

**WESTERN LITHIUM CANADA CORPORATION**

**Notice of Annual General and Special Meeting of Shareholders  
and  
Management Proxy Circular**

**May 14, 2010**

## **WESTERN LITHIUM CANADA CORPORATION**

654 – 999 Canada Place  
Vancouver, British Columbia  
V6C 3E1

### **NOTICE OF ANNUAL GENERAL AND SPECIAL MEETING OF SHAREHOLDERS**

NOTICE IS HEREBY GIVEN that an annual general and special meeting of the shareholders of Western Lithium Canada Corporation (the “Company”) will be held on Monday, June 21, 2010 at 11:00 a.m. local time, at 629-999 Canada Place, Vancouver, British Columbia for the following purposes:

1. to receive the audited consolidated financial statements for the year ended September 30, 2009, together with the auditor’s report thereon as well as the interim financial statements for the interim period ended December 31, 2009;
2. to set the number of directors at four (4) for the ensuing year;
3. to elect four (4) directors for the ensuing year;
4. to appoint MacKay LLP, Chartered Accountants, as auditor of the Company for the ensuing year and authorize the directors to determine the remuneration to be paid to the auditor;
5. to consider, and if thought advisable, to pass an ordinary resolution authorizing the Company to amend and restate the Company’s stock option plan (the “Plan”) to increase the maximum number of common shares which may be allocated for issuance under the Plan from 10,200,000 common shares to 16,565,684 common shares; and
6. to transact such other business as may properly be put before the meeting.

The Board of Directors has fixed Friday, May 14, 2010 as the Record Date for the determination of shareholders entitled to notice of, and to vote at, the meeting and at any adjournment thereof.

A management proxy circular, form of proxy and a return envelope accompany this notice of meeting. The financial statements of the Company will be presented to the shareholders at the Meeting.

A shareholder who is unable to attend the meeting in person and who wishes to ensure that such shareholder’s shares will be voted at the meeting is requested to complete, date and execute the enclosed form of proxy and deliver it to Computershare Trust Company of Canada (“Computershare”) in accordance with the instructions set out in the form of proxy and in the management proxy circular. If a shareholder does not deliver a proxy to Computershare by 11:00 a.m. PST on Thursday, June 17, 2010 or 48 hours (excluding Saturdays, Sundays and holidays) before any adjournment of the meeting at which the proxy is to be used, then the shareholder will not be entitled to vote at the meeting by proxy.

DATED at Vancouver, British Columbia, the 14<sup>th</sup> day of May, 2010.

#### **ON BEHALF OF THE BOARD**

“Jay Chmelauskas”

Jay Chmelauskas  
President

## WESTERN LITHIUM CANADA CORPORATION

654 – 999 Canada Place  
Vancouver, British Columbia  
V6C 3E1

### MANAGEMENT PROXY CIRCULAR

#### SOLICITATION OF PROXIES

This management proxy circular (the “Circular”) is provided to the holders (“shareholders”) of common shares (“Common Shares”) of Western Lithium Canada Corporation (the “Company”) by management of the Company in connection with the solicitation of proxies to be voted at the annual general and special meeting of the shareholders of the Company to be held on Monday, June 21, 2010 (the “Meeting”), at the time and place set out in the accompanying notice of meeting (the “Notice of Meeting”). The solicitation of proxies is being made by the Company for the purposes set forth in the Notice of Meeting.

The solicitation of proxies by management will be primarily by mail, but proxies may also be solicited by telephone by directors, officers and regular employees of the Company. The total cost of the solicitation of proxies will be borne by the Company.

The Board of Directors of the Company has fixed the close of business on Friday, May 14, 2010 as the record date, being the date for the determination of shareholders entitled to notice of, and to vote at, the Meeting (the “Record Date”).

Unless otherwise stated, the information contained in this Circular is as of May 14, 2010. All dollar amounts are expressed in Canadian dollars (“CDN\$” or “\$”), or United States dollars (“US\$”), as indicated.

#### APPOINTMENT OF PROXYHOLDERS

A shareholder entitled to vote at the Meeting may, by means of a proxy, appoint a proxyholder or one or more alternate proxyholders, who need not be shareholders, to attend and act at the Meeting for the shareholder and on the shareholder’s behalf.

The individual named in the enclosed form of proxy (the “Form of Proxy”) is a director and officer of the Company. **A shareholder may appoint, as proxyholder or alternate proxyholder, a person or persons other than any of the persons designated in the enclosed Form of Proxy, and may do so either by inserting the name or names of such persons in the blank space provided in the enclosed Form of Proxy or by completing another proper Form of Proxy.**

A shareholder forwarding the enclosed Form of Proxy may indicate the manner in which the proxyholder is to vote with respect to any specific item by checking the appropriate position. If the shareholder giving the proxy wishes to confer a discretionary authority with respect to any item of business, then the position opposite the item is to be left blank. The shares represented by the proxy submitted by a shareholder will be voted in accordance with the directions, if any, given in the proxy.

An appointment of a proxyholder or alternate proxyholders will not be valid unless a Form of Proxy making the appointment, signed by the shareholder or by an attorney of the shareholder authorized in

writing, is delivered to Computershare Trust Company of Canada (“Computershare”) by mail or by hand to 100 University Avenue, 9th Floor, Toronto, Ontario, M5J 2Y1, Attention: Proxy Department, by 11:00 a.m. PST on Thursday, June 17, 2010 or not less than 48 hours (excluding Saturdays, Sundays and holidays) before any adjournment of the Meeting at which the proxy is to be used.

### REVOCATION OF PROXIES

A shareholder who has given a proxy may revoke the proxy by:

- (a) signing a proxy with a later date and delivering it at the time and to the place noted above;
- (b) signing and dating a written notice of revocation and delivering it at the time and to the place noted above; or
- (c) attending the Meeting or any adjournment of the Meeting and registering with the scrutineer as a shareholder present in person.

A revocation of a proxy will not affect a matter on which a vote is taken before the revocation.

### EXERCISE OF DISCRETION

The person named in the enclosed Form of Proxy will vote or withhold from voting the shares in respect of which they are appointed in accordance with the direction of the shareholders appointing him. **If there is no direction by the shareholder in respect of a particular matter, such shares will be voted in favour of such matter. The enclosed Form of Proxy confers discretionary authority upon the person named therein with respect to amendments or variations to matters identified or referred to in the Notice of Meeting and this Circular and with respect to any other matters which may properly come before the Meeting.** As of the date of this Circular, the management of the Company knows of no such amendments, variations or other matters to come before the Meeting. However, if any such or other matters which are not now known to management should properly come before the Meeting, the shares will be voted on such matters in accordance with the best judgment of the person named in the Form of Proxy.

### VOTES NECESSARY TO PASS RESOLUTIONS

The Company’s articles provide that the quorum for the transaction of business at the Meeting is at least two shareholders entitled to vote at the Meeting, whether appearing in person or by proxy, who hold common shares carrying, in the aggregate, not less than five percent (5%) of the issued shares entitled to vote at the Meeting.

