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MR SAM SAMPLE
123 SAMPLES STREET
SAMPLETOWN SS X9X 9X9

Security Class 123

Holder Account Number
C1234567890 X X X



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Form of Proxy - Annual Meeting to be held on May 4, 2009

This Form of Proxy is solicited by and on behalf of Management.

Notes to proxy

1. Every holder has the right to appoint some other person or company of their choice, who need not be a holder, to attend and act on their behalf at the meeting or any adjournment or postponement thereof. If you wish to appoint a person or company other than the persons whose names are printed herein, please insert the name of your chosen proxyholder in the space provided (see reverse).
2. If the securities are registered in the name of more than one owner (for example, joint ownership, trustees, executors, etc.), then all those registered should sign this proxy. If you are voting on behalf of a corporation or another individual you must sign this proxy with signing capacity stated, and you may be required to provide documentation evidencing your power to sign this proxy.
3. This proxy should be signed in the exact manner as the name(s) appear(s) on the proxy.
4. If this proxy is not dated, it will be deemed to bear the date on which it is mailed by Management to the holder.
5. **The securities represented by this proxy will be voted as directed by the holder, however, if such a direction is not made in respect of any matter, this proxy will be voted as recommended by Management.**
6. The securities represented by this proxy will be voted or withheld from voting, or voted against each of the matters described herein, as applicable, in accordance with the instructions of the holder, on any ballot that may be called for and, if the holder has specified a choice with respect to any matter to be acted on, the securities will be voted accordingly.
7. This proxy confers discretionary authority in respect of amendments or variations to matters identified in the Notice of Meeting or other matters that may properly come before the meeting.
8. This proxy should be read in conjunction with the accompanying documentation provided by Management.

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Proxies submitted must be received by 5:00 p.m., EST on Thursday, April 30, 2009.

VOTE USING THE TELEPHONE OR INTERNET 24 HOURS A DAY 7 DAYS A WEEK!



To Vote Using the Telephone

- Call the number listed BELOW from a touch tone telephone.

1-866-732-VOTE (8683) Toll Free



To Vote Using the Internet

- Go to the following web site:
www.investorvote.com

If you vote by telephone or the Internet, DO NOT mail back this proxy.

Voting by mail may be the only method for securities held in the name of a corporation or securities being voted on behalf of another individual. **Voting by mail or by Internet** are the only methods by which a holder may appoint a person as proxyholder other than the Management nominees named on the reverse of this proxy. Instead of mailing this proxy, you may choose one of the two voting methods outlined above to vote this proxy.

To vote by telephone or the Internet, you will need to provide your CONTROL NUMBER, HOLDER ACCOUNT NUMBER and ACCESS NUMBER listed below.

CONTROL NUMBER 123456 HOLDER ACCOUNT NUMBER C1234567890 ACCESS NUMBER 12345



Appointment of Proxyholder

I/We being holder(s) of Tsodilo Resources Limited hereby appoint: James M. Bruchs, the President and Chief Executive Officer of the Corporation, or failing him Gail McGinley, the Corporate Secretary of the Corporation

OR Print the name of the person you are appointing if this person is someone other than the Management nominees listed herein

as my/our proxyholder with full power of substitution and to vote in accordance with the following direction (or if no directions have been given, as the proxyholder sees fit) and all other matters that may properly come before the Annual Meeting of the shareholders of Tsodilo Resources Limited to be held at the Monticello Hotel, Executive Conference Room, 1075 Thomas Jefferson Street, N.W., Washington, D.C. on Monday the 4th day of May, 2009, at 9:30 a.m. (EST) and at any adjournment thereof.

VOTING RECOMMENDATIONS ARE INDICATED BY HIGHLIGHTED TEXT OVER THE BOXES.

1. Election of Directors

The nominees proposed by Management are:

Mr. Robert Stuart Angus; Mr. James Michael Bruchs; Mr. David James Cushing; Mr. Jonathan Robert Kelafant; Mr. Patrick Charles McGinley;

For Against Abstain

2. Appointment of Auditors

Appointment of Ernst & Young LLP, Chartered Accountants, Vancouver, Canada, as auditors of the Corporation and authorizing the Directors to fix their remuneration.

For Against Abstain

Authorized Signature(s) - This section must be completed for your instructions to be executed.

I/We authorize you to act in accordance with my/our instructions set out above. I/We hereby revoke any proxy previously given with respect to the Meeting. If no voting instructions are indicated above, this Proxy will be voted as recommended by Management.

Signature(s)

Date

MM / DD / YY

Interim Financial Statements

Mark this box if you would like to receive interim financial statements and accompanying Management's Discussion and Analysis by mail.

Annual Report

Mark this box if you would like to receive the Annual Report and accompanying Management's Discussion and Analysis by mail.

If you are not mailing back your proxy, you may register online to receive the above financial report(s) by mail at www.computershare.com/maillinglist.



TSODILO RESOURCES LIMITED



NOTICE OF ANNUAL MEETING

To Be Held on May 4, 2009

and

MANAGEMENT INFORMATION CIRCULAR

March 27, 2009

TSODILO RESOURCES LIMITED
NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

NOTICE IS HEREBY GIVEN that an annual meeting (the “**Meeting**”) of the shareholders of Tsodilo Resources Limited (the “**Corporation**”) will be held at the Hotel Monticello, Executive Conference Room, 1075 Thomas Jefferson Street, Washington, D.C. on Tuesday, the 4th of May, 2009 at 9:30 a.m. (EST), for the following purposes:

- (a) To receive and consider the consolidated financial statements of the Corporation for the period ended December 31, 2008 and the report of the auditors thereon;
- (b) To elect directors of the Corporation for the ensuing year;
- (c) To appoint Ernst & Young LLP, Chartered Accountants, Vancouver, Canada, as auditors of the Corporation for the current year and to authorize the directors to fix their remuneration; and
- (d) To transact such other business as may properly come before the Meeting or any adjournment thereof.

This notice is accompanied by a form of proxy and a management information circular of the Corporation.

References in this Notice and in the accompanying Circular to the “Corporation” or “Tsodilo” shall include, where the context requires, Tsodilo Resources Limited together with its subsidiaries.

Shareholders are entitled to vote at the Meeting or any adjournment thereof either in person or by proxy. Those who are unable to attend the Meeting or any adjournment thereof in person are requested to complete, sign and return the enclosed form of proxy to the Corporation’s transfer agent at the address indicated on the enclosed envelope. **To be valid, proxies must be deposited with the Corporation’s transfer agent not later than the close of business two business days (April 30, 2009) preceding the day of the Meeting or any adjournment thereof. A completed form of proxy may also be deposited with the Chairman of the Meeting immediately prior to the commencement of the Meeting or any adjournment thereof.**

Dated this 27th day of March, 2009.

