

DIA BRAS EXPLORATION INC.

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

NOTICE IS HEREBY GIVEN that the Annual Meeting of Shareholders (the “Meeting”) of DIA BRAS EXPLORATION INC. (the “Company”), for the nine-month period ended December 31, 2005, will be held in the Péribonka Hall, at the Fairmont The Queen Elizabeth Hotel, 900 René-Lévesque Boulevard West, Montréal, Québec, on Wednesday, May 31, 2006, at 10:00 a.m. (local time) for the following purposes:

- (a) to receive the annual report of management, the audited consolidated financial statements of the Company for the nine-month period ended December 31, 2005 and the year ended March 31, 2005 and the auditors’ report thereon;
- (b) to elect directors of the Company;
- (c) to appoint the auditors of the Company and to authorize the directors to fix their remuneration; and
- (d) to transact such other business as may properly be brought before the Meeting, or any adjournment thereof.

The proxy circular of the Company as well as a proxy form for the Meeting are enclosed herewith.

DATED at Montréal, Québec, this 25th day of April 2006.

BY ORDER OF THE BOARD OF DIRECTORS



Luce L. Saint-Pierre
Secretary

If you are unable to attend the Meeting in person, please complete, date and sign the enclosed form of proxy and return it in the envelope provided for that purpose.

DIA BRAS EXPLORATION INC.

PROXY CIRCULAR

SOLICITATION OF PROXY

This Proxy Circular (the "Circular") is provided in connection with the solicitation of proxies by the management of DIA BRAS EXPLORATION INC. (the "Company") for use at the Annual Meeting of Shareholders of the Company to be held at the time and place and for the purposes set forth in the accompanying Notice of Meeting and at any adjournment thereof (the "Meeting"). It is expected that the solicitation will be primarily by mail, but proxies may also be solicited personally or by telephone by employees of the Company. The cost of solicitation is borne by the Company.

APPOINTMENT AND REVOCATION OF PROXY

The persons named in the enclosed Form of Proxy are officers of the Company. **A shareholder wishing to appoint some other person (who need not be a shareholder) to represent him at the Meeting, may do so by inserting such person's name in the blank space provided in the Form of Proxy and depositing the duly completed Form of Proxy at the registered office of the Company or the Company's transfer agent indicated on the enclosed envelope prior to the close of business on the second business day preceding the date of the Meeting (exclusive of Saturdays, Sundays and holidays).**

Any proxy given may be revoked by instrument in writing, including another proxy bearing a later date, executed by the shareholder or by his attorney authorized in writing, and deposited either at the registered office of the Company or its transfer agent at any time prior to the close of business on the second business day preceding the date of the Meeting or in any other manner permitted by law. The shareholder may choose to attend the Meeting in person and exercise his/her voting rights.

EXERCISE OF DISCRETION BY PROXY

A shareholder forwarding the enclosed Form of Proxy may indicate the manner in which the appointee is to vote with respect to any specific item by checking the appropriate space. The persons named in the enclosed Form of Proxy will vote the shares in respect of which they are appointed in accordance with the direction, if any, of the shareholders appointing them. **In the absence of such direction, such shares will be voted in favour of the passing of all the resolutions described below. The enclosed Form of Proxy confers discretionary authority upon the persons named therein with respect to any amendment or variation to matters identified in the Notice of Meeting and to any other matter which may properly come before the Meeting.** At the time of the Circular, management knows of no such amendments, variations or other matters to come before the Meeting. However, in either case, the persons named in the Form of Proxy will vote according to their best judgment.

VOTING SECURITIES AND PRINCIPAL HOLDERS THEREOF

The board of directors of the Company has fixed April 24, 2006 as the record date, being the date for the determination of the registered holders of securities entitled to receive notice of the Meeting.

On April 24, 2006, 81,741,019 common shares (the "Common Shares") of the Company were issued and outstanding. The Common Shares are the only securities outstanding and entitled to be voted at the Meeting. All holders of Common Shares of record as of April 24, 2006 are entitled to attend and vote thereat in person or by proxy.

