



**FRANCO-NEVADA CORPORATION**

**NOTICE**

**AND**

**MANAGEMENT INFORMATION CIRCULAR**

**FOR THE**

**ANNUAL AND SPECIAL MEETING**

**OF SHAREHOLDERS**

**TO BE HELD ON MAY 13, 2008**

# FRANCO NEVADA CORPORATION

## NOTICE OF ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS

May 13, 2008

The Annual and Special Meeting (the “**Meeting**”) of the shareholders of Franco-Nevada Corporation (the “**Corporation**”) will be held at the Glenn Gould Studio located on the Main Floor of the Canadian Broadcasting Centre at 250 Front Street West, Toronto, Ontario on Tuesday, May 13, 2008, at 10:00 a.m. (Toronto time) for the following purposes:

- (a) to receive the audited consolidated financial statements of the Corporation for the year ended December 31, 2007, together with the auditors’ report thereon;
- (b) to elect the directors of the Corporation;
- (c) to appoint PricewaterhouseCoopers LLP, Chartered Accountants, as auditors of the Corporation for the ensuing year and to authorize the directors to fix the remuneration to be paid to the auditors;
- (d) to consider and, if thought appropriate, pass, with or without variation, resolutions approving amendments to the Corporation’s stock option plan;
- (e) to consider and, if thought appropriate, pass, with or without variation, resolutions approving the Corporation’s restricted share unit plan; and
- (f) to transact such other business as may properly come before the Meeting or any adjournment thereof.

The accompanying management information circular dated April 8, 2008 provides additional information relating to the matters to be dealt with at the Meeting and forms part of this notice.

Registered shareholders who are unable to be present at the Meeting in person, may vote their shares by proxy. Instructions on how to complete and return the proxy are provided with the form of proxy. To be valid, proxies must be deposited with Computershare Investors Services Inc. at 100 University Avenue, 9th Floor, Toronto, Ontario M5J 2Y1, no later than 5:00 p.m. (Toronto time) on the second business day preceding the date of the Meeting or any adjournment thereof.

Non-registered beneficial shareholders should follow the instructions of their intermediaries in order to vote their shares.

**BY ORDER OF THE BOARD OF DIRECTORS**

*“Sharon E. Dowdall”*

Dated at Toronto, the 8<sup>th</sup> day of April, 2008

Chief Legal Officer and Corporate Secretary

# MANAGEMENT INFORMATION CIRCULAR

Dated April 8, 2008

## GENERAL PROXY INFORMATION

### Solicitation of Proxies

This management information circular (this “Circular”) is furnished in connection with the solicitation by the management of Franco-Nevada Corporation (the “Corporation”) of proxies to be used at the annual and special meeting (the “Meeting”) of shareholders of the Corporation to be held at the Glenn Gould Studio located on the Main Floor of the Canadian Broadcasting Centre at 250 Front Street West, Toronto, Ontario on Tuesday, May 13, 2008 at 10:00 a.m. (Toronto time), and at all adjournments thereof, for the purposes set forth in the notice of the Meeting that accompanies this Circular (the “Notice of Meeting”). It is expected that the solicitation will be made primarily by mail but proxies may also be solicited personally by directors, officers or regular employees of the Corporation. Such persons will not receive any extra compensation for such activities. The Corporation may also retain, and pay a fee to, one or more proxy solicitation firms to solicit proxies from the shareholders of the Corporation in favour of the matters set forth in the Notice of Meeting. The Corporation may pay brokers or other persons holding common shares of the Corporation in their own names, or in the names of nominees, for their reasonable expenses for sending proxies and the Circular to beneficial owners of common shares and obtaining proxies therefor. The total cost of the solicitation will be borne directly by the Corporation.

### Appointment and Revocation of Proxies

The persons named in the enclosed form of proxy are officers or directors of the Corporation. **A shareholder has the right to appoint a person (who need not be a shareholder of the Corporation) other than the persons specified in such form of proxy to attend and act on behalf of such shareholder at the Meeting.** Such right may be exercised by striking out the names of the persons specified in the form of proxy, inserting the name of the person to be appointed in the blank space provided in the form of proxy, signing the form of proxy and returning it in the manner set forth in the form of proxy.

A shareholder who has given a proxy may revoke it:

- (i) by depositing an instrument in writing, including another completed form of proxy, executed by such shareholder or shareholder’s attorney authorized in writing either:
  - (A) at the registered office of the Corporation at any time up to and including the last business day preceding the date of the Meeting or any adjournment thereof; or
  - (B) with the chairman of the Meeting prior to the commencement of the Meeting on the day of the Meeting or any adjournment thereof;
- (ii) or in any other manner permitted by law.

### Exercise of Discretion

The persons named in the enclosed form of proxy will vote the shares in respect of which they are appointed by proxy on any ballot that may be called for in accordance with the instructions contained therein. If the shareholder specifies a choice with respect to any matter to be acted upon, the shares will be voted accordingly. **In the absence of such specifications, such shares will be voted FOR each of the matters referred to herein.**

The enclosed form of proxy confers discretionary authority upon the persons named therein with respect to amendments to or variations of matters identified in the Notice of Meeting and with respect to other matters, if any, which may properly come before the Meeting. At the date of the Circular, management of the Corporation knows of no such amendments, variations or other matters to come before the Meeting. However, if any other matters that are not now known to management should properly come before the Meeting, the proxy will be voted on such matters in accordance with the best judgment of the named proxy.

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

**The information set forth in this section is of significant importance to many holders of common shares, as a substantial number of shareholders do not hold common shares in their own name.** Shareholders who do not hold their common shares in their own name (referred to herein as “**Beneficial Shareholders**”) should note that only proxies deposited by shareholders whose names appear on the records of the Corporation as the registered holders of common shares can be recognized and acted upon at the Meeting. If common shares are listed in an account statement provided to a shareholder by a broker, then, in almost all cases, those common shares will not be registered in the shareholder’s name on the records of the Corporation. Such shares will more likely be registered under the name of the shareholder’s broker or an agent of that broker. More particularly, a person is a Beneficial Shareholder in respect of common shares which are held on behalf of that person but which are registered either: (a) in the name of an intermediary that the Beneficial Shareholder deals with in respect of the common shares (intermediaries include, among others, banks, trust companies, securities dealers or brokers and trustees or administrators of self-administered RRSPs, RRIFs, RESPs and similar plans); or (b) in the name of a clearing agency (such as The Canadian Depository for Securities Limited (“**CDS**”)), of which the intermediary is a participant. In Canada, the vast majority of such shares are registered under the name of CDS, which acts as nominee for many Canadian brokerage firms. Common shares held by brokers or their nominees can only be voted upon the instructions of the Beneficial Shareholder. Without specific voting instructions, brokers and their nominees are prohibited from voting common shares held for Beneficial Shareholders. **Therefore, Beneficial Shareholders should ensure that instructions respecting the voting of their common shares are communicated to the appropriate person or that the common shares are duly registered in their name.**

Applicable Canadian securities 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 to clients, which should be carefully followed by Beneficial Shareholders in order to ensure that their common shares are voted at the Meeting.

In Canada, the majority of brokers now delegate responsibility for obtaining voting instructions from Beneficial Shareholders to Broadridge Investor Communication Solutions (“**Broadridge**”). Broadridge typically supplies a special sticker to be attached to the proxy forms and asks Beneficial Shareholders to return the completed proxy forms to Broadridge. Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of common shares to be represented at the Meeting. **A Beneficial Shareholder receiving such a proxy from Broadridge cannot use that proxy to vote common shares directly at the Meeting. The proxy must be returned to Broadridge well in advance of the Meeting in order to instruct Broadridge how to vote the common shares.**

In addition, the Corporation has decided to take advantage of certain provisions of applicable securities regulatory requirements that permit it to deliver meeting materials directly to non-objecting beneficial owners. These materials are being sent to both registered and non-registered owners of common shares. If you are a Beneficial Shareholder, and the Corporation or its agent has sent these materials directly to you, your name and address and information about your holdings of common shares have been obtained in accordance with applicable securities regulatory requirements from the intermediary holding the common shares on your behalf. By choosing to send these materials to you directly, the Corporation (and not the intermediary holding on your behalf) has assumed responsibility for (i) delivering these materials to you, and (ii) executing your proper voting instructions. As a result, you can expect to receive a scannable voting instruction form (“**VIF**”) from our transfer agent, Computershare Investor Services Inc. (the “**Transfer Agent**”). These VIFs are to be completed and returned to the Transfer Agent in the envelope provided. In addition, the Transfer Agent provides both telephone voting and Internet voting as described on the VIF. The Transfer Agent will tabulate the results of the VIFs received and will provide appropriate instructions at the Meeting with respect to the common shares represented by the VIFs they receive.

**Record Date**

The directors have fixed April 14, 2008 as the record date for the determination of shareholders entitled to receive notice of the Meeting. Only shareholders of record on such record date are entitled to vote at the Meeting.

**Voting Securities and Principal Holders Thereof**

As at April 8, 2008, there were 100,300,000 common shares of the Corporation issued and outstanding. Each common share has the right to one vote on each matter at the Meeting.

To the knowledge of the directors and officers of the Corporation, no person or company beneficially owns, or exercises control or direction over, directly or indirectly, 10% or more of the issued and outstanding common shares of the Corporation.

**Interests of Certain Persons or Companies in Matters to be Acted Upon**

Except as otherwise disclosed below, management of the Corporation is not aware of a material interest, direct or indirect, by way of beneficial ownership of common shares or otherwise, of any director or officer of the Corporation at any time since the beginning of the Corporation's last financial year, of any proposed nominee for election as a director of the Corporation, or of any associate or affiliate of any such person, in any in any matter to be acted upon at the Meeting other than the election of directors or the appointment of auditors.

At the Meeting, shareholders will be asked to consider and, if thought appropriate, pass a resolution approving amendments to the stock option plan. Under the stock option plan, directors and officers of the Corporation are eligible for grants of options. See "Business of the Meeting - Approval of Amendments to the Stock Option Plan".

At the Meeting, shareholders will be asked to consider and, if thought appropriate, pass a resolution approving a restricted share unit plan. Under the restricted share unit plan, directors and officers of the Corporation would be eligible for awards of restricted share units. See "Business of the Meeting - Approval of Restricted Share Unit Plan".

## BUSINESS OF THE MEETING

### Election of Directors

At the Meeting, it is proposed that the six directors whose names are set out below be elected to the board of directors of the Corporation (the “**Board**”). Each nominee for election as a director is currently a director of the Corporation. Each director’s term of office will expire at the next annual meeting of shareholders of the Corporation or when his successor is duly elected or appointed, unless his office vacated earlier in accordance with the articles or by-laws of the Corporation or he becomes disqualified to act as a director of the Corporation.

Unless the shareholder has specified in the enclosed form of proxy that the common shares represented by such proxy are to be withheld from voting in the election of directors, the persons named in the enclosed form of proxy intend to vote FOR the election of the nominees whose names are set forth below.

The following table sets forth the names, age, city, province/state and country of residence of the persons proposed to be nominated for election as directors; their principal occupations or employment; a brief biographical description; the date on which they became directors of the Corporation; their independence; their committee memberships; their attendance at Board meetings; the number of common shares of the Corporation beneficially owned or over which control or direction is exercised by them, directly or indirectly; the number of options held by each of them; and the number of deferred share units held by each of them, each as at March 31, 2008.

For additional information regarding compensation, options, equity ownership, current directorships and attendance of each of the nominees, please see “Statement of Executive Compensation – Compensation of Directors” and “Statement of Corporate Governance Practices – Other Directorships; and Attendance at Meetings”.

Nominees for Election as Directors	Number of Common Shares <sup>(1)</sup>	Options <sup>(2)</sup>	Deferred Share Units <sup>(3)</sup>
Pierre Lassonde Toronto, Ontario, Canada Director Since: November 12, 2007 Age: 60 Independent Member of the Board (Chair) Committee Membership: Audit Committee Compensation and Corporate Governance Committee (Chair) Board Meetings Attended 2007: 100%	3,700,000	175,000	Nil
Pierre Lassonde is Chair of the Board. Mr. Lassonde formerly served as President of Newmont Mining Corporation (“Newmont”) from 2002 to 2006 and resigned as a director and Vice-Chairman of Newmont effective November 30, 2007. Previously, Mr. Lassonde served as a director and President (1982 to 2002) and Co-Chief Executive Officer (1999 to 2002) of Franco-Nevada Mining Corporation Limited (“Old Franco-Nevada”). Mr. Lassonde also served as President and Chief Executive Officer of Euro-Nevada Mining Corporation from 1985 to 1999, prior to its amalgamation with Old Franco Nevada. Mr. Lassonde served as a director of Normandy Mining Limited from 2001 to 2002. Mr. Lassonde is Chairman of the World Gold Council and Chairman of the Quebec National Art Museum. Mr. Lassonde received his Chartered Financial Analyst designation from the University of Virginia in 1984, a P. Eng (Association of Professional Engineers of Ontario) in 1976, a Master of Business Administration from the University of Utah in 1973, a B.Sc. (Electrical Engineering) from Ecole Polytechnique in 1971 and a B.A. from Seminaire de St. Hyacinthe/ University of Montreal in 1967.			