By Order of the Board of Directors

“James M. Bruchs”

James M. Bruchs
President and Chief Executive Officer

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TSODILO RESOURCES LIMITED
MANAGEMENT INFORMATION CIRCULAR

Solicitation of Proxies

This management information circular is furnished in connection with the solicitation of proxies by the management of TSODILO RESOURCES LIMITED (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 accompanying Notice of Annual Meeting. References in this management information circular (the “Circular”) to the Meeting include any adjournment thereof. It is expected that the solicitation will be primarily by mail, but proxies may also be solicited personally by regular employees of the Corporation. The cost of solicitation will be borne by the Corporation. Except where otherwise stated, the information set forth herein is given as of December 31, 2008.

Appointment and Revocation of Proxies

The persons named in the enclosed form of proxy are officers of the Corporation. A shareholder wishing to appoint some other person, who need not be a shareholder, to represent the shareholder at the Meeting may do so by inserting such person's name in the blank space provided in the enclosed form of proxy or by completing another proper form of proxy. To be valid, proxies must be deposited with the Corporation's transfer agent at the address indicated on the enclosed envelope not later than the close of business two business days (April 30, 2009) preceding the day of the Meeting, or with the Chairman of the Meeting immediately prior to the commencement of the Meeting, otherwise the instrument of proxy will be invalid.

A proxy given pursuant to this solicitation may be revoked by instrument in writing, including another proxy bearing a later date, executed by the shareholder or by the shareholder's attorney authorized in writing and deposited either at the registered office of the Corporation or its transfer agent at any time up to and including the last business day preceding the date of the Meeting or with the Chairman of the Meeting on the date of the Meeting or in any other manner permitted by law.

Exercise of Discretion by Proxies

The persons named in the enclosed form of proxy 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 favor of the passing of all the resolutions described below. 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 Annual Meeting and with respect to other matters which may properly come before the Meeting. At the time of printing of this Circular, management knows of no such amendments, variations or other matters to come before the Meeting. However, if any other matters, which are not now known to management, should properly come before the Meeting, the proxy will be voted on such matters in accordance with the best judgment of the named proxies.

Voting by Non-Registered Shareholders

Only registered shareholders or the persons they appoint as their proxies are permitted to vote at the Meeting. However, in many cases, shares of the Corporation are beneficially owned by non-registered shareholders who hold their shares through a nominee such as a bank, trust company or securities broker, or through a clearing agency, such as Canadian Depository for Securities Limited (or CDS), in which the nominee is a participant.

Under Canadian securities laws, nominees are required to seek voting instructions from non-registered shareholders, unless the shareholder has waived the right to receive proxy materials. Generally, nominees will send to their non-registered shareholders either a request for voting instructions or a proxy form, to permit the non-registered shareholders to vote their shares.

Each nominee has its own procedures that must be carefully followed. If a non-registered shareholder wishes to vote at the Meeting by proxy, the non-registered shareholder must follow the instructions of their nominee, including those regarding when and where the voting instructions or proxy form is to be delivered. If a non-registered shareholder wishes to vote at the Meeting in person, the non-registered shareholder should appoint themselves as a proxy-holder by striking out the printed name in the request for voting instructions or proxy form and inserting their own name in the space provided, and otherwise following the instructions of their nominee.

Interest of Certain Persons in Matters to be Acted Upon

To the knowledge of the directors and officers of the Corporation, no person who has been a director or executive officer of the Corporation at any time since the beginning of the Corporation's last fiscal year, or any proposed nominee of management of the Corporation for election as a director of the Corporation, nor any associate or affiliate of the foregoing persons, has any material interest, direct or indirect, by way of beneficial ownership or otherwise, in matters to be acted upon at the Meeting.

Securities and Principal Holders Thereof

As at the date hereof, 16,152,154 common shares of the Corporation are issued and outstanding. Each common share entitles the holder thereof to one vote on all matters to be acted upon at the Meeting. The record date for the determination of shareholders entitled to receive notice of the Meeting has been fixed at April 1, 2009. In accordance with the provisions of the Business Corporations Act (Yukon), the Corporation will prepare a list of holders of common shares as of such record date. Each holder of common shares named in the list will be entitled to vote the common shares shown opposite his or her name on the list at the Meeting, except to the extent that (a) the shareholder has transferred any of his or her shares after the record date, and (b) the transferee of those shares produces properly endorsed share certificates or otherwise establishes that he or she owns such shares, and demands, not later than ten days prior to the Meeting, that his or her name be included in the list of persons entitled to vote at the meeting, in which case the transferee is entitled to vote his or her shares at the Meeting. To the knowledge of the directors and officers of the Corporation, the only persons, firms or corporations that beneficially own, directly or indirectly, or control or direct, voting securities of the Corporation carrying 10% or more of the voting rights attached to any class of voting securities of the Corporation as of the date of this Circular are as follows:

Name of Shareholder	Common Shares	Percentage of Outstanding Number of Common Shares
James M. Bruchs	2,695,983	16.69%
John R. Redmond	2,505,931	15.51%
Firebird Global Master Fund, Ltd.	1,875,630	11.61%
David J. Cushing	1,774,994	10.98%

Particulars of Matters to be Acted Upon

1. Election of Directors

Five directors will be elected at the Meeting and unless authority to do so is withheld, the persons named in the enclosed form of proxy intend to vote for the election of the nominees whose names are set forth below. Management does not contemplate that any of the nominees will be unable to serve as a director but if that should occur for any reason prior to the Meeting, it is intended that discretionary authority shall be exercised by the persons named in the enclosed form of proxy to vote the proxy for the election of any other person or persons in place of any nominee or nominees unable to serve.

The statement as to the shares of the Corporation beneficially owned or over which control or direction is exercised by the nominees for election as directors hereinafter named is in each instance based upon information furnished by the person concerned as of the date of this Circular.

