

# ROCKY MOUNTAIN RESOURCES CORP.

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**MANAGEMENT INFORMATION CIRCULAR**  
containing information as at **May 21, 2009** unless otherwise noted

## SOLICITATION OF PROXIES

### Solicitation of Proxies by Management

This Management Information Circular (“Circular”) is furnished in connection with the solicitation of proxies by the management of Rocky Mountain Resources Corp. (the “Company”) for use at the Annual & Special Meeting of the shareholders of the Company to be held on Thursday, June 25, 2009 (the “Meeting”) at the time and place and for the purposes set forth in the accompanying Notice of Meeting and any adjournment thereof.

### Cost and Manner of Solicitation

While it is expected that the solicitation will be primarily by mail, proxies may be solicited personally or by telephone, facsimile or electronically by the directors and regular employees of the Company or other proxy solicitation services. In accordance with National Instrument 54-101 Communication with Beneficial Owners of Securities of a Reporting Issuer, arrangements have been made to forward proxy solicitation materials to the beneficial owners of Common shares of the Company. All costs of solicitation will be borne by the Company.

## APPOINTMENT AND REVOCATION OF PROXIES

### Appointment of Proxy

A shareholder entitled to vote at the Meeting may, by means of a properly executed and deposited proxy, appoint a proxyholder or one or more alternate proxyholders, who need not be shareholders of the Company to attend and act at the Meeting for the shareholder and on the shareholder’s behalf.

The individuals named in the enclosed form of proxy are Thomas J. DeMull, President and Chief Executive Officer (“CEO”), and Sandra Lee, Corporate Secretary of the Company (the “**Management Designees**”). **A SHAREHOLDER WISHING TO APPOINT SOME OTHER PERSON (WHO NEED NOT BE A SHAREHOLDER) TO REPRESENT HIM OR HER AT THE MEETING MAY DO SO BY INSERTING SUCH PERSON’S NAME IN THE BLANK SPACE PROVIDED IN THE FORM OF PROXY AND STRIKING OUT THE NAMES OF THE MANAGEMENT DESIGNEES OR BY COMPLETING ANOTHER FORM OF PROXY.**

A proxy will not be valid unless the completed, dated and signed form of proxy is deposited with Computershare Investor Services Inc., not less than 48 hours (excluding Saturdays, Sundays and holidays) before the time for holding the Meeting or any adjournment thereof, is delivered to the chair of the Meeting prior to the commencement of the Meeting or an adjourned meeting. **Proxies may be deposited with Computershare Investor Services Inc. using one of the following methods:**

<b>BY MAIL:</b>	Computershare Investor Services Inc. 9th Floor, 100 University Avenue Toronto, Ontario M5J 2Y1
<b>OR IF YOU HAVE A CONTROL NUMBER, A HOLDER ACCOUNT NUMBER AND AN ACCESS NUMBER ON THE FACE OF THE PROXY, YOU ARE ALTERNATIVELY ABLE TO VOTE:</b>	
<b>BY TELEPHONE:</b>	1-866-732-8683, or
<b>BY INTERNET:</b>	<a href="http://www.investorvote.com">www.investorvote.com</a>

## **Revocation of Proxy**

A shareholder who has given a proxy may revoke it by an instrument in writing duly executed by the shareholder or by the shareholder's attorney authorized in writing or, where the shareholder is a corporation, by a duly authorized officer or attorney of the corporation, and delivered either to the registered office of the Company, Suite 2800 Park Place, 666 Burrard Street, Vancouver, British Columbia, V6C 2Z7, at any time up to and including the last business day preceding the day of the Meeting, or if adjourned, any reconvening thereof, or to the chair of the Meeting on the day of the Meeting or, if adjourned, any reconvening thereof or in any other manner provided by law. A revocation of a proxy does not affect any matter on which a vote has been taken prior to the revocation.

In addition, a proxy may be revoked by a shareholder properly executing another form of proxy bearing a later date and depositing the same at the offices of **Computershare Investor Services Inc.** within the time period and in the manner set out under the heading "**Appointment of Proxy**" above or by the shareholder personally attending the Meeting, withdrawing his or her proxy and voting the shares.

## **Voting of Proxies and Exercise of Discretion by Proxyholders**

Unless a ballot is called for or required by law, voting at the Meeting will be by way of show of hands. Common shares represented by a properly completed, executed and deposited proxy may be voted by the proxyholder on a show of hands, except where the proxyholder has conflicting instructions from more than one shareholder, in which case such proxyholder will not be entitled to vote on a show of hands. In addition, shares represented by proxies will be voted on any ballot. In either case, where a choice with respect to any matter to be acted upon has been specified in the proxy, the shares will be voted or withheld from voting in accordance with the specification so made.

**IF A CHOICE WITH RESPECT TO ANY MATTER IS NOT CLEARLY SPECIFIED IN THE PROXY, THE MANAGEMENT DESIGNEES WILL VOTE THE COMMON SHARES REPRESENTED BY THE PROXY FOR EACH SUCH MATTER.**

**The enclosed form of proxy when properly executed and deposited and not revoked confers discretionary authority upon the person appointed proxy thereunder to vote with respect to amendments or variations of matters identified in the Notice of Meeting, and with respect to other matters which may properly come before the Meeting.** In the event that amendments or variations to matters identified in the Notice of Meeting are properly brought before the Meeting or any further or other business is properly brought before the Meeting, it is the intention of the Management Designees to vote in accordance with their best judgment on such matters or business. At the date of this Circular, management knows of no such amendment, variation or other matter which may be presented to the Meeting.

## **Advice to Beneficial Holders of Common Shares**

Only registered holders of Common shares of the Company or the persons they validly 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 an intermediary (an "**Intermediary**") (including banks, trust companies, securities dealers or brokers and trustees or administrators of self-administered RRSPs, RRIFs, RESPs and similar plans) that the Non-Registered Holder deals with in respect of the shares, or (ii) in the name of a clearing agency (such as the Canadian Depository for Securities Limited) of which the Intermediary is a participant.

### *Distribution to NOBOs*

In accordance with the requirements of the Canadian Securities Administrators and National Instrument 54-101 Communication with Beneficial Owners of Securities of a Reporting Issuer ("**NI-54-101**"), the Company will have caused its agent to distribute copies of the Notice of Meeting and this Circular (collectively, the "**meeting materials**") as well as a Voting Instruction Form directly to those Non-Registered Holders who have provided

instructions to an Intermediary that such Non-Registered Holder does not object to the Intermediary disclosing ownership information about the beneficial owner (“**Non-Objecting Beneficial Owner**” or “**NOBO**”).