Nominees for Election as Directors	Number of Common Shares <sup>(1)</sup>	Options <sup>(2)</sup>	Deferred Share Units <sup>(3)</sup>
<p>David Harquail Toronto, Ontario, Canada Director Since: November 13, 2007 Age: 51 Non-Independent Member of the Board Board Meetings Attended 2007: 100%</p>	1,224,000	500,000	Nil
<p>Hon. David R. Peterson Toronto, Ontario, Canada Director Since: November 12, 2007 Age: 64 Independent Member of the Board Committee Membership: Compensation and Corporate Governance Committee Board Meetings Attended 2007: 100%</p>	75,000	75,000	Nil
<p>Louis Gignac Brossard, Quebec, Canada Director Since: November 12, 2007 Age: 57 Independent Member of the Board Committee Membership: Audit Committee Board Meetings Attended 2007: 100%</p>	75,000	75,000	Nil

David Harquail is President and Chief Executive Officer of the Corporation and is currently a director of the Corporation. Mr. Harquail served as Executive Vice President of Newmont (2006 to 2007) and previously served as President and Managing Director of Newmont Capital, the merchant banking division of Newmont (2002 to 2006). Prior to the acquisition by Newmont of Old Franco Nevada in 2002, Mr. Harquail served with Old Franco Nevada for a period of 15 years, most recently as Senior Vice President responsible for the metals royalty division and corporate development. Mr. Harquail has also held roles as President and Chief Executive Officer of Redstone Resources Inc., as a director of Inco Limited, Echo Bay Mines Limited, Kinross Gold Corporation and the Prospectors and Developers Association of Canada and as a task force advisor to the Toronto Stock Exchange. Mr. Harquail holds a Bachelor's degree in geological engineering from the University of Toronto, a Master's degree in Business Administration from McGill University and is a registered Professional Engineer in Ontario.

David Peterson is Chairman and Senior Partner at the law firm Cassels Brock & Blackwell LLP and is currently a director of the Corporation. He served as the twentieth Premier of the Province of Ontario from 1985 to 1990. Mr. Peterson was the founding chairman of the Toronto Raptors of the National Basketball Association and was a member of Toronto's Olympics Bid Committee. Mr. Peterson currently serves as a director of a number of companies, including Rogers Communications Inc., Industrielle Alliance Insurance and Financial Services Inc. and Shoppers Drug Mart Corporation. Mr. Peterson is the Chancellor of the University of Toronto, a director of St. Michael's Hospital and governor of the Shaw Festival. Mr. Peterson holds a Bachelor's degree and LL.B. from the University of Toronto, was called to the Bar of Ontario in 1969, appointed Queen's Counsel in 1980 and summoned by Her Majesty to the Privy Council in 1992.

Louis Gignac is currently President of G. Mining Services Inc., a private consultancy, and is currently a director of the Corporation. Mr. Gignac previously served as President, Chief Executive Officer and Director of Cambior Inc. from its creation in 1986 until its acquisition by IAMGOLD Corporation in 2006. Mr. Gignac previously held management positions with Falconbridge Copper Company and Exxon Minerals Company. Mr. Gignac also served as a professor in mining engineering at Laval University from 1979 to 1981. Mr. Gignac currently serves a director of Gaz Métropolitain, Domtar Corp., St. Andrew Goldfields Ltd., Revett Minerals Inc. and Phsoptx (a private company), and is a member of the Ordre des ingénieurs du Québec (order of engineers) and the Canadian Institute of Mining, Metallurgy and Petroleum. Mr. Gignac holds a Doctorate in mining engineering from the University of Missouri Rolla, a Master's degree in mineral engineering from the University of Minnesota and a Bachelor's degree in mining engineering from Laval University.

<b>Nominees for Election as Directors</b>	<b>Number of Common Shares<sup>(1)</sup></b>	<b>Options<sup>(2)</sup></b>	<b>Deferred Share Units<sup>(3)</sup></b>
Graham Farquharson Toronto, Ontario, Canada Director Since: November 12, 2007 Age: 67 Independent Member of the Board Committee Membership: Compensation and Corporate Governance Committee Board Meetings Attended 2007: 100%	75,000	75,000	Nil
	Graham Farquharson has been the President of Strathcona Mineral Services Limited since 1974 and is currently a director of the Corporation. Mr. Farquharson previously served on the boards of Placer Dome Inc., Cambior Inc. and several other mining companies. In addition, Mr. Farquharson is the Chairman of the Canadian Mineral Industry Education Foundation and a director of the Physicians Services Incorporated Foundation. Mr. Farquharson holds a Bachelor of Science degree in mining engineering from the University of Alberta, a Master's degree in Business Administration from Queen's University and is a registered Professional Engineer in Ontario.		
Randall Oliphant Toronto, Ontario, Canada Director Since: November 12, 2007 Age: 48 Independent Member of the Board Committee Membership: Audit Committee (Chair) Board Meetings Attended 2007: 100%	75,000	75,000	Nil
	Randall Oliphant currently serves as Chairman and Chief Executive Officer of Rockcliff Group Limited, Chairman of Western Goldfields Inc. and President, Chief Executive Officer and a director of Silver Bear Resources Inc. and is currently a director of the Corporation. Mr. Oliphant is a member of the advisory board for Metalmark Capital LLC (formerly Morgan Stanley Capital Partners), is a director of WesternZagros Resources Ltd. and also serves on the boards and advisory boards of a number of companies and not-for-profit organizations. Mr. Oliphant has held positions with Barrick Gold Corporation since 1987 and served as Barrick's President and Chief Executive Officer from 1999 to 2003. Mr. Oliphant received his Bachelor of Commerce degree with honours in 1984 from the University of Toronto and his Chartered Accountant designation in 1986.		

#### **Notes**

- (1) The information as to the number of common shares of the Corporation and any of its subsidiaries beneficially owned, or over which control or direction is exercised, directly or indirectly, by each proposed director, including those which are not registered in the name of such director and not being within the knowledge of the Corporation, has been furnished by the respective director.
- (2) For additional information regarding options held by directors, please see "Statement of Executive Compensation – Compensation of Directors".
- (3) The Board adopted a deferred share unit plan on March 26 2008. As of the date hereof, no deferred share units have been credited or awarded to directors.

The Corporation does not have an Executive Committee.

Securities laws require the Corporation to disclose whether a proposed director has: (i) been a director or an executive officer of a company that has been subject to a cease trade or other order or become bankrupt; (ii) been bankrupt; (iii) been subject to any penalties or sanctions relating to securities legislation or has entered into a settlement agreement with a securities regulatory authority; and (iv) been subject to any other penalties or sanctions that would likely be considered important to a reasonable shareholder in deciding whether to vote for a proposed director. To the Corporation's knowledge (based on information furnished by the proposed directors), no disclosure is required in respect of the proposed directors, other than as follows:

On November 1, 1999, Staff of the Ontario Securities Commission issued a Notice of Hearing against YBM Magnex International Inc. ("YBM"), ten directors, officers and advisors of YBM and two Canadian securities dealers for contravening disclosure requirements under the *Securities Act* (Ontario). The allegations advanced by Staff against the directors of YBM, including Mr. Peterson, were to the effect that the directors of YBM authorized the filing of a preliminary prospectus dated May 30, 1997 and a final prospectus dated November 17, 1997 of YBM that failed to contain full, true and plain disclosure of all material facts relating to the securities offered in contravention of the *Securities Act* (Ontario). On June 27, 2003 Staff issued an order permanently cease trading the securities of YBM.

## Appointment of Auditors

The auditors of the Corporation are PricewaterhouseCoopers LLP, who were first appointed as auditors of the Corporation on November 29, 2007. Unless the shareholder has specified in the enclosed form of proxy that the common shares represented by such proxy are to be withheld from voting in the appointment of auditors, the persons named in the enclosed form of proxy intend to vote FOR the appointment of PricewaterhouseCoopers LLP, as auditors of the Corporation to hold office until the next annual meeting of shareholders, and to authorize the directors to fix the remuneration of the auditors.

### *Fees*

The Corporation was incorporated on October 17, 2007 and completed its first financial period on December 31, 2007. For the period ended December 31, 2007, PricewaterhouseCoopers LLP earned fees from the Corporation as detailed below:

	<b>December 31, 2007</b>
Audit Fees	\$200,000
Audit-Related Fees	Nil
Tax Fees	Nil
Other Fees	\$25,000
Total Fees	\$225,000

The “Other Fees” noted above were paid to PricewaterhouseCoopers LLP for IT consulting services.

### *Policies and Procedures Regarding Services Provided by External Auditors*

The Board, upon the recommendation of the Audit Committee, has adopted policies and procedures regarding services provided by external auditors (collectively, the “**Auditor Independence Policy**”). Under the Auditor Independence Policy, specific proposals for audit services and permitted non-audit services must be pre-approved by the Audit Committee. The Audit Committee may delegate to any one or more of its members pre-approval authority (other than pre-approval of the annual audit service engagement). Any approvals granted under this delegated authority must be presented to the Audit Committee at its next meeting. The Auditor Independence Policy also provides that the Audit Committee may pre-approve services (other than the annual audit service engagement) without the requirement for a specific proposal where the scope and parameters of such services and their attendant fees are clearly defined. The Audit Committee must be informed in writing at its next scheduled meeting of any engagement of the external auditor to provide services in such circumstances. The Auditor Independence Policy deems *de minimus* non-audit services to have been pre-approved by the Audit Committee in limited circumstances and subject to certain conditions being met.

The Auditor Independence Policy prohibits the external auditors from providing any of the following types of non-audit services: (a) bookkeeping or other services related to the accounting records or financial statements; (b) financial information systems design and implementation; (c) appraisal or valuation services, fairness opinion, or contribution-in-kind reports; (d) actuarial services; (e) internal audit outsourcing services; (f) management functions or human resources services; (g) corporate finance or other services; (h) broker-dealer, investment advisor or investment banking services; (i) legal services; and (j) any other service that under applicable law and generally accepted auditing standards cannot be provided by an external auditor.

The Auditor Independence Policy provides that the external auditor should not be precluded from providing tax or advisory services that do not fall within any the categories described above, unless the provision of those services would reasonably be expected to compromise the independence of the external auditor.

## Approval of Amendments to the Stock Option Plan

The Corporation has a stock option plan (the “**Stock Option Plan**”) that was adopted prior to its initial public offering (see “Statement of Executive Compensation – Incentive Plans – Stock Option Plan”). In light of the proposed establishment of a restricted share unit plan (see “Approval of Restricted Share Unit Plan”), the Corporation is proposing to amend the Stock Option Plan to reflect that:

- (a) the number of common shares that may be issued under the Stock Option Plan, together with the number of common shares that may be issued under the Corporation’s restricted share unit plan, is limited in total to 5% of the number of issued and outstanding common shares from time to time, rather than the current maximum of 5% in the Stock Option Plan applying solely to the Stock Option Plan; and
- (b) in order to be consistent with the overall 5% maximum noted in (a) above, the existing limitations in the Stock Option Plan on issuances of common shares in specified circumstances will be reduced from 10% to 5%, such that: the total number of common shares issuable to any one person under the Stock Option Plan and any other share compensation arrangements cannot exceed 5% of the common shares then outstanding; the number of common shares reserved for issuance under the Stock Option Plan together with any other share compensation arrangements cannot exceed 5% of the common shares then outstanding; the number of common shares issuable to insiders under the Stock Option Plan and any other share compensation arrangements cannot exceed 5% of the common shares then outstanding; and the number of common shares issued to insiders under the Stock Option Plan and any other share compensation arrangements within any one-year period cannot exceed 5% of the common shares then outstanding.

