost-effective basis by offering an opportunity for them to participate with shareholders in any increase in value of the Common Shares resulting from their efforts and thereby share in the Corporation's success. The Stock Option Plan was first approved by shareholders of the Corporation at the Corporation's annual and special meeting of shareholders on March 4, 2008. The aggregate number of Common Shares reserved for issuance under the Stock Option Plan shall not exceed 10% of the issued and outstanding Common Shares (calculated on a non-diluted basis) from time to time. The TSXV requires that "rolling" stock option plans be approved by shareholders on an annual basis. Therefore, at the Meeting, the Shareholders entitled to vote on the matter will be asked to consider, and if thought advisable, to pass an ordinary resolution re-approving the Stock Option Plan (the "**Stock Option Plan Resolution**"), the full text of which is set out below. In the event that the Stock Option Plan Resolution is not passed by the requisite number of votes cast at the Meeting, the Corporation will not have an operative stock option plan and therefore the Board will not be able to issue additional options until such time as another stock option plan is created and approved, and may consequently have difficulty attracting and retaining highly experienced and qualified personnel.

## **Key Terms of the Stock Option Plan**

The maximum number of Common Shares which may be reserved for issuance to any one person under the Stock Option Plan in a 12 month period is 5% of the issued Common Shares at the time of the grant. The exercise price of Common Shares in respect of which an option may be granted shall not be less than the discounted market price of the Common Shares at the time the option is granted, with such market price being determined based on the closing price of the Common Shares quoted by the TSXV on the trading day immediately preceding the day upon which the option is granted, or if not traded on such day, the average between the closing bid and asked prices thereof as reported for the day immediately preceding the day upon which the option is granted. Options granted under the Stock Option Plan are exercisable over a period not exceeding five years, subject to earlier cancellation upon the optionee ceasing to be an employee, executive officer, director or consultant of the Corporation, as applicable, or upon the optionee retiring, becoming permanently disabled or dying. All options granted under the Stock Option Plan are non-assignable and non-transferable. The Stock Option Plan contains provisions for adjustment in the number of Common Shares issuable in the event of a subdivision, consolidation, reclassification or change of the Common Shares, a merger or other relevant changes in the Corporation's capitalization. The Stock Option Plan does not contain any provision for financial assistance by the Corporation in respect of options granted thereunder.

As of the date hereof, options to purchase an aggregate of 13,300,000 Common Shares are outstanding pursuant to the Stock Option Plan.

## **Resolution to Re-Approve the Stock Option Plan**

To be effective, the Stock Option Plan Resolution must receive the affirmative vote of a

majority of the votes cast at the Meeting, other than votes attaching to Common Shares beneficially owned by directors and officers of the Corporation or their associates. To the best of the Corporation's knowledge, as at the date hereof, such persons and their associates own 16,790,000 Common Shares representing approximately 10.3% of the issued and outstanding Common Shares. Accordingly, such persons and their associates will abstain from voting, and the remaining Shareholders will be asked to pass the Stock Option Plan Resolution set out below:

**“BE IT HEREBY RESOLVED as an ordinary resolution that:**

- (1) the stock option plan of Canadian Orebodies Inc. be re-approved; and
- (2) any one director or officer of Canadian Orebodies Inc. be and is hereby authorized to execute and deliver, under corporate seal or otherwise, all such deeds, documents, instruments and assurances and to do all such acts and things as such person may deem necessary or desirable to give effect to the foregoing”.

**Unless otherwise directed, it is the intention of the Corporation's management nominees to vote for the approval of the Stock Option Plan Resolution.**

## **5. Special Business – Consolidation of Common Shares**

The Meeting has been called, in part, to consider and, if deemed appropriate, to approve a special resolution (the “**Consolidation Resolution**”) authorizing the Board, in its sole discretion, to consolidate the Common Shares at a ratio of up to five (5) to one (1) (the “**Consolidation**”), and to amend the Corporation's articles accordingly, whereby every five (5) Common Shares, or such lesser number of Common Shares as is determined by the Board, outstanding at the time of the Consolidation would be changed into one (1) Common Share (the “**Consolidation Ratio**”). Shareholders are specifically advised that the proposed Consolidation Resolution grants the Board the discretion to revoke the Consolidation Resolution and not proceed with the Consolidation without further approval of Shareholders. In connection with any determination to implement the Consolidation, the Board will set the timing for the Consolidation and select the specific ratio within the range set forth in the Consolidation Resolution.

