

MOYDOW MINES INTERNATIONAL INC.

NOTICE of ANNUAL and SPECIAL MEETING of SHAREHOLDERS

NOTICE IS HEREBY GIVEN THAT an annual general and special meeting (the "**Meeting**") of shareholders of Moydow Mines International Inc. (the "**Corporation**") will be held at the Royal Meridien King Edward Hotel, 37 King Street East, Toronto, Ontario on Thursday, the 31th day of August 31, 2006 at the hour of 4:00 in the afternoon (Toronto time), for the following purposes:

- (1) To receive and consider the audited consolidated financial statements of the Corporation for the financial year ended December 31, 2005, together with the auditors' report thereon;
- (2) To elect directors of the Corporation;
- (3) To reappoint PricewaterhouseCoopers LLP, Chartered Accountants, as the auditors of the Corporation to hold office until the close of the next annual meeting of shareholders of the Corporation, and to authorize the directors of the Corporation to fix the auditors' remuneration;
- (4) To continue the Corporation under the laws of the province of British Columbia; and
- (5) To transact such other business as properly may be brought before the Meeting or any adjournment or adjournments thereof.

The specific details of the matters to be put before the Meeting as identified above are set forth in the Management Information Circular of the Corporation accompanying and forming part of this notice.

The audited consolidated financial statements of the Corporation for the financial year ended December 31, 2005, together with the auditors' report thereon, are enclosed with this notice.

This notice and the accompanying circular have been sent to each director of the Corporation, each shareholder of the Corporation entitled to notice of the Meeting and to the auditors of the Corporation.

Shareholders who are unable to attend the Meeting in person are requested to sign and return the enclosed form of proxy to the Corporation c/o Computershare Trust Company of Canada, 100 University Avenue, 8th Floor, Toronto, Ontario, Canada M5J 2Y1.

DATED at Toronto, Ontario, the 27th day of July, 2006.

BY ORDER OF THE BOARD

("signed")

Michael E. Power
Vice President & Secretary

NOTE: The directors have fixed the hour of 4:00 p.m. (Toronto time) on the 29th day of August, 2006 before which time the instrument of proxy to be used at the Meeting must be deposited with the Corporation c/o Computershare Trust Company of Canada, 100 University Avenue, 8th Floor, Toronto, Ontario, Canada M5J 2Y1, provided that a proxy may be delivered to the Chairman of the Meeting on the day of the Meeting or any adjournment thereof prior to the time for voting.

MOYDOW MINES INTERNATIONAL INC.

MANAGEMENT INFORMATION CIRCULAR

SOLICITATION OF PROXIES

This Management Information Circular (the "Circular") is furnished in connection with the solicitation of proxies by the management of MOYDOW MINES INTERNATIONAL INC. (the "Corporation") for use at the annual and special meeting of shareholders of the Corporation (the "Meeting") to be held at the time and place and for the purposes set forth in the attached notice of annual and special meeting of shareholders (the "Notice"). It is expected that the solicitation will be by mail primarily, but proxies may also be solicited personally by directors and officers of the Corporation. The cost of such solicitation will be borne by the Corporation.

APPOINTMENT, REVOCATION AND DEPOSIT OF PROXIES

The persons named in the enclosed form of proxy are directors of the Corporation.

A SHAREHOLDER HAS THE RIGHT TO APPOINT A PERSON (WHO NEED NOT BE A SHAREHOLDER) TO ATTEND AND ACT FOR HIM OR HER AND ON HIS OR HER BEHALF AT THE MEETING OTHER THAN THE PERSONS DESIGNATED IN THE ENCLOSED FORM OF PROXY. SUCH RIGHT MAY BE EXERCISED BY STRIKING OUT THE NAMES OF THE PERSONS DESIGNATED IN THE FORM OF PROXY AND BY INSERTING IN THE BLANK SPACE PROVIDED FOR THAT PURPOSE THE NAME OF THE DESIRED PERSON OR BY COMPLETING ANOTHER PROPER FORM OF PROXY AND, IN EITHER CASE, DELIVERING THE COMPLETED AND EXECUTED PROXY TO THE CORPORATION c/o COMPUTERSHARE TRUST COMPANY OF CANADA, 100 UNIVERSITY AVENUE, 8TH FLOOR, TORONTO, ONTARIO, CANADA M5J 2Y1, AT ANY TIME PRIOR TO 4:00 P.M. (TORONTO TIME) ON TUESDAY, THE 29TH DAY OF AUGUST, 2006.

A shareholder forwarding the enclosed form of proxy may indicate the manner in which the appointee is to vote with respect to any specific item by checking the appropriate space. If the shareholder giving the proxy wishes to confer a discretionary authority with respect to any item of business, then the space opposite the item is to be left blank. The shares represented by the proxy submitted by a shareholder will be voted in accordance with the directions, if any, given in the proxy.

A shareholder who has given a proxy may revoke it at any time in so far as it has not been exercised. A proxy may be revoked, as to any matter on which a vote shall not already have been cast pursuant to the authority conferred by such proxy, by instrument in writing executed by the shareholder or by his or her attorney authorized in writing or, if the shareholder is a body corporate, by an officer or attorney thereof duly authorized, and deposited at the registered office of the Corporation at any time prior to 4:00 p.m. (Toronto time) on the last business day preceding the day of the Meeting, or any adjournment thereof, 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. A proxy may also be revoked in any other manner permitted by law. The Corporation's registered office is located at Suite 1220, 20 Toronto Street, Toronto, Ontario, Canada M5C 2B8.

MANNER OF VOTING AND EXERCISE OF DISCRETION BY PROXIES

The persons named in the enclosed form of proxy will vote or withhold from voting the common shares in respect of which they are appointed in accordance with the direction of the shareholders appointing them. **In the absence of such direction, such common shares will be voted FOR each of the matters identified in the Notice and described in this Circular.**

The enclosed form of proxy confers discretionary authority upon the persons named therein with respect to amendments or variations to matters identified in the Notice, and with respect to other matters which may properly come before the Meeting. At the time of the printing of this Circular, 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.

VOTING SHARES AND PRINCIPAL HOLDERS THEREOF

The authorized share capital of the Corporation consists of an unlimited number of common shares and an unlimited number of preferred shares, issuable in series, of which 30,620,575 common shares of the Corporation and no preferred shares of the Corporation are issued and outstanding. Each common share entitles the holder thereof to one vote at all meetings of shareholders of the Corporation, except for meetings at which only holders of another specified class or series of shares of the Corporation are entitled to vote separately as a class or series.

All shareholders of record at the close of business on July 31, 2006 will be entitled either to attend and vote at the Meeting in person the shares held by them or, provided a completed and executed proxy shall have been delivered to the Corporation as described above, to attend and vote thereat by proxy the shares held by them. However, if a shareholder has transferred any shares after July 31, 2006 and the transferee of such shares establishes ownership thereof and makes a written demand, not later than ten days before the Meeting, to be included in the list of shareholders entitled to vote at the Meeting, the transferee will be entitled to vote such shares.