Other proposed amendments to the Stock Option Plan are as follows:

- (c) The Stock Option Plan currently provides that notwithstanding any other provision of the Stock Option Plan, all options (whether or not currently exercisable) will become exercisable immediately upon a change of control. It is proposed that this provision of the Stock Option Plan also be amended to provide that options will become exercisable at such time as determined by the Compensation and Corporate Governance Committee such that the participants under the Stock Option Plan will be able to participate in the change of control transaction, including by surrendering such options to the Corporation or a third party or exchanging such options, for consideration in the form of cash and/or securities.
- (d) The required form of option confirmation, option agreement and notice of election are currently attached to the Stock Option Plan. It is proposed that these forms be removed from the Stock Option Plan and that the Compensation and Corporate Governance Committee be provided with the power and authority to determine the forms of such documents from time to time.
- (e) It is proposed that the amendment provisions in the Stock Option Plan be amended to clarify that, in accordance with the rules of the Toronto Stock Exchange, shareholder approval will be required in circumstances where an amendment to the Stock Option Plan or any option would:
  - (i) increase the fixed maximum percentage of Common Shares issuable under the Stock Option Plan, other than by virtue of the adjustment provisions in the Stock Option Plan;
  - (ii) increase the limits noted in (b) above;
  - (iii) amend the amendment provisions in the Stock Option Plan;
  - (iv) reduce the exercise price of any option held by an insider; or
  - (v) extend the term of any option held by an insider beyond the original term (except if such period is being extended by virtue of the black out extension provisions in the Stock Option Plan).

The ordinary resolution (the “**Stock Option Plan Amendment Resolution**”), substantially in the form below, must be passed by at least a majority of the votes cast at the Meeting.

### BE IT RESOLVED THAT:

1. the amendments to the stock option plan of the Corporation as described in the management information circular dated April 8, 2008 is hereby approved, subject to the Corporation obtaining all required approvals from the Toronto Stock Exchange and any other regulatory authorities; and

2. any director or officer of the Corporation is hereby authorized and directed to do all acts and things and to execute and deliver all documents required, as in the opinion of such director or officer may be necessary or appropriate in order to give effect to this resolution.

The Board has unanimously approved the amendments to the Stock Option Plan and recommends to shareholders of the Corporation that they vote FOR the amendments to the Stock Option Plan. Unless the shareholder has specified in the enclosed form of proxy that the common shares represented by such proxy are to be voted against the Stock Option Plan Amendment Resolution, the persons named in the enclosed form of proxy intend to vote FOR the Stock Option Plan Amendment Resolution.

### **Approval of Restricted Share Unit Plan**

The Corporation is proposing to establish a restricted share unit plan (the “**RSU Plan**”), the purpose of which is to advance the interests of the Corporation and its shareholders by: (a) ensuring that the interests of directors, officers and employees are aligned with the success of the Corporation; (b) encouraging stock ownership by such persons; and (c) providing compensation opportunities to attract, retain and motivate such persons. The RSU Plan is intended to complement the Corporation’s Stock Option Plan and it is expected that, among other things, the RSU Plan will form a component of the Corporation’s long-term incentives. See “Statement of Executive Compensation – Long-Term Incentives”. The RSU Plan will provide participants under the RSU Plan with the opportunity, through restricted share units (“**RSUs**”), to acquire an ownership interest in the Corporation. RSUs are units that rise and fall in value based on the value of the Corporation’s common shares. Unlike options, RSUs do not require the payment of any monetary consideration to the Corporation. Instead, each RSU represents a right to receive one common share following the attainment of vesting criteria determined at the time of the award.

Each director, officer and employee of the Corporation and its subsidiaries, if any, will be eligible to participate in the RSU Plan. The RSU Plan will be administered by the Compensation and Corporate Governance Committee of the Board, which will determine, from time to time, the eligibility of persons to participate in the RSU Plan, when RSUs will be awarded, the number of RSUs to be awarded, the vesting criteria for each award of RSUs and all other terms and conditions of each award, in each case in accordance with applicable securities laws and stock exchange requirements. RSUs awarded to participants under the RSU Plan are credited to an account that is established on their behalf and maintained in accordance with the RSU Plan. Each RSU awarded conditionally entitles the participant to the issuance of one common share upon achievement of the vesting criteria. It is currently anticipated that RSUs awarded under the RSU Plan will be redeemed for common shares issued from treasury on the vesting dates established by the Compensation and Corporate Governance Committee at the time of the award. However, the Corporation will retain the flexibility through the amendment provisions in the RSU Plan to satisfy its obligation to issue common shares by purchasing common shares on the open market or by making a lump sum cash payment of equivalent value.

A maximum of 5% of the number of issued and outstanding common shares from time to time will be available for issuance upon the vesting of RSUs awarded under the RSU Plan; provided, however, that number of common shares that may be issued under the RSU Plan, together with the number of common shares that may be issued under the Corporation’s Stock Option Plan, is limited in total to 5% of the number of issued and outstanding common shares from time to time. As a result, the 5% maximum applies to the RSU Plan and Stock Option Plan, collectively, and no additional dilution from the RSU Plan should occur. Common shares in respect of which RSUs have been awarded but that do not vest prior to forfeiture and cancellation shall be available for subsequent RSUs.

Certain restrictions on awards of RSUs apply as follows: (a) the total number of common shares issuable to any one person under the RSU Plan and any other share compensation arrangements cannot exceed 5% of the common shares then outstanding; (b) the number of common shares reserved for issuance under the RSU Plan together with any other share compensation arrangements cannot exceed 5% of the common shares then outstanding; (c) the number of common shares issuable to insiders under the RSU Plan and any other share compensation arrangements cannot exceed 5% of the common shares then outstanding; (d) the number of common shares issued to insiders under the RSU Plan and any other share compensation arrangements within any one-year period cannot exceed 5% of the common shares then outstanding; and (e) the number of common shares issued to any one person within any one-year period cannot exceed 5% of the common shares then outstanding.

Unless the Compensation and Corporate Governance Committee determines otherwise, RSUs will be subject to a vesting schedule whereby they will become vested in equal instalments over three years with one-third vesting on the first anniversary of the award and one-third vesting on each of the subsequent anniversaries of the award. The Compensation and Corporate Governance Committee is considering alternatives for vesting criteria related to the Corporation's performance and has the flexibility under the RSU Plan to apply such vesting criteria to particular awards of RSUs. The RSU Plan provides that any unvested RSUs will vest at such time as determined by the Compensation and Corporate Governance Committee such that the participants under the RSU Plan will be able to participate in a change of control transaction, including by surrendering such RSUs to the Corporation or a third party or exchanging such RSUs, for consideration in the form of cash and/or securities. Under the RSU Plan, should the vesting date of an RSU fall within a blackout period or within nine business days following the expiration of a blackout period, the vesting date will be automatically extended to the tenth business day after the end of the blackout period.

A person participating the RSU Plan will cease to be eligible to participate in the RSU Plan in the following circumstances: (a) receipt of any notice of termination of employment or service (whether voluntary or involuntary and whether with or without cause); (b) retirement; and (c) any cessation of employment or service for any reason whatsoever, including disability and death. In such circumstances, unless otherwise determined by the Compensation and Corporate Governance Committee in its discretion, any unvested RSUs will be automatically forfeited and cancelled. If a person is terminated for just cause, all unvested RSUs must be forfeited and cancelled. RSUs awarded under the RSU Plan are non-transferable other than in accordance with the RSU Plan.

The Board may amend the RSU Plan or any RSU at any time without the consent of any participants under the RSU Plan provided that such amendment shall: (a) not adversely alter or impair any RSU previously awarded except as permitted by the adjustment provisions of the RSU Plan; (b) be subject to any regulatory approvals including, where required, the approval of the Toronto Stock Exchange; and (c) be subject to shareholder approval, where required, by law or the requirements of the Toronto Stock Exchange, provided that shareholder approval shall not be required for the following amendments and the Board may make any changes which may include but are not limited to: (i) amendments of a "housekeeping nature"; (ii) a change to the vesting provisions of any RSU; (iii) the introduction of features to the RSU Plan that would permit the Corporation to, instead of issuing common shares from treasury upon the vesting of the RSUs, retain a broker and make payments for the benefit of participants under the RSU Plan to such broker who would purchase Common Shares through the facilities of the Toronto Stock Exchange for such persons; and (iv) the introduction of features to the RSU Plan that would permit the Corporation to, instead of issuing common shares from treasury upon the vesting of the RSUs, make lump sum cash payments to participants under the RSU Plan. Notwithstanding the foregoing, in accordance with the rules of the Toronto Stock Exchange, shareholder approval will be required in circumstances where an amendment to the RSU Plan would: (a) increase the fixed maximum percentage of Common Shares issuable under the RSU Plan, other than by virtue of the adjustment provisions in the RSU Plan; (b) increase the 5% limits discussed above; or (c) amend the amendment provisions in the RSU Plan.

The ordinary resolution (the "**RSU Plan Resolution**"), substantially in the form below, must be passed by at least a majority of the votes cast at the Meeting.

**BE IT RESOLVED THAT:**

1. the restricted share unit plan of the Corporation as described in the management information circular dated April 8, 2008 is hereby approved, subject to the Corporation obtaining all required approvals from the Toronto Stock Exchange and any other regulatory authorities; and
2. any director or officer of the Corporation is hereby authorized and directed to do all acts and things and to execute and deliver all documents required, as in the opinion of such director or officer may be necessary or appropriate in order to give effect to this resolution.

The Board has unanimously approved the RSU Plan and recommends to shareholders of the Corporation that they vote FOR the RSU Plan. Unless the shareholder has specified in the enclosed form of proxy that the common shares represented by such proxy are to be voted against the RSU Plan Resolution, the persons named in the enclosed form of proxy intend to vote FOR the RSU Plan Resolution.

## STATEMENT OF EXECUTIVE COMPENSATION

The Corporation was incorporated on October 17, 2007 and completed its first financial year on December 31, 2007. The following table (presented in accordance with Form 51-102F6 – *Statement of Executive Compensation* (“**Form 51-102F6**”) under National Instrument 51-102 – *Continuous Disclosure Obligations*) sets forth all annual, long term and other compensation for services in all capacities to the Corporation and its subsidiaries for the financial year ended December 31, 2007 in respect of the Chief Executive Officer, the Chief Financial Officer and the other three most highly compensated executive officers of the Corporation whose total salary and bonus would have exceeded \$150,000 on an annualized basis (the “**Named Executive Officers**”).

### Summary Compensation Table

Named Executive Officer Name and Principal Position	Year	Annual Compensation			Long-Term Compensation			All Other Compensation (\$) <sup>(3)</sup>
		Salary (\$)	Bonus (\$)	Other Annual Compensation (\$)	Awards	Payouts		
David Harquail President and Chief Executive Officer	2007	-	-	-	Securities Under Options/SARs Granted (#) 500,000	Shares or Units Subject to Resale Restrictions (\$) -	LTIP Payouts (\$) -	-
Paul Brink Chief Financial Officer and Senior Vice President, Business Development <sup>(1)</sup>	2007	5,914	-	-	225,000	-	-	-
Geoff Waterman Chief Operating Officer	2007	5,914	-	-	350,000	-	-	-
Steven Aaker Chief of U.S. Operations <sup>(2)</sup>	2007	8,516	-	-	125,000	-	-	-
Sharon Dowdall Chief Legal Officer and Corporate Secretary	2007	7,984	-	-	225,000	-	-	-

### Notes

- (1) On January 3, 2008, the Corporation announced that Alex Morrison will be joining the Corporation as Chief Financial Officer and that Mr. Brink will continue as Senior Vice President, Business Development.
- (2) Disclosed and paid in U.S. dollars.
- (3) Each of the Named Executive Officers subscribed for common shares of the Corporation prior to the Corporation’s initial public offering (“IPO”) and without knowledge of the IPO price per share. See “Interests of Management and Others in Material Transactions – Pre-IPO Common Shares”. The Named Executive Officers subscribed for common shares between November 13, 2007 and December 20, 2007, along with other contributions for a collective value equivalent to \$7.41 per share. The number of common shares subscribed for were as follows: Mr. Harquail - 1,224,000; Mr. Brink - 175,000; Mr. Waterman - 100,000; Mr. Aaker - 275,000; and Ms. Dowdall - 226,000. The closing price of the common shares on the closing of the IPO on December 20, 2007 was \$14.15 per share.