*These meeting materials are being sent to both registered and non-registered owners of the securities. If you are a non-registered owner, and the Company or its agent has sent these materials directly to you, your name, address and information about your holdings of securities, have been obtained in accordance with applicable securities regulatory requirements from the intermediary holding on your behalf.*

*By choosing to send these materials to you directly, the Company (and not the intermediary holding on your behalf) has assumed responsibility for (i) delivering these materials to you, and (ii) executing your proper voting instructions. Please return your voting instructions as specified in the request for Voting Instruction Form enclosed with mailings to NOBOs.*

The meeting materials distributed by the Company’s agent to NOBOs include a Voting Instruction Form. Please carefully review the instructions on the Voting Instruction Form for completion and deposit.

#### *Distribution to OBOs*

In addition, the Company will have caused its agent to deliver copies of the meeting materials to the clearing agencies and Intermediaries for onward distribution to those Non-Registered Shareholders who have provided instructions to an Intermediary that the beneficial owner objects to the Intermediary disclosing ownership information about the beneficial owner (“**Objecting Beneficial Owner**” or “**OBO**”).

Intermediaries are required to forward the meeting materials to OBOs unless an OBO has waived his or her right to receive them. Intermediaries often use service companies such as Broadridge (formerly ADP) to forward the meeting materials to OBOs. Generally, those OBOs 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 OBO, but which is otherwise uncompleted. This form of proxy need not be signed by the OBO. In this case, the OBO who wishes to submit a proxy should properly complete the form of proxy and deposit it with Computershare Investor Services Inc. in the manner set out in the proxy, with respect to the Common shares beneficially owned by such OBO, in accordance with the instructions elsewhere in this Circular; **OR**
- (b) more typically, be given a voting registration form which is not signed by the Intermediary and which, when properly completed and signed by the OBO and returned to the Intermediary or its service company, will constitute authority and 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 or other information. In order for the form of proxy to validly constitute a proxy authorization form, the OBO must remove the label from the instructions and affix it to the form of proxy, properly complete and sign the form of proxy and submit 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 the OBO to direct the voting of the shares he or she beneficially owns.

**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 persons named in the form and insert the Non-Registered Holder’s name in the blank space provided. In either case, Non-Registered Holders should**

**carefully follow the instructions, including those regarding when and where the proxy or proxy authorization form is to be delivered.**

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

### **Voting Securities**

The Company's authorized share structure consists of an unlimited number of Common shares without par value. As at **May 21, 2009**, the Company has issued and outstanding 16,738,816 fully paid and non-assessable Common shares, each Common share carrying the right to one vote. **The Company has no other classes of voting securities.** The Common shares have attached thereto the following preferences, rights, conditions, restrictions, limitations, or prohibitions:

#### *Voting*

The holders of Common shares shall be entitled to receive notice of and to attend any meeting of the shareholders of the Company and shall, in respect of each Common Share held, be entitled to vote at any meeting of the shareholders of the Company and have one vote in respect of each Common share held by them.

#### *Dividends*

The holders of Common Shares shall be entitled to receive dividends and the Company shall pay dividends thereon, as and when declared by the Board of Directors of the Company out of moneys properly applicable to the payment of dividends, in such amount and in such form as the Board of Directors of the Company may from time to time determine.

### **Record Date**

The record date for the determination of shareholders entitled to receive notice of the Meeting has been fixed at the close of business on **May 21, 2009** ("**Record Date**").

Every shareholder of record at the Record Date who either personally attends the Meeting or who has submitted a properly executed and deposited form of proxy in the manner and subject to the provisions described above and which has not been revoked shall be entitled to vote or to have his or her shares voted at the Meeting or any adjournment thereof.

### **Principal Holders**

To the knowledge of the directors and executive officers of the Company, as at **May 21, 2009**, the only persons or companies who beneficially own, directly or indirectly, or exercise control or direction over Common shares carrying more than 10% of the voting rights attached to all outstanding shares of the Company are:

<u>Name</u>	<u>No. of Shares</u>	<u>Percentage</u>
George T. Hawes	2,671,000	15.96%
Canaccord Capital Corp. in trust for Amelia Investments Ltd. <sup>(1)</sup>	2,470,100	14.76%

#### Note:

- (1) These shares are held indirectly by Dr. E. Kelly Hyslop through Canaccord Capital Corp. in trust for Amelia Investments Ltd. Dr. Hyslop is the controlling shareholder of Amelia Investments Ltd.

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

Other than as disclosed elsewhere in this Circular, none of the directors or executive officers of the Company, no proposed nominee for election as a director of the Company, none of the persons who have been directors or executive officers of the Company since the commencement of the Company's last completed financial year and no associate or affiliate or 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.

## ELECTION OF DIRECTORS

The Board of Directors presently consists of six directors and it is intended that six directors be elected for the ensuing year.

The term of office of each of the present six directors expires at the Meeting. The persons named below will be presented for election at the Meeting as management's nominees and unless such authority is withheld, the Management Designees intend to vote for the election of these nominees. Management does not contemplate that any of these nominees will be unable to serve as a director. Each director elected will hold office until the next annual meeting of the Company or until his successor is elected or appointed, unless his office is earlier vacated in accordance with the Bylaws of the Company, or with the provisions of the *Canada Business Corporations Act*. No class of shareholders of the Company has the right to elect a specified number of directors or to cumulate their votes for directors.

The Board of Directors has not appointed an Executive Committee. The members of the Company's Audit Committee as at the date hereof are Brian J. McAlister (Chair), Brian E. Bayley and George T. Hawes.

The following table sets out the names of the nominees for election as directors, the province and country in which each is ordinarily resident, all offices of the Company now held by each of them, their principal occupation, business or employment, the period of time for which each has been a director of the Company, and the number of Common shares of the Company beneficially owned by each, directly or indirectly, or over which control or direction is exercised, as at **May 21, 2009**:

Name, Present Office and Province and Country of Residence <sup>(1)</sup>	Present Principal Occupation, Business or Employment <sup>(1)</sup>	Date First Appointed as a Director	No. of Common Shares Beneficially Held or Controlled <sup>(1)(2)(3)</sup>
<b>THOMAS J. DEMULL</b> <i>Director, President &amp; CEO Nevada, United States of America</i>	Professional Engineer, Mining; President & CEO of the Company	March 18, 2008	300,000 <sup>(3)</sup>
<b>BRIAN J. MCALISTER</b> <i>Director British Columbia, Canada</i>	Businessman; President of Cornet Capital Corp., a private investment banking company	March 28, 2006	895,000
<b>BRIAN E. BAYLEY</b> <i>Director British Columbia, Canada</i>	Co-Chair of Quest Capital Corp. (TSX, AIM and AMEX) a mortgage investment company; President and a director of Ionic Management Corp. (formerly Quest Management Corp.), a private management company. Mr. Bayley is also a director and/or officer of several public companies.	March 28, 2006	400,000
<b>ALAN D. BRANHAM</b> <i>Director Montana, United States of America</i>	President, Chief Executive Officer and a director of Midway Gold Corp. (TSX-V; AMEX)	March 28, 2006	940,900

