

DEJOUR ENTERPRISES LTD.

1100 – 808 West Hastings Street
Vancouver, British Columbia
V6C 2X4

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MANAGEMENT INFORMATION CIRCULAR

(contains information as at April 24, 2006)

SOLICITATION OF PROXIES

This management information circular (the "**Information Circular**") is furnished in connection with the solicitation of proxies by the Management of DEJOUR ENTERPRISES LTD. (the "**Corporation**") for use at the Annual Meeting (the "**Meeting**") of shareholders (the "**Shareholders**") of the Corporation, to be held on Friday, June 2, 2006 at 1100 - 808 West Hastings Street, Vancouver, British Columbia V6C 2X4, at the hour of 9:00 am (Vancouver time) for the purposes set forth in the notice of the Meeting. It is expected that the solicitation will be primarily by mail, but proxies may also be solicited personally or by telephone by regular employees of the Corporation without special compensation. The cost of solicitation will be borne by the Corporation.

No person is authorized to give any information or to make any representations other than those contained in this Information Circular and, if given or made, such information or representation should not be relied upon as having been authorized.

APPOINTMENT AND USE OF PROXIES

The persons named in the enclosed form of proxy are officers or director (a "**Director**") of the Corporation. **A Shareholder has the right to appoint a person, who need not be a Shareholder, other than the persons designated in the form of proxy accompanying this Information Circular, as nominee to attend and act for on behalf of such Shareholder at the Meeting and may exercise such right by inserting the name of such person in the blank space provided on the form of proxy or by executing a proxy in a form similar to the enclosed form.** If a Shareholder appoints one of the persons designated in the accompanying form of proxy as nominee and does not direct the said nominee to vote either for or against or withhold from voting on a matter or matters with respect to which an opportunity has been given to specify how the shares registered in the name of such Shareholder shall be voted, the proxy shall be voted for such matter or matters. The proxy must be signed by the Shareholder or by his attorney in writing, or, if the Shareholder is a Corporation, it must execute under its common seal or signed by a duly authorized officer.

To be effective, forms of proxy must be delivered either to the head office of the Corporation at 1100 – 808 West Hastings Street, Vancouver, British Columbia, V6C 2X4, or to the Corporation's Registrar and Transfer Agent, Computershare Investor Services Inc., 510 Burrard Street, 3rd Floor, Vancouver, BC V6C 3B9, Attention: Proxy Department, not less than 48 hours (excluding Saturdays, Sundays and holidays) prior to the Meeting.

Completion and delivery of proxies may also be done electronically. Shareholders who wish to complete and deliver proxies electronically are urged to contact Computershare Investor Services Inc. to determine the availability of and instructions for the use of this option.

EXERCISE OF VOTE BY PROXY

The shares represented by proxies at the Meeting will be voted for or against or withheld from voting in accordance with the instructions of the Shareholder, so long as such instructions are certain, on any ballot that may be called for. Where the proxy specifies a choice with respect to any matter to be voted upon, the shares to which the proxy pertains will be voted in accordance with the specification so made. **If no choice is specified in the proxy, the persons designated in the accompanying form of proxy will vote for each of the matters proposed by management at the Meeting and described in the notice of the Meeting.**

The form of proxy accompanying this Information Circular confers discretionary authority upon the nominees named therein with respect to amendments or variations to matters identified in the Notice of Annual Meeting of Shareholders and with respect to other matters which may properly come before the Meeting. Management knows of no matter to come before the Meeting other than those referred to in the accompanying notice of Meeting. However, if any other matters which are not now known to management should properly come before the Meeting, the shares represented by proxies given in favour of the persons named therein will be voted on such matters in accordance with the best judgment of such persons.

REVOCABILITY OF PROXY

A Shareholder may revoke a proxy (a) by depositing an instrument in writing executed by him or by his attorney authorized in writing (i) at the registered office of the Corporation or its transfer agent at any time up to and including the last business day preceding the day of the Meeting, or an adjournment thereof, at which the proxy is to be used, or (ii) with the Chairman of the Meeting on the day of the Meeting, or an adjournment thereof, or (b) in any other manner permitted by law. **Only registered shareholders have the right to revoke a proxy. Non-Registered Holders who wish to change their vote must, at least 7 days before the Meeting, arrange for their Nominees to revoke the proxy on their behalf.**

Revocation of proxies may also be done electronically. Shareholders who wish to revoke their proxies electronically are urged to contact Computershare Investor Services Inc. to determine the availability of and instructions for the use of this option.

NON-REGISTERED HOLDERS

Only registered shareholders or duly appointed proxyholders are permitted to vote at the Meeting. Most Shareholders of the Corporation are "non-registered" shareholders because the common shares of the Corporation (the "**Common Shares**") they own are not registered in their names but are instead registered in the name of the brokerage firm, bank or trust company through which they purchased the Common Shares. More particularly, a person is not a registered shareholder in respect of Common Shares which are held on behalf of that person (the "**Non-Registered Holder**") but which are registered either: (a) in the name of an intermediary (an "**Intermediary**") that the Non-Registered Holder deals with in respect of the Common Shares (Intermediaries include, among others, banks, trust companies, securities dealers or brokers and trustees or administrators of self-administered RRSP's, RRIFs, RESPs and similar plans); or (b) in the name of a clearing agency (such as The Canadian Depository for Securities Limited ("**CDS**")) of which the Intermediary is a participant. In accordance with the requirements of National Instrument 54-101 of the Canadian Securities Administrators, the Corporation has distributed copies of the Notice of Meeting, this Information Circular and the proxy (collectively, the "Meeting Materials") to the clearing agencies and Intermediaries for onward distribution to Non-Registered Holders.