The Board believes that Shareholder approval of a range of potential Consolidation Ratios (rather than a single consolidation ratio) provides the Board with maximum flexibility to achieve the desired results of the Consolidation. The Board believes that it is in the interest of Shareholders for the Board to have the authority to implement the Consolidation for the following reasons:

- *Raising the price of Common Shares to more attractive levels:* The Consolidation will result in the trading price of the Common Shares increasing to reflect the Consolidation Ratio. A higher price per Common Share would place the Common Shares at a level that is typical of share prices of other widely-owned investment companies.

- *Reduction of shareholder transaction costs:* The Corporation’s shareholders may benefit from relatively lower trading costs associated with a higher price per Common Share. It is likely that many investors pay commissions based on the number of Common Shares traded when they buy or sell the Common Shares. If the price per Common Share were higher, investors may pay lower commissions to trade a fixed dollar amount than they would if the price per Common Share is lower.
- *Improved trading liquidity:* The potentially lower transaction costs and higher trading price of the Common Shares could ultimately improve the trading liquidity of the Common Shares.
- *Increased Flexibility:* The ability to consolidate in conjunction with a potential business transaction or equity financing gives the company the flexibility to structure business terms for potential opportunities that arise.

There can be no assurance that the total market capitalization of the Common Shares (i.e. the aggregate value of all Common Shares at the then market price) immediately after the Consolidation will be equal to or greater than the total market capitalization immediately before the Consolidation. In addition, there can be no assurance that the per share market price of the Common Shares following the Consolidation will be higher than the per share market price immediately before the Consolidation or equal or exceed the direct arithmetical result of the Consolidation. In addition, a decline in the market price of the Common Shares after the Consolidation may result in a greater percentage decline than would occur in the absence of the Consolidation, and the liquidity of the Common Shares could be adversely affected. In addition, the Consolidation may result in some shareholder owning “odd lots” of less than 1,000 Common Shares on a post-Consolidation basis. Odd lots may be more difficult to sell, or require greater transaction costs per share to sell, than Common Shares in “board lots” of even multiples of 1,000 Common Shares. Brokerage commissions and other costs of transactions in odd lots are often higher than the costs of transactions in “round lots” of even multiples of 1,000 Common Shares. The Corporation does not intend to change its name in connection with the Consolidation.

As of the date hereof, the Corporation had 163,420,290 Common Shares issued and outstanding. Upon the proposed Consolidation being implemented, the number of Common Shares issued and outstanding will depend on the specific ratio selected by the Board. The following table sets out the approximate number of Common Shares that would be outstanding as a result of the Consolidation at the ratios indicated.

Consolidation Ratio	Approximate Number of Outstanding Common Shares (post -Consolidation)*
1 for 5	32,684,058
1 for 2	81,710,145

\* Based on the number of Common Shares outstanding on June 2, 2014.

Upon the Consolidation becoming effective, a letter of transmittal will be sent to all Shareholders then issued and outstanding for use in transmitting their share certificates to the Corporation’s registrar and transfer agent in exchange for new certificates representing the number of Common

Shares to which such shareholder is entitled as a result of the Consolidation. No delivery of a new certificate to a shareholder will be made until the shareholder has surrendered his current issued certificates. Non-Registered Holders holding their Common Shares through an Intermediary should note that such Intermediary may have different procedures for processing the Consolidation than those that will be put in place by the Corporation for Shareholders. Non-Registered Holders that hold Common Shares with an Intermediary are encouraged to contact such Intermediary with respect to any questions in this regard.

No fractional Common Shares shall be issued pursuant to the Consolidation. In the event that the Consolidation would result in a holder of Common Shares being entitled to a fractional Common Share, then such fractional Common Share shall be rounded up to the next whole number of Common Shares. In calculating such fractional interest, all Common Shares registered in the name of a holder of Common Shares or an Intermediary shall be aggregated.