To the knowledge of the directors and senior officers of the Corporation, no person or company beneficially owns, directly or indirectly, or exercises control or direction over more than ten percent (10%) of the issued and outstanding common shares of the Corporation other than the following:

<u>Name and Municipality of Residence</u>	<u>Number of Common Shares</u>	<u>Total of Common Shares</u>
Brian P. Kiernan ⁽¹⁾ Dublin, Ireland	4,493,967	14.7%

- (1) Mr. Kiernan, who is the President and CEO of the Company (see "Election of Directors"), holds 535,000 of these shares directly, 3,654,608 indirectly through Stanley Secretarial Services Limited, a corporation in which he and certain members of his family own a controlling interest but in which he does not exercise control, and 304,359 indirectly through Pontil Minerex Limited, a corporation in which he and certain members of his family own interests but in which he does not exercise control. Past disclosure of the shares beneficially owned or controlled by Mr. Kiernan included all shares held by Stanley Secretarial Services Limited and Pontil Minerex Limited. If Mr. Kiernan controlled both of those companies, he would control 10,901,560 common shares of the Corporation, representing 35.6% of the Corporation's issued and outstanding shares.

ELECTION OF DIRECTORS

The number of directors on the board of directors of the Corporation must consist of not more than twelve (12) directors and not less than three (3) directors to be elected annually. The number of directors to be elected at the Meeting is five (5). **Unless otherwise specified, the persons named in the enclosed form of proxy will vote FOR the election of the nominees whose names are set forth below.** Management of the Corporation does not contemplate that any of the nominees will be unable to serve as a director, but if that should occur for any reason prior to the Meeting, the persons named in the enclosed form of proxy reserve the right to vote for another nominee in their discretion. Each director elected will hold office until the close of the first annual meeting of shareholders of the Corporation following his election unless his office is earlier vacated in accordance with the by-laws of the Corporation.

The following table and the notes thereto set out the name and municipality of residence of each person proposed to be nominated for election as a director, his current position and office with the Corporation, his present principal occupation(s) or employment, the date on which he was first elected or appointed a director of the Corporation, and the number of common shares of the Corporation beneficially owned directly or indirectly or over which he exercises control or direction:

Name, and Municipality of Residence	Present Principal Occupation(s)	Director Since	Shares of the Corporation Beneficially Owned, Controlled or Directed ⁽¹⁾
Brian P. Kiernan Dublin, Ireland	Chief Executive Officer of the Corporation ⁽⁶⁾ .	December 9, 1998	10,901,560 ⁽⁸⁾
Noel P. Kiernan Dublin, Ireland	Chairman of the Board of the Corporation ⁽⁷⁾ and Chairman of the Board of Pontil Minerex Limited (a drilling company).	December 9, 1998	279,760
Michael E. Power Toronto, Ontario	Vice President and Secretary of the Corporation.	December 9, 1998	114,000
Louise Vaillancourt- Châtillon ⁽²⁾⁽³⁾⁽⁴⁾ Saint-Laurent, Quebec	President of LVConseils Institutionnels inc. ⁽⁹⁾	July 27, 2006	Nil
Peter Villani ⁽²⁾⁽³⁾⁽⁴⁾ Hampstead, Quebec	Partner of Fasken Martineau DuMoulin LLP, Barristers and Solicitors ⁽⁵⁾	July 27, 2006	Nil

- (1) The information as to shares beneficially owned, directly or indirectly, not being within the knowledge of the Corporation, has been furnished by the respective proposed directors individually.
- (2) Member of the Audit Committee of the Corporation.
- (3) Member of the Compensation Committee of the Corporation.
- (4) Member of the Corporate Governance Committee of the Corporation.
- (5) Fasken Martineau DuMoulin LLP acts as counsel to the Corporation.
- (6) Brian P. Kiernan is also Chief Executive Officer and a director of the Corporation's wholly-owned subsidiaries, Haddington Limited (Isle of Man), Shankill Resources Limited (Isle of Man) and Shankill Resources Limited (Ghana).
- (7) Noel P. Kiernan is also Chairman of the Board and a director of the Corporation's wholly-owned subsidiaries, Haddington Limited (Isle of Man), Shankill Resources Limited (Isle of Man) and Shankill Resources Limited (Ghana).
- (8) See "Voting Securities and Principal Holders Thereof".
- (9) Louise Vaillancourt-Châtillon is also a partner of Fasken Martineau DuMoulin LLP, Barristers and Solicitors.⁽⁵⁾

APPOINTMENT OF AUDITORS

PricewaterhouseCoopers LLP ("PwC"), Chartered Accountants, are the current auditors of the Corporation and were first appointed auditors of the Corporation effective March 4, 2002. Shareholders of the Corporation will be asked at the Meeting to reappoint PwC as the Corporation's auditors to hold office until the close of the next annual meeting of shareholders of the Corporation and to authorize the directors of the Corporation to fix the auditors' remuneration. **Unless otherwise specified, the persons named in the enclosed form of proxy will vote FOR the said reappointment of PwC as the auditors of the Corporation and FOR authorizing the directors to fix the remuneration of the auditors.**

CHANGE OF INCORPORATION

Moydow Mines International Inc. was incorporated under the laws of the province of Alberta, Canada, by certificate of incorporation issued December 12, 1972, continued under the laws of the province of British Columbia on January 16, 1981 by certificate of incorporation and continued under the laws of the province of Ontario by articles of continuance effective on December 9, 1998. The Corporation's registered and head office is located at 20 Toronto Street, 12th Floor, Toronto, Ontario, M5C 2B8. The Corporation also has offices in Dublin, Ireland, in Accra, Ghana, in Saurimo, Angola and in Freetown, Sierra Leone.

Shareholders will be asked at the Meeting to approve the continuance of the Corporation under the laws of the province of British Columbia. Under the laws of the province of Ontario, the majority of the directors of the Corporation must be Canadian directors, whereas under the Business Corporations Act of the province of British Columbia, there are no such residency requirements. Accordingly, management of the Corporation believes that continuing the Corporation to British Columbia will make it easier for the Corporation to retain international talent for its board of directors.

The *Business Corporations Act* (British Columbia) (the "BC Act") and the *Business Corporations Act* (Ontario) (the "Ontario Act") are generally similar, although there are some differences between the two statutes. A table summarizing certain differences between the BC Act and the Ontario Act that may be significant to shareholders of the Corporation is attached as Schedule "B" to this Circular. The summary in Schedule "B" is not intended to be exhaustive. For a full understanding of the differences and similarities of the BC Act and the Ontario Act, reference should be made to the text of the two statutes, both available at <http://www.canlii.org/>.

Management is of the view that the continuance will not deprive a shareholder of any right or privilege that such person currently holds as a shareholder.

