

sxr URANIUM ONE INC.

NOTICE OF ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS

NOTICE IS HEREBY GIVEN that an annual and special meeting of shareholders (the “Meeting”) of sxr Uranium One Inc. (the “Corporation”) will be held in the Patty Watt Room at the Design Exchange, 234 Bay Street, Toronto, Ontario M5K 1B2 on Wednesday, June 7, 2006, at 4:00 p.m. (Toronto Time), for the following purposes:

1. To receive the audited consolidated financial statements of the Corporation for the fiscal year ended December 31, 2005, together with the report of the auditors thereon.
2. To elect directors of the Corporation for the ensuing year.
3. To appoint PricewaterhouseCoopers LLP, Chartered Accountants as auditors of the Corporation for the ensuing year, and to authorize the directors to fix their remuneration.
4. To consider and, if deemed appropriate, to pass, with or without variation, a resolution approving a new stock option plan of the Corporation, as more particularly described in the accompanying management information circular.
5. To consider and, if deemed appropriate, to pass, with or without variation, a resolution approving a restricted share plan of the Corporation, as more particularly described in the accompanying management information circular.
6. To transact such other business as may properly come before the Meeting or any adjournment thereof.

This notice is accompanied by a management information circular, a form of proxy, a request form and the audited consolidated financial statements of the Corporation for the year ended December 31, 2005.

Shareholders of the Corporation are invited to attend the Meeting. Shareholders of record as of the close of business on April 27, 2006 will be entitled to vote at the Meeting.

Shareholders who are unable to attend the Meeting in person are requested to complete, date, sign and deposit the enclosed form of proxy accompanying this notice of the Meeting. To be effective, forms of proxy must be received by Computershare Investor Services Inc., 100 University Avenue, 9th Floor, Toronto, Ontario, M5J 2Y1 at least 48 hours (excluding Saturdays, Sundays and holidays) before the time of the Meeting or any adjournment thereof.

Dated at Toronto, Ontario, this 6th day of May, 2006.

BY ORDER OF THE BOARD OF DIRECTORS

(signed) *Andrew B. Adams*
Andrew B. Adams
Chairman of the Board

sxr URANIUM ONE INC.

MANAGEMENT INFORMATION CIRCULAR

SOLICITATION OF PROXIES

Solicitation of Proxies

This management information circular (the “Information Circular”) is furnished in connection with the solicitation of proxies by the management of sxr Uranium One Inc. (the “Corporation”) for use at the annual and special meeting of shareholders (the “Meeting”) of the Corporation to be held at the time and place and for the purposes set forth in the notice of the Meeting accompanying this Information Circular (the “Notice”). References in this Information Circular to the Meeting include any adjournment or adjournments thereof. The solicitation of proxies will be primarily by mail but proxies may also be solicited personally or by telephone, facsimile or electronically by the directors, officers and regular employees of the Corporation or by agents appointed by the Corporation. The cost of the solicitation will be borne by the Corporation.

The board of directors of the Corporation (the “Board”) has fixed the close of business on April 27, 2006 as the record date, being the date for the determination of registered holders of securities entitled to receive notice of the Meeting. Duly completed and executed proxies must be received by the Corporation’s transfer agent at the address indicated on the enclosed envelope at least 48 hours (excluding Saturdays, Sundays and holidays) before the time of the Meeting or any adjournment thereof.

No person is authorized to give any information or to make any representation other than those contained in this Information Circular and, if given or made, such information or representation should not be relied upon as having been authorized by the Corporation. The information contained herein is given as of April 30, 2006 except as otherwise indicated.

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

By choosing to send these materials to you directly, the 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. Please return your voting instructions as specified in the enclosed request for voting instructions form.

Appointment and Revocation of Proxies

The persons named in the form of proxy accompanying this Information Circular are officers or directors of the Corporation. **A shareholder of the Corporation 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 for and on behalf of such shareholder at the Meeting. Such right may be exercised by either striking out the names of the persons specified in the form of proxy accompanying this Information Circular and inserting the name of the person to be appointed in the blank space provided in such form of proxy or by completing and executing another form of proxy and, in either case, returning such completed and executed form of proxy in the manner described in the Notice of the Meeting.**

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

A shareholder may revoke a proxy by delivering a written revocation to the registered office of the Corporation at Suite 820, 26 Wellington Street East, Toronto, Ontario M5E 1S2 at any time up to and including the last business day preceding the day of the Meeting or any adjournment thereof or by depositing a written revocation with the Chairman of the Meeting on the day of the Meeting or any adjournment thereof or in any other manner permitted by law.

Exercise of Discretion by Proxies

The persons named in the form of proxy accompanying this Information Circular will vote the shares in respect of which they are appointed in accordance with the direction of the shareholders appointing them. **In the absence of such direction, such shares will be voted in favour of each of the matters referred to in the Notice of the Meeting.** The enclosed form of proxy confers discretionary authority upon the persons named therein with respect to amendments or variations to matters identified in the Notice of Meeting and with respect to other matters which may properly come before the Meeting. At the date of this Information Circular, management of the Corporation is not aware that any such amendments, variations or other matters may properly come before the Meeting. If, however, any such amendments or other matters properly come before the Meeting, the persons named in the accompanying form of proxy will vote on such amendments or other matters in accordance with their best judgment.

Voting by Non-Registered Shareholders

Only registered shareholders of the Corporation or the persons they appoint as their proxies are permitted to vote at the Meeting. Most shareholders of the Corporation are “non-registered” shareholders (“Non-Registered Shareholders”) because the shares they own are not registered in their names but are instead registered in the name of the brokerage firm, bank or trust company through which they purchased the shares. Shares beneficially owned by a Non-Registered Shareholder are registered either (i) in the name of an intermediary (an “Intermediary”) that the Non-Registered Shareholder deals with in respect of the 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 (ii) in the name of a clearing agency (such as The Canadian Depository for Securities Limited) of which the Intermediary is a participant. In accordance with applicable securities law requirements, the Corporation will have distributed copies of the Notice of Meeting, this Information Circular, the enclosed form of proxy and a request form (collectively, the “Meeting Materials”) to the clearing agencies and Intermediaries for distribution to the Non-Registered Shareholders.

Intermediaries are required to forward the Meeting Materials to Non-Registered Shareholders unless a Non-Registered Shareholder has waived the right to receive them. Intermediaries often use service companies to forward the Meeting Materials to Non-Registered Shareholders. Generally, Non-Registered Shareholders who have not waived the right to receive Meeting Materials will either:

- (a) be given a voting instruction form **which is not signed by the Intermediary** and which, when properly completed and signed by the Non-Registered Shareholder and **returned to the Intermediary or its service company**, will voting instructions (often called a “voting instruction form”) which the Intermediary must follow. Typically the voting instruction form will consist of a

one page pre-printed form. Sometimes, instead of the one page pre-printed form, the voting instruction form will consist of a regular, printed proxy form accompanied by a page of instructions which contains a removable label with a bar-code and other information. In order for the form of proxy to validly constitute a voting instruction form, the Non-Registered Shareholder must remove the label from the instructions and affix it to the form of proxy, properly complete and sign the form of proxy and submit it to the Intermediary or its service company in accordance with the instructions of the Intermediary or its service company; or

- (b) be given a form of proxy **which has already been signed by the Intermediary** (typically by a facsimile stamped signature), which is restricted as to the number of shares beneficially owned by the Non-Registered Shareholder but which is not otherwise completed by the Intermediary. Because the Intermediary has already signed the form of proxy, this form of proxy is not required to be signed by the Non-Registered Shareholder when submitting the proxy. In this case, the Non-Registered Shareholder who wishes to vote by proxy should otherwise properly complete the form of proxy and deposit it as specified.

In either case, the purpose of these procedures is to permit Non-Registered Shareholders to direct the voting of the shares of the Corporation which they beneficially own. Should a Non-Registered Shareholder who receives one of the above forms wish to vote at the Meeting in person (or have another person attend and vote on behalf of the Non-Registered Shareholder), the Non-Registered Shareholder should strike out the persons named in the form of proxy and insert the name of the Non-Registered Shareholder or such other person in the blank space provided. **In either case, the Non-Registered Shareholder should carefully follow the instructions of their Intermediary including those regarding when and where the proxy or voting instruction form is to be delivered.**

A Non-Registered Shareholder may revoke a voting instruction form or a waiver of the right to receive Meeting Materials and to vote which has been given to an Intermediary at any time by written notice to the Intermediary provided that an Intermediary is not required to act on a revocation of a voting instruction form or a waiver of the right to receive Meeting Materials and to vote which is not received by the Intermediary at least seven days prior to the Meeting.

Interest of Certain Persons in Matters to be Acted Upon

No (i) director or executive officer of the Corporation who has held such position at any time since January 1, 2005, (ii) proposed nominee for election as a director of the Corporation or (iii) associate or affiliate of a person in (i) or (ii) has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted upon at the Meeting, other than directors or officers of the Corporation having an interest in the resolution regarding the Corporation's 2006 Stock Option Plan and Restricted Share Plan, in which the officers and directors are eligible to participate.

Voting Securities and Principal Holders of Voting Securities

As of the April 27, 2006 record date for the Meeting, 111,808,843 common shares ("Common Shares") in the capital of the Corporation were issued and outstanding. Each holder of record of a Common Share at the close of business on the record date will, unless otherwise specified herein, be entitled to one vote for each Common Share held by such holder on all matters to be brought before the Meeting.

To the knowledge of the officers and directors of the Corporation, no person or company beneficially owns, directly or indirectly, or exercises control or direction over, more than 10% of the voting rights attached to all outstanding Common Shares entitled to be voted at the Meeting:

BUSINESS OF THE MEETING

Election of Directors

The articles of the Corporation provide that the Corporation shall have a minimum of three and a maximum of 10 directors. The articles also provide that the actual number of directors within the specified minimum and maximum may be determined from time to time by resolution of the directors. The board of directors of the Corporation has by resolution dated May 6, 2006 fixed the number of directors of the Corporation within the specified minimum and maximum at six, thereby reducing the number of directors of the Corporation from seven to six. The resolution is effective on the election of directors at the Meeting. The term of office of each of the current directors expires on the election of directors at the Meeting. John M. Sibley, who is currently a director of the Corporation, is not standing for re-election as a director at the Meeting.

The persons named in the form of proxy which accompanies this Information Circular intend to vote FOR the election of the nominees whose names are set forth below, unless the shareholder has specified in the form of proxy that the Common Shares represented by such form of proxy are to be withheld from voting in respect of the election of directors of the Corporation. The affirmative vote of a majority of the votes cast in respect of the motion thereon is required in order to approve this matter. Management of the Corporation does not contemplate that any of the nominees will be unable to serve as a director of the Corporation for the ensuing year; however, if that should occur for any reason prior to the Meeting or any adjournment thereof, the persons named in the form of proxy accompanying this Information Circular have the right to vote for the election of the remaining nominees and may vote for the election of a substitute nominee in their discretion. Each director elected will hold office until his successor is elected at the next annual meeting of the Corporation or any adjournment thereof or until his successor is otherwise elected or appointed.

The following table sets forth the names of the nominees for election as directors, the municipality in which each is ordinarily resident, their position with the Corporation, their principal occupation or employment, the date upon which became a director of the Corporation and the number of Common Shares beneficially owned by them, directly or indirectly, or over which control or direction is exercised by them, as of April 30, 2006:

<u>Name and Municipality of Residence</u>	<u>Position with the Company</u>	<u>Principal Occupation</u>	<u>Director Since</u>	<u>Securities Beneficially Owned or Controlled</u> ⁽¹⁾
ANDREW B. ADAMS ⁽²⁾⁽³⁾⁽⁴⁾ Oakville, Ontario	Director	Corporate Director	December 2005	10,000 Common Shares 250,000 Options
NEAL J. FRONEMAN ⁽⁵⁾ Springs, South Africa	President, Chief Executive Officer and Director	President and Chief Executive Officer of the Corporation	December 2005	675,735 Common Shares 1,430,935 Options
TERRY MACGIBBON ⁽³⁾⁽⁴⁾ Oakville, Ontario	Director	President and CEO, FNX Mining Company Inc.	December 2005	250,000 Options
TERRY ROSENBERG ⁽²⁾⁽⁴⁾ Durban, South Africa	Director	Chairman, Oakbrook Investments	December 2005	378,000 Common Shares 250,000 Options
MARK WHEATLEY ⁽⁵⁾ North Manly, New South Wales, Australia	Director	Corporate Director	September 2003	250,000 Options

<u>Name and Municipality of Residence</u>	<u>Position with the Company</u>	<u>Principal Occupation</u>	<u>Director Since</u>	<u>Securities Beneficially Owned or Controlled</u> ⁽¹⁾
KENNETH WILLIAMSON ⁽²⁾⁽³⁾ Dwight, Ontario	Director	Corporate Director	December 2005	20,000 Common Shares 250,000 Options

Notes:

- (1) The information as to Common Shares and options beneficially owned or over which control or direction is exercised (not being within the knowledge of the Corporation) has been furnished by the respective nominees individually.
- (2) Current Member of the Audit Committee.
- (3) Current Member of the Compensation Committee.
- (4) Current Member of the Corporate Governance and Nominating Committee.
- (5) Current Member of the Environment, Health & Safety and Sustainability Committee.

Each of the above individuals has during the preceding five years held the principal occupation indicated opposite his name except for:

- Andrew Adams, who was Vice President and Chief Financial Officer of Aber Diamond Corporation prior to October 2003;
- Neal Froneman, who was Chief Executive Officer of Aflase Gold and Uranium Resources Limited (“Aflase”) prior to December 2005 and Vice President and Head of Operations at Goldfields Inc. prior to April 2003; and
- Mark Wheatley, who was Chief Executive Officer of the Corporation prior to December 27, 2005 (and Chairman from June 2004 to December 2005) and General Manager, Corporate Development for AurionGold Limited prior to September 2003.

Cease Trade Orders and Bankruptcies

No director of the Corporation is or has been, within the preceding 10 years, a director or executive officer of any other issuer that, while that person was acting in such capacity:

- (a) was the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation for a period of more than 30 consecutive days;
- (b) was subject to an event that resulted, after the director or executive officer ceased to be a director or executive officer, in the company being the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation for a period of more than 30 consecutive days; or
- (c) within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver-manager or trustee appointed to hold its assets.

No director of the Corporation, or a personal holding company of any of them, is or has, within the preceding 10 years, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or was subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver-manager or trustee appointed to hold the assets of that individual.

Appointment of Auditors

The persons named in the form of proxy which accompanies this Information Circular intend to vote FOR the appointment of PricewaterhouseCoopers LLP, Chartered Accountants, as auditors of the Corporation, to hold office until its successor is appointed, and to authorize the directors of the Corporation to fix the remuneration of the auditors, unless the shareholder has specified in the form of proxy that the Common Shares represented by such form of proxy are to be withheld from voting in respect thereof. The affirmative vote of a majority of the votes cast is required in order to approve this matter.

PricewaterhouseCoopers LLP have been auditors of the Corporation since their appointment by the Board of Directors of the Corporation on January 31, 2006. PricewaterhouseCoopers LLP were appointed, and the Corporation's previous auditors, KPMG LLP resigned, in connection with completion of the scheme of arrangement under the *Companies Act* (South Africa) pursuant to which the Corporation acquired all of the issued shares of Alease (the "Arrangement"); prior thereto, PricewaterhouseCoopers Inc. of South Africa were the auditors of Alease and predecessor companies. No "reportable event" within the meaning of National Instrument 51-102 - *Continuous Disclosure Obligations* occurred prior to or in connection with the change of auditor. The change was disclosed by the Corporation in its news release of February 3, 2006.

2006 Stock Option Plan

At the Meeting, shareholders will be asked to consider and, if deemed appropriate, to pass, with or without variation, a resolution in the form attached as Schedule "A" to this Information Circular approving the adoption of the 2006 Stock Option Plan (the "2006 Stock Option Plan Resolution"), subject to such amendments, variations or additions as may be approved at the Meeting. A copy of the 2006 Stock Option Plan is appended to Schedule "A" to this Information Circular and a description of its material features is set out below.