<b>Name, Present Office and Province and Country of Residence<sup>(1)</sup></b>	<b>Present Principal Occupation, Business or Employment<sup>(1)</sup></b>	<b>Date First Appointed as a Director</b>	<b>No. of Common Shares Beneficially Held or Controlled<sup>(1)(2)(3)</sup></b>
<b>GEORGE T. HAWES</b> <i>Director</i> <i>New York, United States of America</i>	Director, Midway Gold Corp. (TSX-V; AMEX); President of G.T. Hawes & Co., a private New York real estate and investment company; a director of Proginet Corporation, a publicly traded enterprise security software company (OTCBB)	March 28, 2006	2,671,000
<b>DR. E. KELLY HYSLOP</b> <i>Director</i> <i>Gollen, West Cork, Ireland</i>	Retired; a director of Proginet Corporation, a publicly traded enterprise security software company (OTCBB)	March 28, 2006	2,470,100 <sup>(4)</sup>

Notes:

- (1) The information as to residence, present principal occupation, business or employment, and the number of Common shares beneficially owned or controlled is not within the knowledge of the management of the Company and has been furnished by the respective nominees.
- (2) In addition, as at May 21, 2009, the nominees hold the following stock options to purchase Common shares of the Company:

<b><u>Option Holder</u></b>	<b><u>Number of Shares</u></b>	<b><u>Exercise Price</u></b>	<b><u>Expiry Date</u></b>
Thomas J. DeMull	500,000	\$1.30	February 12, 2013

- (3) Mr. DeMull's shares are held indirectly in the name of the DeMull Family Trust, of which Mr. DeMull is a trustee.
- (4) Dr. E. Kelly Hyslop's Shares are held indirectly through Canaccord Capital Corp. in trust for Amelia Investments Ltd. Dr. E. Kelly Hyslop is the controlling shareholder of Amelia Investments Ltd.

**Cease Trade Orders or Bankruptcies**

To the best knowledge of the management of the Company, no proposed director of the Company

- (a) is, as at the date of the Circular, or has been, within 10 years before the date of the Circular, a director, chief executive officer or chief financial officer of any company (including the Company) that,
- (i) was subject to an order that was issued while the proposed director was acting in the capacity as director chief executive officer or chief financial officer; or;
- (ii) was subject to an order that was issued after the proposed director ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer;
- (b) is, as at the date of the Circular, or has been within 10 years before the date of the Circular, a director or executive officer of any company (including the Company) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or

- (c) has, within the 10 years before the date of the 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, with the exception of:

**Brian E. Bayley**

**PetroFalcon Corporation (TSX listed; a director from November 28, 2001 to present) and Quest Ventures Ltd. (private company; Brian E. Bayley – director and officer from January 1997 to January 2005):** On February 27, 2002, the British Columbia Securities Commission issued an order in response to a private placement by PetroFalcon of its securities to Quest which prevented the further use of certain exemptions under the Securities Act (British Columbia) by PetroFalcon and Quest until PetroFalcon’s shareholders approved the private placement. Approval of PetroFalcon’s shareholders was received on May 23, 2002 and the Commission reinstated the availability of the exemptions for both PetroFalcon and Quest shortly thereafter.

**Esperanza Silver Corp. (TSX-V listed; Brian E. Bayley – a director from December 14, 1999 to present):** Esperanza became aware in early 2003 that it was subject to outstanding Cease Trading Orders in Alberta (issued on September 17, 1998) and Québec (issued on August 12, 1997) from its failure (when neither Mr. Bayley nor any of the other current directors and officers of Esperanza were directors or officers of Esperanza) to file financial statements and pay filing fees within their prescribed times. Esperanza subsequently filed the financial statements and paid the filing fees and the Québec order was rescinded on May 16, 2003 and the Alberta order rescinded on August 1, 2003.

**American Natural Energy Corp. (TSX-V listed; a director from June 15, 2001 to present): American Natural was issued Cease Trading Orders by the:**

- (a) British Columbia, Québec (Autorité des marchés financiers) and Manitoba Securities Commissions in June 2003 for failing to file financial statements and pay filing fees within prescribed time periods, and the orders were rescinded in August 2003 when it filed the financial statements and paid the filing fees; and
- (b) British Columbia Securities Commission in July 2007, Québec (Autorité des marchés financiers) and Ontario Securities Commissions in August, 2007, and Manitoba Securities Commission in March 2009, for failing to file financial statements and Management’s Discussion & Analysis within prescribed time periods. The orders were rescinded on October 29, 2008.

## STATEMENT OF CORPORATE GOVERNANCE PRACTICES

National Policy 58-201 Corporate Governance Guidelines and National Instrument 58-101 Disclosure of Corporate Governance Practices (“**NI 58-101**”), set out a series of guidelines for effective corporate governance. The Company has reviewed its own corporate governance practices in light of these guidelines. In certain cases, the Company’s practices comply with the guidelines, however, the Board considers that some of the guidelines are not suitable for the Company at its current stage of development and therefore these guidelines have not been adopted. NI 58-101 mandates disclosure of corporate governance practices which disclosure is set out below.

### Board of Directors

The Board of Directors is composed of six directors, which the Board believes is the appropriate number for the Company, in that it is small enough to facilitate effective decision-making and large enough to provide the necessary breadth of experience. The Board has determined that Brian E. Bayley, George T. Hawes and Dr. E. Kelly Hyslop are independent based on the test for independence set forth in National Instrument 52-110 (“**NI 52-110**”).

Thomas J. DeMull is not independent as he is a senior officer of the Company. Brian J. McAlister is not independent as he was a senior officer of the Company during the year ended February 28, 2009. Alan Branham is not independent as he was an employee of the Company's subsidiary, RMP Resources Corp. during the year ended February 28, 2009.

### **Management Supervision by Board**

Independent supervision of management is accomplished through choosing management who demonstrate a high level of integrity and ability and having strong independent Board members. 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 meet with the Company's auditors without management being in attendance.

### **Participation of Directors in Other Reporting Issuers**

The participation of the directors in other reporting issuers is described in Appendix 1 to this Circular.

### **Orientation and Continuing Education**

While the Company does not have formal orientation and training programs, new Board members are provided with access to publicly filed documents of the Company, technical reports, if applicable, internal financial information, management and technical experts and consultants, and a summary of significant securities disclosure obligations.

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 Company's operations.

Board members have full access to the Company's records.

### **Ethical Business Conduct**

Corporate governance is the structure and process used to direct and manage the business and affairs of a corporation with the objective of enhancing shareholder value. The Board of Directors believes that the Company has in place corporate governance practices that are both effective and appropriate to the Company's size and its relatively uncomplicated business operations. Because of its size and composition, the Board does not find it necessary to appoint many committees or to have in place many formal processes in order to ensure effective corporate governance.