The complete text of the resolution which management intends to place before the meeting for approval, confirmation and adoption, with or without modification, is as follows:

"BE IT RESOLVED as a special resolution that:

- (a) the Corporation is authorized to apply to the Director appointed under the *Business Corporations Act* (Ontario) for authorization to permit the Corporation to apply to the director appointed under the *Business Corporations Act* (British Columbia) for a Certificate of Continuance continuing the Corporation as if it had been incorporated under the *Business Corporations Act* (British Columbia);
- (b) the Corporation is authorized to apply to the Director under the *Business Corporations Act* (British Columbia) for a Certificate of Continuance continuing the Corporation as if it had been incorporated under the *Business Corporations Act* (British Columbia);
- (c) subject to such continuance and without affecting the validity of the Corporation and existence of the Corporation by or under its Articles and of any act done thereunder, its Articles are amended to make all changes necessary to conform to the *Business Corporations Act* (British Columbia) by substituting for the provisions thereof any provisions necessary or desirable to give effect to this resolution;
- (d) the directors of the Corporation are authorized to abandon the foregoing application without further approval of the shareholders; and
- (e) any officer or director of the Corporation is authorized and directed to do all things and execute all instruments and documents necessary or desirable to carry out the foregoing."

In order to be effective, this resolution requires the approval of two-thirds of the votes cast by shareholders who vote in respect of the resolution. Unless otherwise directed, it is the intention of the person named in the form of proxy provided by management to vote proxies in which he is the named proxy FOR this resolution.

Pursuant to section 185(1) of the Ontario Act, a shareholder is entitled to dissent to the continuance and be paid the fair value of such shareholder's common shares in the Corporation if the shareholder objects to the continuance and the continuance is approved, provided that the shareholder strictly complies with the applicable provisions of the Ontario Act. The rights of dissenting shareholders are summarized below, and the full text of section 185(1) is attached as Schedule "C" to this Circular.

Pursuant to section 185(1) of the Ontario Act, a shareholder (here called a "Dissenting Shareholder") is entitled to dissent to the continuance and be paid the fair value of his common shares in the Corporation if the shareholder objects to the continuance and the continuance is approved.

In order to dissent, a Shareholder must (a) send to the Corporation at its registered office before the Meeting, or deliver to the Chairman at the Meeting, a written objection (a "Dissent Notice") to the continuance (a proxy to vote against the resolution does not constitute a written objection thereto); (b) within 20 days after receipt from the Corporation of notice that the resolution objected to has been adopted or, if he or she does not receive such notice, within 20 days after he or she learns that such resolution has been adopted, send to the Corporation a written notice containing: (i) his or her name and address, (ii) the number of common shares in respect of which he or she dissents, (iii) a demand for payment of the fair value of such shares (the "Demand for Payment"); and (c) within 30 days thereafter, send to the Corporation the certificates representing such common

shares. A Dissenting Shareholder, on sending the notice containing the Demand for Payment, ceases to have any rights as a holder of such common shares, other than the right to be paid the fair value of the common shares, except where the Dissenting Shareholder withdraws such notice before the Corporation makes an offer to pay for such common shares, or the Corporation fails to make such an offer to pay for such common shares and the Dissenting Shareholder withdraws his or her notice, or the directors revoke the Continuance Resolution, in any of such cases the Dissenting Shareholder's rights as a holder of such common shares are reinstated as of the day on which he or she sent the notice containing the Demand for Payment. A Dissenting Shareholder who fails to forward his or her Dissent Notice, Demand for Payment or share certificates within the times required loses the right to make a claim for payment of the fair value of his or her common shares.

The Corporation is required, within 10 days after the adoption of the resolution to which the Dissenting Shareholder dissented, to send to each holder of common shares who has filed a Dissent Notice, a notice that such resolution has been adopted. The Corporation is not required to send such notice to any holder of common shares who voted for such resolution or who has withdrawn his objection. The Corporation is also required to send an offer to the Dissenting Shareholder to pay for his common shares in an amount considered by the directors of the Corporation to be the fair market value thereof, not more than seven days after the later of: (i) the completion of the transaction authorized by the resolution to which the Dissenting Shareholder objected (the "Dissent Effective Date") and (ii) the date of receipt of the Dissenting Shareholder's Demand for Payment. If such offer is accepted by the Dissenting Shareholder, payment is required to be made within 10 days of acceptance. Any such offer lapses if not accepted within 30 days after it is made. If the Corporation fails to make such an offer, or if the Dissenting Shareholder fails to accept the offer, the Corporation may, within 50 days after the Dissent Effective Date or such further period as a court may allow, apply to a court to fix a fair value for the common shares of the Dissenting Shareholder. If the Corporation fails to make such application, the Dissenting Shareholder may make a similar application within a further period of 20 days or such further period as the court may allow.

A Dissenting Shareholder who complies with each of the steps required to dissent is entitled to be paid the fair value of the common shares held by him in respect of whom such Dissenting Shareholder dissents, determined as of the close of business on the day before the resolution approving the continuance is adopted.

Notwithstanding the foregoing, the Corporation is not permitted to make a payment to a Dissenting Shareholder if there are reasonable grounds for believing that:

- (i) the Corporation is or would after the payment be unable to pay its liabilities as they become due; or
- (ii) the realizable value of the Corporation's assets would thereby be less than the aggregate of its liabilities.

A shareholder may only exercise the right to dissent under section 185(1) of the Ontario Act in respect of common shares which are registered in that Shareholder's name. Failure by a Dissenting Shareholder to adhere strictly to the requirements of section 185(1) of the Ontario Act may result in the loss of such Dissenting Shareholder's rights under that section.

Beneficial shareholders (for example, those persons who hold their common shares through a broker, custodian, nominee or other intermediary) who wish to exercise dissent rights should be aware that only registered shareholders are entitled to dissent. A Beneficial shareholder should ensure that his common shares are registered in his name prior to the Meeting in order for his dissent to be properly made. A registered shareholder, such as a broker, who holds common shares as nominee for several beneficial shareholders, some of whom wish to dissent, must ensure that such shares are validly registered in the names of such dissenting persons prior to the Meeting in order to ensure that dissent rights are not lost.

The foregoing is only a summary of section 185(1) of the Ontario Act, the full text of which is attached as Schedule "C" to this Circular. Shareholders considering exercising such right of dissent should specifically refer to section 185(1) of the Ontario Act. As failure to comply strictly with the provisions of the statute may prejudice the shareholder's right of dissent, it is suggested that any shareholder seeking to exercise such right obtain his own legal advice as to the manner and the implications of exercising such right.

STATEMENT OF EXECUTIVE COMPENSATION

Ontario securities law requires that a "Statement of Executive Compensation" in accordance with Form 51-102F6 (the "Form") of the Regulation made under the *Securities Act* (Ontario) be included in this Circular. The Form prescribes the disclosure requirements in respect of the compensation of the executive officers and directors of reporting issuers. The only executive

officer of the Corporation for whom disclosure is required under the Form are Mr. Brian P. Kiernan, President and Chief Executive Officer of the Corporation.