Under the *Business Corporations Act* (British Columbia) (the “BCBCA”), a simple majority of the votes cast by shareholders at the Meeting is required to pass an ordinary resolution and a majority of two-thirds of the votes cast at the Meeting is required to pass a special resolution.

At the Meeting, shareholders will be asked to consider and, if thought advisable, to pass an ordinary resolution, to: (i) set the number of directors of the board of directors of the Company at four (4); (ii) to elect four (4) directors to the board of directors of the Company; and (iii) to appoint auditors for the ensuing year and authorize the directors to set their remuneration.

At the Meeting, shareholders will also be asked to consider and, if thought advisable, to pass an ordinary resolution, the full text of which is set out on page 21 hereof (the “Plan Resolution”), all as more particularly described in this Circular under “Particulars of Matters to Be Acted Upon – Amendment to Stock Option Plan,” authorizing the Company to amend and restate the Company’s stock option plan dated May 21, 2008 (the “Plan”) to increase the maximum number of Common Shares which may be allocated for issuance under the Plan from 10,200,000 common shares to 16,565,684 common shares.

### **VOTING BY NON-REGISTERED HOLDERS**

Only registered shareholders of the Company or the persons they appoint as their proxyholder are permitted to vote at the Meeting. Certain shareholders of the Company are “non-registered” shareholders (“Non-Registered Holders”) because the shares they own are not registered in their names but are instead registered in the name of the brokerage firm, bank or trust company through which they purchased the shares. Shares beneficially owned by a Non-Registered Holder are registered either:

- i. in the name of an intermediary (an “Intermediary”) that the Non-Registered Holder deals with in respect of the shares of the Corporation (Intermediaries include, among others, banks, trust companies, securities dealers or brokers and trustees or administrators of self-administered RRSPs, RRIFs, RESPs, TFSAs 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.

Non-Registered Holders who have not objected to their Intermediary disclosing certain ownership information about themselves to the Company are referred to as “NOBOs”. Those Non-Registered Holders who have objected to their Intermediary disclosing ownership information about themselves to the Company are referred to as “OBOs”. In accordance with applicable securities laws, the Company has elected to send the Notice of Meeting, this Circular and the Form of Proxy (collectively, the “Meeting Materials”) directly to the NOBOs, and indirectly through Intermediaries to the OBOs. The Intermediaries (or their service companies) are responsible for forwarding the Meeting Materials to each OBO, unless the OBO has waived the right to receive them.

Intermediaries will frequently 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:

- (a) 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 and must be completed, but not signed, by the Non-Registered Holder and deposited with Computershare; or
- (b) more typically, be given a voting instruction form 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 which the Intermediary must follow.

In either case, the purpose of this procedure is to permit Non-Registered Holders to direct the voting of the shares which they beneficially own. Should a Non-Registered Holder who receives one of the above forms wish to vote at the Meeting in person, the Non-Registered Holder should strike out the names of the Management proxyholder named in the form and insert the Non-Registered Holder’s name in the blank

space provided. **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 Form of Proxy or voting instruction form given to an Intermediary by contacting the Intermediary through which the Non-Registered Holder's shares of the Corporation are held and following the instructions of the intermediary respecting the revocation of proxies. In order to ensure that an Intermediary acts upon a revocation of a proxy form or voting instruction form, the written notice should be received by the Intermediary well in advance of the Meeting.

### **VOTING SECURITIES AND PRINCIPAL HOLDERS OF VOTING SECURITIES**

The Company's authorized capital consists of an unlimited number of Common Shares without par value. As of May 14, 2010 the Company had issued 82,828,420 fully paid and non-assessable Common Shares, each carrying the right to one vote.

A holder of record of one or more Common Shares on the Record Date who either attends the Meeting personally or deposits a proxy in the manner and subject to the provisions described above will be entitled to vote or to have such share or shares voted at the Meeting except to the extent that:

- a) the shareholder has transferred the ownership of any such share after the Record Date, and
- b) the transferee produces a properly endorsed share certificate for, or otherwise establishes ownership of, any of the transferred shares and makes a demand to Computershare no later than 10 days before the Meeting that the transferee's name be included in the list of shareholders in respect thereof.

To the knowledge of the directors and executive officers of the Company, the following persons beneficially own, directly or indirectly, or exercise control or direction over, directly or indirectly, 10% or more of the issued and outstanding Common Shares of the Company:

<b>Member</b>	<b>Number of Shares</b>	<b>Percentage of Issued Capital</b>
Western Uranium Corporation	19,685,393	23.77%

As at May 14, 2010, the total number of Common Shares owned or controlled by management and the directors of the Company and their associates or affiliates was 848,399 Common Shares, representing 1.02% of the total issued and outstanding Common Shares.

### **ELECTION OF DIRECTORS**

The directors of the Company are elected annually and hold office until the next annual general meeting of the shareholders or until their successors are elected or appointed. The management of the Company proposes to nominate the persons listed below for election as directors of the Company to serve until their successors are elected or appointed. In the absence of instructions to the contrary, proxies given pursuant to the solicitation by the management of the Company will be voted for the nominees listed in this

Circular. Management does not contemplate that any of the nominees will be unable to serve as a director.

The number of directors on the board of directors of the Company (the “Board”) is currently set at five. The Company is requesting that the shareholders consider and, if thought advisable, approve by ordinary resolution at the Meeting to set the number of directors of the Board at four.

The following table sets out the names, province or state and country of residence of the nominees for election as directors, the offices they hold within the Company, their principal occupations, business or employment within the five preceding years, the period or periods during which each director has served as a director, and the number of shares of the Company and its subsidiaries which each beneficially owns, directly or indirectly, or over which control or direction is exercised, as of the date of this Circular:

Name, province or state and country of residence and positions, current and former, if any, held in the Company	Principal occupation for last five years <sup>(1)</sup>	Served as director since	Number of Common Shares beneficially owned, directly or indirectly, or controlled or directed at present <sup>(1)</sup>
<b>R. Edward Flood</b> <sup>(2)</sup> Idaho, USA  <i>Director and Chairman</i>	Chairman, Western Uranium Corporation (mineral development company), March 2010 to present; Managing Director Investment Banking of Haywood Securities (UK) Limited (investment bank) from March 2007 to March 2010; Deputy Chairman of Ivanhoe Mines Ltd. (mineral development company) from March 2001 to 2007.	November 27, 2007	334,400 <sup>(5)</sup>
<b>John Macken</b> <sup>(2)(3)(4)</sup> Massachusetts, USA  <i>Director</i>	Director and President of Ivanhoe Mines Ltd. (mineral development company), December 2003 to present; CEO of Ivanhoe Mines Ltd., March 2006 to present.	January 29, 2008	283,333 <sup>(6)</sup>
<b>William Sheriff</b> <sup>(2)(3)(4)</sup> British Columbia, Canada  <i>Director</i>	Chairman and CEO of Golden Predator Royalty & Development Corp. (mineral development company) March 2009 to present; Chairman of EMC Metals Corp. (mineral development company) from July 2006 to April 2010; Chairman of Energy Metals Corporation (mineral development company) from December 2005 to August 2007.	January 29, 2008	40,000 <sup>(7)</sup>
<b>William R. Haldane</b> <sup>(3)(4)</sup> New York, USA  <i>Director</i>	President of Haldane Diogenes, Inc. (executive recruitment firm) from 1995 to present.	January 29, 2008	84,833 <sup>(8)</sup>

