



**BURNTSAND**

**NOTICE OF ANNUAL MEETING**

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**MANAGEMENT PROXY CIRCULAR**

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**ANNUAL MEETING**

**June 5<sup>th</sup>, 2007**

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## NOTICE OF ANNUAL MEETING

An Annual Meeting (the “**Meeting**”) of the common shareholders of BURNTSAND INC. (the “**Corporation**”) will be held Company offices at Suite 600, 185 The West Mall, Toronto, ON, on June 5<sup>th</sup>, 2007 at 12:00 p.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 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) an Instrument of Proxy and Notes thereto; (iii) a reply card for use by shareholders who wish to receive the Corporation’s interim financial statements and management’s discussion and analysis related thereto, and (iv) a reply card for use by shareholders who wish to receive the Corporation’s annual 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 18<sup>th</sup> day of April, 2007.

BY ORDER OF THE BOARD

*(signed) James R. Yeates*

Chairman of the Board

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**BURNTSAND INC.**

**MANAGEMENT PROXY CIRCULAR**

**APRIL 18, 2007**

**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 April 18<sup>th</sup>, 2007.

**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.**

### **REVOCATION 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 72,510,219 were issued and outstanding as at the close of business on March 31, 2007. Each Share is entitled to one vote. Holders of Common Shares of record at the close of business on April 23, 2007 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 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 at least one individual present at the commencement of the Meeting holding or representing by proxy Common Shares carrying, in the aggregate, not less than 5% of the votes eligible to be cast 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, 2006 and 2005 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 six 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, other than Martin L. Glover. All nominees are ordinarily resident in Canada, other than Martin L. Glover. The following table shows the full name, province/state of residence, equity ownership position with the Corporation and principal occupations of each of the directors of the Corporation:

<p><b>Michael Cardiff</b><sup>(1)</sup> Chief Executive Officer of Accelerents Inc. <i>Ontario, Canada</i></p>	<p>Mr. Cardiff is the CEO of Accelerents 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.</p>
<p>Director since February 5, 2002 Common Shares: Nil Options: 500,000</p>	<p>Mr. Cardiff has received many awards including A Canadian Export, Life Time Achievement Award. In 1998, he was named one of Canada's 'Top 40 Under 40', recognizing him as one of the nation's most successful young leaders. He is currently a member of Ace Tech as well as the Institute of Corporate Directors.</p> <p>Mr. Cardiff is currently a Director of Husky Injection Moulding, Software Growth Inc and an advisor to several technology companies and a Private Equity firm. Mr. Cardiff has also served as a Corporate Director of Solcorp, Visible Genetics, Spectra Security Software Visible Decisions as well as The Toronto Film Festival and Roy Thompson Hall.</p>
<p><b>Tim Duffy</b> President and Chief Executive Officer <i>Ontario, Canada</i></p>	<p>Mr. Duffy is President and CEO of Burrtsand Inc. Mr. Duffy has held senior positions, primarily in the high tech industry, for the past 24 years. From 1999 through to 2006, Mr. Duffy was the Vice President for Siemens Canada Limited's A&amp;D division, and then served as General Manager for their largest region. Prior to this, he held senior positions with Computer Innovations (1983-1988); Apple Canada (1988-1993) and Acclivus Corporation, a performance development firm (1993-1999). Mr. Duffy has held a number of positions on community focused groups with Sheridan College; City of Brampton; City of Mississauga; and a variety of Chambers of Commerce and Boards of Trade. Mr. Duffy is a Management graduate from the Algonquin College of Applied Arts and Technology (1982)</p>
<p>Director since August 8, 2006 Common Shares: 31,421 Options: 1,525,000</p>	<p>Mr. Glover is Chief Operating Officer. Mr. Glover joined Burrtsand in November of 2001 through the acquisition of Primix in Boston, where he led a team of professionals that successfully delivered highly complex business solutions for blue chip clients since 2000. Mr. Glover has over 20 years of management experience in a variety of industries including telecommunications and financial services. Mr. Glover holds a Bachelor of Science, Business and Public Administration from the University of Texas at Dallas.</p>
<p><b>Martin L. Glover</b> Chief Operating Officer <i>Massachusetts, USA</i></p>	<p>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 public companies including Ondine Biopharma Corp. and Hardwoods Distribution Income Fund.</p>
<p>Proposed Director Common Shares: Nil Options: 1,215,000</p>	<p><b>Terry M. Holland</b><sup>(1)(2)</sup> President and Chief Executive Officer of Krystal Financial Corp. <i>British Columbia, Canada</i></p>
<p>Director since November 12, 1997 Common Shares: 374,902 Options: 500,000</p>	

