

EUROGAS INTERNATIONAL INC.

**NOTICE OF ANNUAL MEETING
TO BE HELD ON JUNE 14, 2011**

- AND -

MANAGEMENT INFORMATION CIRCULAR

APRIL 26, 2011

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EUROGAS INTERNATIONAL INC.

April 26, 2011

Dear Shareholder:

You are invited to attend our Annual Shareholders' Meeting which will be held at:

Dundee Place
Suite 2800
1 Adelaide Street East
Toronto, Ontario M5C 2V9

on June 14, 2011 at 2:00 p.m. (Toronto time).

The items of business to be acted upon are included in the attached Notice of 2010 Annual Meeting of Shareholders and accompanying Management Information Circular. As is the custom of the past annual meetings, in addition to the normal business of election of directors and approval of the appointment of PricewaterhouseCoopers LLP as our independent auditor, we will also review our business operations and answer questions following the formal part of the meeting.

Your participation in Eurogas International Inc.'s business is important. We have made it easy for you to vote by telephone, Internet, mail, facsimile or by coming to the meeting in person.

Please consult the attached Management Information Circular which contains all of the information you need about the meeting and how to exercise your right to vote. Your vote does count.

Sincerely,



M. Jaffar Khan
President and Chief Executive Officer

The accompanying Management Information Circular, as well as our 2010 annual and quarterly financial information is posted on SEDAR at www.sedar.com, along with other information regarding Eurogas International Inc.

EUROGAS INTERNATIONAL INC.

NOTICE OF 2011 ANNUAL MEETING OF SHAREHOLDERS

NOTICE IS HEREBY GIVEN that the annual meeting (the "Meeting") of the shareholders of **EUROGAS INTERNATIONAL INC.** (the "Company") will be held at 2:00 p.m. (Toronto time) on June 14, 2011, at the offices of Dundee Corporation, Main Boardroom, Dundee Place, Suite 2800, 1 Adelaide Street East, Toronto, Ontario for the following purposes:

1. to receive the audited financial statements of the Company for the financial year ended December 31, 2010 together with the auditors' report thereon;
2. to elect directors of the Company for the ensuing year;
3. to appoint PricewaterhouseCoopers LLP as the auditor of the Company for the ensuing year and to authorize the directors to fix their remuneration; and
4. to transact such other business as may properly come before the Meeting or any adjournment(s) thereof.

The accompanying Management Information Circular of the Company provides additional information with respect to the matters to be considered at the Meeting and forms part of this Notice of Meeting.

Shareholders of the Company are invited to attend the Meeting. Shareholders of record at the close of business on May 3, 2011 will be entitled to vote at the Meeting except to the extent that a person has transferred any Common Shares of the Company after that date and the transferee of such Common Shares produces properly endorsed share certificates or otherwise establishes ownership thereof and requests, not later than 10 days before the Meeting, to be included in the list of shareholders of the Company entitled to vote at the Meeting.

Regardless of whether or not you are able to be present at the Meeting, please date, sign and return the form of proxy accompanying this Notice of Meeting. To be effective, forms of proxy must be received by Computershare Investor Services Inc., 100 University Avenue, 9th Floor, Toronto, Ontario, M5J 2Y1, Attention: Proxy Department prior to 5:00 p.m. (Toronto time) on June 10, 2011, or, in the case of any adjournment or postponement thereof, not less than 48 hours (excluding Saturdays, Sundays and holidays) prior to the time of such adjourned or postponed meeting.

Non-Registered Shareholders

Shareholders may beneficially own Common Shares that are registered in the name of a broker, another intermediary or an agent of that broker or intermediary ("Non-Registered Shareholders").

Without specific instructions, intermediaries are prohibited from voting shares for their clients. If you are a Non-Registered Shareholder, it is vital that the voting instruction form provided to you by your broker, intermediary or agent is returned according to their instructions, sufficiently in advance of the deadline specified by the broker, intermediary or agent to ensure that they are able to provide voting instructions on your behalf.

DATED at Barbados on April 26, 2011.

By Order of the Board

(signed) "Andrew Thornhill"
Andrew Thornhill, Corporate Secretary

EUROGAS INTERNATIONAL INC.

**Worthing Corporate Centre
Worthing Main Road
Christ Church BB15008
Barbados**

MANAGEMENT INFORMATION CIRCULAR

April 26, 2011

GENERAL PROXY INFORMATION

SOLICITATION OF PROXIES

The information contained in this management information circular (the "Information Circular") is furnished to the holders of common shares (the "Shareholders") of Eurogas International Inc. (the "Company") in connection with the solicitation by management and the directors of the Company of proxies to be used at the annual meeting (the "Meeting") of the Shareholders to be held at 2:00 p.m. (Toronto time) on June 14, 2011, at the offices of Dundee Corporation, Main Boardroom, Dundee Place, Suite 2800, 1 Adelaide Street East, Toronto, Ontario, and at all adjournments thereof, for the purposes set forth in the notice of the Meeting which accompanies this Information Circular (the "Notice of Meeting"). The solicitation of proxies will be made primarily by mail but proxies may also be solicited personally or by telephone by officers, directors or regular employees of the Company. Employees of the Company will not receive any extra compensation for such activities. The Company may also retain, and pay a fee to, one or more professional proxy solicitation firms to solicit proxies from the Shareholders in favour of the matters set forth in the Notice of Meeting. The Company may pay brokers or other persons holding common shares of the Company ("Common Shares") in their own names, or in the names of nominees, for their reasonable expenses for sending proxies and this Information Circular to beneficial owners of Common Shares and obtaining proxies therefor. The solicitation of proxies by this Information Circular is being made by and on behalf of management and the directors of the Company. The cost of the solicitation will be borne by the Company.

No person is authorized to give any information or to make any representation other than those contained in this Information Circular and, if given or made, such information or representation should not be relied upon as having been authorized by the Company. The information contained herein is given as of May 3, 2011 except as otherwise indicated. The delivery of this Information Circular shall not, under any circumstances, create an implication that there has not been any change in the information set forth herein since the date of this Information Circular.