**Notes:**

- (1) The information as to principal occupation, business or employment and common shares beneficially owned, controlled or directed by a nominee is not within the knowledge of the management of the Company and has been provided by the directors themselves.
- (2) Member of the Company’s Audit Committee.
- (3) Member of the Company’s Compensation Committee.
- (4) Member of the Company’s Nominating and Corporate Governance Committee.
- (5) Mr. Flood also holds 2,100,000 options to purchase an aggregate of 2,100,000 Common Shares of the Company.
- (6) Mr. Macken also holds 700,000 options to purchase an aggregate of 700,000 Common Shares of the Company.
- (7) Mr. Sheriff also holds 100,000 options to purchase an aggregate of 100,000 Common Shares of the Company.
- (8) Mr. Haldane also holds 600,000 options to purchase an aggregate of 600,000 Common Shares of the Company.

The Company does not have an executive committee of its Board.

No proposed director is being elected under any arrangement or understanding between the proposed director and any other person or company except the directors and executive officers of the Company acting solely in such capacity.

#### Corporate Cease Trade Orders or Bankruptcies

No director, or proposed director, of the Company is, or within the ten years prior to the date of this Circular has been, a director or executive officer of any company, including the Company, that while that person was acting in that capacity:

- (a) was the subject of a cease trade order or similar order or an order that denied the company access to any exemption under securities legislation for a period of more than 30 consecutive days; or
- (b) was subject to an event that resulted, after the director ceased to be a director or executive officer of the company being the subject of a cease trade order or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days.

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

#### Individual Bankruptcies

No director, or proposed director, of the Company has, within the ten years prior to the date of this Circular, become bankrupt or made a proposal under any legislation relating to bankruptcy or insolvency, or been subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of that individual.

## **EXECUTIVE COMPENSATION**

### **Named Executive Officers**

For the fiscal year ended September 30, 2009, the Company had five Named Executive Officers, being: Jay Chmelauskas, the President, Eduard Epshtein, the Chief Financial Officer (“CFO”), Dennis Bryan, Senior Vice President of Development, Cindy Burnett, Vice President Investor Relations and Pamela Klessig, the former President of the Company.

“Named Executive Officer” means: (a) each Chief Executive Officer, (b) each Chief Financial Officer, (c) each of the Company’s three most highly compensated executive officers, other than the Chief Executive Officer and Chief Financial Officer, who were serving as executive officers at the end of the most recently completed financial year and whose total compensation exceeds \$150,000, and (d) any additional individuals for whom disclosure would have been provided under (c) except that the individual was not serving as an officer of the Company at the end of the most recently completed financial year-end.

## **Compensation Discussion and Analysis**

The objective of the Company's compensation program is to compensate the executive officers for their services to the Company at a level that is both in line with the Company's fiscal resources and competitive with companies at a similar stage of development.

The Company compensates its executive officers based on their skill and experience levels and the existing stage of development of the Company. Executive officers are rewarded on the basis of the skill and level of responsibility involved in their position, the individual's experience and qualifications, the Company's resources, industry practice, and regulatory guidelines regarding executive compensation levels.

The Board of Directors has implemented three levels of compensation to align the interests of the executive officers with those of the shareholders. First, executive officers are paid a monthly consulting fee or salary. Second, the Board of Directors awards executive officers long term incentives in the form of stock options. Finally, and only in special circumstances, the Board of Directors may award cash or share bonuses for exceptional performance that results in a significant increase in shareholder value.

The base compensation of the executive officers is reviewed and set annually by the Compensation Committee of the Board of Directors. The CEO has substantial input in setting annual compensation levels. The CEO is directly responsible for the financial resources and operations of the Company. In addition, the CEO and the Compensation Committee from time to time determine the stock option grants to be made pursuant to the Company's Plan. Previous grants of stock options are taken into account when considering new grants.

Compensation for the most recently completed financial year should not be considered an indicator of expected compensation levels in future periods. All compensation is subject to and dependant on the Company's financial resources and prospects.

The function of the Compensation Committee is to assist the board in carrying out its responsibilities relating to director and executive compensation, including recommending and reviewing director compensation, overseeing the Company's compensation programs and recommending compensation of the Company's officer and employees and evaluating the performance of officers.

The Company's directors do not receive compensation, other than incentive stock options which may be granted from time to time, for their services as directors. Directors may from time to time also receive cash compensation on an ad hoc basis for performing services outside the ordinary course of their duties as a director.

### **Option Based Awards**

Under the Plan, the Board is authorized to grant incentive stock options to certain directors, senior officers, employees and consultants of the Company entitling them to purchase common shares. The purpose of the Plan is to provide the Company with a share-related mechanism to attract, retain and motivate qualified directors, officers, consultants and employees, to reward those persons from time to time for their contributions toward the long-term goals of the Company, and to enable and encourage such directors, officers, consultants and employees to acquire common shares as long-term investments. The Plan was previously administered by the Company's Secretary at the direction of the Board, however effective April 2010 upon adoption of the current Compensation Committee Charter, the Plan will be administered by management based on the recommendations of the Compensation and Benefits Committee and the approval of the Board of Directors. Currently, under the Plan up to 10,200,000 common shares are

reserved for the issuance of stock options, being approximately 20% of the issued and outstanding share capital at the time the Company became a reporting issuer. The exercise price of each option is based on the market price of the Company's common stock at the date of the grant. The options can be granted for a maximum term of five years.

