

# ALBERTA STAR DEVELOPMENT CORP.

## NOTICE OF ANNUAL GENERAL AND SPECIAL MEETING OF COMMON SHAREHOLDERS OF ALBERTA STAR DEVELOPMENT CORP. TO BE HELD ON MONDAY FEBRUARY 8, 2010 AND MANAGEMENT INFORMATION CIRCULAR

### TO BE HELD AT:

The offices of Computershare, Boardroom  
3<sup>rd</sup> Floor, 510 Burrard Street  
Vancouver, British Columbia  
**10:00 a.m. (Pacific time)**

### Management strongly recommends that Shareholders VOTE as follows,

- FOR** the resolution to fix the board of directors of Alberta Star Development Corp. (the “**Corporation**”) at five (5) members;
- FOR** the resolution to elect the slate of directors as nominated by management for the ensuing year;
- FOR** resolution to appoint James Stafford, Chartered Accountants, as the auditor of the Corporation for the ensuing year and to authorize the board of directors to fix their remuneration and;
- FOR** the resolution to ratify the Corporation’s Stock Option Plan.
- FOR** the Consolidation Resolution (as defined herein).

The information contained herein requires you to make important decisions that will impact your investment in the Corporation. Please carefully consider the matters to be voted and submit your proxy before the voting cut-off on February 4, 2010 at 10:00 a.m. (Pacific Time)

*If you have any questions regarding the information described in this Proxy Management Circular or require assistance in voting your shares, please contact Laurel Hill Advisory Group, toll-free, at 1-866-710-9538.*

Dated: January 6, 2010

**ALBERTA STAR DEVELOPMENT CORP.**

**NOTICE OF AN ANNUAL GENERAL AND SPECIAL MEETING OF COMMON  
SHAREHOLDERS OF ALBERTA STAR DEVELOPMENT CORP.**

**NOTICE IS HEREBY GIVEN THAT the annual general and special meeting of holders of common shares (“Common Shares”) of Alberta Star Development Corp. (the “Corporation”) will be held at the office of Computershare, 3<sup>rd</sup> Floor, 510 Burrard Street, Vancouver, British Columbia at 10:00 a.m. (Pacific time), on Monday, February 8, 2010 for the following purposes:**

1. To receive the auditor’s report and the audited financial statements of the Corporation for the fiscal year ended November 30, 2008.
2. To fix the board of directors of the Corporation at five (5) members.
3. To elect the board of directors as nominated by management for the ensuing year.
4. To appoint James Stafford, Chartered Accountants, as the auditor of the Corporation for the ensuing year and to authorize the board of directors to fix their remuneration.
5. To reapprove and adopt the Corporation’s Stock Option Plan.
6. To consider and, if thought advisable, pass, with or without amendment, a special resolution to alter the Corporation’s issued capital by consolidating its issued Common Shares on the basis of up to five pre-consolidation Common Shares for one post-consolidation Common Share, all as more particularly described in the accompanying Management Information Circular.
7. To transact such other business as may be properly brought before the meeting.

**DATED** at the City of Vancouver, in the Province of British Columbia, this 6<sup>th</sup> day of January, 2010.

**BY ORDER OF THE BOARD OF DIRECTORS**

Signed: “Tim Coupland”

Tim Coupland  
President and Chief Executive Officer

**IMPORTANT**

**Your vote is important regardless of the number of Common Shares you own.** Whether or not you are able to attend, if you are a registered holder, we urge you to complete the enclosed form of proxy and return it as soon as possible in the envelope provided for that purpose. All proxies, to be valid, must be deposited at the office of Computershare Investor Services, Proxy Dept., 100 University Avenue, Toronto, Ontario M5J 2Y1, at least forty-eight (48) hours prior to the meeting (excluding Saturday, Sunday and holidays) or any adjournment(s) thereof. Internet and telephone voting are also available 24 hours a day, following the instructions on the proxy form. Alternatively you may also vote your Common Shares by proxy facsimile to 1-866-249-7775. If you hold your Common Shares through a broker or other intermediary, you should follow the instructions provided by your broker or other intermediary to vote your shares.

The Board of Directors of the Corporation has fixed the Record Date for the Meeting at the close of business on December 24, 2009 (the “Record Date”). Only shareholders of record at the close of business on the Record Date are entitled to vote such Common Shares at the Meeting on the basis of one vote for each Common Share held.

# **ALBERTA STAR DEVELOPMENT CORP.**

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

### **MANAGEMENT INFORMATION CIRCULAR**

#### **SOLICITATION OF PROXIES**

**This Management Information Circular (“Information Circular”) is furnished in connection with the solicitation of proxies by the management of Alberta Star Development Corp., (the “Corporation”), for use at the annual general and special meeting of common shareholders of the Corporation (the “Meeting”), to be held on Monday, February 8, 2010 at the hour of 10:00 a.m. (Pacific time) in the Boardroom at the offices of Computershare, 3<sup>rd</sup> Floor, 510 Burrard Street, Vancouver, British Columbia, or at any adjournment thereof, for the purposes set out in the accompanying notice of Meeting (the “Notice”).**

The costs incurred in the preparation and mailing of both the form of proxy and this Information Circular will be borne by the Corporation. In addition to the use of mail, proxies may be solicited by personal interviews, personal delivery, telephone or any form of electronic communication or by directors, officers and employees of the Corporation who will not be directly compensated therefor.

**In accordance with National Instrument 54-101 Communications with Beneficial Owners of Securities of a Reporting Issuer, arrangements have been made with brokerage houses and other intermediaries, clearing agencies, custodians, nominees and fiduciaries to forward solicitation materials to the beneficial owners of the common shares (“Common Shares”) of the Corporation held of record by such persons and the Corporation may reimburse such persons for reasonable fees and disbursements incurred by them in doing so. The costs thereof will be borne by the Corporation. The record date to determine the registered shareholders entitled to receive the Notice of Meeting is December 24, 2009 (the “Record Date”). All information set forth in this Information Circular is dated effective as of the Record Date.**

The Corporation has retained Laurel Hill Advisory Group (“Laurel Hill”) to assist it in connection with communicating to securityholders. In connection with these services, Laurel Hill is expected to receive a fee of approximately CAD \$25,000 and will be reimbursed for its reasonable out-of-pocket expenses.