The 2006 Stock Option Plan is intended to replace the Corporation's existing stock option plan established in 1997 (the "1997 Stock Option Plan") with a stock option plan which is consistent with the Corporation's other security-based compensation arrangements, including the proposed Restricted Share Plan described below. Like the 1997 Stock Option Plan, the 2006 Stock Option Plan is designed to advance the interests of the Corporation by encouraging employees, officers and consultants to have equity participation in the Corporation through the acquisition of Common Shares. The 2006 Stock Option Plan consolidates the provisions of the 1997 Stock Option Plan and the shareholder approved amendments to the 1997 Stock Option Plan. The 2006 Stock Option Plan also adopts a broader definition of change of control and prices options based on the trading 5 day VWAP. The terms of the 1997 Stock Option Plan are summarized below for comparison purposes under the heading "1997 Stock Option Plan".

The 2006 Stock Option Plan was approved by the Board on May 6, 2006. No options have been issued under the 2006 Stock Option Plan pending the approval of the 2006 Stock Option Plan Resolution at the Meeting. No further options will be issued under the 1997 Stock Option Plan unless the requisite shareholder approval is not received for the 2006 Stock Option Plan. If shareholders approve the 2006 Stock Option Plan Resolution, the 1997 Stock Option Plan will be closed and options exercisable for the remaining 4,568,067 Common Shares available for issuance under that plan will not be issued. There are currently 6,612,817 options outstanding under the 1997 Stock Option Plan. Such options will remain outstanding until their expiry or until they are exercised or otherwise cancelled or terminated.

The Board and management recommend the adoption of the 2006 Stock Option Plan Resolution. The TSX has conditionally approved the 2006 Plan, subject to shareholder approval. To be effective, the 2006 Stock Option Plan Resolution must be approved by not less than a majority of the votes cast by the holders of

Common Shares present in person, or represented by proxy, at the Meeting. Unless otherwise indicated, the persons designated as proxyholders in the accompanying form of proxy will vote the Common Shares represented by such form of proxy, properly executed, for the 2006 Stock Option Plan Resolution.

The key features of the 2006 Stock Option Plan are as follows.

Under the 2006 Stock Option Plan, stock options may be granted to employees, directors, officers and consultants of the Corporation and designated affiliates. In determining the terms of each grant of stock options, consideration is given to the participant's present and potential contribution to the success of the Corporation. The exercise price per share is not to be less than the volume weighted average trading price of the Common Shares on the Toronto Stock Exchange (the "TSX") or another stock exchange where the majority of the trading volume and value of the Common Shares occurs, for the five trading days immediately preceding the day the option is granted. The exercise period for each stock option is not to be more than ten years. Options granted under the Plan will, in the absence of any contrary determination by the Board, vest as to one-third thereof on the date of grant, as to one-third thereof on the first anniversary of the date of grant and as to the balance on the second anniversary of the date of grant.

The maximum number of Common Shares issuable under the Plan and any other security-based compensation arrangements of the Corporation shall not exceed 10% of the Common Shares outstanding at any time on a non-diluted basis.

The maximum number of Common Shares issuable to insiders, at any time, pursuant to the 2006 Stock Option Plan and any other security-based compensation arrangements of the Corporation is 10% of the total number of Common Shares then outstanding. The maximum number of Common Shares issuable to insiders within any one year period pursuant to the 2006 Stock Option Plan and any other security-based compensation arrangements of the Corporation is 10% of the total number of Common Shares then outstanding and the maximum number of Common Shares issuable to any one insider and the associates of such insider pursuant to the 2006 Stock Option Plan and any other security-based compensation arrangements of the Corporation is 5% of the total number of Common Shares then outstanding. Options are not assignable or transferable.

The 2006 Stock Option Plan is to be administered by the Compensation Committee of the Board.

In the event of a participant's retirement or termination for any reason other than as a result of having been dismissed for cause, the participant's options terminate 90 days after the participant's retirement or termination, unless otherwise determined by the Compensation Committee. In the event of a participant's death, the participant's options terminate six months after the participant's death, unless otherwise determined by the Compensation Committee. In each case, the Compensation Committee may determine a longer period that the options shall remain outstanding provided that no option shall remain outstanding for any period which exceeds the earlier of: (i) the expiry date of such option; and (ii) 12 months following the termination, retirement or death of the participant, as the case may be. In the event of a participant's termination for cause, all options automatically terminate.

In the event of a change of control, all options issued under the 2006 Stock Option Plan will become immediately exercisable.

A "change of control" means the occurrence of one or more of the following: a merger, amalgamation, arrangement or other reorganization or acquisition involving the Corporation as a result of which holders of Common Shares prior to the completion of the transaction hold less than 50% of the outstanding shares of the successor corporation after completion of the transaction; the dissolution, winding-up or liquidation of

the Corporation; the acquisition by any person or group of persons acting jointly or in concert of ownership or control over more than 50% of the Corporation's outstanding voting securities; as a result of a contested election of directors or a merger, amalgamation or other reorganization involving the Corporation, the nominees named in the Corporation's most recent management information circular for election to the Board shall not constitute a majority of the Board.

Under the 2006 Stock Option Plan, the Board may from time to time amend, or revise the terms of the plan at any time. The Board may not without shareholder approval amend certain provisions of the plan, including provisions relating to the maximum percentage of Common Shares issuable under the Plan, or defining the persons eligible to participate in the plan. Other amendments, including amendments changing the vesting provisions, or the termination provisions of a security issued under the plan (which does not entail an extension beyond its original expiry date) or of a "housekeeping" nature may be made by the Board without obtaining shareholder approval but subject to requisite regulatory approval.

Restricted Share Plan

At the Meeting, shareholders will be asked to consider and, if deemed appropriate, to pass, with or without variation, a resolution in the form attached as Schedule "B" to this Information Circular approving the adoption of the Restricted Share Plan (the "Restricted Share Plan Resolution"), subject to such amendments, variations or additions as may be approved at the Meeting. A copy of the Restricted Share Plan is appended to Schedule "B" to this Information Circular and a description of its material features is set out below.

The Restricted Share Plan provides for the grant of Restricted Share Rights exercisable for Common Shares. In the view of the Board, it is desirable to have equity-based incentive plans which include both a restricted share plan and a stock option plan, to increase the range of incentive programs available to the Corporation and thereby enhance its ability to attract, retain and motivate officers, directors and employees. The Restricted Share Plan was approved by the Board on May 6, 2006. No Restricted Share Rights have been issued under the Restricted Share Plan pending the approval of the Restricted Share Plan Resolution at the Meeting.

Subject to the obtaining of such approval, the Corporation intends to grant Restricted Share Rights to its non-executive directors as more particularly described below under "Compensation of Directors - Arrangements Respecting Incoming Non-Executive Directors" and to its Chief Executive Officer, Chief Financial Officer and Executive Vice President, Uranium (Europe and Africa) as part of their incentive compensation for 2005 - see the Summary Compensation Table and the notes thereto set out under "Statement of Executive Compensation" below. The non-executive directors and the three Named Executive Officers, having an interest in the Restricted Share Plan Resolution, have advised the Corporation that they will not vote any of the Common Shares currently held by them in respect of the Restricted Share Plan Resolution and the Corporation will instruct the Scrutineer for the Meeting that any such votes, if cast, not be counted.

The Board and management recommend the adoption of the Restricted Share Plan Resolution. The TSX has conditionally approved the Restricted Share Plan, subject to receipt of shareholder approval. To be effective, the Restricted Share Plan Resolution must be approved by not less than a majority of the votes cast by the holders of Common Shares present in person, or represented by proxy, at the Meeting. Unless otherwise indicated, the persons designated as proxyholders in the accompanying form of proxy will vote the Common Shares represented by such form of proxy, properly executed, for the Restricted Share Plan Resolution (other than Common Shares held by the non-executive directors and the executive officers named above which, if voted, will not be counted).

If the requisite approval for the Restricted Share Plan Resolution is not obtained, no Restricted Share Rights will be granted.

The key features of the Restricted Share Plan are as follows.

In determining the terms of each grant of Restricted Share Rights, consideration is given to the participant's contribution to the success of the Corporation and a value is ascribed to such contribution. A Restricted Share Right is exercisable into one Common Share at the end of such restricted period of time as determined by the Committee during which the Right cannot be exercised.

Subject to receipt of the requisite shareholder approval of the Restricted Share Plan, 2,000,000 Common Shares will be reserved for issuance under the Restricted Share Plan, representing approximately 1.8% of the currently issued and outstanding Common Shares. The maximum number of Common Shares issuable to insiders, at any time, pursuant to the Restricted Share Plan and any other security-based compensation arrangements of the Corporation, is 10% of the total number of Common Shares then outstanding. The maximum number of Common Shares issuable to insiders, within any one year period, pursuant to the Restricted Share Plan and any other security-based compensation arrangements of the Corporation, is 10% of the total number of Common Shares then outstanding and the maximum number of Common Shares issuable to any one insider and the associates of such insider pursuant to the Restricted Share Plan and any other security-based compensation arrangements of the Corporation is 5% of the total number of Common Shares then outstanding. Restricted Share Rights are not assignable or transferable.

Subject to any determination of the Board to the contrary, it is intended that the Restricted Periods applicable to the grant of Restricted Share Rights will mirror the vesting schedule to which Options under the 2006 Stock Option Plan will generally be subject.

Under the Restricted Share Plan, the Board may from time to time amend or revise the terms of the Restricted Share Plan or may discontinue the Restricted Share Plan at any time. Subject to receipt of requisite shareholder and regulatory approval, the Board may make amendments to the Restricted Share Plan to change the maximum number of Common Shares issuable under the Restricted Share Plan and to change the provisions relating to insider restrictions. All other amendments to the Restricted Share Plan may be made by the Board without obtaining shareholder approval, such amendments including an amendment to the restricted period of a Restricted Share Right or an amendment to the termination provisions of a Restricted Share Right.

In the event of a participant's retirement or termination during a Restricted Period, any Restricted Share Rights automatically terminate, unless otherwise determined by the Committee. In the event of the retirement or termination after the Restricted Period, any Restricted Share Rights will be immediately exercised without any further action by the participant and the Corporation will issue Restricted Shares and any dividends declared but unpaid to the participant. In the event of death or disability, such Restricted Share Rights will be immediately exercised.

In the event of a change of control, all Restricted Share Rights will be immediately exercised notwithstanding the Restricted Period. A "change of control" has the meaning described above under "2006 Stock Option Plan".

STATEMENT OF EXECUTIVE COMPENSATION

The following table provides information for the three most recently completed financial years ended December 31, 2005 regarding compensation paid to or earned by each of the following officers of the

Corporation: (i) the President and Chief Executive Officer; (ii) the former Chief Executive Officer; (iii) the Chief Financial Officer; (iv) the former Chief Financial Officer; and (v) the other officers of the Corporation and its subsidiaries whose total salary and bonus for 2005 exceeded \$150,000 (the “Named Executive Officers”) by the Corporation during the fiscal years ended December 31, 2005, 2004 and 2003.

Compensation paid to the Named Executive Officers who served as Chief Executive Officer and Chief Financial Officer of the Corporation prior to December 27, 2005, when the Corporation acquired the issued shares of Alease Gold and Uranium Resources Limited (“Alease”) by way of a scheme of arrangement under the South African *Companies Act*, was paid by, and relates to services provided to, the Corporation. The other Named Executive Officers (Messrs. Froneman, Nortier and Jones) served as executive officers of Alease from January 1, 2005 to December 31, 2005 and of the Corporation from December 27, 2005 to December 31, 2005. Compensation paid to these Named Executive Officers was paid by Alease.

Summary Compensation Table⁽¹⁾

Name and Principal Position	Fiscal Year	Annual Compensation			Long Term Compensation			All Other Compensation (\$)
		Salary (\$)	Bonus (\$)	Other Annual Compensation ⁽²⁾	Securities Under Options/SARS Granted (# shares) ⁽³⁾	Restricted Shares or Restricted Share Units (\$) ⁽⁴⁾	LTIP Payouts (\$)	
Neal J. Froneman President and Chief Executive Officer ⁽⁵⁾	2005	386,740	386,740	-	1,315,419	-	-	-
	2004	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	2003	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Mark Wheatley Former Chairman and Chief Executive Officer ⁽⁶⁾	2005	179,440	72,000	13,310	190,000	-	-	392,857 ⁽⁵⁾
	2004	166,300	12,250	11,000	-	-	-	-
	2003	46,333	60,000	3,667	400,000	-	-	-
D. Jean Nortier Chief Financial Officer ⁽⁷⁾	2005	267,587	267,587	-	690,149	-	-	-
	2004	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	2003	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Leigh Curyer Former Chief Financial Officer ⁽⁸⁾	2005	126,139	22,500	31,360	80,000	-	-	128,464 ⁽⁷⁾
	2004	115,550	15,000	29,550	100,000	-	-	-
	2003	110,000	10,000	19,600	100,000	-	-	-
K. Bruce K. Jones Executive Vice President, Uranium (Europe & Africa) ⁽⁹⁾	2005	263,931	171,555	-	685,008	-	-	-
	2004	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	2003	N/A	N/A	N/A	N/A	N/A	N/A	N/A

(1) All dollar amounts are expressed in Canadian dollars. Amounts paid to Messrs. Froneman, Nortier and Jones were paid by Alease in South African Rand and have been converted to Canadian dollars at an exchange rate of C\$1.00 equals Rand 5.43. Amounts paid to Messrs. Wheatley and Curyer were paid by the Corporation in Australian dollars and have been converted to Canadian dollars at an exchange rate of C\$1.00 equals A\$1.12.

- (2) The aggregate value of all other annual compensation for each Named Executive Officer, other than Leigh Curyer, does not exceed the lesser of Cdn \$50,000 and 10% of his aggregate salary and bonus.
- (3) Options are exercisable for the purchase of Common Shares.
- (4) Subject to the receipt of shareholder approval for the Restricted Share Plan (see "Business of the Meeting - Restricted Share Plan"), Messrs. Froneman, Nortier and Jones will be awarded 30,000, 20,000 and 10,000 Restricted Share Rights, respectively, as part of their incentive compensation for 2005 and Mr. Wheatley will be awarded 13,786 Restricted Share Rights in connection with his services as a director. The amounts of such compensation are not presently calculable.
- (5) Mr. Froneman was appointed President and Chief Executive Officer of the Corporation on December 27, 2005. Mr. Froneman's salary was increased to Rand 2.4 million (\$442,000) with effect from January 1, 2006.
- (6) Mr. Wheatley resigned as Chief Executive Officer of the Corporation on December 27, 2005. This amount represents a one-time payment made by the Corporation to Mr. Wheatley pursuant to the change of control provisions in his employment agreement.
- (7) Mr. Nortier was appointed Chief Financial Officer of the Corporation on December 27, 2005. Mr. Nortier's salary was increased to Rand 1.7 million (\$313,076) with effect from January 1, 2006.
- (8) Mr. Curyer resigned as Chief Financial Officer of the Corporation on December 27, 2005. This amount represents a one-time payment made by the Corporation to Mr. Curyer pursuant to the change of control provisions in his employment agreement.
- (9) Mr. Jones was appointed Executive Vice-President, Uranium (Europe and Africa) of the Corporation on December 27, 2005. Mr. Jones' salary was increased to Rand 1.65 million (\$303,867) with effect from January 1, 2006.

Option Grants During the Most Recently Completed Financial Year

The following table sets forth the options to purchase Common Shares of the Corporation granted to the Named Executive Officers during the most recently completed financial year.

Named Executive Officer	Securities Under Options Granted (#) ⁽¹⁾	% of Total Options Granted to Employees in Financial Year ⁽²⁾	Exercise or Base Price (Cdn\$/Security) ⁽³⁾	Market Value of Securities Underlying Options on the Date of Grant (Cdn\$/Security)	Expiration Date
Neal J. Froneman President and Chief Executive Officer	1,315,419 ⁽⁴⁾	27.8%	1.33 to 4.44	6.50	December 8, 2010
Mark Wheatley Former Chairman and Chief Executive Officer	120,000 ⁽⁵⁾	2.5%	5.00	5.00	March 10, 2010
D. Jean Nortier Chief Financial Officer	690,149 ⁽⁶⁾	14.60%	1.33 to 4.68	6.50	December 8, 2010
Leigh Curyer Former Chief Financial Officer	30,000 ⁽⁷⁾	0.63%	4.40	4.50	June 8, 2010
K. Bruce K. Jones Executive Vice President, Uranium (Europe and Africa)	685,008 ⁽⁸⁾	14.5%	1.33 to 4.44	6.50	December 8, 2010

- (1) Options are exercisable for the purchase of Common Shares.
- (2) Based on the total number of options granted under the Stock Option Plan during the financial year ended December 31, 2005 of 4,731,943, including an aggregate of 4,340,943 options issued to the former holders of options to purchase ordinary shares of Aflasee in exchange for and in replacement of such options issued in connection with the Arrangement between Aflasee and the Corporation.
- (3) The exercise price of options is determined based on the trading price of the Common Shares on the Toronto Stock Exchange on the trading day preceding the date of grant in accordance with the terms of the Stock Option Plan.