For these reasons the Board has not adopted a formal Code of Conduct.

### **Nomination of Directors**

The Board has responsibility for identifying potential Board candidates. The Board assesses potential Board candidates to fill perceived needs on the Board for required skills, expertise, independence and other factors.

### **Compensation of Directors and Chief Executive Officer**

The independent directors are: Brian E. Bayley, George T. Hawes and Dr. E. Kelly Hyslop. These directors have the responsibility for determining compensation for the directors and senior management.

To determine compensation payable, the independent directors review compensation paid for directors and Chief Executive Officers of companies of similar size and stage of development and determine 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 Company.

### **Other Board Committees**

The Board of Directors has an audit committee which is responsible for reviewing the Company's financial reporting procedures, internal control and management information systems and external auditors. The audit committee also reviews the annual financial statements and interim unaudited financial statements before those statements are approved by the Board. See "**Audit Committee**" below for the composition of and further particulars of the Company's audit committee.

The Board has only six members and is well able to assess the effectiveness of the Board as a whole and the contributions made by the individual directors without instituting any formal process for that purpose. In addition, as the directors are actively involved in the operations of the Company and the size of the Company's operations does not warrant a larger board of directors, the Board has determined that additional committees are not necessary at this stage of the Company's development.

### **Assessments**

The Board conducts informal annual assessments of the Board's effectiveness, the individual directors and of its audit committee.

## **AUDIT COMMITTEE**

### **Overview**

The Audit Committee of the Company's Board of Directors is principally responsible for:

- recommending to the Company's Board of Directors the external auditor to be nominated for election by the Company's Shareholders at each annual general meeting and negotiating the compensation of such external auditor;
- overseeing the work of the external auditor;
- reviewing the Company's annual and interim financial statements, Management Discussion & Analysis (MD&A) and press releases regarding earnings before they are reviewed and approved by the Board of Directors and publicly disseminated by the Company; and
- reviewing the Company's financial reporting procedures and disclosure controls to ensure adequate procedures are in place for the Company's public disclosure of financial information extracted or derived from its financial statements, other than disclosure described in the previous paragraph, and periodically assessing the adequacy of those procedures.

### **The Audit Committee's Charter**

The Company's Board of Directors have adopted a Charter for the Audit Committee ("**Audit Committee Charter**") which sets out the Audit Committee's mandate, organization, powers and responsibilities, a copy of which is attached as Appendix 2 to this Circular and is available online at [www.sedar.com](http://www.sedar.com).

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

The Audit Committee consists of three directors: Brian J. McAlister, Brian E. Bayley and George T. Hawes.

The following table sets out their names and whether they are “independent” and “financially literate”.

<u>Name of Member</u>	<u>Independent<sup>(1)</sup></u>	<u>Financially Literate<sup>(2)</sup></u>
Brian J. McAlister	No	Yes
Brian E. Bayley	Yes	Yes
George T. Hawes	Yes	Yes

Notes:

- (1) To be considered to be independent, a member of the Committee must not have any direct or indirect ‘material relationship’ with the Company. A material relationship is a relationship which could, in the view of the Board of Directors of the Company, reasonably interfere with the exercise of a member’s independent judgment. National Instrument 52-110 exempts the members of the Company’s Audit Committee from being independent and financially literate since the Company is a “**venture issuer**” as defined therein.
- (2) To be considered financially literate, a member of the Committee must have 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 reasonably be expected to be raised by the Company’s financial statements.

### **Relevant Education and Experience**

The education and experience of each audit committee member that is relevant to the performance of his responsibilities as an audit committee member is set out below:

*Brian J. McAlister*

Mr. McAlister graduated in 1979 from the University of Denver with a Bachelor of Science degree in Business with a major in Finance. He passed the Canadian Securities Course in 1980 and has been a director of numerous public companies.

*Brian E. Bayley*

Mr. Bayley graduated in 1977 from the University of Victoria with a B.A. (Hon). He received his MBA from Queen’s University in 1979 and is currently an officer and director and audit committee member of numerous public companies.

*George T. Hawes*

Mr. Hawes graduated in 1968 from the University of Notre Dame with a degree in Accountancy. From 1968 to 1972, Mr. Hawes worked for the public accounting firm of Hurdman and Cranstoun (now part of KPMG LLP). He received his CPA designation in 1971. Previously, he was the Chairman of the Audit Committee of Gentry Resources, Ltd. Currently, Mr. Hawes sits on the Audit Committee of Proginet Corporation and Midway Gold Corp. and is Chairman of the Company’s Audit Committee.

### **Audit Committee Oversight**

Since the commencement of the Company’s most recently completed financial year, there has not been a recommendation of the Audit Committee to nominate or compensate an external auditor which was not adopted by the Company’s Board of Directors.

### **Reliance on Certain Exemptions**

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

## Pre-Approval Policies and Procedures

The Audit Committee has adopted specific policies and procedures for the engagement of non-audit services as described in section (aa) in “**Accounting Systems, Internal Controls and Procedures**” of the Audit Committee Charter.

## External Auditor Service Fees (By Category)

The fees paid by the Company to its auditors in each of the last two fiscal years, by category, are as follows:

<u>Financial Period Ending</u>	<u>Audit Fees<sup>(1)</sup></u>	<u>Audit Related Fees<sup>(2)</sup></u>	<u>Tax Fees<sup>(3)</sup></u>	<u>All Other Fees<sup>(4)</sup></u>
February 2009	\$22,352	Nil	\$2,750	Nil
February 2008 <sup>(1)</sup>	\$10,000	Nil	Nil	Nil

Notes:

- (1) The aggregate fees billed by the Company’s auditors for audit fees.
- (2) The aggregate fees billed for assurance and related services by the Company’s auditor that are reasonably related to the performance of the audit or review of the Company’s financial statements and are not disclosed in the ‘Audit Fees’ column.
- (3) The aggregate fees billed for professional services rendered by the Company’s auditor for tax compliance, tax advice, and tax planning.
- (4) The aggregate fees billed for professional services rendered by the Company’s auditor for the preliminary prospectus.

## Exemption for Venture Issuers

As a venture issuer, the Company is exempt from the provisions of NI 52-110 that would otherwise require its audit committee to be constituted in accordance with Part 3 of NI 52-110, and the Company to provide comprehensive disclosure about the members of its audit committee.

