



**BURNTSAND**

**NOTICE OF ANNUAL AND SPECIAL MEETING**

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**MANAGEMENT PROXY CIRCULAR**

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**ANNUAL AND SPECIAL MEETING**

**June 16<sup>th</sup>, 2006**

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## NOTICE OF ANNUAL AND SPECIAL MEETING

An Annual and Special Meeting (the “**Meeting**”) of the common shareholders of BURNTSAND INC. (the “**Corporation**”) will be held in the Seymour Room at the Hyatt Regency – Vancouver, 655 Burrard Street, Vancouver, BC, on June 16<sup>th</sup>, 2006 at 9:30 a.m. for the following purposes:

1. to appoint an auditor of the Corporation for the ensuing year and to empower the Board of Directors to determine the auditor’s remuneration;
2. to elect the Board of Directors;
3. to consider and, if thought advisable, to pass, with or without variation, a special resolution to authorize the Directors of Burntsand to, in their discretion at any time prior to June 1, 2007, consolidate Burntsand’s outstanding Common Shares on the basis of one (1) Common Share for every ten (10) issued and outstanding Common Shares (1 to 10) (the “Share Consolidation Resolution”). The full text of the “Share Consolidation Resolution” is set out in Schedule A to the management proxy circular accompanying this notice;
4. to consider, and if thought fit, to pass an ordinary resolution approving and confirming amendments to the Corporation’s stock option plan to (i) convert the plan from a fixed-number to a fixed-percentage (evergreen) plan, (ii) specify the circumstances when shareholder approval will not be required for future amendments to the plan or any options granted thereunder; and (iii) limit the aggregate number of Shares that may be reserved for issuance to insiders, and may be issued to insiders in any one year, under any share compensation plans of the Corporation, including the Stock Option Plan (collectively, the “Stock Option Amendment Resolution”). The full text of the “Stock Option Amendment Resolution” is set out in Schedule B to the management proxy circular accompanying this notice; and
5. to transact such other business as may properly come before the Meeting.

Accompanying this Notice of Meeting are: (i) a management proxy circular (the “**Circular**”); (ii) the full text of the special resolution is reproduced as Schedule A to the annexed Circular; (iii) an Instrument of Proxy and Notes thereto; (iv) a copy of the Corporation’s annual report for the year ended December 31, 2005; and (v) a reply card for use by shareholders who wish to receive the Corporation’s annual and interim financial statements and management’s discussion and analysis related thereto. Specific details of the matters to be put before the Meeting are set forth in the accompanying Circular.

If you are a *registered shareholder* of the Corporation and are unable to attend the Meeting in person, please date and execute the accompanying form of proxy and deposit it with Computershare Trust Company of Canada at 100 University Avenue, 9<sup>th</sup> Floor, Toronto, Ontario M5J 2Y1 not less than 48 hours, excluding Saturdays, Sundays and holidays, prior to the Meeting or any adjournment thereof.

If you are a *non-registered shareholder* of the Corporation and receive these materials through your broker or through another Intermediary, please complete and return the materials in accordance with the instructions provided to you by your broker or by the other Intermediary. **If you fail to follow these instructions, your Common Shares may not be eligible to be voted at the Meeting.**

DATED this 3<sup>rd</sup> day of May, 2006.

BY ORDER OF THE BOARD

(signed) James R. Yeates  
Chairman of the Board and Chief Executive Officer

**BURNTSAND INC.**

**MANAGEMENT PROXY CIRCULAR**

**MAY 3, 2006**

**PROXY SOLICITATIONS**

**The form of proxy accompanying this Circular is being solicited on behalf of the management of BURNTSAND INC. (the “Corporation” or “Burntsand”).** Management's solicitation of proxies will primarily be by mail, but some proxies may be solicited personally, by telephone or by email, by regular employees of the Corporation at a nominal cost. In addition, some proxies may be solicited by investment dealers, but no such arrangements have been made. All solicitation costs will be borne by the Corporation. Unless otherwise stated, the information contained in this Circular is given as at May 3<sup>rd</sup>, 2006.

**INFORMATION FOR NON-REGISTERED SHAREHOLDERS**

**Holders of Common Shares who are Non-Registered Shareholders**

Under applicable laws, the only shareholders entitled to vote at the Meeting are those whose names have been entered into the Corporation's register as holders of common shares (“Common Shares”). However, the shares of the majority of the Corporation's shareholders are registered in the name of nominee accounts, usually the Canadian Depository for Securities Limited (“CDS”). CDS acts as clearing agent for the brokers and other Intermediaries (“**Intermediaries**”) who, in turn, act on behalf of the holders of Common Shares (the “**Non-Registered Shareholders**”).

As a result, Non-Registered Shareholders can only exercise their rights as beneficial owners of Common Shares through CDS or a participant in the CDS depository service. This means that in order for Non-Registered Shareholders to exercise their rights to vote their Common Shares at a meeting of the Corporation, they must provide voting instructions to the Registered Shareholder.

**If Non-Registered Shareholders wish to vote their Common Shares they must carefully review and follow the voting instructions provided by their Intermediary.**

**Delivery of Voting Instructions by Non-Registered Shareholders**

Applicable regulatory policy requires Intermediaries to seek voting instructions from Non-Registered Shareholders in advance of shareholder meetings. Every Intermediary has its own mailing procedures and provides its own return instructions, which should be carefully followed by Non-Registered Shareholders in order to ensure their Common Shares are voted at the Meeting. Generally, Non-Registered Shareholders who receive meeting materials will be given either:

- (a) a form of proxy which has already been signed by the Intermediary (typically by a facsimile, stamped signature), which is restricted as to the number of Common Shares beneficially owned by the Non-Registered Shareholder but which is otherwise not completed. This form of proxy need not be signed by the Non-Registered Shareholder. In this case, the Non-Registered Shareholder who wishes to submit a proxy should complete the rest of the form of proxy and deliver the proxy in accordance with the instructions provided by the Intermediary; or
- (b) a voting instruction form which must be completed and signed by the Non-Registered Shareholder in accordance with the directions on the voting instruction form and returned to the Intermediary

or its service company. In some cases, the completion of the voting instruction form by telephone, the internet, or facsimile is permitted.

The purpose of these procedures is to permit Non-Registered Shareholders to direct the voting of the Common Shares that they beneficially own. These procedures do not permit a Non-Registered Shareholder to vote Common Shares in person at a Meeting.

### **Voting in Person by Non-Registered Shareholders**

A Non-Registered Shareholder who receives a form of proxy or a voting instruction form and wishes to vote at the Meeting in person should strike out the names of the persons designated in the form of proxy and insert the Non-Registered Shareholder's name in the blank space provided or, in the case of a voting instruction form, follow the corresponding directions on the form. In either case, Non-Registered Shareholders should carefully follow the instructions of their Intermediary, including those regarding when and where the proxy or proxy authorization form is to be delivered.

### **APPOINTMENT OF PROXYHOLDER**

**A shareholder or, subject to applicable laws, an Intermediary may, by properly marking, executing and depositing the accompanying form of proxy, appoint as proxyholder the persons named in the accompanying form of proxy, or some other person or company, who need not be a shareholder.** The proxyholder may attend and act for the shareholder or Intermediary at the Meeting and any adjournment thereof.

### **EXECUTION AND DEPOSIT OF PROXY**

**If a shareholder or Intermediary is an individual, the form of proxy must be executed by the shareholder or Intermediary or a duly authorized attorney of the shareholder or Intermediary. If a shareholder or Intermediary is a corporation, the form of proxy must be executed in the presence of a duly authorized attorney or officer of the corporation. Where a form of proxy is executed by an attorney or officer of a corporation, the authorizing documents (or notarized copies thereof) should accompany the form of proxy. Executed forms of proxy must be deposited with Computershare Trust Company of Canada at 100 University Avenue, 9<sup>th</sup> Floor, Toronto, Ontario M5J 2Y1 not less than 48 hours, excluding Saturdays, Sundays and holidays, before the Meeting or any adjournment thereof. The Chairman of the Meeting retains the discretion to accept proxies filed subsequently.**

### **VOTING BY PROXY**

Common Shares represented by a proxy will be voted or withheld from voting, as the case may be, on any ballot that may be called for. A shareholder or Intermediary may direct the manner in which the Common Shares represented by the proxy are to be voted by marking the form of proxy accordingly. Where a choice is specified, the Common Shares represented by the proxy will be voted or withheld from voting in accordance with the choice specified. Where no choice is specified in the proxy with respect to a matter identified therein, the Common Shares represented will be voted in favour of any ballot that may be called for on that matter. **The accompanying form of proxy confers discretionary authority upon the proxyholder in respect of amendments to the matters identified in the accompanying notice of annual meeting, and in respect of any other matters that may properly come before the Meeting.**

### **REVOCAION OF PROXY**

Pursuant to subsection 148(4) of the *Canada Business Corporations Act*, a shareholder or Intermediary may revoke a proxy by depositing a written instrument, executed in the same manner as a proxy, at the registered office of the Corporation at any time up to and including the last business day preceding the day of the Meeting or any adjournment thereof, or by depositing the instrument with the Chairman of the Meeting on the day of the Meeting or any adjournment thereof. A proxy may also be revoked in any other manner permitted by law.

## VOTING SHARES

The Corporation is authorized to issue an unlimited number of Common Shares without par value, of which 72,983,885 were issued and outstanding as at the close of business on April 30, 2006. Each Share is entitled to one vote. Holders of Common Shares of record at the close of business on May 15<sup>th</sup>, 2006 will be entitled to receive notice of and vote at the Meeting. Failure to receive such notice does not necessarily deprive a shareholder of the right to vote at the Meeting if the shareholder otherwise complies with the by-laws of the Corporation and the *Canada Business Corporations Act*.

The following table sets out, as at the date of this Circular, those shareholders who, to the knowledge of the directors and executive officers of the Corporation, beneficially own, directly or indirectly, or exercise control or direction over securities carrying more than 10% of the voting rights attached to the voting securities of the Corporation:

Name	Designation of Class	Type of Ownership	Number of Securities Owned	Percentage of Class
Interactive Selling Inc. <sup>(1)</sup> Vancouver, British Columbia	Common Shares	Direct	13,167,538	18%

<sup>(1)</sup> A company of which 55% of the Common Shares are beneficially owned by James Yeates, the Chairman and CEO of the Corporation, and the other 45% are beneficially owned by Trimin Capital Corp.

## QUORUM AND PERCENTAGE OF VOTES NECESSARY TO PASS RESOLUTIONS

A quorum for the Meeting consists of two or more individuals present in person either holding personally or representing by proxy not less in aggregate than 10% of the votes attached to all outstanding Common Shares.

Any ordinary resolution submitted for approval at the Meeting must be passed by a simple majority of the votes cast, in person or by proxy, at the meeting. Any special resolution (which will include the Share Consolidation of Common Shares Resolution described under the heading "Particular Matters to be Acted Upon") must be passed by a majority of not less than 66 2/3% of the votes cast, in person or by proxy, at the Meeting.

## PARTICULARS OF MATTERS TO BE ACTED UPON

### Appointment of Auditors

The Board of Directors recommends the reappointment of Deloitte & Touche LLP as auditor of the Corporation to hold office until the next annual meeting with remuneration to be determined by the directors. Deloitte & Touche LLP has been the auditor of the Corporation since November 25, 1997.

The aggregate fees billed for the years ended December 31, 2005 and 2004 for professional services rendered by Deloitte & Touche, Burntsand's auditor, are disclosed in our Annual Information Form available on SEDAR at [www.sedar.com](http://www.sedar.com).

### Election of Directors

Pursuant to the by-laws of the Corporation, the Board of Directors of the Corporation has determined that four directors will be elected at the Meeting. All current directors will be deemed to retire at the Meeting and will be eligible for re-election. Each director elected at the Meeting will hold office until the adjournment of the next annual meeting at which his successor is elected, or until a successor is otherwise duly appointed.