- (4) These options were issued on December 8, 2005 in connection with the Arrangement between Alease and the Corporation in exchange for and in replacement of options granted to the Named Executive Officer under the Alease share option plan prior to December 2005 at varying exercise prices. Of the total number of options granted on December 8, 2005, 270,000 are exercisable at \$4.08, 90,000 are exercisable at \$4.44, 180,000 are exercisable at \$2.53, 192,328 are exercisable at \$1.33, 27,165 are exercisable at \$1.84, 380,112 are exercisable at \$1.81 and 175,814 are exercisable at \$3.92. In accordance with the terms of the Arrangement, these options vest as to 844,293 on December 8, 2005, 235,563 on December 8, 2006 and 235,563 on December 8, 2007.
- (5) These options were issued under the Stock Option Plan and vest as to 110,000 on December 8, 2005, as to 40,000 on March 10, 2006 and as to 40,000 on March 10, 2007.
- (6) These options were issued on December 8, 2005 in connection with the Arrangement between Alease and the Corporation in exchange for and in replacement of options granted to the Named Executive Officer under the Alease share option plan prior to December 2005 at varying exercise prices. Of the total number of options granted on December 8, 2005, 131,882 are exercisable at \$1.33, 233,691 are exercisable at \$1.81, 27,000 are exercisable at \$1.84, 27,000 are exercisable at \$2.74, 180,000 are exercisable at \$4.08 and 90,576 are exercisable at \$4.68. In accordance with the terms of the Arrangement, these options vest as to 466,055 on December 8, 2005, 112,047 on December 8, 2006 and 112,047 on December 8, 2007.
- (7) These options were issued under the Stock Option Plan and vest as to 53,333 on June 9, 1995, as to 16,667 on June 9, 2006 and as to 10,000 on June 9, 2007.
- (8) These options were issued on December 8, 2005 in connection with the Arrangement between Alease and the Corporation in exchange for and in replacement of options granted to the Named Executive Officer under the Alease share option plan prior to December 2005 at varying exercise prices. Of the total number of options granted on December 8, 2005, 131,882 are exercisable at \$1.33, 230,586 are exercisable at \$1.81, 18,627 are exercisable at \$1.84, 106,653 are exercisable at \$3.92 and 197,260 are exercisable at \$4.44. In accordance with the terms of the Arrangement, these options vest as to 433,342 on December 8, 2005, 125,833 on December 8, 2006 and 125,833 on December 8, 2007..

No options granted by the Corporation were re-priced during the most recently completed financial year.

Aggregated Option Exercises During the Financial Year Ended December 31, 2005 and Year-End Option Values

The following table provides details regarding stock options exercised by the Named Executive Officers during the financial year ended December 31, 2005 and year-end option values.

	Options Exercised During the Year Ended December 31, 2005		Unexercised Options at December 31, 2005		Value of Unexercised In-the-Money Options at December 31, 2005 ⁽¹⁾	
	Securities Acquired on Exercise (#)	Aggregate Value Realized (\$)	Exercisable (#)	Unexercisable (#)	Exercisable (\$)	Unexercisable (\$)
Named Executive Officer						
Neal J. Froneman President and Chief Executive Officer	Nil	Nil	844,293	471,126	2,551,160	2,101,007
Mark Wheatley Former Chairman and Chief Executive Officer	Nil	Nil	110,000	80,000	318,200	73,600
D. Jean Nortier Chief Financial Officer	Nil	Nil	466,055	224,094	1,401,832	1,065,074
Leigh Curyr Former Chief Financial Officer	Nil	Nil	53,333	26,667	110,400	12,761
K. Bruce K. Jones Executive Vice President, Uranium (Europe and Africa)	Nil	Nil	433,342	251,666	1,278,016	1,100,087

- (1) Calculated using the closing price of the Common Shares on the Toronto Stock Exchange on December 30, 2005 of C\$5.92 less the exercise price of in-the-money stock options. These options have not been, and may never be, exercised and actual gains, if any, on exercise will depend on the value of the Common Shares on the date of exercise.

Employment Agreements

The Corporation has entered into an employment agreement with Mr. Froneman. Aflase entered into employment agreements with Mr. Jones in April 2003 and with Mr. Nortier in September 2004. Amounts paid under these agreements are paid in South African Rand and have been converted to Canadian dollars at Canadian dollar/Rand exchange rate of C\$1.00 equals Rand 5.43 as at December 31, 2005. Employment agreements between the Corporation and its former Chairman and Chief Executive Officer and former Chief Financial Officer were terminated prior to the end of the financial year.

Mr. Froneman's agreement sets out the terms under which he is employed as the President and Chief Executive Officer of the Corporation. Under the agreement, Mr. Froneman is entitled to a base salary of Rand 2.4 million (\$442,000) and to participate in the Corporation's discretionary incentive compensation plans. If Mr. Froneman's employment is terminated for any reason other than cause, or if Mr. Froneman elects to terminate his employment agreement in certain circumstances, including within six months of a change of control, Mr. Froneman is entitled to a severance payment of two years' salary. A "change of control" is defined in such agreement as the acquisition by any person or persons acting jointly or in concert of more than 50% of the issued and outstanding Common Shares of the Corporation, or the amalgamation, merger or sale of all or substantially all of the assets of the Corporation, or the election of a majority of directors at a shareholders' meeting other than nominees proposed in a management proxy circular distributed in connection with the meeting.

Mr. Nortier's agreement sets out the terms of his appointment as the Chief Financial Officer of Aflase. Under this agreement, Mr. Nortier is entitled to receive an annual base salary of Rand 1.2 million (\$221,000). This was increased to Rand \$1.7 million (\$313,076) effective January 1, 2006. Mr. Nortier's agreement is effective September 13, 2004 for a two year term, which may be extended by mutual agreement. The agreement may be terminated by either party on 30 days notice. Mr. Jones's agreement sets out terms of his appointment as Chief Operating Officer of Aflase. Under this agreement, Mr. Jones is entitled to receive an annual base salary of Rand 1.2 million (\$221,000). This was increased to Rand \$1.65 million (\$303,867) effective January 1, 2006. Mr. Jones's agreement, which is of indefinite duration, may be terminated by either party on 30 days notice. The salaries of Mr. Nortier and Mr. Jones were increased. The Corporation intends to enter into employment agreements with each of Mr. Nortier and Mr. Jones, containing terms (other than with respect to compensation) similar to Mr. Froneman's agreement, which agreements will supersede and replace their existing employment agreements.

Other than as described above, the Corporation and its subsidiaries have no compensatory plans or arrangements with respect to the Named Executive Officers that result or will result in payments in the event of the resignation, retirement or other termination of employment with the Corporation or its subsidiaries or a change of control of the Corporation or its subsidiaries or a change in the responsibilities of any Named Executive Officer following a change in control.

Compensation of Directors

Under the compensation program for directors during 2005, each non-executive director of the Corporation received an annual retainer fee of \$5,000. The Chairman of the Audit Committee received an additional retainer of \$5,000 and the Chairman of the Compensation Committee received an additional retainer of \$2,000. Members of the Audit and Compensation Committees also received attendance fees of \$1,000 for each Committee meeting attended. Directors were also reimbursed for out-of-pocket expenses incurred in

attending meetings of the Board and of committees of the Board and were eligible to participate in the Corporation's stock-based compensation plans.

During the financial year ended December 31, 2005, an aggregate of \$46,000 was paid to four non-executive directors (Messrs. Bell, Cranswick, Hick and Robinson) and a total of 1,100,000 options (220,000 after giving effect to the 5:1 consolidation of the Corporation's common shares which occurred in connection with the Arrangement) were issued to these non-executive directors.

Arrangements Respecting Incoming Non-Executive Directors

Prior to the Arrangement transaction, the Corporation committed to grant to those who had agreed to serve as its non-executive directors on completion of the Arrangement such number of options as would result in each such director holding 250,000 options of the Corporation, at an exercise price of \$6.00 per share (the closing price of the Common Shares on the TSX at the time and the approximate anticipated market price of the Common Shares on closing of the Arrangement). It was further agreed with the non-executives that they would not be granted any additional stock options for their services as non-executive directors until such time as the Corporation's Dominion project is in commercial production (expected to be in the first quarter of 2007). This was taken into account in arriving at the number of options to be granted to the non-executives. In addition, the Corporation sought and received advice from its independent compensation consultants, Watson Wyatt, as well as market comparable information. Due to black-out periods imposed by the Corporation in connection with an equity financing which was completed on February 17, 2006 and other matters, these options were subsequently granted on February 22, 2006 at an exercise price of \$7.79. Subject to the approval by shareholders of the Restricted Share Plan Resolution, the Corporation has agreed in light of the foregoing and in consideration for their services as directors to issue Restricted Share Rights exercisable for Restricted Shares under the Restricted Share Plan equal to the difference in value to the non-executive directors at a deemed price of \$7.79 per Restricted Share Right. Following is a summary of the stock options granted to the non-executive directors on February 22, 2006 and the number of Restricted Share Rights the Corporation intends to issue to the non-executive directors in the event shareholders approve the Restricted Share Plan Resolution.

Name	Options Granted February 22, 2006	Proposed Grant of Restricted Share Rights	Percentage of Issued and Outstanding Capital ⁽¹⁾
Andrew Adams	250,000	57,445	0.05%
Terry MacGibbon	250,000	57,445	0.05%
Terry Rosenberg	250,000	57,445	0.05%
John Sibley	106,000	24,356	0.02%
Mark Wheatley	60,000	13,786	0.01%
Kenneth Williamson	250,000	57,445	0.05%

(1) Calculated using the proposed grant of restricted share rights only and the issued and outstanding share capital as at the end of business on April 27, 2006.

As indicated above under "Business of the Meeting - Restricted Share Plan", the non-executive directors, having an interest in the Restricted Share Plan Resolution, will not vote any of the Common Shares currently held by them in respect of the Restricted Share Plan Resolution and, if the requisite approval for the Restricted Share Plan Resolution is not obtained, the Restricted Share Rights will not be granted.

In addition, after taking into consideration the advice of the Compensation Committee's independent compensation consultants, the Board increased the fees payable to non-executive directors effective January

2006 to an annual retainer of \$60,000, in the case of the Chairman, \$40,000, in the case of the Chairman of the Audit Committee, \$35,000 in the case of other Board committee chairmen and \$30,000 for members not chairing a Board committee. Directors will not be entitled to attendance fees but will be reimbursed for out-of-pocket expenses incurred in attending meetings of the Board and of committees of the Board.

Directors and Officers Indemnification and Liability Insurance

To the extent permitted by law, the Corporation indemnifies its directors and officers and former directors and officers. The Corporation maintains directors and officers liability insurance, which currently provides for coverage in the amount of \$10,000,000 in the aggregate, subject to a deductible of \$50,000. The total annual premium paid in 2005 was \$29,700.

Securities Authorized for Issuance Under Equity Compensation Plans

The following table provides details of compensation plans under which Common Shares of the Corporation are authorized for issuance, as of December 31, 2005.

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights ⁽¹⁾	Weighted-average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans ⁽²⁾
Equity compensation plans approved by securityholders	5,268,610	\$3.17	3,531,390
Equity compensation plans not approved by securityholders	Nil	N/A	N/A
Total	5,268,610	\$3.17	3,531,390

(1) Represents the number of Common Shares reserved for issuance upon the exercise of outstanding options as at December 31, 2005.

(2) Based on the maximum number of Common Shares reserved for issuance upon exercise of options under the 1997 Stock Option Plan.

1997 Stock Option Plan

The 1997 Stock Option Plan, as amended (the “SOP”) is designed to advance the interests of the Corporation by encouraging directors, officers, eligible employees and consultants to have equity participation in the Corporation through the acquisition of Common Shares. Following is a summary of the material terms of the SOP.

Summary of Material Terms

The maximum number of Common Shares issuable under the SOP is limited to 10% of the number of Common Shares outstanding at the date of the grant. The maximum number of Common Shares issuable to any one person at any time under the SOP is 5% of the Common Shares outstanding at any time and the maximum number of Common Shares issuable to insiders under the SOP is 10% of the Common Shares outstanding at any time.

The exercise price and the vesting and exercise periods of options granted under the SOP are determined at the time of grant. The exercise price of an option may not be less than the closing price of the Common Shares on the TSX on the trading day immediately preceding the date of grant and the exercise period may

not be longer than 10 years. If the holder of an option ceases to be a service provider to the Corporation (other than as a result of the voluntary resignation of such holder, if such holder is an employee or consultant), such holder's options terminate on the earlier of one year after the holder ceases to be a service provider and the original expiry date of the option. All options become exercisable on the occurrence of an Acceleration Event, defined to include the acquisition by any person of more than 50% of the outstanding Common Shares of the Corporation, any amalgamation, consolidation, statutory arrangement or merger of the Corporation in which the Corporation is not the continuing or surviving corporation, the sale of all or substantially all of the assets of the Corporation or the liquidation and dissolution of the Corporation.

Options may not be assigned or transferred except by will or the laws of descent and distribution or to personal holding companies controlled by a service provider. The Board may amend the SOP at any time subject to regulatory approval and, if required by the TSX, shareholder approval.

Report on Executive Compensation

Mandate and Composition of the Compensation Committee

The Compensation Committee of the Board is responsible for reviewing and making recommendations to the Board regarding any equity or other compensation plan of the Corporation and regarding the total compensation package of the CEO, considering and approving the recommendations of the CEO regarding the total compensation packages for the other senior executives of the Corporation and preparing and recommending to the Board annually the report on executive compensation required to be included in the Corporation's management information circular.

Under the Board Guidelines implemented on December 27, 2005, the Compensation Committee is composed of three members of the Board who are independent of the Corporation within the meaning of National Instrument 58-101 - *Disclosure of Corporate Governance Practices* ("NI 58-101"). At December 31, 2005, the Compensation Committee was composed of Terry MacGibbon (Chair), Andrew Adams and Kenneth Williamson. Prior to December 27, 2005, the Compensation Committee was composed of Messrs. George Bell (Chair) and Russ Cranswick, both of whom were independent of the Corporation within the meaning of NI 58-101.

Compensation Philosophy and Objectives

The Corporation's executive compensation practices are designed to provide both current and long term rewards to its executive officers that are consistent with their individual performance and contribution to the Corporation's objectives. Compensation components include base salary, security-based grants (currently in the form of stock options) and, when merited, bonuses. Levels of compensation are established and maintained with the intent of attracting and retaining superior quality employees, having regard, among other things, to the fact that the Corporation does not currently maintain a pension plan for its employees nor does it provide any other form of deferred compensation program.

In determining the base salary of an executive officer, the Compensation Committee considers and places generally equal weight on (i) the particular responsibilities related to the position, (ii) salaries paid by comparable businesses to its executives, (iii) the experience level of the executive officer and (iv) the executive's overall performance. Executive officers are eligible for annual cash bonuses, taking into account and giving generally equal weight to financial performance, attainment of certain corporate objectives and individual performance. In determining bonus payments, the Committee recognizes that there are certain factors, such as interest rates and commodity prices, which the executives cannot control and focuses on factors over which the executive can exercise control, such as cost control, taking advantage

of business opportunities and enhancing the business and competitive prospects of the Corporation. Significant weight is also given to market comparable information and the advice of the Committee's independent compensation consultants.

The Corporation's compensation philosophy is to provide a market-based blend of base salaries, bonuses and an equity incentive component in the form of stock options and, in certain cases, subject to the approval by shareholders of the Restricted Share Plan, Restricted Share Rights. Of the three elements, greater emphasis is placed on equity incentives, as the Corporation believes that this serves to further align the interests of management with the interests of the Corporation's shareholders.