### Summary Compensation Table

The compensation paid to the Company's Named Executive Officers during its most recently completed financial year ended September 30, 2009 is as set out below:

Name and Principal position	Year	Salary (\$)	Share-based awards (\$)	Option-based awards (\$) <sup>(6)</sup>	Non-equity incentive plan compensation (\$)		Pension value (\$)	All other compensation (\$)	Total compensation (\$)
					Annual incentive plans	Long-term incentive plans			
Jay Chmelauskas <sup>(1)</sup> President	2009	CDN\$240,036	N/A	CDN\$570,000	N/A	N/A	N/A	N/A	CDN\$810,036
Eduard Epshtein <sup>(2)</sup> CFO	2009	CDN\$72,000 <sup>(2)</sup>	N/A	N/A	N/A	N/A	N/A	N/A	CDN\$72,000
Pamela Klessig <sup>(3)</sup> Former President	2009	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Dennis Bryan <sup>(4)</sup> Vice President of Development	2009	CDN\$206,500	N/A	N/A	N/A	N/A	N/A	N/A	CDN\$206,500
Cindy Burnett <sup>(5)</sup> Vice President Investor Relations	2009	CDN\$105,750	N/A	CDN\$88,000	N/A	N/A	N/A	N/A	CDN\$193,750

**Notes:**

- (1) Jay Chmelauskas was appointed President of the Company on October 16, 2008. His base annual salary is CDN\$250,000.
- (2) Eduard Epshtein was appointed CFO of the Company on May 12, 2008. Mr. Epshtein provides the services of CFO under the consulting agreement between the Company and J. Proust & Associates Inc. During 2009, the Company paid \$72,000 (2008 - \$7,500) to J. Proust & Associates Inc. for his services.
- (3) Pamela Klessig resigned as President of the Company on October 16, 2008. She received no compensation as President, but as at September 30, 2009 continued to hold options in her capacity as a director of the Company. See "Director Compensation".
- (4) Salary is paid in US currency at an annual rate of US\$175,000 and was converted to Canadian currency. The exchange rate used was US\$1.00 = CDN\$1.18.
- (5) Cindy Burnett's annual base salary is \$148,800. Ms. Burnett was engaged as an Investor Relations consultant to the Company in February 2009 and was appointed Vice President Investor Relations in August 2009.
- (6) This column includes the grant date fair value of all options granted by the Company to the Named Executive Officers during the year. All grant date fair values equal the accounting fair values determined for financial reporting purposes in accordance with Section 3870 of the CICA Handbook. The grant date fair value of all options granted during the year ended September 30, 2009 was estimated using the Black-Scholes valuation model. The grant date fair value is not necessarily the value of the option to the individual over time, or the value that might ultimately be derived from the exercise of such options. The \$0.38 fair value per option granted to Mr. Chmelauskas was estimated using the following assumptions: average risk-free interest rate of 2.92%, estimated volatility of 100%, expected life of five years, forfeiture rate of Nil and expected dividend yield of 0%. The \$0.44 fair value per option granted to Ms. Burnett was estimated using the following assumptions: average risk-free interest rate of 1.43%, estimated volatility of 100%, expected life of five years, forfeiture rate of Nil and expected dividend yield of 0%. The Black-Scholes option pricing model has been used to determine grant date fair value due to its wide acceptance across industry as an options valuation model, and because it is the same model the Company uses to value options for financial reporting purposes, of the 1,500,000 options granted to Mr. Chmelauskas on October 16, 2008, 1,000,000 vest over a period of 18 months in accordance with the minimum vesting requirements of the Company's stock option plan and the remaining 500,000 options vest in two tranches, with the first tranche vesting 2 years from the date of grant and the second tranche vesting in the third year from the date of grant. 200,000 options granted to Ms. Burnett on March 18, 2009 vest over a period of 18 months (25% on the grant date and 25% every 6 months thereafter) in accordance with the minimum vesting requirements of the Company's stock option plan.

## **Narrative Discussion**

The Company has entered into employment agreements with four of its Named Executive Officers. The agreements specify the terms and conditions of employment, the duties and responsibilities of the executive during this term, the compensation and benefits to be provided by the Company in exchange for the executive's services, the compensation and benefits to be provided by the Company in the event of a termination of employment.

Set forth below is a summary of the significant terms of the employment agreement or arrangement of each of the Company's Named Executive Officers:

### *Employment Agreement – President*

The Company entered into a management agreement effective October 16, 2008, pursuant to which Mr. Chmelauskas is employed as President of the Company. Mr. Chmelauskas is entitled to receive a base annual salary of CDN\$250,000 plus benefits and an aggregate of 1,500,000 stock options with a term of five years at an exercise price to be determined in accordance with the policies of the TSX Venture Exchange (the "TSXV") and the Company's Plan. Those options were issued on October 16, 2008 with an exercise price of CDN\$0.45 per share. The Company reimburses Mr. Chmelauskas for all reasonable travel and other out-of-pocket expenses incurred in connection with carrying out his duties as President.

For information regarding the termination provisions of Mr. Chmelauskas's management agreement, please refer to the disclosure under the heading "Termination and Change of Control Benefits".

### *Consulting Agreement – Chief Financial Officer*

The Company has retained with J. Proust & Associates Inc. ("JPA") to provide, among other things, the services of Mr. Epshtein as the CFO of the Company. During 2009, \$72,000 of the fees paid to JPA (\$6,000 per month) were allocable to Mr. Epshtein's services as CFO.

### *Employment Agreement – Vice President of Development*

The Company entered into a management agreement effective October 16, 2008, pursuant to which Mr. Bryan is employed as Vice President of Development of the Company. Mr. Bryan is entitled to receive a base annual salary of US\$175,000 plus benefits and an aggregate of 500,000 stock options with a term of five years at an exercise price to be determined in accordance with the policies of the TSXV and the Company's Plan. Those options were issued on June 6, 2008 with an exercise price of CDN\$0.45 per share. The Company reimburses Mr. Bryan for all reasonable travel and other out-of-pocket expenses incurred in connection with carrying out his duties as Vice President of Development of the Company.

For information regarding the termination provisions of Mr. Bryan's management agreement, please refer to the disclosure under the heading "Termination and Change of Control Benefits".

### *Employment Agreement – Vice President Investor Relations*

The Company entered into a management agreement effective August 17, 2009, pursuant to which Ms. Burnett is employed as Vice President Investor Relations of the Company. Ms. Burnett is entitled to receive a base annual salary of \$148,800 plus benefits. The Company reimburses Ms. Burnett for all reasonable travel and other out-of-pocket expenses incurred in connection with carrying out her duties as Vice President Investor Relations of the Company.

For information regarding the termination provisions of Ms. Burnett’s management agreement, please refer to the disclosure under the heading “Termination and Change of Control Benefits”.

## INCENTIVE PLAN AWARDS

### Outstanding Share Based Awards and Option Based Awards

The following table sets out all option based awards outstanding as at September 30, 2009 for each of the Company’s Named Executive Officers:

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 (\$) <sup>(1)</sup>	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested (\$)
Jay Chmelauskas <sup>(2)</sup> President	1,500,000	CDN\$0.45	October 16, 2013	CDN\$975,000	Nil	Nil
Eduard Epshtein <sup>(3)</sup> CFO	100,000	CDN\$0.50	June 6, 2013	CDN\$60,000	Nil	Nil
Pamela Klessig <sup>(4)</sup> Former President	N/A	N/A	N/A	N/A	Nil	Nil
Dennis Bryan VP, Development	500,000	CDN\$0.50	June 6, 2013	CDN\$300,000	Nil	Nil
Cindy Burnett <sup>(5)</sup> VP, Investor Relations	200,000	CDN\$0.54	March 17, 2014	CDN\$112,000	Nil	Nil

Notes:

- (1) The value of unexercised “in-the-money options” is calculated on the basis of the difference between the closing price of the common shares on the TSXV on September 30, 2009 at \$1.10 and the exercise price of the stock options.
- (2) Jay Chmelauskas was appointed President of the Company on October 16, 2008.
- (3) Eduard Epshtein was appointed CFO of the Company on May 12, 2008.
- (4) Pamela Klessig resigned as President of the Company on October 16, 2008. She received no compensation as President, but does continue to hold options in her capacity as a director of the Company. See “Director Compensation”.
- (5) Cindy Burnett was engaged as an Investor Relations consultant to the Company in February 2009 and was appointed Vice President Investor Relations in August 2009.