Name and Position with the Corporation and Province or State and Country of Residence	Present Occupation if Different From Office Held ⁽¹⁾	Director Since	Number of Common Shares Beneficially Owned, Controlled or Directed
James M. Bruchs ⁽³⁾ Director, President and CEO McLean, Virginia USA	Officer Of Corporation	2002	2,695,983
Patrick C. McGinley ⁽²⁾⁽³⁾⁽⁴⁾ Director Washington, D.C. USA	Attorney-at-Law	2002	250,393
R. Stuart Angus ⁽⁴⁾ Director Vancouver, B.C. Canada	Independent Business Advisor to the Mining Industry	2004	165,178
Jonathan R. Kelafant ⁽³⁾⁽⁴⁾ Director Arlington, Virginia USA	President, Covalent Energy and Senior VP Advanced Resources Intl.	2007	125,772
David J. Cushing ⁽²⁾⁽⁴⁾ Director Chevy Chase, Maryland USA	Attorney-at-Law	2008	1,774,994

- (1) Each of the foregoing individuals has held the present principal occupation or other office or position with the same firm set out opposite his name for the past five years, except for:
- ◇ Mr. Angus who, between November 2003 and December 2005 was Managing Director – Mergers and Acquisitions at Endeavor Financial Corporation and prior to November 2003, was a partner in Fasken Martineau DuMoulin LLP (law firm).
- (2) Member of the Audit Committee.
- (3) Member of the Compensation Committee.
- (4) Member of the Corporate Governance Committee.

Each director elected will hold office until the close of business of the first annual meeting of shareholders of the Corporation following his election unless his office is earlier vacated in accordance with the Corporation's by-laws.

2. Appointment of Auditors

Unless authority to do so is withheld, the persons named in the enclosed form of proxy intend to vote for the appointment of Ernst & Young LLP, Vancouver, Canada, as the auditors of the Corporation, to hold office until the next annual meeting of shareholders, at a remuneration to be fixed by the directors.

Securities Authorized for Issuance under Equity Compensation Plans

The following table discloses the equity compensation plan information as at the end of the Corporation's most recently completed financial year.

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 (US\$)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))
Equity compensation plans approved by securityholders	1,710,000	\$0.69	694,221
Equity compensation plans not approved by securityholders	NIL	NIL	NIL
Total	1,710,000	\$0.88	694,221

Statement of Executive Compensation

The following is a compilation of compensation earned by certain executive officers of the Company and Directors in connection with their office or employment with the Company made in accordance with the requirements of the Canadian Securities Administrators' National Instrument 51-102 – *Continuous Disclosure Obligations*. Disclosure is required to be made in relation to Named Executive Officers, being those individuals who served as the Chief Executive Officer, Chief Financial Officer and each of the Company's three most highly compensated executive officers, other than the Chief Executive Officer and Chief Financial Officer, who were serving as executive officers at the end of the most recently completed financial year and whose salary and bonus exceeded C\$150,000.

1. Summary Compensation Table

The following table contains information about the compensation earned by the Corporation's Chief Executive Officer and Chief Financial Officer, for the financial years ended June 30, 2008 and June 30, 2007 (the "**Named Executive Officers**") as required pursuant to Canadian securities laws. There were no other executive officers of the Company or its subsidiaries serving as at the year ended June 30, 2008 whose total salary and bonus exceeded C\$150,000 per annum in that financial year.

Definitions: For the purpose of the following table and this Information Circular:

"**Chief Executive Officer**" or "**CEO**" of the Company means each individual who served as chief executive officer of the Company or acted in a similar capacity during the most recently completed financial year;

"**Chief Financial Officer**" or "**CFO**" of the Company means each individual who served as chief financial officer of the Company or acted in a similar capacity during the most recently completed financial year.

"**executive officer**" of the Company means an individual who at any time during the most recently completed financial year was:

- (a) a chair of the Company;
- (b) a vice-chair of the Company;
- (c) the president of the Company;
- (d) a vice-president of the Company in charge of a principal business unit, division or function including sales, finance or production; or
- (e) an officer of the Company or any of its subsidiaries or any other person or individual who performs a policy-making function in respect of the Company.

"**Named Executive Officers**" or "**NEOs**" means the following individuals:

- (a) each CEO;
- (b) each CFO;
- (c) each of the Company's three most highly compensated executive officers, other than the CEO and CFO, who were serving as executive officers at the end of the most recently completed financial year and whose total salary and bonus exceeds \$150,000; and
- (d) any additional individuals for whom disclosure would have been provided under (c) above, but for the fact that the individual was not serving as an officer of the Company at the end of the most recently completed financial year-end.

"**Long Term Incentive Plan**" or "**LTIP**" means a plan providing compensation intended to motivate performance over a period greater than one financial year. LTIPs do not include option or stock appreciation rights plans or plans for compensation through shares or units that are subject to restrictions on resale.

"**Stock Appreciation Right**" or "**SAR**" means a right, granted by an issuer or any of its subsidiaries as compensation for employment services or office to receive cash or an issue or transfer of securities based wholly or in part on changes in the trading price of publicly trading securities.

SUMMARY COMPENSATION TABLE								
NEO Name and Principal Position	Fiscal Year	Annual Compensation			Long Term Compensation			All Other Compensation (US\$)
		Salary (US\$)	Bonus (US\$)	Other Annual Compensation (US\$)	Awards		Payouts	
					Securities Under Options / SAR's Granted (#)	Shares or Units Subject to Resale Restrictions (US\$)	Long Term Incentive Plan Payouts (US\$)	
James M. Bruchs ⁽¹⁾ President and CEO	2008	\$156,000	NIL	NIL	50,000	NIL	NIL	NIL
	2007	\$130,000	NIL	NIL	50,000	NIL	NIL	NIL
	2006	\$110,000	NIL	NIL	50,000	NIL	NIL	NIL
Gary A. Bojes ⁽²⁾ CFO	2008	NIL	NIL	NIL	100,000	NIL	NIL	NIL
	2007	NIL	NIL	NIL	50,000	NIL	NIL	NIL
L. Kirk Boyd ⁽³⁾ CFO	2008	NIL	NIL	NIL	NIL	NIL	NIL	NIL
	2007	\$23,300	NIL	NIL	10,000	NIL	NIL	NIL
	2006	\$39,000	NIL	NIL	10,000	NIL	NIL	NIL

- (1) Effective July 1, 2002, Mr. Bruchs assumed the position of President and Chief Executive Officer of the Corporation. Mr. Bruchs' gross monthly salary since his appointment is as follows:

07/2002 – 09/2003	\$6,000.00
10/2003 – 12/2004	\$7,500.00
01/2005 – 12/2006	\$9,167.00
01/2007 – 12/2007	\$10,833.00
01/2008 – 12/2008	\$13,000.00

Salary payments of \$294,650 remain accrued and unpaid. In 2008, Mr. Bruchs' salary was attributed and expensed equally to the Corporation's Botswana subsidiaries, Newdico (Pty) Ltd. ("Newdico") and Gcwihaba Resources (Pty) Limited ("Gcwihaba"). Mr. Bruchs was reimbursed by the Corporation for all travel, hotel and other out-of-pocket expenses reasonably incurred by him in relation to the performance of his duties. The corporation paid \$7,500 in premiums for health insurance coverage for Mr. Bruchs in 2008.