The following table sets forth certain information with respect to the compensation of Mr. Kiernan for the three financial years of the Corporation ended December 31, 2005:

Compensation Table

<u>Name</u>	<u>Year Ended</u>	<u>Annual Compensation</u>			<u>Long-Term Compensation</u>	<u>All other Compensation</u>
		<u>Salary</u>	<u>Bonus</u>	<u>Other Annual Compensation</u>	<u>Securities under Options Granted</u> (#)	
Brian P. Kiernan	Dec 31, 2005	US\$ 125,000	Nil	Nil	Nil	Nil
	Dec 31, 2004	US\$ 125,000	Nil	Nil	Nil	Nil
	Dec 31, 2003	US\$ 93,344	Nil	Nil	Nil	Nil

Long-Term Incentive Plan Awards

The Corporation did not have a long-term incentive plan within the meaning of the Form (the definition of "long-term incentive plan" contained in the Form expressly excludes a stock option plan) during the financial year ended December 31, 2005.

Stock Options

During 2005 the Corporation did not grant any stock options to Mr. Kiernan.

The following table sets forth the value of the stock options of the Corporation held by Mr. Kiernan as at December 31, 2005.

<u>Name</u>	<u>Unexercised Options at Dec. 31, 2005</u>	<u>Value of Unexercised in-the-Money Options at Dec. 31, 2005</u>
Brian P. Kiernan	700,000	Cdn\$23,000

Stock Option Plan

The Corporation has a stock option plan (the "Plan") the principal purposes of which are to (a) promote a proprietary interest in the Corporation among the officers, directors, consultants and employees of the Corporation and its affiliates, (b) retain and attract the qualified officers, directors, consultants and employees the Corporation requires, (c) provide a long-term incentive element in overall compensation, and (d) promote the long-term profitability of the Corporation. The Plan is considered by the board of directors of the Corporation (the "Board") to be an important and effective component of the compensation provided by the Corporation.

The Plan authorizes the Board, or a committee thereof, to grant options from time to time to officers, directors, consultants and employees of the Corporation and its affiliates. Options granted under the Plan ("Options") are non-assignable and may be granted for a term not exceeding ten years. The number of common shares of the Corporation ("Shares") that may be reserved for issuance to any one person pursuant to Options must not exceed 5% of the outstanding Shares. The exercise price of an Option may not be lower than the closing price of the Shares on the Toronto Stock Exchange on the business day immediately preceding the date the Option is granted. The Plan provides that the number of Shares that may be issued pursuant to the exercise of Options shall not exceed four million. The Corporation did not, during the financial year ended December 31, 2005, re-price any stock options. In 2005, the Corporation granted 0.1 million Options to officers, consultants and employees, exercisable at Cdn\$0.23 per Share and expiring five years after the issue. There are presently outstanding Options to purchase an aggregate of 2.1 million Shares.

Defined Benefit or Actuarial Plan Disclosure

The Corporation does not have a defined benefit or actuarial plan.

Employment Contract

The Corporation and Brian P. Kiernan entered into an agreement effective January 1, 2001 (the "Brian Kiernan Contract") which sets forth the terms and conditions upon which Mr. Kiernan performs the services of Chief Executive Officer and President of the Corporation. Under the Brian Kiernan Contract, Mr. Kiernan's annual salary for the year 2001 was set at IRE60,000, now 76,200 Euros (which was approximately US\$76,200) and effective January 1, 2004, Mr. Kiernan's annual salary was set at US\$125,000. The Brian Kiernan Contract also provides that, if Mr. Kiernan's employment is terminated by reason of his death or disability, Mr. Kiernan (or his family, as the case may be) is entitled to receive from the Corporation the sum of IRE180,000, now 253,948 Euros (which is currently approximately US\$322,200). If during the period commencing on the date of a change in the control of the Corporation and ending on the third anniversary thereof Mr. Kiernan's employment is terminated by the Corporation other than for "just cause" (as defined in the Brian Kiernan Contract), disability or death or is terminated by Mr. Kiernan for "good reason" (as defined in the Brian Kiernan Contract), the Corporation must pay to Mr. Kiernan, within 10 days after the date of termination, any unpaid salary to the date of termination and, as compensation for Mr. Kiernan's loss of employment, three times Mr. Kiernan's then annual salary.

Compensation of Directors

During the financial year ended December 31, 2005, four non-executive directors of the Corporation were compensated by the Corporation for their services as members of the committees of the board of the Corporation in the aggregate of \$11,750, in addition to director's fees totaling \$24,000. In 2005, the Chairman was granted no Options and one non-executive director was each granted 100,000 Options exercisable at Cdn\$0.23 per Share expiring five years after issue.

The Corporation compensated three executive directors of the Corporation during the financial year ended December 31, 2005 an aggregate of \$235,000 (2004- \$316,182) for services as a consultant or expert. The Corporation's primary legal counsel is with a firm in which a director of the Corporation is a partner. During 2005, the Corporation incurred legal expenses of \$68,101 (2004 - \$49,521).

The Corporation carries directors and officers liability insurance considered appropriate for its activities.

INDEBTEDNESS OF DIRECTORS AND OFFICERS

No director or officer of the Corporation or associate of any such director or officer is indebted to the Corporation or its subsidiaries.

INTEREST OF INSIDERS IN MATERIAL TRANSACTIONS

Other than as described below, no insider of the Corporation, as defined in the *Securities Act* (Ontario), or associate or affiliate of any such insider, has any material interest in any transaction completed since the commencement of the Corporation's financial year ended December 31, 2005 or in any proposed transaction which has materially affected or would materially affect the Corporation or any of its subsidiaries.

Noel P. Kiernan is the controlling shareholder of Minerex Limited, which provides certain management, administrative, financial, technical and other support services to the Corporation. All contracts entered into with Minerex Limited have been at commercially competitive rates. The Corporation was charged for these services a total of \$251,597 during 2005 (2004 - \$492,880).

FINANCIAL STATEMENTS

The audited consolidated financial statements of the Corporation for the financial year ended December 31, 2005, together with the auditors' report thereon, are enclosed with this Circular. The directors will place before the Meeting the said financial statements and auditors' report.

STATEMENT OF CORPORATE GOVERNANCE PRACTICES

The Corporation's common shares are listed on the Toronto Stock Exchange and on the Alternative Investment Market of the London Stock Exchange. The Board of Directors has considered the Corporate Governance Guidelines set out in National Policy 58-201. A description of the Company's practices is attached hereto as Schedule "A" - "Statement of Corporate Governance Practices".

ADDITIONAL INFORMATION

Additional information relating to the Company is included in its audited consolidated financial statements and management discussion and analysis for the year ended December 31, 2005. The annual information form, this information circular, and any interim financial statements issued subsequent to this information circular, are on SEDAR at www.sedar.com. Copies may be obtained without charge upon request from the Secretary of the Company, 12th Floor, 20 Toronto Street, Toronto, Ontario, M5C 2B8.

DIRECTORS' APPROVAL

The contents and the sending of this circular to the shareholders of the Corporation have been approved by the Board.

DATED at Toronto, Ontario, the 27th day of July, 2006

BY ORDER OF THE BOARD

(signed)

Michael E. Power
Vice President & Secretary

Mandate of the Board.