*Proposed Management Nominees for Election as Directors*

All proposed management nominees are currently directors of the Corporation. All nominees are ordinarily resident in Canada. The following table shows the full name, province of residence, equity ownership position with the Corporation and principal occupations of each of the directors of the Corporation:

<b>Michael Cardiff</b> <sup>(1)</sup> Chief Executive Officer of Accelerants Inc. <i>Ontario, Canada</i>  Director since February 5, 2002 Common Shares: Nil Options: 530,000	Mr. Cardiff is the CEO of Accelerants Inc., a strategy consulting firm. Mr. Cardiff is the former CEO of INEA Inc., a performance management software company to the financial services sector and former President and Chief Executive Officer of Fincentric Inc. Prior to joining Fincentric, Mr. Cardiff was Executive Vice President, Financial Services, with EDS Canada, where he held responsibility for all of EDS' business with financial institutions in Canada.
<b>Terry M. Holland</b> <sup>(1)(2)</sup> President and Chief Executive Officer of Krystal Financial Corp. <i>British Columbia, Canada</i>  Director since November 12, 1997 Common Shares: 374,902 Options: 525,000	Mr. Holland is a Chartered Accountant and President and CEO of Krystal Financial Corp., a Vancouver based private equity firm. Over the last 20 years Mr. Holland has had extensive experience in the acquisition and financing of businesses in a wide variety of sectors. During this time he has worked closely with senior management of these businesses, providing both financial and strategic support. He also serves as a director of a number of companies including Integrated Paving Concepts Inc., Bridge Transitions Inc., Ondine Biopharma Corp. and Hardwoods Distribution Income Fund.
<b>John B. Kelly</b> <sup>(1)(2)</sup> Chairman of NexInnovations Inc. <i>Ontario, Canada</i>  Director since November 12, 1997 Common Shares: 201,500 Options: 525,000	Mr. Kelly is Chairman of NexInnovations Inc., a provider of IT infrastructure solutions, and a principal at Reid Eddison Inc., a Canadian technology mentoring company. Before joining Reid Eddison Inc., Mr. Kelly was the President and Chief Executive Officer of Jetform Corporation. He has held a number of senior executive positions within the Canadian high-technology industry and is currently Co-Chair of CATA Alliance (Canadian Advanced Technology Alliance). Mr. Kelly holds an honors law degree from the University of Ottawa and an honors Bachelor of Business Administration (Finance) from Iona College in New Rochelle, New York. He also holds an honorary doctorate from the University of Ottawa.
<b>James R. Yeates</b> Chairman of the Board and Chief Executive Officer <i>British Columbia, Canada</i>  Director since inception Common Shares: 14,154,523 <sup>(3)</sup> Options: 100,000	Chairman of the Board of Directors and CEO. Over the past 20 years Mr. Yeates has been Chairman and/or CEO of such companies as Computer Innovations Inc. and INSINC Inc. before he founded Burnsand Inc. in 1996. Mr. Yeates was the CEO of Burnsand Inc. from its inception on January 1, 1996 to February, 2001 and from November, 2003 to the present time. Mr. Yeates has served as a Director and Chairman of Burnsand since its inception. Mr. Yeates has also held the position of Chairman and/or Director of a number of public and/or private non-technology and technology companies. Presently, Mr. Yeates is a Director of British Columbia Rail Corp. Mr. Yeates holds a Master of Computer Sciences degree from McGill University since 1973 and a Bachelor of Sciences degree in Mechanical Engineering from the University of Vermont in 1970.

<sup>(1)</sup> Member of the Audit and Corporate Governance Committee of the Corporation.

<sup>(2)</sup> Member of the Compensation Committee of the Corporation.

<sup>(3)</sup> Of these, 13,167,538 are owned by Interactive Selling, Inc., a company of which 55% of the Common Shares are beneficially owned by James R. Yeates and the other 45% are owned by Trimin Capital Corp.

*Cease Trade Orders, Bankruptcies, Penalties or Sanctions*

Other than John Kelly, to the best of the knowledge of the Corporation, none of management's nominees for election as a director of the Corporation is, or has during the past ten years: (a) been a director or officer of any company that while that person was acting in that capacity, was subject to (i) a cease trade or similar order or an

order that denied that other issuer access to any exemption under Canadian securities legislation for a period of more than 30 consecutive days; or (ii) an event that, after the director or officer ceased to be a director or officer of the company, in the company being subject to a cease trade or similar order or an order that denied that other issuer access to any exemption under Canadian securities legislation for a period of more than 30 consecutive days; (b) been a director or officer of any company that, 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 or receiver manager or trustee appointed to hold its assets; (c) been 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 his/her assets. John Kelly was a director and officer of Rebel.com Inc. when it was petitioned into bankruptcy in 2001.

## **The Share Consolidation**

### *General*

The Board believes that the current price of the Common Shares of the Corporation is inconsistent with the size, structure and growth strategy of the Corporation. The Board believes that it is possible that the Common Shares trade at prices that may impact the desirability of purchasing the Common Shares and the ability of the Corporation to complete financings and acquisitions involving the issuance of Common Shares.

The Board proposes to reduce the number of Common Shares (including those underlying stock options of the Corporation as discussed below) on the basis of one share (1) for each ten (1) Common Shares that are currently issued and outstanding (the "Share Consolidation") in order to increase the Corporation's flexibility and competitiveness in the market place and to make the Corporation's securities more attractive to a wider audience of potential investors, thereby resulting in a more efficient market for the Common Shares.

The Board will consider the advisability of proceeding to complete the Share Consolidation if, as and when the directors of Burnsand shall deem appropriate in the circumstances. The Share Consolidation Resolution is designed to authorize the Board, if and when it deems appropriate but no later than June 1, 2007, to consolidate the then outstanding Common Shares into one (1) new Common Share for ten (10) outstanding Common Shares.

The Share Consolidation will not materially affect any Shareholder's percentage ownership in the Corporation, even though such ownership will be represented by a smaller number of Common Shares.

No fractional Common Shares of the Corporation will be issued if, as a result of the Share Consolidation, a registered Shareholder would otherwise be entitled to a fractional share. Instead, any fractional Common Shares resulting from the Share Consolidation will be rounded down to the nearest whole share.

In general, the Share Consolidation will not be considered to result in a disposition of Common Shares by Shareholders. The aggregate adjusted cost base to a Shareholder will not change as a result of the Share Consolidation; however, the Shareholder's adjusted cost base per Common Share will increase.

There can be no assurance however that the total market capitalization of the Corporation (the aggregate value of all Common Shares at the market price then in effect) immediately after the Share Consolidation will be equal to or greater than the total market capitalization immediately before the Share Consolidation. In addition, there can be no assurance that the per-share market price of the Common Shares following the Share Consolidation will equal or exceed the direct arithmetical result of the Share Consolidation. In addition, a decline in the market price of the Common Shares after the Share Consolidation may result in a greater percentage decline than would occur in the absence of a Share Consolidation and the liquidity of the Common Shares could be adversely affected.

In addition to the issued and outstanding Common Shares, the Common Shares currently reserved for issuance by the Corporation, including those Common Shares reserved pursuant to outstanding stock options will be adjusted to give effect to the Share Consolidation, such that the number of consolidated Common Shares issuable will equal the number obtained when the number of Common Shares issuable is divided by the conversion number

and the exercise prices of outstanding stock options to purchase Consolidation Common Shares will equal the price obtained by multiplying the existing exercise price by the conversion number.

#### *Approval of the Share Consolidation*

To pass, the Share Consolidation Resolution must be approved by more than 66 2/3% of the votes cast by Burntsand Shareholders, present in person or represented by proxy and entitled to vote at the Meeting. **Unless specified in the enclosed form of Proxy that Common Shares represented by the form of proxy should be voted against the Share Consolidation Resolution, the Common Shares represented by the form of proxy will be voted FOR the Share Consolidation Resolution.**

**Notwithstanding the foregoing, the Share Consolidation Resolution authorizes the Board, without further notice to or approval of the Burntsand Shareholders, to decide not to proceed with the Share Consolidation Resolution and to revoke such Share Consolidation Resolution at any time prior to its becoming effective. Schedule A to this Circular contains the full text of the Share Consolidation Resolution.**

#### **Amendments to Stock Option Plan**

The Corporation's stock option plan (the "Stock Option Plan") provides that the directors of the Corporation may grant options to purchase Common Shares to directors, officers and service providers of the Corporation and its subsidiaries on terms that the Board of Directors of the Corporation may determine within the limitations set forth in the Stock Option Plan. For the purposes of the Stock Option Plan, the term "service providers" includes employees and other persons providing management or consulting services to the Corporation and its subsidiaries, either directly or through a company engaged for such purposes.

At the Corporation's 1999 annual meeting, the shareholders of the Corporation approved an amendment to the Stock Option Plan to provide that the maximum number of Common Shares of the Corporation issuable upon the exercise of options granted pursuant to the Stock Option Plan was 7,500,000 Common Shares, at the Corporation's 2000 annual meeting, an increase to 10,500,000 Common Shares was approved and at the Corporation's 2001 annual meeting, a further increase to 13,000,000 Common Shares was approved. The aggregate number of Common Shares which may be reserved for issue to any one of the Optionees shall not exceed 5% of the total number of issued Common Shares of the Corporation, on a non-diluted basis. The exercise price of options granted under the Stock Option Plan will be the closing market price of the Common Shares of the Corporation on the Toronto Stock Exchange (the "TSX") (or such other stock exchange as determined by the Board of Directors) on the last trading day prior to the date of grant of such options. Options may be granted under the Stock Option Plan for any term as determined by the directors of the Corporation, but shall not exceed the maximum term permitted by the rules and policies of any stock exchange on which Common Shares may be listed at the time of the grant of the options. The directors of the Corporation may also determine and impose terms upon which options granted under the Stock Option Plan shall become vested. Options granted under the Stock Option Plan are not transferable and will terminate 30 days after the termination (other than for cause), voluntary resignation or early retirement of the Optionee to whom such options were granted from his or her employment or office with the Corporation. In the case of termination for cause, the Optionee's options will terminate immediately. In the event of death or disability, options are fully exercisable by the Optionee, or his or her heirs, at any time up to six months from the date of death or disability. In the event that an Optionee is terminated, other than for cause, within 12 months of a "Change of Control" as defined in the Stock Option Plan, all unvested options shall vest immediately and be exercisable for a period of 90 days after the Optionee ceased to be a director, officer or service provider.

#### *Conversion to a Fixed Percentage "Evergreen" Re-loading Plan*

In January 2005, the TSX amended its security-based compensation rules (the "TSX Rules") to permit listed companies to adopt "rolling" or "evergreen" stock option plans pursuant to which a fixed percentage of the issued and outstanding Common Shares of an issuer could be reserved for issuance upon the exercise of stock options, rather than a fixed maximum number of Common Shares to be reserved for this purpose.

The Board of Directors of the Corporation has considered this option and determined it is in the best interest of the Corporation to adopt a "rolling" stock option plan as this will give the Board increased flexibility to more closely align the interests of the directors, officers, employees and consultants of the Corporation with those of the shareholders of the Corporation and ensure ongoing investment by such persons in the Corporation. Pursuant to a resolution of the Board dated May 3<sup>rd</sup>, 2006, the Board approved an amendment to the Corporation's Stock Option Plan to institute a "rolling" plan which would reserve for issuance pursuant to stock options a maximum number of Common Shares equal to 15% of the issued and outstanding Common Shares on the date of grant. Shareholders will be asked at the Meeting to ratify this amendment in the form of the resolution set forth in Schedule B.

The Corporation has, as at April 30, 2006, 72,983,885 Common Shares issued and outstanding and 7,888,325 options outstanding at exercise prices ranging from \$0.07 to \$2.32. The Plan provides that a maximum of 13,000,000 common shares be available for issuance in connection with the exercise of stock options granted under the Plan (representing approximately 17.8% of Burntsand's current issued and outstanding Common Shares). Of this 13,000,000 common shares, 3,814,794 have been previously issued upon the exercise of options, 7,888,325 are currently subject to outstanding options and 1,296,881 are reserved in respect of future option grants. Burntsand proposes to amend the Plan in order that the maximum number of common shares available for issuance under the Plan would, at any time, be 15% of the issued and outstanding Common Shares.

If the amendment to the Plan is approved at the Meeting and assuming the number of Common Shares currently issued and outstanding is the same on the date of the Meeting, the Corporation would have, effective on the date of the Meeting, an aggregate of 10,947,582 Common Shares reserved for issuance upon the exercise of options, representing 15% of the issued and outstanding Common Shares. Of these, 7,888,325 Common Shares would be reserved with respect to previous option grants and 3,059,257 Common Shares would be reserved for future grants. Thus, the amendments to the Plan will result in an immediate increase of 1,762,376 Common Shares reserved for future grants.

The Common Shares reserved for issuance and available for future grants under the "rolling plan" will fluctuate to reflect 15% of the issued and outstanding Common Shares at the time of any specific grant. In addition, any exercises of options will make new grants available under the Plan effectively resulting in a re-loading of the number of options available to grant under the Plan. No financial assistance is currently provided to participants in the amended Plan by the Corporation to facilitate the purchase of Common Shares under the amended Plan. Under the new TSX Rules, any "rolling" stock option plan must be approved every three years by the Corporation's directors, independent directors and shareholders.