To the knowledge of the directors and officers of the Company, the only persons, firms or corporations who beneficially own, directly or indirectly, or exercise control or direction over voting securities of the Company carrying more than 10% of the voting rights attached to any class of voting securities of the Company, are as follows:

Name	Type of Ownership	Number of Common Shares	Percentage of Issued Common Shares
Dundee Precious Metals Inc.	Direct	9,316,770	11.39%

INTEREST OF CERTAIN PERSONS OR COMPANIES IN MATTERS TO BE ACTED UPON

Except as disclosed herein, the Company is not aware that any of the directors, nominees, officers or other insiders of the Company or any persons associated or otherwise related to any of them has any significant interest in the matters to be acted upon at the Meeting.

ELECTION OF DIRECTORS

The articles of the Company provide that the board of directors shall consist of a maximum of fifteen (15) directors. It is proposed by management of the Company that five (5) directors be elected for the current year. The term of office of each director so elected expires upon the election of his successor unless he resigns or his office shall become vacant by death, removal or other cause.

Except where authority to vote on the election of directors is withheld, the persons named in the accompanying Form of Proxy will vote FOR the election of the nominees whose names are hereinafter set forth.

The management of the Company does not contemplate that any of the nominees will be unable or, for any reason will become unwilling, to serve as a director, but, if that should occur for any reason prior to the election, the persons named in the accompanying Form of Proxy reserve the right to vote for another nominee in their discretion, unless the shareholder has specified in the Form of Proxy that his shares are to be withheld from voting on the election of directors.

The following table sets forth certain information pertaining to the persons proposed to be nominated for election as directors.

Name, Position with the Company and Country of residence	Principal occupation	Director of the Company since	Number of Common Shares beneficially owned or over which control or direction is exercised
THOMAS L. ROBYN, ^(A) Executive Chairman and director <i>USA</i>	President, <i>ST Group Inc.</i>	August 30, 2005	300,000
RÉJEAN GOSSELIN, ^(A) President, Chief Executive Officer and director <i>Canada</i>	President and Chief Executive Officer of the Company	September 30, 2003	642,834
PHILIP RENAUD, ^{(B)(C)} Director <i>United Kingdom</i>	Managing Director, <i>Church Advisors</i>	October 1 st , 2003	5,813,500
JAMES A. CULVER, ^{(B)(C)} Director <i>USA</i>	President and Chief Executive Officer, <i>TPG Commercial Finance, LLC</i>	February 25, 2005	25,300
ROBERT D. HIRSH, ^{(B)(C)} Director <i>Mexico</i>	Managing Director and Industry Head - Mining and Energy <i>Scotia Capital Mexico</i>	February 25, 2005	275,000

(A) Member of the Corporate Governance Committee.

(B) Member of the Compensation Committee.

(C) Member of the Audit Committee.

Each nominee has supplied the information concerning the number of Common Shares over which he exercises control or direction.

All of the nominees whose names are hereinabove mentioned have previously been elected directors of the Company at a shareholders' meeting for which a proxy circular was issued and hold the same principal occupation as when elected except for Mr. *James A. Culver* who is Chairman and Chief Executive Officer of TPG Commercial Finance, LLC since January 2006. Before that time, he was President of Maple Trade Finance and Maple Commercial Finance, divisions of the Maple Financial Group.

Except as mentioned further, to the knowledge of the management of the Company, no nominee as a director of the Company is or has been, within the ten years preceding the date of this Circular, a director or officer of any other corporation which, while that person was acting in that capacity:

- (a) was the subject of a cease trade or similar order or an order that denied the other corporation access to any statutory exemptions for a period of more than 30 consecutive days; or
- (b) became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

Mr. *Réjean Gosselin* is an officer and director of Temoris Resources Inc. ("Temoris") (formerly Oasis Diamond Exploration Inc.). Temoris was subject to a cease trade from May 25, 2004 to November 18, 2004 and from May 30, 2005 to March 24, 2006 for failing to file its financial statements in the required delay.