The directors are elected by the shareholders and are responsible for the stewardship of the business and affairs of the Corporation. The board of directors ("the board") seeks to discharge this responsibility by reviewing, discussing and approving the Corporation's strategic planning and organizational structure and supervising management to oversee that the strategic planning and organizational structure enhance and preserve the business of the Corporation and the underlying value of the Corporation.

In furtherance of these responsibilities and duties, the principal concerns addressed by the board are:

Adoption of a strategic planning process:

The board adopts a strategic planning process for the Corporation which establishes the Corporation's long-term goals and strategies and monitors the success of the Corporation's management in achieving those goals and in implementing the strategy.

Identification of the principal risks of the Corporation's business and ensuring the implementation of appropriate systems to manage these risks:

The board recognizes the inherent risks of operating exploration projects, including political and currency risks and ensures that there are systems in place to effectively monitor and manage such risks with a view to the long-term viability of the Corporation with the objective of achieving a proper balance between the risks incurred and the potential return to the Corporation's shareholders.

Succession planning, including appointing, training and monitoring senior management:

The board engages in succession planning, including appointing, training and monitoring senior management (which includes ensuring that objectives are in place against which management's performance can be measured), having in place programs to train and develop management, providing for the orderly succession of management and assessing the performance and contribution of the executive officers of the Corporation.

Communications policy for the Corporation:

The Corporation endeavours to provide all shareholders and the public with timely and clear information in respect of its mining business, operations, joint ventures, exploration projects and financial matters in full compliance with applicable legal and regulatory requirements. The Corporation has designated the Chief Executive Officer and Corporate Secretary, who may be reached at the Corporation's offices in Dublin and Toronto, respectively, to be responsible for receiving and replying to all communications from shareholders and interested parties of the Corporation and has engaged the services of an investor relations firm to assist with its program of shareholder communications. The Corporation has appointed Computershare Trust Company of Canada with offices in Toronto to be its transfer agent and to effect dissemination of printed reports to its shareholders.

Integrity of the Corporation's internal control and management information system:

The Corporation ensures that there are effective controls and information systems in place for the board to discharge its responsibilities including an audit system which informs the board about the integrity of its financial data and the compliance of the financial information with appropriate accounting principles.

Composition of the Board

The Board shall appoint a chairperson of the Board who shall ensure that the Board's agenda enables it to successfully carry out its duties. The board is currently set at five members, two of whom are unrelated directors. An "unrelated director" is a director who is independent of management as defined in the policies of the Exchanges. In determining whether a director is an unrelated director, the board considers, for example, whether the director has a relationship which could, or could be perceived to, interfere with the director's ability to objectively assess the performance of management. On this basis, the directors Noel P.

Kiernan, Brian P. Kiernan and Michael E. Power, by reason of their offices as Chairman of the Board, President & Chief Executive Officer and Vice President and Corporate Secretary, respectively, are considered to be related directors.

The Corporation does not have a nominating committee because of the small size of the board. Discussions concerning nominees are held between the directors. Nominees would be expected to have industry experience or specific expertise required by the Corporation and must have the ability to devote the time required and a willingness to serve.

The Corporation is a junior exploration company with a small market capitalization. Given the size and nature of the Corporation, the board considered that a committee to assess the effectiveness of the board, the other committees of the board and the various contributions of the directors was not warranted. The effectiveness of the individual members of the board and of the committees are discussed by the board as a whole at appropriate meetings of the board.

For a prospective new director, the Corporation and the Chief Executive Officer provide orientation material, including corporate governance policies and information on corporate operations, projects, board committees, the Corporation's approach to environmental issues, shareholder profile and financial condition of the Corporation.

The compensation of directors is discussed in this Management Information Circular. The Compensation Committee reviews and makes recommendations to the board from time to time as to the levels and form of compensation for the directors to ensure that the compensation adequately reflects the risks and responsibilities in being an effective director, taking into account industry practice for companies of similar asset size and operations.

Responsibilities and Duties of the Board

The Board discharges its responsibility for overseeing the management of the Corporation's business by delegating to the Corporation's senior officers the responsibility for day-to-day management of the Company. The Board discharges its responsibilities directly and through its committees - the Audit Committee, the Corporate Governance Committee, and the Compensation Committee. In addition to these regular committees, the Board may appoint ad hoc committees periodically to address issues of a more short-term nature. The Board may delegate to its committees matters for which the Board is responsible, to the extent such delegation is permitted by law. Notwithstanding the delegation of any of its responsibilities to a committee, the Board retains its oversight function and ultimate responsibility for all delegated matters. The Board's primary roles are overseeing corporate performance and providing quality, depth and continuity of management to meet the Corporation's strategic objectives. Other principal duties include, but are not limited to, the following:

1. Selecting, appointing, evaluating and (if necessary) terminating the Chief Executive Officer.
2. Adopting a strategic planning process, approving strategic plans, and monitoring performance against plans.
3. Reviewing and approving annual operational budgets, budget limits and corporate objectives, and monitoring performance on each of the above.
4. Reviewing policies and procedures to identify business risks, and ensure that systems and actions are in place to monitor them.
5. Reviewing policies and processes to ensure that the Corporation's internal control and management information systems are operating properly.
6. Approving the annual financial statements, management discussion and analysis of financial condition, and annual information form and making a recommendation to shareholders for the appointment of auditors.
7. Approving the Corporation's code of business conduct and ethics, monitoring compliance with the code and granting any waivers from the code for the benefit of directors or officers of the Corporation in accordance with applicable requirements of the securities regulatory authorities or the Exchanges
8. Assessing the contribution of the Board members annually, and planning for succession of the Board.
9. Evaluating the relevant relationships of each independent director and making an affirmative determination that such relationship does not preclude a determination that the director is independent.
10. Arranging formal orientation programs for new directors, where appropriate, and a continuing education program for all directors.
11. Reviewing and approving the compensation of members of the senior management team, as well as corporate objectives and goals applicable to each member, in order to ensure that the compensation is competitive within the industry.
12. Ensuring that an adequate system of internal control is maintained to safeguard the Corporation's assets and the integrity of its financial and other reporting systems.
13. Ensuring that there is in place a system of internal disclosure controls and procedures that sets out the Corporation's disclosure policy and mandates activities relating to public disclosure, ensures all material information is properly gathered,

reviewed and disseminated, and monitors and evaluates compliance with, and the effectiveness of, such controls and procedures.

14. Adopting a process for shareholders and other interested parties to communicate directly with the Board or the independent directors of the Board, as appropriate.

15. Reviewing and considering for approval all amendments or departures proposed by management from established strategy, capital and operating budgets, or matters of policy, which diverge from the ordinary course of business.

16. Ensuring that a process is established that adequately provides for management succession planning, including the appointing, training, and monitoring of senior management.

17. In addition to the above, adherence to all other Board responsibilities as set forth in the Corporation's By-laws and other statutory and regulatory requirements.