Intermediaries are required to forward the Meeting Materials to Non-Registered Holders unless a Non-Registered Holder has waived the right to receive them. Very often, Intermediaries will use service companies to forward the Meeting Materials to Non-Registered Holders. Generally, Non-Registered Holders who have not waived the right to receive Meeting Materials will either:

- (a) be given a form of proxy **which has already been signed by the Intermediary** (typically by a facsimile, stamped signature), which is restricted as to the number of shares beneficially owned by the Non-Registered Holder but which is otherwise not completed. Because the Intermediary has already signed the form of proxy, this form of proxy is not required to be signed by the Non-Registered Holder when submitting the proxy. In this case, the Non-Registered Holder who wishes to submit a proxy should otherwise properly complete the form of proxy and **deliver it to** the head office of the Corporation or Computershare Investor Services Inc. as provided above; or
- (b) more typically, be given a voting instruction form **which is not signed by the Intermediary**, and which, when properly completed and signed by the Non-Registered Holder and **returned to the Intermediary or its service company**, will constitute voting instructions (often called a “**proxy authorization form**”) which the Intermediary must follow. Typically, the proxy authorization form will consist of a one page pre-printed form. Sometimes, instead of the one page pre-printed form, the proxy authorization form will consist of a regular printed proxy form accompanied by a page of instructions which contains a removable label containing a bar-code and other information. In order for the form of proxy to validly constitute a proxy authorization form, the Non-Registered Holder must remove the label from the instructions and affix it to the form of proxy, properly complete and sign the form of proxy and return it to the Intermediary or its service company in accordance with the instructions of the Intermediary or its service company.

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

In addition, Canadian securities legislation now permits the Corporation to forward meeting materials directly to "non objecting beneficial owners". If the Corporation or its agent has sent these materials directly to you (instead of through a Nominee), your name and address and information about your holdings of securities have been obtained in accordance with applicable securities regulatory requirements from the Nominee holding on your behalf. By choosing to send these materials to you directly, the Corporation (and not the Nominee holding on your behalf) has assumed responsibility for (i) delivering these materials to you and (ii) executing your proper voting instructions.

VOTING SHARES AND RECORD DATE

As at April 24, 2006, the issued share capital of the Corporation consisted of 49,893,936 Common Shares. Each holder of Common Shares of record at the close of business on April 24, 2006 (the "**Record Date**") Each Common Share entitles the holder thereof to one vote for each share then held on all matters to be acted upon at the Meeting.

PRINCIPAL HOLDERS OF VOTING SHARES

To the knowledge of the Directors and senior officers of the Corporation, no person or company beneficially owns, directly or indirectly, or exercises control or discretion over shares carrying more than 10% of the voting rights attached to all outstanding shares of the Corporation.

ELECTION OF DIRECTORS

The Corporation's board of Directors (the "**Board**") presently consists of six Directors. The term of office of each of the present Directors expires at the Meeting. At the Meeting, it is intended to fix the number of Directors at six and to elect six Directors for the ensuing year.

The persons named in the accompanying form of proxy intend to vote for the election, as Directors, of the nominees whose names are set forth below. Management does not contemplate that any of the nominees will be unable to serve as Directors but if that should occur for any reason prior to the Meeting, the persons named in the accompanying form of proxy reserve the right to vote for another nominee in their discretion unless authority to vote in the election of Directors is withheld. Each Director elected will hold office until the next annual meeting of the Corporation, or until their successors are appointed.

The names of and other information about the said nominees are as follows:

Name, Jurisdiction of Residence, and Position held with the Corporation ⁽¹⁾	Principal Occupation or Employment and, if not an Elected Director, Occupation During the Past Five Years ⁽¹⁾	Previous Service as a Director	No. of Shares Beneficially Owned, directly or indirectly, or Controlled or directed as at April 24, 2006 ⁽¹⁾
Robert Hodgkinson ⁽²⁾ , <i>Chief Executive Officer, Chairman and Director</i>	Chief Executive Officer of the Corporation	June 22, 2004	4,025,000
Doug Cannaday, <i>President and Director</i>	President of the Corporation	July 14, 2004	653,313
Lloyd Clark <i>Director</i>	Consulting Geological Engineer for major mining companies, specializing in exploration of uranium, gold and base metal properties	February 7, 2005	81,000
Archibald Nesbitt ⁽²⁾ , <i>Director</i>	Founder, senior officer and director of a number of publicly traded and private corporations - Gateway Gold Corporation, Southpoint Resources Ltd., Riverstone Resources Ltd. Bakbone Software Inc., Niblack Mining Corp., and Abacus Mining & Exploration Corp	November 24, 2004	304,500

Name, Jurisdiction of Residence, and Position held with the Corporation ⁽¹⁾	Principal Occupation or Employment and, if not an Elected Director, Occupation During the Past Five Years ⁽¹⁾	Previous Service as a Director	No. of Shares Beneficially Owned, directly or indirectly, or Controlled or directed as at April 24, 2006 ⁽¹⁾
Craig Sturrock ⁽²⁾	Tax lawyer since 1971. Currently, he is a partner at Thorsteinssons LLP, and his practice focuses primarily on civil and criminal tax litigation.	August 22, 2005	100,000
R. Marc Bustin	Professor of petroleum and coal geology in the Department of Earth Sciences at the University of British Columbia President of RMB Earth Science Consultants and a Principal of CBM Solutions Ltd.	August 30, 2005	25,000

(1) The information as to place of residence, principal occupation and the number of shares beneficially owned, directly or indirectly, or over which a nominee for Director exercises control or direction, not being within the knowledge of the Corporation, has been furnished by the respective nominees themselves.

(2) Denotes member of the Corporation's Audit Committee.

No proposed Director is to be elected under any arrangement or understanding between the proposed Director and any other person or company, except the Directors and executive officers of the company acting solely in such capacity.

To the knowledge of the Corporation, no proposed Director:

- (a) is, as at the date of the Information Circular, or has been, within 10 years before the date of the Information Circular, a Director or executive officer of any company (including the Corporation) that, while that person was acting in that capacity,
 - (i) was the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days;
 - (ii) was subject to an event that resulted, after the Director or executive officer ceased to be a Director or executive officer, in the company being the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days; or
 - (iii) or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or
- (b) has, within the 10 years before the date of the Information Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the proposed Director.

The following directors of the Corporation hold directorships in other reporting issuers as set out below:

<u>Name of Director</u>	<u>Name of Other Reporting Issuer</u>
Robert Hodgkinson	AADCO Automotive Inc.
Doug Cannaday	N/A
Lloyd Clark	N/A
Archibald Nesbitt	Gateway Gold Corporation Southpoint Resources Ltd. Riverstone Resources Ltd. Bakbone Software Inc. Niblack Mining Corp. Abacus Mining & Exploration Corp.
Craig C. Sturrock	N/A
R. Marc Bustin	N/A

COMPOSITION OF COMPENSATION COMMITTEE

The Board appointed a compensation committee comprised of Robert Hodgkinson, Archibald Nesbitt and Craig Sturrock (the “**Compensation Committee**”). The purpose of the Compensation Committee is to review and evaluate the performance of the Corporation’s officers and employees on an annual basis and to provide the Board with its recommendations for compensation for the ensuing year.