#### **APPOINTMENT, VOTING AND REVOCATION OF PROXIES**

##### **Appointment**

**The persons named (the “Management Designees”) in the accompanying form of proxy have been selected by the directors of the Corporation and have indicated their willingness to represent as proxy the shareholder who appoints them. Any shareholder has the right to appoint a person or company (who need not be a shareholder) other than the Management Designees to attend and to vote and act for and on behalf of such person at the Meeting. In order to do so the shareholder may insert the name of such person in the blank space provided in the form of proxy, or may use another appropriate form of proxy. All proxies must be deposited with the Corporation’s Registrar and Transfer Agent, (“the Transfer Agent”) Computershare Investor Services, Proxy Dept., 100 University Avenue, Toronto, Ontario M5J 2Y1, not later than forty-eight (48) hours (excluding Saturdays, Sundays and holidays) prior to the time of the Meeting, or adjournment thereof. The Chairman of the Meeting**

may refuse to recognize any form of proxy received after such time or waive the proxy cut-off without notice.

### **Voting**

Common Shares represented by any properly executed proxy in the accompanying form will be voted or withheld from voting on any ballot that may be called for in accordance with the instructions given by the shareholder. **In the absence of such direction, such Common Shares will be voted in favour of the matters set out herein.**

**The accompanying form of proxy confers discretionary authority on the persons named in it with respect to amendments or variations to matters identified in the Notice of Meeting or other matters that may properly come before the Meeting. As of the date hereof, management of the Corporation is not aware of any such amendments, variations or other matters that may come before the Meeting. In the event that other matters come before the Meeting, then the Management Designees intend to vote in accordance with the judgment of management of the Corporation.**

### **Revocation**

In addition to revocation in any other manner permitted by law, a shareholder may revoke a proxy by an instrument in writing executed by the shareholder or by the shareholder's attorney authorized in writing and deposited either at the registered office of the Corporation, 1000 Canterra Tower, 400 Third Avenue S.W., Calgary, Alberta, T2P 4H2, at any time up to and including the last business day preceding the day of the Meeting, or any adjournment thereof, at which the proxy is to be used, or with the Chairman of the Meeting prior to the commencement of the Meeting on the day of the Meeting or any adjournment thereof.

## **VOTING SHARES AND PRINCIPAL HOLDERS THEREOF**

### **Beneficial Holders**

**The information set forth in this section is of significant importance to many shareholders, as a substantial number of shareholders do not hold Common Shares in their own name.** Shareholders who hold their Common Shares through their brokers, intermediaries, trustees or other persons, or who otherwise do not hold their Common Shares in their own name (referred to herein as "Beneficial Shareholders") should note that only proxies deposited by shareholders whose names appear on the records maintained by the Corporation's registrar and transfer agent as registered holders of Common Shares will be recognized and acted upon at the Meeting. If Common Shares are listed in an account statement provided to a Beneficial Shareholder by its broker, those Common Shares will, in all likelihood, not be registered in the shareholder's name. Such Common Shares will more likely be registered under the name of the shareholder's broker or an agent of that broker. In Canada, the vast majority of such shares are registered under the name of CDS & Co. (the registration name for The Canadian Depository for Securities, which acts as nominee for many Canadian brokerage firms). Common Shares held by brokers (or their agents or nominees) on behalf of a broker's client can only be voted or withheld at the direction of the Beneficial Shareholder. Without specific instructions, brokers and their agents and nominees are prohibited from voting shares for the broker's clients. **Therefore, each Beneficial Shareholder should ensure that voting instructions are communicated to the appropriate person well in advance of the Meeting.**

There are two kinds of beneficial owners: those who object to their name being made known to the issuers of securities which they own (called "OBOs" for Objecting Beneficial Owners) and those who do not object (called "NOBOs" for Non-Objecting Beneficial Owners). Issuers can request and obtain a list of their NOBOs from intermediaries via their transfer agents, pursuant to National Instrument 54-101

entitled, “Communication with Beneficial Owners of Securities of Reporting Issuers” (“NI 54-101”) and issuers can use this NOBO list for distribution of proxy-related materials directly to NOBOs. The Corporation has decided to take advantage of those provisions of NI 54-101 that allow it to directly deliver proxy-related materials to its NOBOs. As a result, NOBOs can expect to receive a voting instruction from the Transfer Agent, Computershare Investor Services. These voting instruction forms are to be completed and returned to the Transfer Agent in the envelope provided or by any other voting methods described on the voting instruction form itself, which contains complete instructions regarding voting procedures. The Transfer Agent will tabulate the results of the voting instruction forms received from NOBOs and will provide appropriate instructions at the Meeting with respect to the shares represented by voting instruction forms they receive.

With respect to OBO’s existing regulatory policy requires brokers and other intermediaries to seek voting instructions from Beneficial Shareholders in advance of shareholders’ meetings. The various brokers and other intermediaries have their own mailing procedures and provide their own return instructions to clients, which should be carefully followed by Beneficial Shareholders in order to ensure that their Common Shares are voted at the Meeting. The form of proxy supplied to a Beneficial Shareholder by its broker (or the agent of the broker) is substantially similar to the form of proxy provided directly to registered shareholders by the Corporation. However, its purpose is limited to instructing the registered Shareholder (i.e., the broker or agent of the broker) how to vote on behalf of the Beneficial Shareholder. The vast majority of brokers now delegate responsibility for obtaining instructions from clients to Broadridge Investor Communications (“Broadridge”) in Canada. Broadridge typically prepares a machine-readable voting instruction form, mails those forms to Beneficial Shareholders and asks Beneficial Shareholders to return the forms to Broadridge, or otherwise communicate voting instructions to Broadridge (by way of the Internet or telephone, for example). Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of shares to be represented at the Meeting. **A Beneficial Shareholder who receives a Broadridge voting instruction form cannot use that form to vote Common Shares directly at the Meeting. The voting instruction forms must be returned to Broadridge (or instructions respecting the voting of Common Shares must otherwise be communicated to Broadridge) well in advance of the Meeting in order to have the Common Shares voted. If you have any questions respecting the voting of Common Shares held through a broker or other intermediary, please contact that broker or other intermediary for assistance.**

Although a Beneficial Shareholder may not be recognized directly at the Meeting for the purposes of voting Common Shares registered in the name of his broker, a Beneficial Shareholder may attend the Meeting as proxyholder for the registered shareholder and vote the Common Shares in that capacity. **Beneficial Shareholders who wish to attend the Meeting and indirectly vote their Common Shares as proxyholder for the registered shareholder, should enter their own names in the blank space on the form of proxy provided to them and return the same to their broker (or the broker’s agent) in accordance with the instructions provided by such broker.**

All references to shareholders in this Information Circular and the accompanying form of proxy and Notice of Meeting are to registered shareholders unless specifically stated otherwise.