Committees of the Board

There are three committees of the board composed of outside directors, a majority of whom are unrelated, described as follows:

The **Audit Committee**, with duties outlined below, is comprised of two unrelated directors. The committee is responsible for all matters related to the preparation, reporting and auditing of the financial performance of the Corporation both internally and to its shareholders. Included as its principal concerns and responsibilities the Audit Committee is required to:

1. To satisfy itself that the Corporation's annual financial statements are fairly presented in accordance with generally accepted accounting principles consistent with the Corporation's international operations; to review the annual financial statements with the auditors for the Corporation; and to make recommendations to the board on the presentation and approval of the annual financial report to the shareholders and the report of the auditors contained therein.

2. To ensure that any information contained in the Corporation's financial publications such as a prospectus, the annual information form and the management's discussion of financial condition and results of operations which accompanies the financial statements, is correct and complete.

3. To review the unaudited quarterly financial statements with management and if appropriate, the external auditors, and to approve on behalf of the board the information in the unaudited quarterly financial statements prior to publication.

4. To ensure that the external audit function has been effectively carried out and that any matter which the external auditors wish to bring to the board's attention has been addressed. The Committee will also recommend to the board the appointment of the external auditors and their remuneration.

5. To review significant income tax planning initiatives to be implemented by management.

The **Compensation Committee** is comprised of two unrelated directors. The committee is responsible for all matters related to establishing the compensation of and contracts with senior management of the Corporation, including the consideration of specific contract terms and terms and conditions consistent with industry practice. It has overall responsibility for policies on performance reviews, the stock option plan, allocation decisions on stock options and matters related to compensation contracts and benefits.

The **Corporate Governance Committee** is comprised of two unrelated directors. The Committee is responsible for all corporate governance issues involved in a publicly traded company including those arising from its exploration and mining activities and in complying with all of the regulatory, safety and environmental requirements. The board views corporate governance as an ongoing process and reviews and implements related policies accordingly.

Meetings

The powers of the Board may be exercised at a meeting for which notice has been given and at which a quorum is present or, in appropriate circumstances, by resolution in writing signed by all the directors. The Board shall meet as frequently as required to attend to its responsibilities and the independent directors of the Board shall meet regularly, without members of management (or other directors) in attendance. Board meetings shall normally proceed as follows:

Review and approval of the minutes of the preceding meeting; business arising from the previous minutes; reports of committees; president's report, financial and operational reports; other business; and termination.

A secretary should be named for each Board and committee meeting and minutes should be circulated within one week after such meeting. Minutes of the committees meetings will be given to each Board member and to the Secretary of the Corporation for inclusion in the Corporations minute books.

During 2005, the Board of Directors held 8 meetings. Mr. Brian Kiernan, Mr Noel Kiernan, Mr. Sylvester P. Boland, Mr. Victor Jones and Mr. Michael Power attended all the meetings, Mr. Richard Linnell attended the 6 meetings held subsequent to his appointment and Mr. Albert Gourley attended 6 meetings.

Meetings are not called at regular intervals as the Corporation is in the pre-development stage on its projects, and therefore the meetings tend to be called to consider specific items of business. Although the independent directors do not meet alone on a regular basis, they are encouraged to remain in touch with each other.

A director of the Corporation is presently also a director of the following reporting issuers:

Michael Power

Zaruma Resources Inc.
Conroy Diamonds and Gold P.l.c

The Board annually appoints members to the Audit Committee, the Corporate Governance Committee and the Compensation Committee. Each of the committees is composed entirely of independent directors, who are "financially literate" within the meaning of Multi-lateral Instrument 52-110, "Audit Committees". As noted in the Board's mandate, the Board has adopted a Code of Business Conduct and Ethics. Compliance is monitored by the Chairman of the Audit Committee.

SCHEDULE "B"

Summary of Certain Differences between the *Business Corporations Act* (Ontario) and the *Business Corporations Act* (British Columbia)¹

	Ontario Act	BC Act
Directors	<p>Majority of directors must be Canadian residents.</p> <p>Directors may be removed by ordinary resolution.</p> <p>Provisions for permitted indemnification of directors and officers are substantially the same as but less detailed than in the BC Act.</p> <p>Directors are not liable if they rely in good faith on financial statements, auditors' reports or professional reports.</p>	<p>No residency requirement for directors.</p> <p>Directors may be removed by special resolution unless otherwise provided in articles. The Corporation's articles will provide that directors may be removed by ordinary resolution.</p> <p>Includes detailed provisions for permitted and prohibited indemnification of directors or officers. Unlike the Ontario Act, gives discretion to the court to order payment or make any other order it considers appropriate.</p> <p>Directors are not liable if they rely in good faith on financial statements, auditors' reports, professional reports, a statement of fact from an officer, or on other documents the court considers provide reasonable grounds for the directors' actions.</p>
Place of meetings	<p>Subject to the articles, directors may determine place of meetings.</p>	<p>Meetings may be held outside British Columbia if provided in the articles or approved by shareholders. The Corporation's articles will provide for meetings outside British Columbia.</p>
Ability to set necessary levels of shareholder consent	<p>Act does not provide flexibility on shareholder approvals, which are either majority resolution or (where specified in the act) special resolution. A "special resolution" must be passed by at least 2/3 of votes cast.</p>	<p>Articles can set levels for various shareholder approvals (other than those prescribed by the statute). The default threshold is a special resolution. The percentage of votes required for a special resolution can be specified in the articles, no less than 2/3 and no more than 3/4 of votes cast.</p>
"Corporate incest"	<p>A corporation cannot hold shares in itself, and a subsidiary cannot hold shares in its parent, except in extremely limited circumstances.</p>	<p>A company may purchase and hold its own shares, and a subsidiary may hold shares of a parent company, unless prohibited by the articles or unless the subsidiary is or would become insolvent. A subsidiary may not vote shares held in its parent company or form part of quorum.</p>

¹ This summary deals only with differences between the two statutes that may be significant to shareholders of the Corporation. In addition, it is not intended to be exhaustive. For a full understanding of the differences and similarities of the Ontario Act and the BC Act, reference should be made to the text of the two statutes, both available at <http://www.canlii.org/>.

