

HIGH RIVER GOLD MINES LTD.

155 University Avenue, Suite 1700
Toronto, Ontario M5H 3B7

MANAGEMENT INFORMATION CIRCULAR

SOLICITATION OF PROXIES

THIS MANAGEMENT INFORMATION CIRCULAR IS FURNISHED IN CONNECTION WITH THE SOLICITATION OF PROXIES BY THE MANAGEMENT of High River Gold Mines Ltd. (“**High River**”, or the “**Company**”) for use at the Annual and Special Meeting of shareholders (the “**Meeting**”) of the Company to be held on June 30, 2009 at 9:00 a.m. (Toronto time) in the Governor General Room at the Hilton Toronto, 145 Richmond Street West, Toronto, Ontario and at any adjournment thereof, and on every ballot that may take place in consequence thereof, for the purposes set forth in the Notice of Meeting. Proxies will be solicited primarily by mail and may also be solicited personally by the directors and/or officers of the Company at nominal cost. The cost of solicitation by management will be borne by the Company.

Unless otherwise stated, the information contained in this management information circular is as of May 28, 2009.

APPOINTMENT, REVOCATION AND DEPOSIT OF PROXIES

The persons named in the enclosed form of proxy are directors and/or officers or nominees of the Company. **A SHAREHOLDER HAS THE RIGHT TO APPOINT ANY OTHER PERSON TO REPRESENT HIM/HER AT THE MEETING**, and may do so by striking out the names Nikolay Zelenskiy and Steven Poad, and inserting in the blank space provided in the said form of proxy the name of the person (who need not be a shareholder) whom he/she wishes to appoint, or by completing another form of proxy. The completed proxy should be returned at least 48 hours (excluding Saturday, Sunday and holidays) prior to the Meeting in the envelope provided with the Meeting materials according to the instructions enclosed therein, or the proxy (once validated) may be delivered to the Chairman of the meeting prior to voting.

Any shareholder giving a proxy has the power to revoke it at any time before it is exercised. A proxy may be revoked by instrument in writing executed by the shareholder or by his attorney authorized in writing or by electronic means or by transmitting, by telephonic or electronic means, a revocation that is signed by electronic means or if the shareholder is a corporation, under its corporate seal, or by an officer or attorney thereof duly authorized, and deposited at Equity Transfer & Trust Company, Suite 400, 200 University Avenue, Toronto, Ontario, M5H 4H1, at any time up to and including the last business day preceding the day of the Meeting or any adjournment(s) or postponement(s) thereof, at which the proxy is to be used, or with the Chairman of the Meeting on the day of the Meeting or any adjournment(s) or postponement(s) thereof or in any other manner permitted by law.

MANNER OF VOTING AND EXERCISE OF DISCRETION BY PROXIES

The shares represented by proxies will be voted or withheld from voting in accordance with the instructions of shareholders on any ballot that may be called for and if a shareholder specifies a choice with respect to any matter to be acted upon at the meeting the shares will be voted accordingly. **IN THE ABSENCE OF ANY DIRECTION TO THE CONTRARY, IT IS INTENDED THAT THE SHARES REPRESENTED BY PROXIES RECEIVED BY MANAGEMENT WILL BE VOTED ON ANY BALLOT FOR THE ELECTION OF MANAGEMENT NOMINEES FOR DIRECTORS, FOR THE APPOINTMENT OF AUDITORS AND AUTHORIZATION OF DIRECTORS TO FIX THE AUDITORS’ REMUNERATION, FOR THE ADOPTION OF BY-LAW NO. 1 AND IN ACCORDANCE WITH MANAGEMENT’S RECOMMENDATIONS WITH RESPECT TO AMENDMENTS OR VARIATIONS OF THE MATTERS SET OUT IN THE NOTICE OF MEETING OR ANY OTHER MATTERS WHICH MAY PROPERLY COME BEFORE THE MEETING.**

Management knows of no matters to come before the meeting other than the matters referred to in the Notice of Meeting. However, if any other matters which are not now known to management should properly come before

the meeting, the shares represented by the proxies in favour of management will be voted on such matters in accordance with the best judgment of proxy nominees.

NON-REGISTERED SHAREHOLDERS

Only registered shareholders of the Company or the persons they appoint as their proxies are permitted to vote at the Meeting. However, in many cases, shares beneficially owned by a person (a “**Non-Registered Holder**”) are registered either: (i) in the name of an intermediary (an “**Intermediary**”) with whom the Non-Registered Holder deals in respect of the shares of the Company (Intermediaries include, among others, banks, trust companies, securities dealers or brokers and trustees or administrators of self-administered RRSPs, RRIFs, RESPs and similar plans); or (ii) in the name of a clearing agency (such as The Canadian Depository for Securities Limited) of which the Intermediary is a participant. In accordance with applicable securities laws requirements, the Company will have distributed copies of the Notice of Meeting, this Management Information Circular and the Form of Proxy (collectively, the “**meeting materials**”) to the clearing agencies and Intermediaries for onward distribution to Non-Registered Holders. Intermediaries are required to forward the meeting materials to Non-Registered Holders unless a Non-Registered Holder has waived the right to receive them. Intermediaries often use service companies to forward the meeting materials to Non-Registered Holders. Generally, Non-Registered Holders who have not waived the right to receive meeting materials will either:

- (i) be given 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 shares beneficially owned by the Non-Registered Holder but which is otherwise uncompleted. In this case, the Non-Registered Holder who wishes to submit a proxy should properly complete the form of proxy and submit it to the Company, c/o Equity Transfer & Trust Company, Suite 400, 200 University Avenue, Toronto, Ontario, M5H 4H1; or
- (ii) more typically, be given a form of proxy which is not signed by the Intermediary and which, when properly completed and signed by the Non-Registered Holder and returned to the Intermediary or its service company, will constitute voting instructions (often called a “**proxy authorization form**”) which the Intermediary must follow. Typically, the Non-Registered Holder will be given a page of instructions which contains a removable label containing a bar-code and other information, such as instructions for voting via telephone or the Internet. For the proxy to be valid, the Non-Registered Holder must submit the information to the Intermediary or its service company in accordance with the detailed instructions of the Intermediary or its service company. If the mail option is chosen, for the form of proxy to validly constitute a proxy authorization form, the Non-Registered Holder must remove the label from the instructions and affix it to the form of proxy, properly complete and sign the form of proxy and submit it to the Intermediary or its service company in accordance with the instructions of the Intermediary or its service company.

In either case, the purpose of these procedures is to permit Non-Registered Holders to direct the voting of the shares of the Company they beneficially own. Should a Non-Registered Holder who receives either form of proxy wish to vote at the Meeting in person (or have another person attend and vote on behalf of the Non-Registered Holder), the Non-Registered Holder should strike out the persons named in the proxy and insert the Non-Registered Holder or such other person’s name in the blank space provided. **In either case, Non-Registered Holders should carefully follow the instructions of their Intermediary, including those regarding when and where the proxy or proxy authorization form is to be delivered.**

A Non-Registered Holder may revoke a proxy authorization form (voting instructions) or a waiver of the right to receive meeting materials and to vote which has been given to an Intermediary at any time by written notice to the Intermediary, except that an Intermediary is not required to act on a revocation of a proxy authorization form (voting instructions) or of a waiver of the right to receive meeting materials and to vote which is not received by the Intermediary at least seven days prior to the Meeting.

INTEREST OF CERTAIN PERSONS IN MATTERS TO BE ACTED UPON

On November 20, 2008, the Company entered into a subscription agreement with Lybica Holding B.V., an affiliate of ZAO Severstal Resources, the mining division of OAO Severstal (“**Severstal**”), in connection with a non-brokered private placement of 282,288,515 common shares and 40,674,540 warrants of the Company (the “**Severstal Private Placement**”), each warrant entitling the holder thereof to acquire one common share of the

Company at an exercise price of \$0.64 until September 29, 2013. The common shares were acquired by Severstal for a price of \$0.20 (US\$0.1594) per common share for total aggregate gross proceeds to High River of \$56,367,000 (US\$45,000,000). The warrants issued to Severstal were issued as partial consideration for the purchase price of the common shares.

Prior to the closing of the Severstal Private Placement on November 20, 2008, Severstal, through its affiliates, held 30,482,615 common shares of the Company. Following completion of the Severstal Private Placement and as of the date hereof, Severstal indirectly holds 312,771,131 common shares of the Company representing approximately 53% of the currently issued and outstanding common shares.

High River agreed that the closing of the Severstal Private Placement was conditional upon, among other things, Messrs. Roman Deniskin, Nikolay Zelenskiy, Evgeny Tulubensky and Oleg Pelevin being appointed to the Board of Directors (the “**Board**”) of the Company on behalf of ZAO Severstal Resources in place of resigning directors David Mosher and Valery Dmitriev. Management changes were also affected, including the resignation of David Mosher as President and Chief Executive Officer and the appointment of Nikolay Zelenskiy as Chief Executive Officer.

On April 30, 2009, Roman Deniskin resigned from the Board, and the Severstal nominees named above currently comprise three of the Company’s seven member Board.

Except as set out herein, no director or senior officer of the Company or any proposed nominee of management of the Company for election as a director of the Company, nor any associate or affiliate of the foregoing persons, has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted upon at the Meeting.

VOTING SECURITIES AND PRINCIPAL HOLDERS OF VOTING SECURITIES

The Company has issued and outstanding 590,193,673 common shares, each carrying the right to one vote, as at May 19, 2009.

Shareholders of record as at May 19, 2009 are entitled to receive notice of, attend and vote at the Meeting. In addition, any holders who have been issued common shares following the record date, and prior to the date of the Meeting are entitled to attend and vote such common shares at the Meeting.

To the best knowledge of the directors and executive officers of the Company, the following sets forth the name of each person or corporation who of record or beneficially, directly or indirectly, owns more than 10% of the outstanding common shares:

Name	Number of Common Shares Owned, beneficially or of record	Percentage of Shares Owned, beneficially or of record
Lybica Holding B.V. ⁽¹⁾	312,771,131	53.0%

(1) Held directly and through affiliates.

ELECTION OF DIRECTORS

Seven directors are to be elected at the Meeting. All seven of the nominated persons named below are currently members of the Board and have been since the dates indicated. Management does not contemplate that any of the nominees will be unable to serve as a director, but if that should occur for any reason prior to the Meeting, the person(s) named in the enclosed form of proxy reserves the right to vote for another nominee in their discretion. Each director will hold office until the next meeting of shareholders or until a successor is duly elected unless the office is earlier vacated in accordance with the by-laws of the Company.

The following table and the notes thereto state the names of all persons proposed to be nominated by management for election as directors, their principal occupations or employments, the years in which they became directors of the Company and the number of shares beneficially owned, directly or indirectly, by each of them in each instance based upon information furnished by the person concerned and as at May 28, 2009:

Name and Municipality of Residence	Position with the Corporation	Principal Occupation for Past Five Years	Number of Shares (and percentage) owned or over which control or direction is exercised
Karl Glackmeyer ^{(1) (2) (3) (4)} Quebec, Canada	Director since April, 2009	Retired; formerly President and CEO, Fairstar Explorations Inc.	0 0%
Alexey Khudyakov ^{(1) (2) (3) (4)} Moscow, Russia	Director and Chairman of the Board since April, 2009	Vice President, Altimo; formerly Vice President, Private Equity, Alfa Bank	292,000 0.05%
Oleg Pelevin ⁽⁵⁾ Moscow, Russia	Director since November, 2008	Head of Strategy, Gold Division Severstal-Resources CJSC	0 0%
Steven Poad ⁽⁶⁾ Ontario, Canada	Chief Financial Officer; Director since April, 2009	Chief Financial Officer, High River Gold Mines Ltd.; formerly Acting Chief Financial Officer	21,000 0.003%
Stephen Polakoff ^{(1) (2) (3)} Moscow, Russia	Director since September, 2008	General Counsel, Integra Group; formerly Head of Legal CIS, Deutsche Bank, Moscow; Senior Associate, Clifford, Chance	54,400 0.009%
Evgeny Tulubensky ⁽⁵⁾ St. Petersburg, Russia	Director since November, 2008	Chief Legal Officer, Gold Division Severstal-Resources CJSC; formerly Senior Lawyer, Severstal-Resources CJSC; Manager, Severstal OJSC	0 0%
Nikolay Zelenskiy ⁽⁵⁾ Moscow, Russia	Chief Executive Officer and Director since November, 2008	General Manager, Gold Division Severstal-Resources CJSC; formerly Head of Strategy; Severstal-Resources CJSC; Project Manager, McKinsey and Company Inc.	0 0%

Notes:

- (1) Member of the Audit Committee
- (2) Member of the Corporate Governance and Compensation Committee
- (3) Member of the Special Committee
- (4) Appointed on April 8, 2009
- (5) Appointed on November 20, 2008 as a nominee of Severstal in connection with the Severstal Private Placement
- (6) Appointed on April 20, 2009

2009 Director Nominee Biographies

Alexey Khudyakov

Mr. Khudyakov was appointed as an independent director and Chairman of the Board on April 8, 2009. Mr. Khudyakov is a Vice President at Altimo, located in Moscow, Russia. Prior to his appointment at Altimo, Mr. Khudyakov was the former Vice President, Private Equity at Alfa Bank, managing the bank's investments in Golden Telecom and Kyivstar, and was an associate at the Moscow office of McKinsey & Co. from 1998 to 2002. He graduated MSc cum laude in Applied Math from the Moscow Institute of Physics and Technology, and holds a Masters of Business Administration degree from INSEAD. Mr. Khudyakov is presently a director and audit committee member at Turkcell, a company traded on the New York Stock Exchange, a director of Kyivstar

(Ukraine); and a former director and compensation committee member of Golden Telecom, a company traded on NASDAQ, now part of Vimpelkom, a company traded on the New York Stock Exchange.

Karl Glackmeyer

Mr. Glackmeyer was appointed as an independent director of the Board on April 8, 2009. Mr. Glackmeyer has over 40 years of experience in the mineral resource business. From 1994 to his retirement in 2004, Mr. Glackmeyer was the President and Chief Executive Officer of Fairstar Explorations Inc., a company listed on the Toronto Stock Exchange. From 1984 to 1991, he was president of Yorbeau Resources Inc., a mineral exploration company traded on the Montreal Exchange. Mr. Glackmeyer obtained a Bachelor of Applied Sciences degree from Laval University in 1967.

Stephen Polakoff

Mr. Polakoff was appointed as an independent director to the Board on September 10, 2008. Mr. Polakoff is General Counsel at Integra Management and was the former Head of Legal CIS, Deutsche Bank, Moscow, and former Senior Associate at Clifford Chance in Moscow and New York. He is a graduate of Colgate University in Hamilton, New York, with honours in Political Science. Mr. Polakoff has a juris doctorate degree (with honours) from Georgetown University Law School in Washington, D.C. Mr. Polakoff is a director of several public and private companies including Abenteuer Resources Corp., IG Holdings Limited., IG Management Limited., Zephyr Commodity Fund, Steep Rock Russia Fund Ltd. and Steep Rock Russia Fund II.

Steven Poad

Mr. Poad was appointed as a management director to the Board on April 20, 2009. Mr. Poad is the Chief Financial Officer of the Company as appointed in March 2003. He is a Chartered Accountant with a B.Comm. (Hons.) degree from McMaster University. Mr. Poad has over 29 years of experience in the mining industry, as an industry consultant, and he held senior positions with a number of major Canadian mining companies such as Falconbridge Ltd. (and group of companies) and Kidd Creek Mines Ltd. His international experience includes Africa, Europe, Asia and North America, dealing with financial and operational issues.

Oleg Pelevin

Mr. Pelevin was appointed as a director to the Board on November 20, 2008. Mr. Pelevin is currently the Head of Strategy, Gold Division, ZAO Severstal Resources, and was a former Senior Manager of Strategy, ZAO Severstal Resources, a Consultant at American Appraisal Russia (Moscow office), and Head of the Investment Department at Alphayurservis. He graduated MS (engineer-mathematician) at the Moscow Institute of Physics and Technology.

Evgeny Tulubensky

Mr. Tulubensky was appointed as a director to the Board on November 20, 2008. Mr. Tulubensky is currently the Chief Legal Officer, Gold Division, ZAO Severstal Resources, and has held the positions of Senior Lawyer, ZAO Severstal Resources, Manager, OAO Severstal, and Lawyer at ZAO Severstal-Group. He was formerly a Consultant and Paralegal at Saint-Petersburg office of EY Law Services (CIS) B.V., Paralegal at Saint-Petersburg office of Ernst & Young (CIS) Limited and Associate Lawyer at Saint-Petersburg Bar Association. He graduated from Saint-Petersburg State University with law degree in 2004 and from Saint-Petersburg State University of Engineering and Economics, Russia, with an economics degree in 2008.

