



## NOTICE OF ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS

TO BE HELD ON JUNE 30, 2010

**NOTICE IS HEREBY GIVEN** that an annual and special meeting (the “**Meeting**”) of the shareholders of TriNorth Capital Inc. (the “**Corporation**”) will be held at Suite 1500, 220 Bay Street, Toronto, Ontario, M5J 2W4 on June 30, 2010 at 2:00 p.m. (Toronto time) for the following purposes:

1. to receive the audited financial statements of the Corporation for the year ended December 31, 2009 together with the report of the auditor thereon;
2. to elect the directors of the Corporation for the ensuing year;
3. to reappoint Ernst & Young LLP, Chartered Accounts, as auditor of the Corporation for the ensuing year;
4. to consider, and if thought appropriate, approve an ordinary resolution, substantially in the form set out in Schedule “A” of the accompanying information circular, approving the continued use of the Corporation’s amended and restated stock option plan; and
5. to transact such other business as may properly be brought before the Meeting or any adjournment thereof.

The accompanying information circular provides additional information relating to matters to be dealt with at the Meeting and is supplemental to, and expressly made part of, this Notice of Annual and Special Meeting of Shareholders.

If you are unable to attend the Meeting in person, please date, sign and return the enclosed form of proxy. Proxies to be used at the Meeting must be deposited with Computershare Trust Company of Canada, 100 University Avenue, Toronto, Ontario, M5J 2Y1 not later than 10:00 a.m. (Toronto time) on June 28, 2010, or with the Chair of the Meeting before the commencement of the Meeting or, if the Meeting is adjourned, 48 hours (excluding Saturdays, Sundays and holidays) before any adjourned meeting. Non-Registered Holders who receive these materials through their broker or other intermediary should carefully follow the instructions provided by their broker or intermediary.

DATED at Toronto, Ontario as of **June 3**, 2010.

BY ORDER OF THE BOARD OF  
DIRECTORS

*(Signed) "John D. Pennal"*

John D. Pennal  
President

## **FORWARD-LOOKING STATEMENTS**

This information circular contains forward-looking statements regarding future growth, results of operations, performance, business prospects and opportunities involving the Corporation. Words such as “expects”, “anticipates”, “intends”, “plans”, “believes”, “estimates”, or similar expressions, are forward-looking statements within the meaning of securities laws. Forward-looking statements include, without limitation, the information concerning possible or assumed future results of operations of the Corporation. These statements are not historical facts but instead represent only management’s and the board’s expectations, estimates and projections regarding future events. These statements are not guarantees of future performance and involve known and unknown risks, assumptions, uncertainties, and other factors that may cause actual results or events to differ materially from what is expressed, implied or forecasted in such forward-looking statements. In addition to the factors the Corporation currently believes to be material such as, but not limited to, its reliance on joint venture and contractual partners, its ability to operate on a profitable basis, changes in interest rates, evaluation of its provision for income and related taxes, and other factors, such as general, economic and business conditions and opportunities available to or pursued by the Corporation, not currently viewed as material could cause actual results to differ materially from those described in the forward-looking statements. Although the Corporation has attempted to identify important risks and factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors and risks that cause actions, events or results not to be anticipated, estimated or intended. Accordingly, shareholders should not place any undue reliance on forward-looking statements as such information may not be appropriate for other purposes. The Corporation does not undertake any obligation to update or release any revisions to these forward-looking statements to reflect events or circumstances after the date of this information circular except as required by applicable law.



**MANAGEMENT INFORMATION CIRCULAR**  
**ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS**  
**SOLICITATION OF PROXIES**

The information contained in this management information circular (this “**Circular**”) is furnished in connection with the solicitation of proxies to be used at an annual and special meeting (the “**Meeting**”) of the shareholders of TriNorth Capital Inc. (the “**Corporation**”) to be held at Navina Asset Management Inc., Suite 1500, 220 Bay Street, Toronto, Ontario, M5J 2W4 on June 30, 2010 at 2:00 p.m., and at all adjournments of the Meeting, for the purposes set forth in the accompanying notice of meeting. It is expected that the solicitation will be made primarily by mail, but proxies may also be solicited personally or by telephone by employees of the Corporation. **The solicitation of proxies by this Circular is being made by or on behalf of the management of the Corporation and the total cost of the solicitation will be borne by the Corporation.**

The information contained herein is given as at June 3, 2010, except where otherwise noted.

**Appointment of Proxies**

The persons named in the enclosed form of proxy are representatives of management of the Corporation. **A shareholder who wishes to appoint some other person to represent such shareholder at the Meeting may do so by inserting such person’s name in the blank space provided in the form of proxy. Such other person need not be a shareholder of the Corporation.**

**Registered Holders**

In the case of registered shareholders, the completed, dated and signed form of proxy should be sent in the enclosed postage paid return envelope or otherwise to the President of TriNorth Capital Inc. c/o Computershare Trust Company of Canada, 100 University Avenue, Toronto, Ontario, M5J 2Y1 or by facsimile to 1-866-249-7775 (toll-free) or 416-263-9524. To be valid, proxies must be deposited with the Corporation’s transfer agent, Computershare Trust Company of Canada not later than 10:00 a.m. (Toronto time) on June 28, 2010 or, if the Meeting is adjourned, 48 hours (excluding Saturdays, Sundays and holidays) before any adjourned meeting.

**Non-Registered Holders**

Only registered holders of common shares of the Corporation (“**Common Shares**”), or the persons they appoint as their proxies, are permitted to attend and vote at the Meeting. However, in many cases, Common Shares beneficially owned by a holder (a “**Non-Registered Holder**”) are registered either:

- (a) in the name of an intermediary (an “**Intermediary**”) that the Non-Registered Holder deals with in respect of the Common Shares, such as, among others, banks, trust companies, securities dealers or brokers and trustees or administrators of self-administered RRSPs, RRIFs, RESPs and similar plans; or

- (b) in the name of a clearing agency (such as The Canadian Depository for Securities Limited) of which the Intermediary is a participant.

In accordance with the requirements of National Instrument 54-101 – *Communications with Beneficial Owners of Securities of a Reporting Issuer* (“**NI 54-101**”) of the Canadian Securities Administrators (the “**CSA**”), the Corporation has distributed copies of the notice of meeting, this Circular and the form of proxy (collectively, the “**meeting materials**”) to the Intermediaries and clearing agencies for onward distribution to Non-Registered Holders.

Intermediaries are required to forward meeting materials to Non-Registered Holders unless a Non-Registered Holder has waived the right to receive them. Very often, Intermediaries will use service companies to forward the meeting materials to Non-Registered Holders. Generally, Non-Registered Holders who have not waived the right to receive meeting materials will either:

- be given a voting instruction form which must be completed and signed by the Non-Registered Holder in accordance with the directions on the voting instruction form (which may in some cases permit the completion of the voting instruction form by telephone or by electronic means); or
- be given a proxy which has already been signed by the Intermediary (typically by a facsimile, stamped signature) which is restricted as to the number of Common Shares beneficially owned by the Non-Registered Holder but which is otherwise not completed. This form of proxy need not be signed by the Non-Registered Holder. In this case, the Non-Registered Holder who wishes to submit a proxy should properly complete the form of proxy and deposit it with Computershare Trust Company of Canada, 100 University Avenue, Toronto, Ontario, M5J 2Y1 or by facsimile to 1-866-249-7775 (toll-free) or 416-263-9524 no later than 2:00 p.m. (Toronto time) on June 28, 2010 or, if the Meeting is adjourned, 48 hours (excluding Saturdays, Sundays and holidays) before any adjourned meeting.