In late 2005 the Compensation Committee engaged Watson Wyatt, independent compensation consultants, to provide advice and recommendations to the Committee with respect to the compensation to be paid to its non-executive directors and executive officers. The Compensation Committee intends to agree annually and on an as-needed basis, with input from management and Watson Wyatt, on the specific work to be undertaken from time to time by Watson Wyatt and the fees associated with such work. During the financial year ended December 31, 2005, Watson Wyatt's fees as Compensation Committee adviser totalled approximately \$31,030.

Chief Executive Officer Compensation

The components of CEO compensation are the same as those which apply to the other senior executive officers of the Corporation, namely base salary, bonus and long term equity incentives. The Chairman of the Compensation Committee presents recommendations of the Committee to the Board with respect to the CEO's compensation. In setting the recommended salary of the CEO, the Committee takes into consideration salaries paid to other chief executive officers in the industry. In setting the bonus and long term incentives for the CEO, the Committee evaluates the performance of the CEO in light of his impact on the achievement of the Corporation's goals and objectives for the prior year.

Mr. Froneman was appointed CEO of the Corporation on December 27, 2005. In arriving at its recommendations for his salary, the Compensation Committee took into consideration the recommendations of Watson Wyatt and the salaries paid to other chief executive officers in the industry. In arriving at its recommendations for bonus and long term incentive grants, the Committee reviewed Mr. Froneman's performance during 2005, taking into account his leadership role in, among other things, the successful completion of the Arrangement transaction, the substantial increase in the National Instrument 43-101-compliant uranium and gold resources of the Corporation's South African assets and the successful completion of private placements of shares of the Corporation and Aflase. The Committee also sought the views of the former members of the Aflase Remuneration Committee on Mr. Froneman's performance during 2005 relative to the goals and objectives set for him by that Committee, which was of the view that his performance during the year was exceptional.

This assessment resulted in recommendations that Mr. Froneman receive a salary of Rand 2.4 million (\$442,000) effective December 27, 2006, a cash bonus of \$386,740 and a grant of 115,516 stock options and, subject to the approval by the shareholders of the Restricted Share Plan, a grant of 30,000 Restricted Share Rights. The Compensation Committee was satisfied that such recommendations comply with the Committee's objective of providing compensation which is both motivational and competitive, with a view to ensuring that the Corporation can attract, retain and motivate its senior executives in a manner that will enhance the sustainable profitability and growth of the Corporation. These recommendations were accepted by the Board, Mr. Froneman absenting himself from the discussion and vote therein.

The compensation of the Corporation's former CEO, Mr. Wheatley, was determined by the former members of the Compensation Committee. As indicated in the Report on Executive Compensation contained in the Corporation's management information circular dated May 6, 2005 (the "2005 Information Circular"), the Corporation's compensation policies at that time were designed to motivate management to maximize the long term value of the Corporation's assets and business operations and to provide an overall competitive compensation package with a high proportion for the most senior executives weighted to variable compensation tied to the Corporation's performance.

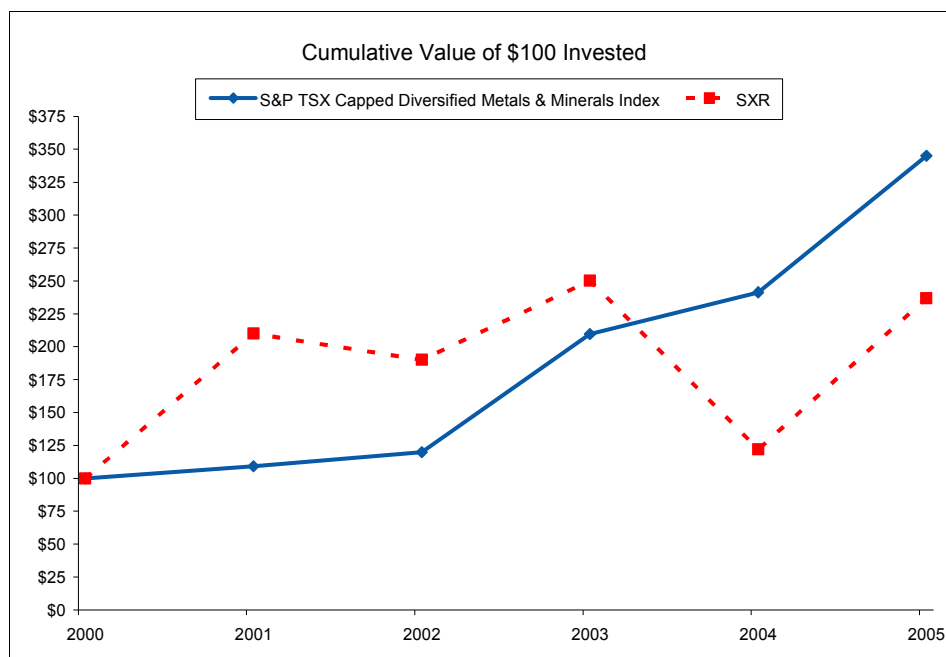
In the case of Mr. Wheatley, the Compensation Committee stated that it sought to achieve the foregoing by maintaining base salary at the median base salary level in the industry and cash bonus awards equal to 100% of salary plus common share options for an opportunity to participate at a higher level in the growth in value of the Corporation's shares. Additional information is contained in the 2005 Information Circular, a copy of which is available on SEDAR at www.sedar.com.

The foregoing report has been submitted by the Compensation Committee:

Terry MacGibbon (Chairman)
 Andrew Adams
 Kenneth Williamson

Performance Graph

The following graph shows the change in the cumulative shareholder return on the Common Shares compared to the cumulative total return of the S&P/TSX Diversified Metals and Minerals Stock Price Total Return Index for the period commencing December 31, 2000 to December 31, 2005, assuming an investment of \$100 on December 31, 2000.



	Dec. 31/00	Dec. 31/01	Dec. 31/02	Dec. 31/03	Dec. 31/04	Dec. 31/05
SXR	\$100.00	\$210.03	\$190.03	\$1250.03	\$122.02	\$236.83
S&P/TSX Capped Diversified Metals & Minerals	\$100.00	\$109.08	\$119.86	\$209.65	\$241.33	\$345.08

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

None of the Corporation's directors, executive officers or employees, or former directors, executive officers or employees, nor any associate of such individuals is, at the date hereof, or has been, during and since the year ended December 31, 2005, indebted to the Corporation or its subsidiaries in connection with the purchase of securities or otherwise. In addition, no indebtedness of these individuals to another entity has been the subject of a guarantee, support agreement, letter of credit or similar arrangement or understanding of the Corporation or its subsidiaries.

INTERESTS OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

Except as disclosed herein, since the commencement of the Corporation's most recently completed financial year, no informed person of the Corporation, nominee for director or any associate or affiliate of an informed person or nominee had any material interest, direct or indirect, in any transaction or any proposed transaction which has materially affected or would materially affect the Corporation or any of its subsidiaries. An "informed person" means (i) a director or executive officer of the Corporation, (ii) a director or executive officer of a person or company that is itself an informed person or subsidiary of the Corporation, (iii) any person or company which beneficially owns, directly or indirectly, voting securities of the Corporation or who exercises control or direction over voting securities of the Corporation or a combination of both carrying more than 10% of the voting rights other than voting securities held by the person or company as underwriter in the course of a distribution and (iv) the Corporation itself, if and for so long as it has purchased, redeemed or otherwise acquired any of its Common Shares.

STATEMENT OF CORPORATE GOVERNANCE PRACTICES

In June 2005, National Policy 58-201 - *Corporate Governance Guidelines* ("NP 58-201") and National Instrument 58-101- *Disclosure of Corporate Governance Practices* ("NI 58-101") were adopted by the Canadian securities regulatory authorities. NP 58-201 contains guidelines on the composition and independence of corporate boards, board and board committees and their mandates, codes of business conduct and other matters of corporate governance. NI 58-101 requires that, if management of any issuer solicits proxies from its security holders for the purpose of electing directors, specified disclosure of its corporate governance practices must be included in its management information circular.

In response to these regulatory initiatives, the Directors assuming office on the completion in December 2005 of the Arrangement between the Corporation and Aflac implemented a number of substantive changes to the governance policies and processes of the Corporation. These included the adoption by the new Board of the Board Guidelines, a copy of which is attached to this Information Circular as Schedule "C", and written charters for each of the standing committees of the Board, as well as a Code of Business Conduct and Ethics and other policies which are compliant with the applicable Canadian requirements. The Corporation continues to monitor developments in Canada, South Africa and elsewhere with a view to further revising its governance policies and practices, as appropriate.

Following is a description of the Corporation's corporate governance practices.

The Board of Directors

Independence of the Board

The Board Guidelines provide that directors who are independent within the meaning of NI 58-101 must comprise a majority of the Board at all times. Four of the six current members of the Board meet this definition of independence. Mr. Froneman is not independent, as he is an officer of the Corporation, and Mr. Wheatley is not independent, as he is a former officer of the Corporation. The independent directors hold regularly scheduled meetings.

Under the Board Guidelines, the Chair of the Board must be an independent non-executive director. To help ensure the functioning of the Board independently of management, the non-executive directors hold an *in camera* session in conjunction with each meeting of the Board at which members of management, including the President and CEO, are not present. In addition, the compensation of the President and CEO is considered in his absence by the Compensation Committee of the Board at least once a year.

Meetings of the Board

The Board Guidelines provide that the Board is to meet as frequently as necessary but not less than four times a year, usually every quarter. The frequency of the meetings and the nature of meeting agendas are dependent on the nature of the business and affairs which the Corporation faces from time to time. The Chairman, in consultation with the CEO, develops the agenda for each Board meeting.

In 2005, the Board met eight times. Each meeting was attended by all of the members of the Board.

Directorships with Other Reporting Issuers

Mr. Adams is a director of First Quantum Minerals Ltd., Adastra Minerals Inc., Tahera Diamond Corporation and Jaguar Nickel Inc. Mr. MacGibbon is a director of FNX Mining Company Limited, Major Drilling Group International Inc., Lakeshore Gold Resources and Southern Star Resources. Mr. Wheatley is a director of St. Barbara Limited. Mr. Williamson is a director of Glamis Gold Ltd., Blackrock Ventures Inc., Quadra Mining Ltd. and Bioteq Environmental Technologies Inc. Mr. Froneman is a director of Aflease Gold Limited, a 79% owned subsidiary of the Corporation which is listed on the Johannesburg stock exchange.

No director of the Corporation serves on the board of directors of any other public company with any other individual who is also a director of the Corporation.

Director Investment Requirements

The Board Guidelines require that, absent general restrictions on share ownership arising by virtue of a director's professional or occupational circumstances, directors are required within two year of joining the Board to have acquired Common Shares of the Corporation equal in value to at least two times the amount of any annual retainer first payable to them, and to thereafter maintain ownership of such shares during their tenure as directors.

Mandate of the Board of Directors

The duties and responsibilities of the Board are to supervise the management of the business and affairs of the Corporation and to act with a view towards the best interests of the Corporation. In addition to its statutory responsibilities, the Board Guidelines provide that the Board is responsible for:

- (a) reviewing and approving the Corporation's strategic plans, including its business and financial strategies and major corporate actions and initiatives, and its annual budget and forecasts, including major resource allocations, expenditures and capital investments;
- (b) monitoring the operational performance of the Corporation, including the execution of the Corporation's strategies and the effectiveness of management policies and decisions;
- (c) overseeing the management and internal control of risks facing the Corporation, as well as the quality and integrity of the Corporation's accounting and financial reporting systems, disclosure controls and procedures and internal controls;
- (d) developing and implementing appropriate policies and procedures for communicating with the Corporation's shareholders and other stakeholders;
- (e) selecting, monitoring and evaluating the performance and fixing the compensation of the CEO and developing and approving succession plans for the CEO, senior management and members of the Board; and
- (f) ensuring that the Corporation's business is conducted in accordance with the Corporation's high standards of business and ethical conduct and in conformity with applicable laws and regulations.

The Board discharges its responsibilities directly and through its Committees, currently comprising the Audit Committee, the Compensation Committee, the Corporate Governance and Nominating Committee the Environment, Health & Safety and Sustainability Committee.

Position Descriptions

The Board has adopted written position descriptions for the Chairman and for the Chief Executive Officer.

The primary role of the Chairman is to ensure that the responsibilities of the Board are well understood by both the Board and management, the boundaries between the Board and management are understood and respected and that the Board carries out its responsibilities effectively in accordance with the Board Guidelines. The Chairman ensures that the Board functions effectively, chairs meetings of the Board and shareholders and leads the Board in monitoring and evaluating the performance of the CEO.

The primary role of the CEO is to manage the Corporation in an effective, efficient and forward-looking way and to fulfill the priorities, goals and objectives determined by the Board in the context of the Corporation's strategic plans, budgets and responsibilities with a view to increasing shareholder value. These responsibilities include maintaining and developing the Corporation's role as a leading uranium and gold exploration and mining company, developing with the Board and implementing strategic plans for the Corporation, providing quality leadership to the Corporation's staff and ensuring the its human resources are properly managed and acting as an entrepreneur and innovator within the context of the Corporation's strategic goals.

New Director Orientation and Continuing Education

The Corporate Governance and Nominating Committee in conjunction with the Chairman of the Board is responsible for ensuring that new directors are provided with an orientation and education program which will include written information about the duties and obligations of directors, the business and operations of the Corporation, documents from recent Board meetings and opportunities for meetings and discussions with senior management and other directors.

The Board recognizes the importance of ongoing director education and the need for each director to take personal responsibility for this process. To facilitate ongoing education of the directors, the Corporate Governance and Nominating Committee will periodically canvass the directors to determine their training and education needs and interests, arrange visits to the Corporation's facilities and operations, arrange the funding for the attendance of directors at seminars or conferences of interest and relevance to their position as a director of the Corporation and encourage and facilitate presentations by outside experts to the Board or committees on matters of importance or emerging significance.

Code of Business Conduct and Ethics

The Board has adopted a Code of Business Conduct and Ethics for its directors, officers and employees. The Corporate Governance and Nominating Committee has responsibility for monitoring compliance with the Code by ensuring that all directors, officers and employees receive and become familiar with the Code and acknowledge their understanding of its provisions. Any non-compliance with the Code is to be reported to the Chief Financial Officer or other appropriate person. A copy of the Code may be accessed on the Company's website at www.uranium1.com.

The Board takes steps to ensure that directors, officers and employees exercise independent judgment in considering transactions and agreements in respect of which a director, officer or employee of the Corporation has a material interest, which include ensuring that directors, officers and employees are thoroughly familiar with the Code.

The Board encourages and promotes an overall culture of ethical business conduct by promoting compliance with applicable laws, rules and regulations, providing guidance to directors, officers and employees to help them recognize and deal with ethical issues, promoting a culture of open communication, honesty and accountability and ensuring awareness of disciplinary action for violations of ethical business conduct.

Nomination of Directors

The Corporate Governance and Nominating Committee, which is composed entirely of independent directors, is responsible for identifying and recruiting new candidates for nomination to the Board. The process by which the Board anticipates that it will identify new candidates is through recommendations of the Corporate Governance and Nominating Committee whose responsibility it is to lead the process of identifying, evaluating and recommending to the Board suitable director candidates, having regard to the competencies and skills of the nominees, the needs of the Board and Board succession planning.

The Corporate Governance and Nominating Committee's responsibilities include monitoring and assessing the Board's relationship with management to ensure that the Board is able to function independently of management; assessing the effectiveness of the Board as a whole and assessing at least annually the optimum Board size; conducting an annual evaluation of the effectiveness of the Board and an annual peer evaluation process to provide feedback to individual directors on their effectiveness; conducting an annual

assessment of the performance and independence of the Chairman; ensuring that appropriate Committee structure, mandate and membership are established and reviewed annually; reviewing and where appropriate approving requests by directors to engage the services of outside advisers; preparing and recommending to the Board annually the statement of corporate governance practices to be included in the Corporation's management information circular; and identifying and recommending to the Board individuals qualified to become Board members.

Compensation

The Compensation Committee, which is composed entirely of independent directors, assists the Board in the discharge of its responsibilities with respect to the setting of compensation for the directors and senior executive officers of the Corporation. The process by which appropriate compensation is determined is through periodic and annual reports from the Compensation Committee on the Corporation's overall compensation and benefits philosophies.