	Ontario Act	BC Act
Meaning of “insolvent”	A corporation may not pay dividends or purchase or redeem its shares if there are reasonable grounds for believing (i) it is or would be unable to pay its liabilities as they become due; or (ii) it would not meet a net asset solvency test. The net asset solvency tests for different purposes vary somewhat.	For purposes of the insolvency test that must be passed for the payment of dividends and purchases and redemptions of shares, “insolvent” is defined to mean a company is unable to pay its debts as they become due in the ordinary course of its business. Unlike the Ontario Act, the BC Act does not impose a net asset solvency test for these purposes. For purposes of proceedings to dissolve or liquidate, the definition of “insolvent” from federal bankruptcy legislation applies.
Reduction of capital	Capital may be reduced by special resolution but not if reasonable grounds for believing that, after the reduction, (i) the corporation would be unable to pay its liabilities as they become due; or (ii) the realizable value of the corporation’s assets would be less than its liabilities.	Capital may be reduced by special resolution or court order. A court order is required if reduced capital would be less than the realizable value of the company’s assets less its liabilities.
Shareholders’ proposals	A shareholder entitled to vote may submit notice of a proposal.	The BC Act includes a more detailed regime for shareholders’ proposals than the Ontario Act. For example, a person submitting a proposal must have been the registered or beneficial owner of one or more voting shares for at least 2 years before signing the proposal. In addition, the proposal must be signed by shareholders who, together with the submitter, are registered or beneficial owners of (i) at least 1% of the company’s voting shares, or (ii) shares with a fair market value exceeding an amount prescribed by regulation.
Amalgamations	No provision for amalgamation pursuant to court approval. Interjurisdictional amalgamation is not available - to amalgamate either the Ontario corporation must first continue out of Ontario into the foreign jurisdiction or the foreign corporation must first continue into Ontario.	Amalgamation may be effected with court approval. Company may amalgamate with a company from a foreign jurisdiction and carry on as either a BC company or, if allowed by the foreign jurisdiction, a company organized under the foreign jurisdiction.
Sale of all or substantially all the assets or undertaking of business	The sale by a corporation of all or substantially all its assets, outside of the ordinary course of business, is permitted only if authorized by special resolution. Any such sale gives rise to dissent rights.	The sale by a corporation of all or substantially all its undertaking, outside of the ordinary course of business, is permitted only if authorized by special resolution. Any such sale gives rise to dissent rights. Unlike the Ontario Act, the BC Act exempts certain transactions with affiliates.

	Ontario Act	BC Act
Dissent rights	Provides a right of dissent and appraisal in respect of certain fundamental corporate actions. No provision for the court to vary the statutory framework	Provides a substantively similar right of dissent and appraisal, though there are differences in the procedural and process requirements. The court may vary the statutory framework. Shareholders may waive dissent rights in respect of a particular change.
Compulsory acquisition	Provides a right of compulsory acquisition for an offerer that acquires 90% of the target securities pursuant to a take-over bid, other than securities held at the date of the bid by or on behalf of the offerer. Unlike the BC Act, provides that where a person (together with its affiliates and associates) acquires 90% or more of a class of securities, other securityholders can require the corporation itself to acquire their securities.	Provides a substantively similar right although there are differences in the procedures and process. Unlike the Ontario Act, provides that where an offerer does not use the compulsory acquisition right when entitled to do so, a securityholder who did not accept the original offer may require the offerer to acquire the securityholder's securities involved in the original offer.
Oppression remedy	The scope of potential claimants includes securityholders or former securityholders of the corporation or any of its affiliates, beneficial owners or former beneficial owners of securities of the corporation or any of its affiliates, directors or officers or former directors or officers of the corporation or any of its affiliates, or any other person considered proper by the court. Claims may be based on conduct of the corporation or any of its affiliates that is oppressive, unfairly prejudicial, or that unfairly disregards the interests of a securityholder, creditor, director or officer.	The scope of potential claimants includes shareholders, beneficial owners of shares and any other person considered appropriate by the court. Claims may be based on conduct of the corporation that is oppressive or unfairly prejudicial. Unlike the Ontario Act, the BC Act does not make reference to conduct that "unfairly disregards" interests.
Derivative actions	A securityholder or former securityholder, beneficial owner or former beneficial owner of a security of the corporation or any of its affiliates, a director or officer or former director or officer of the corporation or any of its affiliates, or any other person considered proper by the court may, with leave of the court, bring an action in the name of the corporation or any of its subsidiaries or intervene in any such action to prosecute, defend or discontinue it.	A shareholder, beneficial owner, director and any other person considered appropriate by the court may, with leave of the court, bring action in the name of the company or defend an action against the company. Shareholder approval of action is not determinative but will be taken into account.

	Ontario Act	BC Act
Investigations/ appointment of inspectors	Shareholders can apply to the court for the appointment of an inspector. Unlike the BC Act, the Ontario Act does not require an applicant to hold a specified number of shares.	A company may appoint an inspector by special resolution. Shareholders holding at least 1/5 of all shares may apply to the court for the appointment of an inspector. The court must consider whether there are reasonable grounds for believing there has been oppressive, fraudulent or dishonest conduct.

185.(1) **Rights of dissenting shareholders.** Subject to subsection (3) and to sections 186 and 248, if a corporation resolves to,

- (a) amend its articles under section 168 to add, remove or change restrictions on the issue, transfer or ownership of shares of a class or series of the shares of the corporation;
- (b) amend its articles under section 168 to add, remove or change any restriction upon the business or businesses that the corporation may carry on or upon the powers that the corporation may exercise;
- (c) amalgamate with another corporation under sections 175 and 176;
- (d) be continued under the laws of another jurisdiction under section 181; or
- (e) sell, lease or exchange all or substantially all its property under subsection 184 (3),

a holder of shares of any class or series entitled to vote on the resolution may dissent.

(2) **Idem.** If a corporation resolves to amend its articles in a manner referred to in subsection 170 (1), a holder of shares of any class or series entitled to vote on the amendment under section 168 or 170 may dissent, except in respect of an amendment referred to in,

- (a) clause 170 (1) (a), (b) or (e) where the articles provide that the holders of shares of such class or series are not entitled to dissent; or
- (b) subsection 170 (5) or (6).

(3) **Exception.** A shareholder of a corporation incorporated before the 29th day of July, 1983 is not entitled to dissent under this section in respect of an amendment of the articles of the corporation to the extent that the amendment,

- (a) amends the express terms of any provision of the articles of the corporation to conform to the terms of the provision as deemed to be amended by section 277; or
- (b) deletes from the articles of the corporation all of the objects of the corporation set out in its articles, provided that the deletion is made by the 29th day of July, 1986.

(4) **Shareholder's right to be paid fair value.** In addition to any other right the shareholder may have, but subject to subsection (30), a shareholder who complies with this section is entitled, when the action approved by the resolution from which the shareholder dissents becomes effective, to be paid by the corporation the fair value of the shares held by the shareholder in respect of which the shareholder dissents, determined as of the close of business on the day before the resolution was adopted.

(5) **No partial dissent.** A dissenting shareholder may only claim under this section with respect to all the shares of a class held by the dissenting shareholder on behalf of any one beneficial owner and registered in the name of the dissenting shareholder.

(6) **Objection.** A dissenting shareholder shall send to the corporation, at or before any meeting of shareholders at which a resolution referred to in subsection (1) or (2) is to be voted on, a written objection to the resolution, unless the corporation did not give notice to the shareholder of the purpose of the meeting or of the shareholder's right to dissent.

(7) **Idem.** The execution or exercise of a proxy does not constitute a written objection for purposes of subsection (6).

(8) **Notice of adoption of resolution.** The corporation shall, within ten days after the shareholders adopt the resolution, send to each shareholder who has filed the objection referred to in subsection (6) notice that the resolution has been adopted, but such notice is not required to be sent to any shareholder who voted for the resolution or who has withdrawn the objection.

(9) **Idem.** A notice sent under subsection (8) shall set out the rights of the dissenting shareholder and the procedures to be followed to exercise those rights.