The purpose of these procedures is to permit Non-Registered Holders to direct the voting of the Common Shares they beneficially own. Should a Non-Registered Holder who receives either a proxy or a voting instruction form wish to attend and vote at the Meeting in person (or have another person attend and vote on behalf of the Non-Registered Holder), the Non-Registered Holder should strike out the names of the persons named in the proxy and insert the Non-Registered Holder’s (or such other person’s) name in the blank space provided or, in the case of a voting instruction form, follow the corresponding instructions on the form. **In either case, Non-Registered Holders should carefully follow the instructions of their Intermediaries and their service companies.**

### **Revocation**

A registered shareholder who has given a proxy may revoke the proxy by:

- (a) completing and signing a proxy bearing a later date and depositing it with Computershare Trust Company of Canada as described above;
- (b) depositing an instrument in writing executed by the shareholder or by the shareholder’s attorney authorized in writing: (i) at the registered office of the Corporation at any time up to and including the last business day preceding the day of the Meeting, or any adjournment of the Meeting, at which the proxy is to be used, or (ii) with the Chair of the Meeting prior to the commencement of the Meeting on the day of the Meeting or any adjournment of the Meeting; or

- (c) in any other manner permitted by law.

**A Non-Registered Holder may revoke a voting instruction form or a waiver of the right to receive meeting materials and to vote given to an Intermediary at any time by written notice to the Intermediary, except that an Intermediary is not required to act on a revocation of a voting instruction form or of a waiver of the right to receive materials and to vote that is not received by the Intermediary at least seven days prior to the Meeting.**

### VOTING OF PROXIES

The Common Shares represented by proxy will be voted in accordance with your instructions on any ballot that may be called for, and if you specify a choice with respect to any matter to be acted upon, the Common Shares will be voted accordingly. The enclosed form of proxy grants authority to the named proxyholders with respect to the matters identified in the accompanying notice of meeting. **If a choice with respect to such matters is not specified, it is intended that the persons designated by management in the proxy will vote the Common Shares represented by the proxy in favour of each matter identified in the proxy.**

The enclosed form of proxy confers discretionary authority upon the named proxyholder with respect to the amendments to or variations in matters identified in the accompanying notice of meeting and other matters which may properly come before the Meeting. As at the date of this Circular, management is not aware of any amendments, variations or other matters. If such should occur, the person designated by management will vote in accordance with their best judgment, exercising discretionary authority.

Common Shares represented by properly executed proxies in favour of the persons designated in the enclosed form of proxy, in the absence of any direction to the contrary, will be voted in favour of:

6. the election of directors as indicated under the heading "Election of Directors" in this Circular;
7. the appointment of the auditors as indicated under the heading "Appointment of Auditors" in this Circular; and
8. the approval of the continued use of the Stock Option Plan (as defined herein) as indicated under the heading "Annual Approval of the Corporation's Stock Option Plan".

### VOTING SHARES

The Corporation is authorized to issue an unlimited number of Common Shares and an unlimited number of preference shares issuable in series. As at the date hereof, the Corporation had 150,747,317 issued and outstanding Common Shares and no preference shares are issued and outstanding. Each holder of Common Shares of record at the close of business on May 27, 2010, the record date established for the purpose of determining shareholders entitled to receive notice of and vote at the Meeting (the "**Record Date**"), will be entitled to one vote for each Common Share held on all matters proposed to come before the Meeting, except to the extent that the holder has transferred any Common Shares after the Record Date and the transferee of such Common Shares establishes ownership of them, not later than the close of business ten days prior to the Meeting, to be included in the list of shareholders entitled to vote at the Meeting, in which case the transferee will be entitled to vote such Common Shares.

The holders of Common Shares have the right to one vote per Common Share at all meetings of the shareholders of the Corporation (other than meetings of holders of other classes of shares), have the right to receive any dividend declared by the board of directors of the Corporation (the "**Board**"), and have the right to receive the remaining property of the Corporation on its dissolution, liquidation, winding-up or other distribution of its assets or property among its shareholders for the purpose of winding up its affairs.

## PRINCIPAL HOLDERS OF VOTING SECURITIES

As of the date hereof, to the knowledge of the directors and officers of the Corporation, no person or corporation beneficially owns, directly or indirectly, or exercises control or direction over, securities of the Corporation carrying more than 10% of the voting rights attached to any class of outstanding voting securities.

As of the date hereof, the directors and officers of the Corporation own or control, directly or indirectly, in the aggregate, 11,587,300 Common Shares, representing approximately 7.7% of the issued and outstanding Common Shares.

## PARTICULARS OF MATTERS TO BE ACTED UPON

### Election of Directors

Five directors are to be elected, by a majority of the votes cast thereon, at the Meeting. The Corporation's management does not contemplate that any of the nominees will be unable to serve as a director, but, if such should be the case at the time of the Meeting, the persons whose names are printed in the form of proxy, in the absence of a specification to the contrary in the form of proxy, intend to vote for such other nominees as in their best judgment they deem advisable.

If elected, each director will hold office until the next annual meeting of shareholders of the Corporation or until a successor is elected or appointed, unless earlier resigned or otherwise removed from office. The information concerning each of the nominees for directorship given below was provided, in part, by the individual nominees.

Name, Municipality of Residence and Principal Occupation During the Last 5 Years	Director Since	Offices with the Corporation and Significant Affiliates	Number of Common Shares Beneficially Owned or Controlled <sup>(1)</sup>
<b>AMAR BHALLA</b> <sup>(2)(3)</sup>  Toronto, Ontario  President, Capit Investment Corp. (private investment corporation) since January 2000 and a partner at HB Investments Ltd. since January 2003	October 10, 2007	None	850,000 <sup>(4)</sup>
<b>JOHN D. PENNAL</b> <sup>(3)</sup>  Toronto, Ontario  President and Chief Executive Officer of the Corporation	December 15, 1993	President and Chief Executive Officer of the Corporation	5,748,900 <sup>(5)</sup>

<b>RAVI SOOD</b>  Toronto, Ontario  Chief Executive Officer of Navina Asset Management Inc.	October 10, 2007	None	4,988,400 <sup>(6)</sup>
<b>WESLEY J. HALL</b>  Aurora, Ontario  President & Chief Executive Officer, Kingsdale Shareholder	N/A	None	11,200,000 <sup>(7)</sup>
<b>RIYAZ LALANI</b>  Toronto, Ontario	N/A	None	Nil

- (1) Information relating to shares beneficially owned or over which control or direction is exercised, not being within the knowledge of the Corporation, has been furnished by the respective nominee.
- (2) Member of the Audit Committee.
- (3) Member of the Corporate Governance Committee.
- (4) Mr. Bhalla has control and direction over 200,000 Common Shares held by Capit Investment Corp and holds 50,000 Common Shares directly.
- (5) Mr. Pennal holds 172,116 Common Shares directly, 5,035,784 Common Shares through 177 RDH Inc., a company controlled by Mr. Pennal and 541,000 Common Shares are held by Mr. Pennal's wife, Mrs. Mary Ellen Pennal.
- (6) Mr. Sood acts as portfolio manager for Lawrence Partners Fund Inc. which holds 4,988,400 Common Shares.
- (7) Mr. Hall has control and direction over 11,200,000 Common Shares held by 1599597 Ontario Inc.

### ***Corporate Cease Trade Orders***

Except as disclosed below, to the knowledge of the Board, no nominee is, at the date of this circular, or has been within ten years before the date of this Circular,

- (a) a director, chief executive officer or chief financial officer of any company (including the Corporation) that:
  - (i) was subject to an order that was issued while the nominee was acting in the capacity as director, chief executive officer or chief financial officer; or
  - (ii) was subject to an order that was issued after the nominee ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer,
- (b) a director or executive officer of any company (including the Corporation) that, which such nominee was acting in that capacity, or within one year of such nominee 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, arrangements or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or

- (c) became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or became subject to or instituted any proceedings, arrangements or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of such nominee.