Assuming Shareholder approval is received at the Meeting, the implementation of the Consolidation Resolution is conditional upon the Corporation obtaining the necessary regulatory consents, including the approval of the TSXV. In particular, the Corporation will be required to meet the TSXV's continued listing requirements. There is no guarantee that the TSXV's acceptance of the Consolidation will be given. The Consolidation Resolution provides that the Board is authorized, in its sole discretion, to determine not to proceed with the proposed Consolidation, without further approval of the Corporation's Shareholders. Additionally, if the Consolidation Resolution is approved by Shareholders, the Consolidation may be affected at anytime within one year from the date of such approval. If the Corporation does not proceed with the Consolidation within one year from the date of Shareholder approval, it will again seek Shareholder approval before affecting a share consolidation.

If approved by the Shareholders at the Meeting and implemented by the Board, the Consolidation will not change a shareholder's proportionate interest in the Corporation.

The Consolidation Resolution, substantially in form set forth below, requires the approval of not less than two-thirds of the total votes cast in respect thereof by the holders of Common Shares present in person or represented by proxy at the Meeting. The Board unanimously recommends that Shareholders vote in favour of the Consolidation Resolution.

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

1. the issued and outstanding common shares in the capital of Canadian Orebodies Inc. (the “Corporation”) be changed by the consolidation of the issued and outstanding common shares at a ratio of up to five (5) to one (1), such ratio to be determined by the board of directors of the Corporation (the “**Board**”) in its sole discretion (the “**Consolidation**”), provided that such Consolidation is affected within one year following the date of passage of this special resolution;
2. no fractional shares shall be issued upon the Consolidation and in the case where the Consolidation results in a shareholder otherwise becoming entitled to a fraction of a common share, an upward adjustment shall be made to the next whole common share;



3. notwithstanding the approval of shareholders of the Corporation to the above resolutions, the Board may revoke the foregoing resolutions before they are acted on without any further approval by the shareholders of the Corporation;
4. the Articles of the Corporation be amended to provide for the Consolidation and the effective date of such Consolidation shall be the date shown in the certificate of amendment issued by the Director appointed under the *Business Corporations Act* (Ontario) (the “**OBCA**”) or such other date indicated in the Articles of Amendment; and
5. any of the officers or directors of the Corporation be and is hereby authorized for and on behalf of the Corporation (whether under its corporate seal or otherwise) to execute and deliver Articles of Amendment to effect the foregoing resolutions in accordance with the OBCA and all other documents and instruments and to take all such other actions as such officer or director may deem necessary or desirable to implement the foregoing resolutions and the matters authorized hereby, such determinations to be conclusively evidenced by the execution and delivery of such documents and other instruments or the taking of any such action.”

**PROXIES RECEIVED IN FAVOUR OF MANAGEMENT WILL BE VOTED IN FAVOUR OF THE CONSOLIDATION RESOLUTION, UNLESS THE SHAREHOLDER HAS SPECIFIED IN THE PROXY THAT HIS, HER OR ITS COMMON SHARES ARE TO BE VOTED AGAINST SUCH RESOLUTION.**

#### **MANAGEMENT CONTRACTS**

There are no management functions of the Corporation which are not to any substantial degree performed by any person other than the directors or executive officers of the Corporation.

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

No executive officer, director, employee, or former executive officer, director or employee of the Corporation or any of its subsidiaries is or was indebted in respect of any purchase of securities or otherwise to the Corporation, to any subsidiary of the Corporation or to any other entity for which the indebtedness was the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Corporation or any of its subsidiaries at any time during the last completed financial year.

No person who is, or was at any time during the most recently completed financial year, a director or executive officer of the Corporation, no Nominee and no associate of any such director, executive officer or Nominee is, or at any time since the beginning of the most recently completed financial year has been, indebted to the Corporation or any subsidiary of the Corporation, or indebted to another entity, which indebtedness is, or at any time since the beginning of the most recently completed financial year has been, the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Corporation or any of its subsidiaries, in respect of any security purchase program or any other program.

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

No person who has been a director or executive officer of the Corporation at any time since the beginning of its last completed financial year, no Nominee and no associate or affiliate of any of the foregoing persons has any material 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 directors or the appointment of auditors.

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

No informed person (as such term is defined in National Instrument 51-102 - *Continuous Disclosure Obligations*) of the Corporation, no Nominee and no associate or affiliate of any informed person or Nominee has or had any material interest, direct or indirect, in any transaction since the commencement of the Corporation's most recently completed financial year or in any proposed transaction which has materially affected or would materially affect the Corporation or any of its subsidiaries, except as described below.

