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**IRONHORSE OIL & GAS INC.**

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**NOTICE OF ANNUAL AND SPECIAL MEETING  
and  
INFORMATION CIRCULAR – PROXY STATEMENT**

**WITH RESPECT TO THE  
ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS  
TO BE HELD ON WEDNESDAY JUNE 8, 2011**



Dated: April 13, 2011

**IRONHORSE OIL & GAS INC.**

**Notice of Annual and Special Meeting of Shareholders  
to be held June 8, 2011**

**TO: THE SHAREHOLDERS OF IRONHORSE OIL & GAS INC.**

TAKE NOTICE that the Annual and Special Meeting (the "**Meeting**") of the shareholders of Ironhorse Oil & Gas Inc. (the "**Corporation**") will be held in the Cardium Room of the Calgary Petroleum Club, 319 – 5<sup>th</sup> Avenue S.W., Calgary, Alberta on Tuesday, the 8<sup>th</sup> day of June, 2011 at 3:00 p.m. (Calgary time) for the following purposes:

- a. to receive and consider the financial statements of the Corporation for the year ended December 31, 2010, together with the auditors' report thereon;
- b. to fix the number of directors to be elected at the Meeting at five (5) members;
- c. to consider and, if thought appropriate, to pass an ordinary resolution electing five (5) directors of the Corporation;
- d. to consider and, if thought appropriate, to pass an ordinary resolution to appoint the auditors of the Corporation and to authorize the directors to fix their remuneration as such; and
- e. to consider and, if thought appropriate, to pass, with or without variation, an ordinary resolution to re-approve the Corporation's stock option plan, all as more particularly described in the accompanying Information Circular – Proxy Statement of the Corporation dated April 13, 2011 .

The specific details of the matters proposed to be put before the Meeting are set forth in the Information Circular –Proxy Statement accompanying and forming part of this Notice.

**Shareholders of the Corporation who are unable to attend the Meeting in person are requested to date and sign the enclosed Instrument of Proxy and to mail or facsimile telecopy it to or deposit it with the Secretary of the Corporation, c/o Valiant Trust Company, 310, 606 - 4th Street SW, Calgary, AB, T2P 1T1 (facsimile (403) 233-2857). In order to be valid and acted upon at the Meeting, forms of proxy must be returned to the aforesaid address not less than 48 hours (excluding Saturdays, Sundays and holidays) before the time set for the holding of the Meeting or any adjournment thereof.**

**Shareholders are cautioned that the use of the mail to transmit proxies is at each shareholder's risk.**

The Board of Directors of the Corporation has fixed the record date for the Meeting at the close of business on Monday, May 9, 2011 (the "**Record Date**"). Shareholders of record as at the Record Date are entitled to receive notice of the Meeting and to vote those shares included in the list of shareholders entitled to vote at the Meeting prepared as at the Record Date, unless any such shareholder transfers shares after the Record Date and the transferee of those shares, having produced properly endorsed certificates evidencing such shares or having otherwise established that he owns such shares, demands, not later than 10 days before the Meeting, that the transferee's name be included in the list of shareholders entitled to vote at the Meeting, in which case such transferee shall be entitled to vote such shares at the Meeting.

DATED at Calgary, Alberta, this 13<sup>th</sup> day of April, 2011.

BY ORDER OF THE BOARD OF DIRECTORS

(signed) *Larry J. Parks*  
President & Chief Executive Officer

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SCHEDULE "A" – MANDATE OF THE AUDIT COMMITTEE

## IRONHORSE OIL & GAS INC.

### INFORMATION CIRCULAR – PROXY STATEMENT

#### FOR THE ANNUAL AND SPECIAL MEETING TO BE HELD ON WEDNESDAY JUNE 8, 2011

#### SOLICITATION OF PROXIES

**This Information Circular - Proxy Statement is furnished in connection with the solicitation of proxies by the management of Ironhorse Oil & Gas Inc.** (the "Corporation" or "Ironhorse") for use at the Annual and Special Meeting of the shareholders of the Corporation (the "Meeting") to be held on the 8<sup>th</sup> day of June, 2011 at 3:00 p.m. (Calgary time) in the Cardium Room of the Calgary Petroleum Club, 319 – 5<sup>th</sup> Avenue S.W., Calgary, Alberta and at any adjournment thereof, for the purposes set forth in the Notice of Annual and Special Meeting of Shareholders. Instruments of Proxy must be received by the Secretary of the Corporation c/o Valiant Trust Company, 310, 606 - 4th Street SW, Calgary, AB, T2P 1T1 (facsimile (403) 233-2857) not less than 48 hours (excluding Saturdays, Sundays and holidays) before the time for the holding of the Meeting or any adjournment thereof. The board of directors of the Corporation has fixed the record date for the Meeting at the close of business on Thursday, April 15, 2010 (the "**Record Date**"). Shareholders of the Corporation of record as at the Record Date are entitled to receive notice of the Meeting and to vote those shares included in the list of shareholders entitled to vote at the Meeting prepared as at the Record Date, unless any such shareholder transfers shares after the Record Date and the transferee of those shares, having produced properly endorsed certificates evidencing such shares or having otherwise established that he owns such shares, demands not later than 10 days before the Meeting, that the transferee's name be included in the list of shareholders entitled to vote at the Meeting, in which case such transferee shall be entitled to vote such shares at the Meeting.

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

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

#### BENEFICIAL HOLDERS OF SHARES

The information set forth in this section is provided to beneficial holders of common shares ("**Common Shares**") of the Corporation who do not hold their Common Shares in their own name ("**Beneficial Shareholders**"). Beneficial Shareholders should note that only proxies deposited by shareholders whose names appear on the records of the Corporation as the registered holders of shares can be recognized and acted upon at the Meeting. If shares are listed in an account statement provided to a Beneficial Shareholder by a broker, then in almost all cases those shares will not be registered in the Beneficial Shareholder's name on the records of the Corporation. Such shares will more likely be registered under the name of the Beneficial 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 The Canadian Depository for Securities Limited, which acts as nominees for many Canadian brokerage firms). Shares held by brokers or their nominees can only be voted (for or against resolutions) upon the instructions of the Beneficial Shareholder. Without specific instructions, the broker/nominees are prohibited from voting shares for their clients. The Corporation does not know for whose benefit the shares registered in the name of CDS & Co. are held.

Applicable regulatory policy requires 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, which should be carefully followed by Beneficial Shareholders in order to ensure that their shares are voted at the Meeting. The majority of brokers now delegate responsibility for obtaining instructions from clients to Broadridge Financial Solutions, Inc. ("**Broadridge**"). Broadridge typically provides a scannable voting request form or applies a special sticker to the proxy forms, mails those forms to the Beneficial Shareholders and asks Beneficial Shareholders to return the voting request forms or proxy forms to Broadridge.