#### *Detailed Amendment Provisions*

The Stock Option Plan currently provides that the Corporation may, from time-to-time, amend any provision of the Plan subject to regulatory approval where required, but no such amendment can impair any rights of any Optionee under any Option. The TSX has issued a staff notice indicating that general amendment provisions in stock option plans of TSX issuers, such as the amendment provisions in the Plan, are not sufficient and if such general amendment provisions are not revised to provide specific details regarding when shareholder approval will be required for an amendment, shareholder approval may be required for any amendment to the issuer's stock option plan. Accordingly, the Board believes that it is in the best interests of the Corporation to make, and has approved, an amendment to the Stock Option Plan to provide for an amendment provision which provides specific details regarding when shareholder approval will not be required for an amendment to the Plan or any options granted thereunder.

#### *Limits on Grants of Options to Insiders*

The Stock Option Plan currently provides that the aggregate number of Common Shares that may be reserved for issue to any one of the Optionees shall not exceed 5% of the total number of issued Common Shares of the Corporation, on a non-diluted basis.

The Board believes that it is in the best interests of the Corporation to add additional provisions to the Stock Option Plan to limit the aggregate number of Common Shares that may be: (i) reserved for issuance to insiders of the Corporation under all share compensation arrangements to a maximum of 10% of the issued and outstanding Common Shares; and (ii) issued to insiders of the Corporation under all share compensation arrangements, in any one year, to a maximum of 10% of the issued and outstanding Common Shares.

#### *Approval of Amendments to Stock Option Plan*

At the Meeting, Shareholders will be asked to consider and, if deemed appropriate, to pass an ordinary resolution approving the Stock Option Amendment Resolution to (i) change the Plan from fixed-number to a fixed-percentage (evergreen) plan and (ii) specify the circumstances when shareholder approval will not be required for future amendments to the plan or any options granted thereunder; and (iii) limit the aggregate number of Shares that may be reserved for issuance to insiders, and may be issued in any one year to insiders, under any share compensation plans of the Corporation, including the Stock Option Plan. Schedule B to this Circular contains the full text of the Stock Option Amendment Resolution.

A black-lined copy of the Stock Option Plan, reflecting all of the proposed amendments, is attached to this Circular as Schedule C.

**Unless specified in the enclosed form of Proxy that Common Shares represented by the form of proxy should be voted against the Stock Option Amendment Resolution, the Common Shares represented by the form of proxy will be voted FOR the Stock Option Amendment Resolution.**

#### **Other Matters**

As of the date hereof, management of the Corporation knows of no matters which will be brought before the Meeting, other than those referred to herein.

#### **INTERESTS OF CERTAIN PERSONS IN MATTERS TO BE ACTED UPON**

None of the directors or executive officers of the Corporation, no management nominee for election as a director of the Corporation, none of the persons who have been directors or executive officers of the Corporation since the commencement of the Corporation's last financial year and no associate or affiliate of any of the foregoing has any material interests, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted upon at the Meeting other than as disclosed herein.

#### **COMPENSATION OF DIRECTORS**

##### **Directors' Fees and Stock Options**

External Directors receive compensation in the form of an annual retainer of \$10,000 and either \$500 or \$1,000 per diem for Board and Committee meetings attended, depending on the duration of the meeting and related preparatory work required. Committee Chairs receive an incremental annual retainer of \$2,500. Directors may also receive compensation in the form of incentive stock options for serving as directors of the Corporation at the discretion of the Board of Directors. No other fee or compensation is paid to directors for serving in their capacity as directors of the Corporation. As of the date hereof, the directors, as a group hold options to acquire a total of 1,680,000 Common Shares. These options have exercise prices ranging from \$0.075 to \$2.32 and expire on various dates between February 14, 2007 and December 7, 2010.

The following table shows information concerning grants of stock options to the Directors during the financial year ended December 31, 2005:

Name	Securities under Option (#)	Exercise or Base Price (\$/Security)	Market Value of Securities Underlying Options on the Date of Grant (\$/Security)	Expiration Date
John Kelly	100,000 <sup>(1)</sup> 200,000 <sup>(2)</sup>	\$0.130 \$0.075	\$0.130 \$0.075	May-10-10 Dec-07-10
Mike Cardiff	100,000 <sup>(1)</sup> 200,000 <sup>(2)</sup>	\$0.130 \$0.075	\$0.130 \$0.075	May-10-10 Dec-07-10
Terry Holland	100,000 <sup>(1)</sup> 200,000 <sup>(2)</sup>	\$0.130 \$0.075	\$0.130 \$0.075	May-10-10 Dec-07-10

<sup>(1)</sup> These options expire on the fifth anniversary of the date of grant, vest at a rate of one-third on each anniversary date of grant and are exercisable at any time after vesting until the expiration date.

<sup>(2)</sup> These options expire on the fifth anniversary of the date of grant, 50% vest at a rate of one-third on each anniversary date of grant and 50% vest upon achievement of the 2006 Financial Plan and are exercisable at any time after vesting until the expiration date.

#### Directors and Officers' Liability Insurance

Directors, and officers of the Corporation are covered under Directors' and Officers' Liability Insurance policies. The policies include coverage for wrongful acts, claimed against Directors, and officers by reason of their serving in such capacities. The aggregate limit of liability applicable to those insured Directors, officers and employees under the insurance policies is \$5 million. The premium for the Directors' and officers' liability insurance was \$97,888 for the September 29, 2005 to September 29, 2006 policy year.

#### RECORD OF ATTENDANCE BY DIRECTORS IN 2005

	Meetings Held During 2005	Meetings Attended			
		James Yeates	Mike Cardiff <sup>(1)</sup>	Terry Holland <sup>(1)</sup>	John Kelly <sup>(1)</sup>
Board Meetings	9	9	9	8	8
Audit and Corporate Governance Committee Meetings	5	N/A	5	4	4
Compensation Committee Meetings	2	N/A	1	2	2

<sup>(1)</sup> Member of the Audit and Corporate Governance Committee in 2005.

#### CORPORATE GOVERNANCE

The primary provisions with respect to corporate governance in Canada are contained in National Policy 58-201 "Corporate Governance Guidelines" ("NP 58-201") and National Instrument 58-101 "Disclosure of Corporate Governance Practices" ("NI 58-101") which came into effect on June 30, 2005 and replaced the 14 corporate governance guidelines adopted by the Toronto Stock Exchange in 1995 (the "TSX Guidelines") and their corporate governance disclosure rules. The governance of the Corporation is the responsibility of the Burntsand's Board of Directors. The required disclosure in respect of the Board of Directors as currently constituted and the corporate governance practices of the Corporation are set out in matrix form in Schedule D to this Circular.

## **Committees of the Board of Directors**

During the year ended December 31, 2005, the Board of Directors had three committees – the Audit and Corporate Governance Committee, the Compensation Committee and the Disclosure Committee. The membership in each committee is set forth below. For information on attendance at meetings of each committee members, see “Record of Attendance by Directors in 2005” in this Circular

### *Audit and Corporate Governance Committee*

The Audit and Corporate Governance Committee is comprised of three Directors, all of whom are independent directors. The responsibilities of the Audit and Corporate Governance Committee include reviewing whether the Corporation has: (i) implemented appropriate systems to identify, monitor and mitigate significant business risks; (ii) implemented appropriate systems to ensure compliance with legal and regulatory requirements; and (iii) implemented appropriate systems of internal control over financial reporting. The Audit and Corporate Governance Committee has the mandate for overseeing the Corporation's corporate governance practices and assessing the effectiveness of the Board, its committees and individual directors. Members of the Audit and Corporate Governance Committee are Terry Holland (Chair), Mike Cardiff and John Kelly. Reid Drury was a member of the Audit and Corporate Governance Committee until June 2005, at which time he did not stand for re-election as a Director. John Kelly replaced Reid Drury, effective June 2005, as a member of the Audit and Corporate Governance Committee.

The Audit and Corporate Governance Committee is also responsible for ensuring that the external audit functions have been effectively carried out and that any matter the external auditors wish to bring to the attention of the Board is forwarded to the Board. The Audit and Corporate Governance Committee reviews the annual and interim financial statements of the Corporation and certain other public disclosure documents required by regulatory authorities and makes recommendations to the Board of Directors with respect to such statements and documents. The Audit and Corporate Governance Committee also recommends to the Board of Directors the appointment of external auditors.

The Charter of the Audit and Corporate Governance Committee is included with our Annual Information Form available on SEDAR at [www.sedar.com](http://www.sedar.com) and on our website at [www.burntsand.com](http://www.burntsand.com).

### *Compensation Committee*

The Compensation Committee is comprised of three Directors, all of whom are independent directors. The Compensation Committee is responsible for setting and reviewing the compensation paid to the Corporation's executive officers and for selecting and administering the Corporation's short and long-term incentive plans for such executive officers. The Compensation Committee annually assesses the performance of the Chief Executive Officer and Chief Financial Officer and determines their compensation.

### *Disclosure Committee*

The Disclosure Committee is comprised of members of the management team of the Corporation. The Disclosure Committee's primary responsibilities are to oversee the Corporation's disclosure practices and to ensure the Corporation meets all regulatory disclosure requirements. In particular, the Disclosure Committee will review and, as necessary, help revise the Corporation's controls and other procedures to ensure that information required to be disclosed to securities regulators and the TSX, and other information the Corporation will disclose to the public is recorded, processed, summarized and reported accurately and on a timely basis. The Board of Directors has overall responsibility for approving the Corporation's major communications, including annual and quarterly reports, financing documents and material press releases. Members of the Disclosure Committee are Blair Baxter, Michi Carr, Martin Glover, Michael Landry, Terry Lillico and John Slater.

## **Other Corporate Governance Matters**

### *Code of Business Conduct*

The Corporation has adopted a Code of Business Conduct, which applies to all directors, officers, employees and consultants of the Corporation. The Board of Directors is responsible for monitoring compliance with the Code of Business Conduct and for approving waivers of such standards by any director or officer. Waivers in respect of employees or consultants may be given by the Chief Executive Officer who must report any such waiver to the Board. No such waivers for any of the Corporation's directors, officers, employees or consultants have been granted as of the date hereof.

The Corporation's Code of Business Conduct addresses such matters as conflicts of interest and the protection and proper use of the Corporation's assets. All directors, officers, employees and consultants are encouraged to report violations of the Code of Business Conduct in accordance with the procedures described in the Corporation's whistleblower policy.

A complete copy of the Corporation's Code of Business Conduct is available on SEDAR at [www.sedar.com](http://www.sedar.com) and on our website at [www.burntsand.com](http://www.burntsand.com).

### *Corporate Disclosure Policy*

The Corporation has also adopted a Disclosure Policy which confirms in writing the existing disclosure policies and practices of the Corporation. The goal of the policy is to promote consistent disclosure practices aimed at accurate, informative, timely and broadly disseminated disclosure of material information to the market and promote compliance among the directors, officers, employees and consultants of the Corporation.

The policy covers written disclosure in documents filed with the securities commissions and stock exchanges, written statements made in the Corporation's annual and quarterly reports, news releases, letters to shareholders and other documents released to the public, the content of which would reasonably be expected to affect the market price or value of the Corporation's securities, including information contained on the Corporation's website and other electronic communications. The policy also extends to public oral statements made in meetings and telephone conversations with analysts and investors, interviews with the media, press conferences, conference calls and in other circumstances in which it is reasonable to expect that the information will become generally disclosed.

## **REPORT OF THE COMPENSATION COMMITTEE**

### **Composition of the Committee**

Members of the Compensation Committee are John Kelly (Chair), Terry Holland, and Mike Cardiff. Reid Drury was a member of the Compensation Committee until June 2005, at which time he did not stand for re-election as a Director. Terry Holland replaced Reid Drury, effective June 2005 as a member of the Compensation Committee. None of these individuals is or has been an executive officer of the Corporation.

### **Report on Executive Compensation**

The Corporation's executive compensation policies are designed to provide a competitive level of base compensation and to recognize and reward individual performance through incentive compensation plans. In establishing the Corporation's compensation policies, the Committee must ensure the long range interests of the Corporation and its shareholders are met by considering financial measures, such as, income levels, earnings per common share and return on common shareholders' equity.

The total compensation plan for executive officers of the Corporation is comprised of four components: base salary, a bonus incentive program, stock options and a stock purchase plan. The Committee's primary emphasis in determining an executive officer's compensation is on incentive compensation, such as, bonuses, stock options and stock purchase plans, which help ensure that executive officers' personal interests are aligned with those of the shareholders. In establishing base salaries, the Committee reviews general market salary levels for individuals in positions with similar responsibilities and experience. The Corporation's bonus incentive program is

set on a year-to-year basis and is primarily based upon the achievement of corporate earnings targets by the Corporation and the attainment of personal objectives by the person being considered for a bonus.

The Corporation's stock option plan is designed to attract, retain and motivate executive officers, directors and employees and to more closely align the personal interests of the executive officers, directors and employees with those of the shareholders. The number and vesting criteria of securities under option from time to time is determined by the Committee.