On February 14, 2011 the Corporation entered into a non-arm's length Purchase Agreement (the "**Agreement**") with Donald McKinnon, the Chairman and a director of the Corporation until his resignation from the Board on August 3, 2012, Gordon McKinnon, the President and Chief Executive Officer and a director of the Corporation and Randall Salo (collectively, the "**Vendors**") to acquire up to a 100% legal and beneficial interest (subject to a 3% gross overriding royalty retained by the Vendors, of which 1/3<sup>rd</sup> can be purchased by Corporation for a maximum of \$3,000,000) in the Inuit Owned Lands Mineral Exploration Agreement (the "**NTI Agreement**") with Nunavut Tunngavik Incorporated ("**NTI**") which covers the Haig Inlet Ore Project, located on the Belcher Islands, Nunavut, Canada (the "**Property**"). On June 15, 2011 and in accordance with the Agreement, the Corporation earned a 10% interest in the NTI Agreement by issuing to the Vendors 3,000,000 Common Shares. On May 7, 2012 and in accordance with the Agreement, the Corporation issued to the Vendors an aggregate of 1,400,000 Common Shares as first and second milestone shares to reflect the Corporation's 10% interest. On June 15, 2012 and in accordance with the Agreement, the Corporation earned a further 15% interest in the NTI Agreement by issuing to the Vendors an aggregate of 6,100,000 Common Shares, including first and second milestone shares. On November 5, 2012 and in accordance with the Agreement, the Corporation earned the final 75% interest in the NTI Agreement by issuing to the Vendors an aggregate of 17,500,000 Common Shares.

## **AUDIT COMMITTEE**

National Instrument 52-110 - *Audit Committees* ("**NI 52-110**") requires the Corporation to disclose certain information concerning the constitution of the audit committee of the Board (the "**Audit Committee**") and its relationship with its independent auditor, as set forth below.

### ***Charter***

The Audit Committee is governed by its charter. A copy of the text of the Audit

Committee's charter, established in accordance with NI 52-110, is included in Schedule "A" attached hereto.

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

The current members of the Audit Committee are Gordon S. McKinnon, Chris Hodgson and Gordon J. Cyr. Mr. Hodgson is the Chairman of the Audit Committee. Gordon S. McKinnon has been appointed to the Audit Committee on an interim basis until a suitable replacement is identified and appointed to the Board. Gordon S. McKinnon is the only member of the Audit Committee who is not "independent" within the meaning of NI 52-110. All members of the Audit Committee are "financially literate" within the meaning of NI 52-110. The Corporation is currently in the process of seeking a new candidate for appointment to the Board who is also qualified and able to serve on the Audit Committee.

The Corporation is relying upon the exemption in Section 6.1 of NI 52-110 which provides that the Corporation, as a "venture issuer", is not required to comply with Part 3 (Composition of the Audit Committee) and Part 5 (Reporting Obligations) of NI 52-110.

### ***Education and Experience***

Each member of the Audit Committee has acted as a director or audit committee member of a number of public issuers in the past and, as such, has obtained experience that is relevant to the performance of his responsibilities as a member of the Audit Committee. As well, each member of the Audit Committee owns his own business and in such capacity has experience in the preparation, analysis and/or evaluation of financial statements generally and an understanding of internal controls and procedures for financial reporting. Given the scope and nature of the Corporation's business, its financial statements and the accounting issues arising therefrom are relatively uncomplicated. Based on the foregoing, it is the Board's conclusion that each of the members of the Audit Committee has an understanding of the accounting principles used by the Corporation to prepare its financial statements, the ability to assess the general application of such accounting principles in connection with the accounting for estimates, accruals and reserves and experience in evaluating financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the Corporation's financial statements.

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

In the event that the Corporation wishes to retain the services of the Corporation's external auditors for tax compliance, tax advice, tax planning or other non-audit services, such services must be pre-approved by the Audit Committee.

### ***Auditor Services Fees***

The following chart summarizes the aggregate fees billed by the external auditors of the Corporation for professional services rendered to the Corporation during the financial years ended January 31, 2013 and January 31, 2014.