### **Voting Securities and Principal Holders of Voting Securities**

Registered holders of Common Shares as shown on the shareholders’ list prepared as of the Record Date will be entitled to vote such Common Shares at the Meeting on the basis of one vote for each Common Share held, except to the extent that the person has transferred the ownership of any of his Common Shares after the Record Date, and the transferee of those shares produces properly endorsed share certificates.

As of the Record Date, 107,019,894 of the Corporation's unlimited authorized voting Common Shares were issued and outstanding. The Corporation is also authorized to issue an unlimited number of preferred shares, none of which are issued.

The By-Laws of the Corporation provide that a quorum for the transaction of business at the Meeting shall be two (2) or more persons present in person, each being a shareholder entitled to vote thereat or a duly appointed proxy for an absent shareholder so entitled and together holding or representing by proxy not less than five percent (5%) of the outstanding shares of the Corporation entitled to vote at the Meeting.

To the knowledge of the directors and executive officers of the Corporation, as of the Record Date, no person or company beneficially owned, directly or indirectly, or exercised control or direction over, voting securities of the Corporation carrying more than 10% of the voting rights attached to any class of voting securities of the Corporation.

## COMPENSATION OF EXECUTIVE OFFICERS AND DIRECTORS

*(All currency amounts are expressed in Canadian dollars unless otherwise stated)*

### A. Compensation of Directors

The directors of the Corporation may be reimbursed for actual expenses reasonably incurred in connection with the performance of their duties as directors. Directors of the Corporation are also eligible to receive options to acquire Common Shares pursuant to the Stock Option Plan. The following table shows the compensation provided to non-executive directors for the year ended November 30, 2008.

Executive officers of the Corporation who also act as directors of the Corporation, do not receive any additional compensation for services rendered in such capacity, other than as paid by the Corporation to such executive officers in their capacity as executive officers. See "Compensation of Executive Officers".

### Director Compensation Table

Name	Fees earned (\$)	Share-based awards (\$)	Option-based awards (\$)	Non-equity incentive plan compensation (\$)	Pension Value (\$)	All other compensation (\$)	Total (\$)
Tracy Moore <sup>(1)(2)</sup>	32,000	Nil	31,761	Nil	Nil	Nil	63,761
Stuart Rogers <sup>(2)</sup>	32,000	Nil	31,761	Nil	Nil	Nil	63,761
Michael Bogin <sup>(1)(3)</sup>	29,000	Nil	9,075	Nil	Nil	Nil	38,075
Robert Hall <sup>(2)</sup>	25,000	Nil	31,761	Nil	Nil	Nil	56,761
Brian Morrison	3,000	Nil	Nil	Nil	Nil	Nil	3,000

**Notes:**

- (1) Former director.
- (2) 175,000 stock options granted August 1, 2008 at an exercise price of \$0.35 and are exercisable on or before July 31, 2011. The options granted to Tracy Moore expired on March 17, 2009.
- (3) 50,000 stock options granted August 1, 2008 at an exercise price of \$0.35 and are exercisable on or before July 31, 2011. The options granted to Michael Bogin expired on December 5, 2008.

## B. Compensation of Executive Officers

### 1. *Cash*

Securities legislation requires the disclosure of compensation received by each “Named Executive Officer” of the Corporation at the end of the most recently completed financial year. “Named Executive Officer” is defined by the legislation to mean (i) each of the Chief Executive Officer and Chief Financial Officer of the Corporation, despite the amount of compensation of that individual, (ii) each of the Corporation’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 salary and bonus exceeds \$150,000, and (iii) any additional individual for whom disclosure would have been provided under (ii) but for the fact that the individual was not serving as an executive officer of the Corporation at the end of the most recently completed financial year end of the Corporation.

The following table sets forth a summary of the annual and long term compensation for services paid during the three most recently completed financial years for Tim Coupland, President and Chief Executive Officer of the Corporation, Chantal Schutz, former Chief Financial Officer and Ann-Marie Cederholm, former Chief Financial Officer (the “Named Executive Officers”).

Name and Principal Position of Named Executive Officer	Year Ended (Nov. 30)	Annual Compensation			Long Term Compensation			All Other Compensation (\$)
		Salary (\$)	Bonus (\$)	Other Annual Compensation (\$)	Awards		Payouts	
					Securities Under Options/SARs Granted (#)	Shares or Units Subject to Resale Restrictions (\$)	LTIP Payouts (\$)	
Tim Coupland, President and Chief Executive Officer	2008	229,167 <sup>(1)</sup>	50,000	(Note 2)	1,300,000 <sup>(3)</sup> /nil	Nil	Nil	Nil
	2007	183,333 <sup>(1)</sup>	100,000	117,500 <sup>(6)</sup>	Nil	Nil	Nil	Nil
	2006	135,000 <sup>(1)</sup>	Nil	27,452 <sup>(6)</sup>	3,850,000 <sup>(7)</sup> /nil	Nil	Nil	Nil
Ann-Marie Cederholm, <sup>(5)</sup> Former Chief Financial Officer	2008	25,000	Nil	Nil	Nil	Nil	Nil	Nil
	2007	75,500	2,500	4,025	Nil	Nil	Nil	Nil
Chantal Schutz, <sup>(5)</sup> Former CFO	2008	70,417	Nil	Nil	250,000 <sup>(4)</sup>	Nil	Nil	Nil

#### Notes:

- (1) This amount represents the annual management fee paid to Mr. Coupland in his capacity as President and Chief Executive Officer of the Corporation.
- (2) “Other Annual Compensation” does not exceed the lesser of \$50,000 and 10% of the total annual salary and bonus for the Named Executive Officer.
- (3) 1,300,000 stock options granted August 1, 2008 at an exercise price of \$0.35 and are exercisable on or before July 31, 2011.
- (4) 250,000 stock options granted August 1, 2008 at an exercise price of \$0.35 and were exercisable on or before July 31, 2011. These options expired on April 30, 2009.
- (5) Ann-Marie Cederholm was Chief Financial Officer of the Corporation from August 14, 2007 to May 8, 2008. Chantal Schutz was appointed as interim Chief Financial Officer of the Corporation on May 8, 2008 to December 17, 2008. Gord Steblin was appointed as Chief Financial officer of the Corporation on December 17, 2008.
- (6) Annual amounts billed to the Corporation by a company controlled by Mr. Tim Coupland, President and Chief Executive Officer of the Corporation, for consulting and exploration services.
- (7) 2,350,000 options were granted on January 27, 2006, of which 300,000 have been exercised, and 1,500,000 options were granted on September 27, 2006, all options are vested, and the options expire on January 27, 2009 and September 27, 2008 and are exercisable at \$0.60 and \$0.85 per share, respectively.