Often Beneficial Shareholders are alternatively provided with a toll-free telephone number to vote their shares. Broadridge 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 request or a proxy with a Broadridge sticker on it cannot use that instruction request or proxy to vote Common Shares directly at the Meeting as the proxy must be returned as directed by Broadridge well in advance of the Meeting in order to have the shares voted. Accordingly, it is strongly suggested that Beneficial Shareholders return their completed instructions or proxies as directed by Broadridge well in advance of the Meeting.**

Although a Beneficial Holder may not be recognized directly at the Meeting for the purposes of voting Common Shares registered in the name of his broker (or agent of the broker), a Beneficial Holder may attend at the Meeting as proxyholder for the registered shareholder and vote Common Shares in that capacity. Beneficial Holders 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.

### **REVOCABILITY OF PROXY**

A shareholder who has submitted a proxy may revoke it at any time prior to the exercise thereof. If a person who has given a proxy attends personally at the Meeting at which such proxy is to be voted, such person may revoke the proxy and vote in person. In addition to revocation in any other manner permitted by law, a proxy may be revoked by instrument in writing executed by the shareholder or the shareholder's attorney authorized in writing deposited either at the registered office of the Corporation at any time up to and including the last business day preceding the day of the Meeting, or any adjournment thereof, at which the proxy is to be used, or with the Chairman of the Meeting on the day of the Meeting, or any adjournment thereof, and upon either of such deposits, the proxy is revoked.

### **PERSONS MAKING THE SOLICITATION**

**The solicitation is made on behalf of the management of the Corporation.** The costs incurred in the preparation and mailing of the Instrument of Proxy, Notice of Annual and Special Meeting and this Information Circular - Proxy Statement will be borne by the Corporation. In addition to solicitation by mail, proxies may be solicited by personal interviews, telephone or other means of communication and by directors, officers and employees of the Corporation, who will not be specifically remunerated therefor.

### **EXERCISE OF DISCRETION BY PROXY**

The shares represented by proxy in favour of management nominees shall be voted on any ballot at the Meeting and, where the shareholder specifies a choice with respect to any matter to be acted upon, the shares shall be voted on any ballot in accordance with the specification so made.

**In the absence of such specification, the shares will be voted in favour of the matters to be acted upon. The persons appointed under the Instrument of Proxy furnished by the Corporation are conferred with discretionary authority with respect to amendments or variations of those matters specified in the instrument of proxy and Notice of Annual and Special Meeting. At the time of printing this Information Circular - Proxy Statement, management of the Corporation knows of no such amendment, variation or other matter.**

### **MATTERS TO BE ACTED UPON AT THE MEETING**

#### **Fixing Number of Directors**

At the Meeting, it is proposed that the number of directors to be elected at the Meeting to hold office until the next annual general meeting of the Corporation or until their successors are elected or appointed, subject to the articles of incorporation or by-laws of the Corporation, be set at five (5). There are presently five (5) directors of the Corporation, each of whom will retire from office at the Meeting. Unless otherwise directed, it is the intention of

management to vote proxies in the accompanying form in favour of setting the number of directors to be elected at the Meeting at five (5).

### **Election of Directors**

There are currently five (5) directors of the Corporation, each of whom retire from office at the Meeting. Unless otherwise directed, it is the intention of management to vote proxies in the accompanying form in favour of an ordinary resolution fixing the number of directors to be elected at the Meeting at five (5) members and in favour of the election as directors of the five (5) nominees hereinafter set forth:

Larry J. Parks	Michael A. Royan
Robert Desbarats	Wayne W. Chow
Gerry C. Quinn	

If for any reason any of the proposed nominees does not stand for election or is unable to serve as such, the management designees, if named in this proxy, reserve the right to vote for any other nominee in their sole discretion unless you have specified in your proxy that your Common Shares are to be withheld from voting on the election of directors.

The names, province and country of residence of the persons nominated for election as directors, the number of voting securities of the Corporation beneficially owned, or controlled or directed, directly or indirectly, the period served as director and the principal occupation of each are set forth below. The information as to shares beneficially owned, or controlled or directed, directly or indirectly, is based upon information furnished to the Corporation by the nominees as of April 15, 2011.

<b>Name and Place of Residence</b>	<b>Number of Common Shares Beneficially Owned, Controlled or Directed</b>	<b>First Year Served as Director</b>	<b>Principal Occupation</b>
Larry J. Parks <sup>(2)</sup> Alberta, Canada	2,104,960	2003	Mr. Parks was appointed President & Chief Executive Officer and a director of Ironhorse in 2003. Mr. Parks is also the President & Chief Executive Officer of Grizzly Resources Ltd., a private oil and gas exploration and production company. Prior to September 1, 2004, Mr. Parks was President & Chief Executive Officer of Archean Energy Ltd.
Robert Desbarats <sup>(2)</sup> Alberta, Canada	15,000	2009	Mr. Desbarats is a partner at the law firm of Osler, Hoskin & Harcourt LLP since February 6, 2006. Prior thereto, he was a partner at the law firm of Bennett Jones LLP.
Gerry C. Quinn <sup>(1)(3)</sup> Ontario, Canada	1,624,549	2004	Mr. Quinn is the President of The Erin Mills Investment Corporation, a private venture capital company.

Name and Place of Residence	Number of Common Shares Beneficially Owned, Controlled or Directed	First Year Served as Director	Principal Occupation
Michael A. Royan <sup>(1) (4)</sup> Alberta, Canada	10,500	2009	Mr. Royan is the President and Managing Director of Stonepoint Strategic Advisors Inc., which provides financial advisory services to companies primarily in the oil and gas and oilfield services industries.
Wayne W. Chow <sup>(1) (2)</sup> Alberta, Canada	30,000	2010	Mr. Chow is a professional engineer with over 33 years of oil and gas engineering and evaluation experience. He is a former Vice President and director of GLJ Petroleum Consultants and has served as a director or past-director of numerous private companies. Since October 2005, Mr. Chow has been an independent businessman and a consultant to various oil and gas companies.

*Notes:*

- (1) Member of the Audit Committee.
- (2) Member of the Reserves Committee.
- (3) Includes 93,750 shares held by Cosmopolitan Investment Corporation, a company of which Mr. Quinn is a Director.
- (4) Common Shares are held by 1200773 Alberta Ltd., a company owned by Mr. Royan's family's trust, of which he is a director.

### **Cease Trade Orders, Bankruptcies, Penalties and Sanctions**

To our knowledge, no proposed director:

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

In addition, no proposed director has been subject to: (i) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority, or (ii) any other penalties or sanctions imposed by a court or regulatory body that

would likely be considered important to a reasonable security holder in deciding whether to vote for a proposed director.

### **Appointment of Auditors**

Unless otherwise directed, it is management's intention to vote the proxies in favour of an ordinary resolution to re-appoint the firm of Kenway Mack Slusarchuk Stewart LLP, Chartered Accountants, to serve as auditors of the Corporation until the next annual meeting of the shareholders and to authorize the directors to fix their remuneration as such. Kenway Mack Slusarchuk Stewart LLP have been the Corporation's auditors since December 22, 2003.