The Corporation has adopted a share purchase plan for the benefit of full time employees of the Corporation. Under this plan, any eligible employee may contribute up to 12% of his or her annual compensation to the plan each year. Common Shares are purchased on the open market monthly by the plan administrator. The Corporation contributes \$1 to the plan for every \$3 contributed by employees.

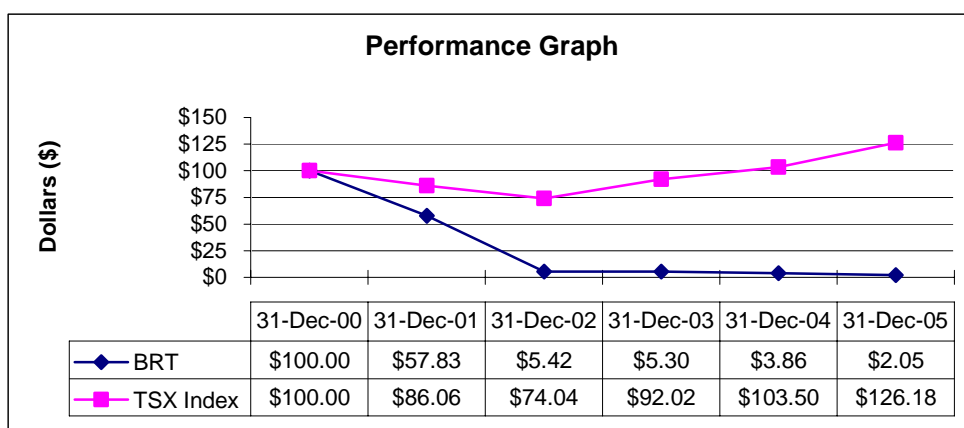
The compensation of the Chief Executive Officer is \$17,500 per month for a minimum of 50% of the Chief Executive Officer's time, under a consulting contract. The contract includes a cash bonus provision. The bonus is calculated based on the amount the weighted 20 day share price is in excess of \$0.10, multiplied by 2,000,000. This bonus may be claimed in full or in increments by the Chief Executive Officer at any time up to 3 months following termination as Chief Executive Officer. One quarter (25%) of this bonus is subject to certain performance criteria. This contract is cancelable upon 30 days notice by the Board. The terms of the compensation of the Chief executive Officer were set by the Committee based on their knowledge of industry factors and an informal assessment of competitive rates for this position.

This report is submitted on behalf of the Compensation Committee of the Board of Directors.

JOHN B. KELLY, CHAIR  
TERRY M. HOLLAND  
MIKE CARDIFF

### PERFORMANCE GRAPH

The following graph compares the yearly percentage change in the Corporation's cumulative total shareholder return on its Common Shares with the cumulative total return of the S&P/TSX Composite Index, assuming an initial investment of \$100, from December 31, 2000 to December 31, 2005:



### COMPENSATION OF EXECUTIVE NAMED OFFICERS

#### Summary Compensation Table

The following table sets forth information concerning the total compensation during the three most recently completed financial years of the Corporation for the Corporation's Chief Executive Officer, Chief Financial Officer

and its three other most highly compensated executive officers whose annual compensation exceeds \$150,000 (the “Named Executive Officers”):

Name and Principal Position	Year	Annual Compensation			Long-Term Compensation			
		Salary (\$)	Bonus (\$)	Other Annual Compensation (\$)	Awards		Payouts	
					Securities Under Options Granted (#)	Common Shares or Units Subject to Resale Restrictions (\$)	LTIP Payouts (\$)	All Other Compensation (\$)
<b>James Yeates</b> <sup>(1)</sup> Chairman of the Board and C.E.O.	2005	186,500	-	30,000 <sup>(2)</sup>	-	-	-	-
	2004	300,000	-	27,500 <sup>(2)</sup>	-	-	-	-
	2003	25,000	-	32,500 <sup>(2)</sup>	100,000	-	-	-
<b>Blair Baxter</b> <sup>(3)</sup> Chief Financial Officer and Chief Operating Officer	2005	175,000	28,851	-	450,000	-	-	-
	2004	189,250	18,750	-	200,000	-	-	-
	2003	27,500	-	-	200,000	-	-	72,175 <sup>(4)</sup>
<b>Martin Glover</b> <sup>(5)(8)</sup> President-USA	2005	278,668	-	-	200,000	-	-	-
	2004	266,808	13,015	-	225,000	-	-	-
	2003	252,288	-	-	290,000	-	-	-
<b>Ed Podbelski</b> <sup>(6)(8)</sup> Vice President, Consulting Services-USA	2005	193,856	-	-	175,000	-	-	-
	2004	191,971	383	-	100,000	-	-	-
	2003	189,216	17,520	-	-	-	-	-
<b>Scott Centurino</b> <sup>(7)(8)</sup> Vice President, Solutions Infrastructure-USA	2005	169,624	2,968	-	250,000	-	-	-
	2004	156,180	6,508	-	-	-	-	-
	2003	168,180	-	-	82,000	-	-	-

<sup>(1)</sup> Mr. Yeates was reappointed Chief Executive Officer on November 19, 2003.

<sup>(2)</sup> Represents the imputed interest benefit related to Mr. Yeates’ outstanding loan in each year. See “Indebtedness of Directors and Executive Officers”.

<sup>(3)</sup> Mr. Baxter was Chief Financial Officer from March 2001 to December 31, 2002 and from November 2003 to present.

<sup>(4)</sup> Paid to Mr. Baxter for general consulting services.

<sup>(5)</sup> Mr. Glover was appointed President-USA on June 15, 2004. Prior to that appointment Mr. Glover was Regional Vice President.

<sup>(6)</sup> Mr. Podbelski was appointed Vice President, Consulting-USA on June 15, 2004. . Prior to that appointment Mr. Podbelski was Director, Business Office East.

<sup>(7)</sup> Mr. Centurino was appointed Vice President, Solution Infrastructure-USA on January 28, 2005. Prior to that appointment Mr. Centurino was Delivery Director (US East).

<sup>(8)</sup> Mr. Glover, Mr. Centurino and Mr. Podbelski are paid in US dollars. Amounts paid are converted at the average exchange rate for each year.

### Employee Share Purchase Plan (ESPP)

The Corporation has implemented the ESPP to encourage employees to invest in Common Shares of Burntsand through employees' personal contributions and to allow Burntsand to assist in such investment through additional contributions. All employees, including the Senior Officers, are entitled to contribute an amount up to 12% of their salary to the ESPP. For each dollar contributed by the employee to the plan, Burntsand will contribute \$0.33. Funds contributed to the plan are used to purchase Common Shares on the open market by the trustee of the ESPP. During the year ended December 31, 2005 an aggregate of 744,680 Common Shares were purchased on the open market pursuant to the ESPP at prices ranging from \$0.08 to \$0.18.

### Option Grants During the Most Recently Completed Financial Year

The following table shows information concerning grants of stock options to the Named Executive Officers during the financial year ended December 31, 2005:

Name	Securities under Option (#)	% of Total Options Granted to Employees in Financial Year	Exercise or Base Price (\$/Security)	Market Value of Securities Underlying Options on the Date of Grant (\$/Security)	Expiration Date
Jim Yeates	-	-	-	-	-
Blair Baxter	100,000 <sup>(1)</sup> 150,000 <sup>(1)</sup> 200,000 <sup>(2)</sup>	10.7%	\$0.145 \$0.130 \$0.075	\$0.145 \$0.130 \$0.075	Jan-28-10 May-05-10 Dec-07-10
Martin Glover	200,000 <sup>(2)</sup>	4.7%	\$0.075	\$0.075	Dec-07-10
Ed Podbelski	25,000 <sup>(1)</sup> 150,000 <sup>(2)</sup>	4.1%	\$0.145 \$0.075	\$0.145 \$0.075	Jan-28-10 Dec-07-10
Scott Centurino	100,000 <sup>(1)</sup> 150,000 <sup>(2)</sup>	5.9%	\$0.145 \$0.075	\$0.145 \$0.075	Jan-28-10 Dec-07-10

<sup>(1)</sup> These options expire on the fifth anniversary of the date of grant, vest at a rate of one-third on each anniversary date of grant and are exercisable at any time after vesting until the expiration date.

<sup>(2)</sup> These options expire on the fifth anniversary of the date of grant, 50% vest at a rate of one-third on each anniversary date of grant and 50% vest upon achievement of the 2006 Financial Plan and are exercisable at any time after vesting until the expiration date.

### Aggregate Option Exercises During The Most Recently Completed Financial Year and Financial Year-End Option Values

The following table sets forth information concerning the exercise of options during the financial year ended December 31, 2005, and the value at December 31, 2005 of unexercised in-the-money options held by the Named Executive Officers. No Stock Appreciation Rights ("SARs") are outstanding.

Name	Securities Acquired on Exercise (#)	Aggregate Value Realized (\$)	Unexercised Options at Financial Year-End (#) Exercisable / Unexercisable	Value of Unexercised in-the-Money Options at Financial Year-End (\$) Exercisable / Unexercisable
James Yeates	-	-	66,667 / 33,333	- / -
Blair Baxter	-	-	216,660 / 633,340	- / \$2,000
Martin Glover	-	-	394,993 / 430,007	- / \$2,000
Ed Podbelski	-	-	93,830 / 263,170	- / \$1,500
Scott Centurino	-	-	60,250 / 271,750	- / \$1,500

### Securities Authorized for Issuance under Equity Compensation Plans

The following table shows, as of December 31, 2005, compensation plans under which equity securities of the Corporation are authorized for issuance from treasury. The information has been aggregated either by equity

compensation plans requiring the issuance of Common Shares previously approved by shareholders or by equity compensation plans requiring the issuance of Common Shares not previously approved by shareholders

The numbers shown under “Equity compensation plans approved by security holders” relate to the Corporation’s share option plan. Please refer to the description of the share option plan under “Long-Term Compensation” in this Circular.

Plan category	Number of securities to be issued upon exercise of outstanding options (a)	Weighted average exercise price of outstanding options (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (a)
Equity compensation plans approved by security holders	8,019,627	\$0.24	1,165,579
Equity compensation plans not approved by security holders	Nil	n/a	Nil
Total	8,019,627	\$0.24	1,165,579

### Long-Term Compensation

On November 14, 1997 the Corporation adopted the Stock Option Plan. The Stock Option Plan provides that the directors of the Corporation may grant options to purchase Common Shares to directors, officers and service providers (the “Optionees”) of the Corporation and its subsidiaries on terms that the directors of the Corporation may determine within the limitations set forth in the Stock Option Plan.

At the Corporation’s 1999 annual meeting, the shareholders of the Corporation approved an amendment to the Stock Option Plan to provide that the maximum number of Common Shares of the Corporation issuable upon the exercise of options granted pursuant to the Stock Option Plan was 7,500,000 Common Shares, at the Corporation’s 2000 annual meeting an increase to 10,500,000 Common Shares was approved and at the Corporation’s 2001 annual meeting, a further increase to 13,000,000 Common Shares was approved.

The aggregate number of Common Shares which may be reserved for issue to any one of the Optionees shall not exceed 5% of the total number of issued Common Shares of the Corporation, on a non-diluted basis. The exercise price of options granted under the Stock Option Plan will be the closing market price of the Common Shares of the Corporation on the Toronto Stock Exchange (or such other stock exchange as determined by the Board of Directors) on the last trading day prior to the date of grant of such options. Options may be granted under the Stock Option Plan for any term as determined by the directors of the Corporation, but shall not exceed the maximum term permitted by the rules and policies of any stock exchange on which Common Shares may be listed at the time of the grant of the options. The directors of the Corporation may also determine and impose terms upon which options granted under the Stock Option Plan shall become vested. Options granted under the Stock Option Plan are not transferable and will terminate 30 days after the termination (other than for cause), voluntary resignation or early retirement of the Optionee to whom such options were granted from his or her employment or office with the Corporation. In the case of termination for cause, the Optionee’s options will terminate immediately. In the event of death or disability, options are fully exercisable by the Optionee, or his or her heirs, at any time up to six months from the date of death or disability. In the event that an Optionee is terminated, other than for cause, within 12 months of a “Change of Control” as defined in the Stock Option Plan, all unvested options shall vest immediately and be exercisable for a period of 90 days after the Optionee ceased to be a director, officer or service provider.

A copy of the Stock Plan, as amended, may be obtained by any shareholder upon request from the Secretary of the Corporation at Suite 201, 300 The East Mall, Toronto, Ontario, M9B 6B7.