Nikolay Zelenskiy

Mr. Zelenskiy was appointed as a director to the Board and as the Company's Chief Executive Officer on November 20, 2008. Mr. Zelenskiy is currently Director of the Gold Division, ZAO Severstal Resources, and was the former Head of Strategy, ZAO Severstal Resources, and a Project Manager at the Moscow office of McKinsey & Company, Inc. He holds a Master of Technical Sciences degree from Saint-Petersburg State Technical University, Russia, a PhD in molecular genetics from University of Texas, as well as a Masters of Business Administration degree from Vanderbilt University, USA.

THE MANAGEMENT REPRESENTATIVES NAMED IN THE ATTACHED FORM OF PROXY INTEND TO VOTE THE COMMON SHARES REPRESENTED BY SUCH PROXY IN FAVOUR OF THE ELECTION OF THE NOMINEES LISTED IN THIS MANAGEMENT INFORMATION CIRCULAR UNLESS A SHAREHOLDER SPECIFIES IN THE PROXY THAT HIS OR HER COMMON SHARES ARE TO BE WITHHELD FROM VOTING IN RESPECT OF SUCH RESOLUTION.

Cease Trade Orders, Bankruptcies, Penalties or Sanctions

Except as set out below, none of the directors or officers of High River is, or has been within the ten years prior to the date hereof, a director or executive officer of any corporation (including High River) that, while such person was acting in that capacity, (i) was the subject of a cease trade or similar order or an order that denied the relevant corporation access to any exemption under Canadian securities legislation for a period of more than 30 consecutive days; (ii) was subject to an event that resulted, after the director or executive officer ceased to be a director or executive officer, in the corporation being the subject of a cease trade or similar order or an order that denied the relevant corporation access to any exemption under securities legislation for a period of more than 30 consecutive days; or (iii) within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

On December 3, 2008, the Ontario Securities Commission issued a permanent management cease trade order against Nikolay Zelenskiy, in his capacity as Chief Executive Officer of the Company, and Steven Poad, in his capacity as Chief Financial Officer of the Company. The permanent management cease trade order was issued in connection with the Company's failure to file its interim financial statements for the nine month period ended September 30, 2008 and the related management's discussion and analysis, and superseded a temporary management cease trade order dated December 2, 2008 with respect to Mr. Zelenskiy, and a temporary management cease trade order dated November 19, 2008 with respect to Mr. Poad. The management cease trade order was lifted following the filing of the required continuous disclosure documents on December 18, 2008.

In addition, on April 3, 2009, the Ontario Securities Commission issued a temporary management cease trade order against Nikolay Zelenskiy, in his capacity as Chief Executive Officer of the Company, and Steven Poad, in his capacity as Chief Financial Officer of the Company. The temporary management cease trade order was issued in connection with the Company's failure to file its annual financial statements for the year ended December 31, 2008 and the related management's discussion and analysis. The temporary management cease trade order was lifted following the filing of the required continuous disclosure documents on April 28, 2009.

STATEMENT OF EXECUTIVE COMPENSATION

The subheadings noted herein refer to the required disclosure under Form 51-102F6 Statement of Executive Compensation. Those items which are omitted from this Management Information Circular are not applicable to the Company.

COMPENSATION DISCUSSION AND ANALYSIS

Overview

The Company endeavours to provide a compensation package that aligns the goals of shareholders and management in a manner that provides a competitive base salary and long-term incentives. The strategy of the Company is to recruit and retain competent personnel experienced in the mining industry by offering a compensation package consistent with industry standards. The granting of long-term incentives is correlated to the results of performance of the recipients.

The compensation package of the Named Executive Officers as defined below is comprised of four elements: a base salary; a bonus plan; a stock option plan (the "Stock Option Plan"); and a benefit program. The compensation package provides a current and long-term incentive for the executive. The base salary is determined by assessing each executive relative to a peer group comprised of companies with a profile similar to that of High River. The bonus plan is determined based upon the performance of Named Executive Officers measured against eight criteria which include: (i) corporate performance; (ii) operational performance at the mine locations; (iii) project development; (iii) business development for future growth; (iv) efficiency of project development; (v) exploration projects development; (vi) efficient management of accounting activities; (vii) management of investor relations; and (viii) corporate governance and regulatory requirements. The third element of the compensation package is the granting of stock options under the Stock Option Plan with the goal of aligning the objectives of management with shareholders. The Stock Option Plan provides the long-term component of the executive compensation program. The benefit program provides for basic health and dental coverage administered by Great-West Life. The Company has chosen these elements of pay as they currently match the stage of development in the life of the Company.

Consideration and investigation has been undertaken in the past for the implementation of a pension plan, but it was deemed inappropriate at the time given the stage of development of the Company. There are currently no plans to re-investigate the implementation of a pension plan or any new elements of compensation.

Executive management prepares recommendations for a compensation package after performing a detailed review of peer group information obtained from publicly disclosed documents and commercial salary surveys prepared specifically for the mining industry. The recommendations are presented to the Corporate Governance and Compensation Committee of the Company. The Corporate Governance and Compensation Committee of the Company is comprised of three independent directors. Discussion ensues and a decision is made based upon the merits of the presentation.

The Company does not set specific numeric performance goals for earnings or share price in the determination of executive compensation. Salary determination is subject to and based upon competitive factors within the marketplace.

Objectives of Compensation Program and Elements of Executive Compensation

The Corporate Governance and Compensation Committee of the Company has a mandate to advise the Board of Directors on matters pertaining to Executive Compensation and ancillary matters. The level of compensation sought is that which will enable the Company to provide a combination of reward and incentive, normally in line with the appropriate peer group.

To assess the current compensation environment, the Corporate Governance and Compensation Committee utilizes independent surveys on executive compensation within the mining industry and a peer company analysis. When determining the compensation of its executive officers, the Board considers the objectives of: (i) recruiting and retaining the executives critical to the success of the Company and the enhancement of shareholder value; (ii) providing fair and competitive compensation; (iii) balancing the interests of management and shareholders of the Company; and (iv) rewarding performance, both on an individual basis and with respect to the business in general. In order to achieve these objectives, the compensation paid to Named Executive Officers may consist of four components:

- a base salary;
- a cash-based annual incentive bonus;
- a long-term incentive in the form of stock options granted in accordance with the Stock Option Plan; and
- employee benefits.

Base Salary

The base salary of each Named Executive Officer is determined by an assessment by the Board of such executive's performance, a consideration of competitive compensation levels in companies similar to the Company and a review of the performance of the Company as a whole and the role such Named Executive Officer played in such corporate performance.

Bonus

Bonuses are performance-based, short-term financial incentives which are a percentage of annual base salaries. Bonus levels will be determined by the level of position and responsibility with the Company. Bonuses will be paid based on certain indicators such as personal performance, team performance and/or corporate financial performance against critical, measurable and challenging objectives.

The payment of a bonus in the current year represents a reward for effort from the prior year. Therefore, the bonus paid in 2008, in the month of January, represents a reward for activities performed in 2007.

The criteria that are considered in establishing the basis for determining the payment of a bonus include the following:

- (i) Corporate Performance

- the Company share price must exceed the performance of the S&P/TSX Composite Index-Gold to qualify
 - raising of equity and debt capital
- (ii) Project Development
- obtain all necessary governmental permits to allow for project development
 - assemble qualified and experienced project development and operating teams
 - acquire project equipment on time and at planned costs
 - obtain project financing on best terms and as quickly as possible
 - promote and exceed all safety and environmental requirements
 - establish project development milestones and maintain on budget and on time
- (iii) Business Development for Future Growth
- identify and implement strategic plans to develop future internal growth or through acquisition
- (iv) Performance at the Mine Locations
- objective to achieve or exceed approved production and cost budgets
- (v) Exploration Projects
- objective is to obtain properties and establish a pipeline of projects that can lead to mine development
 - maintain exploration programmes within budget
- (vi) Efficient Management of Accounting Activities
- develop and maintain financial systems and controls
 - design and implement company-wide budget and control systems
 - maintain effective risk management
 - ensure all consolidated financial disclosure meets or exceeds accounting standards
- (vi) Management of Investor Relations
- maximize investor awareness of Company activities
- (viii) Corporate Governance and Regulatory Requirements
- meet all governance and regulatory requirements
 - ensure the Company has a positive reputation in the governmental (domestic and foreign) and investment communities

The weighting assigned to each of the above criteria varies depending upon the direct influence each Named Executive Officer is able to apply to the above objectives. For example, the President, CEO, Chief Operating Officer and the Chief Financial Officer are weighted as follows for each of the criteria. These weightings may change as the strategic objectives of the Company change.

		<u>President & CEO</u>	<u>Chief Operating Officer</u>	<u>Chief Financial Officer</u>
(i) Corporate performance	- Share Performance	20%	15%	-
	- Financing	25%	10%	-
(ii) Project development		10%	60%	30%
(iii) Business development for future growth		20%	10%	-
(iv) Operational performance at the mine locations		5%	5%	10%
(v) Exploration projects		10%	-	-
(vi) Efficient management of accounting activities		-	-	50%
(vi) Management of investor relations		-	-	-
(viii) Corporate governance and regulatory requirements		<u>10%</u>	<u>-</u>	<u>10%</u>
		100%	100%	100%

A composite percentage is then calculated based upon the actual attainment of the individual objectives and applied to the individual's salary level in order to determine the recommended bonus amount. There is a maximum bonus percentage of salary that can be obtained, which in the case of the CEO and Chief Operating Officer is 80%, and the Chief Financial Officer is 60%.

Long-term Incentive

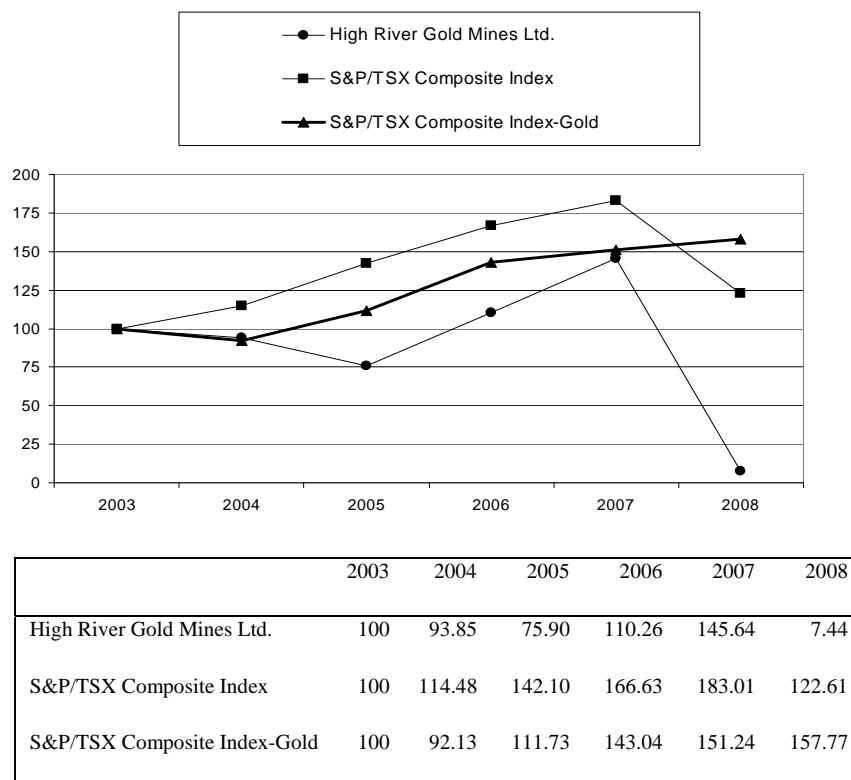
The Company provides a long-term incentive by granting options to executive officers through the Stock Option Plan. The objective of granting options is to encourage executives to acquire an ownership interest in the Company over a period of time, which acts as a financial incentive for such executive to consider the long-term interests of the Company and its shareholders. Any equity award recommended by the Corporate Governance and Compensation Committee to the Board is discretionary and takes into account previous equity awards.

Employee Benefits

The Company benefit plan is a traditional employer/employee contribution plan that includes health, dental, life insurance and long-term disability coverage. The employee pays for the life insurance and long-term disability coverage through payroll deductions. As noted above, there is no Company pension plan.

Performance Graph

The following graph compares the yearly percentage change in the cumulative total shareholder return on the Toronto Stock Exchange for \$100 invested in common shares on December 31, 2003 against the total shareholder return (assuming the reinvestment of all dividends) of the S&P/TSX Composite index and the S&P/TSX Composite Index-Gold for the five most recently completed financial years of the Company. The Company has not declared any dividends during this period. The price performance of the common shares of the Company as shown on the graph does not necessarily indicate future price performance.



The trend in the above graph shows a very strong improvement in gold metal prices which started in 2005 and continued to 2008. The decline in the Company's share price in 2008 reflects the liquidity issues and subsequent

restructuring the Company experienced during 2008. It is difficult to directly compare the Company's compensation of its Named Executive Officers during the last five years with the trend reflected in the above chart. In 2006, the Company's share price growth of 45% exceeded the growth of the S&P/TSX Composite Index-Gold of 29%. In 2007, the Company's share price growth of 32% exceeded the growth of the S&P/TSX Composite Index-Gold of 6%. Management of the Company was given incentive bonuses in both years to reflect these results. Named Executive Officers would have realized value on vested options that were granted while the Company's share price was rising. No incentive bonuses were earned and no salary increases were given for 2008. Bonuses are typically paid in the calendar year immediately following the performance year. Option-based awards granted in 2008 reflect the results of the previous year's results.

OPTION-BASED AWARDS

Stock Option Plan

The Company believes that the Stock Option Plan promotes ownership of the Company and serves to align the interests of the directors, Named Executive Officers, and key employees with the interests of the Company's shareholders. The Company issues stock options to encourage the Named Executive Officers and directors to have equity participation through the acquisition of common shares. Stock options granted usually vest over a period of two years. Stock options assist the Company in attracting, retaining and motivating Named Executive Officers.

Executive management prepares a recommendation for the granting of stock options based upon discussion and market conditions at the time of consideration for the granting of options. As part of the discussion process consideration is given to the number of options currently granted to the potential recipient. The proposal is then presented to the Corporate Governance and Compensation Committee of the Company and based upon further discussion a decision is made as to the timing of the grant of and the number of options to be granted.

Deferred Share Units

The Company believes deferred share units (the "DSUs") help strengthen the alignment of interests between eligible directors of the Company and the Company's shareholders. DSUs aid in encouraging director commitment and performance through the opportunity offered to such persons to receive compensation in line with the value of the common shares.

During 2008, 65,000 DSUs were granted to each of three independent directors. In January 2009, compensation paid to each of the three directors upon retirement of the DSUs was \$5,395 for each. There currently are no DSUs outstanding and two of the three independent directors who received payment subsequently resigned.

SUMMARY COMPENSATION TABLE

The following table provides a summary of all annual and long-term compensation for services rendered in all capacities to the Company for the last three fiscal years ended December 31, in respect of the individuals who served, during the respective fiscal year, as the Chief Executive Officer, Chief Financial Officer, Chief Operating Officer, Vice President Exploration, Vice President Health, Safety & Environment, and Vice President Investor Relations (the "Named Executive Officers").