<p><b>John B. Kelly</b><sup>(1)(2)</sup> Chairman of NexInnovations Inc. <i>Ontario, Canada</i></p> <p>Director since November 12, 1997 Common Shares: 201,500 Options: 500,000</p>	<p>Mr. Kelly is Chairman of NexInnovations Inc. 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 honours law degree from the University of Ottawa and an honours Bachelor of Business Administration (Finance) from Iona College in New Rochelle, New York. He also holds an honorary doctorate from the University of Ottawa.</p>
<p><b>James R. Yeates</b> Chairman of the Board <i>British Columbia, Canada</i></p> <p>Director since inception Common Shares: 14,154,523<sup>(3)</sup> Options: 100,000</p>	<p>Chairman of the Board of Directors. 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 August, 2006. 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.</p>

(1) Member of the Audit and Corporate Governance Committee of the Corporation.  
(2) Member of the Compensation Committee of the Corporation.  
(3) 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 and a director and officer of Nexinnovations Inc. when it applied for CCAA protection on August 13, 2006. None of the management’s nominees for election as a director of the Corporation named above has been subject to (a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority or (b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable shareholder in deciding whether to vote for a proposed director.

**Other Matters**

As of the date hereof, management of the Corporation does not know of any 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, other than the Chairman, 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. The Chairman of the Board receives compensation in the form of a monthly retainer of \$4,000 and no per diem fees for meetings. Internal Directors do not receive any incremental compensation due to their Board responsibilities. 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 existing directors, as a group hold options to acquire a total of 3,125,000 Common Shares. These options have exercise prices ranging from \$0.075 to \$0.27 and expire on various dates between February 19, 2008 and December 6, 2011.

There were no grants of stock options to the External Directors during the financial year ended December 31, 2006. See "Option Grants During the Most Recently Completed Financial Year" for grants to Directors who are also officers of the Corporation.

### 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 \$70,753 for the September 29, 2006 to September 29, 2007 policy year.

## RECORD OF ATTENDANCE BY DIRECTORS IN 2006

	Meetings Held During 2006	Meetings Attended				
		James Yeates	Tim Duffy <sup>(3)</sup>	Mike Cardiff <sup>(1)(2)</sup>	Terry Holland <sup>(1)(2)</sup>	John Kelly <sup>(1)(2)</sup>
Board Meetings	9	9	2	9	9	9
Audit and Corporate Governance Committee Meetings	4	n/a	n/a	4	4	4
Compensation Committee Meetings	1	n/a	n/a	1	1	1
Aggregate Compensation		n/a <sup>(4)</sup>	n/a <sup>(4)</sup>	\$23,000	\$25,500	\$25,500

(1) Member of the Audit and Corporate Governance Committee in 2006.

(2) Member of the Compensation Committee in 2006.

(3) Tim Duffy became a director on August 8, 2006 and attended all meetings subsequent to this date.

(4) See "Compensation of Named Executive Officers" for aggregate compensation of James Yeates and Tim Duffy.

## **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 A to this Circular.

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

During the year ended December 31, 2006, 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 2006" 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.

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, Chief Operating 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, Ed Podbelski, 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. 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.

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 all 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 \$250,000 per annum. The contract includes a cash bonus provision. The bonus is calculated based on the EBITDA of the Corporation, to a maximum of \$150,000. This contract is cancellable upon 9 months 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.