## EXECUTIVE COMPENSATION

### Executive Officers of the Company

For the purposes of this Circular:

- (a) “**Chief Executive Officer**” or “**CEO**” of the Company means each individual who served as Chief Executive Officer of the Company or acted in a similar capacity for any part of the most recently completed financial year;
- (b) “**Chief Financial Officer**” or “**CFO**” of the Company means each individual who served as Chief Financial Officer of the Company or acted in a similar capacity for any part of the most recently completed financial year;
- (c) “**executive officer**” of the Company means an individual who is the Chairman or Vice-Chairman of the Board, the President, a Vice-President in charge of a principal business unit, division or function including sales, finance or production, an officer of the Company or any of its subsidiaries who performed a policy-making function in respect of the Company, or any other individual who performed a policy-making function in respect of the Company; and
- (d) “**Long Term Incentive Plan**” or “**LTIP**” means any plan which provides compensation intended to serve as incentive for performance to occur over a period longer than one financial year, but does not include options or stock appreciation right plans or plans for compensation through restricted shares or restricted share units.
- (e) “**Named Executive Officer**” or “**NEO**” means:

- (i) a CEO;
  - (ii) a CFO;
  - (iii) each of the Company's three most highly compensated executive officers, or the three most highly compensated individuals acting in a similar capacity, other than the CEO and CFO, at the end of the most recently completed financial year whose total compensation was, individually, more than \$150,000; and
  - (iv) any additional individuals who would have been included under paragraph (c) but for the fact that the individual was neither serving as an executive officer of the Company, nor acting in a similar capacity, at the end of the most recently completed financial year; and
- (f) **"Stock Appreciation Right" or "SAR"** means any right granted by the Company as compensation for services rendered, to receive a payment of cash or issue or transfer securities based wholly or in part on changes in the trading price of publicly traded securities of the Company.

## Compensation Discussion and Analysis

### *Compensation Philosophy*

All employees of the Company receive compensation based on market value for the type of role they perform. Additional consideration is given to internal pay equity and performance. The compensation payable to employees consists of three main elements: base salary, short-term incentive and long-term incentive by way of the grant of stock options in accordance with the policies of the TSX Venture Exchange ("**TSX-V**") and the Company's Stock Option Plan as long-term incentives.

### *Base Salary*

In setting salaries, the directors do not rely solely upon benchmarking, mathematical formulas or hierarchy. Salary levels for NEOs are based on the executive's qualifications, experience and responsibilities within the Company, and are intended to be competitive with salaries paid to others in comparable positions within the same industry.

In reviewing comparative data, the directors do not engage in benchmarking for the purpose of establishing compensation levels relative to any predetermined level and does not compare its compensation to a specific peer group of companies.

The Company is a development stage mining company and will not be generating revenues from operations for a significant period of time. As a result, the use of traditional performance standards, such as corporate profitability and earnings per share, are not considered by the directors to be relevant in the evaluation of corporate or NEO performance. The salary element of compensation is designed to ensure the Company's access to skilled employees necessary to achieve its corporate objectives.

### *Short-Term Incentive*

Due to the size and development stage of the Company, bonuses are not paid.

### *Long-Term Incentive*

The Company provides a long-term incentive by granting stock options to executive officers in accordance with the policies of the TSX-V. See "Stock Option Plan". The objective of granting options is to encourage executive officers to acquire an ownership interest in the Company over a period of time, which acts as a financial incentive for such executive officer to consider the long-term interests of the Company and its shareholders.

When determining the number of stock options to be granted to an executive officer, the Board takes into account the number and terms of outstanding stock options and vesting provisions when determining whether or not new stock option grants should be made to such executive officer.

### Summary of Compensation

The following table sets forth all compensation paid for the financial year ended February 28, 2009 in respect of the individuals who were as at February 28, 2009, the Chief Executive Officer and the Chief Financial Officer of the Company (the “**Named Executive Officers**”). There were no other persons serving as executive officers of the Company as at February 28, 2009 whose total salary and bonus exceeded \$150,000.

#### Summary Compensation Table

Name and Principal Position	Year	Salary (\$)	Share- based awards (\$)	Option- based awards <sup>(1)</sup> (\$)	Non-equity incentive plan compensation (\$)		Pension value (\$)	All other compensation (\$)	Total compensation (\$)
					Annual Incentive plans	Long-term incentive plans			
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	
<b>THOMAS J. DEMULL</b> <sup>(2)</sup> <i>President &amp; CEO</i>	2009	158,915	Nil	Nil	Nil	N/A	N/A	64,119	223,034
<b>K. PETER MILLER</b> <sup>(3)</sup> <i>CFO</i>	2009	Nil	Nil	Nil	Nil	N/A	N/A	Nil	Nil
<b>BRIAN J. MCALISTER</b> <sup>(4)</sup>	2009	Nil	Nil	Nil	Nil	N/A	N/A	Nil	Nil

#### Notes:

- (1) The options granted in the 2008 financial year were granted pursuant to the Stock Option Plan. For compensation purposes, the Black-Scholes option valuation model has been used to determine the fair value on the date of grant. The Black-Scholes option valuation is determined using the expected life of the stock option, expected volatility of the Company’s common share price, expected dividend yield and risk free interest rate. The amount presented in the table represents the value of the vested and unvested portion of the options issued during the year. For accounting purposes, the fair value of the award is amortized over the applicable vesting period and recognized as a compensation expense. No options were granted to NEO’s during fiscal year ending February 28, 2009.
- (2) Thomas J. DeMull was appointed President and CEO on March 18, 2008. Mr. DeMull was paid a salary of US\$143,750 converted to Canadian dollars at 1.1055. Mr. DeMull also received a signing bonus of US\$40,000 and housing allowance of US\$18,000 (total of US\$58,000) converted to Canadian dollars at 1.1055.
- (3) K. Peter Miller was appointed CFO on March 28, 2006.
- (4) Brian J. McAlister was President and CEO from March 28, 2006 to March 18, 2008.

### Incentive Plan Awards

The following tables set out incentive plan awards for each NEO outstanding at the end of the most recently completed financial year, including awards granted before the most recently completed financial year.

### Outstanding Share-Based Awards and Option-Based Awards

Name	Option-based Awards <sup>(1)</sup>			Share-based Awards		
	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options (\$)	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested (\$)
(a)	(b)	(c)	(d)	(e)	(f)	(g)
<b>THOMAS J. DEMULL</b> <i>President &amp; CEO</i>	500,000	\$1.30	Feb. 12, 2013	Nil	200,000	N/A
<b>K. PETER MILLER</b> <i>CFO</i>	N/A	N/A	N/A	N/A	N/A	N/A

Notes:

- (1) The Company has in place a “rolling” Stock Option Plan (the “Plan”) whereby the maximum number of Common shares that may be reserved for issuance pursuant to the Plan will not exceed 10% of the issued shares of the Company at the time of the stock option grant.
- (2) Based on the closing price of \$0.305 for the shares of the Company on February 28, 2008 and the exercise prices of the options.

