

**BLACK BULL RESOURCES INC.**

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

**AND**

**MANAGEMENT INFORMATION CIRCULAR**

**to be held on**

**FEBRUARY 17, 2005**

**BLACK BULL RESOURCES INC.**

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

TAKE NOTICE that the annual and special meeting of the shareholders of BLACK BULL RESOURCES INC. (the "Corporation") will be held at Casino Nova Scotia Hotel, 1919 Upper Water Street, Halifax, Nova Scotia, on February 17, 2005 at 2 pm (Atlantic time) for the purposes of:

- (a) receiving and considering the audited financial statements of the Corporation for the year ended September 30, 2004 and the report of its auditors;
- (b) electing the directors for the ensuing year;
- (c) appointing Deloitte & Touche LLP, Chartered Accountants, as the Corporation's auditors for the ensuing year and authorizing the directors to fix their remuneration;
- (d) considering and, if thought fit, approving the amendment of the Corporation's Stock Option Plan to increase the maximum number of Common Shares issuable pursuant to the Plan from 4,499,121 Common Shares to a maximum of 5,499,121 as set out in the Information Circular that accompanies this Notice;
- (e) considering and, if thought fit, approving, with or without variation or amendment, the special resolution to change the name of the Corporation as particularly described in the Information Circular that accompanies this Notice; and
- (f) transacting such other business as may properly come before the said meeting or any adjournment thereof.

**DATED: January 13, 2005**

By Order of the Board of Directors

*(signed) "Donald Hilton"* \_\_\_\_\_

DONALD HILTON

Interim President and Chief Executive Officer

If you are unable to be present at the meeting, PLEASE SIGN AND RETURN THE ACCOMPANYING PROXY to CIBC Mellon Trust Company, Suite 600, 333 - 7th Avenue S.W., Calgary, Alberta, T2P 2Z1, not less than 48 hours before the meeting or any adjournment thereof.

## TABLE OF CONTENTS

PROXY RELATED INFORMATION .....	1
SOLICITATION OF PROXIES .....	1
APPOINTMENT AND REVOCATION OF PROXIES .....	1
VOTING OF PROXIES.....	2
Advice to Beneficial Holders of Common Shares.....	2
INTEREST OF INSIDERS IN MATERIAL TRANSACTIONS .....	3
VOTING SHARES AND PRINCIPAL SHAREHOLDERS.....	3
PARTICULARS OF MATTERS TO BE ACTED UPON .....	4
ELECTION OF DIRECTORS.....	4
APPOINTMENT OF AUDITORS .....	5
STOCK OPTION PLAN AMENDMENT.....	5
CHANGE OF NAME .....	6
INFORMATION CONCERNING THE CORPORATION .....	7
STATEMENT OF EXECUTIVE COMPENSATION .....	7
Summary Compensation Table .....	7
Long-Term Incentive Plans - Awards in Most Recently Completed Fiscal Year.....	8
Options/SARs Granted During the Most Recently Completed Fiscal Year.....	9
Aggregated Option/SAR Exercises During the Most Recently Completed Fiscal Year and the Fiscal Year End Option/SAR Values.....	9
Termination of Employment, Change in Responsibilities and Employment Contracts.....	10
Compensation of Directors.....	10
Compensation Committee .....	10
MANAGEMENT CONTRACTS.....	10
INDEBTEDNESS OF DIRECTORS AND OFFICERS.....	11
CORPORATE GOVERNANCE PRACTICE .....	11
FINANCIAL STATEMENTS AND ADDITIONAL INFORMATION .....	13
OTHER BUSINESS .....	13
APPROVAL AND CERTIFICATION.....	14

# **BLACK BULL RESOURCES INC.**

## **MANAGEMENT INFORMATION CIRCULAR**

### **FOR THE ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS TO BE HELD ON FEBRUARY 17, 2005**

---

#### **PROXY RELATED INFORMATION**

##### **SOLICITATION OF PROXIES**

This Information Circular is provided in connection with the solicitation of proxies by management of Black Bull Resources Inc. (the "Corporation") for the 2005 annual and special meeting of shareholders of the Corporation (the "Meeting") to be held on February 17, 2005, at Casino Nova Scotia Hotel, 1919 Upper Water Street, Halifax, Nova Scotia at 2 pm (Atlantic time).

Although it is expected that the solicitation of proxies will be primarily by mail, proxies may also be solicited personally or by facsimile, at a nominal cost. In accordance with National Instrument 54-101, arrangements have been made with brokerage houses and other intermediaries, clearing agencies, custodians, nominees, and fiduciaries to forward solicitation materials to the beneficial owners of common shares of the Corporation ("Common Shares") held by such persons and the Corporation may reimburse such person for reasonable fees and disbursements incurred by them in doing so. The cost of such solicitation will be borne by the Corporation.