### **Re-Approval of the Stock Option Plan**

At the Meeting, shareholders will be asked to consider and, if thought appropriate, pass an ordinary resolution (the "**Plan Resolution**") re-approving the Corporation's stock option plan (the "**Option Plan**") on the terms as set out below.

Directors, officers and employees of, and consultants to, the Corporation and its subsidiaries are eligible to participate in the Option Plan. The purpose of the Option Plan is to provide the Corporation with an equity-based mechanism to attract, retain and motivate directors, officers, employees and consultants, to reward them by the grant of options under the Option Plan from time to time for their contributions toward the long term goals of the Corporation and to enable and encourage them to acquire Common Shares as long term investments. The maximum number of Common Shares issuable pursuant to options granted under the Option Plan may not exceed 10% of the number of Common Shares outstanding from time to time. In accordance with the rules of the TSX Venture Exchange, the Option Plan must be approved by shareholders when instituted and every year thereafter.

At the Meeting, shareholders will be asked to re-approve the Option Plan. The Option Plan includes, among other things, provisions providing for: (i) the extension of the exercise period of an option during a "blackout" period for a maximum of ten business days following the end of such "blackout" period; and (ii) to provide that the Option Plan may not be amended without shareholder approval in the case of the following amendments: (A) an amendment to increase the percentage of Common Shares issuable on exercise of options in excess of the 10% limit currently prescribed; (B) to reduce the exercise price of any outstanding options held by insiders; (C) to extend the term of any outstanding Option beyond the original expiry date of such options, in the case of options held by insiders; (D) to increase the maximum limit on the number of securities that may be issued to insiders under all securities based compensation arrangements to in excess of the 10% of the outstanding Common Shares as currently prescribed or to increase the number of Common Shares issuable to insiders within any one year period under all share compensation arrangements to in excess of 10% of the outstanding Common Shares as currently prescribed; or (E) to amend the amending provision of the Option Plan.

In accordance with the rules of the TSX Venture Exchange, in order for the Option Plan to be implemented by the Corporation, it must be approved by shareholders. Accordingly, at the Meeting, shareholders will be asked to consider and, if thought appropriate, approve the Plan Resolution, substantially in the form set forth below approving the Option Plan:

"RESOLVED THAT:

1. the Stock Option Plan of Ironhorse Oil & Gas Inc. (the "**Corporation**"), is hereby approved; and
2. any director or officer of the Corporation is hereby authorized and directed to do all such things and execute, for and on behalf of the Corporation, all such documents and other instruments as may be necessary or desirable in order to give effect the foregoing resolutions."

In order for the Option Plan to be implemented, the Plan Resolution must be approved by a majority of the votes cast by the shareholders present in person or represented by proxy at the Meeting. **Unless otherwise directed, the persons named in the enclosed form of proxy, if named as proxy, intend to vote for the Plan Resolution.**

## INFORMATION CONCERNING THE CORPORATION

### Voting Shares and Principal Holders Thereof

Ironhorse is authorized to issue an unlimited number of Common Shares and an unlimited number of First Preferred Shares each without nominal or par value. As at April 15, 2011, 27,875,824 Common Shares of the Corporation were issued and outstanding, each such share carrying the right to one vote on a ballot at the Meeting. A quorum for the transaction of business at the Meeting will be present if not less than one (1) person is present at the Meeting holding or representing not less than 10% of the shares entitled to vote at the Meeting.

To the knowledge of the directors and senior officers of the Corporation, based upon publicly available information, as at April 15, 2011, no person or company beneficially owned, or controlled or directed, directly or indirectly, voting securities of the Corporation carrying more than 10% of the voting rights attached to any class of voting securities of the Corporation.

As at April 15, 2011, the directors and officers of Ironhorse, as a group, beneficially owned, or controlled or directed, directly or indirectly, an aggregate of 4,443,659 Common Shares or approximately 19.7% of the issued and outstanding Common Shares of Ironhorse.

## STATEMENT OF EXECUTIVE COMPENSATION

### Compensation Discussion and Analysis

#### Introduction

Only Ironhorse's Vice-President, Finance & Chief Financial Officer is a current employee of the Corporation and paid directly by the Corporation in compensation for services rendered to the Corporation. The Chief Executive Officer and all other officers of the Company are employees of Grizzly Resources Ltd. ("**Grizzly**") their services are made available to Ironhorse pursuant to the management agreement described below. In assessing the compensation for the its executives, including the Vice-President Finance & Chief Financial Officer, Ironhorse has established a "pay-for-performance" philosophy which supports Ironhorse's commitment to delivering continuous strong performance for its shareholders. Our compensation policies are founded on the principle that compensation should be aligned with shareholders' interests, while also recognizing that Ironhorse's corporate performance is dependent upon the retainment of highly trained, experienced and committed executive officers and employees who have the necessary skill sets, education, experience and personal qualities required to manage our business. Our program also recognizes that the various components thereof must be sufficiently flexible to adapt to unexpected developments in the oil and gas industry and the impact of internal and market-related occurrences from time to time.

In furtherance of this, the Corporation has also entered in to a management agreement (the "**Management Agreement**") with Grizzly (see "*Management Contracts*"). Fees payable under the Management Agreement were \$243,000 per month up until December 31, 2010. The Company and Grizzly are currently negotiating a reduction in the fee with an effective date of January 1, 2011. Grizzly has a staff of 22 people, 7 of whom are long term consultants. Ironhorse believes it is important to get the best people possible while at the same time keeping general and administrative costs at a reasonable level. The Management Agreement with Grizzly allows Ironhorse to have access to high quality personnel. Compensation paid and payable to certain persons at Grizzly who are also officers of Ironhorse are disclosed and described elsewhere herein.

## **Executive Compensation Principles**

The main objectives of our executive compensation program are to attract, recruit and retain individuals of high caliber to serve as officers of the corporation, to motivate their performance in order to achieve the Corporation's strategic objectives and to align their interests with the long-term interests of the Corporation's shareholders and enhancement in share value. In approaching these key objectives, the Board of Directors recognizes that a "pay-for-performance" philosophy should be applied in compensation-related decisions and that such objectives are designed to promote the Corporation's continued growth in production, reserves, funds from operations and earnings on an absolute and per share basis.

The Corporation's compensation program is primarily designed to reward performance and, accordingly, the performance of the Corporation and the Corporation's paid executives (and other executive officers who may become paid employees of the Corporation at a future date) are examined by the Board of Directors in conjunction with setting executive compensation packages. Some of the factors looked at by the Board of Directors in assessing the performance of the Corporation and its executive officers are as follows: (a) absolute and per share production growth; (b) finding and on stream costs (for both current and longer periods); (c) overall oil and gas reserve changes, looking at both proven and probable reserves; (d) recycle ratio based on the relationship between finding costs and field netbacks; (e) funds from operations per share changes; and (f) the Corporation's performance for all of the above relative to its stated goals and objectives and in relation to the performance of its industry peer group.