	<b>Year Ended January 31, 2013 (\$)</b>	<b>Year Ended January 31, 2014 (\$)</b>
Audit Fees <sup>(1)</sup>	41,475	30,000
Audit-Related Fees <sup>(2)</sup>	12,500	Nil
Tax Fees <sup>(3)</sup>	2,000	2,000
All Other Fees <sup>(4)</sup>	1,000	1,000

Notes:

- (1) Aggregate fees billed for the preparation of annual financial statements and services normally provided by the external auditor in connection with statutory and regulatory filings.
- (2) Aggregate fees billed for assurance and related services that are reasonably related to the performance of the audit or review of financial statements and are not reported as "Audit Fees", including, assistance with aspects of tax accounting, attest services not required by statute or regulation and consultation regarding financial accounting and reporting standards.
- (3) Aggregate fees billed for tax compliance, advice, planning and assistance with tax for specific transactions.
- (4) Aggregate fees billed in respect of administration fees of the Canadian Public Accountability Board.

### ***Audit Committee Oversight***

Since February 1, 2013, the commencement of the Corporation's most recently completed financial year, all recommendations of the Audit Committee to nominate or compensate an external auditor were adopted by the Board.

### ***Reliance on Certain Exemptions***

Since February 1, 2013, the commencement of the Corporation's most recently completed financial year, the Corporation has not relied on an exemption provided under NI 52-110 whereby approval for a *de minimis* amount of non-audit services is not required, nor has the Corporation obtained or relied upon any exemption granted by a securities regulatory or regulator from the requirements of NI 52-110.

## **CORPORATE GOVERNANCE**

The Board is committed to a high standard of corporate governance practices. The Board believes that this commitment is not only in the best interest of the Corporation's shareholders but that it also promotes effective decision making at the Board level.

### ***Mandate of the Board***

The Board has responsibility for the stewardship of the Corporation. In carrying out this mandate, the Board meets regularly and a broad range of matters are discussed and reviewed for approval. These matters include overall corporate plans and strategies, budgets, internal controls and management information systems, risk management as well as interim and annual financial and operating results. The Board is also responsible for the approval of all major transactions,

including equity issuances, acquisitions and dispositions, as well as the Corporation's debt and borrowing policies. The Board strives to ensure that actions taken by management correspond closely with the objectives of the Board and the Corporation's shareholders.

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

The Board consists of four directors who provide a diversity of business experience. Of these directors, Gordon S. McKinnon is a non-independent director due to his current position as a member of management of the Corporation. Christopher D. Hodgson, John D. Harvey and Gordon J. Cyr are independent directors. The Corporation intends to add a fifth member to the Board as soon as a suitable candidate is identified.

Details of directorships held by the directors in other public issuers, if any, are set out in the table below.

<i>Name of Director</i>	<i>Name of Reporting Issuer</i>
John Harvey	Bold Ventures Inc. Superior Copper Corporation
Gordon McKinnon	Phoscan Chemical Corp. Mill City Gold Corporation Noble Mineral Exploration Inc.
Chris Hodgson	Phoscan Chemical Corp. White Pine Resources Inc.

The Board has responsibility for the stewardship of the Corporation. In carrying out this mandate, the Board meets regularly and a broad range of matters are discussed and reviewed for approval. These matters include overall corporate plans and strategies, budgets, internal controls and management information systems, risk management as well as interim and annual financial and operating results. The Board is also responsible for the approval of all major transactions, including equity issuances, acquisitions and dispositions, as well as the Corporation's debt and borrowing policies. The Board strives to ensure that actions taken by management correspond closely with the objectives of the Board and the Corporation's shareholders.

The Board believes that it functions independently of management. To enhance its ability to act independently of management, the Board reviews its procedures on an ongoing basis to ensure that it can function independently of management. The Board meets, as required, without management present. When conflicts do arise, interested parties are precluded from voting on matters in which they may have an interest. In light of the suggestions contained in National Policy 58-201 - *Corporate Governance Guidelines*, the Board convenes meetings, as deemed necessary, of the independent directors, at which non-independent directors and members of management are not in attendance.

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

The Corporation does not have a formal process of orientation for new directors. However, at all regular Board meetings there is a discussion of the business of the Corporation which provides new and existing directors with an overview of the Corporation's operations. From time to time, corporate officers and legal, financial and other experts are invited to attend Board meetings to describe matters in their areas of expertise.

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

The Corporation does not have a written code of ethics for directors and officers. All new employees are provided with an employee manual setting out their duties and responsibilities. A director with a material interest in a transaction or agreement considered by the Corporation is required to declare his interest and abstain from voting on the resolutions respecting such matters.