The fair value of stock options is estimated on the date of grant using the Black-Scholes pricing model. The following assumptions were used in the fair value calculation:

Risk-free interest rate	2.86%
Options expected life	3.0 years
Expected volatility	100.99%
Expected dividend yield	Nil

## 2. *Stock Options*

In accordance with securities legislation, information in respect of the grants of options to purchase or acquire securities of the Corporation (whether or not in tandem with SARs and free standing SARs) and made during the Corporation's financial year ended November 30, 2008 to the Named Executive Officers, are set forth below.

### OPTION/SAR GRANTS DURING THE FISCAL YEAR ENDED NOVEMBER 30, 2008

The following table sets forth information in respect of all grants of stock options or stock appreciation rights ("SAR's"), if any, during the Corporation's fiscal year ended November 30, 2008 granted to the Named Executive Officers.

Name	Common Shares Under Options/SARs Granted	Percent of Total Options/SARs Granted to Employees in Financial Year	Exercise Price (\$/Security)	Market Value of Securities Underlying Options/SARs on the Date of Grant (\$/Security)	Expiration Date
Tim Coupland	1,300,000 / Nil	37% / Nil	\$0.35	\$0.33	July 31, 2011
Chantal Schutz	250,000 / Nil	7% / Nil	\$0.35	\$0.33	April 30, 2009
Ann-Marie Cederholm	Nil	Nil/ Nil	Nil	Nil	Nil

The following table sets forth, in accordance with securities legislation, information in respect of each exercise of options and free standing SARs, if any, during the Corporation's financial year ended November 30, 2008 and the financial year end value of unexercised options and SARs for each of the Named Executive Officers.

### AGGREGATED OPTION/SAR EXERCISES DURING THE FISCAL YEAR ENDED NOVEMBER 30, 2008 AND FINANCIAL YEAR END OPTION/SAR VALUES

Name	Securities Acquired on Exercise (#)	Aggregate Value Realized <sup>(5)</sup> (\$)	Unexercised Options/SARs at November 30, 2008 (#) Exercisable/ Unexercisable	Value of Unexercised in the-Money Options/SARs at November 30, 2008 <sup>(1)(2)</sup> (\$) Exercisable/ Unexercisable
Tim Coupland	Nil	Nil	4,850,000 <sup>(3)</sup> / Nil	Nil
Chantal Schutz	Nil	Nil	250,000 <sup>(4)</sup> / Nil	Nil
Ann-Marie Cederholm	Nil	Nil	Nil	Nil

#### Notes:

- (1) Unexercised "in-the-money" options refer to those options in respect of which the market value of the underlying security as at the financial year end exceeds the exercise or base price of the option, being the aggregate of the difference between the market value of the securities as at November 30, 2008, and the exercise price.
- (2) On November 30, 2008, the last day the Common Shares traded before the year end dated November 30, 2008, the closing price of the Common Shares on the TSX Venture Exchange was \$0.14.
- (3) 2,050,000 options exercisable at \$0.60 per share expiring on January 27, 2009, 1,500,000 options exercisable at \$0.85 per share expiring on July 11, 2010 and 1,300,000 options exercisable at \$0.35 per share expiring on July 31, 2011.

- (4) 250,000 options exercisable at \$0.35 per share expiring on April 30, 2009.
- (5) Aggregate value realized upon exercise is equal to the difference between the market value of the underlying security as at the financial year end and the exercise price of the options being the aggregate of the difference between the closing price of the securities as at November 30, 2008 being the last date the Common Shares traded before November 30, 2008 (being \$0.14) and the exercise price.

**3. *Long-Term Incentive Plans - Awards In Most Recently Completed Financial Year***

The Corporation has no long-term incentive plans in place.

**4. *Stock Appreciation Rights and Restricted Shares***

No stock appreciation rights or restricted shares were granted by the Corporation to the Named Executive Officers of the Corporation during the fiscal year ended November 30, 2008. Furthermore, no stock appreciation rights were exercised.

**5. *Stock Option and SAR Repricing***

The Corporation did not make any downward repricing of stock options or stock appreciation rights held by a Named Executive Officer during the fiscal year ended November 30, 2008.

**6. *Pension and Retirement Plans and Payments made upon Termination of Employment***

The Corporation does not have in place any pension or retirement plan. The Corporation has not provided compensation, monetary or otherwise, during the preceding fiscal year, to any person who now acts or has previously acted as a Named Executive Officer of the Corporation, in connection with or related to the retirement, termination or resignation of such person and the Corporation has provided no compensation to such persons as a result of a change of control of the Corporation, its subsidiaries or affiliates. The Corporation is not party to any compensation plan or arrangement with a Named Executive Officer resulting from the resignation, retirement or the termination of employment of such person.

**7. *Termination of Employment, Change in Responsibilities, Employment and Management Contracts***

In March of 2007, the Corporation entered into an Employment Agreement with the President and Chief Executive Officer of the Corporation. This agreement provides that in the event of termination by the Corporation for other than just cause, in the event of a change of control of the Corporation, the President and Chief Executive Officer is entitled to compensation equal to multiplying his base salary by seven months payable in seven consecutive monthly installments, based upon total amount of the per annum base salary being paid as of the date of termination.

**C. Stock Option Plan**

Effective November 7, 2007, the shareholders of the Corporation approved and adopted an incentive share option plan for the board of directors, management and employees and consultants of the Corporation (the "Stock Option Plan"). The purpose of the Stock Option Plan is to afford persons who provide services to the Corporation, whether as directors, management, employees or consultants, an opportunity to obtain a proprietary interest in the Corporation by permitting them to purchase Common Shares of the Corporation and to aid in attracting, as well as retaining and encouraging the continued involvement of such persons with the Corporation, subject to the terms of the Stock Option Plan.

The Stock Option Plan is administered by the directors of the Corporation. The Plan provides that options will be issued pursuant to option agreements that shall provide for the expiration of such options on a date not later than five (5) years after the issuance of such option. A maximum number of Common

Shares equal to 10% of the issued and outstanding Common Shares, from time to time, may be reserved for issue under the Stock Option Plan provided that options may not be granted to an individual to purchase in excess of 5% of the then outstanding Common Shares. Options issued pursuant to the Stock Option Plan will have an exercise price determined by the directors of the Corporation provided that the exercise price shall not be less than the price permitted by the TSX Venture Exchange.

The number of Common Shares presently reserved for issuance pursuant to the exercise of options granted under the Stock Option Plan is 10,701,989 which represents 10% of the Corporation's outstanding Common Shares as of December 30, 2009.

At the Meeting, shareholders will be asked to approve and ratify the Stock Option Plan. See "Particulars of Matters to be Acted Upon at the Meeting – Ratification of Stock Option Plan".