- (2) Effective October 1, 2007, Dr. Bojes assumed the position of Chief Financial Officer of the Corporation.
- (3) Effective January 1, 2005, Mr. L. Kirk Boyd assumed the position of Chief Financial Officer and Corporate Secretary. Effective May 1, 2005, Mr. Boyd's gross monthly remuneration was \$4,000. In August 2005, Mr. Boyd vacated the position of Corporate Secretary and his monthly remuneration was fixed at \$3,500. Effective October 1, 2007, Mr. Boyd assumed the position of controller of the Corporation and vacated the position of Chief Financial Officer. The position of controller was eliminated in December 2008 and Mr. Boyd's duties ceased at that time. Mr. Boyd was reimbursed by the Corporation for all travel, hotel and other out-of-pocket expenses reasonably incurred by him in relation to the performance of his duties.

2. Stock Options

The following table provides details on stock options granted to the Named Executive Officers during the fiscal year ended December 31, 2008 under the terms of the Corporation's SOP.

Option Grants During the Most Recently Completed Fiscal Year

Name	Securities Under Options Granted (#) ⁽¹⁾	% of Total Options Granted to Employees / Directors in Fiscal Year	Exercise Price (US\$/Security)	Market Value of Securities Underlying Options on the Date of Grant (US\$/Security)	Expiration Date ⁽²⁾
James M. Bruchs President and Chief Executive Officer	50,000 ⁽³⁾	8.92%	\$0.70	\$0.50	01/02/2013
	50,000 ⁽³⁾	8.92%	\$0.70	\$0.47	05/07/2013
Gary A. Bojes Chief Financial Officer	50,000	8.92%	\$0.70	\$0.50	01/02/2013
	50,000	8.92%	\$0.70	\$0.47	05/07/2013

(1) Securities under options granted refer to the Corporation's common shares.

(2) Unexercised options are subject to early expiration upon the resignation of the optionee or other termination of employment of the optionee with the Corporation or its affiliates and on the optionee's retirement or death.

(3) January 2, 2008 option grant was for duties associated as President and CEO; May 8, 2008 option grant was for duties associated as a director of the Company.

The following table provides detailed information regarding options exercised by the Named Executive Officers during the fiscal year ended December 31, 2007. In addition, details on remaining options held are provided.

Aggregated Option Exercises During the Most Recently Completed Fiscal Year and Fiscal Year-End Option/SAR Values						
Name	Securities Acquired on Exercise(1) (#)	Aggregate Value Realized (US\$)	Unexercised Options at Fiscal Year End		Value of Unexercised in-the-Money Options at Fiscal Year End(2)(3)	
			Exercisable (#)	Unexercisable (#)	Exercisable (US\$)	Unexercisable (US\$)
James M. Bruchs President and Chief Executive Officer	NIL	NIL	550,000	50,000	NIL	NIL
Gary A. Bojes Chief Financial Officer	NIL	NIL	50,000	50,000	NIL	NIL

- (1) Securities under options granted refer to the Corporation's common shares.
- (2) Based on the closing price of the common shares on the TSX Venture Exchange on December 31, 2008 of \$0.16 (C\$0.20).
- (3) Unexercised options are subject to early expiration upon the resignation of the optionee or other termination of employment of the optionee with the Corporation or its affiliates and on the optionee's retirement or death.

3. Other Compensation Matters

There were no long-term incentive awards made to the Named Executive Officers of the Corporation during the fiscal year December 31, 2008. There are also no pension plan benefits in place for the Named Executive Officers.

4. Employment Contracts

On January 1, 2005, the Corporation entered into an Employment Agreement with its President and Chief Executive Officer, James M. Bruchs, for an indefinite term for an initial salary of \$110,000 per year and the granting of 50,000 stock options per year commencing as of January 1, 2005 at an exercise price equal to 100% of the fair market value of the common stock on the close of business on the day before the first business day in January. The options shall have a term of five years from the date of grant and shall be subject to the usual terms and conditions of options issued pursuant to and in accordance with the SOP. In 2008, the Compensation Committee and the Board of Directors increased Mr. Bruchs' annual salary to \$156,000 per annum.

5. Compensation of Directors

(A) Standard Compensation Arrangements

Save and except through the granting of stock options, the directors of the Corporation were not compensated in their capacity as directors of the Corporation and its subsidiaries during the fiscal year ended December 31, 2008 pursuant to any standard compensation arrangement.

(B) Other Arrangements

Save and except through the granting of stock options, the directors of the Corporation were not compensated in their capacity as directors of the Corporation and its subsidiaries during the fiscal year ended December 31, 2008 pursuant to any other arrangement or in lieu of any standard compensation arrangement. An aggregate of 300,000 stock options were granted to five directors (Messrs. Angus, Bruchs, McGinley, Kelafant, and Redmond) in their capacity as directors of the Corporation during the 2008 fiscal year. See “**Long Term Compensation Plans**”.

(C) Compensation for Services

None of the directors of the Corporation were compensated for services rendered to the Corporation and its subsidiaries in any other capacity during the fiscal year ended December 31, 2008.

6. Composition of the Compensation Committee

During the fiscal year ended December 31, 2008, the Compensation Committee was composed of two unrelated directors: Mr. Patrick C. McGinley and Mr. Jonathan R. Kelafant, and the Corporation’s President and Chief Executive Officer, Mr. James M. Bruchs (Chairman).

7. Report on Executive Compensation

It is the responsibility of the Compensation Committee to determine the level of compensation in respect of the Corporation's senior executives with a view to providing such executives with a competitive compensation package having regard to performance. The Compensation Committee reviews and recommends the compensation of the Chief Executive Officer of the Corporation on a regular basis, at least once a year. The Compensation Committee also reviews the recommendations submitted by the Chief Executive Officer with respect to the compensation of other senior officers of the Corporation.

In establishing compensation for executive officers, the Compensation Committee takes into consideration individual performance, responsibilities, length of service and levels of compensation provided by industry competitors. Such compensation is composed primarily of three components; namely, base salary, the granting of stock options and the awarding of performance bonuses. The Compensation Committee recommends guidelines for the SOP and, in consultation with the Chief Executive Officer, reviews the options granted to the Corporation's executives and board members. Performance bonuses are considered from time to time having regard to the Corporation's objectives. No definitive and pre-determined bonus arrangement was entered into in the preceding fiscal years. The compensation which has been awarded for the upcoming fiscal year is believed to be comparable to compensation of other executives of other companies in the similar pursuit of diamond reserves and production.