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

The Board has not appointed a formal nominating committee. However any member of the Board is free to recommend additional members, as required, and the Board will consider such recommendations as a whole. Until a committee is formed, the Board as a whole will be responsible for assessing the effectiveness of the Board, the committees of the Board and the contribution of individual directors, taking into account the competencies and skills that the Board as a whole should possess as well as the competencies and skills that each director should possess.

### ***Compensation***

The Board sets the level of compensation for directors. The Board reviews directors' compensation as needed, taking into account time commitment, comparative fees, risks and responsibilities, to ensure that the amount of compensation adequately reflects the responsibilities and risks of being a director and makes adjustments as deemed necessary. See "Board Oversight of Compensation", "Compensation Program" and "Compensation Program Design" under the heading "Executive Compensation" in this Information Circular.

### ***Other Board Committees***

The Board does not have any standing committees other than the Audit Committee.

### ***Assessments***

Based upon the Corporation's size, its current state of development and the number of individuals on the Board, the Board considers a formal process for assessing regularly the effectiveness and contribution of the Board, as a whole, its committee or individual directors to be unnecessary at this time. In light of the fact that the Board and the Audit Committee meet on numerous occasions during each year, each director has significant opportunity to assess other directors. The Board plans to continue evaluating its own effectiveness on an ad hoc basis.

## **ADDITIONAL INFORMATION**

Additional information relating to the Corporation is available on SEDAR at [www.sedar.com](http://www.sedar.com). Financial information is provided in the Corporation's audited financial statements and Management Discussion and Analysis for the year ended January 31, 2014. Copies of the Corporation's financial statements and Management Discussion and Analysis may be obtained through [www.sedar.com](http://www.sedar.com) or upon written request to the President at 301 – 141 Adelaide Street West, Toronto, Ontario, M5H 3L5.

## **DIRECTORS' APPROVAL**

The contents of this Information Circular and the sending of it have been approved by the directors of the Corporation. This Information Circular has been sent to each director of the Corporation, each shareholder of the Corporation entitled to the Notice of Meeting and the auditors of the Corporation.

DATED as of the 2nd day of June, 2014.

BY ORDER OF THE BOARD OF DIRECTORS

*(Signed) "Gordon McKinnon"*

**Gordon McKinnon**  
**President & Chief Executive Officer**



## SCHEDULE “A”

### CANADIAN OREBODIES INC. (the “Corporation”)

#### CHARTER OF THE AUDIT COMMITTEE OF THE BOARD OF DIRECTORS

##### I. PURPOSE

The Audit Committee is a committee of the Corporation’s board of directors (the “**Board of Directors**”). The primary function of the Audit Committee is to assist the Board of Directors in fulfilling its oversight responsibilities relating to the financial accounting and reporting process and internal controls for the Corporation by:

- reviewing the financial reports and other financial information before such reports and other financial information is provided by the Corporation to any governmental body or the public;
- recommending the appointment and reviewing and appraising the audit efforts of the Corporation’s external auditors and providing an open avenue of communication among the external auditors, financial and senior management and the Board of Directors;
- serving as an independent and objective party to monitor the Corporation’s financial reporting process and internal controls, the Corporation’s processes to manage business and financial risk, and its compliance with legal, ethical and regulatory requirements; and
- encouraging continuous improvement of, and fostering adherence to, the Corporation’s policies, procedures and practices at all levels.

The Audit Committee will primarily fulfill these responsibilities by carrying out the activities enumerated in Part III of this Charter. The Audit Committee’s primary function is to assist the Board of Directors in fulfilling its responsibilities. It is, however, the Corporation’s management which is responsible for preparing the Corporation’s financial statements and it is the Corporation’s external auditors which are responsible for auditing those financial statements.

##### II. COMPOSITION AND MEETINGS

The Audit Committee is to be comprised of such number of directors (but at least three) as determined by the Board of Directors, a majority of whom must not be employees or “officers” of the Corporation or any of its “affiliates” (as such terms are defined in the *Business Corporations Act* (Alberta)).

The members of the Audit Committee shall be appointed by the Board of Directors and serve until the next annual meeting of shareholders of the Corporation or until their successors

are duly appointed. Unless a Chairman is appointed by the full Board of Directors, the members of the Audit Committee may designate a Chairman by majority vote of the full Audit Committee membership.