**D. Other Compensation**

Other than as set forth herein, the Corporation did not pay any additional compensation to the executive officers or directors (including personal benefits and securities or properties paid or distributed which compensation was not offered on the same terms to all full time employees) during the last completed fiscal year.

**SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLAN**

**Equity Compensation Plan Information for the most recently completed financial year.**

The following table provides details as to the end of the year ended November 30, 2008 with respect to all compensation plans (being only the Stock Option Plan) of the Corporation under which equity securities of the Corporation are authorized for issuance.

<b>Plan Category</b>	<b>Number of securities to be issued upon exercise of outstanding options, warrants and rights</b>	<b>Weighted-average exercise price of outstanding options, warrants and rights</b>	<b>Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))</b>
	<b>(a)</b>	<b>(b)</b>	<b>(c)</b>
Equity compensation plans approved by securityholders <sup>(1)</sup>	9,100,000	\$0.60	1,368,656
Equity compensation plans not approved by securityholders	-	-	-
<b>Total</b>	9,100,000	\$0.60	1,368,656

**Note:**

1) The Stock Option Plan reserves 10% of the Common Shares outstanding from time to time for issuance pursuant to options.

**INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS**

No director, executive officer, employees or former director, executive officer, employees or any of their respective associates of affiliates or any proposed nominee director of the Corporation is or has been at any time since the beginning of the last completed fiscal year, indebted to the Corporation or any of its subsidiaries nor has any such person been indebted to any other entity where such indebtedness is the

subject of a guarantee, support agreement, letter of credit or similar arrangement or understanding, provided by the Corporation or any of its subsidiaries.

### **INTEREST OF INSIDERS IN MATERIAL TRANSACTIONS AND IN MATTERS TO BE ACTED UPON**

There are no material interests, direct or indirect, of the current directors, senior officers, and shareholders who beneficially own, directly or indirectly, more than ten (10%) percent of the outstanding Common Shares or any known associate or affiliates of such persons, in any matter to be acted upon nor in any transaction which has materially affected the Corporation since the commencement of the Corporation's last financial year, other than as set forth herein or as previously disclosed.

### **PARTICULARS OF MATTERS TO BE ACTED UPON AT THE MEETING**

To the knowledge of the board of directors of the Corporation, the only matters to be brought before the Meeting are those matters set forth in the accompanying Notice.

#### **Auditor's Report**

The board of directors of the Corporation have approved all of the information in the auditor's report that accompanies this Information Circular, including the audited financial statements delivered therewith.

#### **Election of Directors**

For this forthcoming year, it is proposed that the board of directors consist of five (5) members. Management therefore intends to place before the Meeting, for approval, with or without modification, a resolution fixing the board of directors at five (5) members for the next ensuing year. **It is the intention of the management designees, if named as proxy, to vote for the election of the following persons to the board of directors.** Management does not contemplate that any of such nominees will be unable to serve as directors; however, if for any reason any of the proposed nominees do not stand for election or are unable to serve as such, **proxies in favour of management designees will be voted for another nominee in their discretion unless the shareholder has specified in his proxy that his shares are to be withheld from voting in the election of directors.** Each director elected will hold office until the next annual Meeting of shareholders or until his successor is duly elected, unless his office is earlier vacated in accordance with the By-Laws of the Corporation.

The following table sets forth the name of each of the persons proposed to be nominated for election as a director, all positions and offices in the Corporation presently held by him, his municipality of residence, his principal occupation at the present and during the preceding five years, the period during which he has served as a director, and the number of voting Common Shares of the Corporation that he has advised are beneficially owned by him or her, directly or indirectly, or over which control or direction is exercised, as of the date hereof.

Name and Residence	Office	Present Occupation and Positions Held During the Last Five Years	Voting Shares Held Directly or Indirectly as of the Date Hereof
<b>Tim Coupland</b> British Columbia, Canada	President, Chief Executive Officer and Director since September 14, 2000	President and Chief Executive Officer of the Corporation	3,339,137 <sup>(1)</sup>
<b>Stuart Rogers</b> British Columbia, Canada	Director since March 1, 2007	President of West Oak Capital Group, Inc.	20,000
<b>Robert Hall</b> British Columbia, Canada	Manager of Field Operations of the Corporation and Director since September 27, 2006	Director, Manager of Field Operations of the Corporation since September 27, 2006. From 1997 to September, 2006 was a Manager with a national restaurant chain.	174,500
<b>Brian Morrison</b> British Columbia, Canada	Director since September 5, 2008	Self-employed business consultant since June 2008, Account Manager at Computershare Investor Services from January 2005 to June 2008	29,000
<b>Edward Burylo</b> British Columbia, Canada	Director since December 17, 2008	Self-employed business consultant	19,000

**Notes:**

- (1) Mr. Coupland controls 280,160 of these shares through his 100% ownership of T8X Capital Ltd.

The Audit Committee of the Corporation currently consists of Tim Coupland, Brian Morrison, Robert Hall, Stuart Rogers and Edward Burylo. The general function of the Audit Committee is to review the overall audit plan and the Corporation's system of internal controls, to review the results of the external audit, and to resolve any potential dispute with the Corporation's auditors. The Corporation does not have an executive committee.

**Corporate Cease Trade Orders or Bankruptcies**

To the knowledge of the Board, no director or executive officer of the Corporation is or has been within the ten years preceding the date of this Information Circular, a director or executive officer of any other issuer that, while that person was acting in that capacity:

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

- (d) has, within the 10 years before the date of the information circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become 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 the proposed director.

### **Appointment of Auditors**

**Unless otherwise directed, it is management's intention to vote the proxies in favour of an ordinary resolution** to appoint the firm of James Stafford, Chartered Accountants, as auditor of the Corporation to hold office until the close of the next annual general meeting of shareholders or until James Stafford, Chartered Accountants, is removed from office or resigns as provided by law and by the Corporation's by-laws and to authorize the directors of the Corporation to fix the remuneration of James Stafford, Chartered Accountants, as auditors of the Corporation. James Stafford, Chartered Accountants, have been the auditor of the Corporation since September 27, 2000.

### **Ratification of Stock Option Plan**

Pursuant to the TSX Venture Exchange Policy 4.4, all rolling stock option plans, such as the Stock Option Plan must receive yearly approval by the Corporation's shareholders. Shareholders of the Corporation will be asked to consider and, if thought appropriate, to approve and adopt an ordinary resolution ratifying the Stock Option Plan in the form previously adopted by the Board of Directors of the Corporation (see "Stock Option Plan").