Executive compensation consists of three principal components: (a) base salary; (b) bonuses; and (c) participation in long-term incentive compensation programs. The aggregate value of these principal components and related benefits is used as a basis for assessing the overall competitiveness of Ironhorse's executive compensation package. Each element of Ironhorse's executive compensation program is described below.

### **Elements of our Executive Compensation Program**

#### *Base Salaries*

The base salary component is intended to provide a fixed level of competitive pay that reflects the executive's primary duties and responsibilities. It also provides a foundation upon which performance based incentive compensation elements are assessed and established. The Corporation intends to pay a base salary to its executive that is competitive with those of comparable companies in the oil and gas industry. The Board of Directors compares the base salaries of its executives with that of officers at peer companies in the oil and gas industry and expects to set Ironhorse's pay level in-line with the average for such position while also considering the other components of its executive compensation package. Factors looked at in assessing peer companies will include total revenue, total assets, funds from operations, total level of capital expenditures, number of employees and daily production levels on a BOE basis.

#### *Annual Cash Bonuses*

The Board of Directors reviews the factors mentioned above relative to peer companies in order to determine whether an annual bonus is warranted. The annual cash bonus element of the compensation program is designed to reward both corporate and individual performance during the last completed financial year. The amount of any bonus paid is the result of analysis and subjective determination of both the Corporation's and the individual's performance and is approved by the Board of Directors. The Board of Directors has not established strict predetermined quantitative performance criteria linked to the payment of bonuses.

#### *Long Term Incentive Compensation – Stock Options*

Individual Options are granted under the Corporation's Option Plan to directors, officers, employees, consultants and other service providers, including those persons who provide services to Ironhorse pursuant to the Management Agreement with Grizzly, and are intended to align executive, employee, consultants, service provider and shareholder interests by attempting to create a direct link between compensation and shareholder return. Participation in the Option Plan rewards overall corporate performance, as measured through the price of the Corporation's Common Shares, which are traded on the TSX Venture Exchange. In addition, the Option Plan enables executives to develop and maintain a significant ownership position in the Corporation. The outstanding

amount of previously granted stock options to an individual is taken into account when considering new grants. See "Incentive Plans – Stock Option Plan".

### Management Agreement

As disclosed herein, certain persons including the President & Chief Executive Officer of the Corporation and other Vice-Presidents are compensated indirectly by Ironhorse through the Management Agreement with Grizzly. By contracting out these services, Ironhorse's compensation levels will fluctuate based on the Corporation's level of activity and production levels. Certain employees and long term consultants of Grizzly are eligible to participate in the Option Plan but are paid all other compensation directly by Grizzly.

### Summary

The Corporation's compensation policies have allowed the Corporation to attract and retain a team of motivated professionals and support staff working towards the common goal of enhancing shareholder value. The Board of Directors of Ironhorse will continue to review compensation policies to ensure that they are competitive within the oil and natural gas industry and consistent with the performance of the Corporation.

### Summary Compensation Table

The following table sets forth, for the years ended December 31, 2010, 2009 and 2008, information concerning the compensation paid to the Chief Executive Officer ("CEO"), Chief Financial Officer ("CFO") and the 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 year ended December 31, 2010 whose total compensation was more than \$150,000 (each a "Named Executive Officer" or "NEO" and collectively, the "Named Executive Officers" or "NEOs").

Name and principal position	Year	Salary (\$)	Share-based awards (\$)	Option-based awards <sup>(3)</sup> (\$)	Non-equity incentive plan compensation			All other compensation <sup>(5)</sup> (\$)	Total compensation (\$)
					Annual incentive plans <sup>(4)</sup> (\$)	Long-term incentive plans (\$)	Pension value (\$)		
Larry J. Parks <sup>(1)(2)</sup> Chairman of the Board, President & Chief Executive Officer	2010	155,100	Nil	16,200	Nil	Nil	Nil	Nil	171,300
	2009	67,670	Nil	Nil	Nil	Nil	Nil	Nil	67,670
	2008	50,617	Nil	57,418	Nil	Nil	Nil	Nil	108,035
Rob Solinger Vice President, Finance & Chief Financial Officer	2010	185,000	Nil	16,200	Nil	Nil	Nil	Nil	201,200
	2009	175,060	Nil	Nil	Nil	Nil	Nil	Nil	175,060
	2008	118,686	Nil	120,474	Nil	Nil	Nil	Nil	239,160

#### Notes:

- (1) For details of the Management Agreement between the Corporation and Grizzly pursuant to which, among other things, the services of certain Named Executive Officers were provided, see "Management Contracts".
- (2) The compensation disclosed herein was paid directly by Grizzly to Mr. Parks, and is based on the total management fees paid to Grizzly for the years ended December 31, 2010, 2009 and 2008 respectively, and the amount of time and level of responsibility Mr. Parks assumed on behalf of the Corporation pursuant to the Management Agreement.
- (3) Reflects "Options" issued under Ironhorse's Option Plan based on the grant date fair value of the applicable awards. The fair value of the stock option grants has been determined using the same methodology and

assumptions used in calculating the stock based compensation in the Corporation's financial statements. Ironhorse applies the Black-Scholes option pricing model which incorporated the following assumptions in 2010: dividend yield – Nil; volatility – 52%; risk free interest rate – 4%.

- (4) Reflects the cash amounts awarded to the NEO under the Corporation's cash bonus plan in 2010, 2009 and 2008, respectively.
- (5) The value of perquisites received by each of the Named Executive Officers, including property or other personal benefits provided to the Named Executive Officers that are not generally available to all employees, were not in the aggregate greater than \$50,000 or 10% of the Named Executive Officer's total salary for the financial year.

## **Incentive Plans**

### ***Stock Option Plan***

The Corporation has an Option Plan which permits the granting of options ("**Options**") to purchase Common Shares to directors, officers, employees, consultants and other service providers ("**Optionees**") (including those persons who provide services to Ironhorse pursuant to the Management Agreement with Grizzly) of the Corporation. The Option Plan is intended to afford persons who provide services to Ironhorse an opportunity to obtain an increased proprietary interest in Ironhorse by permitting them to purchase Common Shares and to aid in attracting as well as retaining and encouraging the continued involvement of such persons with Ironhorse. The Option Plan is administered by the Board of Directors of the Corporation.

The Option Plan currently limits the number of Common Shares that may be issued on exercise of Options to a number not exceeding 10% of the number of Common Shares which are outstanding from time to time. Options that are cancelled, terminated or expired prior to exercise of all or a portion thereof shall result in the Common Shares that were reserved for issuance thereunder being available for a subsequent grant of Options pursuant to the Option Plan. As the Option Plan is a "rolling" plan, the issuance of additional Common Shares by the Corporation or the exercise of Options will also give rise to additional availability under the Option Plan.