For the purposes of section (a) above, the term “order” means a cease trade order, an order similar to a cease trade order, or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days.

On April 1, 2009 management applied to the Ontario Securities Commission (the “OSC”) and was granted a management cease trade order (“MCTO”) pursuant to National Policy 12-203 – Cease Trade Orders for Continuous Disclosure Defaults (“NP 12-203”) in connection with the Corporation’s failure to file its annual audited financial statements for the period ending December 31, 2008 within the period prescribed by Part 4 of National Instrument 51-102 – Continuous Disclosure Obligations (“NI 51-102”). The MCTO was subsequently lifted by the OSC within 30 days after the Corporation filed its annual audited financial statements for the period ending December 31, 2008.

On May 3, 2010 management applied to the OSC and was granted a MCTO pursuant to NP 12-203 in connection with the Corporation’s failure to file its annual audited financial statements for the period ending December 31, 2009 within the period prescribed by Part 4 of NI 51-102. As of the date of this Circular, the MCTO remained in effect.

#### ***Penalties or Sanctions***

No director or executive officer of the Corporation or shareholder holding sufficient securities to affect materially the control of the Corporation has:

- (d) been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or
- (e) has been subject to any other penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory body that would likely be considered important to a reasonable investor making an investment decision.

**The persons named in the form of proxy which accompanies this Circular intend to vote FOR the election as directors of the proposed nominees of management whose names are set forth in the table above 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.**

#### **Appointment of Auditors**

Management proposes to re-appoint Ernst & Young LLP, Chartered Accountants (“E&Y”) as auditors of the Corporation and to authorize the Board to fix their remuneration. The auditors will hold office until the next annual meeting of shareholders of the Corporation or until their successors are appointed. E&Y was appointed the auditor of the Corporation in August 2008. An affirmative vote of a majority of the votes cast at the Meeting is sufficient for the appointment of auditor.

**The persons named in the form of proxy which accompanies this Circular intend to vote FOR the appointment of E&Y as the auditor of the Corporation 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.**

## **Annual Approval of the Corporation's Stock Option Plan**

The TSX Venture Exchange (the "TSX-V") policies require that "rolling" stock option plans which reserve for issuance a maximum of ten percent (10%) of the issued and outstanding shares of the Corporation from time-to-time must be approved and ratified by shareholders and submitted to the TSX-V on an annual basis. Shareholders initially approved the Corporation's amended and restated stock option plan (the "**Stock Option Plan**") on June 22, 2009. A copy of the Stock Option Plan is attached as Schedule "B" to this Circular.

At the Meeting, the Corporation will ask its shareholders to consider, and, if thought appropriate, to pass an ordinary resolution in substantially the form set out in Schedule "A" to this Circular, approving the continued use of the Stock Option Plan. In order to be adopted, the resolution must be approved by a majority of votes cast by the holders of Common Shares, either present in person or represented by proxy at the Meeting.

**The persons named in the form of proxy which accompanies this Circular intend to vote FOR the resolution providing for the annual approval of the Stock Option plan 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.**

## **REPORT ON CORPORATE GOVERNANCE**

### **Statement of Corporate Governance Practices**

On June 30, 2005, the CSA adopted National Policy 58-201 – *Corporate Governance Guidelines* (the "**NP 58-201**") and National Instrument 58-101 – *Disclosure of Corporate Governance Practices* ("**NI 58-101**"). NP 58-201 provides guidelines on the constitution and independence of corporate boards, their functions, the effectiveness and education of board members and other items relating to corporate governance practices and NI 58-101 requires Canadian reporting issuers to disclose their corporate governance practices on an annual basis. The Corporation's approach to corporate governance is described below.

The Corporation has reviewed its own corporate governance practices in light of the guidelines contained in NP 58-201. The Corporation's practices comply in large part with the guidelines, however, the current directors of the Corporation consider that some of the guidelines are not suitable for the Corporation at its current stage of development and, therefore, the Corporation's governance practices do not reflect these particular guidelines. Given that the Corporation is a relatively small issuer in terms of both its activities and market capitalization, the directors of the Corporation believe that the current governance structure is cost-effective and appropriate for the needs of the Corporation's shareholders.

### **Independence of Directors**

The majority of the current Board of the Corporation are, and the majority of the proposed Board of the Corporation will be independent within the meaning of National Instrument 52-110 – *Audit Committees* ("**NI 52-110**"). An independent director for such purposes is one who is free of any direct or indirect relationship which could, in the view of the Board, be reasonably expected to interfere with the exercise of a director's independent judgment. The proposed Board will consist of five directors, three of whom, Mr. Amar Bhalla, Mr. Wesley J. Hall and Riyaz Lalani will be independent. The other directors will be Mr. John D. Pennal, President and Chief Executive Officer of the Corporation, and Mr. Ravi Sood, Chief Executive Officer of Navina Asset Management Inc., the manager of the Corporation (the "**Manager**"). In order to further facilitate open and candid discussion among the independent directors, every Board meeting is followed by an in camera session at which no executive directors or representatives of the Manager are present.

## Directorships

The following table sets forth the nominee directors of the Corporation who currently hold directorships with other reporting issuers:

Director	Name of the Other Reporting Issuer(s)
Amar Bhalla	Carlaw Capital III Corp., Ursa Major Minerals Incorporated and TrueContext Mobile Solutions Corp.
John D. Pennal	Centiva Capital Inc.
Ravi Sood	Lawrence Enterprise Fund Inc., TrueContext Mobile Solutions Inc. and Elgin Mining Inc.
Wesley J. Hall	N/A
Riyaz Lalani	N/A

## Board Mandate

The Board has adopted a detailed written Board Mandate and Governance Guidelines which provides that the Board is responsible for the stewardship of the Corporation and management is responsible for the day-to-day operations of the Corporation. Under the Board Mandate, the Board's stated objective is to enhance long-term value for shareholders of the Corporation and, in pursuing these objectives, the Board has expressly assumed responsibility for strategic planning, risk assessment, the Corporation's communications policy, accounting and financial reporting, disclosure controls and procedures and internal controls, and overseeing the performance of the Manager under the Management Agreement (as defined below). A copy of the Corporation's Board Mandate and Governance Guidelines is attached to this Circular as Schedule "C".

The Board discharges its mandate directly and through two standing committees, the Audit Committee (as defined below) and the Corporate Governance Committee (as defined below).

## Position Descriptions

Owing to the size and composition of the Board, the Board has not developed written position descriptions for the Chairman of the Board, the chair of each Board committee, the Chief Executive Officer or the Chief Financial Officer. The roles and responsibilities of individuals holding these positions are not fixed in a formal way, but rather through discussion amongst the individuals involved and Board members generally having regard to all of the circumstances of the Corporation.

The Chief Executive Officer of the Corporation is responsible for the general management of the day-to-day affairs of the Corporation within the guidelines established informally from time-to-time by the Board, consistent with decisions requiring prior approval of the Board and the Board's expectations of the Chief Executive Officer. The Corporation has retained the Manager as described under "Management of the Corporation". Since the appointment of the Manager, the primary role of the Chief Executive Officer has been to oversee and monitor the actions of the Manager.

## Orientation and Continuing Education

All current directors are familiar with the Corporation's activities. New directors will be provided with an orientation session of the Corporation's business activities by the Manager. These orientation sessions

may include meetings with the Manager's staff as well as meetings with management from the Corporation's investee companies. In addition, as a matter of ongoing education, the Board is briefed on emerging issues, such as IFRS conversion and corporate governance developments, by external consultants.