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

**Shareholders have the right to appoint a nominee (who need not be a shareholder) to represent them at the Meeting other than the persons designated in the enclosed form of Proxy, and may do so by inserting the name of the appointed representative in the blank space provided on the first page of the form of proxy.**

A form of proxy will not be valid for the Meeting or any adjournment of the Meeting unless it is completed and signed by the shareholder or by his attorney authorized in writing and delivered to CIBC Mellon Trust Company, Suite 600, 333 – 7th Avenue S.W., Calgary, Alberta, T2P 2Z1, not less than forty-eight hours before the Meeting or any adjournment of the Meeting.

In addition to revocation in any other manner permitted by law, a shareholder who has given a proxy may revoke it, any time before it is exercised, by instrument in writing executed by the shareholder or by his attorney authorized in writing and deposited either at the offices of the Corporation at any time up to and including the last business day preceding the day of the Meeting, or any adjournment of the Meeting, at which time the proxy is to be used, or with the chairman of the Meeting on the day of the Meeting, or any adjournment of the Meeting.

## VOTING OF PROXIES

The persons named in the enclosed form of proxy are Directors and officers of the Corporation and have indicated their willingness to represent as proxy the shareholder who appoints them. Each shareholder may instruct his proxy how to vote or withhold from voting his shares by completing the proxy form.

The person indicated in the accompanying proxy shall vote the shares in respect of which they are appointed in accordance with the direction of the shareholder appointing them. **In the absence of such direction, the shares shall be voted in favour of:**

- (a) **the election of the persons proposed to be nominated as directors;**
- (b) **the appointment of Deloitte & Touche LLP, Chartered Accountants, as auditors of the Corporation for the ensuing year;**
- (c) **the resolution approving the amendment of the Corporation's Stock Option Plan to increase the maximum number of Common Shares issuable pursuant to the Plan from 4,499,121 Common Shares to 5,499,121 Common Shares as outlined in the Information Circular; and**
- (d) **the special resolution approving the amendment to the Corporation's Articles to change the name of the Corporation.**

**The enclosed form of proxy confers discretionary authority upon the person indicated in the proxy with respect to amendments or variations to matters identified in the Notice of Meeting and with respect to other matters which may properly come before the Meeting.** At the time of printing of the Information Circular, the management of the Corporation knows of no such amendments, variations, or other matters to come before the Meeting other than the matters referred to in the Notice of Meeting and the Information Circular. If any matters which are not now known to the Directors and senior officers of the Corporation should properly come before the Meeting, the persons named in the accompanying form of proxy will vote on such matters in accordance with their best judgment.

### Advice to Beneficial Holders of Common Shares

**The information set forth in this section is of significant importance to many shareholders of the Corporation, as a substantial number of shareholders do not hold Common Shares in their own name.** Shareholders who do not hold their Common Shares in their own name (referred to in this Information Circular as "Beneficial Shareholders") should note that only proxies deposited by shareholders whose names appear on the records of the Corporation as the registered holders of Common Shares can be recognized and acted upon at the Meeting. If shares are listed in an account statement provided to a shareholder by a broker, then, in almost all cases, those shares will not be registered in the shareholder's name on the records of the Corporation. Such shares will more likely be registered under the name of the shareholder's broker or an agent of that broker. In Canada, the vast majority of such shares are registered under the name of CDS & Co. (the registration name for securities, which company acts as a nominee for many Canadian brokerage firms). Common Shares held by brokers or their agents or nominees can only be voted (for or against resolutions) upon the instructions of the Beneficial Shareholder. Without specific instructions, a broker and its agents and nominees are prohibited from voting shares for the broker's clients. **Therefore, Beneficial Shareholders should ensure that instructions respecting the voting of their Common Shares are communicated to the appropriate person.**

Applicable regulatory rules require intermediaries/brokers to seek voting instructions from Beneficial Shareholders in advance of shareholders' meetings. Every intermediary/broker has its own mailing procedures and provides its own return instructions to clients, which should be carefully followed by Beneficial Shareholders in order to ensure that their Common Shares are voted at the Meeting. Often, the

form of proxy supplied to a Beneficial Shareholder by its broker (or the agent of the broker) is identical to the form of proxy provided to registered shareholders. However, its purpose is limited to instructing the registered shareholder (the broker or agent of the broker) how to vote on behalf of the Beneficial Shareholder. The majority of brokers now delegate responsibility for obtaining instructions from clients to ADP Investor Communications (“ADP”). ADP typically prepares a machine readable voting instruction form, mails those forms to the Beneficial Shareholders and asks Beneficial Shareholders to return those forms to ADP or otherwise communicate voting instructions to ADP (by way of internet or telephone for example). ADP then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of shares to be represented at the Meeting. **A Beneficial Shareholder receiving a voting instruction form cannot use that form to vote Common Shares directly at the Meeting.**