Options granted pursuant to the Option Plan have a term not exceeding five years and vest in such manner as determined by the Board of Directors. In the absence of any specific determination to the contrary by the Board of Directors, Options will vest and be exercisable as to 1/3 on each of the first, second and third anniversaries of the date of grant, subject to acceleration of vesting in the discretion of the Board of Directors. If an Option is set to expiry within ten (10) business days following the end of a Black Out Period (as such term is defined in the Option Plan), the expiry date of the Option shall be extended for 10 business days following the end of the Black Out Period.

The exercise price of the Options granted pursuant to the Option Plan is determined by the Board of Directors at the time of grant, provided that the exercise price shall not be less than the discounted market price, determined in accordance with the rules of the TSX Venture Exchange.

In the event that an Optionee ceases to be a director, officer employee of or service provider to Ironhorse or a subsidiary of Ironhorse for any reason, including without limitation, resignation, dismissal or otherwise but excluding death, the Optionee may, prior to the expiry date of the Options and within 90 days from the date of ceasing to be a director, officer, employee or service provider, exercise any Options which are vested within such period, after which time any outstanding Options shall terminate. In the event of death of the Optionee, the Optionee's legal representative may, within one (1) year from the Optionee's death and prior to the Expiry Date, exercise the Options which are vested within such period, after which time any remaining Options shall terminate.

The policies of the TSX Venture Exchange require that the Option Plan be approved every year by shareholders of Ironhorse. The Option Plan was last approved by shareholders at our last annual and special meeting held on May 18, 2010.

**Cash Bonus**

The Corporation does not have a formal cash bonus plan for its executive officers and employees but the Board of Directors may consider cash bonuses for its executive officers and employees based and dependent upon, among other things, the performance of both the Corporation and the individual for the applicable period. The amount of any cash bonus awarded would be the result of analysis and subjective determination of both the Corporation's and the individual's performance by the Board of Directors. The Board of Directors has not established strict predetermined quantitative performance criteria linked to the payment of bonuses.

**Incentive Plan Awards****Outstanding Share-Based Awards and Option-based Awards**

The Corporation did not have any share-based awards outstanding at the end of the most recently completed financial year.

Options are normally recommended by the Corporation's management and approved by the Board of Directors upon the commencement of employment with the Corporation based on the level of responsibility within the Corporation. Additional grants may be made periodically, to ensure that the number of Options granted to any particular individual is commensurate with the individual's level of ongoing responsibility within the Corporation. In considering additional option grants, the number of Options then held and the value thereof is taken into account in determining Option grants.

The following table sets forth for each Named Executive Officer all option-based awards outstanding at the end of the year ended December 31, 2010.

Name	Option-based Awards				Share-based Awards	
	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date(s)	Value of unexercised in-the-money options <sup>(1)</sup> (\$)	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested (\$)
Larry J. Parks	123,700	1.01	November 24, 2013	Nil	Nil	Nil
	90,000	0.40	November 18, 2015	Nil	Nil	Nil
Rob Solinger	170,000	1.50	April 21, 2013	Nil	Nil	Nil
	58,000	1.01	November 24, 2013	Nil	Nil	Nil
	90,000	0.40	November 18, 2015	Nil	Nil	Nil

*Note:*

- (1) Calculated based on the difference between the market price of the Common Shares at December 31, 2010 (\$0.38 per share) and the exercise price of the Options.

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

The following table sets forth for each Named Executive Officer, the value of option-based awards which vested during the year ended December 31, 2010 and the value of non-equity incentive plan compensation earned during the year ended December 31, 2010. The Corporation did not have any share-based awards outstanding at the end of the most recently completed financial year.

<b>Name</b>	<b>Option-based awards – Value vested during the year<sup>(1)</sup> (\$)</b>	<b>Share-based awards – Value vested during the year (\$)</b>	<b>Non-equity incentive plan compensation – Value earned during the year (\$)<sup>(2)</sup></b>
Larry J. Parks	Nil	Nil	Nil
Rob Solinger	Nil	Nil	Nil

*Notes:*

- (1) Calculated based on the difference between closing market price of the Common Shares underlying the Option on the vesting date and the exercise price of the Options.
- (2) Reflects the cash bonus paid to the NEO in the last completed financial year.

### **Pension Plan Benefits**

The Corporation does not have a pension plan or similar benefit program.

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

There are currently no contracts, agreements, plans or arrangements currently in place for any of the NEOs that provide for payments to an NEO following or in connection with any termination, resignation, retirement, change in control of the Corporation or a change in an NEO's responsibility.

### **Director Compensation**

Except as otherwise disclosed below, Ironhorse does not pay fees for services to non-management directors, including fees for annual retainer, committee service, service as chair of the board or a committee thereof, or meeting attendance. Directors may be reimbursed for out-of-pocket expenses incurred in carrying out their duties as directors. Each of the non-management directors also participate in the Option Plan.

The Corporation paid an aggregate of \$75,151 on account of legal services rendered to the Corporation by Mr. Desbarats for the year ended December 31, 2010.

### **Directors' Outstanding Option-Based Awards and Share-Based Awards**

The following table sets forth for each of our directors other than directors who are also Named Executive Officers, all option-based awards outstanding at the end of the year ended December 31, 2010. The Corporation does not have any outstanding share-based awards.

Name	Option-based Awards				Share-based Awards	
	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date(s)	Value of unexercised in-the-money options <sup>(1)</sup> (\$)	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested (\$)
Gerry C. Quinn	15,000	2.95	May 14, 2011	Nil	Nil	Nil
	79,700	1.01	November 24, 2013	5,579	Nil	Nil
	15,000	1.07	January 29, 2015	Nil	Nil	Nil
	30,000	0.40	November 18, 2018	Nil	Nil	Nil
Michael A. Royan	100,000	1.34	February 11, 2014	Nil	Nil	Nil
	15,000	1.07	January 29, 2015	Nil	Nil	Nil
	30,000	0.40	November 18, 2015	Nil	Nil	Nil
Robert Desbarats	100,000	1.20	March 20, 2014	Nil	Nil	Nil
	15,000	1.07	January 29, 2015	Nil	Nil	Nil
	30,000	0.40	November 18, 2015	Nil	Nil	Nil
Wayne W. Chow	100,000	1.20	March 30, 2015	Nil	Nil	Nil
	30,000	0.40	November 18, 2015	Nil	Nil	Nil

*Notes:*

- (1) Calculated based on the difference between the closing market price of the Common Shares underlying the Options at December 31, 2010 and the exercise price of the Options.

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

The following table sets forth for each of our directors, other than directors who are also Named Executive Officers, the value of option-based awards which vested during the year ended December 31, 2010 and the value of non-equity incentive plan compensation earned during the year ended December 31, 2010. The Corporation does not have any share-based awards outstanding.

Name	Option-based awards – Value vested during the year <sup>(1)</sup> (\$)	Share-based awards – Value vested during the year (\$)	Non-equity incentive plan compensation – Value earned during the year (\$)
Gerry C. Quinn	Nil	Nil	Nil
Michael A. Royan	Nil	Nil	Nil
Robert Desbarats	Nil	Nil	Nil
Wayne W. Chow	Nil	Nil	Nil

*Notes:*

- (1) Calculated based on the difference between the market price of the Common Shares underlying the Options on the vesting date and the exercise price of the Options on the vesting date.

## SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The following sets forth information in respect of securities authorized for issuance under our equity compensation plans as at December 31, 2010.

<b>Plan Category</b>	<b>Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)</b>	<b>Weighted average exercise price of outstanding options, warrants and rights (b)</b>	<b>Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)</b>
Equity compensation plans approved by securityholders <sup>(1)</sup>	2,370,817 Common Shares	\$1.04 per share	416,765 Common Shares
Equity compensation plans not approved by securityholders	Nil	Nil	Nil
Total	2,370,817 Common Shares	\$1.04 per share	416,765 Common Shares

*Note:*

- (1) The Corporation's Option Plan authorizes the issuance of Options entitling the holders to acquire, in the aggregate, up to 10% of its Common Shares from time to time. See "*Stock Option Plan*".

## INDEBTEDNESS OF DIRECTORS AND OFFICERS

No director, executive officer, employee or former executive officer, director or employee of the Corporation, or its subsidiaries, or any associate of any such director, officer or employee is, or has been at any time since the beginning of the most recently completed financial year of the Corporation, indebted to the Corporation or any of its subsidiaries in respect of any indebtedness that is still outstanding, nor is, or at any time since the beginning of the most recently completed financial year of the Corporation has, any indebtedness of any such person been the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Corporation or any of its subsidiaries.

## CORPORATE GOVERNANCE DISCLOSURE

Set forth below is a description of the Corporation's current corporate governance practices, as prescribed by Form 58-101F2, which is attached to National Instrument 58-101 entitled "Disclosure of Corporate Governance Practices". The requirements of Form 58-101F2 are set out below in italics:

### **Board of Directors**

*Disclose the identity of directors who are independent*

Gerry C. Quinn, Michael A. Royan, Robert Desbarats and Wayne W. Chow are independent directors.

*Disclose the identity of directors who are not independent, and describe the basis for that determination.*

Larry J. Parks is not an independent director as he is an officer of Ironhorse.

### **Directorships**

*If a director is presently a director of any other issuer that is a reporting issuer (or the equivalent) in a jurisdiction or a foreign jurisdiction, identify both the director and the other issuer.*

Some directors of the Corporation are presently directors of other reporting issuers.

**Name of Director:**

Gerry C. Quinn

**Name of Reporting Issuer:**

CHR Investment Corporation

**Orientation and Continuing Education**

*Describe what steps the board takes to orient new board members, and describe any measures the board takes to provide continuing education for directors.*

While the Corporation does not currently have a formal orientation and education program for new recruits to the Board of Directors, the Corporation has historically provided such orientation and education on an informal basis. As new directors join the Board of Directors, management will provide these individuals with corporate policies, historical information about the Corporation, as well as information on the Corporation's performance and its strategic plan with an outline of the general duties and responsibilities entailed in carrying out their duties. The Board of Directors believes that these procedures will prove to be a practical and effective approach in light of the Corporation's particular circumstances, including the size of the Corporation, limited changes to members of the Board of Directors and the experience and expertise of the members of the Board of Directors.

**Ethical Business Conduct**

*Describe what steps the Board of Directors takes to encourage and promote a culture of ethical business conduct.*

The Board of Directors has adopted a Code of Business Conduct for directors and officers of the Corporation. Directors and Officers are required to sign acknowledgements that they have read and understand the Code. A copy of the Code of Business Conduct can be found on SEDAR at [www.SEDAR.com](http://www.SEDAR.com).

**Nomination of Directors**

*Describe what steps, if any, are taken to identify new candidates for board nomination, including (i) who identifies new candidates and; (ii) the process of identifying new candidates.*

Pursuant to their mandate, the Board of Directors has the responsibility of recruiting and recommending new members to the Board of Directors. At present, the Board of Directors has not identified the need to add any new directors. However it is expected that any new candidates will be identified having regard to: (i) the competence and skills that the Board of Directors considers to be necessary for the Board of Directors, as a whole, to possess; (ii) the competence and skills that the Board of Directors considers each existing director to possess; (iii) the competencies and skills that each new nominee will bring to the boardroom; and (iv) whether or not each new nominee can devote sufficient time and resources to his or her duties as a member of the Board of Directors. The Board of Directors reviews on a periodic basis the composition of the Board of Directors to ensure that an appropriate number of independent directors sit on the Board of Directors, and analyze the needs of the Board of Directors and recommend nominees who meet such needs.

**Compensation**

*Disclose what steps, if any, are taken to determine compensation for the directors and CEO, including (i) who determines compensation; and (ii) the process of determining compensation.*

The Board of Directors is responsible for (i) evaluating senior management; and (ii) developing appropriate compensation policies for the senior management and directors of the Corporation, including the Option Plan. The initial grant of options is made at the time of recruitment and reviewed annually.

## Other Board Committees

*If the Board of Directors has standing committees other than the audit, compensation and nominating committees, identify the committees and describe their function.*

Larry J. Parks, Wayne W. Chow and Robert Desbarats are members of the Corporation's Reserve Committee. The Reserve Committee is responsible for (i) reviewing estimates of reserves prepared by management and evaluated by independent petroleum engineers; and (ii) assuring the independence of the independent petroleum engineers.

## Assessments

*Disclose what steps, if any, the Board of Directors takes to satisfy itself that the Board of Directors, its committees, and its individual directors are performing effectively.*

The Board of Directors makes annual assessments regarding the effectiveness of the Board of Directors itself, committees and individual directors in fulfilling their responsibilities.

## Audit Committee

### Audit Committee Mandate and Terms of Reference

The Mandate of the Audit Committee of the board of directors of Ironhorse is attached hereto as Schedule "A".

### Composition of the Audit Committee

The following table sets forth the names of each current member of the Audit Committee, whether such member is independent (in accordance with National Instrument 52-110), whether such member is financially literate and the relevant education and experience of such member:

<u>Name and jurisdiction of residence</u>	<u>Independent</u>	<u>Financially literate</u>	<u>Relevant education and experience</u>
Gerry C. Quinn Ontario, Canada	Yes	Yes	Gerry C. Quinn is a Chartered Accountant and is the President of The Erin Mills Investment Corporation, a private venture capital company. Prior to joining Erin Mills, Mr. Quinn served as a senior officer in Magna International Inc. and Barrincorp, both publicly traded companies, and as a partner in the public accounting firm of Ernst & Young.
Michael A. Royan Alberta, Canada	Yes	Yes	Michael A. Royan has over 15 years of experience in the financial services industry in the areas of mergers, acquisitions, valuations, fairness opinions, corporate finance and corporate strategy and is currently the President and Managing Director of Stonepoint Strategic Advisors Inc., which provides financial advisory services to companies primarily in the oil and gas and oilfield services industries. Mr. Royan holds a Bachelor of Commerce degree from the University of Calgary and the professional designations of Chartered Financial Analyst and Chartered Business Valuator.