STATEMENT OF EXECUTIVE COMPENSATION

The following table (presented in accordance with National Instrument Form 51-102F6 (“**Statement of Executive Compensation**” (“**Form 51-102F6**”))) sets forth all annual and long term compensation for services in all capacities to the Corporation and its subsidiaries for the three most recently completed financial years (to the extent required by Form 51-102F6) in respect of each of the individuals comprised of the Chief Executive Officer and the Chief Financial Officer as at December 31, 2005 and the other three most highly compensated executive officers of the Corporation as at December 31, 2005 whose individual total salary and bonus for the most recently completed financial year exceeded \$150,000 and any individual who would have satisfied these criteria but for the fact that individual was not serving as such an officer at the end of the most recently completed financial year (collectively the “Named Executive Officers” or “NEOs”).

Summary Compensation Table

NEO Name and Principal Position	Year	Annual Compensation			Long Term Compensation			All Other Compensation (\$)
		Base Consulting Fees (\$)	Bonus (\$)	Other Annual Compensation (\$)	Awards		Payouts	
					Securities Under Option/SAR's Granted (#) ⁽¹⁾	Shares/Units Subject to Resale Restrictions (\$)	LTIP Payouts (\$)	
Robert Hodgkinson, Chief Executive Officer	2005	100,000	Nil	Nil	444,192	Nil	Nil	Nil
	2004	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	2003	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Mathew Wong, Chief Financial Officer	2005	64,480	Nil	Nil	50,000	Nil	Nil	Nil
	2004	14,030	Nil	Nil	150,000	Nil	Nil	Nil
	2003	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Douglas Cannaday, President and Chief Operating Officer	2005	122,356	Nil	Nil	350,000	Nil	Nil	Nil
	2004	22,500	Nil	Nil	150,000	Nil	Nil	Nil
	2003	Nil	Nil	Nil	Nil	Nil	Nil	Nil

- (1) Robert Hodgkinson became the CEO on July 14, 2004.
- (2) Mathew Wong became the CFO on July 14, 2004.
- (3) Douglas Cannaday became the President and COO on December 15, 2004

Long Term Incentive Plan Awards

Long term incentive plan awards ("**LTIP**") means any plan providing compensation intended to serve as an incentive for performance to occur over a period longer than one financial year, whether the performance is measured by reference to financial performance of the Corporation or an affiliate of the Corporation, the price of the Corporation's shares, or any other measure, but does not include option or stock appreciation rights plans or plans for compensation through restricted shares or units. The Corporation did not award any LTIPs to any Named Executive Officer during the most recently completed financial year ended December 31, 2005. There are no pension plan benefits in place for the Named Executive Officer.

Stock Appreciation Rights

Stock appreciation rights ("**SARs**") means a right, granted by the Corporation or any of its subsidiaries as compensation for services rendered or in connection with office or employment, to receive a payment of cash or an issue or transfer of securities based wholly or in part on changes in the trading price of the Corporation's shares. No SARs were granted to, or exercised by, any Named Executive Officer of the Corporation during the most recently completed financial year ended December 31, 2005.

Option/SAR Grants During the Most Recently Completed Financial Year

The following table outlines stock options granted by the Corporation to the Named Executive Officers for the fiscal year ended December 31, 2005:

Name	Securities, Under Options/SARs Granted ⁽¹⁾	% of Total Options/SARs Granted to Employees in Financial Year	Exercise or Base Price (\$/Security) ⁽²⁾	Market Value of Securities Underlying Options/SARs on the Date of Grant (\$/Security)	Expiration Date
Robert Hodgkinson, Chief Executive Officer	94,192 350,000	Total 17%	\$0.55 \$0.60	\$0.55 \$0.62	Feb 8, 2008 Aug 31, 2008
Mathew Wong, Chief Financial Officer	50,000	2%	\$0.55	\$0.55	Feb 8, 2008
Douglas Cannaday, President and Chief Operating Officer	150,000 200,000	Total 13%	\$0.55 \$0.60	\$0.55 \$0.60	Feb 8, 2008 Sep 30, 2008

⁽¹⁾ The options for common shares become exercisable on the date of grant, subject to regulatory and shareholder approval.

⁽²⁾ The exercise price of stock options is determined by the Board but shall in no event be less than the trading price of the common shares of the Corporation on the TSX Venture Exchange (the "Exchange") at the time of the grant of the option, less the maximum discount permitted under the regulations of the Exchange or such other price as may be agreed to by the Corporation and approved by the Exchange.

Aggregated Option/SAR Exercises During the Most Recently Completed Financial Year And Financial Year-End Option/SAR Values

The following table sets forth details of all exercises of stock options during the most recently completed financial year by each of the Named Executive Officers, the number of unexercised options held by the Named Executive Officers and the financial year-end value of unexercised options on an aggregated basis.

Name	Securities, Acquired on Exercise	Aggregate Value Realized	Unexercised Options/SARs at December 31, 2005 (#) Exercisable / Unexercisable	Value of Unexercised in-the-Money Options/SARs at December 31, 2005 ⁽¹⁾ (\$) Exercisable / Unexercisable
Robert Hodgkinson, Chief Executive Officer	Nil	Nil	148,064 / 296,128	\$66,718 / \$133,436
Mathew Wong, Chief Financial Officer	Nil	Nil	71,735 / 128,265	\$50,294 / \$88,956
Douglas Cannaday, President and Chief Operating Officer	Nil	Nil	138,402 / 211,598	\$81,294 / \$194,956

⁽¹⁾ The value of unexercised in-the-Money stock options has been determined by subtracting the exercise price at which Common Shares may be acquired pursuant to the exercise of the options from the closing price of the Common Shares on the Exchange of \$1.04 on December 30, 2005

Termination of Employment, Changes in Responsibility and Management Contracts:

The Corporation and its subsidiaries have management contracts with the following Named Executive Officers (“NEOs”) or the companies controlled by NEOs:

Name of NEOs	Annual Base Consulting Fees	Compensation Package on Termination of Contract, other than for termination with cause
Robert Hodgkinson	\$126,000	2 times annual base consulting fee
Mathew Wong	\$99,000	1 time annual base consulting fee
Douglas Cannaday	\$126,000	2 times annual base consulting fee

Compensation of Directors

During the most recently completed financial year ended December 31, 2005, there were no cash compensation to the Directors for being a member of the Board. Stock options were granted to the following Directors who are not Named Executive Officers:

Name	Securities, Under Options/SARs Granted	Exercise or Base Price (\$/Security)	Expiration Date
Archibald Nesbitt	100,000	\$0.275	Oct 31, 2009
Lloyd Clark	50,000 100,000	\$0.275 \$0.55	Oct 31, 2009 Feb 8, 2008
Craig Sturrock	100,000	\$0.60	Aug 31, 2008
Marc Bustin	50,000 150,000	\$0.55 \$0.60	Jul 15, 2006 Aug 31, 2008

Securities Authorized for Issuance Under Equity Compensation Plans

The following table sets forth the Corporation's compensation plans under which equity securities are authorized for issuance as at the end of the most recently completed financial year.