Although a Beneficial Shareholder may not be recognized directly at the Meeting for the purposes of voting Common Shares registered in the name of his broker (or an agent of the broker), a Beneficial Shareholder may attend at the Meeting as proxyholder for the registered shareholder and vote the Common Shares in that capacity. **Beneficial Shareholders who wish to attend the Meeting and indirectly vote their Common Shares as proxyholder for the registered shareholder, should enter their own names in the blank space on the form of proxy provided to them and return the same to their broker (or the broker’s agent) in accordance with the instructions provided by such broker (or agent), well in advance of the Meeting.**

**The voting instruction must be returned to ADP well in advance of the Meeting in order to have the Common Shares voted. If you have any questions respecting the voting of Common Shares held through a broker or other intermediary, please contact that broker or other intermediary for assistance.**

## **INTEREST OF INSIDERS IN MATERIAL TRANSACTIONS**

No Directors or officers of the Corporation, who have held the position at any time since the beginning of the last completed financial year of the Corporation, nor any proposed nominee of management for election as a director, nor any known associates and affiliates of such persons have any direct or indirect material interest in any transaction involving the Corporation, or its subsidiary in the last fiscal year or in any proposed material transaction, or in matters to be acted upon at the Meeting, other than the election of directors, any interest from the ownership of Common Shares, the transactions referred to under the heading “Executive Compensation,” the Related Party Transactions described in the Notes to the Financial Statements (in the Annual Report), or as otherwise disclosed herein.

## **VOTING SHARES AND PRINCIPAL SHAREHOLDERS**

The authorized capital of the Corporation consists of an unlimited number of Common Shares, and an unlimited number of first preferred shares and second preferred shares, of which 44,186,605 Common Shares were issued and outstanding at the date of this Information Circular.

Each Common Share entitles the holder of the Common Share to one vote on all matters to come before the Meeting. No group of shareholders has the right to elect a specified number of directors nor are there cumulative or similar voting rights attached to the Common Shares of the Corporation. The Directors of the Corporation have fixed January 13, 2005, as the record date for determination of the persons entitled to receive notice of the Meeting.

Shareholders as of the record date are entitled to vote their Common Shares except to the extent that they have transferred the ownership of any of their shares after the record date. The transferees of those Common Shares must produce properly endorsed share certificates or otherwise establish that they own the shares, and demand, not later than 10 days before the Meeting, that their name be included in the shareholder list before the Meeting, in which case the transferees are entitled to vote their Common Shares at the Meeting.

To the knowledge of the Directors and senior officers of the Corporation, the only persons beneficially owning, directly or indirectly, shares carrying more than 10 percent of the voting rights attached to all shares of the Corporation as of the date of this Information Circular are:

Name and Municipality of Residence	Number of Shares Owned or Controlled Directly or Indirectly	Percentage of Outstanding Voting Shares
Donald A. Wright	8,600,000	19.5%

## PARTICULARS OF MATTERS TO BE ACTED UPON

### ELECTION OF DIRECTORS

At the Meeting it is proposed that up to seven Directors be elected to serve until the next annual general meeting or until their successors are elected or appointed in accordance with the *Business Corporations Act* (Alberta) and the By-laws of the Corporation.

The Corporation is required to have a minimum of three directors and a maximum of eleven directors. The following table indicates the names of six nominees for Directors and the date each such person first became a Director, the principal occupation of each such person, and the number of shares of the Corporation beneficially owned or controlled (either directly or indirectly) by each such person. The information contained in the table as to number of shares of the Corporation beneficially owned or controlled, directly or indirectly, is based upon information furnished to the Corporation by the respective nominees. The Board of Directors is required to appoint an Audit Committee, the current and proposed members of which are indicated in the table.

Name, Residence, Date First Became a Director	Principal Occupation During the Past 5 Years	Common Shares Beneficially Owned and/or Controlled <sup>(1)</sup>
George T.H. Cooper <sup>(4)</sup> Halifax, Nova Scotia July 27, 2001	Barrister and Solicitor with McInnes Cooper since 1967. Director of Stora Enso Port Hawkesbury Ltd., a paper manufacturer, since 1985. Director of Dover Mills Ltd., a flour milling company, since 1998.	173,266
James W. Gogan <sup>(2)(3)</sup> New Glasgow, Nova Scotia May 7, 2004	President of High Street Investments Limited since 1976. President and Chief Executive Officer of Empire Company Limited from 1994 until retiring in 1998. Director of Empire Company Limited since 1972 and as a director of Seamark Asset Management Ltd. since 1998 and as a trustee for Clearwater Seafood Trust since 2002.	100,000
Joseph MacDonald <sup>(3)</sup> Judique, Nova Scotia October 31, 2002	Senior Vice President with Stora Enso North America, a paper manufacturer, from 1996 to 2000.	25,200
J. Wayne Mailloux <sup>(3)(4)</sup> Darien, Connecticut, USA May 7, 2004	Previously, Senior Vice President, PepsiCo; President, Pepsi Cola Europe/Africa Beverages; and President, Pepsi Cola Canada. Currently, Director of Delta Systems Inc., a TSX Venture Exchange listed company.	100,000