Summary Compensation Table – Year Ended December 31

Name and Principal Position	Year	Salary \$	Share-based awards \$	Option-based awards ⁽¹⁾ \$	Non-equity incentive plan compensation \$		Pension value \$	All other Compensation ⁽⁷⁾ \$	Total compensation \$
					Annual Incentive Plans ⁽⁸⁾	Long-term incentive plans			
Nikolay Zelenskiy, ⁽²⁾ Director and CEO	2008	NIL	N/A	NIL	NIL	N/A	N/A	NIL	NIL
	2007	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	2006	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Name and Principal Position	Year	Salary \$	Share-based awards \$	Option-based awards ⁽¹⁾ \$	Non-equity incentive plan compensation \$		Pension value \$	All other Compensation ⁽⁷⁾ \$	Total compensation \$
					Annual Incentive Plans ⁽⁸⁾	Long-term incentive plans			
David Mosher, ⁽³⁾ (former Director, President and CEO)	2008 2007 2006	\$515,625 \$325,000 \$325,000	N/A N/A N/A	\$158,470 NIL \$620,220	\$260,000 \$224,000 \$217,000	N/A N/A N/A	N/A N/A N/A	\$12,127 NIL NIL	\$946,222 \$549,000 \$1,162,000
Steven Poad, Director and CFO	2008 2007 2006	\$265,000 \$235,000 \$235,000	N/A N/A N/A	\$73,140 NIL \$300,840	\$122,000 \$97,250 \$65,525	N/A N/A N/A	N/A N/A N/A	\$8,649 NIL NIL	\$468,789 \$332,250 \$601,365
Donald Whalen, ⁽⁴⁾ (former Director and Executive Chairman)	2008 2007 2006	\$462,000 \$275,000 \$275,000	N/A N/A N/A	\$134,090 NIL \$517,110	\$165,000 \$136,775 \$109,668	N/A N/A N/A	N/A N/A N/A	NIL NIL NIL	\$761,090 \$411,775 \$901,778
Michael Kelly ⁽⁵⁾⁽¹⁰⁾ , (former Chief Operating Officer and Executive Vice President)	2008 2007 2006	\$295,167 N/A N/A	N/A N/A N/A	\$502,200 N/A N/A	NIL N/A N/A	N/A N/A N/A	N/A N/A N/A	\$263,441 N/A N/A	\$1,060,808 \$810,808 N/A N/A
Daniel Vanin ⁽⁶⁾ (former Chief Operating Officer and Executive Vice President)	2008 2007 2006	\$210,833 \$300,000 \$300,000	N/A N/A N/A	\$146,280 NIL \$583,900	\$240,000 \$209,600 \$183,800	N/A N/A N/A	N/A N/A N/A	\$59,736 NIL \$ 25,000	\$656,849 \$509,600 \$1,092,700
Drifffield Cameron, Vice President Exploration	2008 2007 2006	\$210,000 \$165,000 \$165,000	N/A N/A N/A	\$60,950 NIL \$250,940	\$85,000 \$52,270 \$3,100	N/A N/A N/A	N/A N/A N/A	\$2,880 NIL NIL	\$358,830 \$217,270 \$419,040
Edward Villeneuve ⁽¹¹⁾ Vice President Health, Safety & Environment	2008 2007 2006	\$170,000 N/A N/A	N/A N/A N/A	\$63,320 N/A N/A	\$32,300 N/A N/A	N/A N/A N/A	N/A N/A N/A	\$42,007 N/A N/A	\$307,627 N/A N/A
Dan Hrushewsky ⁽⁹⁾ Vice President Investor Relations	2008 2007 2006	\$150,000 \$150,000 \$69,375	N/A N/A N/A	\$48,760 NIL \$156,675	\$52,500 \$15,375 \$3,000	N/A N/A N/A	N/A N/A N/A	\$1,771 NIL NIL	\$253,031 \$165,375 \$229,050

Notes:

- (1) The amounts in this column represent the grant date fair value of options granted in the respective year and may not represent the amount the Named Executive Officers will actually realize from the award. The grant date fair value has been estimated using a Black-Scholes option pricing model.
- (2) Mr. Zelenskiy was appointed CEO on November 20, 2008
- (3) Mr. Mosher resigned as President and CEO on November 20, 2008
- (4) Mr. Whalen resigned as Executive Chairman on September 10, 2008. Mr. Whalen's employment with the Company terminated December 22, 2008.
- (5) Mr. Kelly was appointed Chief Operating Officer and Executive Vice President on May 29, 2008. Mr. Kelly's employment with the Company terminated December 22, 2008.
- (6) Mr. Vanin resigned as Chief Operating Officer and Executive Vice President effective May 31, 2008
- (7) In this column the figures represent paid out earned vacation
- (8) This information represents cash bonus payments during 2008 awarded for 2007 performance
- (9) Mr. Hrushewsky's employment commenced July 17, 2006
- (10) Mr. Kelly received a signing bonus on commencement of employment in the amount of \$250,000, included in "All Other Compensation". See also "Indebtedness of Directors and Officers".
- (11) Mr. Villeneuve received a signing bonus on commencement of employment in the amount of \$40,000 included in "All Other Compensation". See "Indebtedness of Directors and Officers".

NARRATIVE DISCUSSION

The above Summary Table of Compensation presents the three main elements of executive compensation and a value attributable to the granting of stock options during the three year period. The footnotes presented above provide additional explanatory information for the table.

The values attributable to the stock option grant may not represent final values realizable or realized by the Named Executive Officers. The options granted in each year were valued using a Black-Scholes option pricing model. The underlying parameters used in the calculation of the values of the granted options have been disclosed in the Company's annual financial statements in the notes to the financial statements that discuss share capital for each of the years 2006, 2007 and 2008.

All other compensation noted above includes the pay out of unused vacation for 2008 to certain Named Executive Officers. The directors of the Company directed management to pay out to all employees earned but unused vacation up to November 20, 2008, due to the change of control of the Company. The amount paid to Mr. Vanin in 2006 also represents a payout of earned but unused vacation. This payment represented a special circumstance whereby Mr. Vanin was unable to take all of his vacation in 2006 due to work commitments.

CURRENCIES

All payments to the Names Executive Officers presented in the above Summary Compensation Table are paid in Canadian dollars. The Company reports its consolidated financial statements in Canadian dollars.

OFFICERS WHO ALSO ACT AS DIRECTORS

It is the policy of the Company not to compensate officers or any Named Executive Officer of the Company for duties performed as a director of the Company or a subsidiary. Only independent directors of the Company are compensated for their services. Therefore there are no amounts included in the Summary Compensation Table for the performance of director duties.

OUTSTANDING SHARE-BASED AWARDS AND OPTION-BASED AWARDS

In addition to its salary programme, High River makes appropriate use of stock option grants to attract, motivate, reward and retain its executives and employees. At the current stage of development and as noted above, the Company has not been in a position to provide its employees with a pension plan. The following table provides details of option-based and share-based awards outstanding for the Named Executive Officers at the end of December 31, 2008:

Outstanding Share-Based Awards and Option-Based Awards

Name	Option-Based Awards			Share-Based Awards		
	Number of securities underlying unexercised options (#)	Option exercise price	Option expiration date	Value of unexercised in-the-money options	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested
Nikolay Zelenskiy, Director and CEO	NIL	N/A	N/A	N/A	N/A	N/A
David Mosher, ⁽¹⁾ (former Director, President and CEO)	130,000 405,000 190,000 215,000	\$2.80 \$2.15 \$2.13 \$1.85	January 24, 2013 November 23, 2011 February 28, 2011 December 24, 2009	\$0 \$0 \$0 \$0	N/A	N/A
Steven Poad, Director and CFO	60,000 180,000 80,000 100,000	\$2.80 \$2.15 \$2.13 \$1.85	January 24, 2013 November 23, 2011 February 28, 2011 December 24, 2009	\$0 \$0 \$0 \$0	N/A	N/A

Option-Based Awards				Share-Based Awards		
Name	Number of securities underlying unexercised options (#)	Option exercise price	Option expiration date	Value of unexercised in-the-money options	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested
Donald Whalen, ⁽²⁾ (former Director and Executive Chairman)	100,000	\$2.80	January 24, 2013	\$0	N/A	N/A
	330,000	\$2.15	November 23, 2011	\$0		
	165,000	\$2.13	February 28, 2011	\$0		
	175,000	\$1.85	December 24, 2009	\$0		
Michael Kelly, ⁽³⁾ (former Chief Operating Officer)	300,000	\$1.80	July 29, 2013	\$0	N/A	N/A
	340,000	\$2.19	April 16, 2013	\$0		
Daniel Vanin, ⁽⁴⁾ (former Chief Operating Officer and Executive Vice President)	120,000	\$2.80	January 24, 2013	\$0	N/A	N/A
	380,000	\$2.15	November 23, 2011	\$0		
	180,000	\$2.13	February 28, 2011	\$0		
	200,000	\$1.85	December 24, 2009	\$0		
Driffield Cameron, Vice President Exploration	50,000	\$2.80	January 24, 2013	\$0	N/A	N/A
	130,000	\$2.15	November 23, 2011	\$0		
	80,000	\$2.13	February 28, 2011	\$0		
	100,000	\$1.85	December 24, 2009	\$0		
Edward Villeneuve, Vice President Health, Safety & Environment	50,000	\$1.80	July 29, 2013	\$0	N/A	N/A
	30,000	\$2.80	January 24, 2013	\$0		
Dan Hrushewsky, Vice President Investor Relations	40,000	\$2.80	January 24, 2013	\$0	N/A	N/A
	75,000	\$2.35	July 10, 2011	\$0		
	75,000	\$2.15	November 23, 2011	\$0		

Notes:

- (1) Mr. Mosher resigned as President and CEO on November 20, 2008. Stock options granted to Mr. Mosher during his employment with the Company vested on November 20, 2008 and are exercisable until expiration.
- (2) Mr. Whalen's employment with the Company terminated on December 22, 2008. In accordance with the termination agreement, the stock options granted to Mr. Whalen during his employment with the Company continue to vest and remain in effect until exercise or expiration.
- (3) Mr. Kelly's employment with the Company terminated on December 22, 2008. In accordance with the termination agreement, the stock options granted to Mr. Kelly during his employment with the Company continue to vest and remain in effect until exercise or expiration.
- (4) Mr. Vanin resigned as Chief Operating Officer and Executive Vice President on May 31, 2008. All vested stock options granted to Mr. Vanin during his employment with the Company expired November 30, 2008.

Incentive Plan Awards – Value Vested or Earned During the Year

Name	Option-based awards – value vested during the year ⁽¹⁾ \$	Share-based awards – value vested during the year \$	Non-equity incentive plan compensation – value earned during the year \$
Nikolay Zelenskiy Director and Chief Executive Officer	NIL	NIL	NIL
David Mosher, (former Director, President and CEO)	\$78,533	NIL	NIL
Steven Poad Director and Chief Financial Officer	\$33,067	NIL	NIL
Donald Whalen, (former Director and Executive Chairman)	\$68,200	NIL	NIL
Michael Kelly, (former Chief Operating Officer and Executive Vice President)	NIL	NIL	NIL
Daniel Vanin, (former Chief Operating and Officer and Executive Vice President)	\$74,400	NIL	NIL

Name	Option-based awards – value vested during the year ⁽¹⁾ \$	Share-based awards – value vested during the year \$	Non-equity incentive plan compensation – value earned during the year \$
Driffield Cameron, Vice President Exploration	\$33,067	NIL	NIL
Edward Villeneuve, Vice President Health, Safety & Environment	NIL	NIL	NIL
Dan Hrushewsky, Vice President Investor Relations	NIL	NIL	NIL

Notes:

⁽¹⁾ Represents the aggregate dollar value that would have been realized if the options had been exercised on the vesting date, based on the difference between the closing price of the Company's shares on the Toronto Stock Exchange on the vesting date and the exercise price of the options.

NARRATIVE DISCUSSION

Stock Option Plan

The stock option plan (the “**Stock Option Plan**”) was implemented November 30, 1995 and, as amended, the purpose is to attract, retain and compensate qualified persons as directors, senior officers and employees of, and consultants to the Company and its affiliated subsidiaries by providing such persons with the opportunity, through stock options, to acquire an increased proprietary interest in the Company.

The Stock Option Plan is administered by the Company's Board of Directors. The Board recognizes that the Company experiences intense competition from other companies for talented managers and employees and that the Company's success is dependent upon its ability to attract, motivate and retain such personnel. The Stock Option Plan is designed to support the achievement of the Company's performance objectives, to ensure that employees' interests are aligned with the success of the Company and to provide compensation opportunities that will attract, retain and motivate superior management and operating personnel.

Under the Stock Option Plan:

- (i) The term of options granted under the Stock Option Plan are generally five years but cannot exceed ten years.
- (ii) The vesting period for the options is generally two years with 1/3 vesting immediately, an additional 1/3 vesting at the end of the first year, and the final 1/3 vesting at the end of the second year, subject to the discretion of the Board.
- (iii) The exercise price for the common shares cannot be less than the trading price for the common shares on the last trading day before the date of grant of the options.
- (iv) Options can be granted to any person who is a director, officer or employee of the Company or any of its subsidiaries or affiliates, or any person that has been engaged to provide services to the Company or its affiliates.
- (v) Options granted pursuant to the Stock Option Plan are non-transferable.
- (vi) The number of common shares reserved for issuance to any one person under the Stock Option Plan and any stock purchase or other plans cannot exceed 5% of the number of common shares outstanding.
- (vii) The aggregate number of common shares issuable to insiders of the Company under the Stock Option Plan or any other share compensation arrangement of the Company shall not at any time exceed 10% of the issued and outstanding common shares and the aggregate number of common shares issued to insiders under the Stock Option Plan, within a one year period, shall not exceed 10% of the issued and outstanding common shares.
- (viii) Upon termination of the employment of an optionee, other than for cause but including by reason of death, an option may be exercised by the optionee or the estate of the optionee (prior to the expiry of the option

and in accordance with its terms), within six months of the date of termination of employment to the extent that the optionee was entitled to exercise such option at the termination date, except in the case of death where any option shall become exercisable if the option was issued one year or more prior to the date of death.

- (ix) The Company requires shareholder approval for the following changes to the Stock Option Plan or options granted under it:
 - (a) to increase the number of common shares issuable pursuant to the Stock Option Plan;
 - (b) to make any amendment that would reduce the exercise price of an outstanding option (including a cancellation and reissue of an option constituting a reduction of the exercise price);
 - (c) to make any amendment to extend the term of any option granted under the Stock Option Plan beyond the "Latest Exercise Date" as such term is defined in the Stock Option Plan or allow for the Latest Exercise Date to extend beyond five years from the date of grant;
 - (d) to expand the definition of "Employee" or "Eligible Person" in the Stock Option Plan; or
 - (e) to amend the Stock Option Plan to provide for other types of compensation through equity issuances.
- (x) The Company may, without shareholder approval, amend the Stock Option Plan relating to:
 - (a) housekeeping changes (such as a change to correct an immaterial inconsistency or clerical omission or a change to update a routine administrative provision such as contact information);
 - (b) a change in the termination provisions for the Stock Option Plan or for an option, as long as the change does not permit the Company to grant an option with an expiry date of more than ten years or extend an outstanding option's expiry date; or
 - (c) a change deemed necessary or desirable to comply with applicable law or regulatory requirements.

As amended in 2008, the maximum number of common shares issuable under the Plan is currently 20,074,000, representing 3.4% of the total number of common shares issued and outstanding as of May 28, 2009. Options to purchase 8,520,932 common shares of the Company are outstanding, and 5,290,004 options remain available for grant under the Stock Option Plan as of May 28, 2009.

In addition, as of May 28, 2009, there are 978,750 options outstanding relating to options acquired resulting from the acquisition of Jilbey. These options are excluded from the stock reserved for issue under the Stock Option Plan.

A copy of the Stock Option Plan may be obtained by writing to the Company at 155 University Avenue, Suite 1700, Toronto, Ontario, M5H 3B7, or by contacting the Manager, Legal and Regulatory of the Company by phone at (416) 947-1440 or by email at esimonds@hrg.ca.

Deferred Share Unit Plan

The purpose of the DSU plan (the "**DSU Plan**") is to advance the interests of the Company through the motivation, attraction and retention of directors of the Company and designated affiliates and eligible officers. It is generally recognized that DSU plans aid in attracting, retaining and encouraging director commitment and performance due to the opportunity offered to them to receive compensation in line with the value of a company's common shares.

The DSU Plan is administered by a committee of directors comprising not less than three directors, including any compensation committee of the board, and has full discretionary authority to administer the DSU Plan including the authority to interpret and construe any provision of the DSU Plan and to adopt, amend and rescind such rules and regulations for administering the DSU Plan as the committee may deem necessary in order to comply with the requirements of the DSU Plan.

The committee may grant and issue to any eligible director or officer rights to acquire any number of deferred share units as a discretionary payment, subject to the DSU Plan and with such provisions and restrictions as the committee may determine. The committee may also recommend to the Board that, in future, any portion of a director's remuneration may be satisfied by the issuance of deferred share units.

Each DSU held by a participant who ceases to be an eligible director or officer shall be redeemed by the Company on the relevant separation date, or such other date as may be specified by the Board when granting such DSU, for a deferred share unit payment (less any applicable taxes and other source deductions required to be withheld by the Company) to be made to the participant (or after the participant's death, a dependent, relative or legal representative of the participant) on such date as the Company determines not later than 60 days after the separation date or such other date, as applicable, without any further action on the part of the holder of the DSU.