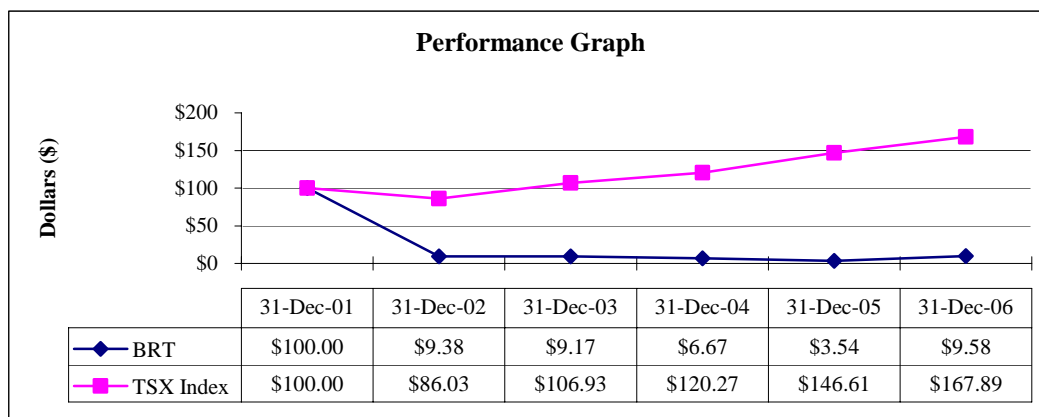
JOHN B. KELLY, CHAIR

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, 2001 to December 31, 2006:



## COMPENSATION OF NAMED EXECUTIVE 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			All Other Compensation (\$)
		Salary (\$)	Bonus (\$)	Other Annual Compensation (\$)	Awards	Payouts		
					Securities Under Options Granted (#)	Common Shares Or Units Subject to Resale Restrictions (\$)	LTIP Payouts (\$)	
<b>James Yeates</b> <sup>(1)</sup> Chairman of the Board and former C.E.O.	2006	142,500	-	40,000 <sup>(2)</sup>	-	-	-	-
	2005	186,500	-	30,000 <sup>(2)</sup>	-	-	-	-
	2004	300,000	-	27,500 <sup>(2)</sup>	-	-	-	-
<b>Tim Duffy</b> <sup>(3)</sup> President and Chief Executive Officer.	2006	99,519	20,000	-	1,525,000	-	-	-
	2005	-	-	-	-	-	-	-
	2004	-	-	-	-	-	-	-
<b>Martin Glover</b> <sup>(4)</sup> Chief Operating Officer	2006	260,820	-	-	500,000	-	-	-
	2005	278,668	-	-	200,000	-	-	-
	2004	266,808	13,015	-	225,000	-	-	-
<b>Blair Baxter</b> Chief Financial Officer	2006	175,000	25,000	-	500,000	-	-	-
	2005	175,000	28,851	-	450,000	-	-	-
	2004	189,250	18,750	-	200,000	-	-	-
<b>Ed Podbelski</b> <sup>(4)</sup> Vice President, Consulting Services-USA	2006	181,440	10,544	-	-	-	-	-
	2005	193,856	-	-	175,000	-	-	-
	2004	191,971	383	-	100,000	-	-	-
<b>John Slater</b> Vice President, BC	2006	165,000	-	-	-	-	-	-
	2005	165,000	25,960	-	250,000	-	-	-
	2004	150,000	17,360	-	-	-	-	-

<sup>(1)</sup> Mr. Yeates was Chief Executive Officer until August 2006.

<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. Duffy was President and Chief Executive Officer from August 2006.

<sup>(4)</sup> Mr. Glover 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.

### 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, 2006:

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	-	-	-	-	-
Tim Duffy	1,400,000 <sup>(1)</sup> 125,000 <sup>(2)</sup>	45.7%	\$0.105 \$0.175	\$0.105 \$0.175	Aug-07-11 Dec-06-11
Martin Glover	500,000 <sup>(1)</sup>	15.0%	\$0.105	\$0.105	Aug-07-11
Blair Baxter	500,000 <sup>(1)</sup>	15.0%	\$0.105	\$0.105	Aug-07-11
Ed Podbelski	-	-	-	-	-
John Slater	-	-	-	-	-

<sup>(1)</sup> Subject to the terms of the Stock Option Plan, these options entitle the holder to acquire one common share of Burnsand for each option and 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> Subject to the terms of the Stock Option Plan, these options entitle the holder to acquire one common share of Burnsand for each option and expire on the fifth anniversary of the date of grant, vest upon achievement of the 2007 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, 2006, and the value of unexercised in-the-money options held by the Named Executive Officers at December 31, 2006. No Stock Appreciation Rights ("SARs") are outstanding.