Under the Stock Option Plan, stock options to purchase Common Shares may be granted to the directors, management, consultants and employees of the Corporation by the board of directors of the Corporation.

The maximum number of stock options which may be granted or shares reserved for issuance under the Stock Option Plan shall be limited to a floating amount, being that number of Common Shares which is equal to 10% of the number of Common Shares outstanding from time to time and the maximum number of stock options that may be issued to a particular person shall be limited to 5% of the number of Common Shares outstanding from time to time.

The exercise price for the shares under each stock option granted under the Stock Option Plan shall not be lower than the closing price of the Common Shares on the Exchange on the date prior to the Exchange being notified of the proposed granting of the stock option, less any discount permitted by the Exchange.

The stock options granted under the Stock Option Plan shall become exercisable (i.e. vested) and shall expire on dates selected by the Board of Directors at the date of grant. Each stock option may be exercised, with respect to any of the shares covered thereby, at any time between the date on which it becomes exercisable and the end of the stock option's term.

The Stock Option Plan also provides that the Corporation shall enter into an agreement with each optionee in such form as the Board of Directors shall approve.

Subject to the receipt of any necessary approvals from the Exchange, the Board of Directors may amend or discontinue the Stock Option Plan at any time, but no such amendment may alter or impair any options previously granted except with the written consent of the holder of the option.

In order for the resolution approving and adopting the Stock Option Plan to be effective, it must be approved by the affirmative vote of a majority of the votes cast in respect thereof by shareholders present in person or by proxy at the Meeting. **In the absence of contrary directions, the Management Designees intend to vote proxies in the accompanying form in favour of this ordinary resolution.**

### **Alteration of issued share capital**

Shareholders will be asked at the Meeting to consider and, if thought appropriate, to pass a special resolution (the “Consolidation Resolution”), with or without amendment, authorizing the Corporation to amend the Corporation’s issued share structure to consolidate all of the issued Common Shares of the Corporation on the basis of up to five pre-consolidation Common Shares for one post-consolidation Common Share. As at Record Date, 107,019,894 Common Shares in the capital of the Corporation were outstanding. Each fractional Common Share remaining after consolidation will be cancelled and the shareholders who would have received a fractional post-consolidation share will receive the next lower number of whole shares.

Furthermore, each stock option or other securities of the Corporation convertible into pre-consolidation Common Shares (collectively the “Convertible Securities”) that have not been exercised or cancelled prior to the effective date of the implementation of the consolidation will be adjusted pursuant to the terms thereof on the same exchange ratio described above and each holder of pre-consolidation Convertible Securities will become entitled to receive post-consolidation securities pursuant to such adjusted terms.

The text of the proposed Consolidation Resolution is set out below.

#### **“RESOLVED, AS A SPECIAL RESOLUTION, THAT:**

1. the issued share structure of Alberta Star Development Corp. (the “Corporation”) be altered by consolidating all of the issued and outstanding common shares without par value, of which 107,019,894 were issued as of December 24, 2009, on the basis of up to five pre-consolidation common shares for one post-consolidation common share;
2. any fractional common share resulting from the consolidation will be cancelled;
3. the Board of Directors of the Corporation is hereby authorized at any time in its absolute discretion to determine the number of pre-consolidation common shares (up to five) to be consolidated into one post-consolidation common share, and whether or not to proceed with the consolidation, in each case without further approval, ratification or confirmation by the shareholders; and
4. any director or officer of the Corporation is authorized to execute and deliver all such documents and instruments and to do such further acts as may be necessary to give full effect to this resolution or as may be required to carryout the full intent and meaning of this “resolution.”

The consolidation is subject to acceptance by the TSX Venture Exchange (the “Exchange”). In particular, The Corporation will be required to meet the Exchange’s Tier Maintenance Requirements upon completion of the consolidation. There is no guarantee that Exchange acceptance of the consolidation will be given or that the Corporation will meet the Exchange’s Tier Maintenance Requirements upon completion.

The Corporation’s management and the directors believe it to be in the best interests of the Corporation and its shareholders to effect a consolidation of its issued securities. The expected increased marketability and liquidity of the Common Shares will enhance the acceptability of the Corporation among members of the financial community and the investing public, and facilitate acquisitions and future public and private equity financing. This proposed share consolidation does not change a shareholder's proportionate ownership interest in the Corporation. The directors of the Corporation intend to vote their shares in favour of the Consolidation Resolution.

Upon a consolidation of the Corporation's issued Common Shares being effected, a letter of transmittal, as and if required, will be mailed by the Corporation to its registered shareholders.

The Board of Directors recommends that the Corporation's shareholders vote in favour of the Consolidation Resolution. **Unless you give other instructions, the persons named in the enclosed form of proxy intend to vote FOR the Consolidation Resolution as set out above.**

## DISCLOSURE OF CORPORATE GOVERNANCE PRACTICES

Under National Instrument 58-101 *Disclosure of Corporate Governance Practices*, the Corporation is required to include in this Information Circular the disclosure required under Form 58-101F2 with respect to the matters set out under National Policy 58-201 *Corporate Governance Guidelines*.

### Board of Directors

The Corporation's Board of Directors, which is responsible for supervising the management of the business and affairs of the Corporation, is comprised of five directors, of which three are independent. A director is independent if he or she would be independent within the meaning of National Instrument 58-101 *Disclosure of Corporate Governance Practices*. The independent directors are Brian Morrison, Stuart Rogers and Edward Burylo. Tim Coupland is not independent by virtue of being the President and Chief Executive Officer of the Corporation. Robert Hall is not independent by virtue of being the Manager of Field Operations of the Corporation. The Board of Directors facilitates its exercise of independent supervision over management by holding Board of Directors meetings without management present. The Board of Directors approves all acquisitions or contracts materially affecting the Corporation.

### Directorships

The following directors of the Corporation serve as directors of other reporting issuers as indicated in the table below:

<b>Director</b>	<b>Directorships Held</b>
Tim Coupland	Max Resource Corp., Dynamic Gold Corp., Arctic Hunter Uranium Inc.
Edward Burylo	Arctic Hunter Uranium Inc.
Robert Hall	Dynamic Gold Corp. and Arctic Hunter Uranium Inc.
Stuart Rogers	Max Resource Corp., Prophecy Resource Corp. and TerraX Resource Corp.

### Orientation

The Corporation does not at the present time have an orientation program for new directors. However, directors, upon election to the board, are provided access to materials and documents in order to become familiar with the Corporation's business.

### Ethical Business Conduct

The Corporation has taken steps to encourage and promote a culture of ethical business conduct by appointing an Audit Committee of the Board of Directors responsible for ensuring the accuracy of accounting information, and by adopting a Whistleblowing Policy with respect to the confidential and anonymous reporting of accounting and auditing irregularities.