The Audit Committee is to meet at least four times annually (and more frequently if circumstances require). The Audit Committee is to meet prior to the filing of quarterly financial statements to review and discuss the unaudited financial results for the preceding quarter and the related management discussion & analysis (“**MD&A**”) and is to meet prior to filing the annual audited financial statements and MD&A in order to review and discuss the audited financial results for the year and related MD&A.

As part of its role in fostering open communication, the Audit Committee should meet at least annually with management and the external auditors in separate executive sessions to discuss any matters that the Audit Committee or each of these groups believe should be discussed privately.

The Audit Committee may ask members of management or others to attend meetings and provide pertinent information as necessary. For purposes of performing their oversight related duties, members of the Audit Committee are to be provided with full access to all corporate information and are to be permitted to discuss such information and any other matters relating to the financial position of the Corporation with senior employees, officers and external auditors of the Corporation.

A quorum for the transaction of business at any meeting of the Audit Committee is (the presence in person or by telephone or other communication equipment of) a majority of the members of the Audit Committee or such greater number as the Audit Committee may by resolution determine. If within one hour of the time appointed for a meeting of the Audit Committee, a quorum is not present, the meeting shall stand adjourned to the same hour on the second business day following the date of such meeting at the same place. If at the adjourned meeting a quorum as hereinbefore specified is not present within one hour of the time appointed for such adjourned meeting, the quorum for the adjourned meeting will consist of the members then present.

Should a vacancy arise among the members of the Audit Committee, the remaining members of the Audit Committee may exercise all of its powers and responsibilities so long as a quorum remains in office.

Meetings of the Audit Committee are to be held from time to time at such place as the Audit Committee or the Chairman of the Audit Committee may determine upon at least seven days’ prior notice to each of the members, in the regular course of the Audit Committee’s affairs, or 48 hours notice in cases where necessity requires. The notice period may be waived by a quorum of the Audit Committee. The Chairman of the Audit Committee, any member of the Audit Committee, the Chairman of the Board of Directors, the Corporation’s external auditors, or the Chief Executive Officer, Chief Financial Officer or Secretary of the Corporation is entitled to request that the Chairman of the Audit Committee call a meeting. A notice of the Audit Committee may be given verbally, in writing or by telephone, fax or other means of

communication, and need not specify the purpose of the meeting.

### **III. RESPONSIBILITIES AND DUTIES**

To fulfill its responsibilities and duties, the Audit Committee shall:

#### **Generally**

1. Create an agenda for the ensuing year.
2. Review and update this Charter at least annually, prepare revisions to its provisions where conditions so dictate and submit such proposed revisions to the Board of Directors for approval.
3. Describe in each management information circular of the Corporation in which management solicits proxies for the purposes of electing directors to the Board of Directors the Audit Committee's composition and other form requirements under Multilateral Instrument 52-110.
4. Report periodically to the Board of Directors.
5. Conduct or authorize investigations into any matters within the Audit Committee's scope of responsibilities.
6. The Audit Committee shall be empowered to retain and compensate independent counsel, accountants and other professionals to assist it in the performance of its duties as it deems necessary.
7. Perform any other activities consistent with this Charter, the Corporation's By-law and governing law, as the Audit Committee or the Board of Directors deems necessary or appropriate.

#### **Documents/Reports Review**

8. Review the Corporation's interim and annual financial statements, results of audits as well as all interim and annual MD&A and interim and annual earnings press releases prior to their publication and/or filing with any governmental body, or the public.
9. Review policies and procedures with respect to directors' and senior officers' expense accounts and management perquisites and benefits, including their use of corporate assets and expenditures related to executive travel and entertainment, and review the results of the procedures performed in these areas by the external auditors, based on terms of reference agreed upon by the external auditors and the Audit Committee.
10. Satisfy itself that adequate procedures are in place for the review of the Corporation's public disclosure of financial information extracted or derived from the Corporation's financial statements, other than the public disclosure addressed in paragraph 8 of this

part, and periodically assess the adequacy of such procedures.

11. Review the audited annual financial statements to satisfy itself that they are presented in accordance with general accepted accounting principles.
12. Provide insight to related party transactions entered into by the Corporation.