The Compensation Committee's responsibilities include reviewing and making recommendations to the Board regarding any equity or other compensation plan and regarding the total compensation package of the CEO, considering and approving the recommendations of the CEO regarding the total compensation packages for the other senior executives of the Corporation and preparing and recommending to the Board annually the report on executive compensation required to be included in the Corporation's management information circular.

In connection with the Arrangement and the associated reconstitution of the Board, the Compensation Committee engaged Watson Wyatt to provide assistance to the Committee in determining compensation for the Corporation's directors and executive officers. See "Report on Executive Compensation" for further details regarding the engagement of Watson Wyatt.

Committees of the Board of Directors

The Board currently has four standing Committees - Audit, Compensation, Corporate Governance and Nominating and Environment, Health & Safety and Sustainability. Each of the Audit, Compensation and Corporate Governance and Nominating Committee are composed entirely of members who are independent of the Corporation within the meaning of NI 58-101. The Corporation does not have an executive committee.

The Audit Committee consists of Mr. Williamson, who serves as its Chair, and Messrs. Adams and Rosenberg. The Compensation Committee consists of Messrs. MacGibbon (Chair), Adams and Williamson. The Corporate Governance and Nominating Committee consists of Messrs. Rosenberg (Chair), Adams and MacGibbon. The Environment, Health & Safety and Sustainability Committee consists of Messrs. Wheatley (Chair) and Froneman, and Mr. Sibley, who is not standing for re-election.

In 2005 prior to December 27, 2005, the Board had three standing Committees - Audit, Compensation and Corporate Governance and Nominating. The former Audit Committee was composed of Messrs. George Bell, John Hick and Donald Robinson; the former Compensation Committee was composed of Messrs. George Bell and Russ Cranswick; and the former Corporate Governance and Nominating Committee was composed of Messrs. George Bell, Russ Cranswick and John Hick. Each of Messrs. Bell, Cranswick, Hick and Robinson was independent of the Corporation within the meaning of NI 58-101.

Audit Committee

The Audit Committee assists the Board in its oversight role with respect to the quality and integrity of the Corporation's financial statements, the performance, qualifications and independence of the Corporation's independent auditors, the performance of the Corporation's internal audit function and the Corporation's compliance with legal and regulatory requirements. Further information regarding the Audit Committee is contained in the Corporation's annual information form dated March 31, 2006 (the "AIF"), available on SEDAR at www.sedar.com. A copy of the charter of the Audit Committee is attached to the AIF as Schedule "A" and is available on the Corporation's website at www.uranium1.com.

In 2005, the Audit Committee met six times. Each meeting was attended by all of the members of the Committee.

Compensation Committee

The Compensation Committee assists the Board in the discharge of its responsibilities with respect to the setting of compensation for the directors and senior executive officers of the Corporation. The Committee ensures the Corporation has an executive compensation plan that is both motivational and competitive, so that the Corporation will attract, retain and motivate its senior executives. A copy of the charter of the Compensation Committee is available on the Corporation's website at www.uranium1.com.

In 2005, the Compensation Committee met once. Both members of the Committee attended the meeting.

Corporate Governance and Nominating Committee

The Corporate Governance and Nominating Committee assists the Board in the discharge of its duties and responsibilities with respect to ensuring the effectiveness of the systems of corporate governance of the Corporation, including by coordinating an annual evaluation of the Board, its committees and individual Board members and assessment of the Corporate Governance Guidelines of the Board and the charters of each Board committee. The Committee also leads the process of identifying, evaluating and recommending to the Board suitable Director candidates, having regard to the competencies and skills of the nominees, the needs of the Board and its committees and Board succession planning.

The Corporate Governance and Nominating Committee did not meet in 2005.

Environment, Health & Safety and Sustainability Committee

The Environment, Health & Safety and Sustainability Committee reviews and monitors the environmental, health and safety and sustainability policies and activities of the Corporation on behalf of the Board of Directors. This Committee, which was formally constituted on December 27, 2005 on completion of the Arrangement, did not meet during 2005.

Board and Director Assessments

The current practice of the Board is for the Corporate Governance and Nominating Committee to make ongoing, informal assessments of the performance of the Board, Board Committees and individual directors. The Board has also adopted an evaluation process which consists of evaluation forms for the Board as a whole and for individual directors. The evaluation of Board is intended to determine the effectiveness of the Board and to identify how improvements could be made. The evaluation of individual

Board members is aimed at ensuring each Board member brings an adequate contribution to the Board as a whole in light of its overall needs. Such evaluations will be used to recommend changes to Board co

GENERAL

Additional Information

Additional information relating to the Corporation can be found on SEDAR at www.sedar.com. Financial information is provided in the Corporation's audited consolidated financial statements and management's discussion and analysis for the financial year ended December 31, 2005 which accompany this Information Circular and can also be found on SEDAR at www.sedar.com and on the Company's website at www.uranium1.com. Shareholders may also contact the Vice President, Investor Relations of the Corporation by phone at (416) 350-3657 or by email at don@uranium1.com to request copies of these documents.

Directors' Approval

The contents of this Information Circular and the sending thereof to the shareholders of the Corporation have been approved by the directors of the Corporation.

BY ORDER OF THE BOARD OF DIRECTORS

(signed) *Andrew B. Adams*
Andrew B. Adams
Chairman of the Board

Toronto, Ontario
May 6, 2006

Schedule "A"

Resolution to Approve Adoption of 2006 Stock Option Plan

NOW THEREFORE BE IT RESOLVED THAT:

1. The adoption of the 2006 Stock Option Plan by the Corporation in the form attached to the management information circular of the Corporation dated May 6, 2006 as Schedule "A" and the reservation for issuance under such plan of 10% of the Common Shares issued and outstanding from time to time is hereby authorized and approved.
2. The Corporation be and it is hereby authorized and directed to issue such Common Shares pursuant to the 2006 Stock Option Plan as fully paid and non-assessable shares of the Corporation.
3. Any director or officer of the Corporation is hereby authorized and directed, for and on behalf of the Corporation, to execute or cause to be executed under the seal of the Corporation or otherwise and to deliver or cause to be delivered such other documents and instruments and to do or cause to be done such other acts and things as may in the opinion of such director or officer of the Corporation be necessary or desirable to carry out the intent of the foregoing resolutions.

Schedule "A"

sxr URANIUM ONE INC. STOCK OPTION PLAN

May 5, 2006

1. DEFINITIONS AND INTERPRETATION

1.1 Definitions. In this Stock Option Plan:

- (a) **"Associate"**, where used to indicate a relationship with any person or company, means: (i) any company of which such person or company beneficially owns, directly or indirectly, voting securities carrying more than 10 per cent of the voting rights attached to all voting securities of the company for the time being outstanding; (ii) any partner of that person or company; (iii) any trust or estate in which such person or company has a substantial beneficial interest or as to which such person or company serves as trustee or in a similar capacity; (iv) any relative of that person who resides in the same home as that person; (v) any person who resides in the same home as that person and to whom that person is married, or any person of the opposite sex or the same sex who resides in the same home as that person and with whom that person is living in a conjugal relationship outside marriage; or (vi) any relative of a person mentioned in clause (v) who has the same home as that person;
- (b) **"Board"** means the Board of Directors of the Corporation or a committee thereof appointed in accordance with the Plan;
- (c) **"Change of Control"** means the occurrence of any one or more of the following events:
 - (i) a consolidation, merger, amalgamation, arrangement or other reorganization or acquisition involving the Corporation or any of its affiliates and another corporation or other entity, as a result of which the holders of Common Shares prior to the completion of the transaction hold less than 50% of the outstanding shares of the successor corporation after completion of the transaction;
 - (ii) a resolution is adopted to wind-up, dissolve or liquidate the Corporation;
 - (iii) any person, entity or group of persons or entities acting jointly or in concert (the "Acquiror") acquires, or acquires control (including, without limitation, the power to vote or direct the voting) of, voting securities of the Corporation which, when added to the voting securities owned of record or beneficially by the Acquiror or which the Acquiror has the right to vote or in respect of which the Acquiror has the right to direct the voting, would entitle the Acquiror and/or Associates and/or affiliates of the Acquiror to cast or direct the casting of 50% or more of the votes attached to all of the Corporation's outstanding voting securities which may be cast to elect directors of the Corporation or the successor corporation (regardless of whether a meeting has been called to elect directors);
 - (iv) as a result of or in connection with: (A) the contested election of directors or (B) a transaction referred to in section 1.1(c)(i) above, the nominees named in the most recent

management information circular of the Corporation for election to the board of directors of the Corporation shall not constitute a majority of the Directors; or

- (v) the Board adopts a resolution to the effect that a Change of Control as defined herein has occurred or is imminent.

For the purposes of the foregoing, “voting securities” means common shares of the Corporation and any other shares entitled to vote for the election of directors, and shall include any securities, whether or not issued by the Corporation, which are not shares entitled to vote for the election of directors but which are convertible into or exchangeable for shares which are entitled to vote for the election of directors, including any options or rights to purchase such shares or securities.

- (d) “**Common Shares**” means the common shares in the capital of the Corporation;
- (e) “**Consultants**” means individuals, other than Eligible Persons that (i) are engaged to provide on a *bona fide* basis consulting, technical, management or other services to the Corporation or any affiliate thereof under a written contract between the Corporation or the affiliate and the individual or a company of which the individual consultant is an employee or shareholder or a partnership of which the individual consultant is an employee or partner and (ii) in the reasonable opinion of the Corporation, spend or will spend a significant amount of time and attention on the affairs and business of the Corporation or an affiliate thereof.
- (f) “**Corporation**” means sxr Uranium One Inc.;
- (g) “**Eligible Person**” means, subject to applicable law, any director, officer, employee or Consultant of (i) the Corporation or (ii) any affiliate thereof;
- (h) “**Insider**” shall have the meaning ascribed thereto in the *Securities Act* (Ontario) other than a person who is an Insider solely by virtue of being a director or senior officer of a subsidiary of the Corporation and any Associate of an Insider;
- (i) “**Market Price**” means, in respect of any Option, the volume weighted average trading price of the Common Shares on the Stock Exchange, or another stock exchange where the majority of the trading volume and value of the Common Shares occurs, for the five trading days immediately preceding the date of grant of the Option.
- (j) “**Option**” means a right granted to an Eligible Person to purchase Common Shares pursuant to the terms of this Plan;
- (k) “**Option Price**” means the price per Common Share at which Common Shares may be purchased under the Option, as the same may be adjusted from time to time in accordance with Section 5.
- (l) “**Participant**” for the Plan means each Eligible Person to whom Options are granted;
- (m) “**Plan**” means the Corporation’s 2006 Stock Option Plan, as same may be amended from time to time;
- (n) “**Retirement**” in respect of a Participant means the Participant ceasing to be a director, officer, employee or Consultant of the Corporation or an affiliate thereof after attaining a stipulated age in

accordance with the Corporation's normal retirement policy or earlier with the Corporation's consent;

- (o) **"Retirement Date"** means the date that a Participant ceases to be an employee, officer or Consultant of the Corporation or an affiliate thereof due to the Retirement of the Participant;
- (p) **"Stock Exchange"** means the Toronto Stock Exchange;
- (q) **"Termination"** means: (i) in the case of a director, the termination of his or directorship with the Corporation or any affiliate thereof due to retirement or otherwise, (ii) in the case of an employee, the termination of the employment of the employee with or without cause by the Corporation or an affiliate thereof or cessation of employment of the employee with the Corporation or an affiliate thereof as a result of resignation or otherwise other than the Retirement of the employee; (iii) in the case of an officer, the removal of or failure to re-elect or re-appoint the individual as an officer of the Corporation or an affiliate thereof (other than through the Retirement of an officer); and (iv) in the case of a Consultant, the termination of the services of a Consultant by the Corporation or an affiliate thereof (other than through the Retirement of a Consultant); and
- (r) **"Termination Date"** means the date on which a Participant ceases to be an Eligible Person due to the Termination of the Participant.

1.2 Securities Definitions. In this Plan, the terms "affiliate" and "subsidiary" shall have the meanings given to such terms in the *Securities Act* (Ontario).

1.3 Headings. The headings of all articles, Sections, and paragraphs in this Plan are inserted for convenience of reference only and shall not affect the construction or interpretation of this Plan.

1.4 Context, Construction. Whenever the singular or masculine are used in this Plan, the same shall be construed as being the plural or feminine or neuter or vice versa where the context so requires.

1.5 References to this Plan. The words "hereto", "herein", "hereby", "hereunder", "hereof" and similar expressions mean or refer to this Plan as a whole and not to any particular Section, subsection or other part hereof.

2. PURPOSE AND ADMINISTRATION OF THE PLAN

2.1 Purpose of the Plan. The purpose of this Plan is to advance the interests of the Corporation by (i) providing Eligible Persons with additional incentive to develop and promote the success of the Corporation, (ii) increasing the proprietary interest of Eligible Persons in the success of the Corporation, (iii) encouraging Eligible Persons to remain with the Corporation or its affiliates; and (iv) attracting new directors, officers and employees to the Corporation or its affiliates.

2.2 Administration. This Plan will be administered by the Board or a committee of the Board duly appointed for this purpose by the Board and consisting of not less than three directors. If a committee is appointed for this purpose, all references herein to the term "**Board**" will be deemed to be references to the committee.

2.3 Authority of the Board. Subject to the limitations of this Plan, the Board has the authority:

- (a) to establish policies and to adopt, prescribe, amend or vary the rules and regulations for carrying out the purposes, provisions and administration of the Plan and make all other determinations necessary or advisable for its administration;
- (b) to interpret and construe the Plan and to determine all questions arising out of the Plan and any Option granted pursuant to the Plan and any such interpretation, construction or determination made by the Board shall be final, binding and conclusive for all purposes;
- (c) to determine which Eligible Persons are granted Options and to grant Options;
- (d) to determine the number of Common Shares underlying each Option;
- (e) to determine the Option Price;
- (f) to determine the time or times when Options will be granted and be exercisable;
- (g) to determine if the Common Shares underlying an Option will be subject to any restrictions upon the exercise of such Option; and
- (h) to prescribe the form of the instruments relating to the grant, exercise and other terms of the Options.

2.4 Maximum Number of Common Shares. The aggregate maximum number of Common Shares available for issuance from treasury under this Plan shall not exceed 10% of the Common Shares outstanding from time to time on a non-diluted basis. Any Common Shares subject to an Option which has been for any reason cancelled or terminated without having been exercised shall again be available for grant under the Plan.

2.5 Limitations Relating to Insiders. Notwithstanding any other provisions of the Plan, the following limitations apply to Insiders of the Corporation:

- (a) the maximum number of Common Shares issuable to Insiders at any time pursuant to this Plan, and any other security-based compensation arrangements of the Corporation, is 10% of the total number of Common Shares then outstanding on a non-diluted basis;
- (b) the maximum number of Common Shares issuable to Insiders within any one-year period pursuant to this Plan and any other security-based compensation arrangements of the Corporation is 10% of the total number of Common Shares then outstanding on a non-diluted basis; and
- (c) the maximum number of Common Shares issuable within a one-year period to any one Insider and such Insider's Associates pursuant to this Plan and any other security-based compensation arrangements of the Corporation shall not exceed 5% of the total number of Common Shares then outstanding on a non-diluted basis.

3. ELIGIBILITY, GRANT AND TERMS OF OPTION

3.1 Eligibility. Subject to the provisions of this Plan, the Board shall in its sole discretion and from time to time determine those Eligible Persons to whom Options shall be granted and the number of Options to be granted. An Eligible Person may receive Options on more than one occasion under the Plan and may receive separate Options on any one occasion.

3.2 Terms. Subject to the provisions of this Plan, the number of Options to be granted, the Option Price, the expiration date of each Option, the extent to which each Option is exercisable from time to time during the term of the Option and other terms and conditions relating to each such Option shall be determined by the Board; provided, however:

- (a) the Option Price applicable to each Option shall in no circumstances be lower than the Market Price on the date of grant;
- (b) the period during which an Option is exercisable shall in no circumstances exceed 10 years; and
- (c) in the absence of any contrary determination by the Board, each grant of Options will vest as to one-third thereof on the date of grant, as to one-third thereof on the first anniversary of the date of grant and as to the balance on the second anniversary of the date of grant.