<u>Name and jurisdiction of residence</u>	<u>Independent</u>	<u>Financially literate</u>	<u>Relevant education and experience</u>
Wayne W. Chow Alberta, Canada	Yes	Yes	Mr. Chow is a professional engineer with over 33 years of oil and gas engineering and evaluation experience. He is a former Vice President and director of GLJ Petroleum Consultants and has served as a director or past-director of numerous private companies. Since October 2005, Mr. Chow has been an independent businessman and a consultant to various oil and gas companies.

## **External Auditor Service Fees**

### ***Audit Fees***

The aggregate fees charged by the Corporation's external auditor in each of the last two fiscal years for audit services were \$43,300 in 2010 and \$45,000 in 2009.

### ***Audit – Related Fees***

The aggregate fees billed in each of the last two fiscal years for assurance related services by the Corporation's external auditor that are reasonably related to the performance of the audit or review of the Corporation's financial statements that are not reported under "Audit Fees" above were \$1,000 in 2010 and \$Nil in 2009.

### ***Tax Fees***

The aggregate fees billed in each of the last two fiscal years for professional services rendered by the Corporation's external auditor for tax compliance, tax advice and tax planning were \$11,000 in 2010 and \$61,100 in 2009.

### ***All Other Fees***

The aggregate fees billed in each of the last two fiscal years for other professional services rendered by the Company's external auditor amounted to nil in 2010 and \$10,000 in 2009.

### ***Exemptions***

Ironhorse relies on section 6.1 of Multilateral Instrument 52-110 – *Audit Committee* as Ironhorse is a Venture issuer pursuant to Multilateral Instrument 52-110.

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

There were no material interests, direct or indirect, of directors or executive officers of the Corporation, any shareholder who beneficially owns or controls or directs, directly or indirectly, more than 10% of the outstanding Common Shares, or any other Informed Person (as defined in National Instrument 51-102) or any known associate or affiliate of such persons, in any transaction since commencement of the Corporation's most recently completed financial year or in any proposed transaction which has materially affected or would materially affect the Corporation or any of its subsidiaries.

## **MANAGEMENT CONTRACTS**

The Corporation has entered into the Management Agreement with Grizzly. Pursuant to the Management Agreement, Grizzly personnel provide services in respect of the management, development, exploitation and operation of the Corporation's assets. Grizzly also provides various administrative services, as well as access to geological and technical data relating to the Corporation's assets. Pursuant to the Management Agreement, Ironhorse currently paid Grizzly \$243,000 per month until December 31, 2010 fees payable under the agreement are being

negotiated down with an effective date of January 1, 2011. For the period ended December 31, 2010, the Corporation paid \$2.4 million to Grizzly pursuant to the Management Agreement. Larry J. Parks (an Informed Person as defined in National Instrument 51-102) is also a director and officer of Grizzly. Grizzly's office is located at 1000, 324 – 8<sup>th</sup> Avenue SW, Calgary, Alberta T2P 2Z2.

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

Management of the Corporation is not aware of any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise of any director or nominee for director, or executive officer of the Corporation or anyone who has held office as such since the beginning of the Corporation's last financial year or of any associate or affiliate of any of the foregoing in any matter to be acted on at the Meeting other than the election of directors.

### **ADDITIONAL INFORMATION**

On February 9, 2011, the Company renewed its normal course issuer bid (“NCIB”) to purchase for cancellation up to 2,343,216 Common Shares on the open market through the facilities of the TSX-V. The NCIB expires February 8, 2012. The Company has retained PI Financial Corp. as its broker to conduct the NCIB on its behalf. Purchases will be made on the open market through the facilities of the TSX Venture Exchange. Additionally, the price which Ironhorse will pay for any Common Shares will be the prevailing market price of the Common Shares on the TSX Venture Exchange at the time of such purchase. A copy of the notice the Corporation provided to the TSX Venture Exchange respecting the Bid can be obtained, at no charge, by contacting the Corporation as per below.

Additional information respecting the Corporation is available on SEDAR at [www.sedar.com](http://www.sedar.com). Financial information respecting the Corporation is provided in the Corporation's comparative financial statements and management's discussion and analysis for its most recently completed financial year. Shareholders can access this information on SEDAR or by request to the Vice-President, Finance & Chief Financial Officer of the Corporation at the following address:

Ironhorse Oil & Gas Inc.  
1000, 324 - 8th Avenue S.W.  
Calgary, Alberta T2P 2Z2

Phone: (403) 237-9600  
Facsimile: (403) 264-8740

### **OTHER MATTERS**

Management knows of no amendment, variation or other matter to come before the Meeting other than the matters referred to in the Notice of Annual and Special Meeting. However, if any other matter properly comes before the Meeting, the accompanying proxy will be voted on such matter in accordance with the best judgment of the person or persons voting the proxy.

### **APPROVAL**

The contents and sending of this Information Circular - Proxy Statement has been approved by the Board of Directors of Ironhorse Oil & Gas Inc.

DATED: April 13, 2011.

## **SCHEDULE "A"**

### **MANDATE OF THE AUDIT COMMITTEE**

#### **GENERAL FUNCTIONS, AUTHORITY, AND ROLE**

The Audit Committee is a committee of the Board of Directors appointed to assist the Board in monitoring (1) the integrity of the financial statements of the Company, (2) compliance by the Company with legal and regulatory requirements related to financial reporting, (3) qualifications, independence and performance of the Company's independent auditors, and (4) performance of the Company's internal controls and financial reporting process. The Audit Committee's annual report is included in the annual management information circular.

The Audit Committee has the power to conduct or authorize investigations into any matters within its scope of responsibilities, with full access to all books, records, facilities and personnel of the Company, its auditors and its legal advisors. In connection with such investigations or otherwise in the course of fulfilling its responsibilities under this charter, the Audit Committee has the authority to independently retain special legal, accounting, or other consultants to advise it, and may request any officer or employee of the Company, its independent legal counsel or independent auditor to attend a meeting of the Audit Committee or to meet with any members of, or consultants to, the Audit Committee. The Audit Committee also has the power to create specific sub-committees with all of the investigative powers described above.

The Company's independent auditor is ultimately accountable to the Board of Directors and to the Audit Committee; and the Board of Directors and Audit Committee, as representatives of the Company's shareholders, have the ultimate authority and responsibility to evaluate the independent auditor, and to nominate annually the independent auditor to be proposed for shareholder approval, and to determine appropriate compensation for the independent auditor. In the course of fulfilling its specific responsibilities hereunder, the Audit Committee must maintain free and open communication between the Company's independent auditors, Board of Directors and Company management. The responsibilities of a member of the Audit Committee are in addition to such member's duties as a member of the Board of Directors.