Report submitted by Compensation Committee:

James M. Bruchs
Patrick. C. McGinley
Jonathan R. Kelafant

Indebtedness of Executive Officers, Directors and Employees

No director or executive officer of the Corporation, no proposed nominee for election as a director of the Corporation and no associate of any of the foregoing is or has been indebted to the Corporation or any subsidiary of the Corporation pursuant to a securities purchase or other program and the Corporation has not guaranteed the indebtedness of any such individual to another entity, nor is was there any aggregate indebtedness to report on behalf of any executive officers, directors, employees, former executive officers, directors or employees of the Corporation or any of its subsidiaries.

Interest of Informed Persons in Material Transactions

To the knowledge of the directors and officers of the Corporation, no director or executive officer of the Corporation, nor any person or company that is itself an informed person or subsidiary of the Corporation, nor any person or company who 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 attached to all outstanding voting securities of the Corporation, nor any proposed nominee for election as a director of the Corporation, and no associate or affiliate of the foregoing persons, has or has had any material interest, direct or indirect, in any transaction since the beginning of the Corporation's last completed financial year or in any proposed transaction which, in either such case has materially affected or will materially affect the Corporation or any of its subsidiaries.

Statement of Corporate Governance

Disclosure concerning the Corporation's corporate governance policies and practices is set out in Schedule "A" to this Circular. This disclosure statement has been approved by the Board.

Audit Committee Information

1. Audit Committee Charter

The Audit Committee of the Board of Directors operates within a written mandate, as approved by the Board of Directors, which describes the Committee's objectives and responsibilities. The full text of the Audit Committee Charter and the other information that may be required to be disclosed by Form 52-110F2 are attached as Schedule "B" to this Circular.

2. Composition of the Audit Committee

The Audit Committee is composed of the following three directors:

Mr. Patrick C. McGinley (Chairman)
Mr. Jonathan R. Kelafant
Mr. David J. Cushing

The Board of Directors has determined that each member of the Audit Committee is "independent" and "financially literate" as such terms are defined under Canadian securities laws.

3. Audit Committee Oversight

At no time since the commencement of the Corporation's most recently completed fiscal year did the Audit Committee make a recommendation to nominate or compensate an external auditor that was not adopted by the Board of Directors.

4. Reliance on Certain Exemptions

At no time since the commencement of the Corporation's most recently completed fiscal year did the Corporation rely on:

- (a) the exemption in section 2.4 (De Minimis Non-audit Services) of Multilateral Instrument 52-110 - Audit Committees of the Canadian Securities Administrators ("MI 52-110"); or
- (b) an exemption from the requirements of MI 52-110 granted under Part 8 (Exemptions) of MI 52-110.

5. Pre-Approval Policies and Procedures

The Audit Committee approves all audit engagements and must pre-approve the provision by the external auditors of all non-audit services, including fees and terms for all audit engagements and non-audit engagements, and in such regard the Audit Committee may establish the types of non-audit services the external auditors shall be prohibited from providing and shall establish the types of audit, audit related and non-audit services for which the Audit Committee will retain the external auditors. The Audit Committee may delegate to one or more of its members the authority to pre-approve non-audit services, provided that any such delegated pre-approval shall be exercised in accordance with the types of particular non-audit services authorized by the Audit Committee to be provided by the external auditor and the exercise of such delegated pre-approvals shall be presented to the full Audit Committee at its next scheduled meeting following such pre-approval.

6. External Auditor Service Fees (By Category)

Fees, inclusive of Canadian GST, payable to the Corporation's external auditor(s), KPMG, Inc. SA, in each of the last three fiscal years are detailed in the following table. All amounts have been converted to US\$ for consistency of comparison.

Fee Category	Year Ended 12.31.08 (US\$)	Year Ended 12/31/07 (US\$)	Year Ended 12/31/06 (US\$)
Audit Fees ⁽¹⁾	24,777 ⁽⁴⁾	30,000	25,000
Audit Related Fees ⁽¹⁾	2,823 ⁽⁴⁾	--	--
Tax Fees			
Canadian Filing ⁽²⁾	2,400	2,309	2,013
Foreign Filing ⁽³⁾	2,400	2,309	1,000
All other fees	--	5,133	3,200
Total	32,400	39,751	31,213

- (1) Comprehensive fee that includes the audit of the consolidated Company, audits of the two Botswana foreign subsidiary companies and tax filings for Botswana subsidiaries.

- (2) Preparation of the Canadian federal and provincial corporate tax returns for Tsodilo Resources Limited.
- (3) Preparation of foreign reporting forms for Tsodilo Resources Limited subsidiaries.
- (4) Estimate

7. Exemption

The Corporation is relying upon the exemption in section 6.1 of Multilateral Instrument 52 -110.

Other Matters

Management knows of no matters to come before the Meeting other than the matters referred to in the Notice of the Meeting. However, if any other matters which are not now known to management should properly come before the Meeting, the proxy solicited hereby will be voted on such matters in accordance with the best judgment of the persons voting the proxy.

Additional information Financial information is provided in the Corporation's audited financial statements and MD&A for its most recently completed fiscal year. Copies of the aforementioned documents can be obtained by request through the Corporation's offices in Toronto, Canada or accessed through the Corporation's website at **www.TsodiloResources.com**.

Additional information relating to Tsodilo Resources Limited is available on its website at **www.TsodiloResources.com** or through **SEDAR** at **www.sedar.com**.

Directors' Approval

The contents of this Circular and the sending thereof have been approved by the Board.

By Order of the Board of Directors

"James M. Bruchs" _____

James M. Bruchs
President and Chief Executive Officer

Toronto, Ontario
March 27, 2009

SCHEDULE “A”

TSODILO RESOURCES LIMITED STATEMENT OF CORPORATE GOVERNANCE PRACTICES

The board of directors of the Corporation (the “Board”) and its committees participate in all decision making processes in the management of the Corporation and has adopted the following statement of corporate governance practices.

The Board acknowledges its responsibility for the stewardship of the Corporation, and specifically for:

- (i) adoption of a strategic planning process

The Board provides input and guidance on and reviews and approves the strategic planning and business objectives developed by senior management of the Corporation and oversees management’s implementation of the strategic plan.

- (ii) identification of principal risks, and implementing risk-management systems

The Board considers on an ongoing basis the principal risks of the Corporation’s business in the diamond mining industry, particularly having regard to sensitivity to diamond prices, political risks given the location of the Corporation’s operations, environmental and operational risks, based on regular business reports prepared by the Corporation’s senior management. In addition, the Audit Committee by its review of the activities and findings of the Corporation’s external auditors is aware of the principal risks to the Corporation’s businesses and reports thereon to the Board on a regular basis.

- (iii) succession planning and monitoring senior management

The Board is responsible for the assessment of the performance of, and the development of a succession plan for, the Chief Executive Officer of the Corporation, who is in turn charged with those same responsibilities for the balance of the Corporation’s senior management team.