## Incentive Plan Awards – Value Vested or earned During the Year

The following table sets forth details of the value of all stock options that vested during the financial year ended September 30, 2009 for each of the Named Executive Officers:

Name	Option-based awards – Value vested during the year <sup>(1)</sup> (\$)	Share-based awards – Value vested during the year (\$)	Non-equity incentive plan compensation – Value earned during the year (\$)
Jay Chmelauskas <sup>(2)</sup> President	CDN\$47,500	Nil	Nil
Eduard Epshtein <sup>(3)</sup> CFO	CDN\$5,000	Nil	Nil
Pamela Klessig <sup>(4)</sup> Former President	N/A	Nil	Nil
Dennis Bryan VP, Development	CDN\$25,000	Nil	Nil
Cindy Burnett <sup>(5)</sup> VP, Investor Relations	CDN\$28,500	Nil	Nil

### Notes:

- (1) The “value vested during the year” with respect to the stock options is calculated using the closing price of the common shares of the Company on the TSX-V on the vesting dates less the respective exercise price of the options on the grant dates.
- (2) Jay Chmelauskas was appointed President of the Company on October 16, 2008.
- (3) Eduard Epshtein was appointed CFO of the Company on May 12, 2008.
- (4) Pamela Klessig resigned as President of the Company on October 16, 2008. She received no compensation as President, but does continue to hold options in her capacity as a director of the Company. See “Director Compensation”.
- (5) Cindy Burnett was engaged as an Investor Relations consultant to the Company in February 2009 and was appointed Vice President Investor Relations in August 2009.

## Narrative Discussion

### *Option Based Awards*

Option base awards are granted pursuant to the Plan. A description of the background to the Plan and basis for granting options can be found at “Compensation Discussion and Analysis” and “Option Based Awards” above.

The material terms of the Plan as it currently exists can be summarized as follows:

### *Number of Shares*

The aggregate number of shares issuable upon the exercise of all stock options granted under the Plan is 10,200,000 common shares, being approximately 20% of the issued and outstanding share capital of the Corporation at the time of its completion of a spin-out arrangement with Western Uranium Company.

### *Eligible Participants*

Pursuant to the Plan, stock options may be granted to an employees, directors, officers and consultants of the Company on an ongoing basis.

### *Expiry of Option*

In the event that an option holder should die while he or she is still a director or employee of the Company, the expiry date of the option is one year from the date of death of the option holder.

In the event that an option holder who has received stock options in his or her capacity as a director of the Company ceases to be a director of the Company other than by reason of death, the expiry date of the options will be the 90th day following the date the option holder ceases to be a director of the Company unless the option holder continues to be engaged by the Company as an employee, in which case the expiry date will remain unchanged, subject to the terms and conditions of the Plan.

In the event that an option holder who has received stock options in his or capacity as a employee of the Company ceases to be an employee of the Company other than by reason of death, or if the employee is a party providing consulting services to the Company and ceases to continue providing such services to the Company, the expiry date of the option will be the 90th day following the date the option holder ceases to be an employee of the Company or ceases to continue providing such consulting services to the Company, subject to the terms and conditions of the Plan.

### *Exercise Price*

The exercise price per share is determined by the Board at the time the options are granted provided that the exercise price cannot be lower than the lowest exercise price permitted by the Exchange.

### *Term*

The term of any option granted is fixed by the Board and may not exceed five years from the date of grant.

### *Vesting*

Options granted pursuant to the Plan will vest and become exercisable by an option holder at such time or times as may be determined by the Board at the date of the option grant and as indicated in the option grant and related option agreement. During the time that the Company is classified as a Tier 2 company on the TSXV, if required under the policies of the TSXV, all options granted pursuant to the Plan shall contain conditions relating to vesting as follows: 25% of the options granted to an option holder will vest on the award date, 25% of the options will vest six months following the award date, 25% of the options will vest 12 months following the award date and the remaining 25% of the options will vest 18 months following the award date.

### *Transferability*

Options may not be assigned or transferred other than by will or by the applicable laws of descent and may only be exercised by the option holder.

### *Substantive Amendments to Plan*

Any substantive amendments to the Plan will be subject to the Company first obtaining the approval of the Company's shareholders at a general meeting (which may require disinterested shareholder approval) and, if required, any stock exchange on which the Company's shares may be listed for trading.

## Termination

The Board may terminate the Plan at any time provided that such termination will not alter the terms or conditions of any option or impair any right of any option holder pursuant to any option awarded prior to the date of such termination and notwithstanding such termination the Company, such options, option holders, directors and employees and shares shall continue to be governed by the provisions of the Plan.

### Termination and Change of Control Benefits

The Company and its subsidiaries have not entered into any compensatory plan or arrangement in respect of compensation received or that may be received by any of the Named Executive Officers during the Company's most recently completed or current financial year to compensate such executive officers in the event of the termination of employment (resignation, retirement, change of control) or in the event of a change in control that exceed the amounts generally payable under statutory or common law rules for notice of termination without cause or compensation in lieu thereof, other than as set out herein.

The management agreement between the Company and Mr. Chmelauskas provides that: (a) in the case termination without cause, the Company shall pay Mr. Chmelauskas 12 months' salary in a lump sum; and (b) in the case of change of control, the Company shall pay to Mr. Chmelauskas 18 months' salary in a lump sum.

The management agreement between the Company and Mr. Bryan provides that in the case termination without cause or in the case of termination resulting from a change of control, the Company shall pay Mr. Bryan three months' salary in a lump sum.

The management agreement between the Company and Ms. Burnett provides that: (a) in the case termination without cause, the Company shall pay Ms. Burnett six months' salary in a lump sum; and (b) in the case of change of control, the Company shall pay to Ms. Burnett 12 months' salary in a lump sum.

The following table discloses the estimated amounts payable to those Named Executive Officers under these termination and change-of-control payments. Amounts disclosed in the table below assume that a change-in-control occurred and/or Named Executive Officer's employment terminated on September 30, 2009:

Named Executive Officer	Termination by the Company	Termination in Connection with a Change-of-Control
Jay Chmelauskas President	CDN\$250,000	CDN\$375,000
Dennis Bryan VP, Development	CDN\$46,812 <sup>(1)</sup>	CDN\$46,812 <sup>(1)</sup>
Cindy Burnett VP, Investor Relations	CDN\$74,400	CDN\$148,800

Notes:

(1) Salary is paid in US currency. The exchange rate used was US\$1.00 = CDN\$1.07.