### Incentive Plan Awards - Value Vested or Earned During the Year

Name	Option-based awards - Value vested during the year (\$)	Share-based awards - Value vested during the year (\$)	Non-equity incentive plan compensation - Value earned during the year (\$)
(a)	(b)	(c)	(d)
<b>THOMAS J. DEMULL</b> <i>President &amp; CEO</i>	* <sup>(1)</sup>	N/A	N/A
<b>K. PETER MILLER</b> <i>CFO</i>	N/A	N/A	N/A

Notes:

- (1) Option granted on February 12, 2008 vested as to 40% immediately and 20% on each of the next three anniversaries of grant. The exercise price of the option is \$1.30 each. Black-Scholes valuation of the 100,000 options which vested during the fiscal year ended February 28, 2009 was \$89,232.

The Company’s Stock Option Plan was adopted by the Board of Directors on May 31, 2007, as amended on January 13, 2009 to comply with the policies of the TSX-V. See “**Stock Option Plan**” below for a summary of the material terms of the Company’s Plan. The Company has no other form of compensation plan under which equity securities of the Company are authorized for issuance to employees or non-employees in exchange for consideration in the form of goods or services.

Stock options are granted by the Board of Directors pursuant to the Company’s Stock Option Plan. Under the terms of the Stock Option Plan, any options will terminate 90 days after the optionee ceases to be a director, senior officer, employee or consultant of the Company or a subsidiary (except for persons providing investor relations services which terminate 30 days after cessation), except by reason of the death of the optionee, in which case the optionee’s personal representative may exercise the options by the earlier of one year following the date of death or the expiry date of the stock option. See “**Stock Option Plan**” below.

### Pension Plan Benefits

The Company does not have in place any deferred compensation plan or pension plan that provides for payments or benefits at, following or in connection with retirement.



Name	Fees earned (\$)	Share-based awards (\$)	Option-based awards (\$)	Non-equity incentive plan compensation (\$)	Pension value (\$)	All other compensation (\$)	Total (\$)
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)
<b>DR. E. KELLY HYSLOP</b>	Nil	N/A	N/A	N/A	N/A	N/A	N/A

The Directors do not receive any compensation.

During the financial year ended February 28, 2009, no stock options were granted to, or exercised by, the directors.

The following table sets out incentive plan awards for the Other Directors outstanding at the end of the most recently completed financial year, including awards granted before the most recently completed financial year.

#### Outstanding Share-Based Awards and Option-Based Awards

Name	Option-based Awards <sup>(1)</sup>			Share-based Awards		
	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options (\$)	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested (\$)
(a)	(b)	(c)	(d)	(e)	(f)	(g)
<b>BRIAN J. MCALISTER</b>	N/A	N/A	N/A	N/A	N/A	N/A
<b>BRIAN E. BAYLEY</b>	N/A	N/A	N/A	N/A	N/A	N/A
<b>ALAN D. BRANHAM</b>	N/A	N/A	N/A	N/A	N/A	N/A
<b>GEORGE T. HAWES</b>	N/A	N/A	N/A	N/A	N/A	N/A
<b>DR. E. KELLY HYSLOP</b>	N/A	N/A	N/A	N/A	N/A	N/A

Notes:

- (1) The Company has in place a "rolling" Stock Option Plan (the "Plan") whereby the maximum number of Common shares that may be reserved for issuance pursuant to the Plan will not exceed 10% of the issued shares of the Company at the time of the stock option grant.

The following table sets forth the value of option-based awards and share-based awards which vested or were earned during the most recently completed financial year for the Other Directors of the Company.

#### Incentive Plan Awards - Value Vested or Earned During the Year

Name	Option-based awards - Value vested during the year (\$)	Share-based awards - Value vested during the year (\$)	Non-equity incentive plan compensation - Value earned during the year (\$)
(a)	(b)	(c)	(d)
<b>BRIAN J. MCALISTER</b>	N/A	N/A	N/A
<b>BRIAN E. BAYLEY</b>	N/A	N/A	N/A



<b>Name</b>	<b>Option-based awards - Value vested during the year (\$)</b>	<b>Share-based awards - Value vested during the year (\$)</b>	<b>Non-equity incentive plan compensation - Value earned during the year (\$)</b>
(a)	(b)	(c)	(d)
<b>ALAN D. BRANHAM</b>	N/A	N/A	N/A
<b>GEORGE T. HAWES</b>	N/A	N/A	N/A
<b>DR. E. KELLY HYSLOP</b>	N/A	N/A	N/A

### **STOCK OPTION PLAN**

#### **Purpose of the Plan**

The purpose of the Plan is to provide an incentive to the Company's directors, senior officers, employees and consultants and to management company employees to continue their involvement with the Company, to increase their efforts on the Company's behalf and to attract qualified new personnel. The Company decided to implement the Plan to provide additional incentive in attracting, retaining and motivating directors, officers, employees and consultants of the Company and of its affiliates.

#### **General Description/Exchange Policies**

The Plan is administered by the Board of Directors. A copy of the Plan is available online at [www.sedar.com](http://www.sedar.com)

The Plan provides that, subject to the requirements of the TSX-V, the aggregate number of securities reserved for issuance will be 10% of the number of our Shares issued and outstanding from time to time. The Stock Option Plan will be administered by the Board of Directors, which will have full and final authority with respect to the granting of all options thereunder.

The Stock Option Plan has been prepared so as to meet TSX-V requirements. Options may be granted under the Stock Option Plan to such service providers of the Company and its affiliates, if any, as the Board of Directors may from time to time designate. The exercise price of option grants will be determined by the Board of Directors, but will not be less than the closing market price of our Shares on the TSX-V less allowable discounts at the time of grant. The Stock Option Plan provides that the number of Shares that may be reserved for issuance to any one individual upon exercise of all stock options held by such individual may not exceed 5% of the issued Shares on a yearly basis. Subject to earlier termination and in the event of dismissal for cause, termination other than for cause or in the event of death, all options granted under the Stock Option Plan will expire not later than the date that is five years from the date that such options are granted. Options granted under the Stock Option Plan are not transferable or assignable other than by will or other testamentary instrument or pursuant to the laws of succession.

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

No director, executive officer, employee or former director, executive officer or employee or any of their respective associates or affiliates or any proposed nominee for election as a director of the Company is or has been at any time since the beginning of the last completed financial year, indebted to the Company or any of its subsidiaries nor has any such person been indebted to any other entity where such indebtedness is the subject of a guarantee, support agreement, letter of credit or similar arrangement or understanding, provided by the Company or any of its subsidiaries.

## INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

Other than as disclosed in this Information Circular, no informed person of the Company, proposed nominee for election as a director, or any associate or affiliate of the foregoing, has any material interest, direct or indirect, in any transaction since the commencement of the Company's most recently completed financial year or in any proposed transaction, which has materially affected or would materially affect the Company or any of its subsidiaries.