- (iv) communications policy

The Board is committed to maintaining an effective communications policy for the benefit of all shareholders. In addition to its timely and continuous disclosure obligations under applicable law, the Corporation ensures that senior management is available to respond to questions and comments from shareholders. With the approval of the Board, management has a designee of the Corporation, as the principal individual responsible for receiving shareholder inquiries and dealing with shareholders’ concerns. Such designee is available to respond to shareholder questions and comments, and endeavours to respond promptly and appropriately to all requests and/or inquiries. If material business issues result from communications between shareholders and senior management, it is the policy of the Corporation that such matters be reported to the Board.

(v) integrity of internal control and management information system

The Audit Committee reviews with management and the Corporation's external auditors the ongoing sufficiency and integrity of the Corporation's internal control, financial reporting and management information systems.

Although senior management have extensive experience in the diamond mining industry, the Board encourages senior management to participate in appropriate professional and personal development activities, courses and programs and the expenses associated with these activities are paid by the Corporation. Further, the Board supports management's commitment to the training and development of all permanent employees.

The Board currently comprises five members of which four are considered unrelated directors. The Board reviews the factual circumstances and relevant relationships of each of the directors. The three unrelated directors provide no services, other than as directors, to the Corporation and maintain no other relationship with the Corporation and are therefore unrelated directors.

The mandate of the Chairman of the Board includes reviewing the performance of the Board and each of its committees and recruitment and nomination of new directors to the Board. Further, the Corporation believes that the nature of the relationships of its related directors would not adversely affect their independence or ability to act in the best interest of the Corporation.

The Chairman of the Board annually reviews the membership and chairs of the Board committees, as well as the mandates and activities of each committee, and makes such recommendations to the Board arising out of such review, as he deems appropriate. The Corporation believes that the Board members are qualified as directors and represent the various disciplines necessary for the proper governance of the Corporation.

The Corporation currently has an informal orientation program for new members of the Board. The Board regularly invites senior operating management to attend at Board meetings to report on their respective business unit activities, and Board meetings are periodically organized to include tours of the Corporation's facilities which permit the Board to participate in a detailed first hand review of the Corporation's activities. In addition, there are periodic social events organized by the Corporation where the Board can interact with senior management.

As of the date of this Management Information Circular, the Board is composed of five members. The Board has reviewed its size and, having regard for the international scope of its operations, has concluded that the number of directors of the Corporation is efficient and effective, given the size and scope of the Corporation's operations. The Board, as presently constituted, brings together a mix of skills, background, ages and attitudes that the Board considers appropriate to the stewardship of the Corporation. In particular, the Board represents many years of experience in the diamond exploration / mining industry as well as legal and corporate finance experience. The mandate of the Chairman of the Board includes the consideration of size and composition of the Board.

The Board has responsibility for the stewardship of the Corporation and specifically for: (i) providing input and guidance on and approving the strategic plan and business objectives developed by senior management and overseeing management's implementation of the strategic plan; (ii) considering the principal risks of the business based on regular business reports prepared by senior management and based on the Audit Committee's review of the findings of the external auditors; (iii) assessing the performance of, and developing a succession plan for, the Chief Executive Officer; and (iv) reviewing the ongoing sufficiency and integrity of the Corporation's internal control, financial reporting and management information systems with management and the Corporation's external auditors. In addition to the specific responsibilities enumerated above, the Board is responsible for the supervision of management of the business but not the day-to-day operations, which are the responsibility of the Chief Executive Officer. The Board will also consider those matters that are brought to it by the Chief Executive Officer that, as noted below, are deemed to be material matters. During fiscal year 2007, the Board met formally in person once and over the period passed four (4) resolutions.

The Chief Executive Officer is specifically charged with the responsibility for managing the strategic and operational agenda of the Corporation and for the execution of the directives and policies of the Board. The roles and responsibilities of the Chief Executive Officer include, among other things:

- (i) developing, together with the Board, the Corporation's strategic direction and monitoring same;
- (ii) directing the overall business operations of the Corporation;
- (iii) ensuring that the Board is kept appropriately informed of the overall business operations of the Corporation and major issues facing the Corporation;
- (iv) having ultimate accountability for the development and execution of the strategy and policies of the Corporation and their communication to the Corporation's key internal and external stake holders;
- (v) having responsibility for the day-to-day operations of the Corporation, including the annual planning process, capital management, financial management, acquisitions, divestitures, etc., all of which must be accomplished within the strategic framework of the Corporation established by the Board;
- (vi) having the responsibility for the employment, compensation, job descriptions, performance assessment, leadership development and succession planning of human resources;
- (vii) representing the Corporation to its major shareholders, including investment and financial communities, governments, joint venture partners and the public;
- (viii) bringing the following material decisions to the Board for their review and approval:

- (A) disposition of assets or cancellation of debt other than in the ordinary and normal course of business;
 - (B) acquisition or initiation of a new business or undertaking or the assumption of any commitment, obligation or liability other than in the ordinary and normal course of business;
 - (C) issuance or sale of securities of the Corporation or rights, options or warrants to acquire securities of the Corporation;
 - (D) redemption or repurchase of securities of the Corporation;
 - (E) declaration or payment of a dividend or other distribution in respect of any securities of the Corporation;
 - (F) any transaction, contract, agreement, undertaking or arrangement with a person with whom the Corporation does not act at arm's length; and
 - (G) any other transaction, contract, agreement, undertaking, commitment or arrangement, not in the ordinary and normal course of business which is or would be material in relation to the Corporation; and
- (ix) presenting to the Board any material business issues resulting from communications with shareholders.

The Chairman of the Board assumes the following role and responsibilities:

- (i) managing the affairs of the Board and monitoring its effectiveness;
- (ii) managing meetings of the Board by ensuring that meaningful agendas are prepared and guiding the deliberations of the Board so that appropriate strategic and policy decisions are made;
- (iii) setting the agenda for meetings of the Board and ensuring that all matters of strategic importance are being dealt with at the Board level during the course of the year; and
- (iv) participating in consultation with other members of the Board in the selection of candidates to be submitted to the Board for appointment as new directors.

The Board has appointed an unrelated director as Chairman of the Board. All members of the Board are free to add items to the agenda, either before or during the meetings, or to request the calling of Board meetings where deemed necessary and all members of the Board are invited to raise issues not on the agenda at Board meetings. In fiscal 2008, one formal Board meeting was. Advance notice is provided, and directors are requested to provide any agenda items they feel should be considered at the meeting. A total of six resolutions dealing with standard matters were also circulated and approved by the Board. In addition, Board members are periodically advised in informal conferences of developments involving the Corporation and asked to advise on such developments.