## DIRECTOR COMPENSATION

### Director Compensation

During the financial year ended September 30, 2009, no compensation was paid or stock options issued to the Company's directors.

### Outstanding Share Based Awards and Option Based Awards

The following table sets out all option based awards and share based awards outstanding as at September 30, 2009 for each director:

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 (\$) <sup>(1)</sup>	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested (\$)
R. Edward Flood	2,000,000	CDN\$0.50	June 6, 2013	CDN\$1,200,000	Nil	Nil
Pamela Klessig	1,000,000	CDN\$0.50	June 6, 2013	CDN\$600,000	Nil	Nil
William Haldane	500,000	CDN\$0.50	June 6, 2013	CDN\$300,000	Nil	Nil
John Macken	500,000	CDN\$0.50	June 6, 2013	CDN\$300,000	Nil	Nil
William Sheriff	500,000	CDN\$0.50	June 6, 2013	CDN\$300,000	Nil	Nil

**Notes:**

(1) The value of unexercised "in-the-money options" is calculated on the basis of the difference between the closing price of the Common Shares on the TSXV on September 30, 2009 at \$1.10 and the exercise price of the stock options.

### Incentive Plan Awards-Value Vested or Earned During the Year

The following table sets out the value vested or earned under incentive plans during the year ended September 30, 2009 for each director:

Name	Option-based awards – Value vested during the year <sup>(1)</sup> (\$)	Share-based awards – Value vested during the year (\$)	Non-equity incentive plan compensation – Value earned during the year (\$)
R. Edward Flood	CDN\$100,000	Nil	Nil
Pamela Klessig	CDN\$50,000	Nil	Nil
William Haldane	CDN\$25,000	Nil	Nil
John Macken	CDN\$25,000	Nil	Nil
William Sheriff	CDN\$25,000	Nil	Nil

**Notes:**

(1) The "value vested during the year" with respect to the stock options is calculated using the closing price of the common shares of the Company on the TSXV on the vesting dates less the respective exercise price of the options on the grant dates.

## SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The following table sets out those securities of the Company which have been authorized for issuance under equity compensation plans as of September 30, 2009:

<b>Plan Category</b>	<b>Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)</b>	<b>Weighted-average exercise price of outstanding options, warrants and rights (b)</b>	<b>Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)</b>
Equity compensation plans approved by the securityholders	7,961,250	\$.050	2,238,750
Equity compensation plans not approved by the securityholders	N/A	N/A	N/A
<b>Total</b>	7,961,250	\$0.50	2,238,750

## INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

None of the current or former directors, executive officers, employees of the Company or its subsidiaries, the proposed nominees for election to the Board, or their respective associates or affiliates, are or have been indebted to the Company or its subsidiaries since the beginning of the last completed financial year of the Company.

## INTEREST OF CERTAIN PERSONS IN MATTERS TO BE ACTED UPON

No person who has been a director or executive officer of the Company at any time since the beginning of the Company's last completed financial year, nor any proposed nominee for 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, except as disclosed in this Circular.

## INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

No person who has been a director or executive officer of the Company at any time since the beginning of the Company's last completed financial year, nor any proposed nominee for director of the Company, nor any person or company who beneficially owns, directly or indirectly, or who exercises control or direction over (or a combination of both) more than 10% of the issued and outstanding Common Shares, nor any associate or affiliate of those persons, has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any transaction or proposed transaction which has materially affected or would materially affect the Company or its subsidiaries.

## MANAGEMENT CONTRACTS

No management functions of the Company or its subsidiaries are to any substantial degree performed by a person or company other than the directors and officers of the Company or its subsidiaries.

## **APPOINTMENT OF AUDITOR**

### **Auditor**

MacKay LLP, Chartered Accountants, will be nominated at the Meeting for re-appointment as auditor of the Company with their remuneration to be fixed by the Board of Directors. MacKay LLP, Chartered Accountants, was first appointed as auditor of the Company in 2008.

### **AUDIT COMMITTEE**

The Company is a “venture issuer” as that term is defined under National Instrument 52-110 Audit Committee (“NI 52-110”). NI 52-110 requires the Company, as a venture issuer, to disclose annually in its circular certain information concerning the constitution of its audit committee and its relationship with its independent auditor.

The Company is required under the rules of the TSXV to have an audit committee comprised of not less than three directors, a majority of whom are not officers or employees of the Company or of an affiliate of the Company. The Company is proposing that following the Meeting the following directors will be appointed to the Company’s audit committee: R. Edward Flood, John Macken and William Sheriff.

### **Audit Committee Charter**

The text of the audit committee’s charter is attached as Schedule “A” to this Circular.

### **Composition of Audit Committee and Independence**

NI 52-110 provides that a member of an audit committee is “independent” if the member has no direct or indirect material relationship with the issuer, which could, in the view of the issuer’s board of directors, reasonably interfere with the exercise of the member’s independent judgment.

Upon the appointment of R. Edward Flood, John Macken and William Sheriff to the audit committee, the audit committee will be comprised of two independent members, being John Macken and William Sheriff, and one non-independent member, being R. Edward Flood.

### **Relevant Education and Experience**

NI 52-110 provides that an individual is “financially literate” if he or she has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Company’s financial statements.

The Company has determined that all of the members of the Company’s audit committee are financially literate within the meaning set out in NI 52-110.

Each of the members of the Audit Committee has had several years of experience as a senior executive and a member of the board of directors of significant business enterprises in which they have assumed substantial financial and operational responsibility. In the course of these duties, the members have gained a reasonable understanding of the accounting principles used by the Company; an ability to assess the general application of such principles in connection of the accounting for estimates, accruals and reserves; experience analyzing and evaluating financial statements that present a breadth and level of complexity of issues that can reasonably be expected to be raised by the Company’s financial statements,

or experience actively supervising one or more individuals engaged in such activities; and an understanding of internal controls and procedures for financial reporting.

### **Audit Committee Oversight**

Since the commencement of the Company's most recently completed financial year, the audit committee of the Company has not made any recommendations to nominate or compensate an external auditor which were not adopted by the Board.

### **Reliance on Certain Exemptions**

Since the commencement of the Company's most recently completed financial year, the Company has not relied on:

- (a) the exemption in section 2.4 (*De Minimis Non-audit Services*) of NI 52-110; or
- (b) an exemption from NI 52-110, in whole or in part, granted under Part 8 (*Exemptions*).

### **Pre-Approval Policies and Procedures**

The audit committee has not adopted any specific policies and procedures for the engagement of non-audit services.