## APPOINTMENT OF AUDITORS

The shareholders of the Company will be asked to vote for the re-appointment of Davidson & Company LLP, Chartered Accountants, as auditors of the Company for the ensuing year. **Unless such authority is withheld, the Management Designees, if named as proxy, intend to vote the Common shares represented by any such proxy in favour of a resolution re-appointing Davidson & Company LLP, Chartered Accountants, as auditors for the Company for the ensuing year,** to hold office until the close of the next annual meeting of shareholders or until the firm of **Davidson & Company LLP**, Chartered Accountants is removed from office or resigns. The shareholders will also be asked to approve and adopt an ordinary resolution authorizing the Board of Directors of the Company to fix the compensation of the auditors for the ensuing year. Davidson & Company LLP, Chartered Accountants, have been the auditors of the Company since June 1, 2007.

## MANAGEMENT CONTRACTS

The Company has retained the services of Ionic Management Corp. (formerly Quest Management Corp.) ("**Ionic**") to provide various consulting, administrative, management and related corporate services in consideration for a monthly fee of \$4,000 which commenced in October, 2007 (a fee of \$1,000 per month from March 2007 to September 2007) plus reasonable expenses incurred in the performance of its services. Ionic's head office is located at Suite 1028 - 550 Burrard Street, Vancouver, British Columbia, V6C 2B5. Ionic is a private company. Brian E. Bayley, a director of the Company, is President and a director of Ionic.

Ionic's informed persons, as defined by National Instrument 51-102 Continuous Disclosure Obligations and their provinces of residences are: Brian E. Bayley (British Columbia), Sandra Lee (British Columbia), and K. Peter Miller (British Columbia) (together, the "**Ionic Informed Persons**").

The Ionic Informed Persons, or their associates or affiliates, owe no debt to the Company that was outstanding at any time since the beginning of the Company's last completed financial year.

## PARTICULARS OF MATTERS TO BE ACTED UPON

### Continuance of Stock Option Plan

In accordance with the TSX-V's policy governing stock options, all issuers are required to adopt a share option plan pursuant to which stock options may be granted.

The Company currently has a share option plan (the "**Plan**") as previously adopted by the Board of Directors on May 31, 2007, as amended on January 13, 2009, to comply with the requirements of TSX-V Policy 4.4 for Tier 1 issuers. The Plan provides for the issuance of stock options to acquire up to 10% of the Company's issued and outstanding capital as at the date of grant. This is a "**rolling**" plan as the number of shares reserved for issuance pursuant to the grant of stock options will increase as the Company's issued and outstanding share capital increases. The Exchange policy requires that such Plans be approved by shareholders annually, at the Company's annual general meeting. Continuation of the Plan is subject to the approval of the shareholders of the Company and acceptance by the Exchange. For other principal features of the Plan, see "**Stock Option Plan**" above. A copy of the Plan will be available at the Meeting for review by the shareholders. In addition, a copy of the Plan is available for review on SEDAR at [www.sedar.com](http://www.sedar.com) under the Company's profile as an "**Other Material Contract(s)**" filed

on June 22, 2007 or, upon request, shareholders may obtain a copy of the Plan from the Company prior to the Meeting.

Accordingly, shareholders will be requested at the Meeting to pass an ordinary resolution in the following terms:

“RESOLVED that:

- (1) the Company’s share option plan (the “Plan”), as described in the Information Circular of the Company dated May 21, 2009, be and is hereby ratified, confirmed and approved, subject to acceptance by the TSX Venture Exchange;
- (2) the Company be authorized to grant stock options pursuant and subject to the terms and conditions of the Plan, entitling the option holders to purchase up to that number of Common shares that is equal to 10% of the issued and outstanding capital of the Company at the time of the grant;
- (3) the outstanding stock options which have been granted prior to the renewal of the Plan shall, for the purpose of calculating the number of stock options that may be granted under the Plan, be treated as options granted under the Plan; and
- (4) any one director or officer of the Company be and is hereby authorized and directed to do all such acts and things and to execute and deliver under the corporate seal or otherwise all such deeds, documents, instruments and assurances as may be necessary or desirable to give effect to the foregoing resolutions and to complete all transactions in connection with the continuation of the Plan.”

#### **OTHER BUSINESS**

Management of the Company knows of no matters to come before the Meeting other than those referred to in the Notice of Meeting accompanying this Circular. However, if any other matters properly come before the Meeting, it is the intention of the persons named in the form of proxy accompanying this Circular to vote the same in accordance with their best judgment of such matters.

#### **GENERAL**

**Unless otherwise directed, it is the intention of the Management Designees to vote proxies in favour of the resolutions set forth herein.** All ordinary resolutions require, for the passing of the same, a simple majority of the votes cast at the Meeting by the holders of Common shares.

#### **ADDITIONAL INFORMATION**

Additional information concerning the Company is available online at [www.sedar.com](http://www.sedar.com). Financial information concerning the Company is provided in the Company’s Financial Statements and Management’s Discussion and Analysis for the financial period ended February 28, 2009.

Shareholders wishing to obtain a copy of the Company's Financial Statements and Management's Discussion and Analysis may contact the Company as follows:

Rocky Mountain Resources Corp.  
Suite 1028, 550 Burrard Street  
P.O. Box 61  
Vancouver, British Columbia V6C 2B5  
Canada  
Telephone: (604) 689-1428  
Facsimile: (604) 681-4692  
Website: [www.rkyresources.com](http://www.rkyresources.com)

**DIRECTORS' APPROVAL**

The contents and sending of this Circular have been approved by the Directors of the Company.

**BY ORDER OF THE BOARD**

(signed) "*Thomas J. DeMull*"  
Thomas J. DeMull,  
President and Chief Executive Officer

Vancouver, British Columbia  
May 21, 2009

### Appendix 1

The participation of each of the directors in other reporting issuers is set out below.

<b>Name of Director or Proposed Director</b>	<b>Directorship(s) held in other Reporting Issuers</b>
<b>Brian E. Bayley</b>	American Natural Energy Corp.                      Kirkland Lake Gold Inc. Arapaho Capital Corp.                                      Quest Capital Corp. Buffalo Resources Corp.                                      Sanu Resources Ltd. Colombian Mines Corporation                                      Torque Energy Inc. Cypress Hills Resource Corp.                                      TransAtlantic Petroleum Corp. Esperanza Silver Corporation Eurasian Minerals Inc. Gleichen Resources Ltd. Golconda Capital Corp. Greystar Resources Ltd.
<b>Alan D. Branham</b>	Midway Gold Corp.
<b>Thomas J. DeMull</b>	N/A
<b>George T. Hawes</b>	Midway Gold Corp. Proginet Corporation
<b>Dr. E. Kelly Hyslop</b>	Proginet Corporation
<b>Brian J. McAlister</b>	N/A