The Board has on occasion met without management present and engages in frank and open discussion concerning the Corporation and management both in the presence of management and in their absence. If the Board believed it was appropriate and meaningful, it would formalize the process by which the Board would meet without management and for handling the Board's overall relationship with management.

The Audit Committee is composed of three directors, Mr. Patrick McGinley (Chairman) and Messrs. R. Stuart Angus and David J. Cushing, of which all three are unrelated directors. The Compensation Committee is composed of three directors, James M. Bruchs (Chairman) and Messrs. Patrick McGinley and Jonathan R. Kelafant. The Corporate Governance Committee is composed of three directors, Mr. R. Stuart Angus (Chairman) and Messrs. Patrick McGinley and David J. Cushing. These committees are considered by the Board to be adequate, together with the Board, to ensure proper governance of the Corporation and supervision of management.

The Audit Committee has primary responsibility for ensuring the integrity of the Corporation's financial reporting, risk management and internal controls. The committee has unrestricted access to the Corporation's personnel and documents and has direct communication channels with the Corporation's external auditors in order to discuss audit and related matters whenever appropriate. The Audit Committee receives and reviews the annual financial statements of the Corporation and makes recommendations thereon to the Board prior to their approval by the full Board. The Audit Committee also reviews the scope and planning of the external audit, the form of the audit report and any correspondence from or comments by the external auditors regarding financial reporting and internal controls. The Audit Committee is responsible for correcting weaknesses identified by the external auditors with respect to the internal control systems and for ensuring that the recommended corrections had been implemented.

The Chairman of the Board reviews and approves the design and administration of all compensation and benefit plans and policies for the Corporation's Board. The Compensation Committee reviews and approves the design and administration of all compensation and benefit plans and policies for the Corporation's senior management. Management periodically provides surveys of the marketplace and reports on its consultations with experts to the Compensation Committee. Directors' compensation is fixed by the Chairman of the Board, in consultation with the Board, at competitive levels with due consideration to the periodic changes in the levels of responsibility assigned to members of the Board.

The Corporate Governance Committee expressly assumes responsibility for developing the Corporation's approach to corporate governance issues and monitoring compliance with the Corporation's stated governance policies.

In the appropriate circumstances, the Board will approve the engagement of an outside advisor by an individual director at the expense of the Corporation.

SCHEDULE “B”

TSODILO RESOURCES LIMITED CHARTER OF THE AUDIT COMMITTEE OF THE BOARD OF DIRECTORS

NAME

There shall be a committee of the board of directors (the “Board”) of **Tsodilo Resources Limited** (the “Company”) known as the Audit Committee.

PURPOSE OF AUDIT COMMITTEE

The Audit Committee has been established to assist the Board in fulfilling its oversight responsibilities with respect to the following principal areas:

- (a) the Company’s external audit function; including the qualifications, independence, appointment and oversight of the work of the external auditors;
- (b) the Company’s accounting and financial reporting requirements;
- (c) the Company’s reporting of financial information to the public;
- (d) the Company’s compliance with law and regulatory requirements;
- (e) the Company’s risks and risk management policies;
- (f) the Company’s system of internal controls and management information systems; and
- (g) such other functions as are delegated to it by the Board.

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

MEMBERSHIP

The Audit Committee shall consist of as many members as the Board shall determine but, in any event not fewer than three directors appointed by the Board as provided for in the By-laws of the Company. Each member of the Audit Committee shall continue to be a member until a successor is appointed, unless the member resigns, is removed or ceases to be a director of the Company. The Board, following consideration of the recommendation of the Corporate Governance Committee, may fill a vacancy which occurs in the Audit Committee at any time.

Members of the Audit Committee shall be selected based upon the following and in accordance with applicable laws, rules and regulations:

(a) **Financially Literate.** Each member shall be financially literate or must become financially literate within a reasonable period of time after his or her appointment to the Audit Committee. For these purposes, an individual is financially literate if he or she has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Company's financial statements.

CHAIR AND SECRETARY

The Chair of the Audit Committee shall be designated by the Board. If the Chair is not present at a meeting of the Audit Committee, the members of the Audit Committee may designate an interim Chair for the meeting by majority vote of the members present. The Secretary of the Company shall be the Secretary of the Audit Committee, provided that if the Secretary is not present, the Chair of the meeting may appoint a secretary for the meeting with the consent of the Audit Committee members who are present. A member of the Audit Committee may be designated as the liaison member to report on the deliberations of the Audit Committees of affiliated companies (if applicable).

MEETINGS

The Chair of the Audit Committee, in consultation with the Audit Committee members, shall determine the schedule and frequency of the Audit Committee meetings provided that the Audit Committee will meet at least four times in each fiscal year and at least once in every fiscal quarter. The Audit Committee shall have the authority to convene additional meetings as circumstances require.

Notice of every meeting shall be given to the external and internal auditors of the Company, and meetings shall be convened whenever requested by the external auditors or any member of the Audit Committee in accordance with applicable law. The Audit Committee shall meet separately and periodically with management, legal counsel and the external auditors. The Audit Committee shall meet separately with the external auditors at every meeting of the Audit Committee at which external auditors are present.

MEETING AGENDAS

Agendas for meetings of the Audit Committee shall be developed by the Chair of the Audit Committee in consultation with the management and the corporate secretary, and shall be circulated to Audit Committee members as far in advance of each Audit Committee meeting as is reasonable.

RESOURCES AND AUTHORITY

The Audit Committee shall have the resources and the authority to discharge its responsibilities, including the authority, in its sole discretion, to engage, at the expense of the Company, outside consultants, independent legal counsel and other advisors and experts as it determines necessary to carry out the duties of management, without seeking the approval of the Board or management. The Audit Committee shall have the authority to conduct any investigation necessary and appropriate to fulfilling its responsibilities, and has direct access to and the authority to communicate directly with the internal and external auditors, the general counsel of the Company and other officers and employees of the Company.

The members of the Audit Committee shall have the right for the purpose of performing their duties to inspect all the books and records of the Company and its subsidiaries and to discuss such accounts and records and any matters relating to the financial position, risk management and internal controls of the Company with the officers and external and internal auditors of the Company and its subsidiaries. Any member of the Audit Committee may require the external or internal auditors to attend any or every meeting of the Audit Committee.

RESPONSIBILITIES

The Company's management is responsible for preparing the Company's financial statements and the external auditors are responsible for auditing those financial statements. The Audit Committee is responsible for overseeing the conduct of those activities by the Company's management and external auditors, and overseeing the activities of the internal auditors.