### **External Auditors**

13. Recommend to the Board of Directors the selection of the external auditors, considering independence and effectiveness, and approve the fees and other compensation to be paid to the external auditors. Instruct the external auditors that the Board of Directors, as the shareholders' representative, is the external auditors' client.
14. Monitor the relationship between management and the external auditors, including reviewing any management letters or other reports of the external auditors and discussing and resolving any material differences of opinion between management and the external auditors.
15. Review and discuss, on an annual basis, with the external auditors all significant relationships they have with the Corporation to determine their independence.
16. Pre-approve all audit and non-audit services to be provided to the Corporation or its subsidiaries by the external auditors.
17. Oversee the work and review the performance of the external auditors and approve any proposed discharge of the external auditors when circumstances warrant. Consider with management and the external auditors the rationale for employing accounting/auditing firms other than the principal external auditors.
18. Periodically consult with the external auditors out of the presence of management about significant risks or exposures, internal controls and other steps that management has taken to control such risks, and the completeness and accuracy of the Corporation's financial statements. Particular emphasis should be given to the adequacy of internal controls to expose any payments, transactions, or procedures that might be deemed illegal or otherwise improper.
19. Ensure that the external auditors report directly to the Audit Committee, ensure that significant findings and recommendations made by the external auditors are received and discussed with the Audit Committee on a timely basis and arrange for the external auditors to be available to the Audit Committee and the full Board of Directors as needed.
20. Review and approve the Corporation's hiring policies regarding partners, employees and former partners and employees of the Corporation's external auditors.

### **Financial Reporting Processes**

21. In consultation with the external auditors, review the integrity of the Corporation's

financial reporting processes, both internal and external.

22. Consider the external auditors' judgments about the quality and appropriateness, not just the acceptability, of the Corporation's accounting principles and financial disclosure practices, as applied in its financial reporting, particularly about the degree of aggressiveness or conservatism of its accounting principles and underlying estimates and whether those principles are common practices.
23. Consider and approve, if appropriate, major changes to the Corporation's accounting principles and practices as suggested by management with the concurrence of the external auditors and ensure that management's reasoning is described in determining the appropriateness of changes in accounting principles and disclosure.

### **Process Improvement**

24. Establish regular and separate systems of reporting to the Audit Committee by each of management and the external auditors regarding any significant judgments made in management's preparation of the financial statements and the view of each as to appropriateness of such judgments.
25. Review the scope and plans of the external auditors' audit and reviews prior to the audit and reviews being conducted. The Audit Committee may authorize the external auditors to perform supplemental reviews or audits as the Audit Committee may deem desirable.
26. Following completion of the annual audit and quarterly reviews, review separately with management and the external auditors any significant changes to planned procedures, any difficulties encountered during the course of the audit and reviews, including any restrictions on the scope of work or access to required information and the cooperation that the external auditors received during the course of the audit and reviews.
27. Review and resolve any significant disagreements between management and the external auditors in connection with the preparation of the financial statements.
28. Where there are significant unsettled issues, the Audit Committee is to assist in arriving at an agreed course of action for the resolution of such matters.
29. Review with the external auditors and management significant findings during the year and the extent to which changes or improvements in financial or accounting practices, as approved by the Audit Committee, have been implemented. This review should be conducted at an appropriate time subsequent to implementation of changes or improvements, as decided by the Audit Committee.
30. Review activities, organizational structure, and qualifications of the Corporation's Chief Financial Officer and staff in the financial reporting area and see to it that matters related to succession planning within the Corporation are raised for consideration to the full Board of Directors.

## **Ethical and Legal Compliance**

31. Establish procedures for the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal controls or auditing matters, and the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters.
32. Review and update periodically a code of ethical conduct (the “**Code of Conduct**”) and ensure that management has established a system to enforce the Code of Conduct. Review appropriateness of actions taken to ensure compliance with the Code of Conduct and to review the results of confirmations and violations thereof.
33. Review management’s monitoring of the Corporation’s systems in place to ensure that the Corporation’s financial statements, reports and other financial information disseminated to governmental organizations and the public satisfy legal requirements.
34. Review, with the Corporation’s counsel, legal and regulatory compliance matters, including corporate securities trading policies, and matters that could have a significant impact on the Corporation’s financial statements.

## **Risk Management**

35. Review management’s program of risk assessment and steps taken to address significant risks or exposures, including insurance coverage, and obtain the external auditors’ opinion of management’s assessment of significant financial risks facing the Corporation and how effectively such risks are being managed or controlled.