## Termination of Employment, Change of Responsibilities and Employment Contracts

The Corporation has entered into employment agreements with substantially the same terms with each of the officers of the Corporation (the “**Employment Agreements**”). These Employment Agreements provide for salaries to be reviewed by the Board of Directors at the end of each fiscal year. Each of the Employment Agreements will remain in effect until terminated either by the Corporation for cause, or without cause and without advance notice on payment of five to twelve months compensation, depending on the length of service and responsibility of the officers, or by the employee with two months notice to the Corporation. Pursuant to the Employment Agreements, each of the officers must maintain the confidentiality of knowledge obtained while employed with the Corporation and have agreed not to compete with the Corporation in Canada, the United States or other countries within which the Corporation carries on business, for a period of time following termination of employment of five to twelve months.

The employment agreements provide for the following compensation for each of the Named Executive Officers:

	Salary	Target Bonus	Termination Provision <sup>(1)</sup>
James R. Yeates	210,000 <sup>(2)</sup>	Variable <sup>(3)</sup>	0
Blair Baxter	175,000	75,000 <sup>(4)</sup>	11 months
Martin Glover <sup>(5)</sup>	265,490	265,490	12 months
Ed Podbelski <sup>(5)</sup>	184,690	64,640	5 months
Scott Centurino <sup>(5)</sup>	173,145	60,600	5 months

(1) The employment agreements provide for payments on termination without cause based on length of service.

(2) Salary paid at a rate of \$17,500 per month and cancelable upon 30 days notice without additional compensation.

(3) In addition to his salary, Mr. Yeates is entitled to a cash bonus. The bonus is calculated based on the amount the weighted 20 day share price is in excess of \$0.10 multiplied by 2,000,000. 25% of this bonus is subject to certain performance criteria. This bonus may be claimed in full or in increments by Mr. Yeates at any time up to 3 months following termination as CEO.

(4) Of the bonus amount, \$25,000 is guaranteed for the 2006 year.

(5) Mr. Glover, Mr. Centurino and Mr. Podbelski are paid in US Dollars; amounts are converted at the average exchange rate to March 31, 2006.

Except as described above, as of December 31, 2005, there were no plans, contracts or arrangements whereby a Named Executive Officer is entitled to receive more than \$100,000 from the Corporation or its subsidiaries, whether by lump sum or installment, in the event of termination of employment (as a result of resignation, retirement or otherwise) or a change of control or a change in the Named Executive Officer’s responsibilities following a change of control.

## Indebtedness of Directors and Executive Officers

The following table sets forth information relating to the indebtedness of the listed individuals to the Corporation as at the dates noted. The aggregate indebtedness of directors and executive officers entered into in connection with the purchase of securities of the Corporation or any of its subsidiaries is \$1,000,000. There is no indebtedness of directors and executive officers entered which is not in connection with the purchase of securities of the Corporation or any of its subsidiaries.

Name and Principal Position	Involvement Of Issuer	Largest Amount Outstanding During the Fiscal Year ended December 31, 2005	Amount Outstanding as at April 30, 2006	Financial Assisted Securities Purchased During the Fiscal Year ended December 31, 2005	Security for Indebtedness
James Yeates <sup>(1)</sup> Chairman of the Board and Chief Executive Officer	Lender	\$1,000,000	\$1,000,000	-	232,558 Common Shares

(1) Proceeds from loan were used to purchase Common Shares of the Corporation in 2001. This loan is interest free, matures on January 9, 2011 and is limited in recourse to the security for the indebtedness. In conjunction with his appointment as CEO, during 2004 the maturity of this loan was extended to January 9, 2011 from January 9, 2006.

### INTERESTS OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

Except as described in this Information Circular, no director or executive officer of the Corporation or of any of its subsidiaries who has held such position at any time since the beginning of the most recently completed financial year, no person or company who beneficially owns, directly or indirectly, or exercises control or direction over, voting securities of the Corporation or a combination of both carrying not less than 10% of the voting rights (a “**10% Holder**”), no person who is a director or officer of a 10% Holder and no associate or affiliate of any of the foregoing has any direct or indirect material interest in any transaction since the commencement of the Corporation’s most recently completed fiscal year or in any proposed transaction which has or would materially affect the Corporation or any of its subsidiaries.

### RECEIPT OF SHAREHOLDER PROPOSALS FOR NEXT ANNUAL MEETING

A shareholder entitled to vote at the next annual meeting of shareholders who wishes to submit a proposal for inclusion in the Circular relating to the 2007 annual meeting of shareholders must ensure that the Corporation receives their proposal no later than February 12, 2007.

### ADDITIONAL INFORMATION

Additional information relating to the Corporation is available on SEDAR at [www.sedar.com](http://www.sedar.com). The Corporation’s financial information is provided in its comparative financial statements and management’s discussion and analysis (“**MD&A**”) for the most recently completed financial year. Copies of the financial statements and MD&A are available upon request to the corporate secretary of the Corporation at:

Burntsand Inc.  
201 – 300 The East Mall  
Toronto, ON M9B 6B7  
Attn: Corporate Secretary  
E-Mail: [InvestorRelations@burntsand.com](mailto:InvestorRelations@burntsand.com)

Copies of the above documents will be provided free of charge to shareholders of the Corporation. The Corporation may require the payment of a reasonable charge from any person or Corporation who is not a shareholder of the Corporation and who requests a copy of any such document.

**APPROVAL OF THIS CIRCULAR**

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

Dated as of May 3<sup>rd</sup>, 2006.

*(signed) James R. Yeates*  
Chairman of the Board

**SCHEDULE A**

**TEXT OF THE SPECIAL RESOLUTION REGARDING  
SHARE CONSOLIDATION**

**“BE IT RESOLVED, AS A SPECIAL RESOLUTION, THAT:**

1. The Corporation be and is hereby authorized to apply, if and when the directors shall deem appropriate to do so, but in any event no later than June 1, 2007, to the Director appointed pursuant to the CBCA, for a Certificate of Amendment amending the authorized and issued Common Shares of the Corporation to consolidate the total number of issued and outstanding Common Shares into a different number of fully paid Common Shares on the basis of one new Common Share for every ten Common Shares issued and outstanding immediately prior to the date that such Certificate of Amendment is issued, with any fractions resulting therefrom to a holder of Common Shares being rounded down to the nearest whole number of Common Shares, all as now fully described in the Management Proxy Circular of the Corporation, be and the same are hereby approved (the “Share Consolidation”);
2. The board of directors, in its sole discretion, is authorized to implement the Share Consolidation;
3. Any one of a group comprised of the directors and officers of the Corporation be and is hereby authorized to sign the articles of amendment and to sign such other document and to do such other things as may be necessary or desirable in order to give effect to this special resolution, the execution of any such document or the doing of any such things being conclusive evidence of such determination; and
4. The directors of the Corporation be and are hereby authorized to revoke this special resolution before it is acted on without further approval of the shareholders.”

**SCHEDULE B**

**TEXT OF THE ORDINARY RESOLUTION REGARDING  
AMENDED AND RESTATED STOCK OPTION PLAN**

**“BE IT RESOLVED, AS A ORDINARY RESOLUTION, THAT:**

1. Subject to such modifications as required by the Toronto Stock Exchange, the Amended and Restated Stock Option Plan of the Corporation in the form attached as Schedule D of this Management Information Circular be and is hereby approved; and
2. Any one of a group comprised of the directors and officers of the Corporation is hereby authorized and directed for and in the name of and on behalf of the Corporation to execute or cause to be executed, whether under corporate seal of the Corporation or otherwise, and to deliver or cause to be delivered all such documents, and to do or cause to be done all such acts and things, as in the opinion of such director or officer may be necessary or desirable in connection with the foregoing.”

## SCHEDULE C

### BURNTSAND INC. AMENDED AND RESTATED STOCK OPTION PLAN

#### 1. PURPOSE OF THE PLAN

Burntsand Inc. (“Burntsand”) hereby establishes a stock option plan for directors, officers and Service Providers (as defined below) of Burntsand and its subsidiaries, to be known as the “Burntsand Inc. Stock Option Plan” (the “Plan”). The purpose of the Plan is to give to directors, officers and Service Providers, as additional compensation, the opportunity to participate in the progress of Burntsand by granting to such individuals options, exercisable over periods of up to ten years as determined by the board of directors of Burntsand, to buy shares of Burntsand at a price equal to the market price prevailing on the date the option is granted.

#### 2. DEFINITIONS

In this Plan, the following terms shall have the following meanings:

2.1 “Associate” means an associate as defined in the Securities Act (British Columbia).

2.2 “Board” means the board of directors of Burntsand.

2.3 “Burntsand” means Burntsand Inc. and its successors.

~~2.4~~2.4 “Change of Control” means:

- (a) the acquisition whether directly or indirectly, by any person or company, or any persons or companies acting jointly or in concert (as determined in accordance with the *Securities Act* (British Columbia)), of voting securities of Burntsand which, together with all other voting securities of Burntsand held by such person or company or persons or companies, constitute, in the aggregate, more than 50% of all outstanding voting securities of Burntsand;
- (b) an amalgamation, arrangement or other form of business combination of Burntsand with another company which results in the holders of voting securities of that other company holding, in the aggregate, 50% or more of all outstanding voting securities of Burntsand (including a merged or successor company) resulting from the business combination; or
- (c) the sale, lease or exchange of all or substantially all of the property of Burntsand, other than in the ordinary course of business of Burntsand or to a subsidiary of Burntsand, to another person or company;

~~2.55~~ “Disability” means any disability with respect to an Optionee which the Board, in its sole and unfettered discretion, considers likely to prevent permanently the Optionee from:

- (a) being employed or engaged by Burntsand, its subsidiaries or another employer, in a position the same as or similar to that in which he was last employed or engaged by Burntsand or its subsidiaries; or
- (b) acting as a director or officer of Burntsand or its subsidiaries.

~~2.66~~ “~~Exchanges~~Exchange” means ~~The~~the Toronto Stock Exchange (if and when the Shares are listed and posted for trading thereon), and, if applicable, any other stock exchange on which the Shares are listed.

~~2.77~~ “Expiry Date” means the date set by the Board under section 3.1 of the Plan, representing the last date on which an Option may be exercised.

~~2.88~~ “Grant Date” means the date specified in an Option Agreement as the date on which an Option is granted.

~~2.99~~ “Insider” means any Optionee who is a director or officer, or is a Service Provider who beneficially owns, directly or indirectly, Shares carrying more than 10% of the voting rights attached to all the Shares;

~~2.10~~ “Market Price” of Shares at any Grant Date means the closing price per Share on The Toronto Stock Exchange, or such other stock exchange on which Shares are listed as is selected for the purpose by the Board, for the last day Shares were traded prior to the Grant Date or, if Shares are not listed on any stock exchange, then the price per Share on the over-the-counter market determined by dividing the aggregate sale price of the Shares sold by the total number of such Shares so sold on the applicable market for the last day prior to the Grant Date.

~~2.1011~~ “Option” means an option to purchase Shares granted pursuant to this Plan.

~~2.1112~~ “Option Agreement” means an agreement, in the form attached hereto as Schedule A, whereby Burntsand grants to an Optionee an Option.

~~2.1213~~ “Option Price” means the price per Share specified in an Option Agreement, adjusted from time to time in accordance with the provisions of section 5.

~~2.13~~14 “Option Shares” means the aggregate number of Shares which an Optionee may purchase under an Option.

~~2.14~~15 “Optionee” means each of the directors, officers and Service Providers granted an Option pursuant to this Plan and their heirs, executors and administrators.

~~2.15~~16 “Plan” means this Burntsand Inc. Stock Option Plan.

~~2.16~~17 “Service Provider” means:

- (a) an employee of Burntsand or any of its subsidiaries;
- (b) any other person or company engaged to provide ongoing management or consulting services for Burntsand or for any entity controlled by Burntsand; and
- (c) any person who is providing ongoing management or consulting services to Burntsand or to any entity controlled by Burntsand indirectly through a company that is a Service Provider under subsection 2.15(b).

~~2.17~~18 “Shares” means the common shares in the capital stock of Burntsand as constituted on the date of this agreement provided that, in the event of any adjustment pursuant to section 5, “Shares” shall thereafter mean the shares or other property resulting from the events giving rise to the adjustment.

~~2.18~~19 “Unissued Option Shares” means the number of Shares, at a particular time, which have been allotted for issuance upon the exercise of an Option but which have not been issued, as adjusted from time to time in accordance with the provisions of section 5, such adjustments to be cumulative.

### 3. **GRANT OF OPTIONS**

3.1 **Option Terms.** The Board may from time to time authorize the issue of Options to directors, officers and Service Providers of Burntsand and its subsidiaries. The Option Price under each Option shall be the Market Price on the Grant Date. The Expiry Date for each Option shall be set by the Board at the time of issue of the Option and shall not be more than the maximum term permissible under the rules and policies of the Exchange on the Grant Date. Options shall be non-assignable and non-transferable and subject to the vesting provisions as set out in section 4.3(d) and as otherwise determined by the Board in their sole discretion.