APPOINTMENT AND REVOCATION OF PROXIES

THE PERSONS NAMED IN THE FORM OF PROXY ACCOMPANYING THIS INFORMATION CIRCULAR ARE OFFICERS AND/OR DIRECTORS OF THE COMPANY. A SHAREHOLDER HAS THE RIGHT TO APPOINT A PERSON, WHO NEED NOT BE A SHAREHOLDER, OTHER THAN THE PERSONS SPECIFIED IN SUCH FORM OF PROXY TO ATTEND AND ACT FOR AND ON BEHALF OF SUCH SHAREHOLDER AT THE MEETING. SUCH RIGHT MAY BE EXERCISED BY EITHER

STRIKING OUT THE NAMES OF THE PERSONS SPECIFIED IN THE FORM OF PROXY ACCOMPANYING THIS INFORMATION CIRCULAR AND INSERTING THE NAME OF THE PERSON TO BE APPOINTED IN THE BLANK SPACE PROVIDED IN SUCH FORM OF PROXY OR BY COMPLETING AND EXECUTING ANOTHER FORM OF PROXY AND, IN EITHER CASE, RETURNING SUCH COMPLETED AND EXECUTED FORM OF PROXY IN THE MANNER DESCRIBED IN THE NOTICE OF MEETING.

In order to be valid and acted upon at the Meeting, forms of proxy must be returned to Computershare Investor Services Inc., 100 University Avenue, 9th Floor, Toronto, Ontario, M5J 2Y1, Attention: Proxy Department prior to 5:00 p.m. (Toronto time) on June 10, 2011, or, in the case of any adjournment or postponement thereof, not less than 48 hours (excluding Saturdays, Sundays and holidays) prior to the time of such adjourned or postponed meeting.

In addition to any other manner permitted by law, a Shareholder who has given a proxy may revoke it as to any matter upon which a vote has not already been cast by completing an instrument in writing executed by the Shareholder or their attorney authorized in writing, or if the Shareholder is a corporation, under its corporate seal by an officer or attorney thereof duly authorized, and by depositing such instrument of revocation either with the Corporate Secretary of the Company, c/o Computershare Investor Services Inc. of Canada, 100 University Avenue, 9th Floor, Toronto, Ontario, M5J 2Y1, Attention: Proxy Department, at any time up to and including the last business day preceding the day of the Meeting, or with the Chairman of the Meeting on the date of the Meeting immediately prior to the commencement thereof or adjournment(s) thereof. In addition, a proxy may be revoked by the Shareholder personally attending at the Meeting and voting his or her Common Shares.

VOTING OF COMMON SHARES REPRESENTED BY MANAGEMENT PROXIES

The persons named in the form of proxy accompanying this Information Circular will vote the Common Shares in respect of which they are appointed proxy on any ballot that may be called for at the Meeting or any adjournment(s) thereof in accordance with the instructions in the form of proxy. **In the absence of instructions, such persons will vote such Common Shares in favour of or for each of the matters referred to in the Notice of Meeting.**

The form of proxy accompanying this Information Circular confers discretionary authority upon the persons named therein with respect to amendments to or variations of the matters identified in the Notice of Meeting and with respect to other matters, if any, which may properly be brought before the Meeting or any adjournment(s) thereof. At the date of this Information Circular, management of the Company knows of no such amendments, variations or other matters to be brought before the Meeting. However, if any other matters which are not now known to management of the Company should properly be brought before the Meeting or any adjournment(s) thereof, the Common Shares represented by any proxy will be voted on such matters in accordance with the judgement of the person named in such proxy.

NON-REGISTERED SHAREHOLDERS

Some Shareholders beneficially own Common Shares that are registered in the name of a broker, another intermediary or an agent of that broker or intermediary ("Non-Registered Shareholders"). The Company has distributed copies of this Information Circular and form of proxy to these intermediaries or their agents for onward distribution to Non-Registered Shareholders.

Without specific instructions, intermediaries are prohibited from voting shares for their clients. If you are a Non-Registered Shareholder, it is vital that the voting instruction form provided to you by your broker, intermediary or agent is returned according to their instructions, sufficiently in advance of the deadline specified by the broker, intermediary or agent, to ensure that they are able to provide voting instructions on your behalf.

If you are a Non-Registered Shareholder, you have the right to attend and vote your Common Shares directly at the Meeting. If you are a Non-Registered Shareholder and you wish to attend the Meeting and vote your Common Shares you can request, in writing, a legal proxy from your broker or other intermediary in whose name your shares are registered, that enables you to vote the shares registered in the name of that intermediary. You should carefully and promptly follow the instructions of your intermediary in this regard.

A Non-Registered Shareholder may revoke a form of proxy or voting instruction form given to an intermediary at any time by written notice to the intermediary in accordance with the instructions given to the Non-Registered Shareholder by the intermediary.

VOTING SHARES AND PRINCIPAL HOLDERS THEREOF

The Company has 31,143,635 Common Shares outstanding. Each holder of record at the close of business on May 3, 2011, the record date established for Notice of Meeting, of a Common Share will, unless otherwise specified herein, be entitled to one vote for each Common Share held by such holder on all matters to be brought before the Meeting, except to the extent that such holder has transferred any such Common Shares after the record date and the transferee of such Common Shares produces properly endorsed share certificates or otherwise establishes ownership thereof and demands, not later than 10 days before the Meeting or any adjournment(s) thereof, to be included in the list of Shareholders entitled to vote at the Meeting or any adjournment(s) thereof, in which case the transferee thereof will be entitled to vote such Common Shares at the Meeting or any adjournment(s) thereof.

To the knowledge of the officers and directors of the Company, the only person beneficially owning, directly or indirectly, or exercising control or direction over, more than 10% of the outstanding Common Shares as of May 3, 2011 was Dundee Corporation (“Dundee”) which owns or exercises control or direction over, directly or indirectly, 16,626,826 Common Shares representing 53.4% of the outstanding Common Shares. Mr. Ned Goodman, Chairman of the Company, owns in aggregate, directly and indirectly, class A subordinate voting shares and class B common shares of Dundee representing an 82.4% voting interest in Dundee. Mr. Goodman also owns personally 186,866 Common Shares of the Company representing 0.6% of the outstanding Common Shares. Accordingly, Mr. Goodman owns directly and indirectly, or exercises control or direction over Common Shares of the Company representing a 54% voting interest.

BUSINESS OF THE MEETING

PRESENTATION OF FINANCIAL STATEMENTS

The audited financial statements of the Company for the financial year ended December 31, 2010 and the auditor’s report thereon will be placed before the Meeting.

APPOINTMENT OF AUDITOR

Unless specifically instructed in the proxy to withhold such vote, the person(s) designated as proxy holder(s) in the accompanying form of proxy intend to vote for the appointment of PricewaterhouseCoopers LLP as the auditor of the Company to hold office until the next annual general meeting of Shareholders and to authorize the directors to fix their remuneration.