3.3 Non-Assignable. An Option is personal to the Participant and, except as otherwise may be expressly provided for under this Plan or pursuant to a will or by the laws of descent and distribution, no Option and no other right or interest of a Participant is assignable or transferable.

3.4 Change of Control. In the event of a Change of Control, all Options outstanding shall vest and be immediately exercisable, notwithstanding any determination of the Board pursuant to Section 3.2 hereof, if applicable.

3.5 Option Agreements. Each Option must be confirmed, and will be governed, by an option agreement consistent with the terms of this Plan and in a form determined by the Board and signed by the Corporation and the Participant.

3.6 Rights as a Shareholder. The holder of an Option shall not have any rights as a shareholder of the Corporation with respect to any of the Common Shares underlying the Option until such holder shall have exercised such Option in accordance with the terms of the Plan and such Common Shares shall have been issued. No adjustment shall be made for dividends or distributions or other rights for which the record date is prior to the date such Common Shares are issued pursuant to the exercise of such Options.

3.7 No Contract of Employment. Nothing contained in this Plan shall confer or be deemed to confer upon any Participant the right to continue in the employment of, or to provide services to, the Corporation or any affiliate thereof, nor interfere or be deemed to interfere in any way with any right of the Corporation or any affiliate thereof to discharge any Participant at any time for any reason whatsoever, with or without cause. Participation in the Plan by a Participant shall be voluntary.

4. EXERCISE OF OPTIONS

4.1 Exercise and Payment. Subject to the provisions of the Plan, an Option may be exercised by delivery to the Corporation at its registered office of a written notice of exercise addressed to the Secretary specifying the number of Shares with respect to which the Option is being exercised and accompanied by payment in full of the Option Price of the Common Shares to be purchased. The exercise price for Common Shares purchased on exercise of an Option shall be paid in full by bank draft or certified cheque at the time of exercise; provided, however, that where the underlying securities are fully deducted from the Plan reserve, the Corporation may permit a Participant to elect to pay the Option Price by authorizing a third party to sell Common Shares (or a sufficient portion of Common Shares) acquired upon exercise of the Options and remit to the Corporation a sufficient portion of the sale proceeds to pay such Option Price and any applicable commission and tax required to be withheld as a result of such exercise.

4.2 Issuance of Common Shares. Upon receipt of payment in full, but subject to the terms of this Plan, the number of Common Shares in respect of which the Option is exercised will be duly issued as fully paid and non-assessable and share certificates representing such number of Common Shares will be issued and delivered to the Participant within a reasonable period of time thereafter. No fractional Common Shares may be issued and the Board may determine the manner in which fractional Common Share value will be treated.

4.3 Withholding Taxes. The Corporation may require the Participant to pay to the Corporation the amount of any withholding taxes that the Corporation is required to withhold with respect to the grant or exercise of an Option and shall have the right to withhold an amount equal to such taxes from any cash amounts otherwise due or to become due from the Corporation to such Participant.

4.4 Termination, Retirement or Death.

(a) In the event of the Termination or Retirement of a Participant for any reason other than as a result of having been dismissed for cause or as a result of a Participant's death, each Option held by the Participant will cease to be exercisable within a period of 90 days after the Termination Date or Retirement Date, as the case may be, or such longer period as determined by the Board.

For greater certainty, such determination of a longer period may be made at any time subsequent to the date of grant of the Options, provided that no Option shall remain outstanding for any period which exceeds the earlier of: (i) the expiry date of such Option; and (ii) 12 months following the Termination Date or Retirement Date, as the case may be. If any portion of an Option has not vested on the Termination Date or Retirement Date, as the case may be, the Participant may not after such date exercise such portion of the Option which has not vested, provided that the Board may determine at any time, including for greater certainty at any time subsequent to the date of grant of the Options, that such portion of the Option vests automatically or pursuant to a vesting schedule determined by the Board.

(b) If a Participant dies, the legal representatives of the Participant may exercise the Options held by the Participant within a period of six months after the date of the Participant's death or such longer period as determined by the Board, provided that no Option shall remain outstanding for any period which exceeds the earlier of (i) the expiry date of such Option; and (ii) 12 months following the date of death of the Participant, but only to the extent the Options were by their terms exercisable on the date of death. If the legal representative of a Participant who has died exercises the Option of the Participant in accordance with the terms of this Plan, the Corporation will have no obligation to issue the Shares until evidence satisfactory to the Corporation has been provided by the legal representative that the legal representative is entitled to act on behalf of the Participant to purchase the Common Shares under this Plan.

(c) Notwithstanding any other provision contained herein, in the event of a Termination of a Participant as a result of having been dismissed for cause, all unexercised Options of that Participant under the Plan shall become immediately terminated and shall lapse notwithstanding the original term of such Options.

5. CAPITAL ADJUSTMENTS

5.1 Capital Adjustments. If there is any change in the outstanding Common Shares by reason of a stock dividend or split, recapitalization, consolidation, combination or exchange of shares, or other fundamental corporate change, the Board will make, subject to any prior approval required of relevant stock

exchanges or other applicable regulatory authorities, if any, an appropriate substitution or adjustment in (i) the exercise price of any unexercised Options under this Plan; (ii) the number or kind of shares or other securities reserved for issuance pursuant to this Plan; and (iii) the number and kind of shares subject to unexercised Options theretofore granted under this Plan; provided, however, that no substitution or adjustment will obligate the Corporation to issue or sell fractional shares. In the event of the reorganization of the Corporation or the amalgamation or consolidation of the Corporation with another corporation, the Board may make such provision for the protection of the rights of Participants as the Board in its discretion deems appropriate. The determination of the Board, as to any adjustment or as to there being no need for adjustment, will be final and binding on all parties.

6. AMENDMENT AND TERMINATION

6.1 Amendment and Termination of Plan.

- (a) Board and requisite shareholder and regulatory approval shall be required for any of the following amendments to be made to the Plan:
 - (i) any amendment to the number of securities issuable under the Plan, including an increase to a fixed maximum number of securities or a change from a fixed maximum number of securities to a fixed maximum percentage, or a change in a fixed maximum percentage of securities;
 - (ii) any change to the definition of “Eligible Person” which would have the potential of broadening or increasing insider participation;
 - (iii) the addition of any form of financial assistance;
 - (iv) any amendment to a financial assistance provision which is more favourable to participants;
 - (v) the addition of a cashless exercise feature, payable in cash or securities, which does not provide for a full deduction of the number of underlying securities from the Plan reserve;
 - (viii) the addition of a deferred or restricted share unit or any other provision which results in Eligible Persons receiving securities while no cash consideration is received by the Corporation;
 - (ix) termination or discontinuance of the Plan; and
 - (viii) and any other amendments that may lead to significant or unreasonable dilution in the Corporation’s outstanding securities or may provide, additional benefits to Eligible Persons, especially insiders of the Corporation, at the expense of the Corporation and its existing shareholders.
- (b) The Board may, subject to receipt of requisite regulatory approval, where required, in its sole discretion make all other amendments to the Plan that are not of the type contemplated in section 6.1(a) above including, without limitation:
 - (i) amendments of a “housekeeping” nature;
 - (ii) a change to the vesting provisions of a security or the Plan;

- (iii) a change to the termination provisions of a security or the Plan which does not entail an extension beyond the original expiry date; and
 - (iv) the addition of a cashless exercise feature, payable in cash or securities, which provides for a full deduction of the number of underlying securities from the Plan reserve.
- (c) Notwithstanding the provisions of section 6.1(b), the Corporation shall additionally obtain requisite shareholder approval in respect of amendments to the Plan that are contemplated pursuant to section 6.1(b), to the extent such approval is required by any applicable laws or regulations.
- (d) Notwithstanding all of the foregoing, no amendment to the Plan may alter or impair any of the terms of any alter or impair any Options or any rights pursuant thereto previously granted to any Participant without the consent of such Participant. If the Plan is terminated, the provisions of the Plan and any administrative guidelines and other rules and regulations adopted by the Board and in force at the time of the Plan shall continue in effect during such time as an Option or any rights pursuant thereto remain outstanding.

6.2 Amendment of Termination of Options. Subject to the prior approval of any applicable regulatory authorities (as required) and the consent of the Participant affected thereby, the Board may amend or modify any outstanding Option in any manner to the extent that the Board would have had the authority to initially grant the Option as so modified or amended, including without limitation, to change the date or dates as of which, or the price at which, an Option becomes exercisable.

6.3 Shareholder Approval. To the extent required by the applicable policies of the Stock Exchange, the Option Price of any Option held by any Insider may not be reduced, nor may the term of such Option be extended, without the approval of the shareholders of the Corporation excluding the votes of securities held by the Insiders benefiting from such amendment.

7. MISCELLANEOUS

7.1 Compliance with Legislation. Notwithstanding any of the provisions contained in the Plan or any Option or Option agreement, the Corporation's obligation to grant Options and issue Common Shares, and to issue and deliver certificates for such securities to a Participant pursuant to the exercise of an Option shall be subject to:

- (a) compliance with all applicable laws, regulations, rules, orders of governmental or regulatory authorities in Canada and elsewhere having jurisdiction;
- (b) compliance with the requirements of the Stock Exchange; and
- (c) receipt from the Participant of such covenants, agreements, representations and undertakings, including as to future dealings in such Common Shares, as the Corporation determines to be necessary or advisable in order to comply with the applicable securities laws of any jurisdiction.

The Corporation shall have no obligation under this Plan or otherwise to grant any Option or sell or issue Common Shares in violation of any such applicable laws, regulations, rules, orders or Stock Exchange requirements. No Option shall be granted and no Common Shares shall be issued and sold hereunder where the grant, issue or sale would require registration of the Plan or of the Common Shares under the securities laws of any foreign jurisdiction and any purported grant of any Option or issue or sale of Common Shares

hereunder in violation of this provision shall be void. Common Shares issued and sold pursuant to the exercise of Options may be subject to limitations on sale or resale under applicable securities laws.

7.2 Non-Exclusivity. Nothing contained herein will prevent the Board from adopting other or additional compensation arrangements for the benefit of any Eligible Person or Participant, subject to any required regulatory or shareholder approval.

7.3 Interpretation. This Plan shall be governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

7.4 Effective Date. This Plan shall be effective on May 5, 2006, subject to the receipt of all applicable regulatory and shareholder approvals required in connection with the implementation of the Plan.

Schedule "B"

Resolution to Approve Adoption of Restricted Share Plan

NOW THEREFORE BE IT RESOLVED THAT:

1. The adoption of the Restricted Share Plan by the Corporation in the form attached to the management information circular of the Corporation dated May 6, 2006 as Schedule "B" and the reservation for issuance under such plan of 2,000,000 Common Shares is hereby authorized and approved.
2. The Corporation be and it is hereby authorized and directed to issue such Common Shares pursuant to the Restricted Share Plan as fully paid and non-assessable shares of the Corporation.
3. Any director or officer of the Corporation is hereby authorized and directed, for and on behalf of the Corporation, to execute or cause to be executed under the seal of the Corporation or otherwise and to deliver or cause to be delivered such other documents and instruments and to do or cause to be done such other acts and things as may in the opinion of such director or officer of the Corporation be necessary or desirable to carry out the intent of the foregoing resolutions.

Schedule "B"

sxr URANIUM ONE INC.

RESTRICTED SHARE PLAN

May 5, 2006

1. DEFINITIONS AND INTERPRETATION

1.1 Definitions. In this Restricted Share Plan:

- (a) "Act" means the *Canada Business Corporations Act* or its successor, as amended from time to time;
- (b) "Associate", where used to indicate a relationship with any person or company, means: (i) any company of which such person or company beneficially owns, directly or indirectly, voting securities carrying more than 10 per cent of the voting rights attached to all voting securities of the company for the time being outstanding; (ii) any partner of that person or company; (iii) any trust or estate in which such person or company has a substantial beneficial interest or as to which such person or company serves as trustee or in a similar capacity; (iv) any relative of that person who resides in the same home as that person; (v) any person who resides in the same home as that person and to whom that person is married, or any person of the opposite sex or the same sex who resides in the same home as that person and with whom that person is living in a conjugal relationship outside marriage; or (vi) any relative of a person mentioned in clause (v) who has the same home as that person;
- (c) "Change of Control" means the occurrence of any one or more of the following events:
 - (i) a consolidation, merger, amalgamation, arrangement or other reorganization or acquisition involving the Corporation or any of its affiliates and another corporation or other entity, as a result of which the holders of Common Shares prior to the completion of the transaction hold less than 50% of the outstanding shares of the successor corporation after completion of the transaction;
 - (ii) a resolution is adopted to wind-up, dissolve or liquidate the Corporation;
 - (iii) any person, entity or group of persons or entities acting jointly or in concert (the "Acquiror") acquires, or acquires control (including, without limitation, the power to vote or direct the voting) of, voting securities of the Corporation which, when added to the voting securities owned of record or beneficially by the Acquiror or which the Acquiror has the right to vote or in respect of which the Acquiror has the right to direct the voting, would entitle the Acquiror and/or Associates and/or affiliates of the Acquiror to cast or direct the casting of 50% or more of the votes attached to all of the Corporation's outstanding voting securities which may be cast to elect directors of the Corporation or the successor corporation (regardless of whether a meeting has been called to elect directors);

- (iv) as a result of or in connection with: (A) the contested election of directors or (B) a transaction referred to in section 1.1(c)(i) above, the nominees named in the most recent management information circular of the Corporation for election to the board of directors of the Corporation shall not constitute a majority of the Directors; or
- (v) the Board adopts a resolution to the effect that a Change of Control as defined herein has occurred or is imminent.

For the purposes of the foregoing, “voting securities” means common shares of the Corporation and any other shares entitled to vote for the election of directors, and shall include any securities, whether or not issued by the Corporation, which are not shares entitled to vote for the election of directors but which are convertible into or exchangeable for shares which are entitled to vote for the election of directors, including any options or rights to purchase such shares or securities.

- (d) “**Committee**” means the Directors or, if the Directors so determine in accordance with Section 2.3, the committee of Directors authorized to administer the Restricted Share Plan which includes any compensation committee of the Directors;
- (e) “**Common Shares**” means the common shares of the Corporation, as adjusted in accordance with the provisions of Section 5;
- (f) “**Corporation**” means SXR Uranium One Inc., a corporation continued under the Act;
- (g) “**Deferred Payment Date**” means the date for a Participant under the Restricted Share Plan after the Restricted Period and not later than the Participant’s Retirement Date which the Participant has elected to defer receipt of Restricted Shares;
- (h) “**Designated Affiliate**” means affiliates of the Corporation designated by the Committee for purposes of the Restricted Share Plan from time to time;
- (i) “**Directors**” means the board of directors of the Corporation from time to time;
- (j) “**Eligible Contractors**” means individuals, other than Eligible Directors or Eligible Employees, that (i) are engaged to provide, on a *bona fide* basis, consulting, technical, management or other services to the Corporation or any Designated Affiliates under a written contract between the Corporation or the Designated Affiliate and the individual or a company of which the individual consultant is an employee and (ii) in the reasonable opinion of the Corporation, spend or will spend a significant amount of time and attention on the affairs and business of the Corporation or a Designated Affiliate;
- (k) “**Eligible Directors**” means the Directors and the directors of any Designated Affiliate of the Corporation from time to time;
- (l) “**Eligible Employees**” means employees, including officers, whether Directors or not, and including both full-time and part-time employees, of the Corporation or any Designated Affiliate of the Corporation;
- (m) “**Insider**” shall have the meaning ascribed thereto in the *Securities Act* (Ontario) other than a person who is an Insider solely by virtue of being a director or senior officer of a subsidiary of the Corporation and any Associate of an Insider;

- (n) “**Participant**” for the Restricted Share Plan means each Eligible Director, Eligible Contractor, and Eligible Employee to whom Restricted Share Rights are granted;
- (o) “**Restricted Period**” means any period of time that a Restricted Share Right is not exercisable and the Participant holding such Restricted Share Right remains ineligible to receive Restricted Shares, determined by the Committee in its absolute discretion (provided, however, that such period of time may be reduced or eliminated from time to time and at any time and for any reason as determined by the Committee, including but not limited to circumstances involving the death or disability of a Participant);
- (p) “**Retirement**” in respect of a Participant means the Participant ceasing to be an Eligible Employee, Eligible Director or Eligible Contractor after attaining a stipulated age in accordance with the Corporation’s normal retirement policy or earlier with the Corporation’s consent;
- (q) “**Retirement Date**” means the date that a Participant ceases to be an Eligible Employee, Eligible Director or Eligible Contractor;
- (r) “**Restricted Share Plan**” means the restricted share plan described in Section 3 hereof;
- (s) “**Restricted Share Rights**” has the meaning ascribed thereto in Section 3.2 hereof;
- (t) “**Restricted Share Rights Grant Letter**” has the meaning ascribed thereto in Section 3.3 hereof;
- (u) “**Restricted Shares**” means the Common Shares issuable upon the exercise of Restricted Share Rights;
- (v) “**Stock Exchange**” means the Toronto Stock Exchange; and
- (w) “**Termination**” means: (i) in the case of an Eligible Employee, the termination of the employment of the Eligible Employee with or without cause by the Corporation or a Designated Affiliate, or cessation of employment of the Eligible Employee with the Corporation or a Designated Affiliate as a result of resignation or otherwise other than the Retirement of the Eligible Employee; (ii) in the case of an Eligible Director, the removal of or failure to re-elect the Eligible Director as a director of the Corporation or a Designated Affiliate; (iii) in the case of an Eligible Contractor, the termination of the services of the Eligible Contractor by the Corporation or a Designated Affiliate.