EXECUTIVE COMPENSATION

Compensation to Named Executive Officers

The following table provides, for the fiscal periods indicated, the compensation of the Named Executive Officers of the Company.

SUMMARY COMPENSATION TABLE

Name and Position	Fiscal period	ANNUAL COMPENSATION			LONG TERM COMPENSATION			All other compensation (\$)
		Salary (\$)	Bonus (\$)	Other annual compensation (\$)	Awards		Payouts	
					Securities under options granted (#)	Shares or Units subject of resale restrictions (#)	LTIP Payouts (\$)	
RÉJEAN GOSSELIN, ⁽¹⁾ President and Chief Executive Officer	2005 ⁽²⁾	126,200	50,000	26,123	300,000	Nil	Nil	Nil
	2005 ⁽³⁾	169,696	112,500	36,483	300,000	Nil	Nil	Nil
	2004 ⁽⁴⁾	62,307	Nil	Nil	190,000	Nil	Nil	Nil
ANDRÉ ST-MICHEL, ⁽¹⁾ Executive Vice-President	2005 ⁽²⁾	126,200	50,000	26,123	300,000	Nil	Nil	Nil
	2005 ⁽³⁾	169,696	112,500	36,483	300,000	Nil	Nil	Nil
	2004 ⁽⁴⁾	62,307	Nil	Nil	190,000	Nil	Nil	Nil
LEONARD TEOLI, ⁽⁵⁾ Chief Financial Officer	2005 ⁽²⁾	41,667	18,000	Nil	100,000	Nil	Nil	Nil
	2005 ⁽³⁾	58,726	18,750	Nil	100,000	Nil	Nil	Nil
	2004	50,125	Nil	Nil	135,000	Nil	Nil	Nil

Name and Position	Fiscal period	ANNUAL COMPENSATION			LONG TERM COMPENSATION			All other compensation (\$)
		Salary (\$)	Bonus (\$)	Other annual compensation (\$)	Awards		Payouts	
					Securities under options granted (#)	Shares or Units subject of resale restrictions (#)	LTIP Payouts (\$)	
Thomas L. Robyn, ⁽¹⁾ Executive Chairman	2005 ⁽⁶⁾	41,650	30,000	Nil	300,000	Nil	Nil	Nil

- (1) Services retained under a Consulting agreement.
(2) Nine-month ended December 31, 2005. The Company changed its year-end from March 31 to December 31.
(3) Twelve-month fiscal year ended March 31, 2005.
(4) Starting August 2003.
(5) Full time for the Company since October 1, 2005.
(6) Starting September 2005.

For the nine-month period ended December 31, 2005 and fiscal year ended March 31, 2005, the aggregate remuneration paid by the Company to its senior officers, including to the Named Executive Officers, amounted to \$535,963 and \$714,834 respectively. There are no pension plan benefits in place for senior management.

Options granted during the nine-month period ended December 31, 2005

Named Executive Officers	Securities under Options Granted (#)	Per cent of Total Options Granted to Employees in Financial Year (%)	Exercise price (\$/share)	Market Value of Securities Underlying Option on the Date of Grant (\$/share)	Expiration Date
Réjean Gosselin	250,000	7.35	\$0.30	\$0.30	Sept. 2, 2010
	50,000		\$0.22	\$0.22	Sept. 16, 2010
André St-Michel	250,000	7.35	\$0.30	\$0.30	Sept. 2, 2010
	50,000		\$0.22	\$0.22	Sept. 16, 2010
Leonard Teoli	100,000	2.45	\$0.30	\$0.30	Sept. 2, 2010
Thomas L. Robyn	250,000	7.35	\$0.30	\$0.30	Sept. 2, 2010
	50,000		\$0.22	\$0.22	Sept. 16, 2010

All options entitle holders to acquire an equivalent number of shares of the Company.