## **Incentive Plans**

### ***Annual Cash Bonuses***

For fiscal 2008 and onwards, the Named Executive Officers are eligible for targeted annual cash bonuses at either a set dollar value or a percentage of base salary. See “Statement of Executive Compensation – Employment Contracts”. The payment of such a bonus is to be based on satisfaction of performance criteria to be set by the Compensation and Corporate Governance Committee for each fiscal year. The Compensation and Corporate Governance Committee expects that such bonuses will be awarded up to the targeted amounts or percentages for fiscal 2008 and onwards on the basis of the achievement of a mix of certain pre-determined objectives intended to be aligned with the interests of shareholders. For more information on the Annual Cash Bonuses, please see “Report on Executive Compensation – Annual Cash Bonuses”.

### ***Long-Term Incentives***

During the financial year ended December 31, 2007, initial options were granted to the Named Executive Officers. See the table titled “Option/SAR Grants during the Most Recently Completed Financial Year”. For new executive officers and otherwise for fiscal 2009 and onwards, the Compensation and Corporate Governance Committee expects that executive officers will be eligible for long-term term incentives in the form of options and RSUs, assuming the RSU Plan is approved by shareholders at the Meeting. For more information on Long-Term Incentives, please see “Report on Executive Compensation – Long-Term Incentives”.

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

The Corporation has established the Stock Option Plan, the purpose of which is to advance the interests of the Corporation and its shareholders by: (a) ensuring that the interests of directors, officers and employees are aligned with the success of the Corporation; (b) encouraging stock ownership by such persons; and (c) providing compensation opportunities to attract, retain and motivate such persons. The Stock Option Plan provides optionees with the opportunity, through the exercise of options, to acquire an ownership interest in the Corporation.

Each director, officer and employee of the Corporation and its subsidiaries, if any, and those individuals’ controlled corporations and family trusts, and each consultant of the Corporation, is eligible to participate in the Stock Option Plan. The Stock Option Plan is administered by the Compensation and Corporate Governance Committee of the Board, which determines, from time to time, the eligibility of persons to participate in the Stock Option Plan, when options will be granted, the number of common shares subject to each option, the exercise price of each option, the expiration date of each option and the vesting period for each option, in each case in accordance with applicable securities laws and stock exchange requirements.

A maximum of 5% of the number of issued and outstanding common shares from time to time will be available for issuance upon the exercise of options awarded under the Stock Option Plan. If the amendments to the Stock Option Plan are approved by shareholders at the Meeting, the number of common shares that may be issued under the Stock Option Plan, together with the number of common shares that may be issued under the Corporation’s RSU Plan, will be limited in total to 5% of the number of issued and outstanding common shares from time to time, rather than the current maximum of 5% in the Stock Option Plan applying solely to the Stock Option Plan. See “Business of the Meeting – Approval of Amendments to the Stock Option Plan”. Under the Stock Option Plan, common shares in respect of which options have been granted but that are not exercised prior to expiry will be available for subsequent options.

As of the date hereof, a total of 5,015,000 common shares are reserved for issuance under the Stock Option Plan (5% of the issued and outstanding common shares). To date, a total of 2,775,000 options have been granted to the directors, officers and employees. None of such options have vested or been cancelled. As a result, as of the date hereof, a total of 2,775,000 common shares are reserved for issuance pursuant to options outstanding (being approximately 2.8% of the issued and outstanding common shares and approximately 55% of the total common shares reserved for issuance under the Stock Option Plan) and 2,240,000 common shares remain available for issuance upon the exercise of options which may be granted under the Stock Option Plan (being approximately 2.2% of the issued and outstanding common shares and approximately 45% of the total common shares reserved for issuance under the Stock Option Plan).

Under the existing Stock Option Plan, prior to the proposed amendments, certain restrictions on grants of options apply as follows: (a) the total number of common shares issuable to any one person under the Stock Option Plan and any other share compensation arrangements cannot exceed 10% of the common shares then outstanding; (b) the number of common shares reserved for issuance under the Stock Option Plan together with any other share compensation arrangements cannot exceed 10% of the common shares then outstanding; (c) the number of common shares issuable to insiders under the Stock Option Plan and any other share compensation arrangements cannot exceed 10% of the common shares then outstanding; (d) the number of common shares issued to insiders under the Stock Option Plan and any other share compensation arrangements within any one-year period cannot exceed 10% of the common shares then outstanding; and (e) the number of common shares issued to any one person within any one-year period cannot exceed 5% of the common shares then outstanding. If the amendments to the Stock Option Plan are approved by shareholders at the Meeting, the references above to 10% will be reduced to 5% to be consistent with the overall 5% maximum. See “Business of the Meeting – Approval of Amendments to the Stock Option Plan”.

The price at which options are granted may be no lower than the weighted average trading price of the common shares on the exchange where they are listed for the five trading days prior to the date of the grant. The Stock Option Plan does not permit the issuance of share appreciation rights (“SARs”).

Unless the Compensation and Corporate Governance Committee determines otherwise, options are subject to a vesting schedule whereby options will become vested in equal instalments over three years with one-third vesting on the first anniversary of the grant and one-third vesting on each of the subsequent anniversaries of the grant. The Stock Option Plan provides that all options (whether or not currently exercisable) will become exercisable immediately upon a change of control. If the amendments to the Stock Option Plan are approved by shareholders at the Meeting, options will become exercisable at such time as determined by the Compensation and Corporate Governance Committee such that the participants under the Stock Option Plan will be able to participate in the change of control transaction, including by surrendering such options to the Corporation or a third party or exchanging such options, for consideration in the form of cash and/or securities. See “Business of the Meeting – Approval of Amendments to the Stock Option Plan”.

The term of each option is determined by the Compensation and Corporate Governance Committee, provided that no option may be exercisable after ten years from the date on which it is granted. Should the term of an option expire within a blackout period or within nine business days following the expiration of a blackout period, such expiration date will be automatically extended to the tenth business day after the end of the blackout period.

A person participating the Stock Option Plan will cease to be eligible to participate in the Stock Option Plan in the following circumstances: (a) receipt of any notice of termination of employment or service (whether voluntary or involuntary and whether with or without cause); (b) retirement; and (c) any cessation of employment or service for any reason whatsoever, including disability and death. In such circumstances, unless otherwise determined by the Compensation and Corporate Governance Committee in its discretion, any unvested options will be automatically cancelled. Options that are vested at the time of an event of termination may be exercised before the earlier of the expiration date of the option and six months after the date of the event of termination. However, if a person is terminated for just cause, all options, whether or not then exercisable, will be immediately cancelled. Options granted under the Stock Option Plan are non-transferable other than in accordance with the Stock Option Plan.

The Board may amend the Stock Option Plan or any option at any time without the consent of any participants under the Stock Option Plan provided that such amendment shall: (a) not adversely alter or impair any option previously granted except as permitted by the adjustment provisions of the Stock Option Plan; (b) be subject to any regulatory approvals including, where required, the approval of the Toronto Stock Exchange; and (c) be subject to shareholder approval, where required, by law or the requirements of the Toronto Stock Exchange, provided that shareholder approval shall not be required for the following amendments and the Board may make any changes which may include but are not limited to: (i) amendments of a “housekeeping nature”; (ii) a change to the vesting provisions of any option; (iii) a change to the termination provisions of any option that does not entail an extension beyond the original expiration date (as such date may be extended by virtue of the blackout period extension provisions); and (iv) the introduction of a cashless exercise feature payable in cash or securities, which provides for a full deduction of the number of underlying securities from the Stock Option Plan’s reserve. If the amendments to the Stock Option Plan are approved by shareholders at the Meeting, these amendment provisions will be amended to clarify that, in accordance with the rules of the Toronto Stock Exchange, shareholder approval will be required in circumstances where an amendment to the Stock Option Plan or any option would: (a) increase the fixed maximum percentage of

Common Shares issuable under the Stock Option Plan, other than by virtue of the adjustment provisions in the Stock Option Plan; (b) increase the 5% limits discussed above; (c) amend the amendment provisions in the Stock Option Plan; (d) reduce the exercise price of any option held by an insider; or (e) extend the term of any option held by an insider beyond the original term (except if such period is being extended by virtue of the black out extension provisions in the Stock Option Plan). See “Business of the Meeting – Approval of Amendments to the Stock Option Plan”.

The following table (presented in accordance with Form 51-102F6) sets forth the individual grants of options made during the most recently completed financial year to each of the Named Executive Officers.

**Option/SAR Grants during the Most Recently Completed Financial Year**

Named Executive Officer Name	Securities, Under Options/SARs Granted (#)	% of Total Options/SARs Granted to Employees in Financial Year	Exercise or Base Price (\$/Security)	Market Value of Securities Underlying Options/SARs on Date of Grant (\$/Security) <sup>(1)</sup>	Expiration Date
David Harquail	500,000	38.2%	\$15.20	Not applicable	Dec. 19, 2017
Paul Brink	225,000	17.2%	\$15.20	Not applicable	Dec. 19, 2017
Geoff Waterman	350,000	26.7%	\$15.20	Not applicable	Dec. 19, 2017
Steven Aaker	125,000	9.5%	\$15.20	Not applicable	Dec. 19, 2017
Sharon Dowdall	225,000	17.2%	\$15.20	Not applicable	Dec. 19, 2017

**Notes**

- (1) On the date of grant, there was no public market for the Corporation’s common shares and, as such, the market value could not be determined.

The following table (presented in accordance with Form 51-102F6) sets forth details of the exercise of options (or SARs awarded with options) and freestanding SARs during the most recently completed financial year by each Named Executive Officer and the financial year-end value of unexercised options and SARs, on an aggregated basis.

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

Named Executive Officer Name	Securities, Acquired on Exercise (#)	Aggregate Value Realized (\$)	Unexercised Options/SARs at Financial Year-End (#) Exercisable/ Unexercisable	Value of Unexercised In-the-Money Options/SARs at Financial Year-End <sup>(1)</sup> (\$) Exercisable/ Unexercisable
David Harquail	Nil	Nil	0/500,000	Nil/Nil
Paul Brink	Nil	Nil	0/225,000	Nil/Nil
Geoff Waterman	Nil	Nil	0/350,000	Nil/Nil
Steven Aaker	Nil	Nil	0/125,000	Nil/Nil
Sharon Dowdall	Nil	Nil	0/225,000	Nil/Nil

**Notes**

- (1) The value of unexercised options was calculated using the closing price of the common shares on the TSX on December 31, 2007, which was \$15.15 per share, less the exercise price of the options.

### ***Restricted Share Unit Plan***

The Board has approved the RSU Plan and is recommending that shareholders of the Corporation approve the RSU Plan at the Meeting. See “Business of the Meeting – Approval of Restricted Share Unit Plan” for the proposed terms of the RSU Plan.

### **Employment Contracts**

#### ***David Harquail***

The Corporation has entered into an employment agreement with Mr. David Harquail, the terms of which are substantially as follows. Mr. Harquail, as President and Chief Executive Officer, will be paid a base salary of \$375,000 per year. The Corporation has agreed to reimburse Mr. Harquail for all reasonable expenses incurred in connection with his relocation to the Corporation’s head office in Toronto. Mr. Harquail will also be eligible for a target annual bonus of 100% of his salary. In addition, Mr. Harquail will participate in the Stock Option Plan, and, has received an initial grant of 500,000 options. If Mr. Harquail is terminated without just cause or resigns for good reason as defined in the employment agreement, he will be entitled to a lump sum payment equal to his base salary for the lesser of 36 months or the number of months to his 65th birthday, plus continuance of participation in the Corporation’s benefits plans for that period. If any such termination occurs within 12 months following a “change of control” of the Corporation, as defined in the employment agreement, such lump sum payable shall be equal to three times his base salary. Mr. Harquail is required to hold an amount of the Corporation’s common shares equivalent in value to three times his base salary.

#### ***Paul Brink***

The Corporation has entered into an employment agreement with Mr. Paul Brink, the terms of which are substantially as follows. Mr. Brink, as Chief Financial Officer and Senior Vice President, Business Development, will be paid a base salary of \$200,000 per year. Mr. Brink will also be eligible for a target annual bonus of \$250,000. In addition, Mr. Brink will participate in the Stock Option Plan, and, has received an initial grant of 225,000 options. If Mr. Brink is terminated without just cause or resigns for good reason as defined in the employment agreement, he will be entitled to a lump sum payment equal to his base salary for the lesser of 24 months or the number of months to his 65th birthday, plus continuance of participation in the Corporation’s benefits plans for that period. If any such termination occurs within 12 months following a “change of control” of the Corporation, as defined in the employment agreement, such lump sum payable shall be equal to two times his base salary. Mr. Brink is required to hold an amount of the Corporation’s common shares equivalent in value to two times his base salary. On January 3, 2008, the Corporation announced that Alex Morrison will be joining the Corporation as Chief Financial Officer and that Mr. Brink will continue as Senior Vice President, Business Development.