Name	Securities Acquired on Exercise (#)	Aggregate Value Realized (\$)	Unexercised Options at Financial Year-End (#)		Value of Unexercised in-the-Money Options at Financial Year-End (\$)	
			Exercisable	Unexercisable	Exercisable	Unexercisable
James Yeates	-	-	100,000	-	-	-
Tim Duffy	-	-	-	1,525,000	-	181,875
Martin Glover	-	-	473,332	741,668	7,167	88,333
Blair Baxter	-	-	449,999	900,001	15,000	104,000
Ed Podbelski	-	-	181,999	175,001	4,903	20,792
John Slater	-	-	230,000	225,000	-	181,875

### Securities Authorized for Issuance under Equity Compensation Plans

The following table shows, as of December 31, 2006, 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	10,354,174	\$0.18	521,258
Equity compensation plans not approved by security holders	Nil	n/a	Nil
Total	10,354,174	\$0.18	521,258

### 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 2006 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 would, at any time, be 15% of the issued and outstanding Common Shares.

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 Option Plan, as amended, may be obtained by any shareholder upon request from the Secretary of the Corporation at Suite 600, 185 The West Mall, Toronto, Ontario, M9C 5L5.

### 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>
Tim Duffy	250,000	150,000 <sup>(2)</sup>	9 months
Blair Baxter	200,000	80,000 <sup>(3)</sup>	12 months
Martin Glover <sup>(4)</sup>	282,941	169,765	12 months
Ed Podbelski <sup>(4)</sup>	224,947	78,731	5 months
John Slater	165,000	57,750	11 months

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

(2) Of the bonus amount, \$10,000 is guaranteed for the 2007 year.

(3) Of the bonus amount, \$12,500 is guaranteed for the 2007 year.

(4) Mr. Glover and Mr. Podbelski are paid in US Dollars; amounts are converted at the average exchange rate to March 31, 2007.

Except as described above, as of December 31, 2006, 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, 2006	Amount Outstanding as at April 30, 2007	Financial Assisted Securities Purchased During the Fiscal Year ended December 31, 2006	Security for Indebtedness
James Yeates <sup>(1)</sup> Chairman of the Board	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.

#### 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 2008 annual meeting of shareholders must ensure that the Corporation receives their proposal no later than January 18, 2008.

### **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.  
600 – 185 The West Mall  
Toronto, ON M9C 5L5  
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 April 18<sup>th</sup>, 2007.

*(signed) James R. Yeates*

Chairman of the Board

## SCHEDULE A

### CORPORATE GOVERNANCE

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

#### Comments

#### 1. Board of Directors

- (a) Disclose the identity of directors who are independent.
- The Board has determined that three of the six directors are "independent" within the meaning of NI 58-101. The three independent directors are Terry Holland, Mike Cardiff and John Kelly.
- (b) Disclose the identity of directors who are not independent, and describe the basis for that determination.
- Jim Yeates is not considered "independent" under NI 58-101 as he was Chief Executive Officer until August 7, 2006. Jim Yeates will become independent on August 8, 2009. Tim Duffy and Martin Glover are Chief Executive Officer and Chief Operating Officer, respectively, of the Corporation .
- (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.
- The Board has determined that three of the six directors are independent. The Board has nominated Terry Holland, an independent director under applicable securities laws, as the Lead Director of Burtsand.
- (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.
- The following directors currently serve on the board of directors of the following reporting issuers:  
*Terry Holland* – Ondine Biopharma Corp, and Hardwoods Distribution Income Fund;  
*Mike Cardiff* - Husky Injection Molding Systems Ltd. and Software Growth Inc. and  
*John Kelly* - Thermal Energy International Inc.;
- (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.
- The Board has nominated Terry Holland, an independent director under applicable securities laws, as the Lead Director of Burtsand. In accordance with the written mandate of the Board, the independent directors of the Board will regularly hold *in camera* sessions of the Board without non-independent members of the Board in attendance. There were 9 in camera meetings held since the beginning of 2006. The Audit and Corporate Governance Committee and the Compensation Committee of the Board are composed entirely of independent directors.

**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, 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, 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, 2006 is set out in the Information Circular under the heading "Record of Attendance By Directors In 2006".

**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 B 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. A summary of the position description for the Lead Director is set out in Section 1(f) of this Schedule A. 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) and the Corporation's website at [www.burntsand.com](http://www.burntsand.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 B**  
**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.

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