1.2 Securities Definitions. In this Restricted Share Plan, the terms “affiliate” and “subsidiary” shall have the meanings given to such terms in the *Securities Act* (Ontario).

1.3 Headings. The headings of all articles, Sections, and paragraphs in this Restricted Share Plan are inserted for convenience of reference only and shall not affect the construction or interpretation of this Restricted Share Plan.

1.4 Context, Construction. Whenever the singular or masculine are used in this Restricted Share Plan, the same shall be construed as being the plural or feminine or neuter or vice versa where the context so requires.

1.5 References to this Restricted Share Plan. The words “hereto”, “herein”, “hereby”, “hereunder”, “hereof” and similar expressions mean or refer to this Restricted Share Plan as a whole and not to any particular Section, subsection or other part hereof.

2. PURPOSE AND ADMINISTRATION OF THE RESTRICTED SHARE PLAN

2.1 Purpose of the Restricted Share Plan. The Restricted Share Plan provides for the acquisition of Common Shares by Participants for the purpose of advancing the interests of the Corporation through the motivation, attraction and retention of employees, directors and consultants of the Corporation and the Designated Affiliates of the Corporation, and to secure for the Corporation and its shareholders the benefits inherent in the ownership of Common Shares by key employees, consultants and directors of the Corporation and Designated Affiliates of the Corporation, it being generally recognized that restricted share plans aid in attracting, retaining and encouraging employees, consultants and directors due to the opportunity offered to them to acquire a proprietary interest in the Corporation.

2.2 Administration of the Restricted Share Plan. The Restricted Share Plan shall be administered by the Committee and the Committee shall have full authority to administer the Restricted Share Plan, including the authority to interpret and construe any provision of the Restricted Share Plan and to adopt, amend and rescind such rules and regulations for administering the Restricted Share Plan as the Committee may deem necessary in order to comply with the requirements of the Restricted Share Plan. All actions taken and all interpretations and determinations made by the Committee in good faith shall be final and conclusive and shall be binding on the Participants and the Corporation.

No member of the Committee shall be personally liable for any action taken or determination or interpretation made in good faith in connection with the Restricted Share Plan and all members of the Committee shall, in addition to their rights as Directors, be fully protected, indemnified and held harmless by the Corporation with respect to any such action taken or determination or interpretation made. The appropriate officers of the Corporation are hereby authorized and empowered to do all things and execute and deliver all instruments, undertakings and applications and writings as they, in their absolute discretion, consider necessary for the implementation of the Restricted Share Plan and of the rules and regulations established for administering the Restricted Share Plan. All costs incurred in connection with the Restricted Share Plan shall be for the account of the Corporation.

2.3 Delegation to Committee. All of the powers exercisable hereunder by the Directors may, to the extent permitted by applicable law and as determined by resolution of the Directors, be exercised by a committee of the Directors comprising not less than three Directors, including any compensation committee of the board of directors of the Corporation.

2.4 Record Keeping. The Corporation shall maintain a register in which shall be recorded:

- (a) the name and address of each Participant in the Restricted Share Plan;
- (b) the number of Restricted Share Rights granted to each Participant under the Restricted Share Plan; and
- (c) the number of Restricted Shares issued to each Participant under the Restricted Share Plan.

2.5 Determination of Participants and Participation. The Committee shall from time to time determine the Participants who may participate in the Restricted Share Plan. The Committee shall from time to time determine the Participants to whom Restricted Share Rights shall be granted and the provisions and restrictions with respect to such grant(s), all such determinations to be made in accordance with the terms and conditions of the Restricted Share Plan, and the Committee may take into consideration the present and potential contributions of, and the services rendered by, the particular Participant to the success of the Corporation and any other factors which the Committee deems appropriate and relevant.

2.6 Maximum Number of Common Shares. The aggregate maximum number of Common Shares available for issuance from treasury under this Plan shall be determined from time to time by the Committee but shall not in any case exceed 2,000,000.

2.7 Limitations Relating to Insiders. Notwithstanding any other provisions of the Plan, the following limitations apply to Insiders of the Corporation:

- (a) the maximum number of Common Shares issuable to Insiders at any time pursuant to this Restricted Share Plan, and any other security-based compensation arrangements of the Corporation, is 10% of the total number of Common Shares then outstanding on a non-diluted basis;
- (b) the maximum number of Common Shares issuable to Insiders within any one-year period pursuant to this Restricted Share Plan and any other security-based compensation arrangements of the Corporation is 10% of the total number of Common Shares then outstanding on a non-diluted basis; and
- (c) the maximum number of Common Shares issuable within a one-year period to any one Insider and such Insider's Associates pursuant to this Restricted Share Plan and any other security-based compensation arrangements of the Corporation shall not exceed 5% of the total number of Common Shares then outstanding on a non-diluted basis.

3. RESTRICTED SHARE PLAN

3.1 Restricted Share Plan. A Restricted Share Plan is hereby established for Eligible Employees, Eligible Directors and Eligible Contractors.

3.2 Participants. The Committee shall have the right, in its sole and absolute discretion, to grant to any Participant rights to acquire any number of fully paid and non-assessable Common Shares ("**Restricted Share Rights**") as a discretionary payment in consideration of past services to the Corporation, subject to this Restricted Share Plan and with such provisions and restrictions as the Committee may determine. Each Restricted Share Right is exercisable for one Common Share of the Corporation, without payment of additional consideration, at the end of the Restricted Period or, if applicable, at a later Deferred Payment Date, if any, without any further action on the part of the holder of the Restricted Share Right in accordance with this Section 3.

3.3 Restricted Share Right Grant Letter. Each grant of Restricted Share Rights under the Restricted Share Plan shall be evidenced by a letter (a "**Restricted Share Rights Grant Letter**") to the Participant from the Corporation. Such Restricted Share Rights Grant Letter shall be subject to all applicable terms and conditions of the Restricted Share Plan and may be subject to any other terms and conditions which are not inconsistent with the Restricted Share Plan and which the Committee deems appropriate for inclusion in a Restricted Share Grant Letter. The provisions of the various Restricted Share Rights Grant Letters issued under this Restricted Share Plan need not be identical.

3.4 Restricted Period. Upon the grant of Restricted Share Rights to a Participant, the Committee shall determine the Restricted Period applicable to such Restricted Share Rights.

3.5 Deferred Payment Date. Participants may elect to defer the receipt of all or any part of their entitlement to Restricted Shares until a Deferred Payment Date.

3.6 Prior Notice of Deferred Payment Date. Participants who elect a Deferred Payment Date must give the Corporation written notice of one or more Deferred Payment Dates not later than sixty days prior to the expiration of the Restricted Period. Participants may change a Deferred Payment Date by providing written notice to the Corporation not later than sixty days prior to the Deferred Payment Date.

3.7 Retirement or Termination during Restricted Period. In the event of the Retirement or Termination of a Participant during the Restricted Period, any Restricted Share Rights held by the Participant shall immediately terminate and be of no further force or effect; provided, however, that the Committee has the absolute discretion to waive such termination.

3.8 Retirement or Termination after Restricted Period. In the event of the Retirement or Termination of a Participant following the Restricted Period and prior to the Deferred Payment Date, the Corporation shall issue forthwith Restricted Shares issuable upon the exercise of Restricted Share Rights held by the Participant.

3.9 Death or Disability of Participant. In the event of the death or total disability of a Participant, any Restricted Shares represented by Restricted Share Rights held by the Participant shall be immediately issuable by the Corporation.

3.10 Change of Control. In the event of a Change of Control, all Restricted Share Rights outstanding shall be immediately exercised for Restricted Shares notwithstanding the Restricted Period and any applicable Deferred Payment Date and each Participant who holds Restricted Share Rights shall receive the securities, property or cash which the Participant would have received upon such Change of Control if the Participant had held the Restricted Shares issuable upon exercise of such Restricted Share Rights immediately prior to such Change of Control.

3.11 Necessary Approvals. This Restricted Share Plan shall be subject to the approval of the shareholders of the Corporation, to be given by a resolution passed at a meeting of the shareholders of the Corporation or by a written resolution of all of the shareholders of the Corporation in accordance with the Act and acceptance by the Stock Exchange or any regulatory authority having jurisdiction over the securities of the Corporation.

3.12 Term of the Restricted Share Plan. This Restricted Share Plan shall become effective on the date on which it is approved by the shareholders and shall remain in effect until terminated by the Board of Directors.

4. WITHHOLDING TAXES

4.1 Withholding Taxes. The Corporation or any Designated Affiliate of the Corporation may take such steps as are considered necessary or appropriate for the withholding of any taxes which the Corporation or any Designated Affiliate of the Corporation is required by any law or regulation of any governmental authority whatsoever to withhold in connection with any Common Share including, without limiting the generality of the foregoing, the withholding of all or any portion of any payment or the withholding of the issue of Common Shares to be issued under the Restricted Share Plan, until such time as the Participant has paid the Corporation or any Designated Affiliate of the Corporation for any amount which the Corporation or Designated Affiliate of the Corporation is required to withhold with respect to such taxes.

5. GENERAL

5.1 Effective Time of Restricted Share Plan. This Restricted Share Plan shall be effective on May 5, 2006, subject to the receipt of all applicable regulatory and shareholder approvals required in connection with the implementation of the Restricted Share Plan.

5.2 Amendment of Restricted Share Plan. The Committee may from time to time in its absolute discretion amend, modify and change the provisions of this Restricted Share Plan, provided that any amendment, modification or change to the provisions of the Restricted Share Plan which would:

- (a) materially increase the benefits under the Restricted Share Plan;
- (b) increase the number of Common Shares which may issued hereunder, other than by virtue of Sections 5.6, 5.7 and 5.8 hereof; or
- (c) materially modify the requirements as to eligibility for participation in the Restricted Share Plan;

shall only be effective upon such amendment, modification or change being approved by the shareholders of the Corporation and, if required, by the Stock Exchange and any other regulatory authority having jurisdiction over the securities of the Corporation. Any amendment, modification or change of any provision of the Restricted Share Plan shall be subject to approval, if required, by any regulatory authority having jurisdiction over the securities of the Corporation.

5.3 Non-Assignable. Except as otherwise may be expressly provided for under this Restricted Share Plan or pursuant to a will or by the laws of descent and distribution, no Restricted Share Right and no other right or interest of a Participant is assignable or transferable.

5.4 Rights as a Shareholder. No holder of any Restricted Share Rights shall have any rights as a shareholder of the Corporation prior to the end of the applicable Restricted Period. Subject to Section 5.9, no holder of any Restricted Share Rights shall be entitled to receive, and no adjustment shall be made for, any dividends, distributions or any other rights declared for shareholders of the Corporation for which the record date is prior to the date of exercise of any Restricted Share Right.

5.5 No Contract of Employment. Nothing contained in this Restricted Share Plan shall confer or be deemed to confer upon any Participant the right to continue in the employment of, or to provide services to, the Corporation or any Designated Affiliate, nor interfere or be deemed to interfere in any way with any right of the Corporation or any Designated Affiliate to discharge any Participant at any time for any reason whatsoever, with or without cause. Participation in the Restricted Share Plan by a Participant shall be voluntary.

5.6 Automatic Extension of Restricted Period During Black-Out Periods. Unless otherwise determined by the resolution of the Committee, in the event any Restricted Period expires during a self-imposed or regulatory black-out period on trading securities of the Corporation, such Restricted Period shall be automatically extended until 48 hours after such black-out period has expired. Notwithstanding Section 3.7, if a Restricted Period is automatically extended pursuant to this Section 5.7, in the event of the Retirement or Termination of a Participant during the time the Restricted Period was extended, the Restricted Share Rights so extended held by the Participant shall not be terminated in accordance with Section 3.7 and shall continue to be in effect.

5.7 Adjustment in Number of Shares Subject to the Restricted Share Plan. In the event there is any change in the Common Shares, whether by reason of a stock dividend, consolidation, subdivision, reclassification or otherwise, an appropriate adjustment shall be made by the Committee in:

- (a) the number of Common Shares available under the Restricted Share Plan; and
- (b) the number of Common Shares subject to any Restricted Share Rights.

If the foregoing adjustment shall result in a fractional Common Share, the fraction shall be disregarded. All such adjustments shall be conclusive, final and binding for all purposes of the Restricted Share Plan.

5.8 Securities Exchange Take-over Bid. In the event that the Corporation becomes the subject of a take-over bid (within the meaning of the *Securities Act* (Ontario)) pursuant to which 100% of the issued and outstanding Common Shares are acquired by the offeror either directly or as a result of any applicable compulsory acquisition provisions, and where consideration is paid in whole or in part in equity securities of the offeror, the Committee may send notice to all holders of Restricted Share Rights requiring them to surrender their Restricted Share Rights within 10 days of the mailing of such notice, and the holders of Restricted Share Rights shall be deemed to have surrendered such Restricted Share Rights on the tenth day after the mailing of such notice without further formality, provided that:

- (a) the offeror delivers with such notice an irrevocable and unconditional offer to grant replacement restricted share rights to the holders of Restricted Share Rights on the equity securities offered as consideration;
- (b) the Committee has determined, in good faith, that such replacement options have substantially the same economic value as the Restricted Share Rights being surrendered; and
- (c) the surrender of Restricted Share Rights and the granting of replacement restricted share rights can be effected on a tax deferred basis under the *Income Tax Act* (Canada).

5.9 No Representation or Warranty. The Corporation makes no representation or warranty as to the future market value of any Common Shares issued in accordance with the provisions of the Restricted Share Plan.

5.10 Compliance with Applicable Law. If any provision of this Restricted Share Plan or any Restricted Share Right contravenes any law or any order, policy, by-law or regulation of any regulatory body having jurisdiction, then such provision shall be deemed to be amended to the extent necessary to bring such provision into compliance therewith.

5.11 Interpretation. This Restricted Share Plan shall be governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

Schedule “C”

Corporate Governance Guidelines of the Board of Directors

1. General

These Guidelines have been developed by the Board of Directors of SXR Uranium One Inc., on the recommendation of its Corporate Governance Committee, to promote the effective functioning of the Board and its committees and to set forth a common set of expectations as to how the Board should manage its affairs and perform its responsibilities. These Guidelines reflect the Board’s commitment to attaining and maintaining a high standard of corporate governance, in accordance with the spirit as well as the letter of applicable securities legislation and stock exchange requirements.

These Guidelines are an evolving set of principles, subject to modification and updating as circumstances warrant. The Corporate Governance Committee of the Board is responsible for reviewing these Guidelines at least once a year and for recommending any changes to these Guidelines to the Board. Nothing in these Guidelines is intended to expand applicable standards of liability under statutory or regulatory requirements for directors of the Corporation.

2. Role, Responsibilities and Interaction with Management

2.1 Role of the Board. The Board is responsible, directly and through its Committees, for the supervision of the management of the business and affairs of the Corporation. The Board seeks to ensure the viability and long-term financial strength of the Corporation and the creation of enduring shareholder value. In pursuing these objectives, the Board will have regard to the best interests of the shareholders and the Corporation and to the needs of its other stakeholders, including the needs of the communities in which the Corporation conducts its business and the needs of its employees, suppliers and customers.