While the Audit Committee has the responsibilities and powers set forth in this charter, it is not the duty of the Audit Committee to plan or conduct audits or to determine that the Company's financial statements are complete, accurate, and in accordance with generally accepted accounting principles. This is the responsibility of the independent auditor and management, respectively. Nor is it the duty of the Audit Committee to conduct investigations, to resolve disagreements, if any, between management and the independent auditor (other than disagreements regarding financial reporting), or to assure compliance with laws and regulations or the Company's own policies.

#### **MEMBERSHIP**

The membership of the Audit Committee will be as follows:

- The Committee will consist of a minimum of three members of the Board of Directors, appointed annually, a majority of whom are affirmatively confirmed as independent by the Board of Directors, with such affirmation disclosed in the Company's annual circular.
- The Board will elect, by a majority vote, one member as chairperson
- A member of the Audit Committee may not, other than in his or her capacity as a member of the Audit Committee, the Board of Directors, or any other Board committee, accept any consulting, advisory, or other compensatory fee from the Company, and may not be an affiliated person of the Company or any subsidiary thereof, without the consent of the Board of Directors.

## **RESPONSIBILITIES**

The responsibilities of the Audit Committee shall be as follows:

### **Frequency of Meetings**

- Meet quarterly or as often as may be deemed necessary or appropriate in its judgment, either in person or telephonically.
- Meet with the independent auditor at least annually, either in person or telephonically.

### **Reporting Responsibilities**

- Maintain proper Committee minutes.
- Report Committee actions to the Board of Directors with such recommendations as the Committee may deem appropriate.
- Provide a report for the Company's Annual Information Circular, if applicable.

### **Charter Evaluation**

- Annually review and reassess the adequacy of this Charter and recommend any proposed changes to the Board of Directors for approval.

### **Whistleblower Mechanisms**

- Adopt and review annually a mechanism through which employees and others can directly and anonymously contact the Audit Committee with concerns about accounting and auditing matters. The mechanism must include procedures for responding to, and keeping of records of, any such expressions of concern.

### **Independent Auditor**

- Nominate annually the independent auditor to be proposed for shareholder approval.
- Approve the compensation of the independent auditor, and evaluate the performance of the independent auditor.
- Establish policies and procedures for the engagement of the independent auditor to provide non-audit services.
- Insure that the independent auditor is not engaged for any activities not allowed by any of the Canadian provincial securities commissions, or any securities exchange on which the Company's shares are traded.
- Insure that the auditors are not engaged for any of the following nine types of non-audit services contemporaneous with the audit:
  - o Bookkeeping or other services related to accounting records or financial statements of the Company;
  - o Financial information systems design and implementation;
  - o Appraisal or valuation services, fairness opinions, or contributions-in-kind reports;
  - o Actuarial services;
  - o Internal audit outsourcing services;

- o Any management or human resources function;
- o Broker, dealer, investment advisor, or investment banking services;
- o Legal services; and
- o Expert services related to the auditing service.

### **Hiring Practices**

- Insure that no senior officer who is, or in the past full year has been, affiliated with or employed by an auditor of the Company or an affiliate, is hired by the Company until at least one full year after the end of either the affiliation or the auditing relationship.

### **Independence Test**

- Take reasonable steps to confirm the independence of the independent auditor, which shall include:
  - o insuring receipt from the independent auditor of a formal written statement delineating all relationships between the independent auditor and the Company, consistent with the Independence Standards Board Standard No. 1 and related Canadian regulatory body standards;
  - o considering and discussing with the independent auditor any relationships or services, including non-audit services, that may impact the objectivity and independence of the independent auditor; and
  - o as necessary, taking, or recommending that the Board of Directors take, appropriate action to oversee the independence of the independent auditor.

### **Audit Committee Meetings**

- Have regular meetings (quarterly or as often may be deemed necessary or appropriate).
- In addition, if and as required, at the request of the independent auditor, convene a meeting of the Audit Committee to consider matters the auditor believes should be brought to the attention of the directors or shareholders.
- Keep minutes of its meetings and report to the Board for approval of any actions taken or recommendations made.

### **Restrictions**

- Insure no restrictions are placed by management on the scope of the auditors' review and examination of the Company's accounts.
- Insure that no Officer or Director attempts to fraudulently influence, coerce, manipulate or mislead any accountant engaged in auditing of the Company's financial statements.

## **AUDIT AND REVIEW PROCESS AND RESULTS**

### **Scope**

- Consider, in consultation with the independent auditor, the audit scope and plan of the independent auditor.

### **Review Process and Results**

- Review and discuss with management and the independent auditor at the completion of the annual examination:
  - o the Company's audited financial statements and related notes;

- o the Company's MD&A and news releases related to financial results;
  - o the independent auditor's audit of the financial statements and its report thereon;
  - o any significant changes required in the independent auditor's audit plan;
  - o any changes in financial reporting as a result of changes in GAAP, and any non-GAAP related financial information;
  - o any serious difficulties or disputes with management encountered during the course of the audit; and
  - o other matters related to the conduct of the audit, which are to be communicated to the Audit Committee under generally accepted auditing standards.
- Review, discuss with management and approve annual financial statements prior to public disclosure.
  - Review and discuss with management and the independent auditor the adequacy of the Company's internal controls that management and the Board of Directors have established and the effectiveness of those systems, and inquire of management and the independent auditor about significant financial risks or exposures and the steps management has taken to minimize such risks to the Company.
  - Meet separately with the independent auditor and management, as necessary or appropriate, to discuss any matters that the Audit Committee or any of these groups believe should be discussed privately with the Audit Committee.
  - Review and discuss with management and the independent auditor the accounting policies which may be viewed as critical, including all alternative treatments for financial information within generally accepted accounting principles that have been discussed with management, and review and discuss any significant changes in the accounting policies of the Company and industry accounting and regulatory financial reporting proposals that may have a significant impact on the Company's financial reports.
  - Review with management and the independent auditor the effect of regulatory and accounting initiatives as well as off-balance sheet structures, if any, on the Company's financial statements.
  - Review with management and the independent auditor any correspondence with regulators or governmental agencies and any employee complaints or published reports which raise material issues regarding the Company's financial statements or accounting policies.
  - Review with the Company's legal counsel legal matters that may have a material impact on the financial statements, the Company's financial compliance policies and any material reports or inquiries received from regulators or governmental agencies related to financial matters.

## **SECURITIES REGULATORY FILINGS**

- Review filings with the Canadian provincial securities commissions and other published documents containing the Company's financial statements.
- Review, with management and the independent auditor, prior to filing with regulatory bodies, the financial reports (including related notes and MD&A) at the completion of any review engagement or other examination. The designated financial expert of the Audit Committee may represent the entire Audit Committee for purposes of this review.

## **RISK ASSESSMENT**

- Meet periodically with management to review the Company's major financial risk exposures and the steps management has taken to monitor and control such exposures.
- Assess risk areas and policies to manage risk including, without limitation, environmental risk, insurance coverage and other areas as determined by the Board of Directors from time to time.

**AMENDMENTS TO AUDIT COMMITTEE CHARTER**

- Annually review this Charter and propose amendments to be ratified by a simple majority of the Board of Directors.