ELECTION OF DIRECTORS

Shareholders will be asked to elect six directors for the ensuing year. **The persons named in the form of proxy accompanying this Information Circular intend to vote for the election of the nominees whose names are set forth below, each of whom is now a director of the Company and has been a director of the Company since the date indicated unless the Shareholder who has given such proxy has directed that the Common Shares represented by such proxy be withheld from voting in respect of the election of directors of the Company.** Management of the Company does not contemplate that any of such nominees will be unable to serve as a director of the Company for the ensuing year but if that should occur for any reason prior to the Meeting or any adjournment(s) thereof, the persons named in the form of proxy accompanying this Information Circular have the right to vote for the election of the remaining nominees and may vote for the election of a substitute nominee in their discretion. Each director of the Company elected at the Meeting will hold office until the next annual meeting of the Shareholders held following his election unless he resigns or is removed as a director of the Company in accordance with the by-laws of the Company prior to such date.

The names and municipality of residence of the nominees, their position with the Company, their principal occupation, the date upon which they became a director of the Company and the number of voting or other securities of the Company beneficially owned by each of them, or over which control or direction is exercised by each of them as of May 3, 2011 are as follows:

Name and Municipality of Residence	Position	Principal Occupation	Date Elected / Appointed Director	Holdings ⁽¹⁾
Derek H. L. Buntain ⁽²⁾ Grand Cayman, Cayman Islands	Director	President, The Dundee Merchant Bank, a private bank and a subsidiary of Dundee	April 18, 1994	Common 310,000 Options 100,000
Ned Goodman ⁽⁴⁾ Ontario and Québec, Canada	Director and Chairman of the Board of Directors	President and Chief Executive Officer of Dundee and Ned Goodman Investment Counsel Limited	February 26, 1996	Common 186,866 ⁽³⁾ Options 100,000
M. Jaffar Khan London, England	President, Chief Executive Officer and Director	President and Chief Executive Officer of the Company	May 1, 2002	Common 103,125 Options 100,000
John William Ivany ⁽²⁾ Alberta, Canada	Director	Advisor to Genuity Capital Markets, a financial services company	August 5, 2008	Common 0 Options 100,000
Mark Rachovides ⁽²⁾⁽⁴⁾ London, United Kingdom	Director	Executive Vice President, European Goldfields Ltd., a mining company	August 5, 2008	Common 0 Options 100,000
Christopher Sinclair ⁽⁴⁾ San Jose del Cabo, Mexico	Director	Managing Director, Helmsdale Bank Corp., a private international bank	August 5, 2008	Common 0 Options 100,000

- (1) The class and number of securities of the Company beneficially owned, directly or indirectly, or over which control or direction is exercised, was provided to the Company by the respective director nominee.
- (2) Member of Audit Committee.
- (3) Does not include the Common Shares beneficially owned, or over which control or direction is exercised, by Dundee. See *"Voting Shares and Principal Holders Thereof"*.
- (4) Member of Compensation Committee.

Each of the foregoing nominees has been employed in his present capacity or other executive position with the same firm or company or affiliates thereof during the last five years.

CORPORATE CEASE TRADE ORDERS AND BANKRUPTCIES

Except as disclosed herein, none of the directors or executive officers of the Company are, or have been within the last 10 years prior to the date hereof, a director, Chief Executive Officer or Chief Financial Officer of any company that was the subject of a cease trade order or similar order or an order that denied the relevant company access to any exemptions under securities legislation for a period of more than 30 consecutive days: (a) that was issued while such director or executive officer was acting as director, Chief Executive Officer or Chief Financial Officer; or (b) that was issued after that person ceased to be a director, Chief Executive Officer or Chief Financial Officer of the company being the subject of such order and which resulted from an event that occurred while that person was acting in their capacity as director, Chief Executive Officer or Chief Financial Officer of the subject company.

Mr. John William Ivany, a director of the Company, was an officer of Kinross Gold Corporation at the date of a cease trade order issued by the Ontario Securities Commission on April 14, 2005, which superseded a temporary cease trade order dated April 1, 2005 for failure to file its financial statements. The order was revoked on February 22, 2006.

No director, executive officer or shareholder holding a sufficient number of securities of the Company to affect materially the control of the Company is, or within 10 years prior to the date of this Information Circular has been, a director or executive officer of any company that, while the person was acting in that capacity or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

PENALTIES OR SANCTIONS

Except as disclosed herein, no director or officer of the Company or a shareholder holding sufficient securities of the Company to affect materially the control of the Company has: (i) been subject to any penalties or sanctions imposed by a court relating to Canadian securities legislation or by a Canadian securities regulatory authority or has entered into a settlement agreement with a Canadian securities regulatory authority; or (ii) been subject to any other penalties or sanctions imposed by a court or regulatory body that would be likely to be considered important to a reasonable investor making an investment decision.

Mr. Ivany was the subject of enforcement proceedings by the Alberta Securities Commission (the "ASC") in *Re: Cartaway Resources Corp.* In its order dated February 22, 2001, the ASC found that Mr. Ivany, as Chief Executive Officer of Cartaway Resources Corp., had allowed the issuance of a press release that contained a material factual error in violation of the securities laws of the Province of Alberta. As a result, Mr. Ivany was prohibited from acting as a director or officer of any "junior issuer" for a period of five years and ordered to pay costs in the amount of \$20,000.

Mr. Ivany was subject to a ruling by the British Columbia Securities Commission (“BCSC”) dated December 19, 1990 in connection with his position as a director and officer of Prime Resources Corporation (“Prime”) and Calpine Resources Inc. (“Calpine”). The BCSC found that Prime and Calpine, as applicable, contravened the Securities Act (British Columbia) by: (a) failing to provide material disclosure of drilling results prior to granting or repricing options; (b) failing to disclose, on a timely basis, information regarding a private placement by Calpine where Prime was the purchaser of two million units and the effect of the private placement on the control of Calpine. Calpine was also found to have misled the Vancouver Stock Exchange by representing that the private placement was to be brokered by Prime Equities and that there were no material changes in the affairs of Calpine not previously disclosed; and (c) failing to disclose, on a timely basis, a default by Canarim Investment Corporation under a guaranteed agency agreement in respect of one million units under a public offering of Prime. The BCSC ruling suspended Mr. Ivany from trading in shares for a period of one year through the removal of trading exemptions under the Securities Act (British Columbia).

PERSONAL BANKRUPTCIES

No director or officer of the Company, or a shareholder holding sufficient securities of the issuer to affect materially the control of the issuer, or a personal holding company of any such person, has within the 10 years before the date hereof become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or been subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director or officer.

CONFLICTS OF INTEREST

Certain directors and officers of the Company are also, and may continue to be, directors, officers or shareholders of other oil and gas companies whose operations may, from time to time, be in direct competition with those of the Company or with entities which may, from time to time, provide financing to, or make equity investments in, competitors of the Company. In accordance with the Companies Act (Barbados), such directors and officers will be required to disclose all conflicts of interest as such conflicts arise. If a conflict of interest arises at a meeting of the Board of Directors of the Company (the “Board”), any director in a conflict will disclose his interest and abstain from voting on such matter.