(10) **Demand for payment of fair value.** A dissenting shareholder entitled to receive notice under subsection (8) shall, within twenty days after receiving such notice, or, if the shareholder does not receive such notice, within twenty days after learning that the resolution has been adopted, send to the corporation a written notice containing,

- (a) the shareholder's name and address;
- (b) the number and class of shares in respect of which the shareholder dissents; and
- (c) a demand for payment of the fair value of such shares.

(11) **Certificates to be sent in.** Not later than the thirtieth day after the sending of a notice under subsection (10), a dissenting shareholder shall send the certificates representing the shares in respect of which the shareholder dissents to the corporation or its transfer agent.

(12) **Idem.** A dissenting shareholder who fails to comply with subsections (6), (10) and (11) has no right to make a claim under this section.

(13) **Endorsement on certificate.** A corporation or its transfer agent shall endorse on any share certificate received under subsection (11) a notice that the holder is a dissenting shareholder under this section and shall return forthwith the share certificates to the dissenting shareholder.

(14) **Rights of dissenting shareholder.** On sending a notice under subsection (10), a dissenting shareholder ceases to have any rights as a shareholder other than the right to be paid the fair value of the shares as determined under this section except where,

- (a) the dissenting shareholder withdraws notice before the corporation makes an offer under subsection (15);
- (b) the corporation fails to make an offer in accordance with subsection (15) and the dissenting shareholder withdraws notice; or
- (c) the directors revoke a resolution to amend the articles under subsection 168 (3), terminate an amalgamation agreement under subsection 176 (5) or an application for continuance under subsection 181 (5), or abandon a sale, lease or exchange under subsection 184 (8),

in which case the dissenting shareholder's rights are reinstated as of the date the dissenting shareholder sent the notice referred to in subsection (10), and the dissenting shareholder is entitled, upon presentation and surrender to the corporation or its transfer agent of any certificate representing the shares that has been endorsed in accordance with subsection (13), to be issued a new certificate representing the same number of shares as the certificate so presented, without payment of any fee.

(15) **Offer to pay.** A corporation shall, not later than seven days after the later of the day on which the action approved by the resolution is effective or the day the corporation received the notice referred to in subsection (10), send to each dissenting shareholder who has sent such notice,

- (a) a written offer to pay for the dissenting shareholder's shares in an amount considered by the directors of the corporation to be the fair value thereof, accompanied by a statement showing how the fair value was determined; or
- (b) if subsection (30) applies, a notification that it is unable lawfully to pay dissenting shareholders for their shares.

(16) **Idem.** Every offer made under subsection (15) for shares of the same class or series shall be on the same terms.

(17) **Idem.** Subject to subsection (30), a corporation shall pay for the shares of a dissenting shareholder within ten days after an offer made under subsection (15) has been accepted, but any such offer lapses if the corporation does not receive an acceptance thereof within thirty days after the offer has been made.

(18) **Application to court to fix fair value.** Where a corporation fails to make an offer under subsection (15) or if a dissenting shareholder fails to accept an offer, the corporation may, within fifty days after the action approved by the resolution is effective or within such further period as the court may allow, apply to the court to fix a fair value for the shares of any dissenting shareholder.

(19) **Idem.** If a corporation fails to apply to the court under subsection (18), a dissenting shareholder may apply to the court for the same purpose within a further period of twenty days or within such further period as the court may allow.

(20) **Idem.** A dissenting shareholder is not required to give security for costs in an application made under subsection (18) or (19).

(21) **Costs.** If a corporation fails to comply with subsection (15), then the costs of a shareholder application under subsection (19) are to be borne by the corporation unless the court otherwise orders.

(22) **Notice to shareholders.** Before making application to the court under subsection (18) or not later than seven days after receiving notice of an application to the court under subsection (19), as the case may be, a corporation shall give notice to each dissenting shareholder who, at the date upon which the notice is given,

- (a) has sent to the corporation the notice referred to in subsection (10); and

(b) has not accepted an offer made by the corporation under subsection (15), if such an offer was made, of the date, place and consequences of the application and of the dissenting shareholder's right to appear and be heard in person or by counsel, and a similar notice shall be given to each dissenting shareholder who, after the date of such first mentioned notice and before termination of the proceedings commenced by the application, satisfies the conditions set out in clauses (a) and (b) within three days after the dissenting shareholder satisfies such conditions.

(23) **Parties joined.** All dissenting shareholders who satisfy the conditions set out in clauses (22) (a) and (b) shall be deemed to be joined as parties to an application under subsection (18) or (19) on the later of the date upon which the application is brought and the date upon which they satisfy the conditions, and shall be bound by the decision rendered by the court in the proceedings commenced by the application.

(24) **Idem.** Upon an application to the court under subsection (18) or (19), the court may determine whether any other person is a dissenting shareholder who should be joined as a party, and the court shall fix a fair value for the shares of all dissenting shareholders.

(25) **Appraisers.** The court may in its discretion appoint one or more appraisers to assist the court to fix a fair value for the shares of the dissenting shareholders.

(26) **Final order.** The final order of the court in the proceedings commenced by an application under subsection (18) or (19) shall be rendered against the corporation and in favour of each dissenting shareholder who, whether before or after the date of the order, complies with the conditions set out in clauses (22) (a) and (b).

(27) **Interest.** The court may in its discretion allow a reasonable rate of interest on the amount payable to each dissenting shareholder from the date the action approved by the resolution is effective until the date of payment.

(28) **Where corporation unable to pay.** Where subsection (30) applies, the corporation shall, within ten days after the pronouncement of an order under subsection (26), notify each dissenting shareholder that it is unable lawfully to pay dissenting shareholders for their shares.

(29) **Idem.** Where subsection (30) applies, a dissenting shareholder, by written notice sent to the corporation within thirty days after receiving a notice under subsection (28), may,

- (a) withdraw a notice of dissent, in which case the corporation is deemed to consent to the withdrawal and the shareholder's full rights are reinstated; or
- (b) retain a status as a claimant against the corporation, to be paid as soon as the corporation is lawfully able to do so or, in a liquidation, to be ranked subordinate to the rights of creditors of the corporation but in priority to its shareholders.

(30) **Idem.** A corporation shall not make a payment to a dissenting shareholder under this section if there are reasonable grounds for believing that,

- (a) the corporation is or, after the payment, would be unable to pay its liabilities as they become due; or
- (b) the realizable value of the corporation's assets would thereby be less than the aggregate of its liabilities.

(31) **Court order.** Upon application by a corporation that proposes to take any of the actions referred to in subsection (1) or (2), the court may, if satisfied that the proposed action is not in all the circumstances one that should give rise to the rights arising under subsection (4), by order declare that those rights will not arise upon the taking of the proposed action, and the order may be subject to compliance upon such terms and conditions as the court thinks fit and, if the corporation is an offering corporation, notice of any such application and a copy of any order made by the court upon such application shall be served upon the Commission.

(32) **Commission may appear.** The Commission may appoint counsel to assist the court upon the hearing of an application under subsection (31), if the corporation is an offering corporation.