#### ***Geoff Waterman***

The Corporation has entered into an employment agreement with Mr. H. Geoff Waterman, the terms of which are substantially as follows. Mr. Waterman, as Chief Operating Officer, will be paid a base salary of \$200,000 per year. Mr. Waterman will also be eligible for a target annual bonus of \$250,000. In addition, Mr. Waterman will participate in the Stock Option Plan, and, has received an initial grant of 350,000 options. If Mr. Waterman is terminated without just cause or resigns for good reason as defined in the employment agreement, he will be entitled to a lump sum payment equal to his base salary for the lesser of 24 months or the number of months to his 65th birthday, plus continuance of participation in the Corporation’s benefits plans for that period. If any such termination occurs within 12 months following a “change of control” of the Corporation, as defined in the employment agreement, such lump sum payable shall be equal to two times his base salary. Mr. Waterman is required to hold an amount of the Corporation’s common shares equivalent in value to two times his base salary.

#### ***Steven Aaker***

The Corporation has entered into an employment agreement with Mr. Steven K. Aaker, the terms of which are substantially as follows. Mr. Aaker, as Chief of U.S. Operations, will be paid a base salary of US\$250,000 per year. Mr. Aaker will also be eligible for a target annual bonus of 100% of his salary. In addition, Mr. Aaker will participate in the Stock Option Plan, and, has received an initial grant of 125,000 options. If Mr. Aaker is terminated without just cause or resigns for good reason as defined in the employment agreement, he will be entitled to a lump

sum payment equal to his base salary for the lesser of 24 months or the number of months to his 65th birthday, plus continuance of participation in the Corporation's benefits plans for that period. If any such termination occurs within 12 months following a "change of control" of the Corporation, as defined in the employment agreement, such lump sum payable shall be equal to two times his base salary. Mr. Aaker is required to hold an amount of the Corporation's common shares equivalent in value to two times his base salary.

### ***Sharon Dowdall***

The Corporation has entered into an employment agreement with Ms. Sharon Dowdall, the terms of which are substantially as follows. Ms. Dowdall, as Chief Legal Officer, will be paid a base salary of \$270,000 per year. Ms. Dowdall will also be eligible for a target annual bonus of \$250,000. In addition, Ms. Dowdall will participate in the Stock Option Plan, and, has received an initial grant of 225,000 options. If Ms. Dowdall is terminated without just cause or resigns for good reason as defined in the employment agreement, she will be entitled to a lump sum payment equal to her base salary for the lesser of 24 months or the number of months to her 65th birthday, plus continuance of participation in the Corporation's benefits plans for that period. If any such termination occurs within 12 months following a "change of control" of the Corporation, as defined in the employment agreement, such lump sum payable shall be equal to two times her base salary. Ms. Dowdall is required to hold an amount of the Corporation's common shares equivalent in value to two times her base salary.

### **Executives' Equity Investment Requirements**

With a view to aligning the interests of executive officers with those of shareholders, each executive officer of the Corporation is required to hold a minimum equity investment in the Corporation equivalent in value to a multiple of the executive officer's then current base salary, depending on the executive officer's level of responsibility. If the RSU Plan is approved by shareholders at the Meeting, RSUs will count towards satisfying the minimum equity investment requirements. The following table summarizes the equity investment in the Corporation of each Named Executive Officer as at March 31, 2008. In future years, RSUs and net changes in equity ownership from the prior year will be included in this table.

<b>Name</b>	<b>Ownership Requirement</b>	<b>Common Share Ownership at March 31, 2008</b>	<b>Value of Equity Investment at March 31, 2008<sup>(1)</sup></b>	<b>Additional Required Investment</b>
David Harquail	3 times / \$1,125,000	1,224,000	\$24,786,000	Nil
Paul Brink	2 times / \$400,000	175,000	\$3,543,750	Nil
Geoff Waterman	2 times / \$400,000	100,000	\$2,025,000	Nil
Steven Aaker	2 times / U.S.\$500,000	275,000	\$5,568,750	Nil
Sharon Dowdall	2 times / \$540,000	226,000	\$4,576,500	Nil

### **Notes**

- (1) The closing price of the common shares on the TSX on March 31, 2008 was \$20.25 per share.

### **Composition of the Compensation and Corporate Governance Committee**

During the financial year ended December 31, 2007, the members of the Compensation and Corporate Governance Committee were Pierre Lassonde, David Peterson and Graham Farquharson.

## **Report on Executive Compensation**

### ***Introduction***

The Corporation was incorporated on October 17, 2007 and its initial public offering (“**IPO**”) closed on December 20, 2007. David Harquail and Steve Aaker both purchased common shares in and joined the Corporation on November 13, 2007 and seven other employees, including Paul Brink, Geoff Waterman and Sharon Dowdall, joined the Corporation on December 20, 2007. The compensation arrangements for the nine initial employees, collectively known as the “**IPO Team**” were developed through negotiations between Mr. Harquail, on behalf of the IPO Team, and Newmont over a period of many months. This Report on Executive Compensation outlines the process that was undertaken by Newmont with respect to arriving at executive compensation packages for the IPO Team for fiscal 2007 and 2008. This Report on Executive Compensation also outlines some of the Corporation’s plans for compensation going forward.

### ***IPO Process***

Both the IPO Team and Newmont separately conducted research of compensation precedents from Canadian initial public offerings, spin-outs, management buy-outs and trust conversions. Newmont’s research and evaluations were made in consultation with Mercer Human Resource Consulting. Mr. Harquail led the process of tabling compensation proposals based on discussions with the IPO Team, followed by consultation with Pierre Lassonde, who it was proposed would join the Corporation as the independent, non-executive Chair of the Board. Mr. Harquail then tabled the compensation proposals with Newmont and Mr. Lassonde separately consulted with Newmont on such proposals. Some of the factors relevant to the IPO Team and Newmont in their negotiations included:

- the current compensation being received by the IPO Team members at Newmont;
- the fact that several IPO Team members were being solicited by trade sale buyers to join their bid for the assets which the Corporation ultimately acquired from Newmont and that they had other employment options;
- that there was a strong desire for equal treatment among the “founders” of the Corporation, but at the same time, there was varying capacity of IPO Team members to subscribe for pre-IPO common shares and, in some cases, there were stronger preferences for options;
- that there were tax structuring constraints which limited the number of pre-IPO common shares that could be issued to U.S. residents; and
- Newmont’s desire to maximize the overall IPO consideration.

Negotiations between the IPO Team and Newmont extended from August of 2007 until the final decision to launch the IPO was made. The pre-IPO employment contracts (the disclosure of which for the Named Executive Officers is outlined in “Statement of Executive Compensation – Employment Contracts” above) and the purchases of pre-IPO common shares by the IPO Team members (see “Interests of Management in Material Transactions – Pre-IPO Common Shares”) were subject to review and agreement by Newmont. Once it was assembled in November of 2007, the Board became involved in reviewing the IPO Team’s compensation packages and eventually approved the pre-IPO employment contracts and the purchases of pre-IPO common shares by the IPO Team members.

### ***Compensation Philosophy***

The Corporation’s compensation philosophy is that compensation should be sufficiently competitive to attract and retain talented employees, but that compensation should ultimately focus on the interests of employees at all levels of the Corporation being aligned with the interests of the Corporation’s shareholders. The Corporation is of the view that individual employee compensation should be linked to the performance of both the Corporation and each individual employee. It is the Corporation’s expectation that, as the Corporation grows, individuals with similar levels of responsibility will be similarly compensated.

It is the Corporation's plan to provide compensation packages comprised of base salaries, annual cash bonuses and long-term incentives in the form of both options and RSUs, assuming the RSU Plan is approved by shareholders at the Meeting. Base salaries and annual cash bonuses are expected to be at the lower end of the scale compared to industry peers with a greater relative emphasis placed on options and RSUs. The Corporation believes that equity incentive components will serve to further align the interests of its executive officers with the interests of the Corporation's shareholders. The Corporation does not intend to provide for an executive pension plan.

### ***Compensation and Corporate Governance Committee Mandate***

The Compensation and Corporate Governance Committee ("CCGC") was established by the Board to assist the Board in fulfilling its responsibilities relating to compensation matters, including the evaluation and approval of the Corporation's compensation plans, policies and programs. It is the CCGC's responsibility to ensure that the Corporation develops and maintains a compensation program for its executive officers that will be fair and competitive, consistent with the best interests of the Corporation.

The CCGC is responsible for reviewing the position description and performance goals and objectives relevant to the compensation of the Chief Executive Officer (the "CEO") and evaluating the CEO's performance in light of those goals and objectives. The CCGC recommends to the Board the CEO's compensation based on such evaluation. The CCGC is also responsible for making recommendations to the Board with respect to the compensation of all non-CEO executive officers, including incentive compensation plans, equity-based plans, the terms of any employment agreement, severance and change in control arrangements and any special or supplemental benefits.

Based on the compensation packages negotiated through the IPO process, compensation for certain executive officers for fiscal 2007 and 2008 has been pre-determined. The CCGC will further consider the Corporation's compensation programs for all executive officers for fiscal 2009. To date, the CCGC has not engaged a compensation consultant or advisor. However, the CCGC has the authority to retain and receive advice from advisors as it determines to be necessary to permit it to carry out its duties.

### ***Base Salaries***

The base salaries of the Named Executive Officers for fiscal 2007 and 2008 were set out in their pre-IPO employment contracts. See "Statement of Executive Compensation – Employment Contracts". For the financial year ended December 31, 2007, those salaries were as follows: Paul Brink, Chief Financial Officer and Senior Vice President, Business Development, \$5,914; Geoff Waterman, Chief Operating Officer, \$5,914; Steven Aaker, Chief of U.S. Operations, US\$8,516; and Sharon Dowdall, Chief Legal Officer and Corporate Secretary, \$7,984. For new executive officers and otherwise for fiscal 2009 and onwards, the CCGC expects that it will consider the following factors in setting base salaries:

- the level of responsibility related to each executive officer's position;
- the base salaries paid to equivalent executive officers at comparable companies;
- the experience of the executive officer; and
- the executive officer's overall performance.

### ***Annual Cash Bonuses***

For the financial year ended December 31, 2007, no cash bonuses were paid to the Named Executive Officers. The targeted annual cash bonuses of the Named Executive Officers were set out in their pre-IPO employment contracts and were established at either a set dollar value or a percentage of base salary. The payment of such a bonus is to be based on satisfaction of performance criteria to be set by the CCGC for each fiscal year. See "Statement of Executive Compensation – Employment Contracts". The CCGC expects that new executive officers will be eligible for annual cash bonuses of a certain percentage of base salary, which will vary according to level of responsibility within the Corporation. The CCGC expects that annual cash bonuses will be awarded up to targeted amounts or percentages for fiscal 2008 and onwards on the basis of the achievement of a mix of certain pre-determined objectives intended to be aligned with the interests of shareholders, including objectives relating to:

- the Corporation's share price performance;
- the Corporation's net asset value performance; and

- the individual executive officer's individual performance relative to the Corporation's overall objectives.

The exact measures, the weights to be assigned to each measure and whether certain measures may be waived or adjusted in unusual circumstances are in the process of being determined by the CCGC.

### ***Long-Term Incentives***

As part of the IPO process, the Corporation established the Stock Option Plan and initial options were granted to the Named Executive Officers as set in out their pre-IPO employment contracts. As a result, during the financial year ended December 31, 2007, options were granted as follows: Paul Brink, Chief Financial Officer and Senior Vice President, Business Development, 225,000; Geoff Waterman, Chief Operating Officer, 350,000; Steven Aaker, Chief of U.S. Operations, 125,000; and Sharon Dowdall, Chief Legal Officer and Corporate Secretary, 225,000.

For new executive officers and otherwise for fiscal 2009 and onwards, the CCGC expects that executive officers will be eligible for long-term term incentives in the form of options and RSUs, assuming the RSU Plan is approved by shareholders at the Meeting. It is expected that generally options will be granted to new executive officers and RSUs will be awarded to existing executive officers, in both cases, with a view to providing them with long-term incentives, that are aligned with the Corporation's share price performance, consistent with past grants and awards.