The committee may from time to time in the absolute discretion of such committee amend, modify and change the provisions of the DSU Plan, provided that any amendment, modification or change to the provisions of the DSU Plan which would (a) materially increase the benefits under the DSU Plan, (b) materially modify the requirements as to eligibility for participation in the DSU Plan, or (c) terminate the DSU Plan, shall only be effective upon such amendment, modification or change being approved by the Board, and, if required, by the Toronto Stock Exchange and any other regulatory authorities having jurisdiction over the Company. Any amendment of this DSU Plan shall be such that the DSU Plan continuously meets the requirements of paragraph 6801(d) of the Regulations to the *Income Tax Act* (Canada) or any successor provision thereto.

No DSU and no other right or interest of a participant in the DSU Plan is assignable or transferable except as otherwise may be expressly provided for under the DSU Plan or pursuant to a will or by the laws of descent and distribution.

TERMINATION AND CHANGE OF CONTROL BENEFITS

Each of the Company's Named Executive Officers, as of December 31, 2008, with the exception of Nikolay Zelenskiy, is a party to an employment agreement that sets forth certain instances where payments and other obligations arise on termination of his employment. Messrs. Mosher, Whalen and Kelly were also parties to employment agreements with the Company, which agreements were superseded by amending agreements or termination agreements, as applicable, that governed the terms of his employment. See "Payments on Change of Control or Termination" below.

Provisions Common to All Employment Agreements

The employment agreements between the Company and the Named Executive Officers (other than Mr. Zelenskiy) define "Change of Control" as the result of any one or more of the following events:

- (a) the Company is to be dissolved and liquidated;
- (b) the Company shall not be the surviving entity in a merger, amalgamation, or other reorganization (or survives only as a subsidiary);
- (c) the Company sells, leases or exchanges all or substantially all its assets to any other person or entity (other than a wholly-owned subsidiary of the Company); or
- (d) any person, entity or group of persons or entities acting jointly or in concert acquires or gains ownership or control (including, without limitation, the power to vote) more than 20% of the Company's outstanding voting securities.

Such employment agreements further define a "Triggering Event" as the result of the occurrence of any one or more of the following, without the Named Executive Officer's express and informed written consent:

- (a) the assignment to the Named Executive Officer of any duties inconsistent with the positions, duties, responsibilities or status with the Company immediately prior to a Change of Control, or a change in his reporting responsibilities, titles or offices as in effect immediately prior to any Change of Control, or any removal of the employee from, or any failure to re-elect the Named Executive Officer to, any of such positions, except in connection with the termination of employment for disability, death, or just cause;
- (b) a reduction by the Company in the Named Executive Officer's annual base salary and benefits as in effect immediately prior to the date of the Change of Control;

- (c) the relocation of the Named Executive Officer's principal place of employment by the Company to a location more than 50 miles from the location where he was principally employed immediately prior to the date on which a Change of Control occurs, except for required travel on business for the Company to an extent substantially consistent with past and industry practice; or
- (d) the failure of the Company to obtain the express assumption of an agreement to perform the employment agreement by any successor.

Provisions Specific to Certain Named Executive Officers' Employment Contracts

Mr. Poad's employment agreements defines "Severance Amount" as a lump sum payment of an amount equal to the product obtained when A is multiplied by B, where:

A is the aggregate of Mr. Poad's base salary at the particular time, plus the bonus payments actually received during the previous three years divided by the number of years in which a bonus was received, all calculated at the date of termination; and

B is the total number of full or partial months Mr. Poad was employed by the Company (including any predecessor) up to and including the date of termination divided by 24. In determining B, B shall not be less than two or greater than three.

Mr. Cameron's employment agreement defines "Severance Amount" as a lump sum payment of an amount equal to the product obtained when A is multiplied by B, where:

A is the aggregate of Mr. Cameron's base salary at the particular time, plus the bonus payments actually received during the previous three years divided by the number of years in which a bonus was received, all calculated at the date of termination; and

B is the total number of full or partial months the Executive Officer was employed by the Company (including any predecessor) up to and including the date of termination divided by 24. In determining B, B shall not be less or greater than two.

Mr. Hrushewsky employment agreement defines "Severance Amount" as a lump sum payment of an amount equal to the product obtained when A is multiplied by B, where:

A is the aggregate of Mr. Hrushewsky's base salary at the particular time, plus the bonus payments actually received during the previous three years divided by the number of years in which a bonus was received, all calculated at the date of termination; and

B is the total number of full or partial months the Executive Officer was employed by the Company (including any predecessor) up to and including the date of termination divided by 24. In determining B, B shall not be less than one or greater than two.

Mr. Villeneuve's employment agreements defines "Severance Amount" as a lump sum payment of an amount equal to the product obtained when A is multiplied by B, where:

A is the aggregate of Mr. Villeneuve's base salary at the particular time, plus the bonus payments actually received during the previous three years divided by the number of years in which a bonus was received, all calculated at the date of termination; and

B is the total number of full or partial months the Executive Officer was employed by the Company (including any predecessor) up to and including the date of termination divided by 24. In determining B, B shall not be less than one or greater than two.

Notwithstanding the foregoing, in the event a Triggering Event should occur within the first twelve months of Mr. Villeneuve's employment with the Company, "A" shall be equal to his base salary during the first year of employment plus, in the event Mr. Villeneuve is eligible for performance bonus and a performance bonus has not been awarded or paid, a performance bonus payment equal to the target percentage (20%) of annual base salary (excluding any signing bonus).

The following table sets out the maximum amount the company could be obligated to pay in the event that a Named Executive Officer was terminated without cause as of December 31, 2008⁽¹⁾:

Name	Base Salary	Bonus	Vacation Pay	Value of Benefits	Value of Equity	Total Gross Payment
Steven Poad	\$530,000	\$189,850	NIL	\$8,951	NIL	\$728,301
Drifffield Cameron	\$420,000	\$93,580	NIL	\$4,782	NIL	\$518,362
Dan Hrushewsky	\$187,500	\$29,531	NIL	\$5,282	NIL	\$222,313
Edward Villeneuve	\$170,000	\$32,300	NIL	\$4,225	NIL	\$206,525

Notes:

⁽¹⁾ The employment of Mr. Mosher with the Company ceased on November 20, 2008, and for Messrs. Whalen and Kelly on December 22, 2008. Pursuant to his employment agreement, as amended, Mr. Mosher's severance totalled \$1,102,112 comprised of the following: severance: \$1,100,000; value of benefits: \$2,112; and value of equity: \$0. Pursuant to his termination agreement, Mr. Whalen's severance totalled \$1,104,410 comprised of the following: severance: \$1,100,000; value of benefits \$4,410; and value of equity: \$0. Pursuant to his termination agreement, Mr. Kelly's severance totalled \$532,494 comprised of the following: severance: \$531,300; value of benefits: \$1,194; and value of equity: \$0.

Other than as disclosed above, there are no other employment agreements, compensatory plans or other employment arrangements between the Company or any of its subsidiaries and the Named Executive Officers.

DIRECTOR COMPENSATION TABLE

Directors who are also officers, employees, employees of Severstal, or service providers of the Company or its affiliates, receive no remuneration as directors. The compensation paid to independent, and therefore unrelated directors, is as follows:

	2008
Annual Retainer	\$28,125
Additional Annual Retainers	
Chairman	\$11,250
Committee Chairs:	
Audit Committee	\$16,875
Corporate Governance and Compensation Committee	\$ 4,500
Health, Safety & Environment Committee	\$ 4,500
Committee Members:	
Audit Committee	\$ 7,500
Corporate Governance and Compensation Committee	\$ 2,250
Attendance Fees (per meeting)	
Board Meeting	\$ 1,125
Committee Meeting	\$ 1,125

The following is a table of the compensation provided to the directors for the Company's most recently completed financial year:

Director Compensation Table

Name	Fees Earned	Share-based awards	Option-based awards	Non-equity incentive plan compensation	Pension value	All other compensation	Total
Robert Buchan ⁽¹⁾	\$31,549	NIL	\$26,700	NIL	N/A	NIL	\$58,249
Michael Y.C. Chieng ⁽²⁾	\$61,781	NIL	\$36,570	NIL	N/A	NIL	\$98,351
John W. Crow ⁽³⁾⁽¹⁴⁾	\$79,679	NIL	\$80,200	NIL	N/A	\$5,395	\$165,274
Laurence Curtis ⁽²⁾	\$53,260	NIL	\$36,570	NIL	N/A	NIL	\$89,830
David Davidson ⁽²⁾	\$60,865	NIL	\$60,950	NIL	N/A	NIL	\$121,815
Roman Deniskin ⁽⁴⁾⁽¹¹⁾	N/A	NIL	NIL	NIL	N/A	NIL	\$0
Valery Dmitriev ⁽⁵⁾⁽¹²⁾ (13)	N/A	NIL	NIL	NIL	N/A	NIL	NIL
Graham Farquharson ⁽⁶⁾	\$52,869	NIL	\$26,700	NIL	N/A	NIL	\$79,569
Terrence Lyons ⁽⁷⁾⁽¹⁴⁾	\$58,801	NIL	\$26,700	NIL	N/A	\$5,395	\$90,896
David V. Mosher ⁽⁵⁾⁽¹²⁾ (13)	N/A	NIL	NIL	NIL	N/A	NIL	NIL
Oleg Pelevin ⁽⁴⁾	N/A	NIL	NIL	NIL	N/A	NIL	\$0
Stephen Polakoff ⁽⁸⁾⁽¹⁴⁾	\$23,304	NIL	\$26,700	NIL	N/A	\$5,395	\$55,399
Vladimir Polevanov ⁽⁹⁾	\$1,302	NIL	NIL	NIL	N/A	NIL	\$1,302
Mark Rachovides ⁽¹⁰⁾	\$87,291	NIL	\$26,700	NIL	N/A	NIL	\$113,991
Murray Sinclair ⁽¹⁾	\$33,614	NIL	\$26,700	NIL	N/A	NIL	\$60,314
Evgeny Tulubensky ⁽⁴⁾	N/A	NIL	NIL	NIL	N/A	NIL	\$0
Donald Whalen ⁽²⁾⁽¹²⁾ (13)	N/A	NIL	NIL	NIL	N/A	NIL	NIL
Nikolay Zelenskiy ⁽⁴⁾	N/A	NIL	NIL	NIL	N/A	NIL	\$0

Notes:

- (1) Messrs. Sinclair and Buchan were appointed to the Board September 10, 2008 and later resigned October 31, 2008
- (2) Messrs. Chieng, Curtis, Davidson and Whalen resigned in September, 2008
- (3) Mr. Crow resigned April 8, 2009
- (4) Messrs. Deniskin, Pelevin, Tulubensky and Zelenskiy were appointed as nominees of Severstal in connection with the Severstal Private Placement, on November 20, 2008
- (5) Messrs. Dmitriev and Mosher resigned on November 20, 2008
- (6) Mr. Farquharson resigned October 31, 2008
- (7) Mr. Lyons was appointed to the Board September 10, 2008 and later resigned March 31, 2009
- (8) Mr. Polakoff was appointed in September, 2008
- (9) Mr. Polevanov did not stand for re-election to the Board in May, 2008.
- (10) Mr. Rachovides resigned November 4, 2008
- (11) Mr. Deniskin resigned on April 30, 2009
- (12) Any option-based awards received were granted to the recipients as employees of the Company or its subsidiaries and are disclosed in the Summary Compensation Table for Named Executive Officers. No option-based awards were granted to these individuals as directors.
- (13) Non-independent directors do not receive compensation as directors.
- (14) Compensation for DSUs earned in 2008 was paid in 2009.

NARRATIVE DISCUSSION

Directors are also reimbursed for travel and other out-of-pocket expenses incurred in attending directors' and shareholders' meetings. Directors are eligible to participate in the existing Stock Option Plan and the DSU Plan. Directors may also be compensated for services provided to the Company as consultants or experts on the same basis and at the same rate as would be payable if such services were provided by a third party, arm's-length service provider. During 2008, no such services were provided to the Company by any directors who are not also officers. One director and two former directors of the Company (Messrs. Poad, Mosher and Whalen) also serve as directors of OJSC Buryatzoloto and are not compensated in that capacity.

During 2008, one director of the Company exercised an aggregate of 75,000 options. Since December 31, 2008, no options have been exercised by the directors.

DIRECTORS' AND OFFICERS' LIABILITY INSURANCE

The Company has purchased, for the benefit of the Company, its subsidiaries and their directors and officers, insurance against liability incurred by the directors or officers in their capacity as directors or officers of the Company or any material subsidiary. The total amount of the insurance is \$15 million and, subject to a deductible of \$250,000 for each securities claim and \$100,000 for each other claim, up to the full face amount of the policy is payable, regardless of the number of directors and officers involved. The annual premium for the policy is approximately \$250,000.

EQUITY COMPENSATION PLAN INFORMATION

The following table provides details of compensation plans under which equity securities of the Company are authorized for issuance as of the financial year ended December 31, 2008.

	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted-average price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans
Equity compensation plans approved by securityholders	10,472,184	\$1.99	4,277,502
Equity compensation plans not approved by securityholders	N/A	N/A	N/A
Total	10,472,184	\$1.99	4,277,502

DISCLOSURE OF CORPORATE GOVERNANCE PRACTICES

High River and the Board believe that effective corporate governance contributes to improved corporate performance and enhanced shareholder value. As part of their general duty to supervise the management of the business and the affairs of the Company, the Board as a whole has assumed responsibility for developing the Company's approach to corporate governance matters, including the review and implementation of the corporate governance policies of the Company. This section that follows discloses High River's corporate governance guidelines and practices in accordance with National Instrument 58-101 – *Corporate Governance* ("NI 58-101").

Constitution of the Board of Directors

NI 58-101 defines an "independent director" as a director who has no direct or indirect material relationship with the Company. A "material relationship" is in turn defined as a relationship which could, in the view of the Board, be reasonably expected to interfere with such member's independent judgement. The Board is currently comprised of seven members, and the Board has determined that three of such members, Stephen Polakoff, Alexey Khudyakov and Karl Glackmeyer, are "independent", while four of such members are not considered "independent" within the meaning of NI 58-101. Although the mandate of the Board requires that a majority of the directors are independent, four Severstal nominees were appointed to the Board in connection with the Severstal Private Placement and the Board is planning on reviewing its mandate in light of the circumstances.

Mr. Nikolay Zelenskiy is Chief Executive Officer of the Company. Mr. Zelenskiy, together with Oleg Pelevin and Evgeny Tulubensky, were appointed to the Board in connection with the Severstal Private Placement. For this reason, and because they are currently employed by Severstal, the Company's majority shareholder, they are not considered to be independent directors of the Company. Steven Poad, the Chief Financial Officer of the Company, is not considered to be an independent director because he is employed by the Company in a management position.

Until early November 2008, the Board was comprised a majority of independent members. In September 2008, four new directors, Murray Sinclair, Robert Buchan, Terrence Lyons and Stephen Polakoff (all independent) joined the Board replacing Michael Chieng, Laurence Curtis, David Davidson (all independent) and Donald Whalen (non-independent), who resigned. Subsequently, in October 2008, Graham Farquharson, Robert Buchan, Murray Sinclair, and in November, Mark Rachovides (independent directors) resigned as directors, and Mr. Lyons was appointed Chairman. In November, Nikolay Zelenskiy, Roman Deniskin, Oleg Pelevin and Evgeny Tulubensky were appointed to the Board and David Mosher and Valery Dmitriev resigned (all non-independent).

In March 2009, Terrence Lyons (independent) resigned from the Board. In April 2009, John Crow (independent) and Roman Deniskin (non-independent) resigned, and three new directors, Alexey Khudyakov and Karl Glackmeyer (independent) and Steven Poad (non-independent) were appointed to the Board and Mr. Khudyakov was appointed Chairman.

The Board considers that its size and composition is appropriate given the Company's current shareholders, the diversity of High River's international operations and the strong need for a variety of experience and backgrounds to effectively govern mining and exploration activities. High River also believes that a well-balanced Board leads to a constructive exchange in Board deliberations resulting in objective and informed decision-making.

The independent directors meet without Company management in attendance. These meetings are generally held following meetings of the Audit Committee or the Board of Directors. During 2008, the independent directors met without Company management present seven times.

Until November 2008, the Lead Director, Mark Rachovides, and Terrence Lyons, who was subsequently appointed Chairman, were independent directors. While the Chairman of the Board is primarily responsible for setting the agenda for Board meetings, all members of the Board are able to and do submit particular matters for inclusion on the agenda at Board meetings. The primary role of the Chairman is to chair all meetings of the Board, to ensure the Board functions effectively and works together as a team, and act as a liaison between management and the Board.