Name, Residence, Date First Became a Director	Principal Occupation During the Past 5 Years	Common Shares Beneficially Owned and/or Controlled <sup>(1)</sup>
David L. Wood <sup>(2)</sup> Calgary, Alberta June 3, 1997	Founder and President of Zenith Appraisal & Land Consulting Ltd., a privately owned Alberta consulting company, since 1978. Director of Gold Summit Mines Ltd., a public natural resource company whose securities trade on the TSX Venture Exchange, from July 1999 to November 2002. President of Double Check Consulting Inc., a private consulting company, since 1994. Director of Diversaflow Corporation Ltd., a playground equipment designing and manufacturing company, whose securities trade on TSX Venture Exchange, since 1999. Secretary of Diversaflow Corporation Ltd. from July 1999 to December 2003.	2,007,324 <sup>(5)</sup>
Donald A. Wright <sup>(2)</sup> Toronto, Ontario May 7, 2004	Chairman of the Board of the Corporation since June, 2004. Chairman and Chief Executive Officer of TD Securities Inc. from 1998 to 2002 and Deputy Chairman of TD Bank Financial Group from 2001 to 2002. Since 2002, Mr. Wright has worked independently, and is currently a member of the Board of Trustees of The Hospital for Sick Children and a member of the Board of Directors of the Royal Ontario Museum Foundation and a member of the board of directors of GMP Capital Corp.	8,600,000

**Notes:**

- (1) The information as to residence, principal occupation and number of shares beneficially owned by the nominees (directly or indirectly or over which control or direction is exercised) is not within the knowledge of the management of the Corporation and has been furnished by the respective nominees.
- (2) Current and proposed members of the Corporation's Audit Committee.
- (3) Current and proposed members of the Corporation's Compensation and Human Resources Committee.
- (4) Current and proposed members of the Corporation's Corporate Governance Committee.
- (5) Of these shares, 332,850 are held indirectly through Double Check Consulting Ltd., a private company in which Mr. David Wood is a minority shareholder, and a further 317,454 shares are held indirectly through Zenith Appraisal & Land Consulting Ltd., a private company controlled by Mr. Wood.

## APPOINTMENT OF AUDITORS

The management of the Corporation proposes to nominate the Corporation's existing auditors, Deloitte & Touche LLP, Chartered Accountants, as auditors for the Corporation until the next annual general meeting of shareholders at remuneration to be fixed by the Directors. Deloitte & Touche LLP has been the Corporation's Auditor since April 13, 1999.

## STOCK OPTION PLAN AMENDMENT

The Corporation has a Stock Option Plan (the "Plan") which was approved by the shareholders on December 15, 2000 and has been accepted by the TSX Venture Exchange (the "Exchange"). Under the Plan the maximum number of Common Shares issuable for stock options is 4,499,121 Common Shares. In accordance with the policies of the Exchange, the maximum number of Common Shares issuable under the Plan can be increased with shareholder approval provided the maximum Common Shares issuable under the Plan does not exceed 20% of the issued and outstanding Common Shares. It is proposed that the maximum number of Common Shares issuable under the Plan be increased from 4,499,121 Common Shares to 5,499,121 Common Shares.

The shareholders will be asked to consider, and, if appropriate, to approve with or without amendment the following resolution:

IT IS RESOLVED THAT, subject to any necessary regulatory approval, the Corporation's Stock Option Plan be amended to increase the maximum number of Common Shares issuable pursuant to the Plan from 4,499,121 Common Shares to a maximum of 5,499,121 Common Shares issuable under the Plan representing no more than 20% of the Corporation's issued and outstanding Common Shares.

In order to approve the said resolution, a majority of votes must be voted in favour thereof.

## **CHANGE OF NAME**

Based on the commencement of quartz production from the Corporation's White Rock property in Nova Scotia, the anticipated growth in the area of industrial minerals and the disposition of the Corporation's metal exploration properties, management believes that a change of name at this time will better define the Corporation's growth strategies and market presence. The Board of Directors is considering several options for the new name but as at the date hereof have not finalized its decision. It is anticipated that prior to the Meeting a decision will be finalized and the proposed name communicated to Shareholders by way of news release. Any proposed name must be acceptable to the Registrar of Corporation for Alberta and the TSX Venture Exchange. Shareholder approval is required to amend the Corporation's articles in order to change the Corporation's name. Approval of the special resolution will require affirmative vote of not less than 66.66 % of the votes cast at the Meeting. The special resolution authorizes the Directors of the Corporation to revoke the special resolution before it is acted on without further approval of the shareholders. The change of name is also subject to regulatory approval. The shareholders will be asked to consider, and, if appropriate, to approve with or without amendment:

### **IT IS RESOLVED AS A SPECIAL RESOLUTION THAT:**

1. The name of the Corporation be changed to such other name as may be approved by the Board of Directors of the Corporation and is acceptable to the TSX Venture Exchange and the Registrar of Corporations of Alberta;
2. Any Director may sign any documents necessary to give effect to this special resolution; and
3. The Board of Directors of the Corporation may revoke this special resolution before it is acted on, without further approval of the Shareholders of the Corporation.