### **Audit Fees**

Fees billed by MacKay LLP, Chartered Accountants, during fiscal 2009 and fiscal 2008 were approximately Cdn.\$32,000 and Cdn.\$32,500, respectively. The aggregate fees billed by MacKay LLP in the last two fiscal years are detailed below:

<i>(Canadian \$)</i>	<b>2009</b>	<b>2008</b>
Audit fees <sup>(1)</sup>	\$32,000	\$32,500
Audit-related fees <sup>(2)</sup>	N/A	N/A
Tax fees <sup>(3)</sup>	N/A	N/A
All other fees	N/A	N/A
<b>Total</b>	<b>\$32,000</b>	<b>\$32,500</b>

**Notes:**

- (1) The aggregate audit fees billed by the Company's auditor (or accrued).
- (2) The aggregate fees billed (or accrued) for assurance and related services that are reasonably related to the performance of the audit or review of the Company's financial statements which are not included under the heading "Audit Fees", including for quarterly reviews.
- (3) The aggregate fees billed (or accrued) for professional services rendered for tax compliance, tax advice and tax planning.

### **Exemption in Section 6.1**

The Company is a "venture issuer" as defined in NI 52-110 and is relying on the exemption in section 6.1 of NI 52-110 relating to Parts 3 (*Composition of Audit Committee*) and 5 (*Reporting Obligations*).

## **CORPORATE GOVERNANCE DISCLOSURE**

In April 2005, the Canadian Securities Administrators (the “CSA”) announced the adoption of Multilateral Policy 58-201 and National Instrument 58-101 (“NI 58-101”), which each took effect as of June 30, 2005 (collectively, the “CSA Corporate Governance Disclosure Requirements”). The CSA Corporate Governance Disclosure Requirements apply to the Corporation’s disclosure of its corporate governance practices and are substantially consistent with the revised corporate governance listing standards of the New York Stock Exchange. The CSA Corporate Governance Disclosure Requirements require the Corporation to make certain prescribed disclosures respecting its particular corporate governance practices and recommend a series of non-prescriptive corporate governance guidelines (the “Guidelines”) that Canadian public companies are encouraged to consider in developing their own corporate governance practices. The Company’s approach to corporate governance is set out below.

### **Board of Directors**

Management is nominating four individuals to the Company’s board of directors (the “Board”), all of whom are current directors of the Company.

The Board of Directors has reviewed the independence of each director on the basis of the definitions in section 1.4 of NI 52-110. A director is “independent” if he or she has no direct or indirect material relationship with the Company. A “material relationship” is one that would, or in the view of the Board of Directors could, be reasonably expected to interfere with the exercise of a director’s independent judgment. The Board has determined, after reviewing the roles and relationships of each of the directors that, at the date of this Circular, two of the four members of the Board of Directors are “independent” for the purposes of NI 52-110. The Company has determined that John Macken and William Sheriff are independent directors and have no material connection to the Company, other than as directors.

The Board of Directors has determined that R. Edward Flood and William R. Haldane are not independent of the Company. Mr. Flood is not an independent director because he is the Chairman of the Board of Western Uranium Corporation, the controlling shareholder of the Company. Mr. Haldane is not considered an independent director because he received a fee in excess of \$75,000 for services rendered to the Company in 2008 that was not related to his role as a director of the Company.

The Board has appointed R. Edward Flood as its Chairman.

### **Directorships**

The following directors of the Company and nominees are directors of other reporting issuers:

- R. Edward Flood is a director of Ivanhoe Mines Ltd., South Gobi Energy Resources Ltd. and Western Uranium Corporation;
- William Sheriff is a director of Golden Predator Royalty & Development Corp., Copper Ridge Explorations, and EMC Metals Corp. (formerly Golden Predator Mines Inc.);
- John Macken is a director of Ivanhoe Mines Ltd. and Ivanhoe Australia Limited.

## **Orientation and Continuing Education**

The Board does not have any formal policies with respect to the orientation of new directors, although Board members are encouraged to pursue continuing education to support their role as directors. At this stage of the Company's development the Board does not feel it necessary to have such policies or programs in place.

## **Ethical Business Conduct**

Previously, the Company has relied on the Board to monitor on an ongoing basis the activities of management and consultants and to ensure that the highest standard of ethical conduct were maintained. Recently, the Company adopted a Code of Business Conduct and Ethics (the "Code") applicable to its directors, officers and employees. The Board's Audit Committee is responsible for monitoring compliance with the Code. The Code provides that the Company's employees, consultants, officers and directors will uphold its commitment to a culture of honesty, integrity and accountability and the Company requires the highest standards of professional and ethical conduct from its employees, consultants, officers and directors.

## **Nomination and Assessment**

The Board has recently created a Nominating and Corporate Governance Committee and has adopted a Nominating and Corporate Governance Committee Charter. The Nominating and Corporate Governance Committee is responsible for making recommendations to the Board with respect to developments in the area of corporate governance and the practices of the Board. The Nominating and Corporate Governance Committee is also responsible for reporting to the Board with respect to appropriate candidates for nomination to the Board, and for developing and recommending to the Board corporate governance guidelines.

The Nominating and Corporate Governance Committee currently consists of John Macken, William Haldane and William Sheriff. John Macken is the Chair of the Nominating and Corporate Governance Committee.

## **Compensation**

Previously, the quantity and quality of the Board compensation was reviewed annually by the Board. At present, the Board is satisfied that the current compensation arrangements, which currently consist solely of incentive stock options, adequately reflect the responsibilities and risks involved in being an effective director of the Company. The number of options granted to date was determined by the Board as a whole, which allowed the independent directors to have input into compensation decisions.

The Board has recently created a Compensation and Benefits Committee and has adopted a Compensation and Benefits Committee Charter. The role of the Compensation and Benefits Committee is primarily to review the adequacy and form of compensation of senior management and the directors with such compensation realistically reflecting the responsibilities and risks of such positions, to administer the Company's equity incentive plan, to determine the recipients of, and the nature and size of share compensation awards granted from time to time, to determine the remuneration of executive officers and to determine any bonuses to be awarded.

The members of the Company's Compensation and Benefits Committee are William Haldane, John Macken and William Sheriff. William Sheriff is the Chair of the Compensation and Benefits Committee.

## Other Board Committees

The Board has no standing committees other than the Audit Committee, the Compensation and Benefits Committee and the Nominating and Corporate Governance Committee.

## PARTICULARS OF MATTERS TO BE ACTED UPON

### General Matters

It is not known whether any other matters will come before the Meeting other than those set forth above and in the Notice of Meeting, but if any other matters do arise, the person named in the Form of Proxy intends to vote on any poll, in accordance with his or her best judgement, exercising discretionary authority with respect to amendments or variations of matters set forth in the Notice of Meeting and other matters which may properly come before the Meeting or any adjournment of the Meeting.