The Board maintains the ability to function independently by having at least three independent directors on the Board and by having each of the three independent directors constitute all of the committees.

The Board of Directors met a total of 13 times during 2008. The frequency of meetings and the nature of meeting agendas depends upon the nature of the business and affairs which the Company faces from time to time. The Board expects directors to attend all regular Board and committee meetings (in person or by phone) unless circumstances make it impossible to do so. Attendance by directors is considered by the Corporate Governance and Compensation Committee and the Board in director nominations.

Each director attended, either in person or by telephone, the following number of meetings in 2008:

Director	Number of Board Meetings Attended
Robert Buchan ⁽¹⁾	0
Michael Y.C. Chieng ⁽²⁾	9
John W. Crow ⁽³⁾	10
Laurence Curtis ⁽²⁾	9
David Davidson ⁽²⁾	8
Roman Deniskin ^{(4) (10)}	1
Valery Dmitriev ⁽⁵⁾	8
Graham Farquharson ⁽⁶⁾	7
Terrence Lyons ⁽⁷⁾	4
David V. Mosher ⁽⁵⁾	12

Director	Number of Board Meetings Attended
Oleg Pelevin ⁽⁴⁾	1
Stephen Polakoff ⁽⁸⁾	4
Vladimir Polevanov ⁽⁹⁾	0
Mark Rachovides ⁽⁶⁾	10
Murray Sinclair ⁽¹⁾	1
Evgeny Tulubensky ⁽⁴⁾	1
Donald Whalen ⁽²⁾	9
Nikolay Zelenskiy ⁽⁴⁾	1

Notes:

- (1) Messrs. Buchan and Sinclair were appointed to the Board in September, 2008 and later resigned October, 2008
- (2) Messrs. Chieng, Curtis, Davidson and Whalen resigned in September 2008
- (3) Mr. Crow resigned in April, 2009
- (4) Messrs. Deniskin, Pelevin, Tulubensky and Zelenskiy were appointed as nominees of Severstal in connection with the Severstal Private Placement
- (5) Messrs. Dmitriev and Mosher resigned in November, 2008
- (6) Messrs. Farquharson and Rachovides resigned October and November, 2008, respectively
- (7) Mr. Lyons was appointed to the Board in September, 2008 and later resigned in March, 2009
- (8) Mr. Polakoff was appointed in September 2008
- (9) Mr. Polevanov did not stand for re-election to the Board in May, 2008
- (10) Mr. Deniskin resigned in April, 2009

Directorships

Certain directors of the Company are also members of the boards of directors of other reporting issuers (or the equivalent) as set out below:

<u>Director</u>	<u>Reporting Issuer(s)</u>
Alexey Khudyakov	Turkcell Iletisim Hizmetleri A.C.
Steven Poad	Royal Roads Corp.
Stephen Polakoff	Abenteuer Resources Corp.

Mandate of the Board of Directors

The Board of Directors is responsible to review the strategic business plans and corporate objectives, to approve the annual operating plan and to approve capital expenditures, acquisitions, dispositions, investments, and financings that are thought to be material to the Company. The Board is also responsible for the overall stewardship of the Company and as such, supervises the management of the business and affairs of the Company. As noted above, although the mandate of the Board requires that a majority of the directors are independent, four Severstal nominees were appointed to the Board in connection with the Severstal Private Placement and the Board is planning on reviewing its mandate in light of the circumstances.

The Board currently has a written mandate which provides as follows:

The Board of Directors (the “Board”) of High River Gold Mines Ltd. (the “Company”) is responsible for the stewardship of the business and affairs of the Company with a fundamental objective to enhance and preserve shareholder value. The Board also oversees the senior officers of the Company in their management of the day-to-day conduct of the business. The Board may delegate certain of its authority and responsibilities directly and

through its committees. The Board shall assess and ensure systems are place to manage the risks of the Company's business with the objective of safeguarding the Company's assets.

Composition and Meetings

The Board shall be constituted with a majority of individuals who are independent directors in accordance with the suggested best practices guidelines as outlined in National Instrument 58-201 – *Corporate Governance Guidelines*. Directors are considered to be independent if they have no direct or indirect material relationship with the Company. A “material relationship” is a relationship which could, in the view of the Company's Board of Directors, be reasonably expected to interfere with the exercise of a director's independent judgment.

The Board shall appoint one director as Chairman. If the Chairman is not an independent director, then a Lead Chairman shall be appointed. The Chairman, or Lead Chairman, is responsible for the leadership of the Board of Directors and for specific functions to ensure the independence of the Board of directors.

The Board shall meet regularly to carry out its duties effectively. Each director shall review all Board meeting materials in advance of each meeting and shall strive for perfect attendance at all Board and Board Committee meetings.

The Board shall encourage the Chief Executive Officer (“CEO”) to bring senior management into Board meetings who can provide additional insight in to the items being discussed during these meetings.

All members of the board shall have such skills and abilities appropriate to their appointment as directors as shall be determined by the Board. It is recognized that the right mix of experiences and competencies will ensure that the Board will carry out its duties and responsibilities in the most effective manner.

The independent members of the Board shall meet regularly during the year without any member of the Company's management present. Generally these meetings will follow regular Board meetings. Any material business items arising from these meetings shall be brought to the attention of the Manager, Legal & Regulatory and such matters will be added to the agenda of the next regularly scheduled board meeting.

In the event a resolution is to be passed by way of written consent rather than a meeting of the Board, a brief summary of the background and purpose of the resolution will be provided to the directors.

Responsibilities

In discharging its duties and stewardship responsibility, the Board shall:

- Adopt and oversee the strategic planning process, and approve the strategic plans and goals, which take into account, among other things, the opportunities and risks of the business. The CEO and senior management team have direct responsibility for the ongoing development and implementation of the strategic planning process and the fulfillment of long-term goals. These goals are reviewed and approved annually by the Board. The Board monitors the success of management in implementing the approved strategies and plans.
- See that an effective Board of Directors is in place and that the Board possesses within its membership the appropriate skills to enable it to fulfill its responsibilities.
- Review and approve the Company's annual budget presented by the CEO.
- Select, appoint, monitor, evaluate and, if necessary, replace the CEO and other senior officers of the Company. The Board shall ensure that processes are in place which enable it to oversee management, and in particular, the CEO's performance against criteria and objectives established by the Board. The Board, through the Corporate Governance and Compensation Committee, is also responsible for approving the annual compensation of the CEO and other officers of the Company.
- Develop the Company's approach to corporate governance issues.
- Annually approve and review changes to the Company's policies and mandates, including the Code of Business Conduct and Ethics, Disclosure Policy, Insider Trading Policy, and the Whistleblowing Procedures, as well as the mandates of the various Board committees. The Board must ensure that policies and procedures in place are able to effectively govern the activities of the Company and allow for effective communication with shareholders, other stakeholders and the public.

- Monitor corporate compliance with the Company's Code of Business Conduct and Ethics

With the assistance of the Audit Committee:

- Understand the principal risks associated with the Company's business and ensure the implementation of appropriate systems to monitor and manage these risks effectively with a view to the long-term viability and success of the Company and the interests of its shareholders.
- Oversee the processes implemented to ensure integrity of the Company's internal control, financial reporting and management information systems.
- Review and approve the Company's annual audited financial statements and unaudited interim financial statements and the notes for each, as well as the annual and interim MD&A, the annual information form, management proxy circular, annual report and public offering documents.

With the assistance of the Corporate Governance and Compensation Committee:

- Through the Corporate Governance and Compensation Committee, ensure succession planning programmes for management are in place, including programmes to recruit management with the highest standards of integrity and competence, and programmes designed to train, develop and retain those people. The Board is responsible for reviewing and approving these succession plans.
- Oversee the annual assessment process of the contribution of the board, its committees and individual directors.
- Adopt procedures to ensure that the Board is able to function independently of management.
- Ensure the establishment of an appropriate selection process for new nominees to the Board of Directors and an appropriate, formal orientation programme for new directors and ongoing education sessions.
- Recommend suitable candidates for nominees for election or appointment as directors

With the assistance of the Health, Safety & Environment Committee:

- Oversee the development and implementation of policies and programmes relating to health, safety and the environment to ensure compliance with applicable law and regulatory requirements.

Delegation

The Board has the authority to appoint Board committees and appoint directors to be members of these committees. With certain exceptions, the Board may delegate its powers to such committees. The Board has established the following committees:

- (a) Audit Committee
- (b) Corporate Governance and Compensation Committee
- (c) Health, Safety & Environment Committee
- (d) Special Committee

Position Descriptions

The Board has developed formal position descriptions for the Chairman of the Board and for the Chief Executive Officer of the Company. Mr. Zelenskiy, the Chief Executive Officer of the Company, and other members of senior management are responsible for the day-to-day operations of the Company and undertake a significant role in the long range planning and corporate finance activities of the Company. Guidance and assistance is provided to management collectively by the full Board and by individual members of the Board. The chair of each committee is responsible for providing guidance and direction to such committee.

All significant business activities proposed to be undertaken by the Company are subject to the approval of the Board. Major capital expenditures, acquisitions, divestitures, financing transactions, contracts with significant financial commitments and other material transactions, as well as the appointment of officers, stock option grants, financial statements and proxy materials, are all subject to the approval of the Board.

Orientation and Continuing Education

New directors receive an orientation package which includes information on the Company's properties and business, as well as information on the duties and responsibilities of directors. The opportunity to consult with senior management and advisors is made available to all directors on an ongoing basis. Board meetings may also include presentations by the Company's management and employees to give the directors additional insight into the Company's business.

The Company also encourages continuing education of its directors and officers where appropriate in order to ensure that they have the necessary skills and knowledge to meet their respective obligations to the Company.

Ethical Business Conduct

The Company has adopted a formal Code of Business Conduct and Ethics for its directors, officers and employees to promote honest and ethical conduct, the avoidance of conflicts of interest, full, fair, accurate and timely public disclosure and compliance with applicable laws. A copy of the Code of Business Conduct and Ethics can be found on SEDAR at www.sedar.com, or may be obtained by contacting the Manager, Legal and Regulatory of the Company by phone at (416) 947-1440 or by email at esimonds@hrg.ca.

In the case of non-arm's length transactions or other circumstances where a member or members of the Board may have or appear to have a conflict of interest with the Company, the interested member is required to declare his interest and the specifics thereof and refrain from voting on the matter. In certain circumstances, the Board may strike a committee of independent directors to review and to make recommendations in respect of the proposed transaction. Although no formal policy is in place with respect to the retention of outside advisors, any individual director and any independent committee of the Board may request approval from the Audit Committee to engage an outside advisor where the director or the committee believes it is appropriate to do so. Management regularly consults with independent advisors in respect of technical and operational matters and the maintenance of industry best practices and the advice and reports of these consultants are also provided to the Board.

Nomination of Directors

The Corporate Governance and Compensation Committee is comprised of not fewer than three members, each of whom shall be an independent director of the Company. The committee reviews the composition of the Board to ensure its members possess the appropriate skills and characteristics required to contribute to an effective Board. Factors that the committee considers include business experience, diversity and personal skills in mining, finance, marketing, international business, financial reporting and other areas. These factors are also considered by the committee in connection with identifying and recommending candidates for election to the Board. The Corporate Governance and Compensation Committee also assesses whether a candidate would be independent in accordance with NI 58-201.

Compensation

The Corporate Governance and Compensation Committee's responsibilities also include the review and recommendation to the Board with respect to:

- the Company's compensation policies and practices to ensure that compensation policies are in line with the Company's peer group by using available mining industry compensation data
- the directors' compensation package including annual retainer fees, meeting fees, stock option grants and DSU grants
- the review and approval of corporate goals and objectives relevant to the compensation of the Named Executive Officers and evaluation of actual performance in light of those respective corporate goals and objectives
- the compensation packages for Named Executive Officers, and
- succession planning

The Corporate Governance and Compensation Committee

The Corporate Governance and Compensation Committee was established to assist the Board in setting the compensation of directors and senior executives and developing and submitting to the Board recommendations with regard to other employee benefits and the Company's corporate governance practices. In May 2009, the Corporate Governance and Compensation Committee has undertaken a review of its mandate and has recommended refinements to such mandate.

The Corporate Governance and Compensation Committee of the Board reviews, on an annual basis, the adequacy and form of compensation of directors to ensure that the compensation of the Board reflects the responsibilities, time commitment and risks involved in being an effective director. The level of compensation sought to be awarded to the Company's senior management is that which will enable the Company to provide a combination of reward and incentive, normally in line with the appropriate peer group.

The Corporate Governance and Compensation Committee is currently comprised of three independent directors: Stephen Polakoff (Chairman), Karl Glackmeyer and Alexey Khudyakov. During 2008, former directors David Davidson and Mark Rachovides, each of whom were independent directors of the Company, were also members of the Corporate Governance and Compensation Committee. Messrs. Davidson and Rachovides resigned from the Board in September 2008 and November 2008, respectively. Mr. Polakoff was appointed the Committee in September 2008, while Messrs. Glackmeyer and Khudyakov were appointed to the Committee in April 2009.

Audit Committee

The Audit Committee is appointed by the Board to assist the Board in fulfilling its oversight responsibilities. The current members of the Audit Committee are Alexey Khudyakov (Chairman) and Stephen Polakoff. The Corporate Governance and Compensation Committee is identifying a new candidate for appointment to the Board and appointment to the Audit Committee. Each of the Audit Committee members is financially literate within the meaning of Multilateral Instrument 52-110.

The Audit Committee's primary duties and responsibilities are to provide an open avenue of communication between management, the independent auditors, and the Board to assist the Board in its oversight of the:

- integrity, adequacy and timeliness of the Company's financial reporting and disclosure practices;
- processes for identifying the principal financial risks of the Company and the control systems in place to monitor them;
- compliance with legal and regulatory requirements related to financial reporting; and
- independence and performance of the Company's independent auditor.

The Audit Committee meets at least quarterly and is responsible for reviewing and approving the annual and quarterly financial statements, management's discussion and analysis, related disclosure documents, and any reports, opinions or significant transactions in connection with the financial statements of the Company. The Audit Committee also performs any other activities consistent with the Charter of the Audit Committee, the Company's by-laws and governing laws as the Committee or Board deems necessary or appropriate. In 2008 the Audit Committee met six times.

Health, Safety & Environment Committee

The purpose of the Health, Safety and Environment Committee is to review environmental and occupational health and safety policies and programmes, to oversee the Company's environmental and safety performance, to monitor current and future regulatory issues and to make recommendations, where appropriate, on significant matters in respect of environmental and occupational health and safety matters to the Board. The Health, Safety and Environment Committee is comprised of independent directors and meets quarterly or more frequently as deemed necessary. To September 2008, the committee was comprised of independent directors Laurence Curtis (Chairman), Michael Chieng and Mark Rachovides. Messrs. Curtis and Chieng resigned from the Board in September 2008, and Mr. Rachovides resigned in November 2008. The Committee will be re-established following the Meeting. Mr. Edward Villeneuve, Vice President Health, Safety & Environment, acts as an adviser to the Committee.

Special Committee

A Special Committee of the Board comprised of three independent directors was appointed on May 20, 2009 to review and consider proposals presented to the Company, to retain independent financial and legal advisors as it deems necessary, and to report its findings to the Board and make such recommendations as the Committee considers appropriate. The Special Committee is comprised of Alexey Khudyakov (Chairman), Stephen Polakoff and Karl Glackmeyer.

Assessments

The Board endeavours to conduct annual assessments to assess the performance of each director, and the effectiveness of the board as a whole. The Board has previously used anonymous questionnaires and is currently evaluating how to conduct such assessments in the future.

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

Except as set out below, as at May 28, 2009 none of the Company's directors, executive officers or senior officers, or any associate of such director, executive officer or senior officer is, or has, during the financial year ended December 31, 2008 been indebted to the Company or any of its subsidiaries. In addition, none of the indebtedness of these individuals to another entity has been the subject of a guarantee, support agreement, letter of credit or similar arrangement or understanding of the Company or any of its subsidiaries.

Edward Villeneuve, Vice President Health, Safety & Environment, received a signing bonus in the form of a loan, forgivable after the initial two years of employment, with no prorata provision in the event he was to join another company or be dismissed for just cause before the end of the two year period. The loan is forgivable prior to the two-year period in the event of a Triggering Event as defined in "Termination and Change of Control Benefits". Michael Kelly, former Chief Operating Officer and Executive Vice President, received a signing bonus in the form of a loan, forgivable in two equal instalments ending June 1, 2010, and in the event Mr. Kelly terminated his employment with the Company prior to June 1, 2010, the loan would be repaid to the Company in full. Mr. Kelly's signing bonus was forgiven on December 22, 2008. See also "Summary Compensation Table" and "Notes" thereto.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

Other than as discussed below or elsewhere in this Management Information Circular, no informed person of the Company or proposed nominee for election as a director of the Company and no associate or affiliate of the foregoing persons has or has had any material interest, direct or indirect, in any transaction since the beginning of the Company's last completed financial year or in any proposed transaction which has materially affected or will materially affect the Company.