<i>Plan Category</i>	<i>Number of securities to be issued upon exercise of outstanding options, warrants and rights</i> (a)	<i>Weighted-average exercise price of outstanding options, warrants and rights</i> (b)	<i>Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a) and (c))</i> (a) and (c)
<i>Equity compensation plans approved by securityholders</i>	3,311,192	\$0.527	1,834,420
<i>Equity compensation plans not approved by securityholders</i>	Nil	Nil	Nil
<i>Total</i>	3,311,192	\$0.527	1,834,420

INDEBTEDNESS OF DIRECTORS, EXECUTIVE OFFICERS AND SENIOR OFFICERS

There is no indebtedness of any Director, executive officer, proposed nominee for election as a Director or associate of them, to or guaranteed or supported by the Corporation or any of its subsidiaries either

pursuant to an employee stock purchase program of the Corporation or otherwise, during the most recently completed financial year.

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

Except as otherwise disclosed herein, none of Directors or executive officers of the Corporation at any time since the beginning of the last financial year of the Corporation; the proposed nominees for election as a Director of the Corporation; or any associate or affiliate of the foregoing persons has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matters to be acted upon at the Meeting exclusive of the election of Directors or the appointment of auditors.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

Except as otherwise disclosed herein, no informed person or proposed Director of the Corporation and no associate or affiliate of the foregoing persons has or has 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 in either such case has materially affected or would materially affect the Corporation.

APPOINTMENT OF AUDITORS

Unless otherwise instructed, the proxies given pursuant to this solicitation will be voted for the re-appointment of Dale Matheson Carr-Hilton LaBonte, Chartered Accountants, of Vancouver, British Columbia, as auditors of the Corporation, to hold office until the close of the next annual general meeting of the Corporation. It is proposed that the remuneration to be paid to the auditors of the Corporation be fixed by the Board.

Labonte & Co., independent Chartered Accountant, was the Corporation's auditor for fiscal years 2000, 2001 and 2002. On January 1, 2004, Labonte & Co. merged with Dale Matheson Carr-Hilton and formed Dale Matheson Carr-Hilton LaBonte. As a result of the merger, Dale Matheson Carr-Hilton LaBonte has been the Company's auditor since the fiscal year-ended December 31, 2003.

MANAGEMENT CONTRACTS

No management functions of the Corporation are performed to any substantial degree by a person other than the Directors or senior officers of the Corporation.

AUDIT COMMITTEE

The Audit Committee's Charter

Mandate

The primary function of the audit committee (the "**Committee**") is to assist the Board in fulfilling its financial oversight responsibilities by reviewing the financial reports and other financial information provided by the Corporation to regulatory authorities and shareholders, the Corporation's systems of internal controls regarding finance and accounting and the Corporation's auditing, accounting and financial reporting processes. Consistent with this function, the Committee will encourage continuous improvement of, and should foster adherence to, the Corporation's policies, procedures and practices at all levels. The Committee's primary duties and responsibilities are to:

- Serve as an independent and objective party to monitor the Corporation's financial reporting and internal control system and review the Corporation's financial statements.
- Review and appraise the performance of the Corporation's external auditors.
- Provide an open avenue of communication among the Corporation's auditors, financial and senior management and the Board.

Composition

The Committee shall be comprised of three Directors as determined by the Board, the majority of whom shall be free from any relationship that, in the opinion of the Board, would interfere with the exercise of his or her independent judgment as a member of the Committee.

At least one member of the Committee shall have accounting or related financial management expertise. All members of the Committee that are not financially literate will work towards becoming financially literate to obtain a working familiarity with basic finance and accounting practices. For the purposes of the Corporation's Charter, the definition of "financially literate" is the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can presumably be expected to be raised by the Corporation's financial statements.

The members of the Committee shall be elected by the Board at its first meeting following the annual shareholders' meeting. Unless a Chair is elected by the full Board, the members of the Committee may designate a Chair by a majority vote of the full Committee membership.

Meetings

The Committee shall meet at least twice annually, or more frequently as circumstances dictate. As part of its job to foster open communication, the Committee will meet at least annually with the Chief Financial Officer and the external auditors in separate sessions.

Responsibilities and Duties

To fulfill its responsibilities and duties, the Committee shall:

Documents/Reports Review

- (a) Review and update this Charter annually.
- (b) Review the Corporation's financial statements, MD&A and any annual and interim earnings, press releases before the Corporation publicly discloses this information and any reports or other financial information (including quarterly financial statements), which are submitted to any governmental body, or to the public, including any certification, report, opinion, or review rendered by the external auditors.

External Auditors

- (a) Review annually, the performance of the external auditors who shall be ultimately accountable to the Board and the Committee as representatives of the shareholders of the Corporation.

- (b) Obtain annually, a formal written statement of external auditors setting forth all relationships between the external auditors and the Corporation, consistent with Independence Standards Board Standard 1.
- (c) Review and discuss with the external auditors any disclosed relationships or services that may impact the objectivity and independence of the external auditors.
- (d) Take, or recommend that the full Board take, appropriate action to oversee the independence of the external auditors.
- (e) Recommend to the Board the selection and, where applicable, the replacement of the external auditors nominated annually for shareholder approval.
- (f) At each meeting, consult with the external auditors, without the presence of management, about the quality of the Corporation's accounting principles, internal controls and the completeness and accuracy of the Corporation's financial statements.
- (g) Review and approve the Corporation's hiring policies regarding partners, employees and former partners and employees of the present and former external auditors of the Corporation.
- (h) Review with management and the external auditors the audit plan for the year-end financial statements and intended template for such statements.
- (i) Review and pre-approve all audit and audit-related services and the fees and other compensation related thereto, and any non-audit services, provided by the Corporation's external auditors. The pre-approval requirement is waived with respect to the provision of non-audit services if:
 - i. the aggregate amount of all such non-audit services provided to the Corporation constitutes not more than five percent of the total amount of revenues paid by the Corporation to its external auditors during the fiscal year in which the non-audit services are provided;
 - ii. such services were not recognized by the Corporation at the time of the engagement to be non-audit services; and
 - iii. such services are promptly brought to the attention of the Committee by the Corporation and approved prior to the completion of the audit by the Committee or by one or more members of the Committee who are members of the Board to whom authority to grant such approvals has been delegated by the Committee.