### Amendment to Stock Option Plan

On May 21, 2008 shareholders approved a Plan which was adopted by the Company on receipt of approval of the TSXV. At the Meeting, shareholders of the Company will be asked to consider and, if deemed advisable, pass an ordinary resolution approving an increase in the maximum number of Common Shares which may be allocated for issuance under the Plan from 10,200,000 Common Shares to 16,565,684 Common Shares, or approximately 20% of the Company's issued and outstanding Common Shares. Subject to shareholder approval and the approval of the TSXV, this would result in an additional 6,565,684 Common Shares being available for future grants under the Plan.

#### *Common Shares Issued and Unissued under the Plan*

As of May 14, 2010, 9,865,000 Common Shares authorized for issuance under the Plan were issued or reserved for issuance as follows:

	<b>Number of Common Shares under Plan</b>	<b>% of Issued and Outstanding Common Shares<sup>(1)</sup></b>
Common Shares issued upon exercise of incentive stock options	1,003,750	1.2%
Common Shares reserved for future issuance pursuant to unexercised options	8,861,250	10.7%
Unissued Common Shares available for future issuance of incentive stock options	335,000	0.4%
Maximum number of Common Shares available for issuance	10,200,000	12.3%

(1) Based on 82,828,420 outstanding common shares of the Company as at May 14, 2010.

There are no entitlements to Common Shares under the Plan which are subject to ratification by shareholders.

#### *Material Terms of the Plan*

The Plan was established to provide the Company with a share-related mechanism to attract, retain and motivate qualified directors, employees and consultants, to reward such of those directors, employee and consultants for their contributions towards the longer term goals of the Company and to enable and encourage such directors, employees and consultants to acquire Common Shares as long term investments. The following is a summary of the material terms of the Plan can be found at “Incentive Plan Awards” above.

The Company will be required to obtain “disinterested shareholder approval” of the Plan Resolution. “Disinterested shareholder approval” means approval by a majority of the votes cast by shareholders at a duly constituted shareholders’ meeting, excluding votes attached to Common Shares beneficially owned by insiders of the Company and their associates.

#### *Recommendation*

The Company is of the view that the Plan, as it is proposed to be amended, provides the Company with an effective tool necessary to attract and maintain the services of senior executives and other employees in competition with businesses in the industry. In order to maintain the flexibility of the Plan, it is necessary to increase the maximum number of Common Shares which may be issued pursuant to options granted under the Plan. A full copy of the Plan will be available for inspection at the Meeting. The board of directors recommends that you vote in favour of the Plan Resolution.

At the Meeting, shareholders will be asked to vote on the following resolution, with or without variation, approving the proposed amendment to the Plan and conferring the authority upon the Board to amend the Plan:

#### **“BE IT RESOLVED AS AN ORDINARY RESOLUTION THAT:**

the Company increase the number of shares reserved for issuance under its stock option plan from 10,200,000 shares to 16,565,684 shares, being 20% of the Company’s current issued and outstanding share capital; and

that the directors and officers of the Company be authorized and directed to perform such acts and deeds and things and execute all such documents, agreements and other writings as may be required to give effect to the true intent of these resolutions.”

In order to pass, the Plan Resolution requires the affirmative vote of a majority of the votes cast at the Meeting excluding votes attached to Common Shares beneficially owned by insiders of the Company and their associates. For the purposes of the Plan Resolution, an aggregate of 848,399 Common Shares held by insiders of the Company and their associates will not be voted at the Meeting.

If the Plan Resolution is not approved by the shareholders, the Plan will continue, as is.

### **ADDITIONAL INFORMATION**

Additional information relating to the Company may be found on the System for Electronic Document Analysis and Retrieval (SEDAR) at [www.sedar.com](http://www.sedar.com). Information concerning the Company may be obtained by any securityholder of the Company free of charge by contacting the Company at 604-681-3071.

### **BOARD APPROVAL**

The contents of this Circular have been approved and its mailing authorized by the directors of the Company.

DATED at Vancouver, British Columbia, the 14<sup>th</sup> day of May, 2010.

### **ON BEHALF OF THE BOARD**

“Jay Chmelauskas”  
Jay Chmelauskas  
President

**SCHEDULE “A”  
WESTERN LITHIUM CANADA CORPORATION  
(the “Company”)**

**AUDIT COMMITTEE CHARTER**

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The audit committee is a committee of the board of directors to which the board delegates its responsibilities for the oversight of the accounting and financial reporting process and financial statement audits.

The audit committee will:

- (a) review and report to the board of directors of the Company on the following before they are published:
  - (i) the financial statements and MD&A (management discussion and analysis) (as defined in National Instrument 51-102) of the Company,
  - (ii) the auditor’s report, if any, prepared in relation to those financial statements;
- (b) review the Company’s annual and interim earnings press releases before the Company publicly discloses this information;
- (c) satisfy itself that adequate procedures are in place for the review of the Company’s public disclosure of financial information extracted or derived from the Company’s financial statements and periodically assess the adequacy of those procedures;
- (d) recommend to the board of directors:
  - (i) the external auditor to be nominated for the purpose of preparing or issuing an auditor’s report or performing other audit, review or attest services for the Company, and
  - (ii) the compensation of the external auditor;
- (e) oversee the work of the external auditor engaged for the purpose of preparing or issuing an auditor’s report or performing other audit, review or attest services for the Company, including the resolution of disagreements between management and the external auditor regarding financial reporting;
- (f) monitor, evaluate and report to the board of directors on the integrity of the financial reporting process and the system of internal controls that management and the board of directors have established;
- (g) monitor the management of the principal risks that could impact the financial reporting of the Company;

- (h) establish procedures for:
  - (i) the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls, or auditing matters, and
  - (ii) the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters;
- (i) pre-approve all non-audit services to be provided to the Company or its subsidiary entities by the Company's external auditor;
- (j) review and approve the Company's hiring policies regarding partners, employees and former partners and employees of the present and former external auditor of the Company; and
- (k) with respect to ensuring the integrity of disclosure controls and internal controls over financial reporting, understand the process utilized by the Chief Executive Officer and Chief Financial Officer to comply with Multilateral Instrument 52-109.

### **Composition of the Committee**

The committee will be composed of three directors from the Company's board of directors, a majority of whom are not officers or employees of the Company or an affiliate of the Company.

All members of the committee will be financially literate as defined by applicable legislation. If, upon appointment, a member of the committee is not financially literate as required, the person will be provided a three month period in which to achieve the required level of literacy.

### **Authority**

The committee has the authority to engage independent counsel and other advisors as it deems necessary to carry out its duties and the committee will set the compensation for such advisors.

The committee has the authority to communicate directly with and to meet with the external auditors and the internal auditor, without management involvement. This extends to requiring the external auditor to report directly to the committee.

### **Reporting**

The reporting obligations of the committee will include:

1. reporting to the board of directors on the proceedings of each committee meeting and on the committee's recommendations at the next regularly scheduled directors' meeting; and
2. reviewing, and reporting to the board of directors on its concurrence with, the disclosure required by Form 52-110F2 in any management information circular prepared by the Company.