Aggregated Option Exercises during the Most Recently Completed Fiscal Period and Fiscal Period End Option

Named Executive Officers	Securities acquired on exercise (#)	Aggregate value realized (\$)	Unexercised options at fiscal period end		Value of unexercised In-the-Money Options ⁽¹⁾ at fiscal period end	
			Exercisable (#)	Unexercisable (#)	Exercisable (\$)	Unexercisable (\$)
Réjean Gosselin	Nil	Nil	585,000	225,000	4,125	6,875
André St-Michel	Nil	Nil	585,000	225,000	4,125	6,875
Thomas Robyn	Nil	Nil	206,250	243,750	4,125	6,875
Leonard Teoli	Nil	Nil	168,750	71,250	Nil	Nil

- (1) *In-the-Money Options* are those where the market value of the underlying securities as at the most recent fiscal period end exceeds the option exercise price. The closing market price as at December 31, 2005 was \$0.24.

Termination of Employment, Change in Responsibilities and Employment Contracts

The Company has entered into consulting agreements with companies controlled respectively by Réjean Gosselin, André St-Michel and Thomas L. Robyn (the “Consulting Agreements”). The Consulting Agreements have a term of one year and may be terminated upon a written notice of termination of six (6) months by either party. In the case of the Company, the period of notice may be replaced by a payment of six (6) months basic fees, representing \$75,000.

Compensation of Directors

During the nine-month period ended December 31, 2005, the Company paid a total of \$50,000 to directors who are not also officers.

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

Plan category	Number of shares to be issued upon exercise of outstanding options	Weighted average exercise price of outstanding options	Number of shares remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))
	(a)	(b)	(c)
Equity compensation plans approved by security holders	7,379,583 ⁽¹⁾	\$0.524	720,417
Equity compensation plans not approved by security holders	N/A	N/A	N/A
Total	7,379,583 ⁽¹⁾	\$0.596	720,417

(1) As of the date of the Circular.

SHARE OPTION PLAN

The Company has a share option plan for the benefit of its directors, officers, employees and consultants and those of its subsidiaries reserving a fixed number of common shares for issuance under the share option plan (a maximum of 10% of the issued shares of the Company). The share option plan was approved by the shareholders of the Company at the annual and special meeting of August 30, 2005.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

Except as disclosed herein and in the audited financial statements of the Company for the nine-month period ended December 31, 2005, the Company is not aware that any of the directors, nominees, officers or other insiders of the Company or any persons associated or otherwise related to any of them has had an interest in any material transaction carried out since the commencement of the last fiscal period of the Company and which has materially affected or is likely to materially affect the Company.

REAPPOINTMENT OF AUDITORS

The management of the Company proposes that PricewaterhouseCoopers LLP, Chartered Accountants, be appointed as auditors of the Company for the 2006 fiscal year and that the directors be authorized to fix their remuneration.

Except where authority to vote on the appointment of the auditors of the Company is withheld, persons named in the accompanying Form of Proxy will vote FOR the appointment of PricewaterhouseCoopers LLP, Chartered Accountants, as auditors of the Company for the 2006 fiscal year and FOR their remuneration to be fixed by the directors of the Company.

INFORMATION ON CORPORATE GOVERNANCE

The following information of the Company's Corporate Governance Policy is given in accordance with NI 58-101 and Policy 3.1 of the TSX-Venture Manual.

(a) Board of directors

Messrs. Philip Renaud, Robert D. Hirsh and James A. Culver are independent directors.

Mr. Réjean Gosselin, President and Chief Executive Officer of the Company, is not independent. Mr. Thomas L. Robyn is not independent because he provides consulting services to the Company.

(b) Directorships

Director	Issuer	Jurisdiction
Réjean Gosselin	Temoris Resources Inc. (FORMERLY Oasis Diamond Exploration Inc.)	Canada
Philip Renaud	Yorbeau Resources Inc. Diagem Inc.	Québec Canada

(c) Orientation and Continuing Education

The board encourages directors to follow appropriate education programs offered by relevant regulatory bodies and provides them with the opportunity to enhance their understanding of the nature and operation of the Company.