3.2 **Limits on Shares Issuable on Exercise of Options.** The maximum number of Shares which may be issuable pursuant to options granted under the Plan shall ~~be 13,000,000.~~ at any time, be 15% of the issued and

outstanding Shares and, for greater certainty, any Shares issued upon the exercise of Options, shall not reduce the percentage of Shares which may be issuable pursuant to options granted under the Plan. The number of ~~shares~~ Shares:

(a) issuable to any one Optionee under the Plan, together with the Shares issuable under all of the ~~Company~~ Burntsand's other previously established or proposed share compensation arrangements, shall not exceed 5% of the total number of issued and outstanding ~~shares~~ Shares on a non-diluted basis;

(b) reserved for issuance to Insiders, together with the Shares reserved under all of the Burntsand's other previously established or proposed share compensation arrangements, shall not exceed 10% of the total number of issued and outstanding Shares; and

(c) issued to Insiders within any one year period, together with the Shares issued under all the Burntsand's other previously established or proposed share compensation arrangements, shall not exceed 10% of the total number of issued and outstanding Shares.

3.3 Option Agreements. Each Option shall be confirmed by the execution of an Option Agreement. Each Optionee shall have the option to purchase from Burntsand the Option Shares at the time and in the manner set out in the Plan and in the Option Agreement applicable to that Optionee. The execution of an Option Agreement shall constitute conclusive evidence that it has been completed in compliance with this Plan.

#### 4. EXERCISE OF OPTION

4.1 Manner of Exercise. The Option shall be exercisable by delivering to Burntsand a notice specifying the number of Shares in respect of which the Option is exercised together with payment in full of the Option Price for each such Share. Upon notice and payment there will be a binding contract for the issue of the Shares in respect of which the Option is exercised, upon and subject to the provisions of the Plan. Delivery of the Optionee's cheque payable to Burntsand in the amount of the Option Price shall constitute payment of the Option Price unless the cheque is not honoured upon presentation in which case:

- (a) the Option shall not have been validly exercised; and
- (b) the Option shall no longer be exercisable unless the Board determines otherwise.

4.2 General Rule. Subject to section 4.3, an Option may be exercised to purchase any number of Shares up to the number of Unissued Option Shares at any time after the Grant Date up to 5:00 p.m. (Vancouver time) on the Expiry Date.

4.3 Termination of Affiliation. If an Optionee ceases to be a director, officer or Service Provider of Burntsand or its subsidiaries, each Option held by the Optionee and granted under the Plan shall be exercisable as follows:

- (a) Resignation or Ceasing to Hold Office. If the Optionee, or in the case of an Option granted to any Optionee who satisfies the definition of Service Provider set out in subsection 2.15(c), the Optionee's employer, ceases to be employed or engaged by Burntsand or its subsidiaries (including by way of voluntary resignation or retirement as a director, officer or Service Provider), each Option held by the Optionee shall be exercisable at any time up to but not after the earlier of the Expiry Date of that Option and the date which is 30 days after the Optionee ceases to be a director, officer or Service Provider.
- (b) Death. Notwithstanding subsection 4.3(a), if the Optionee ceases to be a director, officer or Service Provider of Burntsand or its subsidiaries due to death or Disability or, in the case of an Optionee that is a company, the death or Disability of the person who provides management or consulting services to Burntsand or to any entity controlled by Burntsand, each Option held by the Optionee shall be exercisable at any time up to but not after the earlier of the Expiry Date of that Option and the date which is 6 months after the date of death or Disability; and
- (c) For Cause. Notwithstanding subsection 4.3(a), if the Optionee, or, in the case of an Option granted to an Optionee who satisfies the definition of Service Provider set out in subsection 2.15(c), the Optionee's employer:
  - (i) ceases to be employed or engaged by Burntsand or its subsidiaries for cause, as that term is interpreted by the courts of the jurisdiction in which the Optionee or Optionee's employer is employed or engaged;
  - (ii) ceases to be a director, officer or Service Provider of Burntsand or its subsidiaries by order of any securities commission, recognized stock exchange, or any regulatory body having jurisdiction to so order; or
  - (iii) ceases to be eligible to hold office as a director of Burntsand or its subsidiaries under the provisions of the applicable corporate statute,

each Option held by the Optionee shall be exercisable at any time up to but not after the earlier of the Expiry Date of that Option and the date on which the Optionee ceases to be a director, officer or Service Provider.

- (d) Change of Control. Notwithstanding subsection 4.3(a), if an Optionee, or in the case of an Option granted to any Optionee who satisfies the definition of Service Provider set out in subsection 2.15(c), the Optionee's employer, ceases to be a director, officer or Service Provider of Burntsand or its subsidiaries within 12 months of a Change in Control for any reason other than for cause (as that term is interpreted by the courts of the jurisdictions in which the Optionee or Optionee's employer is engaged), voluntary resignation, retirement or death, or Disability, each Option held by that Optionee that is not fully vested on the date at which such person ceases to be a director, officer or Service Provider shall (except to the extent cancelled under section 5) vest immediately and, regardless of their Expiry Date, any and all Options held by that Optionee shall be immediately exercisable up to, but not after that date which is the earlier of the Expiry Date and 90 days after the date such person ceases to be a director, officer or Service Provider.

4.4 Exclusion From Severance Allowance, Retirement Allowance or Termination Settlement. If the Optionee, or, in the case of an Option granted to an Optionee who falls under the definition of Service Provider set out in subsection 2.15(c), the Optionee's employer, retires, resigns or is terminated from employment or engagement with Burntsand or its subsidiaries, the loss of the right to purchase Shares pursuant to section 4.3 shall not give rise to any right to damages and shall not be included in the calculation of nor form any part of any severance allowance, retiring allowance or termination settlement of any kind whatever in respect of such Optionee.

## 5. ADJUSTMENT OF OPTION PRICE AND NUMBER OF OPTION SHARES

5.1 Share Reorganization. Whenever Burntsand issues Shares to all or substantially all holders of Shares by way of a stock dividend or other distribution, or subdivides all outstanding Shares into a greater number of Shares, or combines or consolidates all outstanding Shares into a lesser number of Shares (each of such events being herein called a "Share Reorganization") then effective immediately after the record date for such dividend or other distribution or the effective date of such subdivision, combination or consolidation, for each Option:

- (a) the Option Price will be adjusted to a price per Share which is the product of:
- (i) the Option Price in effect immediately before that effective date or record date; and
  - (ii) a fraction the numerator of which is the total number of Shares outstanding on that effective date or record date before giving effect to the Share Reorganization, and the denominator of which is the total number of Shares that are or would be outstanding immediately after such effective date or record date after giving effect to the Share Reorganization; and

- (b) the number of Unissued Option Shares will be adjusted by multiplying (i) the number of Unissued Option Shares immediately before such effective date or record date by (ii) a fraction which is the reciprocal of the fraction described in subsection (a)(ii).

5.2 Special Distribution. Subject to the prior approval of the Exchanges, whenever Burtsand issues by way of a dividend or otherwise distributes to all or substantially all holders of Shares;

- (a) shares of Burtsand, other than the Shares;
- (b) evidences of indebtedness;
- (c) any cash or other assets, excluding cash dividends (other than cash dividends which the board of directors of Burtsand has determined to be outside the normal course); or
- (d) rights, options or warrants;

then to the extent that such dividend or distribution does not constitute a Share Reorganization (any of such non-excluded events being herein called a “Special Distribution”), and effective immediately after the record date at which holders of Shares are determined for purposes of the Special Distribution, for each Option the Option Price will be reduced, and the number of Unissued Option Shares will be correspondingly increased, by such amount, if any, as is determined by the Board in its sole and unfettered discretion to be appropriate in order to properly reflect any diminution in value of the Shares as a result of such Special Distribution.

5.3 Corporate Organization. Whenever there is:

- (a) a reclassification of outstanding Shares, a change of Shares into other shares or securities, or any other capital reorganization of Burtsand, other than as described in sections 5.1 or 5.2;
- (b) a consolidation, merger or amalgamation of Burtsand with or into another corporation resulting in a reclassification of outstanding Shares into other shares or securities or a change of Shares into other shares or securities; or
- (c) a transaction whereby all or substantially all of Burtsand’s undertaking and assets become the property of another corporation;

(any such event being herein called a “Corporate Reorganization”) the Optionee will have an option to purchase (at the times, for the consideration, and subject to the terms and conditions set out in the Plan) and will accept on the exercise of such option, in lieu of the Unissued Option Shares which he would otherwise have been entitled to purchase, the kind and amount of shares or other securities or property that he would have been entitled to receive

as a result of the Corporate Reorganization if, on the effective date thereof, he had been the holder of all Unissued Option Shares.

5.4 No Fractional Shares. No fractional Shares shall be issued upon the exercise of the Options and accordingly, if as a result of a Share Reorganization or Corporate Reorganization, an Optionee would become entitled to a fractional Share, such Optionee shall have the right to purchase only the next lowest whole number of Shares and no payment or other adjustment will be made with the fractional interest so disregarded. Additionally, no lots of Shares in an amount less than 500 Shares shall be issued upon the exercise of the Option unless such amount of Shares represents the balance left to be exercised under the Option.

6. MISCELLANEOUS

6.1 Form of Notice. A notice given to Burtsand shall be in writing, signed by the Optionee and delivered to the Secretary of Burtsand.

6.2 Right to Employment. Neither this Plan nor any of the provisions hereof shall affect in any way the Optionee's right to continued employment with Burtsand or its subsidiaries or Burtsand's right to terminate such employment.

6.3 Amendment and Waiver. ~~Burntsand may from time to time amend any provisions of the Plan, subject to prior regulatory approval where required, but~~The Board of Directors may amend the Plan at any time; provided, however that no such amendment can impair any of the rights of any Optionee under any Option then outstanding, may, without the consent of an Optionee, adversely alter or impair any Option previously granted to such Optionee. Any amendment to be made to this Plan or an Option, is subject to the prior approval of the Exchange and shareholders of Burntsand, if required by the rules of the Exchange. The Board shall have the power and authority to approve amendments relating to the Plan or a specific Option without further approval of the shareholders of the Corporation, to the extent that such amendments relate to, among other things:

- (a) altering, extending or accelerating the terms of vesting applicable to any Option or group of Options;
- (b) altering the terms and conditions of vesting applicable to any Option or group of Options;
- (c) changing the termination provisions of an Option, provided that the change does not entail an extension beyond the original Expiry Date of such Option;
- (d) accelerating the Expiry Date;
- (e) the application of section 5 of the Plan;
- (f) amending the definitions contained within the Plan and other amendments of a “housekeeping” nature; and
- (g) amending or modifying the mechanics of exercise of the Options.

No amendment of the Plan may contravene the requirements of the Exchange or any securities commission or regulatory body to which the Plan or Burntsand is now or may hereafter be subject to.

6.4 No Assignment. No Optionee may assign any of his rights under the Plan.

6.5 Conflict. In the event of any conflict between the provisions of this Plan and an Option Agreement, the provisions of this Plan shall govern.

6.6 Time of Essence. Time is of the essence of this Plan and of each Option Agreement. No extension of time will be deemed to be or to operate as a waiver of the essentiality of time.

6.7 Entire Agreement. This Plan and the Option Agreement sets out the entire agreement between Burntsand and the Optionees relative to an Option and supersedes all prior agreements, undertakings and understandings, whether oral or written.

7. **U.S. RESIDENT EMPLOYEES**

7.1 **Definition of Employee.** For the purpose of this section 7, the following terms shall have the following meanings:

- (a) “Employee” means any director (who is also either an officer or an employee), officer or employee of Burntsand or any of its subsidiaries who are residents of the U.S.; and
- (b) “ISO” means an incentive stock option for U.S. income tax purposes.

7.2 **U.S. Income Tax Treatment.** Options granted to Employees pursuant to the terms and conditions of this Plan are intended to qualify as ISO’s. Options granted under this Plan to Service Providers that are not Employees will be treated as non-statutory stock options for U.S. income tax purposes.

7.3 **Term.** Options granted to Employees shall only be granted within ten (10) years of date of Board adoption of this Plan and, notwithstanding section 3.1, shall be exercisable only within ten (10) years of the Grant Date.

7.4 **Ten Percent Ownership.** In the event that the issuance of an Option to an Employee will result, on the Grant Date, in the Employee having:

- (i) direct or indirect beneficial ownership of,
- (ii) control or direction over, or
- (iii) a combination of direct or indirect beneficial ownership of and of control or direction over

securities of Burntsand carrying more than 10% of the voting rights attached to all of Burntsand’s outstanding voting securities, notwithstanding section 3.1, the Option Price under each shall be at least 110% of the Market Price on the Grant Date and the Expiry Date shall not be more than five (5) years from the Grant Date.