### ***Executives' Equity Investment Requirements***

With a view to aligning the interests of executive officers with those of shareholders, the pre-IPO employment contracts required the Named Executive Officers (other than the CEO) to hold at all times a minimum equity investment in the Corporation equivalent in value to two times the executive officer's then current base salary. Under his pre-IPO employment contract, the CEO is required to hold at all times a minimum equity investment in the Corporation equivalent in value to three times his then current base salary. Going forward, as a policy of the Corporation, all executive officers will be required to hold a minimum equity investment in the Corporation equivalent in value to a multiple of the executive officer's then current base salary. The multiple will depend on the executive officer's level of responsibility. For further information, please see "Statement of Executive Compensation - Executives' Equity Investment Requirements".

### ***Chief Executive Officer Compensation***

No base salary was paid to David Harquail, the CEO during the financial year ended December 31, 2007. The CEO's base salary for fiscal 2008 is set out in his pre-IPO employment contract and will be \$375,000. For fiscal 2009 and onwards, the CCGC expects that it will consider the same factors in setting the CEO's base salary as it will in setting the other executive officers' base salaries. See "Base Salaries" above.

For the financial year ended December 31, 2007, no annual cash bonus was paid to the CEO. The CEO's targeted annual cash bonus is set in out in his pre-IPO employment contract and will be 100% of his base salary. The payment of such a bonus is to be based on satisfaction of performance criteria to be set by the CCGC for each fiscal year. The CCGC expects that an annual cash bonus will be awarded to the CEO up to the targeted percentage for fiscal 2008 and onwards on the basis of achievement of the same mix of pre-determined objectives as those that will apply to the other executive officers. See "Annual Cash Bonuses" above.

Initial options were granted to the CEO as set in out in his pre-IPO employment contract. As a result, during the financial year ended December 31, 2007, 500,000 options were granted to the CEO. Going forward, the CCGC expects that the CEO will be eligible for long-term term incentives on the same basis as the other executive officers. See "Long-Term Incentives" above.

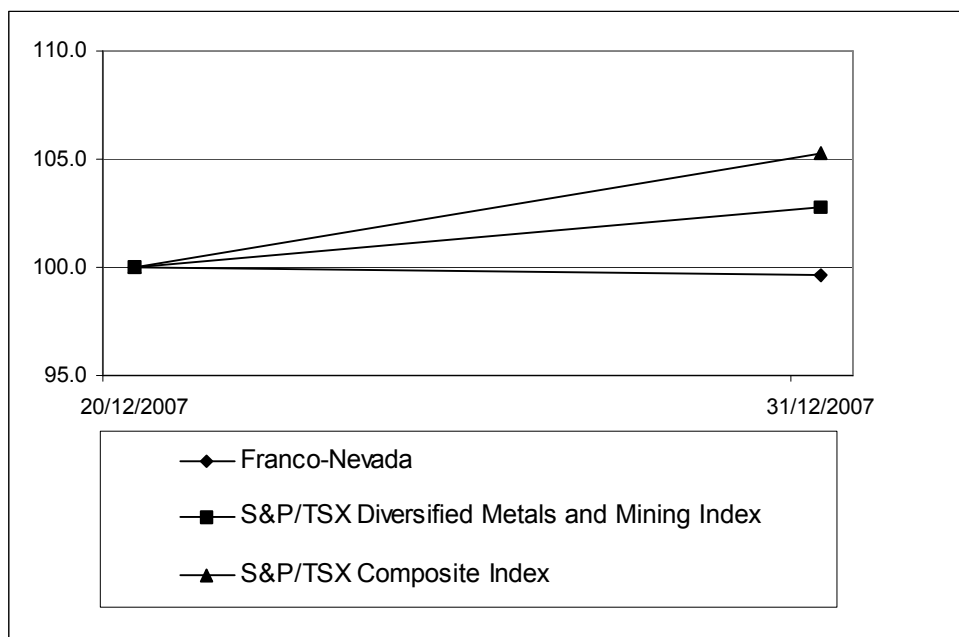
The foregoing report has been submitted by:

Pierre Lassonde (Chair)  
David Peterson  
Graham Farquharson

## Performance Graph

The common shares of the Corporation commenced trading on the Toronto Stock Exchange on December 20, 2007. The chart below compares the percentage change in the Corporation's total shareholder return on a \$100 investment in common shares to the total return of the S&P/TSX Composite Index for the period commencing December 20, 2007 and ending December 31, 2007.

### Comparison of Cumulative Total Shareholder Return on a \$100 Investment in Common Shares of the Corporation and the S&P/TSX Composite Index



## Compensation of Directors

### *Board Fees*

Initial compensation for non-executive directors of the Corporation will be \$30,000 per director per year (the “**Annual Retainer**”) and directors will not receive additional compensation for attending Board or committee meetings. In addition, the Chair of the Board will receive additional compensation of \$10,000 per year and the chair of each of the Audit Committee and the Compensation and Corporate Governance Committee will receive additional compensation of \$10,000 per year (“**Chair Fees**”). The foregoing fees are collectively referred to as “**Board Fees**”. Directors will also be reimbursed for out-of-pocket expenses for attending Board and committee meetings and in respect of other activities relating to Board service. No director compensation will be paid to directors who are members of management of the Corporation. For the financial year ended December 31, 2007, no fees were payable to the directors for Board Fees.

### *Options*

In addition, directors of the Corporation are eligible to participate in the Stock Option Plan. During the financial year ended December 31, 2007, options to acquire a total of 475,000 common shares were granted to non-management directors of the Corporation as follows:

					Vested and Unvested at December 31, 2007 <sup>(1)</sup>	
Name	Date of Grant	Expiry Date	Exercise Price (\$)	Options Granted (#)	(#)	(\$)
Pierre Lassonde	Dec. 20, 2007	Dec. 19, 2017	\$15.20	175,000	Nil/ 175,000	Nil/ Nil
David Peterson	Dec. 20, 2007	Dec. 19, 2017	\$15.20	75,000	Nil/ 75,000	Nil/ Nil
Louis Gignac	Dec. 20, 2007	Dec. 19, 2017	\$15.20	75,000	Nil/ 75,000	Nil/ Nil
Graham Farquharson	Dec. 20, 2007	Dec. 19, 2017	\$15.20	75,000	Nil/ 75,000	Nil/ Nil
Randall Oliphant	Dec. 20, 2007	Dec. 19, 2017	\$15.20	75,000	Nil/ 75,000	Nil/ Nil

### Notes

- (1) The value of unexercised options was calculated using the closing price of the common shares on the TSX on December 31, 2007, which was \$15.15 per share, less the exercise price of the options.

### *Deferred Share Unit Plan*

Effective March 26, 2008, the Board adopted a deferred share unit plan (the “**DSU Plan**”), which is intended to permit directors who are not salaried officers or employees of the Corporation or a related corporation (referred to as “**Eligible Directors**”) to defer receipt of all or a portion of their Board Fees until termination of Board service. The DSU Plan also provides the Board with the flexibility to award deferred share units (“**DSUs**”) to Eligible Directors as another form of compensation. Only Eligible Directors will be permitted to participate in the DSU Plan. The DSU Plan will be administered by the Compensation and Corporate Governance Committee.

With respect to conversion of Board Fees into DSUs, under the DSU Plan each Eligible Director may elect to be paid a minimum of 20% up to a maximum of 100%, in 10% increments, of his Board Fees in the form of DSUs in lieu of being paid such fees in cash. On the date on which Board Fees are payable (on a quarterly basis), the number of DSUs to be credited to a participating Eligible Director (a “**Participant**”) will be determined by dividing an amount equal to the designated percentage of the Board Fees that the Participant has elected to have credited in DSUs on that fee payment date, by the calculated market value of a common share (typically on the Toronto Stock Exchange) on that fee payment date. Eligible Directors will be entitled to make their first election under the DSU Plan in respect of the period from June 1, 2008 through May 31, 2009.

With respect to the award of DSUs, under the DSU Plan the Compensation and Corporate Governance Committee will determine when DSUs will be awarded, the number of DSUs to be awarded, the vesting criteria for each award of DSUs, if any, and all other terms and conditions of each award. Unless the Compensation and Corporate Governance Committee determines otherwise, DSUs awarded under the Plan will be subject to a vesting schedule whereby they will become vested in equal instalments over three years with one-third vesting on the first anniversary of the award and one-third vesting on each of the subsequent anniversaries of the award. The Compensation and Corporate Governance Committee may consider alternatives for vesting criteria related to the Corporation’s performance and has the flexibility under the DSU Plan to apply such vesting criteria to particular awards of DSUs. The DSU Plan also provides that: (i) where a participant’s termination of Board service is as a result of death, all unvested DSUs will vest effective on the date of death; and (ii) in a change of control context, all unvested DSUs will vest immediately prior to the change of control.

If dividends are declared by the Corporation, a Participant will also be credited with dividend equivalents in the form of additional DSUs based on the number of vested DSUs the Participant holds on the record date for the payment of a dividend.

A Participant will be permitted to redeem his vested DSUs only following termination of Board service by way of retirement, non-re-election as a director, resignation or death. Upon redemption of DSUs, the Corporation will pay to the Participant a lump sum cash payment equal to the number of DSUs to be redeemed multiplied by a calculation of the market value of a common share (typically on the Toronto Stock Exchange) on the redemption date, net of any applicable deductions and withholdings. The DSU Plan will not entitle any Participant to acquire common shares of the Corporation. To date, no DSUs are outstanding.

### ***Directors' Equity Investment Requirements***

With a view to aligning the interests of directors with those of shareholders, each director that is not a salaried officer or employee of the Corporation will be required to hold a minimum equity investment in the Corporation equivalent in value to three times the Annual Retainer, which may be invested over a three-year period, in the form of common shares of the Corporation and/or DSUs held pursuant to the DSU Plan. For the purpose of determining the value of the equity investment of a director at any time, the value of common shares and DSUs under the DSU Plan held by such director will be based on the higher of: (i) the acquisition cost of such common shares and DSUs; and (ii) the current market value of the common shares held and of the DSUs under the DSU Plan. Based on the current Annual Retainer, the minimum equity investment will be \$90,000. The following table summarizes equity investment in the Corporation by individual directors as at March 31, 2008. In future years, net changes in equity ownership from the prior year will be included in this table.

Name	Equity Ownership as at March 31, 2008		Value of Equity Investment at March 31, 2008 <sup>(1)</sup>	Multiple of Annual Retainer	Additional Required Investment
	Common Shares	DSUS			
Pierre Lassonde	3,700,000	Nil	\$74,925,000	2,497.5	Nil
David Harquail	1,224,000	Nil	\$24,786,000	826.2	Nil
David Peterson	75,000	Nil	\$1,518,750	50.6	Nil
Louis Gignac	75,000	Nil	\$1,518,750	50.6	Nil
Graham Farquharson	75,000	Nil	\$1,518,750	50.6	Nil
Randall Oliphant	75,000	Nil	\$1,518,750	50.6	Nil

#### **Notes**

- (1) The closing price of the common shares on the TSX on March 31, 2008 was \$20.25 per share.

#### ***Other***

Each of the non-executive directors subscribed for common shares of the Corporation prior to the Corporation's initial public offering ("IPO") and without knowledge of the IPO price per share. See "Interests of Management and Others in Material Transactions – Pre-IPO Common Shares". The non-executive directors each subscribed for common shares on December 18, 2007 at the price of \$8.00 per share. The number of common shares subscribed for were as follows: Mr. Lassonde – 700,000; Mr. Peterson - 75,000; Mr. Gignac – 75,000; Mr. Farquharson - 75,000; and Mr. Oliphant – 75,000. The price of the common shares on the closing of the IPO on December 20, 2007 was \$14.15 per share.

## OTHER INFORMATION

### Securities Authorized for Issuance Under Equity Compensation Plans

The following table (presented in accordance with Form 51-102F5) sets forth all compensation plans under which equity securities of the Corporation are authorized for issuance as of the end of the most recently completed financial year.

#### Equity Compensation Plan Information

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted-average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by shareholders	Not applicable	Not applicable	Not applicable
Equity compensation plans not approved by shareholders – Stock Option Plan	1,805,000	\$15.20	2,635,000
Total	1,805,000	\$15.20	2,635,000

### Indebtedness of Directors and Officers

During the most recently completed financial year and as at the date hereof, no director, proposed nominee for election as a director, officer, employee or associate of any such persons has been or is indebted to the Corporation.

### Interest of Management and Others in Material Transactions

Except as otherwise disclosed in this Circular, management of the Corporation is not aware of a material interest, direct or indirect, of any director or officer of the Corporation, any director or officer of a body corporate that is itself an insider or subsidiary of the Corporation, any proposed nominee for election as a director of the Corporation, any principal shareholder, or any associate or affiliate of any such person, in any transaction since the 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.