(d) Ethical Business Conduct

Each director of the Company, in exercising his powers and discharging his duties, must act honestly and in good faith with a view to the best interests of the Company and further must act in accordance with the law and applicable regulations, policies and standards.

In situation of conflict of interest, a director is required to disclose the nature and extent of any material interest he/she has in any material contract or proposed contract of the Company, as soon as the director becomes aware of the agreement or the intention of the Company to consider or enter into the proposed agreement and the director must refrain from voting.

(e) Nomination of Directors

The board selects nominees for election to the board, after having considered the advice and input of the Corporate Governance Committee and having carefully reviewed and assessed the professional competencies and skills, personality and other qualities of each proposed candidate, including the time and energy that the candidate can devote to the task, and the contribution that the candidate can bring to the board dynamic.

(f) Compensation Committee

In determining the remuneration of the officers of the Company, the Compensation Committee compares market remuneration packages by consulting directors and other contacts in the industry.

The Committee reviews industry data for similar executives from recruitment agencies.

(g) Governance Committee

The Committee has the authority and responsibility for:

- (i) annually reviewing the mandates of the board and its committees and recommending to the board such amendments to those mandates as the Committee believes are necessary or desirable;
- (ii) reviewing annually the disclosure of corporate governance practices to be included in the Company's proxy circular;
- (iii) reviewing at least annually the size and composition of the board, analyzing the needs of the board and considering the skills, areas of experience, backgrounds, independence and qualifications of the board members to ensure that the board, as a whole, has a diversity of competencies and experience that support it in carrying out its responsibilities;
- (iv) assessing at least annually the effectiveness of the board as a whole, the committees of the board and the contribution of each director regarding his, her or its effectiveness and contribution;
- (v) acting as a forum for concerns of individual directors in respect of matters that are not readily or easily discussed in a full board meeting, including the performance of management or individual members of management or the performance of the board or individual members of the board;
- (vi) determining at the earliest stage possible whether any proposed transaction discussed by the board is or can be perceived as a related party transaction and, if such is the case, review any such transaction to ensure that it is being proposed and will be carried out with fairness and with the best interest of the Company in mind and or, alternatively, recommend that a special committee of disinterested directors be constituted to carry out the negotiations for such transaction and review and reported thereupon to the board.

(h) Assessments

Refer to the responsibilities of the Governance Committee described here before.

AUDIT COMMITTEE

Audit Committee Charter

Under the rules of the TSX Venture Exchange, the Company is required to disclose the text of its audit committee's charter. The Company's disclosure is set out in Schedule "A" to this Circular.

Composition of the Audit Committee

Name	Independent	Financially literate
James A. Culver	Yes	Yes
Robert D. Hirsh	Yes	Yes
Philip Renaud	Yes	Yes

Dr. *James A. Culver* is Chairman and Chief Executive Officer of *TPG Commercial Finance, LLC*, since January 2006. This company is the result of a management buyout of *Maple Commercial Finance*. Before that time he was President of *Maple Trade Finance* and *Maple Commercial Finance*, divisions of the *Maple Financial Group*. He developed and managed Maple's trade finance, commodity finance, and factoring businesses. He supervised the management of more than \$500 million in assets involved in international trade including several metals clients. Before joining the *Maple Financial Group*, he co-managed the *IIG Trade Opportunities Fund* that provided commodity and trade finance to a range of small and medium sized corporate clients. In 1996-1997, he was visiting professor of Finance for the *University of New York*, teaching MBA courses in investment theory and derivatives. From 1983-1994, he worked for *Merrill Lynch* in various departments: commodity research, economic research and

consulting service and commodity trading and finance. At *Merrill Lynch*, Dr. Culver managed the precious metals trading and the base metals trading from 1990 to 1994. From 1994 to 1996, Dr. Culver was President of *Gerald Commodities*, a wholly owned subsidiary of *Gerald Metals*, which included the copper and aluminum trading operations. He has served as an advisor and consultant to US and Canadian companies with mining operations in Mexico. Dr. Culver is an independent director.