OTHER BUSINESS

As of the date of this Information Circular, the Board does not know of any other matters to be brought to the Meeting, other than those set forth in the Notice of Meeting. If other matters are properly brought before the Meeting, the persons named in the enclosed proxy will vote the proxy on such matters in accordance with their best judgment.

INTEREST OF CERTAIN PERSONS IN MATTERS TO BE ACTED UPON

Except as described elsewhere herein, none of the directors or senior officers of the Company, nor any of their associates or affiliates, has any substantial interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted upon at the Meeting.

REPORT ON CORPORATE GOVERNANCE

An overview of the Company's corporate governance practices, as assessed in context of National Instrument 58-101 – Disclosure of Corporate Governance Practices (“NI 58-101”), National Policy 58-201 – Corporate Governance Guidelines and National Instrument 52-110 – Audit Committees (“NI 52-110”), is provided below.

BOARD OF DIRECTORS

The Board is comprised of six directors, three of whom are independent directors and three directors who are non-independent. For purposes of NI 52-110, a director is independent if he or she would be independent within the meaning of Section 1.4 of NI 52-110. Pursuant to Section 1.4 of NI 52-110, a director is independent if he or she has no direct or indirect material relationship with the Company. A “material relationship” is defined as a relationship which could, in the view of the Board, be reasonably expected to interfere with the exercise of such member’s independent judgment, and certain relationships are deemed to be material. Mr. M. Jaffar Khan is not independent because he is the President and Chief Executive Officer of the Company. Mr. Ned Goodman is not independent by virtue of his position as President and Chief Executive Officer of the Company’s parent company, Dundee, and Mr. Derek H. L. Buntain is not independent by virtue of his position as President of The Dundee Merchant Bank, a wholly-owned subsidiary of Dundee. Messrs. John William Ivany, Mark Rachovides and Christopher Sinclair can be defined as independent of management as they are free from any interests and any business or other relationships which could, or could reasonably be perceived to, materially interfere with the directors’ ability to act with a view to the best interest of the Company, other than interests and relationships arising from shareholdings.

The following table provides a listing of the reporting issuers for which the members of the Board serve as directors:

Director	Directorship(s) with Other Reporting Issuers
Derek H. L. Buntain	Assisted Living Concepts Inc. Cencotech Inc. Dundee Precious Metals Inc. Eurogas Corporation High Liner Foods Inc.
Ned Goodman	Breakwater Resources Ltd. Corona Gold Corporation Dundee Capital Markets Inc. Dundee Corporation Dundee Precious Metals Inc. Dundee REIT DundeeWealth Inc. Eurogas Corporation Leisure Canada Inc. Ryan Gold Corp. (formerly Valdez Gold Inc.)
M. Jaffar Khan	Eurogas Corporation
John William Ivany	Allied Nevada Gold Corporation Aura Minerals Inc. Breakwater Resources Ltd. B2 Gold Corporation
Mark Rachovides	European Goldfields Limited OJSC Uzhuralzoloto Group of Companies
Christopher Sinclair	Golconda Capital Corp.

BOARD AND COMMITTEE MEETINGS

The table below indicates regularly scheduled and special meetings of the Board and the Audit Committee held and attendance of directors, in person or by telephone, for the year ended December 31, 2010.

Director	Board of Directors (6 Meetings)	Audit Committee (6 Meetings)
Derek H. L. Buntain	6 of 6	6 of 6
Ned Goodman	3 of 6	-
M. Jaffar Khan	6 of 6	-
John William Ivany	6 of 6	6 of 6
Mark Rachovides	4 of 6	4 of 6
Christopher Sinclair	4 of 6	-

The directors are afforded an opportunity to hold “in camera” sessions, if desired. The “in camera” session provides the independent directors the opportunity to conduct discussions both openly and candidly.

ORIENTATION AND CONTINUING EDUCATION

The Board is responsible for providing a formal orientation program for new directors and ongoing education sessions on the business and strategies of the Company. In particular, new Board members are invited to participate in informal discussions with senior management of the Company. In addition, each new director is furnished with a Board package intended to provide a thorough understanding of the business of the Company. The package includes, among other things, the corporate governance practices of the Company. The Board, during the interview process, makes each prospective new director aware of the amount of time required to fulfill his role as a director. In addition, a site visit to the Company’s main operations is arranged, at the earliest convenience, for each director.

The Company is also committed to a continuing education program for all directors. At each regularly scheduled Board meeting, management provides directors with a presentation on the Company’s operations thereby updating the Board on all important activities since the last meeting. The Board also receives written reports from management when changes are made to the business plan or significant activities are underway. Directors are kept informed of best practices with respect to the role of the Board and of emerging trends that are relevant to their roles as directors. In addition, individual directors are encouraged to identify their continuing education needs through a variety of means, including discussions with management and at Board and committee meetings.

ETHICAL BUSINESS CONDUCT

The Company is committed to conducting its business in compliance with all applicable laws and regulations and in accordance with the highest ethical principles. The Board requires all directors to disclose any activities or relationships which could have the potential for a conflict of interest. The Board encourages and provides an overall culture of ethical conduct. The Board and the Company promote a “tone at the top” culture intended to instill ethics, openness, honesty and accountability throughout the organization.

NOMINATION OF DIRECTORS

The Compensation Committee is responsible for identifying, assessing and making recommendations as to candidates for election to the Board and Board committees with a view to the independence and expertise required for effective governance and satisfaction of applicable regulatory requirements. When the Compensation Committee identifies additional skills or competencies needed at the Board level, or becomes aware that any individual director intends to retire from the Board, the committee initiates a recruitment process. Prospective Board members, whose relevant education and related business experience are taken into consideration, are interviewed by the Compensation Committee which in turn proposes new and suitable candidates for consideration by the full Board.

BOARD COMMITTEES

The Board has a Compensation Committee and an Audit Committee. Details regarding the Audit Committee begin on page 16 of this Information Circular.

COMPENSATION COMMITTEE

The Compensation Committee is comprised of Messrs. Ned Goodman, Christopher Sinclair and Mark Rachovides, and makes determinations and recommendations to the Board with respect to the cash and incentive compensation of the executive officers of the Company. See *"Compensation Discussion and Analysis"*.

ASSESSMENTS

Individual director performance is evaluated by the Compensation Committee. Individual director assessments are determined by examining a number of factors including, but not limited to, attendance at and participation in meetings, meeting preparedness, ability to communicate ideas clearly and overall contribution to effective Board performance.