Expectations and responsibilities of directors, including attendance at board meetings and advance review of meeting materials, are conveyed to Board members by the Chairman of the Board.

### **Ethical Business Conduct**

The Board has adopted a written Code of Ethical Conduct and Business Practices (the "Code") to ensure that the Corporation's directors, officers and employees act in accordance with applicable laws and observe the highest ethical standards in their business relationships. The Code imposes on every director, officer and employee of the Corporation the responsibility to create and maintain a fair, honest and professional workplace. The Board as a whole is responsible for monitoring and ensuring compliance with the Code. Given the relatively small size of the Corporation, Board members and the Chairman of the Board in particular have personal and regular contact with the Manager's employees. These discussions are open and frank and range from conflicts of interest to corporate governance and reporting. Any breaches to the Code are to be reported to the Audit Committee and to date there have been no reported material breaches to the Code.

A copy of the Code may be obtained by written request to the Corporate Secretary, TriNorth Capital Inc., 220 Bay Street, Suite 1500, Toronto, Ontario, M5J 2W4.

Directors must avoid conflicts of interest, both real and perceived. In practice, should a director have an interest in, or otherwise be in a conflict of interest as regards, a potential transaction or agreement being considered by the Board, he will disclose his conflict of interest and withdraw from any discussions, assessment or decision relating to the proposed transaction or agreement, including voting thereon.

### **Nomination of Directors**

The Corporate Governance Committee receives suggestions for Board candidates from individual Board members and the Manager and makes recommendation to the full Board. The Corporate Governance Committee periodically reviews the current profile of the Board. The Corporation's objective is to have a sufficient range of expertise and experience to ensure that the Board can fulfill its responsibilities effectively. Board members are selected for their ability to contribute to dealing with the issues that arise. The Board believes that at its current size, it has sufficient skills and expertise to govern the Corporation effectively.

### **Compensation**

Following the reorganization of the Corporation and the assumption of the management responsibilities of the Corporation by the Manager in October 2007, the Corporation ceased to maintain a Compensation Committee. Director compensation is determined by the Corporate Governance Committee. The Corporate Governance Committee reviews director compensation periodically to ensure that directors are remunerated fairly on the basis of their workload, time commitment and to remain competitive with director compensation trends of similar sized companies. Any director that is an employee of the Corporation or the Manager does not receive any compensation as a director.

### **Assessments**

The Board does not regularly make formal assessments of the Board, its committees and its individual directors, owing to the size and composition of the Board. As a small working board, the Board as a

whole satisfies itself on an informal basis, from time to time, that the Board, its committees, and its individual directors are performing effectively.

### **Board Committees**

The two standing committees of the Board are the Corporate Governance Committee and the Audit Committee. Each committee operates pursuant to a written charter which, among other things, authorizes such committee to retain outside legal, accounting and other advisers where the committee determines it to be necessary to assist it in discharging its responsibilities, and to set up and pay the compensation of any such advisers.

### **Corporate Governance Committee**

The primary role of the Corporate Governance Committee is to assist the Board in fulfilling its corporate governance oversight responsibilities. In the discharge of this role, the Corporate Governance Committee is required to, among other things: (i) review the composition of the Board and its committees and make recommendations for any changes thereto; (ii) make recommendations on succession planning for the Chief Executive Officer; (iii) review and make recommendations on compensation for Board and committee service and the Corporation's directors and officers insurance coverage; (iv) monitor and make recommendations regarding the performance of the Board, its committees and the Chief Executive Officer; and (v) monitor the relationship between the Board, management of the Corporation and the Manager.

The Corporate Governance Committee currently has Mr. John Crow, Mr. John Pennal and Mr. Amar Bhalla as members, of whom Mr. John Crow and Mr. Amar Bhalla qualify as independent directors.

## **AUDIT COMMITTEE**

### **Audit Committee**

The Audit Committee's role is to assist the Board in promoting and improving the credibility and objectivity of financial reports. The Audit Committee oversees the accounting and financial reporting processes of the Corporation and reviews and recommends for approval by the Board disclosure relating to financial matters. The Audit Committee manages the relationship between the Corporation and its external auditors by overseeing the work of the external auditors and by making recommendations to the Board on the engagement, remuneration and termination of the external auditors based on its evaluation of their performance.

The Audit Committee currently consists of Mr. John Crow, Mr. Vic Wells and Mr. Amar Bhalla as a member, all of whom qualify as independent directors in accordance with NI 52-110.

### **Relevant Education and Experience**

All members of the Audit Committee have the education and/or practical experience required to understand and evaluate financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the Corporation's financial statements.

### **Audit Committee Oversight**

At no time since the commencement of the Corporation's most recently completed financial year have any recommendation of the Audit Committee respecting the appointment and/or compensation of the Corporation's external auditors not been adopted by the Board.

### **Reliance on Certain Exemptions**

At no time since the commencement of the Corporation's most recently completed financial year has the Corporation relied on exemptions in relation to "*De Minimus Non-Audit Services*" or any exemption provided by Part 8 of NI 52-110.

### **External Auditor Service Fees (By Category)**

- (f) *Audit Fees* – The Corporation's external auditors have proposed audit fees of \$150,000 for the financial year ended December 31, 2009 and billed the Corporation \$119,000 for the financial year ended December 31, 2008, for audit fees.
- (g) *Tax Fees* – The Corporation's external auditors billed the Corporation nil for the financial year ended December 31, 2009 and nil for the financial year ended December 31, 2008, for services related to tax compliance, tax advice and tax planning.
- (h) *All Other Fees* – The Corporation's external auditors billed the Corporation \$24,500 for the financial year ended December 31, 2009 and nil for the financial year ended December 31, 2008, for services other than those reported above.

### **Exemption**

The Corporation is relying upon the exemption in Part 6.1 of NI 52-110.

## **STATEMENT OF EXECUTIVE COMPENSATION**

### **Executive Compensation Discussion and Analysis**

The Corporate Governance Committee reviews and makes recommendations to the Board regarding the compensation of the directors and executive officers and providing an appraisal of performance for the most recently completed year. Decisions with respect to the compensation of the directors and officers are made by the full Board.

### ***Objectives and Structure of Compensation Strategy***

Compensation of the Named Executive Officers (as defined below) of the Corporation is reviewed by the Corporate Governance Committee and is subsequently approved by the Board based on the recommendation of the Corporate Governance Committee.

"Named Executive Officer" ("**NEO**") means:

- (i) Chief Executive Officer;
- (j) Each of the three most highly compensated executive officers, or the three most highly compensated individuals acting in a similar capacity, other than the Chief Executive Officer and Chief Financial Officer, at the end of the most recently completed financial

year whose total compensation was, individually, more than \$150,000 for that financial year; and

- (k) each individual who would be an NEO under paragraph (c) but for the fact that the individual was neither an executive officer of the Corporation, nor acting in a similar capacity, at the end of that financial year.

The base salary for the Chief Executive Officer is fixed by the Board and is the sole component of his compensation reflecting the fact that the Manager has responsibility for managing the Corporation and its investments. Effective October 10, 2007, the employment agreement with the Chief Executive Officer was terminated without payment and was replaced by a three (3) year agreement with an annual salary of \$200,000. The amount of base salary under the current employment agreement reflects the fact that the primary role of the Chief Executive Officer is to oversee and monitor the actions of the Manager. Accordingly, the compensation of the Chief Executive Officer is not directly tied to the performance of the Corporation or its share price.

The Corporation does not anticipate awarding bonuses or incentive-based compensation to the Chief Executive Officer.