Certain advisory services were provided to the Company in 2006 by Turvill International Ltd., a company in which Alexander Balabanov, a former director of the Company, is a partner. No services were provided in 2007 or 2008.

During 2008, legal services were provided by the law firm in which David Poynton, former Assistant Corporate Secretary of the Company, was a partner or a consulting partner. The cost of such services provided by Cassels Brock & Blackwell LLP for the year ended December 31, 2008 was \$522,000. The services provided were at rates similar to those charged to non-related parties. Cassels Brock & Blackwell LLP continues to act on behalf of the Company.

APPOINTMENT OF AUDITORS

The directors propose to nominate PricewaterhouseCoopers LLP, the present auditors, as the auditors of the Company to hold office until the close of the next annual meeting of shareholders. PricewaterhouseCoopers LLP, and its predecessor, Coopers & Lybrand, have served as auditors of the Company since June 1, 1995.

In the past, the directors have negotiated with the auditors of the Company on an arm's length basis in determining the fees to be paid to the auditors. Such fees have been based on the complexity of the matters in question and the time incurred by the auditors. The directors believe that the fees negotiated in the past with the auditors of the Company were reasonable and in the circumstances would be comparable to fees charged by other auditors providing similar services.

THE MANAGEMENT REPRESENTATIVES NAMED IN THE ATTACHED FORM OF PROXY INTEND TO VOTE IN FAVOUR OF THE APPOINTMENT OF PRICEWATERHOUSECOOPERS LLP AS AUDITORS OF THE COMPANY AND IN FAVOUR OF AUTHORIZING THE DIRECTORS TO FIX THE REMUNERATION OF THE AUDITORS, UNLESS A SHAREHOLDER SPECIFIES IN THE PROXY THAT HIS OR HER COMMON SHARES ARE TO BE WITHHELD FROM VOTING IN RESPECT OF THE APPOINTMENT OF AUDITORS AND THE FIXING OF THEIR REMUNERATION.

CONFIRMATION OF NEW GENERAL BY-LAW

The directors of the Company have approved the adoption of a new general by-law no. 1 (the “**New By-Law**”) for the Company in accordance with the *Canada Business Corporations Act* to incorporate updates reflecting current corporate practice and other administrative, housekeeping and drafting changes, and the repeal of the former by-law No. 1, effective May 28, 2009, subject to shareholder approval. Shareholders are being asked to confirm the New By-Law and the repeal of the former By-Law.

The New By-Law is standard in its form and governs all aspects of the business and affairs of the Company, such as the establishment of a quorum for meetings of directors and shareholders, the conduct of such meetings, signing authorities, the appointment of officers, the description of the officers’ duties, the establishment of committees of the Board, the authority of persons to contract on behalf of the Company and similar matters. The complete text of the New By-Law is attached hereto as Schedule “A”.

At the Meeting, shareholders will be asked to consider and, if deemed appropriate, to pass, with or without variation, a resolution, in the form set out below (the “**New By-Law Resolution**”), subject to such amendments, variations or additions as may be approved at the Meeting, confirming the New By-Law.

The Board and management recommend the adoption of the New By-Law Resolution. To be effective, the New By-Law Resolution must be approved by not less than a majority of the votes cast by the holders of common shares present in person, or represented by proxy, at the Meeting. Unless otherwise indicated, the persons designated as proxyholders in the accompanying form of proxy will vote the common shares represented by such form of proxy, properly executed, for the New By-Law Resolution.

The text of the New By-Law Resolution to be submitted to shareholders at the Meeting is set forth below:

“NOW THEREFORE BE IT RESOLVED THAT:

1. the New By-Law, being By-Law No. 1, relating generally to the transaction of business and affairs of the Company, in the form attached to the management information circular of the Company dated May 28, 2009 as Schedule “A”, is hereby confirmed as the new general by-law for the Company, without amendment;
2. the repeal of the former By-Law No. 1 is hereby confirmed; and
3. any director or officer of the Company is hereby authorized and directed, acting for, in the name of and on behalf of the Company, to execute or cause to be executed, under the seal of the Company or otherwise, and to deliver or cause to be delivered, such other documents and instruments, and to do or cause to be done all such other acts and things, as may in the opinion of such director or officer of the Company be necessary or desirable to carry out the intent of the foregoing resolutions.”

THE MANAGEMENT REPRESENTATIVES NAMED IN THE ATTACHED FORM OF PROXY INTEND TO VOTE THE COMMON SHARES REPRESENTED BY SUCH PROXY IN FAVOUR OF THE ADOPTION OF THE NEW BY-LAW UNLESS A SHAREHOLDER SPECIFIES IN THE PROXY THAT HIS OR HER COMMON SHARES ARE TO BE VOTED AGAINST THE APPROVAL OF THE NEW BY-LAW.

OTHER MATTERS WHICH MAY COME BEFORE THE MEETING

Management knows of no matters to come before the Meeting other than as set forth in the Notice of Meeting. **HOWEVER, IF OTHER MATTERS WHICH ARE NOT KNOWN TO MANAGEMENT SHOULD PROPERLY COME BEFORE THE MEETING, THE ACCOMPANYING PROXY WILL BE VOTED ON SUCH MATTERS IN ACCORDANCE WITH THE BEST JUDGMENT OF THE PERSONS VOTING THE PROXY.**

ADDITIONAL INFORMATION

Additional information relating to the Company can be found on SEDAR at www.sedar.com. Financial information is provided in the Company's financial statements for the financial year ended December 31, 2008 and related management's discussion and analysis of results, which have been filed on SEDAR. Shareholders may also contact the Manager, Legal and Regulatory of the Company by phone at (416) 947-1440 or by email at esimonds@hrg.ca to request copies of these documents.

BOARD OF DIRECTORS' APPROVAL

The undersigned hereby certifies that the contents and the sending of this Management Information Circular have been approved by the directors of the Company.

DATED at Toronto, Ontario this 28th day of May, 2009.

BY ORDER OF THE BOARD

"Nikolay Zelenskiy"

Nikolay Zelenskiy
Chief Executive Officer

SCHEDULE "A"

BY-LAW NO. 1

**A by-law relating generally to
the conduct of the business and
affairs of**

HIGH RIVER GOLD MINES LTD.

CONTENTS

Part One	–	Interpretation
Part Two	–	Business of the Corporation
Part Three	–	Borrowing and Security
Part Four	–	Directors
Part Five	–	Meetings of Directors
Part Six	–	Committees
Part Seven	–	Officers
Part Eight	–	Protection of Directors and Officers
Part Nines	–	Shares
Part Ten	–	Dividends and Rights
Part Eleven	–	Meetings of Shareholders
Part Twelve	–	Notices
Part Thirteen	–	Repeal of Existing By-Law No. 1
Part Fourteen		Effective Date May 28, 2009

BE IT ENACTED AND IT IS HEREBY ENACTED as a by-law of High River Gold Mines Ltd.
(hereinafter called the "Corporation") as follows:

PART ONE

INTERPRETATION

1.01 Definitions

In this by-law and all other by-laws of the Corporation, unless the context otherwise specifies or requires:

- "Act" means the *Canada Business Corporations Act*, R.S.C., 1985, c. C-44 and the regulations made thereto, as from time to time amended, and every statute that may be substituted therefor and, in the case of such amendment or substitution, any reference in the by-laws of the Corporation shall be read as referring to the amended or substituted provisions therefor;
- "appoint" includes "elect" and vice versa;
- "articles" means the articles attached to the certificate of amalgamation of the Corporation as from time to time amended or restated;
- "board" means the board of directors of the Corporation;
- "by-laws" means this by-law and any other by-law of the Corporation from time to time in force and effect;
- "cheque" includes a draft;
- "Corporation" means the corporation amalgamated under the Act by the said certificate to which the articles are attached, and named "High River Gold Mines Ltd.";
- "meeting of shareholders" includes an annual meeting of shareholders and a special meeting of shareholders; and "special meeting of shareholders" includes a meeting of any class or classes of shareholders, and means a special meeting of all shareholders entitled to vote at an annual meeting of shareholders;
- "non-business day" means Saturday, Sunday and any other day that is a holiday as defined in the *Interpretation Act* (Canada);
- "recorded address" means in the case of a shareholder, his address as recorded in the securities register; and in the case of joint shareholders, the address appearing in the securities register in respect of such joint holding, or the first address so appearing if there are more than one; and in the case of a director, officer, auditor or member of a committee of the board, his latest address as recorded in the records of the Corporation;
- "signing officer" means, in relation to any instrument, any person authorized to sign the same on behalf of the Corporation by section 2.04 or by a resolution passed pursuant thereto;
- Save as aforesaid, words and expressions contained in the by-laws that are not otherwise defined in the by-laws and which are defined in the Act shall have the meanings given to such terms in the Act, including "resident Canadian" which has the same meaning defined in the Act when used herein. Words importing the singular shall include the plural and *vice versa*; words importing gender shall include the masculine, feminine and neuter genders; and words importing a person shall include an individual, partnership, association, body corporate, trustee, executor, administrator, legal representative and any number or aggregate of such persons; and
- The headings used in the by-laws are inserted for reference purposes only, and are not to be considered or taken into account in construing the terms or provisions thereof, or to be deemed in any way to clarify, modify or explain the effect of any such terms or provisions.

1.02 Conflicts with Laws

In the event of any inconsistencies between the by-laws and mandatory provisions of the Act, the provisions of the Act shall prevail.

PART TWO

BUSINESS OF THE CORPORATION

2.01 Registered Office

The registered office of the Corporation shall be at the place within Canada from time to time specified in the articles and at such address therein initially as is specified in the notice thereof filed with the articles and thereafter as the board may from time to time determine.

2.02 Corporate Seal

Until changed by the board, the corporate seal of the Corporation shall be in such form as the board may by resolution adopt from time to time.

2.03 Financial Year

The financial year end of the Corporation shall be as determined by the board.

2.04 Execution of Instruments

Deeds, transfers, assignments, contracts, obligations, certificates and other instruments may be signed on behalf of the Corporation by two persons, one of whom holds the office of chairman of the board, managing director, president, vice-president or director and the other of whom holds one of the said offices or the office of secretary, treasurer, assistant secretary or assistant treasurer or any other office created by by-law or by the board. In addition, the board or the said two persons may from time to time direct the manner in which and the person or persons by whom any particular instrument or class of instruments may or shall be signed. Any signing officer may affix the corporate seal to any instrument requiring the same.

2.05 Banking Arrangements

The banking business of the Corporation including, without limitation, the borrowing of money and the giving of security therefor, shall be transacted with such banks, trust companies or other bodies corporate or organizations as may from time to time be designated by or under the authority of the board. Such banking business or any part thereof shall be transacted under such agreements, instructions and delegations of powers as the board may from time to time prescribe.

2.06 Voting Rights in Other Bodies Corporate

The signing officers of the Corporation under section 2.04 may execute and deliver proxies and arrange for the issuance of voting certificates or other evidence of the right to exercise the voting rights attaching to any securities held by the Corporation. Such instruments shall be in favour of such persons as may be determined by the said signing officers executing or arranging for the same. In addition, the board may from time to time direct the manner in which and the persons by whom any particular voting rights or class of voting rights may or shall be exercised.

2.07 Divisions

The board may cause the business and operations of the Corporation or any part thereof to be divided into one or more divisions upon such basis, including without limitation types of business or operations, geographical territories, product lines or goods or services, as may be considered appropriate in each case. In connection with any such division the board or, subject to any direction by the board, the chief executive officer may authorize from time to time, upon such basis as may be considered appropriate in each case:

- (a) Subdivision and Consolidation – the further division of the business and operations of any such division into sub-units and the consolidation of the business and operations of any such divisions and sub-units;
- (b) Name – the designation of any such division or sub-unit by, and the carrying on of the business and operations of any such division or sub-unit under, a name other than the name of the Corporation; provided that the Corporation shall set out its name in legible characters in all places required by law; and

- (c) Officers – the appointment of officers for any such division or sub-unit, the determination of their powers and duties, and the removal of any of such officers so appointed, provided that any such officers shall not, as such, be officers of the Corporation.

PART THREE

BORROWING AND SECURITY

3.01 Borrowing Power

Without limiting the borrowing powers of the Corporation as set forth in the Act, but subject to the articles, the board may from time to time on behalf of the Corporation, without authorization of the shareholders:

- (a) borrow money upon the credit of the Corporation;
- (b) issue, reissue, sell or pledge bonds, debentures, notes or other evidences of indebtedness or guarantee of the Corporation, whether secured or unsecured;
- (c) to the extent permitted by the Act, give a guarantee on behalf of the Corporation to secure performance of any present or future indebtedness, liability or obligation of any person; and
- (d) mortgage, hypothecate, pledge or otherwise create a security interest in all or any currently owned or subsequently acquired real or personal, movable or immovable, property of the Corporation including book debts, rights, powers, franchises and undertakings, to secure any such bonds, debentures, notes or other evidences of indebtedness or guarantee or any other present or future indebtedness, liability or obligation of the Corporation.

Nothing in this section limits or restricts the borrowing of money by the Corporation on bills of exchange or promissory notes made, drawn, accepted or endorsed by or on behalf of the Corporation.

3.02 Delegation

The board may from time to time delegate to a committee of the board, a director or an officer of the Corporation or any other person as may be designated by the board all or any of the powers conferred on the board by section 3.01 or by the Act to such extent and in such manner as the board may determine at the time of such delegation.

PART FOUR

DIRECTORS

4.01 Number of Directors

Until changed in accordance with the Act, the board shall consist of not fewer than the minimum number and not more than the maximum number of directors provided in the articles.

4.02 Qualification

No person shall be qualified for election as a director if he is less than 18 years of age; if he is of unsound mind and has been so found by a court in Canada or elsewhere; if he is not an individual; or if he has the status of a bankrupt. A director need not be a shareholder. At least twenty-five per cent of the directors of the Corporation must be resident Canadians. However, if the Corporation has less than four directors, at least one director must be a resident Canadian.

4.03 Term of Office

A director's term of office (subject to the provisions, if any, of the Corporation's articles, and subject to his election for an expressly stated term) shall be from the date of the meeting at which he is elected or appointed until the close of the annual meeting next following, or until his successor is elected or appointed.

4.04 Election and Removal

Directors shall be elected by the shareholders in a meeting on a show of hands unless a poll is demanded, and if a poll is demanded, such election shall be by ballot. The number of directors to be elected at any such meeting shall be the number of directors then in office unless the directors or the shareholders otherwise determine. Except for those directors elected for an expressly stated term, all the directors then in office shall cease to hold office at the close of a meeting of shareholders at which directors are elected but, if qualified, are eligible for re-election. If a meeting of the shareholders of the Corporation fails to elect the number or the minimum number of directors required by the articles by reason of the disqualification, incapacity or the death of any candidates, the directors elected at that meeting may exercise all the powers of the directors if the number of directors so elected constitutes a quorum. Subject to subsection 2 of section 109 of the Act, the shareholders of the Corporation may, by ordinary resolution at a special meeting, remove any director before the expiration of his term of office, in which case the director so removed shall vacate office forthwith upon the passing of the resolution for his removal, and may, by a majority of the votes cast at the meeting, elect any person in his stead for the remainder of his term.

4.05 Vacation of Office

The office of a director shall *ipso facto* be vacated if:

- (a) he dies;
- (b) he is removed from office by the shareholders;
- (c) he becomes bankrupt;
- (d) he is found by a court in Canada or elsewhere to be of unsound mind; or
- (e) his written resignation is received by the Corporation, or if a time is specified in such resignation, at the time so specified, whichever is later.

4.06 Vacancies

Subject to the Act, a quorum of the board may appoint a qualified individual to fill a vacancy in the board.

4.07 Action by Directors

The directors shall manage, or supervise the management of, the business and affairs of the Corporation, and may exercise all such powers and do all such acts and things as may be exercised or done by the Corporation and are not by the Act, the articles, the by-laws, any special resolution of the Corporation, or by statute expressly directed or required to be done in some other manner.