**INFORMATION CONCERNING THE CORPORATION**

**STATEMENT OF EXECUTIVE COMPENSATION**

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

- (a) the Corporation’s President and Chief Executive Officer and Interim President and Chief Executive Officer ;
- (b) the Corporation’s Secretary-Treasurer and Chief Financial Officers;
- (c) the Corporation’s Vice President of Operations; and
- (d) any additional individuals for whom disclosure would have been provided but for the fact that the individual was not serving as an executive officer of the Corporation at the end of the most recently completed financial year.

During the most recently completed fiscal year of the Corporation; the Corporation had five Named Executive Officers: John G. Keating, the President and Chief Executive Officer of the Corporation; Donald Hilton, the Interim President and Chief Executive Officer, Robert E. Condon, Chief Financial Officer, Secretary-Treasurer and a Director of the Corporation; John R. Wonnacott, Vice President Operations, and Robert Cudmore, Chief Financial Officer.

**Summary Compensation Table**

The following table sets forth all annual and long-term compensation for services rendered in all capacities to the Corporation and subsidiaries for the three fiscal years ended September 30, 2002, 2003, and 2004 in respect of the Named Executive Officers. No other executive officers are reportable based on salary and bonus for the last three fiscal years.

Annual Compensation					Long-Term Compensation			All Other Compensation
					Awards		Payouts	
Name and Principal Position	Year	Salary (\$)	Bonus	Other Annual Compensation	Securities Under Option/SAR’s Granted (#)	Restricted Shares or Restricted Share Units (\$)	LTIP Payouts (\$)	
John G. Keating Chief Executive Officer and President	2002	80,000	Nil	25,000 <sup>(1)(2)</sup>	750,000 / 0	Nil	n/a	Nil
	2003	80,000	Nil	25,000 <sup>(1)(2)</sup>	750,000 / 0	Nil	n/a	Nil
	2004 <sup>(3)</sup>	104,167	Nil	25,000 <sup>(1)(2)</sup>	750,000 / 0	Nil	n/a	70,162 <sup>(3)</sup>
Robert E. Condon Chief Financial Officer and Secretary-Treasurer	2002	2,268 <sup>(4)</sup>	Nil	n/a	30,000 / 0	Nil	n/a	Nil
	2003	5,675 <sup>(4)</sup>	Nil	n/a	30,000 / 0	Nil	n/a	Nil
	2004 <sup>(4)</sup>	10,195 <sup>(4)</sup>	Nil	n/a	140,000 <sup>(9)</sup> / 0	Nil	n/a	Nil

Annual Compensation					Long-Term Compensation			All Other Compensation
					Awards		Payouts	
Name and Principal Position	Year	Salary (\$)	Bonus	Other Annual Compensation	Securities Under Option/SAR's Granted (#)	Restricted Shares or Restricted Share Units (\$)	LTIP Payouts (\$)	
Donald Hilton Interim President and Chief Executive Officer	2002 2003 2004 <sup>(5)</sup>	- - 2,500 <sup>(5)</sup>	- - Nil	- - Nil	- - 640,000 <sup>(8)</sup>	- - Nil	- - n/a	- - 380,883 <sup>(8)</sup>
Robert Cudmore Chief Financial Officer	2002 2003 2004 <sup>(6)</sup>	- - 8,898 <sup>(6)</sup>	- - 10,000	- - Nil	- - Nil	- - Nil	- - n/a	- - Nil
John R. Wonnacott Vice President, Operations	2002 2003 2004 <sup>(7)</sup>	- - 42,159 <sup>(7)</sup>	- - Nil	- - Nil	- - 200,000 / 0	- - Nil	- - n/a	- - Nil

**Notes:**

- (1) In addition to his salary, Mr. Keating also received an annual benefit allowance of \$25,000.
- (2) Mr. Keating's Employment Agreement contained a bonus clause which provides for the payment of a bonus to Mr. Keating and the Corporation's management team upon completion of a sale of the Corporation or its primary property.
- (3) Mr. Keating resigned as the Corporation's President and Chief Executive Officer on September 23, 2004. In accordance with his Employment Agreement he received six months salary plus six months benefit allowance upon termination.
- (4) Mr. Condon provides accounting services to the Corporation through R.E. Condon Accounting Services Ltd. See "Management Contracts."
- (5) Mr. Hilton is acting as the Corporation's Interim President and Chief Executive Officer since September 23, 2004. See "Management Contracts."
- (6) Mr. Cudmore became the Corporation's Chief Financial Officer on August 23, 2004.
- (7) Mr. Wonnacott resigned as Vice President Operations of the Corporation on June 30, 2004.
- (8) Mr. Hilton, through 1582877 Ontario Inc., was granted stock options and received cash compensation prior to his appointment as Interim President and CEO. In his capacity as a consultant, he received \$44,883. See "Management Contracts." For providing corporate finance services in respect of the Corporation's significant financings during 2004, he received 640,000 stock options and \$336,000.
- (9) Mr. Condon was granted 110,000 stock options in his capacity as a Director.