COMPENSATION DISCUSSION AND ANALYSIS

The primary goal of the Compensation Committee is to ensure that the overall compensation provided to the Chief Executive Officer, Chief Financial Officer and the other three most highly compensated officers of the Company (if applicable) (collectively, the "Named Executive Officers" or "NEOs") is determined with regard to, and is consistent with, the business strategies and objectives of the Company, such that the financial interests of such executive officers of the Company is congruent with the financial interests of the Company's shareholders.

Executive compensation consists of salary and benefits. Executive officer salaries are set slightly below industry standard, which is determined by reference to the salaries of local executives in positions with similar experience and similar responsibility. Executive officers may receive additional compensation in the form of options, the number of which is determined by reference to the position, experience and performance of the individual executive and the performance of the Company.

BASE SALARIES

The Compensation Committee recommends to the Board the base salary of the President and Chief Executive Officer. The President and Chief Executive Officer of the Company received a base salary of \$125,000 in respect of fiscal 2010.

SERVICES AGREEMENTS

The Compensation Committee recommends to the Board the form and amount of any service agreements to be entered into with the executive officers of the Company, taking into consideration the recommendations of the Chief Executive Officer of the Company, the current and potential contribution of the executive officer to the success of the Company and competitive industry pay practices for comparable positions at businesses of comparable size.

BONUSES

Although the Company does not have a formalized bonus plan, the executive officers of the Company may earn annual bonuses, which will vary based on the individual's position and contribution to the performance of the Company, and the annual performance of the Company. The Chief Executive Officer of the Company presents recommendations to the Compensation Committee with respect to the award of any such bonuses (other than bonuses paid to the Chief Executive Officer). The Compensation Committee determines the bonuses for the executive officers of the Company and recommends the amounts thereof to the directors of the Company for review and, if determined by the Board to be appropriate, approval. In 2010, no bonuses were paid by the Company to the NEOs.

SHARE OPTIONS AND DEFERRED SHARE UNITS

The Company has adopted a Share Option Plan that is designed to advance the interests of the Company by encouraging eligible participants to hold equity in the Company through the acquisition of Common Shares. The Company has also adopted a Deferred Share Unit Plan which is intended to provide eligible participants with incentives tied to the long term performance of the Common Shares. Both the Share Option Plan and the Deferred Share Unit Plan are administered by the Compensation Committee of the Board. The terms of share-based compensation arrangements are described in greater detail below.

SECURITY BASED COMPENSATION ARRANGEMENTS

SHARE OPTION PLAN

Persons eligible to receive options issued under the Share Option Plan include any director, senior officer, employee, or consultant of the Company or any subsidiary thereof. The directors of the Company have the authority to determine, among other things, subject to the terms and conditions of the Share Option Plan, the terms, limitations, restrictions and conditions respecting the grant of options to purchase Common Shares under the Share Option Plan.

The Board has the authority under the Share Option Plan to establish the exercise price at the time each option is granted, which shall in all cases be not less than the closing price of the Common Shares on the CNSX on the trading day immediately preceding the date of grant of the option. Options to purchase Common Shares granted under the Share Option Plan are not transferable other than by will or the laws of descent and distribution. Subject to any employment agreement between the Company and the optionee, if any optionee ceases to be an eligible person under the Share Option Plan for any reason whatsoever other than death, each option held by such optionee will cease to be exercisable 90 days from the date of termination or, in the case optionees who provide investor relations activities, 30 days from the date of termination (the date of termination being the date on which such optionee ceases to be an eligible person). If an optionee dies, the legal representative of the optionee may exercise the options held by such optionee at any time prior to the earlier of the date that is six months after the date of death of the optionee and the original expiry date of the option.

An optionee is entitled to terminate his or her options, in whole or in part, and, in lieu of receiving the Common Shares to which the terminated options relate, elect to receive that number of Common Shares, disregarding fractions, which, when multiplied by the fair value of the Common Shares (which will be the weighted average trading price of the Common Shares on the CNSX during the five trading days preceding the date of the termination of such options) to which the options so terminated relate, has a value equal to the product of the number of such Common Shares to which the options so terminated relate multiplied by the difference between such fair value and the exercise price per share of such Common Shares.

In 2010, no options were awarded by the Company.

DEFERRED SHARE UNIT PLAN

Eligible participants under the Deferred Share Unit Plan include directors of the Company and officers and other employees of the Company or any affiliate of the Company who, in the opinion of the Compensation Committee, have demonstrated a capacity for contributing in substantial measure to the successful performance of the Company. A participant under the Deferred Share Unit Plan may be granted deferred share units in such number and effective as of such date as determined by the Compensation Committee based on certain criteria determined by the Compensation Committee, including services performed or to be performed by the participant.

Units are book-keeping entries credited to an account maintained for each participant and are subject to adjustment for dividends and anti-dilution events, including the subdivision, consolidation or reclassification of the outstanding Common Shares.

A participant will only be entitled to redemption of the units granted to him or her when such participant ceases to be employed by, or a director of, the Company or an affiliate thereof for any reason. Upon termination, the participant (or the legal representative of such participant's estate) may irrevocably elect the date (the "Entitlement Date") as of which the value of his or her units will be determined and paid based on certain criteria set out in the Deferred Share Unit Plan. The value of the units redeemed (the "Redemption Value") will be the product of: (i) the number of units credited to the participant's account; and (ii) the weighted average price of Common Shares on the CNSX for the five trading days immediately preceding the Entitlement Date. The Redemption Value will be satisfied and paid to the participant as specified by the Compensation Committee, after deduction of any applicable taxes and other required source deductions: (i) subject to the approval of the shareholders and the applicable stock exchange, the issue of Common Shares from treasury; (ii) a cash payment; (iii) Common Shares acquired in the open market; or (iv) any combination of the foregoing.

There are currently no units granted to eligible participants under the Deferred Share Unit Plan.

MAXIMUM NUMBER OF SHARES ISSUABLE UNDER THE SHARE OPTION PLAN AND THE DEFERRED SHARE UNIT PLAN

The aggregate maximum number of Common Shares available under the Share Option Plan and Deferred Share Unit Plan is 3,114,364, which represents 10% of the Company's outstanding Common Shares as of May 3, 2011. As at May 3, 2011, the Company had not issued any shares pursuant to these arrangements. However, 600,000 Common Shares are issuable by the Company pursuant to awards under the Share Option Plan, representing 1.9% of the Company's outstanding Common Shares. Accordingly, as of May 3, 2011, 2,514,364 Common Shares, representing 8.1% of the Company's outstanding Common Shares, remain available for awards pursuant to the Share Option Plan and the Deferred Share Unit Plan of the Company.