Provided the pre-approval of the non-audit services is presented to the Committee's first scheduled meeting following such approval such authority may be delegated by the Committee to one or more independent members of the Committee.

Financial Reporting Processes

- (a) In consultation with the external auditors, review with management the integrity of the Corporation's financial reporting process, both internal and external.
- (b) Consider the external auditors' judgments about the quality and appropriateness of the Corporation's accounting principles as applied in its financial reporting.

- (c) Consider and approve, if appropriate, changes to the Corporation's auditing and accounting principles and practices as suggested by the external auditors and management.
- (d) Review significant judgments made by management in the preparation of the financial statements and the view of the external auditors as to appropriateness of such judgments.
- (e) Following completion of the annual audit, review separately with management and the external auditors any significant difficulties encountered during the course of the audit, including any restrictions on the scope of work or access to required information.
- (f) Review any significant disagreement among management and the external auditors in connection with the preparation of the financial statements.
- (g) Review with the external auditors and management the extent to which changes and improvements in financial or accounting practices have been implemented.
- (h) Review any complaints or concerns about any questionable accounting, internal accounting controls or auditing matters.
- (i) Review certification process.
- (j) Establish a procedure for the confidential, anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters.

Other

Review any related-party transactions.

Composition of the Audit Committee

The following are the members of the Committee:

Robert Hodgkinson	Not Independent ①	Financially literate ①
Archibald Nesbitt	Independent ①	Financially literate ①
Craig Sturrock	Independent ①	Financially literate ①

① As defined by Multilateral Instrument 52-110 ("MI 52-110").

Relevant Education and Experience

Robert Hodgkinson has over 30 year's experience in public and venture capital markets. He was the Vice President and Partner with Canaccord Capital Corp., specializing in corporate finance oil & gas financing. He had completed the Canadian Securities Course. He is the Gold Medalist of Canadian Investment Finance (1974).

Archibald Nesbitt has 25 years of experience in the development and financing of junior resource venture companies and has served as director of several public companies. He holds LLB from the University of Western Ontario, and B.Comm from the Queens University.

Craig Sturrock has 34 years of experience in the practice of law. He is a partner of the law firm Thorsteinssons LLP, specializing in tax litigation. He was a former member of the Board of Governors of Canadian Tax Foundation.

Audit Committee Oversight

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

Reliance on Certain Exemptions

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

Pre-Approval Policies and Procedures

The Committee has adopted specific policies and procedures for the engagement of non-audit services as described above under the heading "External Auditors".

External Auditor Service Fees (By Category)

The aggregate fees billed by the Corporation's external auditors in each of the last two fiscal years for audit fees are as follows:

<i>Financial Year Ending</i>	<i>Audit Fees</i>	<i>Audit Related Fees</i>	<i>Tax Fees</i>	<i>All Other Fees</i>
2005	\$13,000	\$5,000	Nil	\$2,000
2004	\$11,000	Nil	Nil	Nil

Exemption in Section 6.1 of MI 52-110

The Corporation is relying on the exemption in Section 6.1 of MI 52-110 from the requirement of Parts 3 (Composition of the Audit Committee) and 5 (Reporting Obligations).

CORPORATE GOVERNANCE DISCLOSURE

A summary of the responsibilities and activities and the membership of each of the Committees is set out below.

National Instrument 58-201 ("**NI 58-201**") establishes corporate governance guidelines which apply to all public companies. The Corporation has reviewed its own corporate governance practices in light of these guidelines. In certain cases, the Corporation's practices comply with the guidelines, however, the Board considers that some of the guidelines are not suitable for the Corporation at its current stage of development and therefore these guidelines have not been adopted. National Instrument 58-101 mandates disclosure of corporate governance practices which disclosure is set out below.

Independence of Members of Board

The Corporation's Board consists of six directors, four of whom are independent based upon the tests for independence set forth in Multilateral Instrument 52-110. Messrs. Clark, Nesbitt, Sturrock and Bustin are independent. Mr. Hodgkinson is not independent as he is the Chief Executive Officer of the Corporation. Mr. Cannaday is not independent as he is the President of the Corporation.

Management Supervision by Board

The size of the Corporation is such that all the Corporation's operations are conducted by a small management team which is also represented on the Board. The Board considers that management is effectively supervised by the independent directors on an informal basis as the independent directors are actively and regularly involved in reviewing and supervising the operations of the Corporation and have regular and full access to management. The independent directors are however able to meet at any time without any members of management including the non-independent directors being present.

Further supervision is performed through the audit committee which is composed of a majority of independent directors who can meet with the Corporation's auditors without management being in attendance. The independent directors exercise their responsibilities for independent oversight of management through their majority control of the Board.

Participation of Directors in Other Reporting Issuers

The participation of the directors in other reporting issuers is described in the table provided under "Election of Directors" in this Information Circular.

Orientation and Continuing Education

While the Corporation does not have formal orientation and training programs, new Board members are provided with:

1. information respecting the functioning of the Board Directors, committees and copies of the Corporation's corporate governance policies;
2. access to recent, publicly filed documents of the Corporation;
3. access to management; and
4. *summary of significant corporate and securities responsibilities.*

Board members are encouraged to communicate with management, auditors and technical consultants; to keep themselves current with industry trends and developments and changes in legislation with management's assistance; and to attend related industry seminars and visit the Corporation's operations. Board members have full access to the Corporation's records.

Ethical Business Conduct

The Board views good corporate governance as an integral component to the success of the Corporation and to meet responsibilities to shareholders.

Compensation of Directors and the CEO

The independent Directors are Archibald Nesbitt, Lloyd Clark, Craig Sturrock and Marc Bustin. These Directors have the responsibility for determining compensation for the directors and senior management. The Compensation Committee has responsibility for determining compensation for the directors and senior management. Management contracts for senior officers and Directors are approved by independent Directors.