The specific responsibilities of the Audit Committee shall include those listed below. The enumerated responsibilities are not meant to restrict the Audit Committee from examining any matters related to its purpose.

1. Financial Reporting Process and Financial Statements

The Audit Committee shall:

- (a) in consultation with the external auditors and the internal auditors, review the integrity of the Company's financial reporting process, both internal and external, and any major issues as to the adequacy of the internal controls and any special audit steps adopted in light of material control deficiencies;
- (b) review all material transactions and material contracts entered into between (i) the Company or any subsidiary of the Company, and (ii) any subsidiary, director, officer, insider or related party of the Company, other than officer or employee compensation arrangements approved or recommended by the Compensation Committee, or director remuneration approved or recommended by the Corporate Governance Committee, or transactions in the ordinary course of business;

- (c) review and discuss with management and the external auditors: (i) the preparation of Company's annual audited consolidated financial statements and its interim unaudited consolidated financial statements; (ii) whether the financial statements present fairly (in accordance with Canadian generally accepted accounting principles) in all material respects the financial condition, results of operations and cash flows of the Company as of and for the periods presented; (iii) any matters required to be discussed with the external auditors according to Canadian generally accepted auditing standards; (iv) an annual report by the external auditors describing: (A) all critical accounting policies and practices used by the Company; (B) all material alternative accounting treatments of financial information within generally accepted accounting principles that have been discussed with management of the Company, including the ramifications of the use such alternative treatments and disclosures and the treatment preferred by the external auditors; and (C) other material written communications between the external auditors and management;
- (d) following completion of the annual audit, review with each of: (i) management; (ii) the external auditors; and (iii) the internal auditors, any significant issues, concerns or difficulties encountered during the course of the audit;
- (e) resolve disagreements between management and the external auditors regarding financial reporting;
- (f) review the interim quarterly and annual financial statements and annual and interim press releases prior to the release of earnings information; and
- (g) review and be satisfied that adequate procedures are in place for the review of the public disclosure of financial information by the Company extracted or derived from the Company's financial statements, other than the disclosure referred to in (f), and periodically assess the adequacy of those procedures.

2. External auditors

The Audit Committee shall:

- (a) require the external auditors to report directly to the Audit Committee;
- (b) be directly responsible for the selection, nomination, compensation, retention, termination and oversight of the work of the Company's external auditors engaged for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for the Company, and in such regard recommend to the Board the external auditors to be nominated for approval by the shareholders;

- (c) approve all audit engagements and must pre-approve the provision by the external auditors of all non-audit services, including fees and terms for all audit engagements and non-audit engagements, and in such regard the Audit Committee may establish the types of non-audit services the external auditors shall be prohibited from providing and shall establish the types of audit, audit related and non-audit services for which the Audit Committee will retain the external auditors. The Audit Committee may delegate to one or more of its members the authority to pre-approve non-audit services, provided that any such delegated pre-approval shall be exercised in accordance with the types of particular non-audit services authorized by the Audit Committee to be provided by the external auditor and the exercise of such delegated pre-approvals shall be presented to the full Audit Committee at its next scheduled meeting following such pre-approval;
- (d) review and approve the Company's policies for the hiring of partners and employees and former partners and employees of the external auditors;
- (e) consider, assess and report to the Board with regard to the independence and performance of the external auditors; and
- (f) request and review the audit plan of the external auditors as well as a report by the external auditors to be submitted at least annually regarding: (i) the external auditing firm's internal quality-control procedures; (ii) any material issues raised by the external auditor's own most recent internal quality-control review or peer review of the auditing firm, or by any inquiry or investigation by governmental or professional authorities within the preceding five years respecting one or more independent audits carried out by the external auditors, and any steps taken to deal with any such issues.

3. Accounting Systems and Internal Controls

The Audit Committee shall:

- (a) oversee management's design and implementation of and reporting on internal controls. The Audit Committee shall also receive and review reports from management, the internal auditors and the external auditors on an annual basis with regard to the reliability and effective operation of the Company's accounting system and internal controls;
- (b) review annually the activities, organization and qualifications of the internal auditors and discuss with the external auditors the responsibilities, budget and staffing of the internal audit function; and
- (c) review annually the Company's Code of Business Conduct and its effectiveness and enforcement.

4. Legal and Regulatory Requirements

The Audit Committee shall:

- (a) receive and review timely analysis by management of significant issues relating to public disclosure and reporting;
- (b) review, prior to finalization, periodic public disclosure documents containing financial information, including the Management's Discussion and Analysis and Annual Information Form;
- (c) prepare the report of the Audit Committee required to be included in the Company's periodic filings;
- (d) review with the Company's General Counsel legal compliance matters, significant litigation and other legal matters that could have a significant impact on the Company's financial statements; and
- (e) assist the Board in the oversight of compliance with legal and regulatory requirements and review with legal counsel the adequacy and effectiveness of the Company's procedures to ensure compliance with legal and regulatory responsibilities.

5. Additional Responsibilities

The Audit Committee shall:

- (a) discuss policies with the external auditor, internal auditor and management with respect to risk assessment and risk management;
- (b) establish procedures and policies for the following
 - (i) the receipt, retention, treatment and resolution of complaints received by the Company regarding accounting, internal accounting controls or auditing matters; and
 - (ii) the confidential, anonymous submission by directors or employees of the Company of concerns regarding questionable accounting or auditing matters or any potential violations of legal or regulatory provisions;
- (c) prepare and review with the Board an annual performance evaluation of the Audit Committee;
- (d) report regularly to the Board, including with regard to matters such as the quality or integrity of the Company's financial statements, compliance with legal or regulatory requirements, the performance of the internal audit function, and the performance and independence of the external auditors; and
- (e) review and reassess the adequacy of the Audit Committee's Charter on an annual basis.

6. Limitation on the Oversight Role of the Audit Committee

Nothing in this Charter is intended, or may be construed, to impose on any member of the Audit Committee a standard of care or diligence that is in any way more onerous or extensive than the standard to which all members of the Board are subject.

Each member of the Audit Committee shall be entitled, to the fullest extent permitted by law, to rely on the integrity of those persons and organizations within and outside the Company from whom he or she receives financial and other information, and the accuracy of the information provided to the Company by such persons or organizations.

While the Audit Committee has the responsibilities and powers set forth in this Charter, it is not the duty of the Audit Committee to plan or conduct audits or to determine that the Company's financial statements and disclosures are complete and accurate and in accordance with generally accepted accounting principles in Canada and applicable rules and regulations. These are the responsibility of management and the external auditors.

Approved by the Board of Directors, September 1, 2004

"Christopher Jennings"
Christopher M. H. Jennings, Chairman