4.08 Duties

Every director and officer of the Corporation in exercising his powers and discharging his duties shall:

- (a) act honestly and in good faith with a view to the best interest of the Corporation; and
- (b) exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

4.9 Validity of Acts

An act by a director or officer is valid notwithstanding an irregularity in his election or appointment or a defect in his qualification.

4.10 Remuneration and Expenses

The directors shall be paid such remuneration for their services as the board may from time to time determine. The directors shall also be entitled to be reimbursed for travelling and other expenses properly incurred by them in attending meetings of the board or any committee thereof. Nothing herein contained shall preclude any director from serving the Corporation in any other capacity and receiving remuneration therefor.

PART FIVE

MEETINGS OF DIRECTORS

5.01 Calling of Meetings

Meetings of the board shall be held from time to time at such time and at such place as the board, the chairman of the board, the managing director, the president or any two directors may determine.

5.02 Place of Meeting

Meetings of directors and of any committee of directors may be held at any place in or outside Canada.

5.03 Notice of Meeting

Notice of the time and place of each meeting of the board shall be given in the manner provided in Part Twelve to each director not less than 48 hours before the time when the meeting is to be held. A notice of a meeting of directors need not specify the purpose of or the business to be transacted at the meeting except where the Act requires such purpose or business to be specified, including, if required by the Act, any proposal to:

- (a) submit to the shareholders any question or matter requiring approval of the shareholders;
- (b) fill a vacancy among the directors or in the office of auditor, or appoint additional directors;
- (c) issue securities;
- (d) declare dividends;
- (e) purchase, redeem or otherwise acquire shares issued by the Corporation;
- (f) pay a commission for the sale of shares;
- (g) approve a management proxy circular;
- (h) approve a take-over bid circular or directors' circular;
- (i) approve any annual financial statements; or
- (j) adopt, amend or repeal by-laws.

5.04 First Meeting of New Board

Provided a quorum of directors is present, each newly elected board may without notice hold its first meeting immediately following the meeting of shareholders at which such board is elected.

5.05 Adjournment

Notice of an adjourned meeting of the board is not required if the time and place of the adjourned meeting is announced at the original meeting.

5.06 Regular Meetings

The board may appoint a day or days in any month or months for regular meetings of the board at a place and hour to be named. A copy of any resolution of the board fixing the place and time of such regular meetings shall be sent to each director forthwith after being passed, but no other notice shall be required for any such regular meeting except where the Act requires the purpose thereof or the business to be transacted thereat to be specified.

5.07 Chairman

The chairman of any meeting of the board shall be the first mentioned of such of the following officers as have been appointed and who is a director and is present at the meeting: chairman of the board, managing director, chief executive officer, or president. If no such officer is present, the directors present shall choose one of their number to be chairman.

5.08 Canadian Directors Present at Meetings

The directors shall not transact business at a meeting unless at least twenty-five per cent of the directors present are resident Canadians or, if the Corporation has less than four directors, at least one of the directors present is a resident Canadian, except where:

- (a) a resident Canadian director who is unable to be present approves in writing or by telephonic, electronic or other communication facility, the business transacted at the meeting; and
- (b) the required number of resident Canadian directors would have been present had that director been present at the meeting.

5.09 Quorum

Subject to section 5.08, the quorum for the transaction of business at any meeting of the board shall consist of two directors or such greater number of directors as the board may from time to time determine.

5.10 Votes to Govern

At all meetings of the board every question shall be decided by a majority of the votes cast on the question. In case of an equality of votes the chairman of the meeting shall be entitled to a second or casting vote.

5.11 Meeting by Telephone

If all the directors of the Corporation consent thereto generally or in respect of a particular meeting, a director may participate in a meeting of the board or of a committee of the board by means of such conference telephone or other communications facilities as permit all persons participating in the meeting to hear each other, and a director participating in such a meeting by such means is deemed to be present at the meeting. Any such consent shall be effective whether given before or after the meeting to which it relates and may be given with respect to all meetings of the board and of committees of the board.

5.12 Resolution in Lieu of Meeting

A resolution in writing signed by all the directors entitled to vote on that resolution at a meeting of directors or committee of directors is as valid as if it had been passed at a meeting of directors or committee of directors. A copy of every such resolution shall be kept with the minutes of the proceedings of the directors or committee of directors.

5.13 Conflict of Interest

A director or officer who is a party to, or who is a director or officer (or acting in a similar capacity) of or has a material interest in a party to, any material contract or transaction, whether made or proposed, with the Corporation shall disclose the nature and extent of his or her interest at the time and in the manner provided by the Act. Any such contract or transaction shall be referred to the board or shareholders for approval even if such contract is one that in the ordinary course of the Corporation's business would not require approval by the board or shareholders. Such a director shall not vote on any resolution to approve the same, except as provided by the Act.

PART SIX

COMMITTEES

6.01 Committees of the Board

The board may appoint one or more committees of the board, however designated, and delegate to any such committee any of the powers of the board except those which pertain to items which, under the Act, a committee of the board has no authority to exercise.

6.02 Transaction of Business

Subject to the provisions of section 5.11, the powers of a committee or committees of the board may be exercised by a meeting at which a quorum is present or by resolution in writing signed by all the members

of such committee who would have been entitled to vote on that resolution at a meeting of the committee. Meetings of such committee may be held at any place in or outside Canada.

6.03 Audit Committee

The board shall elect annually from among its number an audit committee to be composed of not fewer than 3 directors of whom a majority shall not be officers or employees of the Corporation or its affiliates. The audit committee shall have the powers and duties provided in the Act.

6.03 Advisory Bodies

The board may from time to time appoint such advisory bodies as it may deem advisable.

6.04 Procedure

Unless otherwise determined by the board, each committee and advisory body shall have the power to fix its quorum at not less than a majority of its members, to elect its chairman and to regulate its procedure.

PART SEVEN

OFFICERS

7.01 Appointment of Officers

The board may from time to time appoint a president, one or more vice-presidents (to which title may be added words indicating seniority or function), a secretary, a treasurer, a chief restructuring officer, and such other officers as the board may determine, including one or more assistants to any of the officers so appointed. The board may specify the duties of and, in accordance with this by-law and subject to the Act, delegate to such officers powers to manage the business and affairs of the Corporation. Subject to sections 7.02 and 7.03, an officer may but need not be a director, and one person may hold more than one office.

7.02 Chairman of the Board

The board may from time to time appoint a chairman of the board who shall be a director. If appointed, the board may assign to him any of the powers and duties that are by any provisions of this by-law assigned to the lead director or to the president; and he shall, subject to the provisions of the Act, have such other powers and duties as the board may specify. During the absence or disability of the chairman of the board, his duties shall be performed and his powers exercised by the managing director, if any, or by the president.

7.03 Managing Director

The board may from time to time also appoint a managing director who shall be a resident Canadian and a director. If appointed, he shall be the chief executive officer and, subject to the Act, a managing director shall possess and exercise such authority and powers and shall perform such duties as may be determined by the by-laws and the board of directors. During the absence or disability of the president, or if no president has been appointed, the managing director shall also have the powers and duties of that office.

7.04 Chief Executive Officer

The chief executive officer shall have, under the control of the board of directors, general supervision and direction of the business and affairs of the Corporation. The chief executive officer shall possess and exercise such authority and powers and perform such other duties as may be determined by the by-laws, the board of directors and the chairman of the board. In the absence of the chairman of the board and lead director, if any, and if the executive officer is also a director of the Corporation, the executive officer shall, when present, preside at all meetings of the directors, any committee of the directors and shareholders; he shall sign such contracts, documents or instruments in writing as require his signature, and shall have such other powers and shall perform such other duties as may from time to time be assigned to him by resolution of the directors or as are incident to his office. During the absence or disability of the managing director, or if no managing director has been appointed, the chief executive officer shall also have the powers and duties of that office.

7.05 President

Unless the board of directors determines otherwise, the president shall be the chief executive officer of the Corporation and shall have, under the control of the board of directors and the chief executive officer, general supervision of the business of the Corporation. The president shall possess and exercise such authority and powers and perform such other duties as may be determined by the by-laws, the board of directors, the chairman of the board and the chief executive officer. In the absence of the chairman of the board and the managing director, if any, and the chief executive officer, and if the president is also a director of the Corporation, the president shall, when present, preside at all meetings of the directors, any committee of the directors and shareholders; he shall sign such contracts, documents or instruments in writing as require his signature, and shall have such other powers and shall perform such other duties as may from time to time be assigned to him by resolution of the directors or as are incident to his office.

7.06 Corporate Secretary

The corporate secretary shall possess and exercise such authority and powers and perform such duties as may be determined by the by-laws, the board of directors, the chairman of the board, the chief executive officer and the president.

The corporate secretary shall attend and be the secretary of all meetings of the board, shareholders and committees of the board and shall enter or cause to be entered in records kept for that purpose minutes of all proceedings thereat; he shall give or cause to be given, as and when instructed, all notices to shareholders, directors, officers, auditors and members of committees of the board; he shall be the custodian of the stamp or mechanical device generally used for affixing the corporate seal of the Corporation and of all books, records and instruments belonging to the Corporation, except when some other officer or agent has been appointed for that purpose; and he shall have such other powers and duties as otherwise may be specified.

7.07 Treasurer

Subject to the provisions of any resolution of the directors and the duties, authority and power granted to the controller of the Corporation, the treasurer shall have the care and custody of all the funds and securities of the Corporation, and shall deposit the same in the name of the Corporation in such bank or banks or with such other depository or depositories as the directors may by resolution direct. He shall prepare and maintain proper accounting records in compliance with the Act. He shall render to the directors whenever required an account of all his transactions as treasurer and of the financial position of the Corporation. He shall sign such contracts, documents or instruments in writing as require his signature, and shall have such other powers and duties as may from time to time be assigned to him by resolution of the directors or as are incident to his office.

7.08 Powers and Duties of Other Officers

The powers and duties of all other officers shall be such as the terms of their engagement call for or as the board or the chief executive officer may specify. The board and the chief executive officer may, from time to time and subject to the provisions of the Act, vary, add to or limit the powers and duties of any other officer. Any of the powers and duties of an officer to whom an assistant has been appointed may be exercised and performed by such assistant, unless the board or the chief executive officer otherwise directs.

7.09 Term of Office

The board, in its discretion, may remove any officer of the Corporation. Otherwise each officer appointed by the board shall hold office until his successor is appointed or until his earlier resignation.

7.10 Agents and Attorneys

The Corporation, by or under the authority of the board, shall have power from time to time to appoint agents or attorneys for the Corporation in or outside Canada with such powers (including the power to sub-delegate) of management, administration or otherwise as may be thought fit.

7.11 Conflict of Interest

An officer shall disclose his interest in any material contract or proposed material contract with the Corporation in accordance with section 5.13.

PART EIGHT

PROTECTION OF DIRECTORS AND OFFICERS

8.01 Limitation of Liability

Except as otherwise provided in the Act, no director or officer for the time being of the Corporation shall be liable for the acts, receipts, neglects or defaults of any other director or officer or employee or for joining in any receipt or act for conformity, or for any loss, damage or expense happening to the Corporation through the insufficiency or deficiency of title to any property acquired by the Corporation or for or on behalf of the Corporation, or for the insufficiency or deficiency of any security in or upon which any of the moneys of or belonging to the Corporation shall be placed out or invested, or for any loss or damage arising from the bankruptcy, insolvency or tortious act of any person, including any person with whom or which any moneys, securities or effects shall be lodged or deposited, or for any loss, conversion, misapplication or misappropriation of or any damage resulting from any dealings with any moneys, securities or other assets belonging to the Corporation or for any other loss, damage or misfortune whatever which may happen in the execution of the duties of his office or in relation thereto, unless the same shall happen by or through his failure to exercise his powers and to discharge his duties honestly, in good faith with a view to the best interests of the Corporation, and in connection therewith to exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances, provided that nothing herein contained shall relieve a director or officer from the duty to act in accordance with the Act and regulations made thereunder, or relieve him from liability for a breach thereof. The directors for the time being of the Corporation shall not be under any duty or responsibility in respect of any contract, act or transaction whether or not made, done or entered into in the name or on behalf of the Corporation, except such as shall have been submitted to and authorized or approved by the board of directors.

8.02 Indemnity

Subject to the Act, the Corporation shall indemnify a director or officer of the Corporation, a former director or officer of the Corporation or another individual who acts or acted at the Corporation's request as a director or officer, or an individual acting in a similar capacity, of another entity, against all costs, charges and expenses, including an amount paid to settle an action or satisfy a judgment, reasonably incurred by the individual in respect of any civil, criminal, administrative, investigative or other proceeding to which the individual is involved because of that association with the Corporation or other entity, if:

- (a) the individual acted honestly and in good faith with a view to the best interests of the Corporation, or, as the case may be, to the best interests of the other entity for which the individual acted as director or officer or in a similar capacity at the Corporation's request; and
- (b) in the case of a criminal or administrative action or proceeding that is enforced by a monetary penalty, the individual had reasonable grounds for believing that the individual's conduct was lawful.

8.03 Insurance

Subject to the Act, the Corporation may purchase and maintain insurance for the benefit of any person referred to in section 8.02 against any liability incurred by him in his capacity as a director or officer, or an individual acting in a similar capacity, of the Corporation or of another body corporate at the Corporation's request.

PART NINE

SHARES

9.01 Issuance of Shares

Subject to the Act and the articles of the Corporation, the board may from time to time issue or grant options to purchase the whole or any part of the authorized and unissued shares of the Corporation at such times and to such persons and for such consideration as the board may determine, provided that no share shall be issued until it is fully paid as provided by the Act.

9.02 Commissions

The board may from time to time authorize the Corporation to pay a reasonable commission to any person in consideration of his purchasing or agreeing to purchase shares of the Corporation, whether from the Corporation or from any other person, or procuring or agreeing to procure purchasers for any such shares.

9.03 Registration of Transfers

Subject to the Act, no transfer of a share shall be registered in a securities register except upon presentation of the certificate representing such share with an endorsement which complies with the Act made thereon or delivered therewith duly executed by an appropriate person as provided by the Act, together with such reasonable assurance that the endorsement is genuine and effective as the board may from time to time prescribe, and upon payment of all applicable taxes and any reasonable fees prescribed by the board.

9.04 Non-Recognition of Trusts

Subject to the Act, the Corporation may treat the registered holder of any share as the person exclusively entitled to vote, to receive notices, to receive any dividend or other payment in respect of the share, and otherwise to exercise all the rights and powers of an owner of the share.

9.05 Share Certificates

Every holder of one or more shares of the Corporation shall be entitled, at such holder's option, to a share certificate, or to a non-transferable written certificate of acknowledgement of such holder's right to obtain a share certificate, stating the number and class or series of shares held by such holder as shown on the securities register. Such certificates shall be in such form as the board may from time to time approve. Any such certificate shall be signed in accordance with section 2.04 and need not be under the corporate seal. Notwithstanding the foregoing, unless the board otherwise determines, certificates representing shares in respect of which a transfer agent and/or registrar has been appointed shall not be valid unless countersigned by or on behalf of such transfer agent and/or registrar. The signature of one of the signing officers under section 2.04 or, in the case of a certificate which is not valid unless countersigned by or on behalf of a transfer agent and/or registrar and in the case of a certificate which does not require a manual signature under the Act, the signatures of both signing officers under section 2.04 may be printed or mechanically reproduced in facsimile thereon. Every such facsimile signature shall for all purposes be deemed to be the signature of the officer whose signature it reproduces and shall be binding upon the Corporation. A certificate executed as aforesaid shall be valid notwithstanding that one or both of the officers whose facsimile signature appears thereon no longer holds office at the date of issue of the certificate.

9.06 Replacement of Share Certificates

The board or any officer or agent designated by the board may in its or his discretion direct the issue of a new share or other such certificate in lieu of and upon cancellation of a certificate that has been mutilated or in substitution for a certificate claimed to have been lost, destroyed or wrongfully taken on payment of such reasonable fee and on such terms as to indemnity, reimbursement of expenses and evidence of loss and of title as the board, or any officer or agent designated by the board, may from time to time prescribe, whether generally or in any particular case.

9.07 Joint Shareholders

If two or more persons are registered as joint holders of any share, the Corporation shall not be bound to issue more than one certificate in respect thereof, and delivery of such certificate to one of such persons shall be sufficient delivery to all of them. Any one of such persons may give effectual receipts for the certificate issued in respect thereof or for any dividend, bonus, return of capital or other money payable or warrant issuable in respect of such share.

9.08 Deceased Shareholders

In the event of the death of a holder, or of one of the joint holders, of any share, the Corporation shall not be required to make any entry in the securities register in respect thereof or to make any dividend or other payments in respect thereof except upon production of all such documents as may be required by law and upon compliance with the reasonable requirements of the Corporation and its transfer agents.