2.2 Responsibilities. In addition to its statutory responsibilities, the Board’s primary responsibilities include:

- (a) to review and approve the Corporation’s strategic plans, including its business and financial strategies and major corporate actions and initiatives, and its annual budget and forecasts, including major resource allocations, expenditures and capital investments;
- (b) to monitor the operational performance of the Corporation, including the execution of the Corporation’s strategies and the effectiveness of management policies and decisions;
- (c) to oversee the management and internal control of risks facing the Corporation, as well as the quality and integrity of the Corporation’s accounting and financial reporting systems, disclosure controls and procedures and internal controls;
- (d) to develop and implement appropriate policies and procedures for communicating with the Corporation’s shareholders and other stakeholders;
- (e) to select, monitor, evaluate the performance and fix the compensation of the CEO and to develop and approve succession plans for the CEO, senior management and members of the Board; and
- (f) to ensure that the Corporation’s business is conducted in accordance with the Corporation’s high standards of business and ethical conduct and in conformity with applicable laws and regulations.

2.3 Board Interaction with Management. The day-to-day management of the business and affairs of the Corporation is the responsibility of the CEO and senior management of the Corporation. As part of their operational responsibility, the CEO and senior management are charged with:

- (a) managing the Corporation's day-to-day business operations and carrying out the Corporation's strategic objectives within operating plans and budgets approved by the Board;
- (b) identifying and developing strategic plans to be reviewed and approved by the Board and, upon such review and approval, implementing such plans;
- (c) developing annual operating plans and budgets to be reviewed and approved by the Board and, upon such review and approval, implementing such plans and budgets;
- (d) taking such action as is necessary and appropriate to implement direction or guidance given by the Board and its Committees from time to time;
- (e) selecting qualified management and implementing an organizational structure that is efficient and appropriate for the Corporation's particular circumstances;
- (f) identifying and managing the risks that the Corporation undertakes in the course of carrying out its business;
- (g) being responsible for the integrity of the Corporation's financial reporting systems and establishing and supervising the operation of systems that allow the Corporation to produce financial statements that fairly present the Corporation's financial condition; and
- (h) operating the Corporation in a lawful and ethical manner.

2.4 Board Communications Policy. The Board approves the content of the Corporation's major communications to shareholders and the investing public, including the interim and annual reports, management proxy circulars and annual information form and any prospectuses that may be prepared and filed. The Board believes that it is the function of management, led by the CEO, to speak for the Corporation in its communications with the investment community, the media, customers, suppliers, employees, governments and the general public. It is understood that the Chair or other individual Directors may from time to time be requested by management to assist with such communications.

3. Composition

3.1 Independent Director Majority. The Board must have the capacity, independently of management, to fulfill the Board's responsibilities and must be able to make an objective assessment of management and management's initiatives. The Corporation is accordingly committed to the recruitment of directors who are independent within the meaning of *Multilateral Instrument 52-110 - Audit Committees*, as amended from time to time, and such other criteria for independence as may be contained in laws, rules, regulations and listing requirements to which the Corporation is subject. Such independent directors will comprise a majority of the Board at all times.

3.2 Number. The Board is committed to reviewing its size periodically and currently considers 7 directors to be an appropriate number for the size of the Corporation and sufficient to provide an appropriate mix of backgrounds and skills for the stewardship of the Corporation. As circumstances change

from time to time, the Corporate Governance Committee shall make recommendations regarding increasing or decreasing the size of the Board.

3.3 Chair and Secretary. The Chair of the Board shall be an independent non-executive director, selected by the Board from among its members. The Secretary of the Corporation will serve as Secretary to the Board.

3.4 Composition. The Board shall be composed of individuals of integrity, who shall together embody a blend of knowledge, skills, characteristics, experiences and perspectives appropriate for the Corporation. The Board shall have an appropriate balance of power and authority, such that no one individual or block of individuals can dominate Board decision-making.

3.5 Board Nominations. The Nominating Committee shall on an annual basis, in accordance with its Charter and in consultation with the Chair, recommend to the Board the individuals to be nominated as directors of the Corporation.

3.6 Selection Criteria. In arriving at its recommendations, the Nominating Committee will assess the general and specific criteria applicable to candidates to be considered for nomination to the Board, with a view to maintaining the composition of the Board in a way that provides the best mix of skills and experience to guide the long-term strategy and business operations of the Corporation. The review will take into account the desirability of maintaining a reasonable diversity of background skills and experience and personal characteristics among the directors, along with the key common characteristics required for effective Board participation. The Committee will have appropriate regard to the importance of ensuring board continuity, subject to performance and eligibility for re-election. The Nominating Committee is responsible for reviewing with the Board, on an annual basis, whether the Board continues to satisfy the non-executive majority requirement.

3.7 Election, Term and Vacancy. The nominees selected by the Board in accordance with the provisions hereof will be proposed for election by the shareholders at the Corporation's annual general meeting and will hold office until the next annual meeting or their resignation. Between annual meetings of shareholders, the Board may appoint directors to serve until the next such meeting.

3.8 Change in Circumstances. Any executive director whose employment at the Corporation terminates for any reason (including normal retirement) is expected to resign promptly from the Board unless expressly otherwise agreed in advance. Any director who has a change of employer or primary occupation, or whose occupational responsibilities are substantially changed from when the director was elected to the Board (excluding retirement), will offer his or her resignation to the Board for consideration, to give the Board an opportunity to review the continued appropriateness of Board membership under such circumstances.

3.9 Service on Other Boards. Directors of the Corporation may serve on the boards of other companies; in light of the negative impact of competing time commitments when directors serve on multiple boards, directors are encouraged to limit the number of other boards on which they serve. The Nominating Committee and the Board will take into account the nature of and time involved in a director's service on boards of other companies in evaluating the suitability of individual directors for election or re-election. Directors shall advise the Chair of the Board prior to accepting an invitation to serve on another public company board or an appointment to serve on the audit or compensation committee of another public company board.

3.10 Director Orientation. The Corporate Governance Committee, in conjunction with the Chair and CEO, is responsible for ensuring that new directors are provided with an orientation and education program and for periodically providing materials for all directors on subjects relevant to their duties as Board members. Director orientation will include written information about the duties and obligations of directors and these Guidelines, presentations by senior management on the Corporation's strategic plans, its significant financial, accounting and risk management issues, its compliance programs, its Code of Business Conduct and Ethics, its principal officers and its external auditors, as well as on-site tours of the Corporation's operations.

3.11 Ongoing Director Education. The Board recognizes the importance of ongoing director education and the need for each director to take personal responsibility for this process. To facilitate ongoing education, the Corporate Governance Committee will periodically canvass the directors to determine their training and education needs and interests, arrange the funding for the attendance of directors at seminars or conferences of interest and relevance to their position as directors of the Corporation and encourage and facilitate presentations by outside experts to the Board or committees on matters of interest or emerging significance.

3.12 Director Share Ownership. The Board has determined that ownership of the Corporation's shares by directors should be encouraged as one way of helping to align the interests of directors with those of shareholders. Absent general restrictions on share ownership arising by virtue of a director's professional or occupational circumstances, directors are required within two years of joining the board to have acquired common shares of the Corporation equal in value to at least two times the amount of the annual retainer first payable to them, and to maintain thereafter ownership of such shares during their tenure as directors. The Corporate Governance Committee will periodically review and make recommendations to the Board as to what level of director share ownership is appropriate for the Corporation.

3.13 Loans. The Corporation does not make any personal loans or extensions of credit to directors or executive officers.

3.14 Performance Assessments. The Corporate Governance Committee and the Chair will facilitate annual assessments of the performance of the Board, Board committees and individual directors.

3.15 Outside Advisers for Individual Directors. Occasionally, individual Directors may need the services of a legal adviser, accountant or other outside expert to assist on matters involving their responsibilities. Any Director who wishes to engage an outside adviser at the expense of the Corporation must obtain the approval of the Corporate Governance Committee, generally in consultation with the Chair of the Board.

4. Compensation

4.1 Compensation. The outside/independent directors of the Corporation are entitled to receive reasonable remuneration for their services as may be determined by the Board from time to time on the recommendation of the Compensation Committee as well as reimbursement of expenses incurred on Corporation business or in attending Board and Board committee meetings. A meaningful portion of compensation will be in the form of share options or other equity-based incentives to better align the interests of the Directors with those of the Corporation's shareholders. Directors who are also executive officers will not receive compensation for their services as directors in addition to the compensation received by them in their capacities as officers.

4.2 Annual Review. The Compensation Committee will review at least annually and make recommendations to the Board regarding the cash and non-cash remuneration, perquisites and other benefits to be paid for the services of the outside/independent Directors. In making its recommendations, the Committee will have regard to the form and amount of remuneration paid to directors of comparable companies, to current market practices, and to any other factors consistent with the principles set out herein which it deems appropriate.

5. Operations

5.1 Meetings. The Board will meet as frequently as is determined to be necessary but not less than four times per year, usually every quarter. The Chair, in consultation with the CEO, will develop the agenda for each Board meeting. All directors may, and are encouraged to, provide input to the agenda.

5.2 Notice. Under normal circumstances, the date, time and place of a regular meeting of the Board will be fixed and notified not less than five business days in the advance of the meeting and the agenda and supporting material will be distributed not less than four business days before the meeting.

5.3 Quorum and Procedure. A majority of the members of the Board constitutes a quorum for the transaction of business at all meetings of the Board. Except as expressly provided herein or in the Corporation's by-laws or as required by applicable law, rule, regulation or listing standards, the Board shall set its own procedure.

5.4 Attendance at Meetings. Directors are expected to attend all meetings of the Board and the Committees on which they serve, to come to such meetings fully prepared and to remain in attendance for the duration of the meeting. Where a director's absence from a meeting is unavoidable, the director should as soon as practicable after the meeting contact the Chair, the CEO or the Secretary of the Corporation for a briefing on the substantive elements of the meeting.

5.5 Confidentiality. Directors will maintain the absolute confidentiality of Board deliberations and decisions and information received at meetings except to the extent the information is publicly disclosed by the Corporation or as may be required by applicable law or as the Chair may otherwise specify.

5.6 Independent Director Meetings. The independent directors shall meet as a group, without the presence of management or non-independent directors, at every quarterly Board meeting or more frequently as needed, under the leadership of the Chair.

5.7 Attendance by Management and Others. The Board appreciates the value of having non-directors attend Board meetings to provide information and opinions to assist the directors in their deliberations. The Board, through the Chair, may request that any officers or other employees of the Corporation, or any other persons whose advice and counsel are sought by the Board, attend any meeting of the Board to provide such pertinent information as the Board requests. No non-director may attend a Board meeting without the prior approval of the Chair.

5.8 Information for Board Meetings. Whenever practicable, information and reports pertaining to Board meeting agenda items will be circulated to the Directors in advance of the meeting. Such materials should be concise, yet complete, with one or more summary pages, and be prepared in a way to focus attention on critical issues to be considered by the Board. Reports may be presented during Board meetings by members of the Board, management and/or staff or by invited outside advisers. It is recognized that, under some circumstances, due to the confidential nature of matters discussed at a meeting, it would not be prudent or appropriate to distribute written material in advance.

5.9 Conflicts. Directors must never be in an undisclosed conflict of interest with the Corporation. A director who has a real or potential conflict of interest regarding any particular matter under consideration should advise the Board or Board Committee, as the case may be, refrain from debate and abstain from voting on the matter and, in most cases, should leave the meeting while the remaining directors discuss and vote on such matter.

6. Committees

6.1 Committees. The Board in its discretion and subject to the provisions of applicable laws, regulations and listing requirements may form and delegate authority to Committees. The Board currently has the following standing committees - Audit, Compensation, Corporate Governance, Nominating and Environment, Health & Safety and Sustainability Committee. Other Committees may be established from time to time by Board resolution.

6.2 Charters. Each standing Committee shall have its own written charter, adopted by the Board, setting forth the purposes, goals and responsibilities of the Committee as well as the qualifications for Committee membership and procedures for appointment, Committee structure and operations, and Committee duties and responsibilities. The charters will also provide that each Committee will annually evaluate its own performance and report its conclusions and recommendations for change to the Board for review, discussion and approval.

6.3 Composition and Chairs. The Audit, Compensation and Corporate Governance Committees will each be composed solely of three or more independent non-executive directors, and will each be chaired by one such independent non-executive director. The Nominating and Environment, Health & Safety and Sustainability Committees will comprise three directors, a majority of whom will be non-executive directors, and will each be chaired by one such non-executive director. Subject to the foregoing, each Committee will appoint its own chair from among its members.

6.4 Selection and Rotation of Members. The Corporate Governance Committee will recommend Committee members to the Board in accordance with the provisions of these Guidelines and the applicable Committee charter, after consultation with the Chair and the CEO and taking into consideration the desires of individual Board members. Although rotation of directors among committees is not mandatory, the Corporate Governance Committee will give due consideration to any benefits of periodic rotation in making its recommendations to the Board. Each member of the Committee will serve until his or her successor is elected or appointed or until such member's resignation or removal by a majority vote of the Board.

6.5 Committee Guidelines. All Board Committees operate under the following guidelines:

- (a) Each Committee will meet at least once a year or more frequently as deemed necessary by the Committee. Committee chairs, in consultation with appropriate members of management, will set the agenda for Committee meetings.
- (b) A majority of the members of a Committee constitutes a quorum for the transaction of business at all meetings of the Committee.
- (c) A Committee chair may invite such director or, in consultation with the CEO, such employees of the Corporation as may be considered desirable to attend Committee meetings and assist in the discussion and consideration of the business of the Committee.

- (d) A Committee may from time to time require the expertise of outside resources. Each committee has the authority to engage, set the terms of and compensate any outside advisor that it determines to be necessary to permit it to carry out its duties.
- (e) At the next Board meeting following each meeting of a Committee, the Committee chairs will report to the Board on the activities of the Committee. Minutes of Committee meetings will be made available to all directors and filed with the Secretary of the Corporation.
- (f) Each Committee will conduct an annual performance assessment and shall report to the Board the results thereof.
- (g) Each Committee will annually assess the adequacy of its charter and recommend any changes to the Board for approval.
- (h) The proceedings of all Committee meetings will be minuted. The Secretary of the Corporation, or such other individual as may be appointed by the chair of the Committee, will act as secretary to each Committee.

6.6 Responsibilities of Committee Chairs. The chair of each Committee will:

- (a) lead the Committee in undertaking the duties and responsibilities that it is charged with by the Board as outlined in its charter;
- (b) ensure that Committee members receive in a timely fashion all the information they require;
- (c) ensure that the Committee has adequate access to all members of management necessary for it to undertake its responsibilities;
- (d) set agendas for and chair Committee meetings;
- (e) lead the Committee in an annual review of its performance; and
- (f) ensure the Committee comprises members with the requisite skill, experience and training relative to the Committee's responsibilities.

7. Other

7.1 CEO Evaluation. The Compensation Committee will conduct an annual review of the CEO's performance and report its assessments and decisions to the full Board for its review.

7.2 Code of Business Conduct and Ethics. All Directors, officers and employees are bound by the Corporation's Code of Business Conduct and Ethics. All who are affected by the Code are required to review it annually, and acknowledge their support and understanding thereof by signing it annually.

7.3 Reporting of Concerns. Consistent with the Corporation's 'whistleblower' policies and procedures, any employee who has a concern with respect to any activities of the Corporation, the honesty or integrity of any officer or employee of the Corporation, or the Corporation's financial reporting, accounting, internal accounting or other controls or any matters relating to the Corporation's financial statements or any audit or financial review by the Corporation's internal audit function or independent auditors, may communicate that concern directly to the chair of the Audit Committee. Mechanisms under such policies and procedures shall exist to provide that any such communication shall be confidential and

anonymous. The Company shall implement procedures to prohibit any officer or employee from retaliating or taking any adverse action against any employee who raises or helps to resolve any concern so communicated.

7.4 Publication of Guidelines and Charters. Copies of these Guidelines, the charters of each Committee of the Board, the Corporation's Code of Business Conduct and Ethics and the Confidentiality, Disclosure and Insider Trading Policy of the Corporation shall be available on the Corporation's website at all times.

7.5 Review of Guidelines. The Corporate Governance Committee will review these Guidelines periodically and any recommended changes will be submitted to the Board for approval.