To determine compensation payable, the compensation committee reviews compensation paid for directors and CEOs of companies of similar size and stage of development in the resource exploration

industry and determines an appropriate compensation reflecting the need to provide incentive and compensation for the time and effort expended by the directors and senior management while taking into account the financial and other resources of the Corporation. In setting the compensation, the compensation committee annually reviews the performance of the CEO in light of the Corporation's objectives and consider other factors that may have impacted the success of the Corporation in achieving its objectives.

Board Committees

The Corporation has only formed two committees – the Audit Committee and the Compensation Committee.

Nomination and Assessment

The Board determines new nominees to the Board, although a formal process has not been adopted. The nominees are generally the result of recruitment efforts by the Board members, including both formal and informal discussions among Board members and the President and Chief Executive Officer. The Board monitors but does not formally assess the performance of individual Board members or committee members or their contributions. The Board does not consider that formal assessments would be useful at this stage of the Corporation's development.

Expectations of Management

The Board expects management to operate the business of the Corporation in a manner that enhances shareholder value and is consistent with the highest level of integrity. Management is expected to execute the Corporation's business plan and to meet performance goals and objectives.

TRANSFER AGENT AND REGISTRAR

Computershare Investor Services Inc. is the transfer agent and registrar for the Common Share.

PARTICULARS OF MATTERS TO BE ACTED UPON

Adoption of New Stock Option Plan

The Corporation's current Stock Option Plan (the "**Current Plan**") provides that a total of 5,145,612 shares are reserved for issuance upon exercise of stock options granted under the Current Plan. The Corporation has options outstanding under its Current Plan to purchase 4,632,726 Common Shares.

The Board of the Corporation adopted a new stock option plan (the "**New Plan**") effective July 1, 2006, subject to acceptance by the Exchange and the shareholders of the Corporation.

The purpose of the New Plan is to allow the Corporation to grant options to directors, officers, employees and consultants, as additional compensation, and as an opportunity to participate in the success of the Corporation. The granting of such options is intended to align the interests of such persons with that of the shareholders. Options will be exercisable over periods of up to 5 years as determined by the Board of the Corporation and are required to have an exercise price no less than the closing market price of the Corporation's Common Shares prevailing on the day that the option is granted less a discount of up to 25%, the amount of the discount varying with market price in accordance with the policies of the Exchange. Pursuant to the New Plan, the Board may from time to time authorize the issue of options to directors, officers, employees and consultants of the Corporation and its subsidiaries or employees of companies providing management or consulting services to the Corporation or its subsidiaries. The

maximum number of Common Shares which may be issued pursuant to options previously granted under the Current Plan and those granted under the New Plan will be a maximum of 10% of the issued and outstanding common shares at the time of the grant. In addition, the number of shares which may be reserved for issuance to any one individual may not exceed 5% of the issued shares on a yearly basis or 2% if the optionee is engaged in investor relations activities or is a consultant. The New Plan contains no vesting requirements, but permits the Board of Directors to specify a vesting schedule in its discretion.

The New Plan provides that if a change of control, as defined in the New Plan, occurs, all shares subject to option shall immediately become vested and may thereupon be exercised in whole or in part by the option holder.

The full text of the New Plan will be available for review at the Meeting.

Unless such authority is withheld, the persons named in the enclosed proxy intend to vote for the approval of the New Plan.

At the Meeting, shareholders will be asked to pass a resolution in the following form:

"UPON MOTION IT WAS RESOLVED that the Corporation do approve, subject to regulatory approval, the adoption of a stock option plan pursuant to which the directors may, from time to time, authorize the issuance of options to directors, officers, employees and consultants of the Corporation and its subsidiaries to a maximum of 10% of the issued and outstanding common shares at the time of the grant, with a maximum of 5% of the Corporation's issued and outstanding shares being reserved to any one person on a yearly basis."

Shareholders Rights Plan

The following is only a summary of certain provisions of the Shareholder Rights Plan and is qualified in its entirety by the provisions of the Shareholder Rights Plan. Defined terms used in this section and not defined herein have the meaning ascribed to them in the Shareholder Rights Plan. A shareholder or other interested party may obtain a copy of the Rights Plan Agreement by contacting the Corporate Secretary of the Corporation at 1100 – 808 West Hastings Street, Vancouver, BC, V6C 2X4, or by accessing the Corporation's publicly filed documents, including the Rights Plan Agreement, on SEDAR at www.sedar.com.

Effective May 5, 2006, the Board adopted a Shareholder Rights Plan (the "Rights Plan"). The Rights Plan has been implemented by way of a shareholder rights plan agreement (the "Rights Plan Agreement") dated as of May 5, 2006 between the Corporation and Computershare Investor Services Inc., as rights agent. The Board adopted the Rights Plan to ensure, to the extent possible, that all shareholders of the Corporation are treated equally and fairly in connection with any take-over bid or similar offer for all or a portion of the outstanding common shares of the Corporation.

At the Meeting, shareholders of the Corporation will be asked to consider and, if thought advisable, to ratify, confirm and approve by means of an ordinary resolution, the Rights Plan Agreement. Approval of the Rights Plan Agreement by the shareholders of the Corporation is required by the terms of the Rights Plan Agreement and by the Exchange.

Recommendation of the Board

The Board has determined that the Rights Plan Agreement is and continues to be in the best interests of the Corporation and its shareholders. **The Board recommends that shareholders vote in favour of the**

resolution approving, confirming and ratifying the Rights Plan Agreement and authorizing the issuance of Rights pursuant thereto.

Background to the Rights Plan Agreement

The Rights Plan Agreement has been designed to protect shareholders from unfair, abusive or coercive take-over strategies including the acquisition of control of the Corporation by a bidder in a transaction or series of transactions that may not treat all shareholders fairly nor afford all shareholders an equal opportunity to share in the premium paid upon an acquisition of control. The Rights Plan Agreement was adopted to provide the Board with sufficient time, in the event of a public take-over bid or tender offer for the common shares of the Corporation, to pursue alternatives which could enhance shareholder value. These alternatives could involve the review of other take-over bids or offers from other interested parties to provide shareholders desiring to sell the Corporation's common shares with the best opportunity to realize the maximum sale price for their common shares. In addition, with sufficient time, the Board would be able to explore and, if feasible, advance alternatives to maximize share value through possible corporate reorganizations or restructuring. The directors need time in order to have any real ability to consider these alternatives.