### ***Stock Options***

The Stock Option Plan was approved by the shareholders at a meeting held on June 22, 2009.

The Stock Option Plan is a means of compensating a director or employee of the Corporation or any of its affiliated entities, and any consultant who, because of his or her roles and responsibilities, is designated by a committee, comprising either the Board or such members of the Board as may be designated by the Board (the “**Committee**”), as a potential participant in the Stock Option Plan, for their contributions to the performance of the Corporation (the “**Eligible Persons**”). The Stock Option Plan is intended to (i) provide an incentive to Eligible Persons of the Corporation to further development, growth and profitability of the Corporation; (ii) contribute in providing such Eligible Persons with a total compensation and rewards package; and (iii) assist the Corporation in retaining and attracting directors, employees and consultants with experience and ability.

The Committee designates, in its absolute discretion, from among the Eligible Persons those to whom options shall be granted (each, a “**Participant**”), the number of shares to be covered by each option, the exercise price for each option, the period during which the same may be exercised and the other terms and conditions attaching thereto. The number of shares that may be issued as a result of the grant of options under the Stock Option Plan shall not exceed 10% of the number of issued and outstanding shares of the Corporation. In addition, the Board has resolved that the exercise price of any options issued after June 22, 2009 may not be lower than the Net Asset Value (“NAV”) per share of the Corporation, as determined from time to time.

The Stock Option Plan provides that the exercise price of the options may not be lower than the closing price of the shares on the TSX-V, on the trading day prior to the date of the grant of an option; provided that if there is no closing price on such trading day, then market value shall mean the mid-point between the bid and ask at the close of trading on the trading day prior to the date of grant.

The Stock Option Plan provides, among other things, that: (i) no individual (and his associates) shall be granted options which could result in the issuance of shares exceeding 5% of the issued and outstanding shares of the Corporation, within a one-year period, to such individual (and his associates) in aggregate; (ii) the number of shares reserved for issuance to any individual pursuant to options shall not exceed 5% of the number of issued and outstanding shares of the Corporation; (iii) the number of shares reserved for issuance, pursuant to the Stock Option Plan and all other established or proposed share compensation

arrangements of the Corporation, to all insiders shall not exceed 10% of the issued and outstanding shares; (iv) the number of shares issued within a one-year period, pursuant to the Stock Option Plan and all other established or proposed share compensation arrangements of the Corporation, to insiders shall not exceed 10% of the issued and outstanding shares; (v) the number of options granted to all individuals employed to conduct investor relations activities, or to any one consultant, in any 12 month period shall not exceed 2% of the issued and outstanding shares; and (vi) any options issued to consultants conducting investor relations activities shall vest in stages over 12 months with no more than  $\frac{1}{4}$  of such options vesting in any three (3) month period.

The Stock Option Plan provides that the purchase price for the shares covered by an option granted under the Stock Option Plan shall be paid in full at the time of exercise of such option.

The Stock Option Plan provides that: (i) each option shall be exercisable during a period established by the Committee provided that the expiry of such period cannot exceed ten years after the date of grant (the “**Expiry Date**”); and (ii) an option may be exercised at any time, or from time to time, during its term as to any number of whole shares which are then available for purchase, provided that no partial exercise may be for less than 100 whole shares.

Unless the Committee decides otherwise, options granted under the Stock Option Plan will expire at the earlier of the Expiry Date and: (i) 12 months after the effective date of a Participant’s retirement or disability; (ii) 12 months after a Participant’s death; or (iii) 12 months after the effective date that a Participant ceases to be a full-time employee or consultant of the Corporation for any reason other than retirement, disability or death. The Stock Option Plan also provides that if the term of an option of any Participant under the Stock Option Plan expires during or within ten (10) business days of the expiration of a blackout period implemented by the Corporation, then the term of the option or the unexercised portion thereof shall be extended by ten (10) business days after the expiration of such blackout period.

The Board has the authority, at any time, to amend or revise the terms of the Stock Option Plan, subject to the receipt of all necessary regulatory approvals, provided that no such amendment or revision shall alter the terms of any options previously granted under the Stock Option Plan. The following may not be amended without approval of the shareholders of the Corporation: (i) increases to the maximum or number of shares reserved for issuance under the Stock Option Plan; (ii) amendments to grant additional powers to the Board to amend the Stock Option Plan or entitlements without shareholder approval; (iii) reduction in the exercise price of options granted pursuant to the Stock Option Plan or other entitlements held by insiders; (iv) extension of the term of options granted pursuant to the Stock Option Plan held by insiders; and (v) changes to the insider participation limits which result in shareholder approval to be required on a disinterested basis.

The Board may at any time and from time-to-time by resolution terminate the Stock Option Plan, but no such termination shall, except with the written consent of the Participants concerned, affect the terms and conditions of options previously granted under the Stock Option Plan to the extent that they have not been exercised, unless the rights of such Participants shall then have terminated or been wholly exercised.

On May 12, 2008, the Corporation implemented a directors’ stock option plan (the “**Directors’ Plan**”) which permits directors to receive their quarterly fees either in cash or in stock options granted under the Stock Option Plan. Each option granted under the Directors’ Plan is for a maximum term of seven years with an exercise price equal to the closing price of the Corporation’s common shares on the last day of the applicable quarter and vests immediately.

No options were issued under the Stock Option Plan to executive officers of the Corporation in 2009, and neither the Chief Executive Officer nor the Chief Financial Officer currently holds any outstanding options.

## Aggregate Compensation

For the fiscal year ended December 31, 2009, only the Chief Executive Officer was entitled to cash compensation from the Corporation and the aggregate cash compensation paid by the Corporation for services rendered during the period was \$200,000.

## Summary Compensation Table

The following table sets forth all compensation for services in all capacities to the Corporation for the fiscal year ended December 31, 2009 in respect of all NEOs.

Name and Principal Position	Year	Salary (\$)	Share-Based Awards (\$)	Option Based Awards (\$)	Non-Equity Incentive Plan Compensation		Pension Value (\$)	All Other Compensation (\$)	Total Compensation (\$)
					Annual Incentive Plans	Long-Term Incentive Plans			
John D. Pennal President and Chief Executive Officer	2009	200,000	0	0	0	0	0	0	0
	2008	200,000	0	0	0	0	0	0	200,000
	2007	275,000	0	0	20,000	0	0	320,000 <sup>(1)</sup>	625,795
John Anderson <sup>(2)</sup> Chief Financial Officer	2009	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	2008	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
	2007	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Matthew Hoang <sup>(3)</sup>	2009	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	2008	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	2007	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil

- (1) The Corporation previously had an Employee Share Purchase Plan (“ESPP”) pursuant to which the Corporation loaned \$320,000 to Mr. Pennal for the purpose of acquiring 800,000 Common Shares of the Corporation. The ESPP was designed to provide incentives to employees to purchase shares of the Corporation and align their long-term interests in share ownership with the goals of the Corporation. The ESPP was terminated and the \$320,000 loan was forgiven as part of the reorganization of the Corporation completed in October, 2007.
- (2) Mr. Anderson was appointed Chief Financial Officer of the Corporation on December 9, 2009. Mr. Anderson is not an employee of the Corporation and received no compensation from the corporation for performing the Chief Financial Officer function.
- (3) Mr. Hoang resigned as Chief Financial Officer of the Corporation on December 9, 2009. Mr. Hoang was not an employee of the Corporation and received no compensation from the corporation for performing the Chief Financial Officer function.

## Incentive Plan Awards

### *Outstanding Share-based Awards and Option-based Awards*

The following table sets forth the options to purchase securities of the Corporation outstanding for each NEO as at the end of the fiscal year ended December 31, 2009.