The Company's share-based compensation arrangements provide that the number of Common Shares issuable to insiders of the Company, at any time, under all share-based compensation arrangements of

the Company, shall not exceed 10% of the total number of Common Shares then issued and outstanding. Additionally, the number of Common Shares to be issued to insiders within any one year period under the Share Option Plan and the Deferred Share Unit Plan, shall not exceed 10% and 5% respectively, of the total number of Common Shares then issued and outstanding.

The Company's share-based compensation arrangements also provide that the number of Common Shares under option or issuable to settle deferred share units granted to individuals that are employed to provide investor relations activities, if any, may not, in any one year period, exceed 2% of the total number of Common Shares then issued and outstanding.

COMPENSATION OF DIRECTORS

The Company pays directors' fees of \$22,500 per member per annum, plus \$1,500 per meeting of the Board or a committee thereof attended by a director. Members of each of the Audit and Compensation Committee of the Board receive an additional fee of \$4,000 per annum and each of the Chairman of the Audit Committee and the Chairman of the Compensation Committee receive an additional \$5,000 per annum. Mr. Khan, as President and Chief Executive Officer of the Company, elected not to take directors fees. Mr. Khan's compensation can be found in the Summary Compensation Table under the heading Executive Compensation. Directors are also eligible to participate in the Share Option Plan and the Deferred Share Unit Plan.

The following table details all compensation provided to non-executive directors of the Corporation for the year ended December 31, 2010:

Name	Fees Earned (\$)	Share-Based Awards (\$)	Option-Based Awards ⁽¹⁾ (\$)	Non-Equity Incentive Plan Compensation (\$)	All Other Compensation (\$)	Total (\$)
Derek H. L. Buntain	49,500	-	-	-	-	49,500
Ned Goodman	36,000	-	-	-	-	36,000
John William Ivany	44,500	-	-	-	-	44,500
Mark Rachovides	41,000	-	-	-	-	41,000
Christopher Sinclair	32,500	-	-	-	-	32,500

⁽¹⁾ The fair value of options granted was estimated using an option pricing model that complies with the requirements of the Canadian Institute of Chartered Accountants (CICA) Handbook Section 3870.

OUTSTANDING OPTION-BASED AWARDS AND SHARE-BASED AWARDS TABLE

The following table provides a summary of all unexercised option awards and share-based awards held as at December 31, 2010 by each of the non-executive directors of the Company:

Name and Award Date(s)	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 ⁽¹⁾ (\$)	Number of Shares or Units of Shares that have not Vested (#)	Market or Payout Value of Share-Based Awards that have not Vested (\$)
Derek H. L. Buntain						
June 15, 2009	100,000	0.10	June 15, 2014	0	-	-
Ned Goodman						
June 15, 2009	100,000	0.10	June 15, 2014	0	-	-
John William Ivany						
June 15, 2009	100,000	0.10	June 15, 2014	0	-	-
Mark Rachovides						
June 15, 2009	100,000	0.10	June 15, 2014	0	-	-
Christopher Sinclair						
June 15, 2009	100,000	0.10	June 15, 2014	0	-	-

⁽¹⁾ This value is based on the difference between the market value of the shares underlying the options at December 30, 2010, the last trading day prior to December 31, 2010, and the exercise price of the option. As at December 31, 2010, the closing price of the Common Shares on the CNSX was \$0.01 and accordingly none of the options held by the directors were in-the-money.

INCENTIVE PLAN AWARDS

The following table sets forth information regarding the vesting of option-based awards of the Company to the non-executive directors in the fiscal year ended December 31, 2010:

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 (\$)
Derek H. L. Buntain	0	-	-
Ned Goodman	0	-	-
John William Ivany	0	-	-
Mark Rachovides	0	-	-
Christopher Sinclair	0	-	-

EXECUTIVE COMPENSATION

The following table sets forth all annual compensation for services in all capacities to the Company for the financial years ended December 31, 2010, December 31, 2009 and December 31, 2008 in respect of each of the individuals who were, for any portion of the years ended December 31, 2010, December 31, 2009 and December 31, 2008, the Named Executive Officers of the Company. There were no other executive officers of the Company whose total compensation was, individually, more than \$150,000 as determined at the end of the financial year.

SUMMARY COMPENSATION TABLE

Name and Principal Position ⁽¹⁾	Year	Salary (\$)	Share-Based Awards (\$)	Option-Based Awards ⁽²⁾ (\$)	Annual Non-Equity Incentive Plan Compensation (\$)	All Other Compensation (\$)	Total Compensation (\$)
M. Jaffar Khan ⁽⁵⁾ President and Chief Executive Officer	2010	125,000	-	-	-	-	125,000
	2009	125,000	-	3,000	40,000 ⁽³⁾	-	168,000
	2008	100,000	-	-	-	-	100,000
Christopher Hope Chief Financial Officer	2010	20,000 ⁽⁴⁾	-	-	-	-	20,000 ⁽⁴⁾
	2009	20,000 ⁽⁴⁾	-	-	-	-	20,000 ⁽⁴⁾
	2008	20,000 ⁽⁴⁾	-	-	-	-	20,000 ⁽⁴⁾

⁽¹⁾ Messrs. M. Jaffar Khan and Christopher Hope provide services to other affiliates of the Company. Total compensation amounts included in the table above represent the portion of their respective aggregate compensation allocated to the Company for services provided directly to the Company.

⁽²⁾ The fair value of options granted was estimated using an option pricing model that complies with the requirements of the Canadian Institute of Chartered Accountants (CICA) Handbook Section 3870.

⁽³⁾ This amount represents Mr. Khan's cash bonus award in respect of the 2009 year end.

⁽⁴⁾ Total amounts were converted from US dollars using the conversion rate as at December 31, 2010.

⁽⁵⁾ Mr. Khan has entered into a consulting contract pursuant to which he provides the Company with certain executive services. Mr. Khan's remuneration pursuant to the consulting contract is subject to annual review and is at the full discretion of the Compensation Committee of the Company. The consulting contract became effective on April 1, 2005 and is for an indefinite term. The consulting contract contains confidentiality, non-competition provisions which extend for a period of two years and six months respectively, following termination of the consulting contract. The consulting contract may be terminated at any time by either party and is not subject to a termination payment.