Potential Advantages of the Rights Plan Agreement

The Board believes that under the current rules relating to take-over bids and tender offers in Canada there is not sufficient time for the directors to explore and develop alternatives for the shareholders such as possible higher offers or corporate reorganizations or restructurings that could maximize shareholder value. Under current rules, a take-over bid must remain open in Canada for a minimum of 35 days. Accordingly, the directors believe the Rights Plan Agreement continues to be an appropriate mechanism to ensure that they will be able to discharge their responsibility to assist shareholders in responding to a take-over bid or tender offer.

In addition, the Board believes that the Rights Plan Agreement will encourage persons seeking to acquire control of the Corporation to do so by means of a public take-over bid or offer available to all shareholders. The Rights Plan Agreement will deter acquisitions by means that deny some shareholders the opportunity to share in the premium that an acquirer is likely to pay upon an acquisition of control. By motivating would-be acquirers to make a public take-over bid or offer or to negotiate with the Board, shareholders will have the best opportunity of being assured that they will participate on an equal basis, regardless of the size of their holding, in any acquisition of control of the Corporation.

The Rights Plan Agreement is not intended to prevent a take-over or deter fair offers for securities of the Corporation. The Board believes that the Rights Plan Agreement will not adversely limit the opportunity for shareholders to dispose of their common shares through a take-over bid or tender offer which provides fair value to all shareholders. The directors will continue to be bound to consider fully and fairly any bona fide take-over bid or offer for common shares of the Corporation and to discharge that responsibility with a view to the best interests of the shareholders.

Potential Disadvantages of the Rights Plan Agreement

Because the Rights Plan Agreement may increase the price to be paid by an acquirer to obtain control of the Corporation and may discourage certain transactions, confirmation of the Rights Plan Agreement may reduce the likelihood of a take-over bid being made for the outstanding common shares of the Corporation. Accordingly, the Rights Plan Agreement may deter some take-over bids that shareholders might wish to receive.

Term

Provided the Rights Plan Agreement is confirmed at the Meeting, the Rights Plan will remain in effect until termination of the annual meeting of shareholders of the Corporation in 2009 unless the term of the Rights Plan Agreement is terminated earlier. The Rights Plan may be extended beyond 2009 for an additional three-year period by resolution of shareholders at such meeting in accordance with the provisions of the Rights Plan Agreement, and for subsequent three-year periods on the same basis. **If the Rights Plan Agreement is not confirmed at the Meeting, the Rights Plan will terminate at the conclusion of the Meeting and all Rights issued under the Rights Plan will be cancelled.**

Issue of Rights

One right (a "Right") has been issued by the Corporation pursuant to the Rights Plan Agreement in respect of each Common Share outstanding at 4:00 p.m. (Vancouver time) on May 5, 2006 (the "Record Time"). One Right will also be issued for each additional Common Share issued after the Record Time and prior to the earlier of the Separation Time (as defined below) and the Expiration Time (as defined in the Rights Plan Agreement).

Rights Exercise Privilege

The Rights will separate from the common shares to which they are attached and become exercisable at the time (the "Separation Time") which is 10 trading days following the date a person becomes an Acquiring Person (as defined below) or announces an intention to make a take-over bid that is not an acquisition pursuant to a take-over bid permitted by the Rights Plan (a "Permitted Bid").

Any transaction or event in which a person (an "Acquiring Person"), including associates and affiliates and others acting in concert, acquires (other than pursuant to an exemption available under the Rights Plan or a Permitted Bid) Beneficial Ownership (as defined in the Rights Plan Agreement) of 20% or more of the voting shares of the Corporation is referred to as a "Flip-in Event". Any Rights held by an Acquiring Person on or after the earlier of the Separation Time or the first date of public announcement by the Corporation or an Acquiring Person that an Acquiring Person has become such, will become void and the Rights (other than those held by the Acquiring Person) will permit the holder to purchase common shares at a 50% discount to their market price. A person, or a group acting in concert, who is the beneficial owner of 20% or more of the outstanding common shares as of the Record Time is exempt from the dilutive effects of the Rights Plan.

The issuance of the Rights is not dilutive until the Rights separate from the underlying common shares and become exercisable or until the exercise of the Rights. The issuance of the Rights will not change the manner in which shareholders currently trade their common shares.

Certificates and Transferability

Prior to the close of business on the earlier of the Separation Time and the Expiration Time, the Rights will be evidenced by a legend imprinted on certificates for common shares issued after the Record Time. Rights are also attached to common shares outstanding at the Record Time, although share certificates issued prior to the Record Time will not bear such a legend. Shareholders are not required to return their certificates in order to have the benefit of the Rights. Prior to the Separation Time, Rights will trade together with the common shares and will not be exercisable or transferable separately from the common shares. From and after the Separation Time and prior to the Expiration Time, the Rights will become exercisable, will be evidenced by Rights certificates and will be transferable separately from the common shares.

Permitted Bid Requirements

The requirements of a “Permitted Bid” include the following:

- (a) the take-over bid must be made by means of a take-over bid circular;
- (b) the take-over bid is made to all holders of voting shares as registered on the books of the Corporation, other than the offeror, for all of the voting shares held by them;
- (c) the take-over bid contains, and the take-up and payment for securities tendered or deposited is subject to, an irrevocable and unqualified provision that no voting shares will be taken up or paid for pursuant to the take-over bid prior to the close of business on the date which is not less than 60 days following the date of the take-over bid and only if at such date more than 50% of the voting shares held by independent shareholders shall have been deposited or tendered pursuant to the take-over bid and not withdrawn;
- (d) the take-over bid contains an irrevocable and unqualified provision that, unless the take-over bid is withdrawn, voting shares may be deposited pursuant to such take-over bid at any time during the period of time between the date of the take-over bid and the date on which voting shares may be taken up and paid for and that any voting shares deposited pursuant to the take-over bid may be withdrawn until taken up and paid for; and
- (e) the take-over bid contains an irrevocable and unqualified provision that if, on the date on which voting shares may be taken up and paid for, more than 50% of the voting shares held by independent shareholders shall have been deposited pursuant to the take-over bid and not withdrawn, the offeror will make a public announcement of that fact and the take-over bid will remain open for deposits and tenders of voting shares for not less than ten business days from the date of such public announcement.

The Rights Plan allows for a competing Permitted Bid (a “Competing Permitted Bid”) to be made while a Permitted Bid is in existence. A Competing Permitted Bid must satisfy all of the requirements of a Permitted Bid except that it must expire prior to the expiry of that Permitted Bid, subject to the requirement that it be outstanding for a minimum period of 35 days in accordance with applicable securities legislation.