Name	Option-Based Awards				Share-Based Awards	
	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options (\$)	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested (\$)
John D. Pennal	Nil	Nil	Nil	Nil	Nil	Nil
John Anderson <sup>(1)</sup>	Nil	Nil	Nil	Nil	Nil	Nil
Matthew Hoang <sup>(2)</sup>	Nil	Nil	Nil	Nil	Nil	Nil

- (1) Mr. Anderson was appointed Chief Financial Officer of the Corporation on December 9, 2009. Mr. Anderson is not an employee of the Corporation and received no compensation from the Corporation for performing the Chief Financial Officer function.
- (2) Mr. Hoang resigned as Chief Financial Officer of the Corporation on December 9, 2009. Mr. Hoang was not an employee of the Corporation and received no compensation from the Corporation for performing the Chief Financial Officer function.

### ***Value Vested or Earned During the Year***

The following table sets forth for each NEO the value that would have been realized if the options granted under the existing stock option plan had been exercised on their vesting date and the value earned during non-equity incentives, all during the year ended December 31, 2009.

Name	Option-based awards – Value vested during the year (\$)	Share-based awards – Value vested during the year (\$)	Non-equity incentive plan compensation – Value earned during the year (\$)
John D. Pennal	Nil	Nil	Nil
John Anderson <sup>(1)</sup>	Nil	Nil	Nil
Matthew Hoang <sup>(2)</sup>	Nil	Nil	Nil

- (1) Mr. Anderson was appointed Chief Financial Officer of the Corporation on December 9, 2009. Mr. Anderson is not an employee of the Corporation and received no compensation from the corporation for performing the Chief Financial Officer function.
- (2) Mr. Hoang resigned as Chief Financial Officer of the Corporation on December 9, 2009. Mr. Hoang was not an employee of the Corporation and received no compensation from the corporation for performing the Chief Financial Officer function.

### **Pension Plan Benefits**

As of the fiscal year ended December 31, 2009, no defined benefit plans, defined contribution plans or deferred compensation plans exist for the Corporation.

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

Mr. John Pennal and the Corporation entered into an employment agreement dated in October, 2007 which provides for Mr. Pennal's employment as President and Chief Executive Officer of the Corporation for a salary of \$200,000 per annum for three years. Subject to earlier termination as set out below, the agreement provides that Mr. Pennal's employment will terminate on October 10, 2010. The agreement

also provides that the Corporation may terminate the employment of Mr. Pennal for cause at any time in which case Mr. Pennal will only receive his unpaid base salary, any accrued vacation pay earned by him, and reimbursement for any reasonable out of pocket expenses incurred by him in the course of his employment and for which he provides the appropriate statements and receipts verifying such expenses. In any circumstances other than for cause, his employment may be terminated immediately upon paying to Mr. Pennal the base salary he would have earned from the date of his termination to the end of the term of this agreement, less statutory deductions. Mr. Pennal may terminate his employment with the Corporation for any reason upon the giving of not less than one month's notice in writing.

### Compensation of Directors

Except for Mr. John Pennal (whose compensation is fully reflected in the previous Summary Compensation Table above), the following table sets out all compensation payable to the Board for the Corporation's most recently completed financial year.

Name	Fees Earned (\$) <sup>(1)</sup>	Share-Based Awards (\$)	Option-Based Awards (\$)	Non-Equity Incentive Plan Compensation (\$)	Pension Value (\$)	All Other Compensation	Total
Ravi Sood <sup>(2)</sup>	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Amar Bhalla	\$29,000	Nil	Nil	Nil	Nil	Nil	\$29,000
John Crow <sup>(3)</sup>	\$62,000	Nil	Nil	Nil	Nil	Nil	\$62,000
Victor Wells <sup>(3)</sup> A.	\$12,250	Nil	Nil	Nil	Nil	Nil	\$12,250
Rene Bharti <sup>(4)</sup>	\$10,000	Nil	Nil	Nil	Nil	Nil	\$10,000

- (1) At the beginning of every year, each director has the opportunity to elect to receive his directors' fees during the year either (i) all in cash, (ii) all in the form of options, or (iii) 50% each in the form of cash and options. All directors were paid in cash in 2009.
- (2) Mr. Sood receives no compensation from the Corporation in his capacity as director.
- (3) Mr. Crow and Mr. Wells are not standing for re-election at the meeting.
- (4) Mr. Bharti resigned from the Board effective August 13, 2009.

### Fees and Retainer

Directors' fees are paid as follows:

During 2009, each of the directors, other than Messrs. Crow, Sood and Pennal, received an annual retainer of \$20,000. Mr. Crow received an annual retainer of \$50,000. Messrs. Sood and Pennal were not paid an annual retainer. Directors other than Messrs. Crow, Sood and Pennal received \$750 for each meeting attended. Mr. Crow received \$1,000 for each meeting attended. Messrs. Sood and Pennal do not receive meeting fees.

### Director Outstanding Share-based Awards and Option-based Awards

The following table sets forth the options to purchase securities of the Corporation for each director as at the end of the fiscal year ended December 31, 2009 (relevant disclosure for Mr. Pennal has been provided under Outstanding Share-based Awards and Option-based Awards).

Name	Option-based Awards				Share-based Awards	
	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options (\$)	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested
Ravi Sood	Nil	Nil	n/a	Nil	Nil	Nil
Amar Bhalla	34,724	0.19	May 12, 2015	Nil	Nil	Nil
	28,822	0.30	June 30, 2015	Nil	Nil	Nil
	58,700	0.11	September 30, 2015	Nil	Nil	Nil
	216,688	0.03	December 31, 2015	Nil	Nil	Nil
John Crow	43,782	0.19	May 12, 2015	Nil	Nil	Nil
	36,773	0.30	June 30, 2015	Nil	Nil	Nil
	74,101	0.11	September 30, 2015	Nil	Nil	Nil
	275,002	0.03	December 31, 2015	Nil	Nil	Nil
Victor A. Wells	Nil	Nil	n/a	Nil	Nil	Nil
Rene Bharti <sup>(1)</sup>	34,724	0.19	May 12, 2015	Nil	Nil	Nil
	25,840	0.30	June 30, 2015	Nil	Nil	Nil
	58,700	0.11	September 30, 2015	Nil	Nil	Nil
	166,668	0.03	December 31, 2015	Nil	Nil	Nil

(1) Mr. Bharti resigned from the Board effective August 13, 2009.

### Director Value Vested or Earned During the Year

The following table sets forth for each director the value that would have been realized if the options granted under the existing stock option plan had been exercised on their vesting date and the value earned under non-equity incentives, during the year ended December 31, 2009 (relevant disclosure for Mr. Pennal has been provided under Value Vested or Earned During the Year).

Name	Option-based awards – Value vested during the year (\$)	Share-based awards – Value vested during the year (\$)	Non-equity incentive plan compensation during the year (\$)
Ravi Sood	Nil	Nil	Nil
Amar Bhalla	Nil	Nil	Nil
John Crow	Nil	Nil	Nil
Victor A. Wells	Nil	Nil	Nil
Rene Bharti <sup>(1)</sup>	Nil	Nil	Nil

(1) Mr. Bharti resigned from the Board effective August 13, 2009.

### SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The following table provides information as of the date of the end of the most recently completed fiscal year end, December 31, 2009, regarding the number of securities to be issued upon the exercise of the outstanding options and the weighted-average exercise price of the outstanding options in connection with the equity compensation plans of the Corporation.

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (#)	Weighted-average exercise price of outstanding options, warrants and rights (\$)	Number of securities remaining available for future issuance under equity compensation plans (#)
Equity compensation plans approved by securityholders	1,322,194	\$0.08	13,752,538

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

Mr. Ravi Sood is the Chief Executive Officer of the Manager.