OUTSTANDING OPTION-BASED AWARDS AND SHARE-BASED AWARDS TABLE

The following table provides a summary of all option-based awards and share-based awards outstanding on December 31, 2010 to each of the NEOs:

Name and Principal Position	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 ⁽¹⁾ (\$)	Number of Shares or Units of Shares that have not Vested (#)	Market or Payout Value of Share-Based Awards that have not Vested (\$)
M. Jaffar Khan						
President and Chief Executive Officer	100,000	0.10	June 14, 2014	0	-	-
Christopher Hope						
Chief Financial Officer	-	-	-	-	-	-

⁽¹⁾ The value is based on the difference between the market value of the Common Shares underlying the options at December 31, 2010, and the exercise price of the option.

INCENTIVE PLAN AWARDS

The following table sets forth information regarding the vesting of option-based awards of the Company to the NEOs in the fiscal year ended December 31, 2010:

Name and Principal Position	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 (\$)
M. Jaffar Khan			
President and Chief Executive Officer	0	-	-
Christopher Hope			
Chief Financial Officer	-	-	-

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

No director or executive officer of the Company, or any associate or affiliate of such person, is or ever has been indebted to the Company; nor has any such person's indebtedness to any other entity been the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Company.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

Except as described in this Information Circular, and to the knowledge of the Company, none of the directors, officers or insiders of the Company, any proposed nominee for election as a director or any associate or affiliate of the foregoing has, or has had, any material interest in any transaction since the commencement of the last financial year or in any proposed transaction that has materially affected, or will materially affect, the Company or any of its affiliates.

AUDIT COMMITTEE

COMPOSITION

The Audit Committee of the directors of the Company is comprised of three directors, being Messrs. Derek H. L. Buntain, John William Ivany and Mark Rachovides, two of whom are independent and all of whom are financially literate. The Audit Committee is responsible for reviewing the Company's financial reporting procedures, internal controls, the performance of the Company's external auditor and reviewing the reserve evaluations prepared by the Company's independent engineering consultants. The Audit Committee is also responsible for reviewing quarterly and annual financial statements prior to their approval by the Board.

RELEVANT EDUCATION AND EXPERIENCE

Mr. Buntain, MBA, has served as a director of the Company since 1994. Mr. Buntain has nearly 30 years of experience in the investment industry in Canada and abroad and is a member of the board of directors and the audit committee of several public companies.

Mr. Ivany, LLB, has served as a director of the Company since 2008. Mr. Ivany has over 38 years of experience in the mining industry, having held executive positions with several resource companies.

Mr. Rachovides, MA, has served as a director of the Company since 2008. Mr. Rachovides has over 24 years of experience and is an Associate of the Chartered Institute of Bankers. Mr. Rachovides has served as a director of several public companies in Canada and abroad.

AUDIT COMMITTEE MANDATE

The full text of the Company's Audit Committee Mandate is attached as Schedule A to this Information Circular.

PRE-APPROVAL POLICIES AND PROCEDURES

In accordance with its mandate, the Audit Committee has established policies and procedures for the pre-approval of allowable non-audit services and associated fees, to be provided by the external auditors. These policies and procedures safeguard the independence of the external auditors. The policy requires that management obtain the approval of the Chairman of the Audit Committee and the Company's parent, Dundee Corporation, in advance of retaining the services of the external auditor for any service that is non-audit related.

EXTERNAL AUDITOR SERVICE FEES

The following table represents the fees paid by the Company to PricewaterhouseCoopers LLP, the Company's external auditor, during the 2010 and 2009 fiscal years:

	2010 (\$)	2009 (\$)
Audit Fees ⁽¹⁾	46,000	40,000
Audit Related Fees ⁽²⁾	20,000	20,000
Tax Fees	0	1,969
All Other Fees	0	0
Total	66,000	61,969

⁽¹⁾ Audit fees consist of fees for the audit of the Company's annual financial statements or services that are normally provided in connection with statutory and regulatory filings or engagements.

⁽²⁾ Audit-related fees consist of fees for assurance and related services that are reasonably related to the performance of the audit or review of the Company's financial statements and are not reported as Audit Fees.

EXEMPTION

The Company is relying on the exemption in Section 6.1 exempting it from the requirement of Parts 3 and 5 of NI 52-110 (Composition of the Audit Committee and Reporting Obligations).

ADDITIONAL INFORMATION

Additional information relating to the Company is available on SEDAR at www.sedar.com and on the Company's website at www.eurogasinternational.com. Shareholders may also request copies of the Company's financial statements and management's discussion & analysis from the Company by calling (403) 264-4985.

DIRECTORS' APPROVAL

The contents and sending of this Information Circular have been approved by the directors of the Company.

DATED at Barbados on April 26, 2011.

By Order of the Board

(signed) "Andrew Thornhill"

Andrew Thornhill, Corporate Secretary

SCHEDULE A

TO THE MANAGEMENT INFORMATION CIRCULAR OF EUROGAS INTERNATIONAL INC.

THE AUDIT COMMITTEE MANDATE

- A. This Mandate governs the operations of the Audit Committee of the Board of Directors of Eurogas International Inc. (the “Company”). The Board of Directors shall appoint an Audit Committee (the “Committee”) of at least three members, consisting of a majority of independent directors of the Board, and shall designate one member as chairperson or delegate the authority to designate a chairperson to the Committee. For purposes hereof, members shall be considered independent as long as they satisfy all of the independence requirements for Board Members as set forth in the applicable stock exchange listing and securities commission standards.
- B. All members of the Committee shall have a working familiarity with basic finance and accounting practices and at least one member of the Committee shall be financially literate.
- C. The Committee shall meet at least quarterly in addition to a meeting for audit planning purposes. The Committee shall meet separately and periodically with management and with the independent auditors. The Committee shall report regularly to the Board of Directors with respect to its activities.
- D. The purpose of the Committee shall be to:
- (i) provide assistance to the Board of Directors in fulfilling its oversight responsibility to the shareholders, potential shareholders, the investment community, and others relating to: (i) the integrity of the Company’s financial statements; (ii) the Company’s compliance with legal and regulatory requirements; and (iii) the independent auditors’ qualifications and independence;
 - (ii) provide the Audit Committee report that Canadian securities laws require to be included in the Company’s annual information form.
- E. The Committee shall retain and compensate such outside legal, accounting, or other advisors, as it considers necessary in discharging its oversight role.
- F. In fulfilling its purpose, it is the responsibility of the Committee to maintain free and open communication between the Committee, independent auditors and management of the Company, and to determine that all parties are aware of their responsibilities.
- G. The Committee has the responsibilities and powers set forth in this Mandate. Management is responsible for the preparation, presentation, and integrity of the Company’s financial statements, for the appropriateness of the accounting principles and reporting policies that are used by the Company and for implementing and maintaining internal control over financial reporting. The independent auditors are responsible for auditing the Company’s financial statements and for reviewing the Company’s unaudited interim financial statements.
- H. The Company believes that, in carrying out the Committee’s responsibilities, its policies and procedures should remain flexible, in order to best react to changing conditions and

circumstances. The Committee will take appropriate actions to set the overall corporate “tone” for quality financial reporting and ethical behaviour.