**Long-Term Incentive Plans - Awards in Most Recently Completed Fiscal Year**

The Corporation has a long-term incentive plan that provides for a payment of a bonus to the Corporation's Chief Executive Officer and President upon the completion of a sale of the Corporation or its principal properties. The amount of the bonus is based on the selling price. There were no awards made under this long-term incentive plan to the Named Executive Officers during the Corporation's most recently completed fiscal year. A "Long-Term Incentive Plan" is a plan under which awards are made based on performance over a period longer than one fiscal year, other than a plan for options, SARs (stock appreciation rights) or restricted share compensation.

### Options/SARs Granted During the Most Recently Completed Fiscal Year

The following table, presented in accordance with the National Instrument 51-102 – Continuous Disclosure Regulation, sets forth stock options granted under the Corporation’s Stock Option Plan during the financial year ended September 30, 2004, to the Named Executive Officers and Directors.

Name	Date of Grant	Securities Under Options/SAR's Granted (#)	% of Total Options/SAR's Granted to Employees/Directors in Financial Year	Exercise or Base Price (\$/Security)	Market Value of Securities Underlying Options/SAR's on the Date of Grant (\$/Security) <sup>(1)</sup>	Expiry Date
John R. Wonnacott	Jan 19/04	200,000 / 0	10%	\$0.50	\$0.50	Jan 19/06
Donald Hilton <sup>(2)</sup>	May 7/04	640,000 / 0	33%	\$0.80	\$1.00	May 7/06
Robert E. Condon <sup>(3)</sup>	Nov 20/03	110,000 / 0	6%	\$0.53	\$0.60	Nov 20/08
James McDonald	Nov 20/03	60,000 / 0	3%	\$0.53	\$0.60	Nov 20/05
Dennis Crawford	Nov 20/03	60,000 / 0	3%	\$0.53	\$0.60	Nov 20/05
Joseph MacDonald	Nov 20/03	110,000 / 0	6%	\$0.53	\$0.60	Nov 20/08
George T.H. Cooper	Nov 20/03	60,000 / 0	3%	\$0.53	\$0.60	Nov 20/08
David L. Wood	Nov 20/03	110,000 / 0	6%	\$0.53	\$0.60	Nov 20/08
James W. Gogan	May 7/04	100,000 / 0	5%	\$0.95	\$1.00	May 7/09
J. Wayne Mailloux	May 7/04	100,000 / 0	5%	\$0.95	\$1.00	May 7/09
Donald A. Wright	May 7/04	100,000 / 0	5%	\$0.95	\$1.00	May 7/09

**Notes:**

- (1) Calculated at the closing price of the Corporation’s common share on the Exchange on the date of grant.
- (2) Mr. Hilton, through 1582877 Ontario Inc., received 640,000 stock options, prior to his appointment as Interim President and CEO.
- (3) Mr. Condon was granted 110,000 stock options in his capacity as a Director.

### Aggregated Option/SAR Exercises during the Most Recently Completed Fiscal Year and the Fiscal Year End Option/SAR Values

The following table sets forth details of all exercises of stock options during the year ended September 30, 2004, and the fiscal year-end value of unexercised options on an aggregated basis for the Named Executive Officers.

Name	Securities Acquired on Exercise (#)	Aggregate Value Realized (\$)	Unexercised Options at Fiscal Year-End (#) Exercisable/ Unexercisable	Value of Unexercised In-the-Money Options at Fiscal Year-End (\$) Exercisable/ Unexercisable <sup>(1)</sup>
John G. Keating	Nil	n/a	750,000 / 0	Nil/Nil
Robert E. Condon	Nil	n/a	66,300 / 73,700	Nil/Nil
Donald Hilton	Nil	n/a	300,000 <sup>(2)</sup> / 640,000	Nil/Nil
John R. Wonnacott	Nil	n/a	66,000 / 134,000	Nil/Nil

**Notes:**

- (1) In-the-Money Options are those where the market value of the underlying securities as at the most recent fiscal year end exceeds the option exercise price. The closing market price of Common Shares as at September 30, 2004 (i.e. fiscal year end) was \$0.44.
- (2) Mr. Hilton was previously granted 300,000 stock options for consulting services August 16, 2002.