#### *Pre-IPO Common Shares*

In order to initially capitalize the Corporation and to ensure that the interests of the directors and members of management would be aligned with the public holders of common shares, prior to the Corporation's initial public offering ("IPO") and without knowledge of the IPO price per share, the directors and members of management subscribed for an aggregate of 3,000,000 common shares for a collective value equivalent of between \$7.41 and \$8.00, which price represented an average price of \$7.60 (the "**Management and Board Placement**"). The directors subscribed for common shares at the price of \$8.00 per share, while the members of management subscribed for common shares along with other contributions for a collective value equivalent to \$7.41 per share, as they had each foregone certain severance rights from Newmont upon leaving it to join the Corporation. These common shares are not transferable for a period of three years following completion of the IPO, except with the approval of the Compensation and Corporate Governance Committee upon the occurrence of certain events, including the death or disability of the holder or for tax and estate planning purposes. The directors and members of management funded the purchase of these common shares personally or through loans from a financial institution.

### *Lassonde Shares*

Prior to the closing of the IPO, the Corporation and Pierre Lassonde entered into an agreement (the “**Exchange Agreement**”) whereby the Corporation agreed to issue to Mr. Lassonde 3,000,000 common shares (the “**Lassonde Shares**”) in exchange for 896,210 exchangeable shares (the “**NMCCL Exchangeable Shares**”) of Newmont Mining Corporation of Canada Limited, a subsidiary of Newmont, held by Mr. Lassonde. The NMCCL Exchangeable Shares were originally issued in connection with the acquisition of Old Franco Nevada by Newmont in February 2002 and one NMCCL Exchangeable Share represents the economic and voting equivalent to, and is exchangeable into, one share of the common stock of Newmont which currently trades on the New York Stock Exchange (“**NYSE**”).

The Lassonde Shares were issued in addition to the 75,000,000 common shares issued, in the aggregate, pursuant to the IPO and the Management and Board Placement. The Lassonde Shares increased the total ownership of the Board and management of the Corporation to 6,000,000 common shares in total, representing approximately 7.7% of the total 78,000,000 common shares outstanding of the Corporation immediately following the closing of the IPO, the exchange of the NMCCL Exchange Shares, and the exercise of the over-allotment option in connection with the IPO.

Following the exchange, the Corporation is holding the NMCCL Exchangeable Shares as an investment and the NMCCL Exchangeable Shares are freely tradeable on the TSX. The Corporation acquired these shares at a deemed tax cost equal to the paid up capital for Canadian tax purposes of the NMCCL Exchangeable Shares and, generally, any sale of the NMCCL Exchangeable Shares for proceeds that exceed this deemed tax cost will be taxable to the Corporation. The closing price of the NMCCL Exchangeable Shares on the TSX on November 29, 2007 was \$51.38.

### **Directors’ and Officers’ Liability Insurance**

The Corporation maintains directors’ and officers’ liability insurance for the officers and directors of the Corporation which provides coverage in the amount of \$30,000,000 in each policy year. The deductible amount on the policy is \$100,000 and the total annual premium for the policy is \$239,250.

## STATEMENT OF CORPORATE GOVERNANCE PRACTICES

### Board of Directors

#### *Composition of the Board*

The Board is currently comprised of six directors. The Board has considered the independence of each of its directors. Consistent with National Instrument 58-101 – *Disclosure of Corporate Governance Practices* (“**NI 58-101**”), to be considered independent, the Board must conclude that a director has no material relationship with the Corporation. A “material relationship” is a relationship which could, in the view of the Board, reasonably interfere with the exercise of a director’s independent judgment and includes an indirect material relationship.

The Board has concluded that five directors (Messrs. Lassonde, Peterson, Gignac, Farquharson and Oliphant) are “independent” for purposes of Board membership, as provided in NI 58-101, and therefore a majority of the directors are “independent”. By virtue of his position as President and Chief Executive Officer, Mr. Harquail is not considered “independent”.

#### *Other Directorships*

Certain directors of the Corporation are also presently directors of other issuers that are reporting issuers (or the equivalent) in Canada or elsewhere. Information as to such other directorships is set out below. No director of the Corporation sits on a board of directors that any other director of the Corporation sits on (i.e. there are no interlocking board memberships).

<b>Director</b>	<b>Other Public Company Directorships</b>
Pierre Lassonde	Enghouse Systems Limited
David Harquail	Not applicable
David Peterson	Industrielle-Alliance Insurance and Financial Services Inc. Rogers Communications Inc. Shoppers Drug Mart Corporation
Louis Gignac	Domtar (Canada) Paper Inc. Domtar Inc. Gaz Métro Limited Partnership Revett Minerals Inc. St. Andrew Goldfields Ltd.
Graham Farquharson	Not applicable
Randall Oliphant	Silver Bear Resources Inc. Western Goldfields Inc. WesternZagros Resources Ltd.

#### *Independent Director Meetings*

During its initial start-up phase, the Board did not hold any in camera sessions at which non-independent directors and members of management were not present. Going forward, at every meeting of the Board, the independent directors will hold an in camera session at which non-independent directors and members of management will not be present.

### ***Chair of the Board***

Mr. Lassonde, the Chair of the Board, is an independent director. The Chair of the Board's role is to provide leadership to the directors in discharging their mandate, including by: (i) leading, managing and organizing the Board, consistent with the approach to corporate governance adopted by the Board from time to time; (ii) promoting cohesiveness among the directors; and (iii) being satisfied that the responsibilities of the Board and its committees are well understood by the directors. The responsibilities of the Chair of the Board include:

- providing advice, counsel and mentorship to the CEO;
- promoting the provision of information to the directors on a timely basis;
- with respect to meetings of the Board, scheduling meetings, setting the agendas for the meetings, presiding over the meetings, co-ordinating with the chairs of the committees of the Board to schedule committee meetings, ensuring that all business required to come before the Board is brought properly, monitoring the adequacy of Board materials, ensuring sufficient time for review of materials, and encouraging free and open discussion at meetings of the Board; and
- presiding over shareholders' meetings.

### ***Attendance at Meetings***

During the financial year ended December 31, 2007, during its initial start-up phase, the Board held two meetings. No committee meetings were held. All directors attended the two Board meetings held during the financial year ended December 31, 2007 (i.e. there was 100% attendance).

### ***Board Mandate***

A copy of the Board's written mandate is attached as Schedule "A" to this Circular.

### **Board Committees**

#### ***Audit Committee***

The Corporation has an audit committee (the "**Audit Committee**") that consists of Randall Oliphant, Pierre Lassonde and Louis Gignac, with Mr. Oliphant serving as chair. All members of the Audit Committee are "independent" and "financially literate" directors (as defined in Multilateral Instrument 52-110 – Audit Committees). The Audit Committee has been established to assist the Board in fulfilling its oversight responsibilities with respect to the following principal areas:

- the Corporation's external audit function including the qualifications, independence, appointment, compensation and oversight of the work of the external auditors;
- the Corporation's accounting and financial reporting requirements;
- the Corporation's reporting of financial information to the public;
- the Corporation's compliance with legal and regulatory requirements;
- the Corporation's risks and risk management policies;
- the Corporation's system of internal controls and management information systems; and
- such other functions as are delegated to it by the Board.

Specifically, with respect to the Corporation's external audit function, the Audit Committee assists the Board in fulfilling its oversight responsibilities relating to the quality and integrity of the Corporation's financial statements, the independent auditors' qualifications and the performance of the Corporation's independent auditors.

A copy of the Corporation's Audit Committee Charter is set out in the Corporation's Annual Information Form which is available on SEDAR at [www.sedar.com](http://www.sedar.com).

### ***Compensation and Corporate Governance Committee***

The Corporation has a compensation and corporate governance committee (the "**Compensation and Corporate Governance Committee**") that consists of Pierre Lassonde, David Peterson and Graham Farquharson, with Mr. Lassonde serving as chair. All members of the Compensation and Corporate Governance Committee are "independent" directors (as defined in National Instrument 58-101 – *Disclosure of Corporate Governance Practices*). Among other things, the Compensation and Corporate Governance Committee:

- reviews and makes recommendations to the Board concerning the appointment of officers of the Corporation;
- annually reviews the Chief Executive Officer's goals and objectives for the upcoming year, provides an appraisal of the Chief Executive Officer's performance and reviews his compensation;
- makes recommendations concerning the remuneration of directors; and
- administers and makes recommendations regarding the operation of the Stock Option Plan and any other employee incentive plans.

The Compensation and Corporate Governance Committee is also responsible for:

- developing the Corporation's approach to governance issues;
- filling vacancies among the directors (see "Nomination of Directors");
- periodically reviewing the effectiveness of the directors and the contribution of individual directors (see "Board Assessment"); and
- adopting and periodically reviewing and updating the Corporation's written code of business conduct and ethics and its written disclosure policy (see "Ethical Business Conduct").

### **Position Descriptions**

The Board has developed and approved written position descriptions for the Chair of the Board, the Chair of the Audit Committee, the Chair of the Compensation and Corporate Governance Committee and for the Chief Executive Officer.

### **Orientation and Continuing Education**

The Corporation will provide an orientation program for new directors in order that they can become familiar with role of the Board, its committees and its directors and with the nature and operation of the Corporation's business. To date, all Board members have been provided with a copy of the written mandate and charters for the Board and each of its committees, respectively, and a copy of the Board's approved policies relating to, among other things, the business conduct and ethics of directors, officers and employees, auditor independence, employee complaint procedures for accounting and auditing matters and confidentiality, fair disclosure and trading in securities. Board members have also been provided with a copy of each committee's planning schedules / work plans, as applicable. New Board members will be provided with these materials and will be expected to meet with the Chair of the Board and members of management as part of their orientation.

With respect to continuing education, the Corporation will ensure that its directors maintain the skill and knowledge necessary to meet their obligations as directors by having management provide relevant presentations at each annual

strategy meeting and at each quarterly meeting, as appropriate, by bringing consultants in to address the Board on various issues, and by arranging for other meetings with management from time to time. In addition, Board members may attend external director education conferences at the Corporation's expense.

## **Ethical Business Conduct**

### ***Code of Business Conduct and Ethics***

The Board has adopted a written Code of Business Conduct and Ethics (the "**Code**") for the Corporation's directors, officers and employees. A copy of the Code is available on SEDAR at [www.sedar.com](http://www.sedar.com). The Code addresses the following matters: compliance with laws, rules and regulations; conflicts of interest; confidentiality; corporate opportunities; protection and proper use of corporate assets; competition and fair dealing; gifts and entertainment; payments to government personnel; discrimination and harassment; health and safety; accuracy of company records and reporting; use of e-mail and internet services; and reporting of any illegal or unethical behaviour.

With respect to the issue of conflicts of interest in particular, various officers, directors or other insiders of the Corporation may hold senior positions with entities involved in the resource industry or otherwise be involved in transactions within the resource industry and may develop other interests outside the Corporation. In the event that any such conflict of interest arises, a director who has such a conflict will be required to disclose the conflict to a meeting of the directors of the Corporation and abstain from voting for or against the approval of such participation or such terms. In appropriate cases, the Corporation will establish a special committee of independent directors to review a matter in which several directors, or management, may have a conflict. Any decision made by any of such directors involving the Corporation will be required to be made in accordance with their duties and obligations to deal fairly and in good faith with a view to the best interests of the Corporation and its shareholders.

The Compensation and Corporate Governance Committee will monitor the Code and be responsible for granting any waivers from the application of the Code and will review management's monitoring of compliance with the Code. To date, no such waivers have been granted.

Under the Code, the Corporation's personnel are expected to talk to supervisors, managers or other appropriate personnel about observed illegal or unethical behaviour and when in doubt about the best course of action in a particular situation. All of the Corporation's personnel are required to cooperate in internal investigations of misconduct.

### ***Whistleblower Policy***

The Board has adopted employee complaint procedures for accounting and auditing matters (collectively, the "**Whistleblower Policy**") for the Corporation's directors, officers and employees to enable such personnel to submit good faith complaints relating to any questionable accounting or auditing matter. The Whistleblower Policy outlines how an employee with a good faith concern about any accounting or auditing matter can report those concerns directly to the Chief Legal Officer, and on an anonymous basis, directly to the Chair of the Audit Committee.