7.5 **Value Limit.** In the event that the issuance of an Option to an Employee will result in the aggregate value of (a) the Option Shares; and (b) any other securities of Burntsand or any of its subsidiaries subject to ISO’s granted to such Employee, that become exercisable for the first time in any given calendar year exceeding US \$100,000 (determined on the Grant Date), such excess portion of the Option being granted shall be treated as a non-statutory stock option for U.S. income tax purposes.

7.6 **Withholding Tax.** Notwithstanding section 4.1, if the Board determines that there are any withholding taxes payable by an Employee arising from the exercise of such Option, the Employee shall be responsible for paying any such taxes and failure by the Employee to pay such amount to the satisfaction of the

Board concurrently with payment in full of the Option Price shall result in the Option no longer being exercisable unless the Board determines otherwise.

**SCHEDULE 'A'**

**BURNTSAND INC.  
STOCK OPTION PLAN**

**OPTION AGREEMENT**

This Option Agreement is entered into between Burntsand Inc. ("Burntsand") and the Optionee named below pursuant to the Burntsand Stock Option Plan (the "Plan"), a copy of which is attached hereto, and confirms that:

- (a) on \_\_\_\_\_, \_\_\_\_\_ (the "Grant Date");
- (b) \_\_\_\_\_ (the "Optionee");
- (c) was granted the option to purchase \_\_\_\_\_ Common Shares (the "Option Shares") of Burntsand;
- (d) for the price (the "Option Price") of \$\_\_\_\_\_ per share;
- (e) which will become exercisable up to, but not after \_\_\_\_\_, \_\_\_\_\_ (the "Expiry Date"), as follows:
  - (i) up to \_\_\_\_\_ Option shares after \_\_\_\_\_;
  - (ii) up to \_\_\_\_\_ Option shares after \_\_\_\_\_;
  - (iii) up to \_\_\_\_\_ Option shares after \_\_\_\_\_; and
  - (iv) up to \_\_\_\_\_ Option shares after \_\_\_\_\_;

all on terms and subject to the conditions set out in the Plan.

By signing this Option Agreement, the Optionee acknowledges that the Optionee has read and understands the Plan and agrees to the terms and conditions of the Plan and this Option Agreement.

IN WITNESS WHEREOF the parties hereto have executed this Option Agreement as of the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_.

**BURNTSAND INC.**

\_\_\_\_\_  
Optionee

By: \_\_\_\_\_  
Authorized Signatory

## SCHEDULE D

### CORPORATE GOVERNANCE

#### Corporate Governance Disclosure Required under NI 58-101

#### Comments

#### 1. Board of Directors

- |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>(a) Disclose the identity of directors who are independent.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                       | <p>The Board has determined that three of the four directors are "independent" within the meaning of NI 58-101. The three independent directors are Terry Holland, Mike Cardiff and John Kelly.</p>                                                                                                                                                                                                                                                                                                    |
| <p>(b) Disclose the identity of directors who are not independent, and describe the basis for that determination.</p>                                                                                                                                                                                                                                                                                                                                                                                                    | <p>Jim Yeates is not considered "independent" under NI 58-101 since he is Chairman and Chief Executive Officer.</p>                                                                                                                                                                                                                                                                                                                                                                                    |
| <p>(c) Disclose whether or not a majority of the directors are independent. If a majority is not independent, describe what the board does to facilitate its exercise of independent judgment in carrying out its responsibilities.</p>                                                                                                                                                                                                                                                                                  | <p>The Board has determined that three of the four directors are independent. The Corporation has adopted governance guidelines consistent with NP 58-201, which provide, among other things, that a majority of the board must be independent directors.</p>                                                                                                                                                                                                                                          |
| <p>(d) If a director is presently a director of any other issuer that is a reporting issuer (or the equivalent) in a jurisdiction or a foreign jurisdiction, identify both the director and the other issuer.</p>                                                                                                                                                                                                                                                                                                        | <p>The following directors currently serve on the board of directors of the following reporting issuers:<br/><i>Terry Holland</i> – Bridges Transition Inc., Ondine Biopharma Corp, Integrated Paving Concepts Inc. and Hardwoods Distribution Income Fund;<br/><i>John Kelly</i> - ACE/Security Laminates Corporation and Thermal Energy International Inc.</p>                                                                                                                                       |
| <p>(e) Disclose whether or not the independent directors hold regularly scheduled meetings at which non-independent directors and members of management are not in attendance. If the independent directors hold such meetings, disclose the number of such meetings held since the beginning of the issuer's most recently completed financial year. If the independent directors do not hold such meetings, describe what the board does to facilitate open and candid discussion among its independent directors.</p> | <p>The Board has nominated Terry Holland, an independent director under applicable securities laws, as the Lead Director of Burntsand. In accordance with the written mandate of the Board, the independent directors of the Board will regularly hold <i>in camera</i> sessions of the Board without non-independent members of the Board in attendance. The Audit and Corporate Governance Committee and the Compensation Committee of the Board are composed entirely of independent directors.</p> |

**Corporate Governance Disclosure**  
**Required under NI 58-101**

**Comments**

- (f) Disclose whether or not the chair of the board is an independent director. If the board has a chair or lead director who is an independent director, disclose the identity of the independent chair or lead director and describe his role and responsibilities. If the board has neither a chair that is independent nor a lead director that is independent, describe what the board does to provide leadership for its independent directors.
- Jim Yeates, the Chairman and Chief Executive Officer, is not an independent director. The Board has nominated Terry Holland as the Lead Director of Burntsand. The Corporation has adopted a written position description for the Chairman in accordance with the guidelines set out in NP 58-201 and a written position description for the Lead Director. The Lead Director acts as the effective leader of the Board. The role and responsibilities of the Lead Director include the following:
- be satisfied that the Board is alert to its obligations to the Corporation and to its shareholders;
  - approve agendas for Board meetings after being satisfied such agenda enables the Board to successfully carry out its duties;
  - maintain a liaison and communication with all members of the Board and the committee chairs to co-ordinate input from all members of the Board, and optimize the effectiveness of the Board and its committees;
  - be satisfied that the Board receives adequate and regular updates from the Chairman on all issues important to the welfare and future of the Corporation;
  - in collaboration with the Chairman, be satisfied that information requested by members of the Board or committees of the Board is provided and meets their needs;
  - review conflict of interest issues with respect to members of the Board as they arise; and
  - chair *in camera* meetings of the Board, without management present, at every Board meeting when requested by the other independent Board members.
- (g) Disclose the attendance record of each director for all board meetings held since the beginning of the issuer's most recently completed financial year.
- The attendance record for each director for all board and committee meetings held since the beginning of the year ended December 31, 2005 is set out in the Information Circular under the heading "Record of Attendance By Directors In 2005".

**2. Mandate of the Board of Directors**

Disclose the text of the board's written mandate. If the board does not have a written mandate, describe how the board delineates its roles and responsibilities.

The Board has responsibility for the stewardship of the Corporation and for overseeing the operation of the business of the Corporation. A copy of the Charter of the Board of Directors is attached as Schedule E to this Information Circular.

**Corporate Governance Disclosure**  
**Required under NI 58-101**

**Comments**

**3. Position Descriptions**

- (a) Disclose whether or not the board has developed written position descriptions for the chair and the chair of each board committee. If the board has not developed written position descriptions for the chair and/or the chair of each board committee, briefly describe how the board delineates the role and responsibilities of each such position.
- The Board has developed a written position description for the Chairman and Lead Director. The position description for the Lead Director is set out in Section 1(f) of this Schedule D. The Board has developed separate written position descriptions for the chair of all board committees. In addition, the Board has adopted written mandates for each of the Audit and Corporate Governance Committee and Compensation Committee.
- Each of the written mandates provides that the chair will preside as chairman at each committee meeting and will lead the committee discussion on meeting agenda items.
- (b) Disclose whether or not the board and the CEO have developed a written position description for the CEO. If the board and CEO have not developed such a position description, briefly describe how the board delineates the role and responsibilities of the CEO.
- The Board has developed a written position description for the Chief Executive Officer. The role and responsibilities of the Chief Executive Officer include the following:
- maintaining a high level of integrity and assisting in creating a culture of integrity throughout the Corporation;
  - working with the Board to determine the strategic direction of the Corporation; leading and assisting the Board in developing short-term and long-term plans and objectives to achieve the strategies of the Corporation;
  - from time to time, determining with the Board, the budgets of the Corporation and the Board's expectations of the Chief Executive Officer;
  - undertaking the day-to-day management and operation of the Corporation and providing leadership to achieve the objectives of the Corporation;
  - steward the Corporation's expenditures within approved budgets;
  - developing senior management succession and development plans and reporting to the Board at least annually on such plans including recommending candidates for appointment as officers and senior management of the Corporation to the Board;
  - ensuring appropriate policies and procedures of the Corporation are developed, maintained and disclosed;
  - providing appropriate certifications regarding the Corporation and its activities, as may be required from time to time;
  - ensuring that procedures are in place for appropriate communication to all stakeholders regarding the Corporation's activities and objectives; and
  - complying with all stock exchange, regulatory and statutory requirements.

**Corporate Governance Disclosure**  
**Required under NI 58-101**

**Comments**

**4. Orientation and Continuing Education**

- (a) Briefly describe what measures the board takes to orient new directors regarding:
- (i) the role of the board, its committees and its directors, and
  - (ii) the nature and operation of the issuer's business.
- (b) Briefly describe what measures, if any, the board takes to provide continuing education for its directors. If the board does not provide continuing education, describe how the board ensures that its directors maintain the skill and knowledge necessary to meet their obligations as directors.

Due to the small size of the Board, the group as a whole is mandated to oversee an orientation and education program for new directors and to provide ongoing educational opportunities for all directors. The objectives of such programs are to ensure that new directors fully understand (i) the role of the Board and its committees, (ii) the contribution individual directors are expected to make (including, in particular, the commitment of time and resources that the Corporation expects from its directors) and (iii) the nature and operation of the Corporation's affairs.

The Board does not have a formal continuing education program. The Board receives information from industry, regulatory and other sources on an ad hoc basis. The board members personally monitor ongoing developments through personal contacts and other Board members. All new directors will be provided with a baseline of knowledge about the Corporation and its subsidiaries as deemed appropriate.

**5. Ethical Business Conduct**

- (a) Disclose whether or not the board has adopted a written code for the directors, officers and employees. If the board has adopted a written code:
- (i) disclose how a person or company can obtain a copy of the code;
  - (ii) describe how the board monitors compliance with its code, or if the board does not monitor compliance, explain whether and how the board satisfies itself regarding compliance with its code; and
  - (iii) provide a cross-reference to any material change report filed since the beginning of the issuer's most recently completed financial year that pertains to any conduct of a director or executive officer that constitutes a departure from the code.

The Board has adopted a written Code of Business Conduct. A summary of the Code is set forth in the Information Circular under the heading "Corporate Governance".

A copy of the Code of Business Conduct has been filed on and is available through SEDAR at [www.sedar.com](http://www.sedar.com).

The Corporation expects that its directors, officers, employees and consultants will adhere to the highest ethical standards in all of the Corporation's business activities. The Corporation's directors, officers, employees and consultants are expected to deal fairly with security holders, customers, suppliers and competitors. The Board and management of the Corporation monitor compliance with the Code. All directors, officers, employees and consultants are encouraged to report violations of the Code in accordance with the procedures set forth in the Corporation's whistleblower policy, which provides for the prompt reporting of any violations to an employee's supervisor, or alternatively, to any senior officer or director.

No material change reports have been filed since the beginning of the Corporation's most recently completed financial year that pertain to any conduct of a director or executive officer that constitutes a departure from the Code of Business Conduct.

**Corporate Governance Disclosure**  
**Required under NI 58-101**

**Comments**

- (b) Describe any steps the board takes to ensure directors exercise independent judgment in considering transactions and agreements in respect of which a director or executive officer has a material interest.
- Each director must disclose all actual or potential conflicts of interest and refrain from voting on matters in which such director has a conflict of interest. In addition, the director must excuse himself from any discussion or decision on any matter in which the director is precluded from voting as a result of a conflict of interest.
- (c) Describe any other steps the board has taken to encourage and promote a culture of ethical business conduct.
- The Board has reviewed and approved a disclosure policy for the Corporation, in order to promote consistent disclosure practices aimed at informative, timely and broadly disseminated disclosure of material information to the market, in accordance with applicable securities legislation.
- The Board has also reviewed and approved a whistleblower policy, to promote, among other things, the disclosure and reporting of any questionable accounting or auditing matters, fraudulent or misleading financial information, and violations of the Code of Business Conduct.