## Appendix 2

### **ROCKY MOUNTAIN RESOURCES CORP. (the “Company”)**

#### **Audit Committee Charter**

##### Composition and Process

- (a) The Audit Committee shall be composed of a minimum of three members of the Board of Directors, a majority of whom are independent. An independent director, as defined in National Instrument 52-110 - *Audit Committees* (“**NI 52-110**”) is a director who has no direct or indirect material relationship which could, in the view of the Company’s Board of Directors, be reasonably expected to interfere with the exercise of a members independent judgment or as otherwise determined to be independent in accordance with NI 52-110.
- (b) Members shall serve one-year terms and may serve consecutive terms, which are encouraged to ensure continuity of experience.
- (c) The Chairperson shall be appointed by the Board of Directors for a one-year term, and may serve any number of consecutive terms.
- (d) All members of the Audit Committee shall be financially literate. Financial literacy is the ability to read and understand a balance sheet, income statement and cash flow statement that present a breadth and level of complexity comparable to the Company’s financial statements.
- (e) The Chairperson shall, in consultation with management and the external auditor and internal auditor (if any), establish the agenda for the meetings and ensure that properly prepared agenda materials are circulated to the members with sufficient time for study prior to the meeting. The external auditor will also receive notice of all meetings of the Audit Committee. The Audit Committee may employ a list of prepared questions and considerations as a portion of its review and assessment process.
- (f) The Audit Committee shall meet at least once per year and may call special meetings as required. A quorum at meetings of the Audit Committee shall be its Chairperson and one of its other members or the Chairman of the Board of Directors. The Audit Committee may hold its meetings, and members of the Audit Committee may attend meetings, by telephone conference if this is deemed appropriate.
- (g) The minutes of the Audit Committee meetings shall accurately record the decisions reached and shall be distributed to Audit Committee members with copies to the Board of Directors, the Chief Executive Officer, the Chief Financial Officer and the external auditor.
- (h) The Audit Committee reviews, prior to their presentation to the Board of Directors and their release, all material financial information required by securities legislation and policies.

- (i) The Audit Committee enquires about potential claims, assessments and other contingent liabilities.
- (j) The Audit Committee periodically reviews with management, depreciation and amortization policies, loss provisions and other accounting policies for appropriateness and consistency.
- (k) The Charter of the Audit Committee shall be reviewed by the Board of Directors on an annual basis.

#### Authority

- (l) Appointed by the Board of Directors pursuant to the provisions of the *Canada Business Corporations Act* and the by-laws of the Company.
- (m) Primary responsibility for the Company's financial reporting, accounting systems and internal controls is vested in senior management and is overseen by the Board of Directors. The Audit Committee is a standing committee of the Board of Directors established to assist it in fulfilling its responsibilities in this regard. The Audit Committee shall have responsibility for overseeing management reporting on internal controls. While it is management's responsibility to design and implement an effective system of internal control, it is the responsibility of the Audit Committee to ensure that management has done so.
- (n) In fulfilling its responsibilities, the Audit Committee shall have unrestricted access to the Company's personnel and documents and will be provided with the resources necessary to carry out its responsibilities.
- (o) The Audit Committee shall have direct communication channels with the internal auditor (if any) and the external auditor to discuss and review specific issues, as appropriate.
- (p) The Audit Committee shall have the authority to engage independent counsel and other advisors as it determines necessary to carry out its duties.
- (q) The Audit Committee shall establish the compensation to be paid to any advisors employed by the Audit Committee and such compensation shall be paid by the Company as directed by the Audit Committee.

#### Relationship with External Auditors

- (r) An external auditor must report directly to the Audit Committee.
- (s) The Audit Committee is directly responsible for overseeing the work of the external auditor including the resolution of disagreements between management and the external auditor regarding financial reporting.
- (t) The Audit Committee shall implement structures and procedures to ensure that it meets with the external auditor on at least annually in the absence of management.

Accounting Systems, Internal Controls and Procedures

- (u) Obtain reasonable assurance from discussions with and/or reports from management, and reports from external auditors that accounting systems are reliable and that the prescribed internal controls are operating effectively for the Company and its subsidiaries and affiliates.
- (v) The Audit Committee shall review to ensure to its satisfaction that adequate procedures are in place for the review of the Company's disclosure of financial information extracted or derived from the Company's financial statements and will periodically assess the adequacy of those procedures.
- (w) Direct the external auditor's examinations to particular areas.
- (x) Review control weaknesses identified by the external auditor, together with management's response.
- (y) Review with the external auditor its view of the qualifications and performance of the key financial and accounting executives.
- (z) In order to preserve the independence of the external auditor the Audit Committee will:
  - (i) recommend to the Board of Directors the external auditor to be nominated; and
  - (ii) recommend to the Board of Directors the compensation of the external auditor's engagement;
- (aa) The Audit Committee shall review and pre-approve any engagements for non-audit services to be provided by the external auditor or its affiliates, together with estimated fees, and consider the impact on the independence of the external auditor.
- (bb) Review with management and with the external auditor any proposed changes in major accounting policies, the presentation and impact of significant risks and uncertainties, and key estimates and judgments of management that may be material to financial reporting.
- (cc) The Audit Committee shall review and approve the Company's hiring policies regarding partners, employees and former partners and employees of the present and most recent former external auditor of the Company.
- (dd) The Audit Committee shall establish procedures for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters and the confidential anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.
- (ee) The Audit Committee shall on an annual basis, prior to public disclosure of its annual financial statements, ensure that the external auditor has entered into a participation agreement and has not had its participant status terminated, or, if its participant status was terminated, has been reinstated in accordance with the Canadian Public Accountability Board ("CPAB") bylaws and is in compliance with any restriction or sanction imposed by the CPAB.



### Statutory and Regulatory Responsibilities

- (ff) Annual Financial Information - review the annual audited financial statements and related management's discussion and analysis ("MD&A"), including any letter to shareholders and related press releases, and recommend their approval to the Board of Directors, after discussing matters such as the selection of accounting policies (and changes thereto), major accounting judgments, accruals and estimates with management and the external auditor.
- (gg) Annual Report - review the management MD&A section and all other relevant sections of the annual report, if prepared, to ensure consistency of all financial information included in the annual report.
- (hh) Interim Financial Statements - review the quarterly interim financial statements and related MD&A, including any letter to shareholders and related press releases and recommend their approval to the Board of Directors.
- (ii) Earnings Guidance/Forecasts - review forecasted financial information and forward looking statements.
- (jj) Review the Company's financial statements, MD&A and earnings press releases before the Company publicly discloses this information.

### Reporting

- (kk) Report, through the Chairperson of the Audit Committee, to the Board of Directors following each meeting on the major discussions and decisions made by the Audit Committee.
- (ll) Report annually to the Board of Directors on the Audit Committee's responsibilities and how it has discharged them.
- (mm) Review the Audit Committee's Charter annually and recommend the approval of any proposed amendments to the Board of Directors.

### Other Responsibilities

- (nn) Investigating fraud, illegal acts or conflicts of interest.
- (oo) Discussing selected issues with corporate counsel or the external auditor or management.

***Approved and adopted by the Board effective April 24, 2008.***