### ***Corporate Disclosure Policy***

The Board has adopted a policy concerning confidentiality, fair disclosure and trading in securities (the "**Corporate Disclosure Policy**") for the Corporation's directors, officers and employees to ensure that such personnel comply with securities legislation and the rules of applicable stock exchanges relating to insider trading, tipping and selective disclosure. With respect to confidentiality and disclosure, the Corporate Disclosure Policy generally outlines principles of confidentiality and guidelines for maintaining confidentiality, disclosure principles and guidelines for disclosure, what constitutes material information, what is non-public information and how forward-looking information should be disclosed. With respect to trading in securities, the Corporate Disclosure Policy generally outlines prohibitions on trading, the Corporation's policies on trading windows and black-out periods, required approval for trades by insiders and sanctions if improper trading were to occur. The Corporate Disclosure Policy requires the Corporation's personnel to report any violations of such policy immediately to the CEO or the Chief Legal Officer. More specifically, the Corporate Disclosure Policy also, among other things:

- identifies spokespersons of the Corporation, who will be the only persons authorized to communicate with third parties such as analysts, media and investors;

- requires advance review by senior executives of the Corporation of any selective disclosure of financial information to ensure the information is not material, to prevent the selective disclosure of material information and to ensure that, if selective disclosure does occur, a news release is issued immediately; and
- establishes “black-out” periods immediately prior to and following the disclosure of quarterly and annual financial results and immediately prior to the disclosure of certain material changes, during which periods the Corporation, its affiliates and their respective directors, officers, employees and consultants may not purchase or sell common shares.

### **Nomination of Directors**

The Compensation and Corporate Governance Committee serves as the Board’s nominating committee. The Compensation and Corporate Governance Committee is composed entirely of independent directors. The responsibilities, powers and operation of the Compensation and Corporate Governance Committee generally are summarized above under “Compensation and Corporate Governance Committee”. With respect to nomination of directors, the Compensation and Corporate Governance Committee is responsible for:

- developing and recommending to the Board criteria for selecting new directors;
- assisting the Board by identifying individual qualified to become members of the Board; and
- recommending to the Board the director nominees for the next annual meeting of shareholders and for each committee of the Board.

The process by which the Board will identify new candidates for Board nomination will involve:

- annually reviewing the competencies, skills and personal qualities required of directors to add value to the Corporation;
- annually reviewing the competencies and skills that the Board considers each director to possess and that each new nominee should bring to the Board; and
- seeking individuals qualified to become members of the Board, in the context of the Corporation’s needs and the criteria established by the Board.

The Compensation and Corporate Governance Committee has the authority to retain a search firm to be used to identify director candidates.

### **Compensation**

The Compensation and Corporate Governance Committee serves as the Board’s compensation committee. The Compensation and Corporate Governance Committee is composed entirely of independent directors. The responsibilities, powers and operation of the Compensation and Corporate Governance Committee generally are summarized above under “Compensation and Corporate Governance Committee”. With respect to compensation of directors, the Compensation and Corporate Governance Committee is responsible for:

- assisting the Board in its annual review of the Board’s performance and oversight of the evaluation of management’s performance;
- reviewing and making recommendations to the Board with respect to the compensation of directors and the executive officers (including the CEO) of the Corporation; and
- approving and evaluating the compensation plans, policies and programs of the Corporation.

For information regarding the process by which the Board determines the compensation for the Corporation’s officers, please see “Statement of Executive Compensation – Report on Executive Compensation”. For information

regarding the process by which the Board determines the compensation for the Corporation's directors, please see "Statement of Executive Compensation – Compensation of Directors".

During the financial year ended December 31, 2007, no compensation consultant or advisor was retained to assist in determining compensation for any of the Corporation's directors and officers.

### **Board Assessment**

The Corporation was incorporated on October 17, 2007. The Board plans to assess itself, its committees and individual directors with respect to their effectiveness and contribution on an annual basis. It is expected that such assessment process will involve a director questionnaire and interviews with each director to consider overall Board assessment, individual committee assessments, Board Chair assessment, individual committee chair assessments and individual director self and peer assessments. Members of the Compensation and Corporate Governance Committee will be responsible for collecting questionnaires and assessing them, and conducting interviews. However, such Committee may also retain external advisors to assist with the assessment process.

### **SHAREHOLDER PROPOSALS FOR NEXT MEETING**

The *Canada Business Corporations Act*, which governs the Corporation, provides that shareholder proposals must be received by January 8, 2009 to be considered for inclusion in the management information circular and the form of proxy for the 2009 annual meeting of shareholders, which is expected to be held on or about May 12, 2009.

### **ADDITIONAL INFORMATION**

Additional information relating to the Corporation is available on SEDAR at [www.sedar.com](http://www.sedar.com). Financial information is provided in the Corporation's audited annual financial statements and management's discussion and analysis as at and for the year ended December 31, 2007.

In addition, copies of the Corporation's audited annual financial statements and management's discussion and analysis as at and for the year ended December 31, 2007 may be obtained upon request to the Corporate Secretary of the Corporation. The Corporation may require the payment of a reasonable charge if the request is made by a person who is not a shareholder of the Corporation.

### **DIRECTORS' APPROVAL**

The directors of the Corporation have approved the contents and the sending of this Circular.

**DATED** as of April 8, 2008.

**ON BEHALF OF THE BOARD OF DIRECTORS**

*"Sharon E. Dowdall"*

Chief Legal Officer and Corporate Secretary

## SCHEDULE “A”

### FRANCO-NEVADA CORPORATION

#### MANDATE OF THE BOARD OF DIRECTORS

##### 1. PURPOSE

The purpose of this mandate is to set out the mandate and responsibilities of the board of directors (the “**Board of Directors**” or “**Board**”) of Franco-Nevada Corporation (“**Franco-Nevada**”). The Board of Directors is committed to fulfilling its statutory mandate to supervise the management of the business and affairs of Franco-Nevada with the highest standards of ethical conduct and in the best interests of Franco-Nevada.

##### 2. COMPOSITION

The Board of Directors shall be composed of between six and 12 individuals, the majority of whom will be Canadian residents. The Board shall be constituted with a majority of individuals who qualify as “independent” directors as defined in National Instrument 58-101 – *Disclosure of Corporate Governance Practices*.

##### 3. RESPONSIBILITIES OF THE BOARD OF DIRECTORS

The Board of Directors is responsible for the stewardship of Franco-Nevada and in that regard shall be responsible for:

- (a) to the extent feasible, satisfying itself as to the integrity of the Chief Executive Officer and other executive officers and that the Chief Executive Officer and other executive officers create a culture of integrity throughout the organization;
- (b) enhancing the reputation, goodwill and image of Franco-Nevada;
- (c) adopting a strategic planning process and reviewing, on an annual basis, the strategic plan and business objectives of Franco-Nevada (taking into account, among other things, the opportunities and risks of Franco-Nevada’s business) that are presented by management;
- (d) the identification and review of the principal risks of Franco-Nevada’s business and ensuring, with the assistance of the audit committee of the Board (the “**Audit Committee**”), the implementation of appropriate risk management systems;
- (e) ensuring, with the assistance of the compensation and corporate governance committee of the Board (the “**Compensation and Corporate Governance Committee**”), the effective functioning of the Board of Directors and its committees in compliance with the corporate governance requirements of applicable laws, and that such compliance is reviewed periodically by the Compensation and Corporate Governance Committee;
- (f) assessing the performance of Franco-Nevada’s executive officers, monitoring succession plans and periodically monitoring the compensation levels of executive officers based on the determinations and recommendations made by the Compensation and Corporate Governance Committee;
- (g) ensuring internal control and management information systems are in place for Franco-Nevada, with the Audit Committee assessing the effectiveness of the internal control and management information systems through meetings held with the external auditors, as appropriate, and senior management and a review of reports prepared by senior management;
- (h) establishing the Audit Committee as a standing audit committee of the Board;

- (i) developing Franco-Nevada's approach to corporate governance by establishing the Compensation and Corporate Governance Committee as a standing committee of the Board, including developing a set of corporate governance principles and guidelines that are specifically applicable to Franco-Nevada;
- (j) ensuring that Franco-Nevada has in place a communication policy which enables Franco-Nevada to effectively communicate with shareholders, other stakeholders and the public generally, and is reviewed at such intervals as the Board deems appropriate; and
- (k) establishing measures for receiving feedback from stakeholders.

#### 4. **EXPECTATIONS OF DIRECTORS**

The Board of Directors has developed a number of specific expectations of directors to promote the discharge by the directors of their responsibilities and to promote the proper conduct of the Board.

- (a) ***Commitment and Attendance.*** All directors are expected to maintain a high attendance record at meetings of the Board and the committees of which they are members. Attendance by telephone or video conference may be used to facilitate a director's attendance.
- (b) ***Preparation for Meetings.*** All directors are expected to review the materials circulated in advance of meetings of the Board and its committees and should arrive prepared to discuss the issues presented. Directors are encouraged to contact the Chair of the Board, the Chief Executive Officer and any other appropriate executive officer(s) of Franco-Nevada to ask questions and discuss agenda items prior to meetings.
- (c) ***Participation in Meetings.*** Each director is expected to be sufficiently knowledgeable of the business of Franco-Nevada, including its financial statements, and the risks it faces, to ensure active and effective participation in the deliberations of the Board of Directors and of each committee on which he or she serves.
- (d) ***Loyalty and Ethics.*** In their roles as directors, all directors owe a duty of loyalty to Franco-Nevada. This duty of loyalty mandates that the best interests of Franco-Nevada take precedence over any other interest possessed by a director. Directors are expected to conduct themselves in accordance with Franco-Nevada's Code of Business Conduct and Ethics.
- (e) ***Other Directorships and Significant Activities.*** Franco-Nevada values the experience directors bring from other boards on which they serve and other activities in which they participate, but recognizes that those boards and activities also may present demands on a director's time and availability and may present conflicts or legal issues, including independence issues. No director should serve on the board of a competitor or of a regulatory body with oversight of Franco-Nevada. Each director should, when considering membership on another board or committee, make every effort to ensure that such membership will not impair the director's time and availability for his or her commitment to Franco-Nevada. Directors should advise the chair of the Compensation and Corporate Governance Committee and the Chief Executive Officer before accepting membership on other public company boards of directors or any audit committee or other significant committee assignment on any other board of directors, or establishing other significant relationships with businesses, institutions, governmental units or regulatory entities, particularly those that may result in significant time commitments or a change in the director's relationship to Franco-Nevada.
- (f) ***Contact with Management and Employees.*** All directors should be free to contact the Chief Executive Officer at any time to discuss any aspect of Franco-Nevada's business. Directors should use their judgement to ensure that any such contact is not disruptive to the operations of Franco-Nevada. The Board of Directors expects that there will be frequent opportunities for directors to meet with the Chief Executive Officer in meetings of the Board of Directors and committees, or in other formal or informal settings.

- (g) ***Speaking on Behalf of Franco-Nevada.*** It is important that Franco-Nevada speak to employees and outside constituencies with a single voice, and that management serve as the primary spokesperson. As a result, directors should ensure that they adhere to Franco-Nevada's disclosure policy.
- (h) ***Confidentiality.*** The proceedings and deliberations of the Board of Directors and its committees are confidential. Each director will maintain the confidentiality of information received in connection with his or her service as a director.

## **5. MEASURES FOR RECEIVING SHAREHOLDER FEEDBACK**

All publicly disseminated materials of Franco-Nevada shall provide for a mechanism for feedback from shareholders. Persons designated to receive such information shall be required to provide a summary of the feedback to the Board of Directors on a semi-annual basis or at such other interval as they see fit. Specific procedures for permitting shareholder feedback and communication with the Board will be prescribed by Franco-Nevada's disclosure policy approved by the Board.

## **6. MEETINGS**

The Board of Directors will meet not less than four times per year: three meetings to review quarterly results and one prior to the issuance of the annual financial results of Franco-Nevada.

## **7. INDEPENDENT ADVICE**

In discharging its mandate, the Board of Directors shall have the authority to retain and receive advice from, special legal, accounting or other advisors and outside consultants if appropriate.

## **8. EXPECTATIONS OF MANAGEMENT OF FRANCO-NEVADA**

Management shall be required to report to the Board of Directors at the request of the Board on the performance of Franco-Nevada, management's concerns and any other matter the Board or its Chair may deem appropriate. In addition, the Board expects management to promptly report to the Chair of the Board any significant developments, changes, transactions or proposals respecting Franco-Nevada.

## **9. ANNUAL EVALUATION**

At least annually, the Board of Directors through the Compensation and Corporate Governance Committee shall, in a manner it determines to be appropriate:

- (a) conduct a review and evaluation of the performance of the Board and its members, its committees and their members, including the compliance of the Board with this mandate and of the committees with their respective charters; and
- (b) review and assess the adequacy of this mandate on an annual basis.