- I. The following shall be the principal duties and responsibilities of the Committee. These are set forth as a guide with the understanding that the Committee may supplement them as appropriate:
- (i) The Committee shall be responsible to advise the Board, for the Board’s recommendation to shareholders, in respect of the appointment, compensation and retention of the independent auditors.
 - (ii) The Committee shall be directly responsible for the oversight of the work of the independent auditors (including resolution of disagreements between management and the auditors regarding financial reporting) for the purpose of preparing or issuing an audit report or performing other audit, review, or attest services for the listed issuer, and the independent auditors must report directly to the Committee.
 - (iii) At least annually, the Committee shall obtain and review a report by the independent auditors describing: (i) the firm’s internal quality control processes; (ii) sanctions made by any government or professional authorities, respecting one or more independent audits carried out by the firm, and any steps taken to deal with any such issues; and (iii) all relationships between the independent auditors and the Company (to assess the auditors’ independence).
 - (iv) After reviewing the foregoing report and the independent auditors’ work throughout the year, and after receiving written confirmation from the auditors declaring their independence, the Committee shall evaluate the auditors’ qualifications, performance and independence. Such evaluation shall include the review and evaluation of the lead partner of the independent auditors and take into account the opinions of management.
 - (v) The Committee shall determine that the independent audit firm has a process in place to address the rotation of the lead audit partner and other audit partners serving the account as required under Canadian independence standards.
 - (vi) The Committee shall pre-approve all audit and non-audit services provided by the independent auditors and shall only engage the independent auditors to perform non-audit services permitted by law or regulation. The Committee may delegate pre-approval authority to a member of the Audit Committee. The decisions of any Committee member to whom pre-approval authority is delegated must be presented to the full Committee at its next scheduled meeting.
 - (vii) The Committee shall discuss with the independent auditors the overall scope and plans for their respective audits, including the adequacy of staffing and compensation.
 - (viii) The Committee shall regularly review with the independent auditors any audit problems or difficulties encountered during the course of the audit work, including any restrictions on the scope of the independent auditors’ activities or access to requested information, and management’s response. The Committee shall review any accounting adjustments that were noted or proposed by the auditors but were “passed” (as immaterial or otherwise); any communications between the audit team and the audit firm’s national office relating to problems or difficulties encountered with respect to significant auditing or accounting issues; and any “management” or “internal control” letter issued, or proposed to be issued, by the audit firm to the Company.
 - (ix) The Committee shall review and approve the quarterly financial statements, for submission to the Board of Directors, including Management’s Discussion and Analysis of Financial Condition and Results of Operations, with management and the independent

auditors prior to the filing of the Company's Quarterly Report. Also, the Committee shall discuss the results of the quarterly review and any other matters required to be communicated to the Committee by the independent auditors under generally accepted auditing standards. The Committee shall discuss and review with management the quarterly certification process.

- (x) The Committee shall review and recommend approval of the annual audited financial statements, to the Board of Directors, including Management's Discussion and Analysis of Financial Condition and Results of Operations, with management and the independent auditors prior to the filing of the Company's financial statements and Management's Discussion and Analysis. The Committee's review of the financial statements shall include: (i) major issues regarding accounting principles and financial statement presentation, including any significant changes in the Company's selection or application of accounting principles, and major issues as to the adequacy of the Company's internal controls and any specific remedial actions adopted in light of material control deficiencies (ii) discussions with management and the independent auditors regarding significant financial reporting issues and judgments made in connection with the preparation of the financial statements and the reasonableness of those judgments; (iii) consideration of the effect of regulatory accounting initiatives, as well as off-balance sheet structures on the financial statements; (iv) consideration of the judgment of both management and the independent auditors about the quality of accounting principles; and (v) the clarity of the disclosures in the financial statements. Also, the Committee shall discuss the results of the annual audit and any other matters required to be communicated to the Committee by the independent auditors under professional standards. The Committee shall discuss and review with management the annual certification process.
- (xi) The Committee shall receive and review a report from the independent auditors, prior to the filing of the Company's Annual Report, on all critical accounting policies and practices of the Company; all material alternative treatments of financial information within generally accepted accounting principles that have been discussed with management, including the ramifications of the use of such alternative treatments and disclosures and the treatment preferred by the independent auditors; and other material written communications between the independent auditors and management.
- (xii) The Committee shall review and approve all related party transactions not in the ordinary course of business in the absence of a special committee of the Board of Directors designated for such function.
- (xiii) The Committee shall review earnings press releases for recommendation to the Board.
- (xiv) The Committee shall discuss with management and the independent auditors the adequacy and effectiveness of internal control over financial reporting, including any significant deficiencies or material weaknesses identified by the independent auditors and management of the Company in respect of Canadian securities law requirements, including any proposed securities laws.
- (xv) The Committee shall review with management the Company's compliance systems with respect to legal and regulatory requirements.
- (xvi) The Committee shall review periodically with management the risk of fraud with respect to the organization and the controls in place to manage those risks.
- (xvii) The Committee shall ensure that the Company establish appropriate policies and procedures for the receipt, retention, and treatment of complaints received by the Company regarding accounting, internal accounting controls, or auditing matters, and the

confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.

- (xviii) The Committee shall ensure that the Company has in effect clear hiring policies for employees or former employees of the independent auditors that meet Canadian independence standards and stock exchange listing standards.
- (xix) The Committee shall, with the assistance of management, determine the appropriate funding needed by the Committee for payment of:
 - (a) compensation to the independent audit firm engaged for the purpose of preparing or issuing an audit report or performing other audit, review, or attest services for the Company;
 - (b) compensation to any advisers employed by the Committee; and
 - (c) ordinary administrative expenses of the Committee that are necessary or appropriate in carrying out its duties.
- (xx) To the extent the Company maintains an internal audit function, the Committee shall meet with the internal auditor(s), discuss the overall scope and plans for the internal audit function, including approval of its mandate on an annual basis, and discuss the adequacy and effectiveness of internal control with the internal auditor(s).
- (xxi) The Committee shall ensure that the policies established pursuant to the Mandate are communicated and to the best of its ability shall ensure that they are implemented by the audit committees of subsidiary companies where appropriate and the Committee shall ensure that the necessary follow-up is undertaken with such other audit.
- (xxii) The Committee shall perform an evaluation of its performance at least annually to determine whether it is functioning effectively.
- (xxiii) The Committee shall review and reassess the Mandate at least annually and obtain the approval of the Board of Directors.