## **Nomination**

Responsibility for identifying candidates to join the Board of Directors belongs to the Board of Directors as a whole. The criteria that Board members are asked to consider in identifying candidates includes the independence of the individual, his or her financial acumen and skills, and availability to devote sufficient time to the duties of the Board of Directors. Board members who have identified new candidates present information regarding the candidate at the next meeting of the Board of Directors, the Board of Directors makes an assessment of the candidate, determining whether the candidate meets the criteria established by the Board of Directors, and then makes a decision whether to interview the candidate. If the Board members who interviewed the candidate are in favour of having the candidate stand for election, the Board of Directors takes a vote and if the candidate is approved, the candidate becomes a nominee for election by shareholders at the next shareholder meeting of the Corporation.

## **Compensation**

The Corporation does not have at the present time a committee responsible for determining the compensation of the directors and CEO. The Board of Directors as a whole recommends and or approves compensation for its management, directors and executives, which may from time to time include the issuance of stock options. The Board of Directors strives to provide compensation relative to industry standards.

## **Assessment**

The Board of Directors takes steps to satisfy itself that the Board of Directors, its Committees and individual directors are performing effectively by providing each director with the opportunity to attend all meetings either in person or by teleconference at the cost of the Corporation. The Board of Directors is made privy to all information concerning the development of the Corporation. The Directors are in contact and or hold informal discussions on an ongoing basis. Annually, the Board of Directors conducts a self-review to determine its effectiveness in regards to both the Corporation and its shareholders. Should it be deemed that a member of the Board of Directors is unable to effectively act on behalf of the Board or in the interests of the Corporation or its shareholders, the Director would be encouraged to resign his position on the Board. Any decision affecting the Board of Directors and its ability to serve the Corporation and its shareholders, is made by the Board of Directors as a whole.

## **Board Committees**

The Board of Directors has established an Audit Committee. The function of the Audit Committee is outlined below.

### **AUDIT COMMITTEE**

Under National Instrument 52-110 *Audit Committees* ("NI 52-110"), the Corporation is required to include in its information circular the disclosure required under Form 52-110F2 with respect to its audit committee. The text of its audit committee charter is set out in Schedule "A" attached hereto. The disclosure under this section is being provided in reliance upon the exemption in Section 6.1 of NI 52-110 for issuers whose securities are listed on the Exchange.

### **Composition of the Audit Committee**

During the year ended November 30, 2008 the Audit Committee of the Corporation was composed of the following individuals:

<b>Member</b>	<b>Independent<sup>(1)</sup></b>	<b>Financially Literate<sup>(2)</sup></b>
Tim Coupland	No	Yes
Robert Hall	No	Yes
Brian Morrison <sup>(3)</sup>	Yes	Yes
Stuart Rogers	Yes	Yes

**Notes:**

- (1) A member of an audit committee is independent if the member has no direct or indirect material relationship with the Corporation which could, the view of the Board, reasonably interfere with the exercise of a member's independent judgment.
- (2) An individual is financially literate if he has the ability to read and understand a set of financial statements that present a breadth of complexity of accounting issued that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Corporation's financial statements.
- (3) Brian Morrison was appointed to the Audit Committee on September 5, 2008.

**Relevant Education and Experience**

Collectively, the Audit Committee has the education and experience to fulfill the responsibilities outlined in the Audit Committee Charter. The education, and current and past experience of each Audit Committee member that is relevant to the performance of his responsibilities as an Audit Committee member is summarized below:

<b>Name</b>	<b>Education and Experience</b>
Tim Coupland	President and CEO of a reporting issuer for 10 years
Brian Morrison	Consultant for a number of listed Junior Mining Companies on the TSX Venture Exchange. Former manager at Computershare Investor Services.
Robert Hall	Director of reporting issuer for 3 years and member of Audit Committee.
Stuart Rogers	Director or officer of 3 reporting issuers, President of a privately held investment banking firm and has been involved in the venture capital community for 23 years.

**Audit Committee Oversight**

At no time since the commencement of the Corporation's most recently completed financial year has a recommendation of the Audit Committee to nominate or compensate an external auditor not been adopted by the Board.

**Reliance on Certain Exemptions**

At no time since the commencement of the Corporation's most recently completed financial year has the Corporation relied on any exemption from NI 52-110, including Section 2.4 of NI 52-110 (De Minimis Non-audit Services), or an exemption from NI 52-110, in whole or in part, granted under Part 8 of NI 52-110.

**Pre-Approval Policies and Procedures**

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

## External Auditor Service Fees (By Category)

The aggregate fees billed by the Corporation's external auditors in each of the last two fiscal years are as follows:

Financial Period Ended November 30	Audit Fees	Audit Related Fees	Tax Fees	All other Fees <sup>(1)</sup>	Total Fees
2008	\$75,180	nil	nil	\$41,204	\$116,384
2007	\$62,954	nil	nil	\$41,842	\$104,796

**Notes:**

(1) The aggregate fees billed for professional services rendered are for tax compliance, tax advice and tax planning, quarterly reviews and income tax matters.

## GENERAL

**Unless otherwise directed, it is management's intention to vote proxies in favour of the resolutions set forth herein.** All matters to be brought before the Meeting require, for the passing of same, a simple majority of the votes cast at the Meeting by the holders of Common Shares. If a majority of the Common Shares represented at the Meeting should be voted against the appointment of James Stafford, Chartered Accountants, as auditors of the Corporation, the board of directors will appoint another firm of chartered accountants based upon the recommendation of the audit committee, which appointment for any period subsequent to the 2008 Annual Meeting of Shareholders shall be subject to approval by the shareholders at the Meeting. The contents and the sending of this Information Circular have been approved by the board of directors of the Corporation.

## ADDITIONAL INFORMATION

Additional information relating to the Corporation is on SEDAR at [www.sedar.com](http://www.sedar.com). Additional financial information is provided in the Corporation's comparative financial statements and MD&A for the year ended November 30, 2008. Shareholders may contact the Corporation at 506, 675 W. Hastings Street, Vancouver, British Columbia V6B 1N2 or by telephone at (604) 681-3131 to request copies of the Corporation's financial statements and MD&A. Financial information is provided in the Corporation's comparative financial statements and MD&A for its most recently completed financial year.