Except as otherwise disclosed in this Circular, no person who has been a director or executive officer of the Corporation since the commencement of the Corporation's last financial year, nor any proposed nominee for election as a director of the Corporation, nor any of their respective associates or affiliates, has any material interest, direct or indirect, in any matter to be acted upon at the Meeting.

Except as otherwise disclosed in this Circular, no director or executive officer of the Corporation, nor any proposed nominee for election as a director of the Corporation, nor any of their respective associates or affiliates, has had any material interest, direct or indirect, in any transaction since the commencement of the Corporation's last financial year or in any proposed transaction which has materially affected or would materially affect the Corporation.

### MANAGEMENT OF NAVINA ASSET MANAGEMENT INC.

The Manager has been retained as the manager of the Corporation pursuant to a management agreement dated as of the 18<sup>th</sup> day of July 2007 and amended and restated the 28<sup>th</sup> day of August 2007 and the 26<sup>th</sup> day of March 2009 (the "**Management Agreement**"). The Manager's principal office is located at 220 Bay Street, Suite 1500, Toronto, Ontario M5J 2W4.

The following are the names, municipalities of residence, offices and principal occupations of the directors and executive officers of the Manager:

Name and Municipality of Residence	Position with Manager	Principal Occupation During the Last Five Years
<b>Andrew Bentley</b> Toronto, Ontario	President	President of Navina Asset Management Inc. since January 2010; prior thereto CEO of Navina Capital Corp. from September 2006 to December 2009; prior thereto Vice President of Fairway Capital Corp. from May 2005 to September 2006.
<b>Lawrence Guy</b> Cambridge, Ontario	Chief Financial Officer	Chief Financial Officer of Navina Asset Management since January 2010; prior thereto Chief Financial Officer of Navina Capital Corp. from September 2006 to December 2009; prior thereto Vice President of Fairway Capital Corp. from October 2005 to September 2006.
<b>Hugh Maclean</b> Thornhill, Ontario	Chief Compliance Officer and Vice President	Chief Compliance Officer and Vice President of Navina Asset Management since January 2010; prior thereto Vice President of Lawrence Asset Management Inc.
<b>Ravi Sood</b> Toronto, Ontario	Chief Executive Officer	Chief Executive Officer of Navina Asset Management since January 2010; prior thereto President and Chief Operating Officer of Lawrence Asset Management Inc.
<b>Catherine Stretch</b> Toronto, Ontario	Chief Operating Officer	Chief Operating Officer of Navina Asset Management since January 2010; prior thereto Vice President of Lawrence Asset Management Inc.

The Manager is responsible for providing or arranging for administrative services required by the Corporation including, without limitation, authorizing the payment of expenses, preparing financial statements, income tax returns, other reports and continuous disclosure materials, ensuring that the Corporation complies with regulatory requirements, preparing the reports of the Corporation to securityholders and the Canadian securities regulatory authorities, determining the amount of distributions to be paid by the Corporation and retaining and negotiating contractual agreements with third party providers of services, including advisors, registrars, transfer agents, auditors and printers.

The Manager also provides investment management and investment advisory services to the Corporation, which include making all investment decisions. The Manager is required to exercise the powers and discharge the duties of its office honestly, in good faith and with a view to the best interests of the Corporation and in connection therewith, to exercise the degree of care, diligence and skill that a reasonably prudent person would exercise in similar circumstances. The Management Agreement provides that the Manager will not be liable in any way for any default, failure or defect of the assets held by the Corporation if it has satisfied the duties and the standard of care, diligence and skill set forth above. The Manager will incur liability in cases of wilful misconduct, bad faith, negligence or disregard of its duties or standard of care, diligence and skill.

The Manager may resign as Manager of the Corporation upon 120 days' notice to the Corporation. If no new manager is appointed within such 120 day period, the Management Agreement will be terminated on the date that is 60 days following the last day of the 120 day period. Other than fees and expenses payable to the Manager pursuant to the Management Agreement up to and including the date of termination, no additional payments will be required to be made to the Manager as a result of any termination.

The Management Agreement may be terminated by the Corporation at any time after the initial two-year term upon 120 days' notice to the Manager. In addition, in the event that the Manager is in material breach of the Management Agreement and, if capable of being cured, any such breach or default has not been cured within 30 days' written notice of such breach or default to the Manager, the Management Agreement may be terminated by the Corporation. The Corporation may terminate the Management Agreement immediately in the event of the commission by the Manager of any fraudulent act and the Management Agreement will be automatically terminated if the Manager becomes bankrupt, insolvent or makes a general assignment for the benefit of its creditors.

As compensation for its management services, the Manager is entitled to receive an annual management fee (the "**Management Fee**") from the Corporation in the amount equal to 2.00% of the net asset value of the Corporation, which is currently calculated daily and paid monthly in arrears. Such Management Fee shall be paid by the Corporation to the Manager on or before the tenth day following the relevant month end. The Manager is also entitled to be reimbursed for all reasonable costs and expenses incurred by it in performing its duties. The Manager, and not the Corporation, pays fees for any investment advisory and investment management services provided by a third party to the Corporation. For the financial year ended December 31, 2009, the Corporation has paid the Manager \$224,150.57 (GST included) in Management Fees.

In addition to the Management Fee, the Corporation will pay the Manager an annual performance fee (the "**Performance Fee**") equal to 20% of the difference by which the percentage increase in the net asset value per Common Share in a calendar year exceeds a cumulative 6% amortized return. For the year ended December 31, 2009, the Corporation did not pay any Performance Fees to the Manager.

In addition, the Manager and each of its directors, officers, employees, shareholders, representatives and agents will be indemnified and saved harmless by the Corporation from and against all liabilities and expenses (including all legal fees, judgements and amounts paid in settlement), reasonably incurred by the Manager or any of its officers, directors, employees, shareholders, representative or agents in the exercise of its duties, unless those liabilities and expenses were incurred as a result of wilful misconduct, bad faith, negligence or a breach by the Manager of the standard of care described above.

The management services of the Manager are not exclusive and nothing in the Management Agreement prevents the Manager or any of its affiliates from providing similar management services to other clients, including investment funds (whether or not their investment objectives, strategies and policies are similar to those of the Corporation) or from engaging in other activities.

#### **INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS**

Except as otherwise disclosed in this Circular, no current or former director, executive officer or employee of the Corporation, or any associate of any such person, is, or has been at any time since the incorporation of the Corporation, indebted to the Corporation or any of its subsidiaries nor is, or at any time since the incorporation of the Corporation has, any indebtedness of any such person to another entity been the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Corporation or any of its subsidiaries.

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

Except as set out herein: (a) no director or executive officer of the Corporation; (b) person or company who beneficially owns, or controls or directs, directly or indirectly, Common Shares, or a combination of both carrying more than ten percent (10%) of the voting rights attached to the Common Shares outstanding (an “**Insider**”); (c) director or executive officer of an Insider; or (d) associate or affiliate of any of the directors, executive officers or Insiders, has any material interest, direct or indirect, in any material transaction in which the Corporation has participated since December 31, 2009 or in any proposed transaction which has materially affected or will materially affect the Corporation.

#### **ANNUAL INFORMATION FORM AND ADDITIONAL INFORMATION**

Additional information relating to the Corporation and the Corporation’s comparative financial statements and MD&A for its most recently completed financial year are available on the SEDAR website maintained by the Canadian securities regulators at [www.sedar.com](http://www.sedar.com) or by written request to the Chief Financial Officer, TriNorth Capital Inc., Suite 1500, 220 Bay Street, Toronto, Ontario, Canada M5J 2W4. This information is not incorporated by reference into this Circular.