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

There are no compensatory plans or arrangements with respect to the Named Executive Officers resulting from the resignation, retirement, or other termination of employment or from a change of control of the Corporation, except as follows:

Under the terms of John G. Keating's Employment Agreement, if his employment contract is terminated, other than for cause, he will receive six months salary plus six months of benefit allowance. Mr. Keating's employment contracts also contains a bonus plan which provides for the payment of a bonus upon either the acquisition or take over of the Corporation, or the completion of the sale of the Corporation's White Rock property. The bonus plan is subject to review after three years. Mr. Keating resigned as the Corporation's President and Chief Executive Officer effective September 23, 2004, and was entitled to receive the termination pay described above. See "Executive Compensation – Summary Compensation Table"

### **Compensation of Directors**

Compensation for the Named Executive Officers has already been disclosed above. No cash compensation was paid to any Director of the Corporation for the Director's services as a Director during the fiscal year ended September 30, 2004, other than the reimbursement of out-of-pocket expenses. See "Management Contracts."

The Corporation has no standard arrangement pursuant to which Directors are compensated by the Corporation for their services in their capacity as Directors except for the granting from time to time of incentive stock options in accordance with the policies of the TSX Venture Exchange (the "Exchange"). During the most recently completed financial year, the Corporation granted incentive stock options to purchase an aggregate 860,000 Common Shares to Directors.

### **Compensation Committee**

The Board of Directors has established a compensation committee currently comprised of the following Directors: J. Wayne Mailloux, James W. Gogan, and Joseph MacDonald. Following the Meeting a new committee will be established. The compensation committee will review all remuneration paid to insiders and senior employees of the Corporation and make recommendations to the Board. A portion of the compensation paid to senior officers and employees is linked with corporate performance in order to help achieve growth in shareholder value.

### **MANAGEMENT CONTRACTS**

Management functions of the Corporation are substantially performed by Directors and senior officers of the Corporation and not, to any substantial degree, by any other person with whom the Corporation has contracted, except as follows:

- (a) Pursuant to a contract dated March 1, 2003, between the Corporation and R.E. Condon Accounting Services Ltd., a private company controlled by Robert E. Condon, Director and previously an officer and of the Corporation, R.E. Condon Accounting Services Ltd. provides accounting services to the Corporation.

- (b) Pursuant to a contract dated November 1, 2003, between the Corporation and Joseph MacDonald, a Director of the Corporation, Joseph MacDonald provides sales/marketing consulting services to the Corporation.
- (c) Pursuant to a contract dated September 1, 2003, between the Corporation and 1582877 Ontario Inc., a company controlled by Donald Hilton, the Interim President and Chief Executive Officer of the Corporation, 1582877 Ontario Inc. provides corporate finance and management consulting services to the Corporation.

See “Executive Compensation”

## **INDEBTEDNESS OF DIRECTORS AND OFFICERS**

None of the Directors or officers of the Corporation, or their respective associates, are, or were at any time during the year ended September 30, 2004, indebted to the Corporation or its subsidiary.

## **CORPORATE GOVERNANCE PRACTICE**

The Toronto Stock Exchange (the “TSX”) Committee on Corporate Governance in Canada issued a report that set out the proposed guidelines for effective corporate governance. These guidelines deal with the constitution of boards of directors and board committees, their functions, their independence from management and other means of addressing corporate governance practices. Companies listed on the TSX are required to provide disclosure on an annual basis as to its approach to corporate governance with reference to these guidelines for effective corporate governance. Similarly, the Policies of TSX Venture Exchange require Tier 1 issuers, and encourage Tier 2 issuers, to disclose their corporate governance practices. Although the Corporation is not required to provide corporate governance disclosure, the Board of Directors and senior management of the Corporation consider good corporate governance to be important to the effective and efficient operation of the Corporation. Management also believes this disclosure will help the Corporation’s shareholders arrive at informed decisions and judgments about the Corporation’s management decisions. However, given the history, nature and size of the Corporation, not all of the recommendations contained in the corporate governance guidelines have been followed. The following are the 14 guidelines proposed in the original TSX corporate governance report and a brief discussion of the Corporation’s level of compliance with each guideline.

1. *The board of directors should explicitly assume responsibility for stewardship of the Corporation, and specifically for adoption of a strategic planning process, identification of principal risks, succession planning and monitoring, communications policy and integrity of internal controls and management information systems.*

The board of directors of the Corporation (the “Board”) has statutory responsibility to oversee the conduct of the Corporation’s business and to supervise its senior management responsible for managing day-to-day business affairs in accordance with the Corporation’s strategic plans. The Board retains responsibility for significant developments in the Corporation’s strategic direction including annual capital expenditure budgets, research and development, acquisitions and financing requirements. Through control of the Audit, Corporate Governance, and Compensation and Human Resource Committees, and access to various technical consultants, the Board identifies the Corporation’s principal risks and implements appropriate systems to manage these risks. In addition, the Board approves the annual and interim financial statements, the issuance of Common Shares, granting of stock options, disclosure and financing documents that require Board approval, executive compensation, and the appointment of corporate officers.