Mr. *Robert D. Hirsh* has a Bachelor of Arts in economics from the *University of Western Ontario* and a MBA from the *Stern School of Business, New York University* with a major in finance. For the past four years, Mr. Hirsh has been the industry head of the mining, energy, telecommunication, and media sectors responsible for origination and primary client coverage of *Scotia Capital* in Mexico. Prior to this, Mr. Hirsh was vice-president of investment banking, fixed income at *Casa de Bolsa Scotia Inverlat*. His responsibilities included origination and execution of debt capital markets products, marketing underwriting and distribution capabilities of commercial paper, debentures and medium term notes to corporate clients in Mexico. Mr. Hirsh is an independent director.

Mr. *Philip Renaud* is Managing Director of *Church Advisors*, a private holding company. He is a graduate of *Franklin College* of Switzerland with a Bachelor of Arts in international financial management. He is a director and member of the audit committee of *Diagem Inc.* He is also director of *Canada Underwriting* and of *Diagem Inc.* and *Yorbeau Resources Inc.*, two natural resource companies whose securities are listed respectively on TSX Venture Exchange and TSX Exchange. Mr. Renaud is an independent director.

Reliance on Certain Exemptions

The Company is relying upon the exemption from the requirements of MI 52-110 relating to the composition and reporting obligations of the Audit Committee provided in Section 6.1 of MI 52-110.

FEES

Audit Fees

The audit fees for both the nine-month period ended December 31, 2005 and the year ended March 31, 2005 amounted to \$90,000.

Other Related Audit Fees

No other related audit fees were charged by the auditors in the nine-month period ended December 31, 2005 or the year ended March 31, 2005.

Pre-approval Policies and Procedures

Under its charter, the Audit Committee has the mandate to review and pre-approve management requests for any consulting engagement to be performed by the auditors of the Company that is beyond the scope of their audit services. There were no such mandates in the nine-month period ended December 31, 2005.

OTHER BUSINESS

Management is not aware of any matters to come before the Meeting other than those set forth in the Notice. If any other matter properly comes before the Meeting, the persons named in the Form of Proxy will vote the shares represented thereby in accordance with their best judgment on such matter.

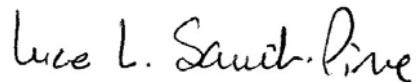
ADDITIONAL INFORMATION

Additional information relating to the Company is available on SEDAR at WWW.SEDAR.COM.

Financial information relating to the Company is provided in the Company's audited financial statements for the nine-month period ended December 31, 2005 and the related management's discussion and analysis (the "MD&A"). Shareholders who wish to obtain a copy of the financial statements and MD&A of the Company may contact the Company as follows:

By phone:	(514) 866-6001
By fax:	(514) 866-6193
By e-mail:	ndion@diabras.com
By mail:	DIA BRAS EXPLORATION INC. 630 René-Lévesque Boulevard West Suite 2930 Montréal, Québec H3B 1S6

BY ORDER OF THE BOARD OF DIRECTORS



Luce L. Saint-Pierre
Secretary

Montréal, Québec
April 25, 2006

SCHEDULE "A"

TO THE PROXY CIRCULAR

CHARTER OF THE AUDIT COMMITTEE OF THE BOARD OF DIRECTORS

I. PURPOSE

The Audit Committee (the "Committee") is a committee of the board of directors. The primary function of the Committee is to assist the board of directors in fulfilling its financial reporting and controls responsibilities to the shareholders of the Company and the investment community. The external auditors will report directly to the Committee. The Committee's primary duties and responsibilities are:

- overseeing the integrity of the Company's financial statements and reviewing the financial reports and other financial information provided by the Company to any governmental body or the public and other relevant documents;
- recommending the appointment and reviewing and appraising the audit efforts of the Company's external auditors, overseeing the external auditors' qualifications and independence and providing an open avenue of communication among the external auditors, financial and senior management and the board of directors;
- monitoring the Company's financial reporting process and internal controls, its management of business and financial risk, and its compliance with legal, ethical and regulatory requirements.