**APPROVAL BY BOARD OF DIRECTORS**

The Board of the Corporation has approved the contents of this Circular and the sending of it to each director, the shareholders and the auditors of the Corporation.

Toronto, Ontario  
June 3, 2010

BY ORDER OF THE BOARD OF DIRECTORS

*(Signed) "John D. Pennal"*

John D. Pennal  
President

**SCHEDULE "A"**

**RESOLUTION RE: CONTINUED USE OF STOCK OPTION PLAN**

**BE IT RESOLVED, AS AN ORDINARY RESOLUTION, THAT:**

1. the continued use of the Corporation's amended and restated stock option plan (the "**Stock Option Plan**") is hereby authorized and approved;
2. the Stock Option Plan is hereby ratified in its entirety, subject to such amendments, changes, additions and alterations thereto as the board of directors of the Corporation may approve, or as may be required by the TSX Venture Exchange; and
3. any one director or officer be and is hereby authorized and directed, acting for, in the name of 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, all such other deeds, documents, instruments and assurances and to do or cause all such other acts and things as in the opinion of such director or officer of the Corporation may be necessary or desirable in order to fulfill the intent of this resolution.

**SCHEDULE "B"**  
**STOCK OPTION PLAN**

## SCHEDULE “C”

### BOARD MANDATE AND GOVERNANCE GUIDELINES

#### 9. BOARD MANDATE

The mandate of the board of directors shall be to enhance long-term value for shareholders. Its role shall be of a supervisory nature and in the discharge of its mandate, it shall assume responsibility for broad corporate policies and for the overall effective and ethical performance of the corporation.

It is noted that the corporation has entered into an agreement dated August 28, 2007 (the “**Management Agreement**”) with Navina Asset Management Inc. (“**NAVINA**”) which provides, subject to the terms and conditions contained therein, that NAVINA will manage the undertaking and affairs of the corporation. A non-exhaustive list of services to be supplied to the Corporation by NAVINA is set forth in Section 5 of the Management Agreement.

NAVINA has agreed that for so long as NAVINA is the manager of certain activities of the Company pursuant to the Management Agreement, NAVINA will follow these guidelines and NAVINA will ensure that its employees, officers and representatives will follow these guidelines.

During the operation of the Management Agreement, the board has the responsibility for monitoring the performance of NAVINA under such agreement. Any responsibility not delegated to NAVINA under the Management Agreement, or delegated to NAVINA or an employee thereof or to a committee of the board hereunder remains with the board.

The board will review and may periodically modify this document as appropriate to reflect the evolution of its governance practices.

The board will, directly or through its committees, assume specific responsibility for the following functions:

(a) *Strategic Planning*

- The board will regularly review, question and approve investment strategies proposed by NAVINA and its execution of its duties and responsibilities pursuant to the Management Agreement. NAVINA’s responsibility is to develop corporate strategic plans which will take into account the opportunities and risks of the business, and to implement such plans once board review is complete.
- The board will monitor corporate performance against strategic plans including assessing operating results on behalf of shareholders to evaluate whether the investments are being properly managed.

(b) *Risk Assessment*

- The board will have overall responsibility for assessing the principal risks facing the corporation’s investments, reviewing options for their mitigation and overseeing the implementation of appropriate systems to manage such risks.

(c) *Communications Policy*

- The board will approve the corporation's policies and practices with respect to disclosure of financial and other information consistent with disclosure requirements under applicable securities law.

(d) *Accounting and Financial Reporting/Disclosure Controls and Procedures and Internal Controls*

- The board will oversee the quality and integrity of the corporation's accounting and financial reporting systems, internal controls and disclosure controls and procedures to assure the results that the controls are designed to achieve.

(e) *Review of NAVINA*

- The board is responsible for overseeing the performance of NAVINA under the Management Agreement and taking decisions on behalf of the corporation which may be necessary or desirable in connection with such agreement.

## **GOVERNANCE GUIDELINES**

### **10. The Chair of the Board**

The policy of the board will be to select as Chair a director who is not an executive of the corporation or of NAVINA.

### **11. Independence and Qualification of Directors**

At a minimum, a majority of the board shall be composed of directors who must be determined to have no material relationship with the corporation or NAVINA and who, in the reasonable opinion of the board, must be unrelated and independent under the laws, regulations and listing requirements to which the corporation is subject. The board will monitor the mix of skills and experience of its directors in order to assure that it has the necessary tools to perform its oversight function effectively.

When a director's principal business association changes significantly, the director will tender his or her resignation for consideration by the board of the continued appropriateness for board service.

### **12. Board Meetings**

Directors are expected to attend board meetings and meetings of committees on which they serve and to spend the time needed and meet as frequently as necessary to properly discharge their responsibilities. Materials that are important to the board's understanding of the business to be conducted at a meeting shall be distributed in ample time for review beforehand. After appropriate consultations, the Chair of the board will establish the agenda for each board meeting. Board members shall be free to suggest items for inclusion on the agenda or to raise subjects that are not on the agenda for that meeting.

Every meeting of the board shall be followed by an in camera session at which no executive directors or members of NAVINA are present.

13. **Committees**

The board will delegate certain of its functions to committees. The corporation's current committee structure (Audit and Governance) is considered appropriate. However, this structure may change as the board considers from time to time which of its responsibilities can best be fulfilled through a detailed review of matters in committee. Committees will operate according to board-approved written mandates outlining duties and responsibilities. Task force committees may, however, be established on an ad hoc basis to deal with specific subjects. All members of committees shall meet the independence criteria set forth in applicable laws, rules or listing requirements. Committee members shall be appointed by the board after consultation with the individual directors. Committee chairs shall be rotated periodically.

The chair of each committee, in consultation with committee members, shall determine the frequency and length of committee meetings, consistent with any requirements set forth in the committee's charter. After appropriate consultations, the chair of each committee shall develop the committee's agenda. Each committee will report on the result of each committee meeting at the next board meeting.

14. **Director Access to NAVINA Personnel**

Directors shall have full and free access to senior management and other employees of NAVINA. Meetings or contacts that a director wishes to initiate may be arranged through the President and Chief Executive Officer or directly by the director.

15. **Communications with Outside Parties**

If an outside party approaches a director on a matter of interest to the corporation, the director should bring the matter to the attention of the Chair who shall determine an appropriate response.

16. **Retirement from the Board**

There shall be no prescribed retirement age for directors of the Corporation. The Governance Committee shall as part of its mandate annually review director performance.

17. **Director Compensation**

The form and amount of director compensation will be determined by the board. The Board shall conduct reviews of director compensation at least every two years. Directors who are not employees of the corporation or any of its subsidiaries or affiliates shall not enter into any consulting arrangements with the corporation.

18. **Individual Directors Engaging Outside Advisors**

Any director may, after notice to and with the consent of the Chair of the board, retain an external adviser at the corporation's expense.

19. **Orientation and Continuing Education**

New directors shall participate in an informed orientation process to become familiar with the corporation and its strategic plans and businesses, significant financial matters, core values including ethics, compliance programs, corporate governance practices and other key policies and practices through a review of background materials and meetings with senior executives.

20. **Board Confidentiality**

Directors will maintain the absolute confidentiality of the deliberations and decisions of the board and the information received at meetings.

21. **Resources and Authority of the Board**

The board shall have the resources and authority appropriate to discharge its duties and responsibilities, including the authority to retain counsel or other experts as it deems appropriate.

22. **Indemnification**

The corporation will provide reasonable directors' and officers' liability insurance for the directors and shall indemnify directors to the fullest extent permitted by law.