2. *A majority of the directors should be “unrelated” (free of conflicting interest)*

The Board currently consists of seven members, five of whom are unrelated directors and two of whom provide consulting services to the Corporation.

3. *Disclose for each director whether he or she is related, and how that conclusion is reached.*

Robert E. Condon and Joseph MacDonald may be considered related Directors as they both provide consulting services to the Corporation. Donald A. Wright, David L. Wood, J. Wayne Mailloux, James W. Gogan, and George T.H. Cooper are unrelated Directors as they are not officers, employees, or consultants of the Corporation.

4. *Appointment of a committee responsible for appointment/assessment of directors.*

The Board does not have a nominating committee; however, the Board in consultation with the Compensation and Human Resources Committee, as a whole determines the nominees to the Board. Nominations are generally a result of informal discussion with other Board members.

5. *Implement a process for assessing the effectiveness of the board of directors, its committees and individual directors.*

The Board does not formally review the contributions of individual Board members. The Board believes that its size facilitates informal discussion and evaluation of each Director’s contributions.

6. *Provide orientation and education programs for new directors.*

The Corporation does not have a formal orientation program for new members of the Board. Orientation and education of new members is conducted informally by management providing background information on the Corporation’s history, performance, and strategic plans. Given the size of the Corporation and the experience of the Board members, the Board believes this to be a practical and effective approach.

7. *Consider reducing the size of the board of directors, with a view to improving effectiveness.*

The Board members bring diversified skills and experience that are appropriate to its function.

8. *Review the compensation of directors in light of the risks and responsibilities.*

Although the Board has a Compensation Committee for its officers, the Board as a whole reviews the compensation for Directors.

9. *Committees should generally be composed of outside directors, a majority of whom are unrelated.*

The Board has three committees: the Audit Committee, the Compensation and Human Resources Committee, and the Corporate Governance Committee. All three Committees have a minimum of two outside unrelated Directors.

10. *Appoint a committee responsible for approach to corporate governance issues.*

The Corporate Governance Committee is currently composed of George T.H. Cooper, J. Wayne Mailloux, and Robert E. Condon. The mandate of this Committee is to monitor overall procedure and process of the Board and to help ensure the Corporation's regulatory compliance.

11. *The board of directors should develop position descriptions for Board members and the chief executive officer. And the board of directors should approve or develop corporate objectives, which the chief executive officer is responsible for meeting.*

There are currently no formal position descriptions for Board members or the Chief Executive Officer. The Board reviews and approves long-term corporate objectives and believes that the formal position descriptions would not significantly enhance corporate governance.

12. *Establish procedures to enable the board of directors to function independently of management.*

The Board believes that its size, and the nature of the Corporation's activities, allow it to function independently of management. The Board regularly reviews the nature and quality of the information provided to it.

13. *Establish an Audit Committee with a specifically defined mandate (all members should be outside directors).*

The Audit Committee is composed of three outside Directors: James W. Gogan, David L. Wood, and Donald A. Wright. The Audit Committee has a general mandate to monitor audit functions, approve financial statements, meet with external auditors independently of management, and to review internal controls.

14. *Implement a system to enable individual directors to engage outside advisors, at the Corporation's expense.*

The Corporation has, at its expense, established a technical advisory network consisting of non-board members that may be freely accessed by the Directors and management. Individual Directors may also engage other outside advisors at the Corporation's expense.

## **FINANCIAL STATEMENTS AND ADDITIONAL INFORMATION**

The Corporation's audited financial statements for the financial year ended September 30, 2004, and Management Discussion & Analysis are included in the Corporation's annual report that accompanies this Information Circular. These documents and other additional information relating to the Corporation are available through the SEDAR website at [www.sedar.com](http://www.sedar.com).

## **OTHER BUSINESS**

Management is not aware of any matters to come before the Meeting other than those set out in the Notice of Meeting. If other matters come before the Meeting it is the intention of the individuals indicated in the form of proxy to vote with respect to such matters in accordance with their best judgment.

**APPROVAL AND CERTIFICATION**

The contents of this Information Circular have been approved by the Board of Directors of the Corporation.

This Information Circular and the Schedules attached hereto constitute full, true and plain disclosure of all material facts relating to the particular matters to be acted upon by the securityholders.

This Information Circular, and the Schedules attached hereto, contain no untrue statements of a material fact and do not omit to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made.

**DATED: January 13, 2005**

*(signed) "Donald Hilton"*

\_\_\_\_\_  
Donald Hilton,  
Interim President and Chief Executive Officer

*(signed) "Robert Cudmore"*

\_\_\_\_\_  
Robert Cudmore,  
Chief Financial Officer