II. COMPOSITION

The Committee shall consist of a minimum of three directors of the Company the majority of whom shall not be officers or "control persons", as such term is defined hereunder, of the Company. All members shall, to the satisfaction of the board of directors, be "financially literate" as such term is defined hereunder.

The members of the Committee shall be appointed by the board of directors. The board of directors may remove a member of the Committee at any time in its sole discretion by resolution of the Board.

III. DUTIES AND RESPONSIBILITIES

1. The Committee shall review and recommend to the Board for approval:
 - (a) The Company's financial statements (annual and quarterly), MD&A and earnings releases to be filed with regulatory bodies such as securities commissions prior to filing or prior to the release of earnings.
 - (b) Documents referencing, containing or incorporating by reference the annual audited consolidated financial statements or interim financial results (e.g., prospectuses, press releases with financial results) prior to their release.
2. The Committee, in fulfilling its mandate, will:
 - (a) Satisfy itself that adequate internal controls and procedures are in place to allow the Chief Executive Officer and the Chief Financial Officer to certify financial statements and other disclosure documents as required under securities laws.

- (b) Recommend to the board of directors the selection of the external auditor, consider the independence and effectiveness and approve the fees and other compensation to be paid to the external auditor.
 - (c) Monitor the relationship between management and the external auditor including reviewing any management letters or other reports of the external auditor, and discussing and resolving any material differences of opinion or disagreements between management and the external auditor.
 - (d) Periodically consult with the external auditor out of the presence of management about significant risks or exposures, internal controls and other steps that management has taken to control such risks, and the fullness and accuracy of the financial statements.
 - (e) Obtain and review annually a report prepared by the external auditors summarizing the auditors' internal quality-control procedures and processes.
 - (f) Review the scope of the external audit, including the fees involved.
 - (g) Review the report of the external auditor on the annual audited financial statements.
 - (h) Review the problems identified during audit, and, if any, the limits and restrictions imposed by management and any significant accounting matter for which management sought a second opinion.
 - (i) Review and approve requests for any management consulting engagement to be performed by the external auditor and be advised of any other study undertaken at the request of management that is beyond the scope of the audit engagement letter and related fees.
 - (j) Review with management, the external auditors and legal counsel, any litigation, claims or other contingency, including tax assessments, which could have a material affect upon the financial position or operating results of the Company, and whether these matters have been appropriately disclosed in the financial statements.
 - (k) Review with management their approach with respect to business ethics and corporate conduct.
 - (l) Review periodically legal and regulatory requirements that, if breached, could have a significant impact on the Company's published financial reports or reputation. Inquire on the extent of compliance with security policies.
 - (m) Review with management the accuracy and timeliness of filings with regulatory authorities.
 - (n) Review annually general insurance coverage of the Company to ensure adequate protection of major corporate assets including but not limited to D&O coverage.
3. Annually, the Committee will review its Charter and, where appropriate, recommend changes to the board of directors.

IV. MEETINGS

- 1. The Committee shall meet no less than four times per year. At least annually, the Committee shall meet separately with management and with the external auditors.
- 2. The external auditors of the Company will receive notice of every meeting of the Committee. The external auditors may also call a meeting of the Committee.
- 3. The Board shall be kept informed of the Committee's activities by copies of minutes, at the next board meeting following each Committee meeting or by a verbal report.

V. **QUORUM**

Quorum for the transaction of business at any meeting of the Audit Committee shall be a majority of the number of members of the Committee.

VI. **DEFINITIONS**

In accordance with *Multilateral Instrument 52-110 – Audit Committees*,

“**Financially literate**” means “that the director has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Company’s financial statements.”

“**Control Person**” means “any person that holds or is one of a combination of persons that holds a sufficient number of any of the securities of the Company so as to affect materially the control of the Company, or that holds more than 20% of the outstanding voting shares of the Company except where there is evidence showing that the holder of those securities does not materially affect the control of the Company.”

APPROVED BY THE BOARD OF DIRECTORS

April 25, 2006