9.09 Transfer Agents and Registrars

The board may from time to time appoint one or more agents to maintain, in respect of each class of shares of the Corporation issued by it, a central securities register and one or more branch securities registers. Such a person may be designated as transfer agent or registrar according to his functions and one person may be designated both registrar and transfer agent. The board may at any time terminate such appointment.

9.10 Lien for Indebtedness

If the articles provide that the Corporation shall have a lien on shares registered in the name of a shareholder indebted to the Corporation, such lien may be enforced, subject to the articles, by the sale of the shares thereby affected or by any other action, suit, remedy or proceeding authorized or permitted by law or by equity and, pending such enforcement, may refuse to register a transfer of the whole or any part of such shares.

PART TEN

DIVIDENDS AND RIGHTS

10.01 Dividends

Subject to the Act, the board may from time to time declare dividends payable to the shareholders according to their respective rights and interests in the Corporation. Dividends may be paid in money or property or by issuing fully paid shares of the Corporation. Any dividend unclaimed after a period of six years from the date on which the same has been declared to be payable shall be forfeited and shall revert to the Corporation.

10.02 Dividend Cheques

A dividend payable in money shall be paid by either electronically by direct deposit or by cheque drawn on the Corporation's bankers or one of them to the order of each registered holder of shares of the class or series in respect of which it has been declared and, if paid by cheque, mailed by prepaid ordinary mail to such registered holder at his recorded address, unless such holder otherwise directs. In the case of joint holders any cheque issued shall, unless such joint holders otherwise direct, be made payable to the order of all of such joint holders and mailed to them at their recorded address. The mailing of such cheque as aforesaid, unless the same is not paid on due presentation, shall satisfy and discharge the liability for the dividend to the extent of the sum represented thereby plus the amount of any tax which the Corporation is required to and does withhold. In the event of non-receipt of any dividend cheque by the person to whom it is sent as aforesaid, the Corporation shall issue to such person a replacement cheque for a like amount on such terms as to indemnity, reimbursement of expenses and evidence of non-receipt and of title as the board may from time to time prescribe, whether generally or in any particular case.

10.03 Record Date for Dividends and Rights

The board may fix in advance a date, preceding by not more than 50 days the date for the payment of any dividend or the date for the issue of any warrant or other evidence of the right to subscribe for securities of the Corporation, as a record date for the determination of the persons entitled to receive payment of such dividend or to exercise the right to subscribe for such securities, and notice of any such record date shall be given not less than seven days before such record date in the manner provided by the Act. If no record date is so fixed, the record date for the determination of the persons entitled to receive payment of any dividend or to exercise the right to subscribe for securities of the Corporation shall be at the close of business on the day on which the resolution relating to such dividend or right to subscribe is passed by the board.

PART ELEVEN

MEETINGS OF SHAREHOLDERS

11.01 Annual Meetings

The annual meeting of shareholders shall be held on such day and at such time in each year and, subject to section 11.03, at such place as the board, the chairman of the board, the managing director the president or the chief executive officer may from time to time determine, in any event no later than the earlier of (i) six months after the end of each financial year of the Corporation and (ii) 15 months after the Corporation's last annual meeting of shareholders, for the purpose of considering the financial statements and reports required by the Act to

be placed before the annual meeting, electing directors, appointing auditors and for the transaction of such other business as may properly be brought before the meeting.

An annual meeting of shareholders may also be constituted as an annual and special meeting of shareholders to consider and transact any special business, which may be considered and transacted at a special meeting of shareholders.

11.02 Special Meetings

The board, the chairman of the board, the managing director, the president or the chief executive officer shall have power to call a special meeting of shareholders at any time.

11.03 Place of Meetings

Subject to the Act, meetings of shareholders shall be held at the place within Canada that the directors determine. If the Corporation makes available a telephonic, electronic or other communication facility that permits all participants of a shareholders meeting to communicate adequately with each other during the meeting and otherwise complies with the Act, any person entitled to attend such meeting may participate by means of such communication facility in the manner prescribed by the Act, and any person participating in the meeting by such means is deemed to be present at the meeting.

11.04 Notice of Meetings

Subject to the Corporation's duty to comply with the Act and the provisions of any applicable securities legislation, regulations or policies, notice of the time and place of each meeting of shareholders shall be given in the manner provided in Part Twelve not less than 21 nor more than 60 days before the date of the meeting to each director, to the auditor, and to each shareholder who at the close of business on the record date for notice is entered in the securities register as the holder of one or more shares carrying the right to vote at the meeting. Notice of a meeting of shareholders called for any purpose other than consideration of the financial statements and auditor's report, election of directors and reappointment of the incumbent auditor shall state the nature of such business in sufficient detail to permit the shareholder to form a reasoned judgment thereon and shall state the text of any special resolution to be submitted to the meeting.

11.05 List of Shareholders Entitled to Notice

For every meeting of shareholders, the Corporation shall prepare a list of shareholders entitled to receive notice of the meeting, arranged in alphabetical order and showing the number of shares held by each shareholder entitled to vote at the meeting. If a record date for the meeting is fixed pursuant to section 11.06, the shareholders listed shall be those registered at the close of business on such record date. If no record date is fixed, the shareholders listed shall be those registered at the close of business on the day immediately preceding the day on which notice of the meeting is given, or where no such notice is given, on the day on which the meeting is held. The list shall be available for examination by any shareholder during usual business hours at the registered office of the Corporation or at the place where the central securities register is maintained and at the meeting for which the list was prepared.

11.06 Record Date for Notice

Subject to the Corporation's obligations to comply with the Act and the provisions of any applicable securities legislation, regulations or policies, the board may fix in advance a date, preceding the date of any meeting of shareholders by not more than 60 days and not less than 21 days, for the determination of the shareholders entitled to notice of the meeting, provided that notice of any such record date is given not less than seven days before such record date, in the manner provided in the Act. If no such record date is so fixed, the record date for the determination of the shareholders entitled to receive notice of the meeting shall be at the close of business on the day immediately preceding the day on which the notice is given or, if no notice is given, shall be the day on which the meeting is held.

11.07 Meetings Without Notice

A meeting of shareholders may be held without notice at any time and place permitted by the Act (a) if all the shareholders entitled to vote thereat are present in person or represented by proxy or if those not present or represented by proxy waive notice of or otherwise consent to such meeting being held, and (b) if the auditors and

the directors are present or waive notice of or otherwise consent to such meeting being held; so long as such shareholders, auditors or directors present are not attending for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not lawfully called. At such a meeting, any business may be transacted which the Corporation at a meeting of shareholders may transact.

11.08 Chairman, Corporate Secretary and Scrutineers

The chairman of any meeting of shareholders shall be the first mentioned of such of the following officers as have been appointed and who is present at the meeting: chairman of the board, chief executive officer, president, managing director or a vice-president who is a shareholder. If no such officer is present within 15 minutes from the time fixed for holding the meeting, the persons present and entitled to vote shall choose one of their number to be chairman. If the corporate secretary of the Corporation is absent, the chairman shall appoint some person, who need not be a shareholder, to act as corporate secretary of the meeting. If desired, one or more scrutineers, who need not be shareholders, may be appointed by a resolution or by the chairman with the consent of the meeting.

11.09 Persons Entitled to be Present

The only persons entitled to be present at a meeting of shareholders shall be those entitled to vote thereat, the directors and auditor of the Corporation and others who, although not entitled to vote, are entitled or required under any provision of the Act or the articles or by-laws to be present at the meeting. Any other person may be admitted only on the invitation of the chairman of the meeting or with the consent of the meeting.

11.10 Quorum

Subject to the Act in respect of a majority shareholder, a quorum for the transaction of business at any meeting of shareholders shall be two persons present in person, each being a shareholder entitled to vote thereat or a duly appointed proxy or proxyholder for an absent shareholder so entitled. If a quorum is present at the opening of any meeting of shareholders, the shareholders present or represented may proceed with the business of the meeting notwithstanding that a quorum is not present throughout the meeting. If a quorum is not present at the opening of any meeting of shareholders, the shareholders present or represented may adjourn the meeting to a fixed time and place but may not transact any other business.

11.11 Right to Vote

The persons entitled to vote at any meeting of shareholders shall be the persons entitled to vote in accordance with the Act.

11.12 Proxyholders and Representatives

Every shareholder entitled to vote at a meeting of shareholders may appoint a proxyholder, or one or more alternate proxyholders, to attend and act as his representative at the meeting in the manner and to the extent authorized and with the authority conferred by the proxy. A proxy shall be in writing executed by the shareholder or his attorney and shall conform with the requirements of the Act. Alternatively, every such shareholder which is a body corporate or association may authorize by resolution of its directors or governing body an individual to represent it at a meeting of shareholders and such individual may exercise on the shareholder's behalf all the powers it could exercise if it were an individual shareholder. The authority of such an individual shall be established by depositing with the Corporation a certified copy of such resolution, or in such other manner as may be satisfactory to the corporate secretary of the Corporation or the chairman of the meeting. Any such proxyholder or representative need not be a shareholder.

11.13 Time and Place for Deposit of Proxies

The board may specify in a notice calling a meeting of shareholders a time, preceding the time of such meeting by not more than 48 hours exclusive of non-business days, before which time proxies to be used at such meeting must be deposited. A proxy shall be acted upon only if, prior to the time so specified, it shall have been deposited with the Corporation or an agent thereof specified in such notice or, if no such time is specified in such notice, it has been received by the corporate secretary of the Corporation or by the chairman of the meeting or any adjournment thereof prior to the time of voting.

11.14 Joint Shareholders

If two or more persons hold shares jointly, any one of them present in person or duly represented at a meeting of shareholders may, in the absence of the other or others, vote the shares; but if two or more of those persons are present in person or represented by proxy, they shall vote together as one on the shares jointly held by them.

11.15 Votes to Govern

At any meeting of shareholders every question shall, unless otherwise required by the articles or by-laws or by law, be determined by the majority of the votes cast on the question. In case of an equality of votes either upon a show of hands or upon a poll, the chairman of the meeting shall be entitled to a second or casting vote.

11.16 Show of Hands

Subject to the Act, any question at a meeting of shareholders shall be decided by a show of hands unless a ballot thereon is required or demanded as provided in section 10.17. Upon a show of hands every person who is present and entitled to vote shall have one vote, subject to any provision of the Act restricting the ability of a proxyholder or alternate proxyholder to vote by way of show of hands where such person has conflicting instructions from more than one shareholder. Whenever a vote by show of hands shall have been taken upon a question, unless a ballot thereon is so required or demanded, a declaration by the chairman of the meeting that the vote upon the question has been carried or carried by a particular majority or not carried and an entry to that effect in the minutes of the meeting shall be prima facie evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against any resolution or other proceeding in respect of the said question, and the result of the vote so taken shall be the decision of the shareholders upon the said question. For the purpose of this section, if at any meeting the Corporation has made available to shareholders the means to vote electronically, any vote made electronically shall be included in tallying any votes by show of hands.

11.17 Ballots

On any question proposed for consideration at a meeting of shareholders, and whether or not a show of hands has been taken thereon, the chairman may require a ballot or any person who is present and entitled to vote on such question at the meeting may demand a ballot. A ballot so required or demanded shall be taken in such manner as the chairman shall direct. A requirement or demand for a ballot may be withdrawn at any time prior to the taking of the ballot. If a ballot is taken each person present shall be entitled, in respect of the shares which he is entitled to vote at the meeting upon the question, to that number of votes provided by the Act or the articles, and the result of the ballot so taken shall be the decision of the shareholders upon the said question.

11.18 Adjournment

The chairman at a meeting of shareholders may, with the consent of the meeting and subject to such conditions as the meeting may decide, adjourn the meeting from time to time and from place to place. If a meeting of shareholders is adjourned for less than 30 days, it shall not be necessary to give notice of the adjourned meeting, other than by announcement at the earliest meeting that is adjourned. Subject to the Act, if a meeting of shareholders is adjourned by one or more adjournments for an aggregate of 30 days or more, notice of the adjourned meeting shall be given as for an original meeting.

11.19 Resolution in Writing

A resolution in writing signed by all the shareholders entitled to vote on that resolution at a meeting of shareholders is as valid as if it had been passed at a meeting of the shareholders unless a written statement with respect to the subject matter of the resolution is submitted by a director or the auditor in accordance with the Act.

PART TWELVE

NOTICES

12.01 Method of Giving Notices

Any notice (which term includes any communication or document) to be given (which term includes sent, delivered or served) pursuant to the Act, the regulations thereunder, the articles, the by-laws or

otherwise to a shareholder, director, officer, auditor or member of a committee of the board shall be sufficiently given if delivered personally to the person to whom it is to be given or if delivered to his recorded address or if mailed to him at his recorded address by prepaid ordinary or air mail or if sent to him at his recorded address by any means of prepaid transmitted or recorded communication. A notice so delivered shall be deemed to have been given when it is delivered personally or to the recorded address as aforesaid; a notice so mailed shall be deemed to have been given when deposited in a post office or public letter box; and a notice so sent by any means of transmitted or recorded communication shall be deemed to have been given when dispatched or delivered to the appropriate communication company or agency or its representative for dispatch. The corporate secretary may change or cause to be changed the recorded address of any shareholder, director, officer, auditor or member of a committee of the board in accordance with any information believed by him to be reliable.

12.02 Notice to Joint Shareholders

If two or more persons are registered as joint holders of any share, any notice may be addressed to all such joint holders, but notice addressed to one of such persons shall be sufficient notice to all of them.

12.03 Computation of Time

In computing the date when notice must be given under any provision requiring a specified number of days notice of any meeting or other event, the date of giving the notice shall be excluded and the date of the meeting or other event shall be included.

12.04 Undelivered Notices

If any notice given to a shareholder pursuant to section 11.01 is returned on three consecutive occasions because he cannot be found, the Corporation shall not be required to give any further notices to such shareholder until he informs the Corporation in writing of his new address.

12.05 Omissions and Errors

The accidental omission to give any notice to any shareholder, director, officer, auditor or member of a committee of the board or the non-receipt of any notice by any such person or any error in any notice not affecting the substance thereof shall not invalidate any action taken at any meeting held pursuant to such notice or otherwise founded thereon.

12.06 Persons Entitled by Death or Operation of Law

Every person who, by operation of law, transfer, death of a shareholder or any other means whatsoever, shall become entitled to any share, shall be bound by every notice in respect of such share which shall have been duly given to the shareholder from whom he derives his title to such share prior to his name and address being entered on the securities register (whether such notice was given before or after the happening of the event upon which he became so entitled) and prior to his furnishing to the Corporation the proof of authority or evidence of his entitlement prescribed by the Act.

12.07 Waiver of Notice

Any shareholder, proxyholder, director, officer, auditor, member of a committee of the board or other person entitled to attend a meeting of shareholders may at any time waive any notice, or waive or abridge the time for any notice, required to be given to him or to the shareholder whom the proxyholder represents under the Act, the regulations thereunder, the articles, the by-laws or otherwise, and such waiver or abridgement, whether given before or after the meeting or other event for which notice is required to be given, shall cure any default in the giving or in the time of such notice, as the case may be. Any such waiver or abridgement shall be in writing except a waiver of notice of a meeting of shareholders or of the board or a committee of the board which may be given in any manner.

PART THIRTEEN

REPEAL OF EXISTING BY-LAW NO. 1

13.01 Repeal of Existing By-Law No. 1

As of the coming into effect of this By-Law No.1, the existing By-law No. 1 of the Corporation made as of the 6th day of December, 1988, as amended, is repealed provided that such repeal does not affect the previous operation of any by-law so repealed or affect the validity of any act done or right, privilege, obligation or liability acquired or incurred under, or the validity of any contract or agreement made pursuant to, or the validity of any articles (as defined in the Act) or predecessor charter documents of the Corporation obtained pursuant to, any such by-law prior to its repeal. All officers and persons acting under any by-law so repealed shall continue to act as if appointed under the provisions of this by-law and all resolutions of the shareholders or the board or a committee of the board with continuing effect passed under any repealed by-law shall continue to be good and valid except to the extent inconsistent with this by-law and until amended or repealed.

PART FOURTEEN

EFFECTIVE DATE

14.01 Effective Date

This by-law shall come into force upon being passed by the directors in accordance with the Act.

MADE by the board the 28th day May, 2009.

WITNESS the seal of the Corporation.

“Alexey Khudyakov”

Alexey Khudyakov
Chairman

“Nikolay Zelenskiy”

Nikolay Zelenskiy
Director and Chief Executive Officer