Waiver and Redemption

If a potential offeror does not desire to make a Permitted Bid, it can negotiate with, and obtain the prior approval of, the Board to make a take-over bid by way of a take-over bid circular sent to all holders of voting shares on terms which the Board considers fair to all shareholders. In such circumstances, the Board may waive the application of the Rights Plan thereby allowing such bid to proceed without dilution to the offeror. Any waiver of the application of the Rights Plan in respect of a particular take-over bid shall also constitute a waiver of any other take-over bid which is made by means of a take-over bid circular to all holders of voting shares while the initial take-over bid is outstanding. The Board may also waive the application of the Rights Plan in respect of a particular Flip-in Event that has occurred through inadvertence, provided that the Acquiring Person that inadvertently triggered such Flip-in Event reduces its beneficial holdings to less than 20% of the outstanding voting shares of the Corporation at the time of the granting of the waiver by the Board. With the prior consent of the holders of voting shares, the Board may, prior to the occurrence of a Flip-in Event that would occur by reason of an acquisition of voting shares otherwise than pursuant to a take-over made by means of a take-over bid circular to holders of voting shares, waive the application of the Rights Plan to such Flip-in Event.

The Board may, at any time prior to the occurrence of a Flip-in Event, elect to redeem all but not less than all of the then outstanding Rights at a redemption price of \$0.00001 per Right. Rights are deemed to be redeemed following completion of a Permitted Bid, a Competing Permitted Bid or a take-over bid in respect of which the Board has waived the application of the Rights Plan.

Board of Directors

The adoption of the Rights Plan will not in any way lessen or affect the duty of the Board to act honestly and in good faith with a view to the best interests of the Corporation. The Board, when a take-over bid or similar offer is made, will continue to have the duty and power to take such actions and make such recommendations to shareholders as are considered appropriate. It is not the intention of the Board to secure the continuance of existing directors or officers to avoid an acquisition of control of the Corporation in a transaction that is fair and in the best interests of the Corporation and its shareholders, or to avoid the fiduciary duties of the Board or of any director. The proxy mechanism of the *Business Corporations Act* (British Columbia) is not affected by the Rights Plan Agreement, and a shareholder may use his, her or its statutory rights to promote a change in the management or direction of the Corporation, including the right of shareholders holding not less than 5% of the outstanding common shares to requisition the Board to call a meeting of shareholders.

Amendment

The Corporation may, prior to the date of the Meeting, without the approval of the holders of Rights or common shares, supplement or amend the Rights Plan Agreement and may, after the date of the Meeting (provided the Rights Plan Agreement is ratified, confirmed and approved by shareholders at the Meeting) with the prior approval of shareholders (or the holders of Rights if the Separation Time has occurred), supplement, amend, vary or delete any of the provisions of the Rights Plan Agreement. The Corporation may make amendments to the Rights Plan Agreement at any time to correct any clerical or typographical error or, subject to confirmation at the next meeting of shareholders, make amendments which are required to maintain the validity of the Rights Plan Agreement due to changes in any applicable legislation, rules or regulations.

Existing Charter Provisions

The Notice of Articles and Articles of the Corporation do not contain any provisions intended by the Corporation to have, or, to the knowledge of the Board having, an anti-takeover effect. However, the power of the Board to issue additional common shares (although subject to restrictions imposed by applicable law and regulatory requirements) could be used to dilute the share ownership of persons seeking to obtain control of the Corporation.

Voting Requirements

The Rights Plan Agreement provides that it must be ratified by shareholders of the Corporation not later than November 5th, 2006. The Exchange also requires that such ratification be obtained. The Rights Plan Agreement must be ratified by a majority of the votes cast at the Meeting by holders of common shares, and, if applicable, by a separate majority vote excluding any votes cast by (i) any shareholder that, directly or indirectly, on its own or in concert with others holds or exercises control over more than 20% of the outstanding common shares, and (ii) the associates, affiliates and insiders of such shareholders. Management of the Corporation is not aware of any shareholder who will be ineligible to vote on the confirmation of the Rights Plan Agreement at the Meeting.

Text of Ordinary Resolution to Approve Rights Plan

At the Meeting, shareholders will be asked to pass a resolution in the following form:

"UPON MOTION IT WAS RESOLVED that:

1. the shareholder rights plan agreement dated as of May 5th, 2006 between the Corporation and Computershare Investor Services Inc. be and is hereby ratified, confirmed and approved, and the Corporation is authorized to issue rights pursuant thereto;
2. the actions of the directors and officers of the Corporation in executing and delivering the shareholder rights plan agreement be and the same are hereby ratified, confirmed, approved and authorized; and
3. any one director or officer of the Corporation be and is hereby authorized to execute and deliver on behalf of the Corporation all such documents and instruments and to do all such other acts and things as in his or her opinion may be necessary or desirable in connection with the said agreement."

GENERAL

On any ballot that may be called for with respect to the matters described in the notice calling the Meeting, the shares represented by each properly executed proxy appointing one of the persons named by management in the accompanying form of proxy will be voted in the fixing of the number of directors, the election of the named directors, and the appointment of auditors and the fixing of their remuneration, unless the specifications in the proxy direct the shares to be withheld from voting.

The accompanying form of proxy, when properly signed, confers discretionary authority with respect to amendments or variations to matters identified in the accompanying notice of the meeting and other matters that may properly come before the Meeting. The management of the Corporation presently knows of no such amendments, variations or other matters to come before the Meeting.

The contents of this circular and the sending of same to each director and shareholder of the Corporation and to the auditors of the Corporation has been approved by the directors of the Corporation.

ADDITIONAL INFORMATION

Additional information relating to the Corporation is on SEDAR at www.sedar.com. Shareholders may contact the Corporation at 1100 – 808 West Hastings Street, Vancouver, BC V6C 2X4 to request copies of the Corporation's financial statements and MD&A.

Financial information is provided in the Corporation's comparative financial statements and MD&A for its most recently completed financial year which are filed on SEDAR.

OTHER MATTERS

Management of the Corporation is not aware of any other matter to come before the Meeting other than as set forth in the notice of Meeting. If any other matter properly comes before the Meeting, it is the intention of the persons named in the enclosed form of proxy to vote the shares represented thereby in accordance with their best judgment on such matter.

DATED at Vancouver, British Columbia, this 24th day of April, 2006.

APPROVED BY THE BOARD OF DIRECTORS

"Robert Hodgkinson"

Robert Hodgkinson
Director, Chairman and Chief Executive Officer