**6. Nomination of Directors**

- (a) Describe the process by which the board identifies new candidates for board nomination.
- The Board as a whole determines the competencies and skills the Board considers necessary for the Board, as a whole, to possess, as well as the skills the Board considers each existing director possesses. The Board will then identify potential Board members from diverse professional and personal backgrounds who combine a broad spectrum of experience and expertise with a reputation for integrity, which assessment will include a consideration of diversity, age, skills, competencies and experience in the context of the needs of the Board. Individual Directors make recommendations to the Board with respect to nominees for election at the next annual meeting of shareholders or to be appointed to fill vacancies between annual meetings of the shareholders and will, through the Chairman, approach nominees to ascertain their willingness to serve as a member of the Board.
- (b) Disclose whether or not the board has a nominating committee composed entirely of independent directors. If the board does not have a nominating committee composed entirely of independent directors, describe what steps the board takes to encourage an objective nomination process.
- The Audit and Corporate Governance Committee has, as part of its mandate, the responsibility to establish criteria for election and re-election the directors and thereby manages the director nomination process. The Audit and Corporate Governance Committee Board is composed entirely of independent directors.
- (c) If the board has a nominating committee, describe the responsibilities, powers and operation of the nominating committee.
- One of the Board's functions is to recommend to the Board new candidates for election to the Board. The Board also reviews the comprehensive orientation and training of new and existing directors. The Board has the authority to engage independent counsel and other advisors as it determines necessary to carry out its duties and to set the compensation for any such counsel and advisors. Any engagement of independent counsel or other advisors is to be at the Corporation's expense.

**Corporate Governance Disclosure**  
**Required under NI 58-101**

**Comments**

**7. Compensation**

- (a) Describe the process by which the board determines the compensation for the issuer's directors and officers. The Board has established a Compensation Committee. The process and guidelines for determining compensation for directors and officers is set forth in the written mandate of the Compensation Committee.
- (b) Disclosure whether or not the board has a compensation committee composed entirely of independent directors. If the board does not have a compensation committee composed entirely of independent directors, describe what steps the board takes to ensure an objective process for determining such compensation. The Compensation Committee is composed of three directors, each of whom is independent.
- (c) If the board has a compensation committee, describe the responsibilities, powers and operation of the compensation committee. The Committee's primary functions are to: (i) assist the Board in fulfilling its oversight responsibilities with respect to human resources policies and executive compensation matters; and (ii) review the compensation of officers and directors and the overall compensation policies of the Corporation.

The Committee will review and recommend for approval by the Board the executive compensation philosophy and remuneration policy for the Corporation and will:

- review and approve the corporate goals and objectives relevant to the compensation of the Chief Executive Officer;
- evaluate the Chief Executive Officer's performance in light of the previously established corporate goals and objectives; and
- recommend to the Board the Chief Executive Officer's compensation package based on their evaluation of his performance.

In addition, the Committee will review annually and recommend to the Board the annual compensation package and performance objectives of the other executive officers. With respect to the compensation of directors, the Committee will review the adequacy and form of the compensation of directors periodically to determine if the compensation realistically reflects the responsibilities and risks involved in being an effective director, and to report and make recommendations to the Board accordingly.

The Committee will also determine and recommend to the Board the annual bonuses to be paid and will review the grants of options to purchase Common Shares of the Corporation.

**Corporate Governance Disclosure**  
**Required under NI 58-101**

**Comments**

- (d) If a compensation consultant or advisor has, at any time since the beginning of the issuer's most recently completed financial year, been retained to assist in determining compensation for any of the issuer's directors and officers, disclose the identity of the consultant or advisor and briefly summarize the mandate for which they have been retained. If the consultant or advisor has been retained to perform any other work for the issuer, state that fact and briefly describe the nature of the work.
- No compensation consultant or advisor has been retained to assist in determining compensation for any of the officers or directors of the Corporation.

**8. Other Board Committees**

If the board has standing committees other than the audit, compensation and nominating committees, identify the committees and describe their function.

The Corporation has established a Disclosure Committee comprised of the Chief Financial Officer / Chief Operating Officer, all regional leaders and the Finance Manager. The Disclosure Committee's primary responsibilities are to oversee the Corporation's disclosure practices and to ensure the Corporation meets all regulatory disclosure requirements. Additional information on the Corporation's committees is set out under the heading "Corporate Governance" in the Information Circular.

**9. Assessments**

Disclose whether or not the board, its committees and individual directors are regularly assessed with respect to their effectiveness and contribution. If assessments are regularly conducted, describe the process used for the assessments. If the assessments are not regularly conducted, described how the board satisfies itself that the board, its committees, and its individual directors are performing effectively.

The Board is responsible for ensuring that there is a process in place for annually evaluating the effectiveness and contribution of the Board, the committees of the Board and the individual directors based on their applicable terms of reference or position description. The objective of the assessments is to ensure the continued effectiveness of the Board in the execution of its responsibilities and to contribute to a process of continuing improvement. In addition to any other matters the Board deems relevant, the assessments will consider in the case of the board or a committee, the applicable terms of reference, the applicable position descriptions, as well as the competencies and skills each individual director is expected to bring to the Board.

**SCHEDULE E**  
**BOARD CHARTER**

**1. General**

The primary responsibility of the Board of Directors of the Company (the “Board”) is to provide governance and stewardship to the Company.

The Board will appoint a competent executive management team to run the day-to-day operations of the Company and will oversee and supervise the management of the business of the Company by that team. The Board will oversee the Company’s systems of corporate governance and financial reporting and controls to ensure that the Company reports adequate and fair financial information to shareholders and engages in ethical and legal corporate conduct.

The Board will carry out its mandate directly and through the following committees of the Board (and such other committees as it appoints from time to time): the Audit and Corporate Governance Committee and the Compensation Committee.

**2. Appointment and Supervision of Management**

The Board will:

- Appoint the Chief Executive Officer (“CEO”) and other senior officers comprising the senior management team (“SMT”), provide them with advice and counsel and monitor the performance of the CEO against a set of mutually agreed corporate objectives directed at maximizing shareholder value and approve CEO compensation.
- Establish a process to adequately provide for management succession.
- Establish boundaries between the Board and management responsibilities and establish limits of authority delegated to management.
- Review and consider for approval all material amendments or departures proposed by management from established strategy, capital and operating budgets or matters of policy.

**3. Strategic Planning, Risk Management**

The Board will:

- Adopt a strategic planning process and review and approve annually a corporate strategic plan and vision which takes into account, among other things, the opportunities and risks of the business on a long-term and short-term basis.
- Review and approve management’s strategic and operational plans to ensure they are consistent with the corporate vision.
- Monitor the Company’s performance against both short-term and long-term strategic plans and annual performance objectives.
- Confirm that a management system is in place to identify the principal risks to the Company and its business and that appropriate procedures are in place to monitor and mitigate those risks.
- Confirm that management processes are in place to address and comply with applicable regulatory, corporate, securities and other compliance matters.

- Confirm that processes are in place to comply with the Company's by-laws, Codes of Conduct, all recognition orders and exemption orders issued in respect of the Company by applicable securities regulatory authorities, and all other significant policies and procedures.

#### **4. Financial Reporting and Management**

The Board will:

- Approve the Company's financial statements and review and oversee the Company's compliance with applicable audit, accounting and financial reporting requirements.
- Approval annual operating and capital budgets.
- Confirm the integrity of the Company's internal control and management information systems.
- Review operating and financial performance results relative to established strategy, budgets and objectives.
- Review and assess the adequacy of the Audit and Corporate Governance Committee Charter on an annual basis.

#### **5. Shareholder Communication**

The Board will:

- Confirm that management has established a system for effective corporate communications including processes for consistent, transparent, regular and timely public disclosure.
- Approve the adoption of a disclosure policy relating to, among other matters, the confidentiality of the Company's business information.
- Report annually to shareholders on the Board's stewardship for the previous year.
- Determine appropriate criteria against which to evaluate corporate performance against shareholder expectations and confirm that the Company has a system in place to receive feedback from shareholders.

#### **6. Corporate Governance**

The Board will:

- Establish an appropriate system of corporate governance including practices to permit the Board to function independently of management.
- Establish committees and approve their respective charters and the limits of authority delegated to each committee.
- Determine Board member qualifications.
- Establish appropriate processes for the regular evaluation of the effectiveness of the Board, its committees and its members.
- Review on an annual basis whether any two or more Board members sit on the board of another corporation (other than any of the Company's subsidiaries) and whether the composition of the Board needs to be changed to eliminate these interlocks.

- Approve the nomination of directors.
- Review the adequacy and form of director’s compensation to ensure it realistically reflects the responsibilities and risks involved in being a director.
- Arrange for non-management directors to meet regularly, and in no case less frequently than quarterly, without management present.
- Establish a minimum attendance expectation for Board members in respect of Board and committee meetings, keeping in mind the principle that the Board believes that all directors should attend all meetings of the Board and each committee on which he or she sits.

## **7. Codes of Conduct**

The Board will:

- Adopt a Board Code of Conduct and an Employee Code of Conduct (collectively, the “Codes of Conduct”) and monitor compliance with those codes.
- Approve any waivers and ensure disclosure of any waivers of the Codes of Conduct in the Company’s annual report or management information circular.

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

The Chair of the Board reports to the Board and shareholders and provides leadership to the Board in matters relating to the effective execution of all Board responsibilities and works with the CEO and SMT to ensure that the organization fulfils its responsibilities to stakeholders including shareholders, employees, customers, governments and the public. The Chair of the Board will be a person other than the CEO.

The Chair of the Board will:

- Provide effective leadership so that the Board can function independently of management by ensuring that the Board meets regularly without management and that the Board may engage outside advisors as required subject to any approvals determined by the Board.
- Establish procedures to govern the Board’s work including:
  - together with the Corporate Secretary, scheduling meetings of the Board and its committees;
  - chairing all meetings of the Board;
  - encouraging full participation, stimulating debate, facilitation consensus and ensuring clarity regarding decision-making;
  - developing the agenda for Board meetings with input from other Board members and management;
  - together with the Corporate Secretary, ensuring proper and timely information is delivered to the Board;
  - ensuring that the Board has appropriate administrative support; and
  - Addressing complaints, questions and concerns regarding Board matters.
- Ensure the Board fully exercises its responsibilities and duties and complies with applicable governance and other policies.
- Meet or communicate regularly with the CEO regarding corporate governance matters, corporate performance and feedback from Board members.
- Act as a liaison between the Board and management.
- Serve as advisor to the CEO and other officers.

- Together with the Board's Governance Committee, establish appropriate committee structures, including the assignment of Board members and the appointment of committee chairs.
- Ensure that adequate orientation and ongoing training programs are in place for Board members.
- Together with the Board's Audit and Corporate Governance Committee, establish performance criteria for the Board and for individual Board members and co-ordinate the evaluation of performance and reporting against these criteria.
- Work with the Board or appropriate Board committee to establish performance criteria for the CEO and to facilitate the evaluation of the CEO's performance.
- Work with the Board's Governance Committee to establish and manage a succession program for the CEO's position.
- Oversee matters relating to shareholder relations and chair meetings of the shareholders.
- Work with the CEO to represent the Company to external stakeholders including shareholders, the investment community, governments and communities.

The Chair of the Board's performance will be measured against the following key metrics:

- The effectiveness with which the Board functions, including satisfaction of Board members regarding the functioning of the Board.
- The extent to which the Company carries out its responsibilities to shareholders, employees, customers, governments, and the public.
- The quality of communications between the Board and management, including satisfaction of members of management and Board members regarding this communication.

## **9. The Chief Executive Officer**

The CEO is accountable to the Board for achieving corporate objectives within specified limitations and in accordance with the CEO's performance objectives determined annually by the Board.

The CEO will:

- Provide worldwide vision and leadership for the Company.
- Develop and recommend corporate strategies, and business and financial plans for the approval of the Board.
- Execute the corporate strategy to achieve profitable growth and maximize shareholder value for the Company's shareholders.
- Manage the business operations in accordance with the strategic direction approved by the Board and within operational policies as determined by the Board, including, as applicable:
  - Protecting the core business of the Company,
  - Extending the Company's position in the Canadian and US consulting space, and
  - Examining selective opportunities to expand outside Canada.
- Challenge management to set and achieve viable annual and long-term strategic and financial goals.

- Monitor the performance of management against a set of initially agreed corporate objectives directed at maximizing shareholder value.
- Recommend appropriate rewards and incentives for management.
- Report information from management to the Board in a manner and time so that the Board may effectively monitor and evaluate corporate (operational and financial) performance against stated objectives and within executive limitations.
- Report to the Board on relevant trends, anticipated media and analyst coverage, material external or internal changes, and any changes in the assumptions upon which any Board decision or approval has previously been made.
- Advise the Board if, in the CEO's opinion, the Board is not in compliance with its own policies, or legal and/or regulatory requirements.
- Provide the Board with all information and access that the Board may require in order to make fully-informed decisions.
- Report in a timely manner any actual or anticipated non-compliance with any Board approved policy or decision.