## SCHEDULE "A"

### ALBERTA STAR DEVELOPMENT CORP.

#### AUDIT COMMITTEE CHARTER

##### A. Composition and Process

1. The Audit Committee shall be composed of a minimum of three members of the Board of Directors, a majority of whom are not officers or employees of the Corporation or any of its affiliates (as defined in the *Business Corporations Act* (Alberta)).
2. Members shall serve one-year terms and may serve consecutive terms, which are encouraged to ensure continuity of experience.
3. The Chairperson shall be appointed by the Board of Directors for a one-year term, and may serve any number of consecutive terms.
4. All members of the Audit Committee shall be financially literate. Financial literacy is the ability to read and understand a balance sheet, income statement and cash flow statement that present a breadth and level of complexity comparable to the Corporation's financial statements.
5. The Chairperson shall, in consultation with management and the external auditor and internal auditor (if any), establish the agenda for the meetings and ensure that properly prepared agenda materials are circulated to the members with sufficient time for study prior to the meeting. The external auditor will also receive notice of all meetings of the Audit Committee. The Audit Committee may employ a list of prepared questions and considerations as a portion of its review and assessment process.
6. The Audit Committee shall meet at least four times per year and may call special meetings as required. A quorum at meetings of the Audit Committee shall be its Chairperson and one of its other members or the Chairman of the Board of Directors. The Audit Committee may hold its meetings, and members of the Audit Committee may attend meetings, by telephone conference if this is deemed appropriate.
7. The minutes of the Audit Committee meetings shall accurately record the decisions reached and shall be distributed to Audit Committee members with copies to the Board of Directors, the Chief Executive Officer, the Chief Financial Officer and the external auditor.
8. The Audit Committee reviews, prior to their presentation to the Board of Directors and their release, all material financial information required by securities legislation and policies.
9. The Audit Committee enquires about potential claims, assessments and other contingent liabilities.
10. The Audit Committee periodically reviews with management, depreciation and amortization, policies, loss provisions and other accounting policies for appropriateness and consistency.
11. The Charter of the Audit Committee shall be reviewed by the Board of Directors on an annual basis.

**B. Authority**

1. Appointed by the Board of Directors pursuant to provisions of the *Business Corporations Act* (Alberta) and the bylaws of the Corporation.
2. Primary responsibility for the Corporation's financial reporting, accounting systems and internal controls is vested in senior management and is overseen by the Board of Directors. The Audit Committee is a standing committee of the Board of Directors established to assist it in fulfilling its responsibilities in this regard. The Audit Committee shall have responsibility for overseeing management reporting on internal controls. While it is management's responsibility to design and implement an effective system of internal control, it is the responsibility of the Audit Committee to ensure that management has done so.
3. In fulfilling its responsibilities, the Audit Committee shall have unrestricted access to the Corporation's personnel and documents and will be provided with the resources necessary to carry out its responsibilities.
4. The Audit Committee shall have direct communication channels with the internal auditor (if any) and the external auditor to discuss and review specific issues, as appropriate.
5. The Audit Committee shall have the authority to engage independent counsel and other advisors as it determines necessary to carry out its duties.
6. The Audit Committee shall establish the compensation to be paid to any advisors employed by the Audit Committee and such compensation shall be paid by the Corporation as directed by the Audit Committee.

**C. Relationship with External Auditors**

1. An external auditor must report directly to the Audit Committee.
2. The Audit Committee is directly responsible for overseeing the work of the external auditor including the resolution of disagreements between management and the external auditor regarding financial reporting.
3. The Audit Committee shall implement Structures and procedures to ensure that it meets with the external auditor on at least annually in the absence of management.

**D. Accounting Systems, Internal Controls and Procedures**

1. Obtain reasonable assurance from discussions with and/or reports from management, and reports from external auditors that accounting systems are reliable and that the prescribed internal controls are operating effectively for the Corporation and its subsidiaries and affiliates.
2. The Audit Committee shall review to ensure to its satisfaction that adequate procedures are in place for the review of the Corporation's disclosure of financial information extracted or derived from the Corporation's financial statements and will periodically assess the adequacy of those procedures.
3. Direct the external auditor's examinations to particular areas.
4. Review control weaknesses identified by the external auditor, together with management's response.

5. Review with the external auditor its view of the qualifications and performance of the key financial and accounting executives.
6. In order to preserve the independence of the external auditor the Audit Committee will:
  - (a) recommend to the Board of Directors the external auditor to be nominated; and
  - (b) recommend to the Board of Directors the compensation of the external auditor's engagement.
7. The Audit Committee shall review and pre-approve any engagements for non-audit services to be provided by the external auditor or its affiliates, together with estimated fees, and consider the impact on the independence of the external auditor.
8. Review with management and with the external auditor any proposed changes in major accounting policies, the presentation and impact of significant risks and uncertainties, and key estimates and judgments of management that may be material to financial reporting.
9. The Audit Committee shall review and approve the Corporation's hiring policies regarding partners, employees and former partners and employees of the present and most recent former external auditor of the Corporation.
10. The Audit Committee shall establish procedures for the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls or auditing matters and the confidential anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters.
11. The Audit Committee shall on an annual basis, prior to public disclosure of its annual financial statements, ensure that the external auditor has entered into a participation agreement and has not had its participant status terminated, or, if its participant status was terminated, has been reinstated in accordance with the Canadian Public Accountability Board ("CPAB") bylaws and is in compliance with any restriction or sanction imposed by the CPAB.

**E. Statutory and Regulatory Responsibilities**

1. Annual Financial Information - review the annual audited financial statements, including any letter to shareholders and related press releases and recommend their approval to the Board of Directors, after discussing matters such as the selection of accounting policies (and changes thereto), major accounting judgments, accruals and estimates with management and the external auditor.
2. Annual Report - review the management discussion and analysis ("MD &A") section and all other relevant sections of the annual report to ensure consistency of all financial information included in the annual report.
3. Interim Financial Statements - review the quarterly interim financial statements, including any letter to shareholders and related press releases and recommend their approval to the Board of Directors.
4. Earnings Guidance/Forecasts - review forecasted financial information and forward looking statements.
5. Review the Corporation's financial statements, MD & A and earnings press releases before the Corporation publicly discloses this information.

**F. Reporting**

1. Report, through the Chairperson of the Audit Committee, to the Board of Directors following each meeting on the major discussions and decisions made by the Audit Committee.
2. Report annually to the Board of Directors on the Audit Committee's responsibilities and how it has discharged them.
3. Review the Audit Committee's Charter annually and recommend the approval of any proposed amendments to the Board of Directors.

**G. Other Responsibilities**

1. Investigating fraud, illegal acts or conflicts of interest.
2. Discussing selected issues with corporate counsel or the external auditor or management.

**QUESTIONS MAY BE DIRECTED TO THE PROXY SOLICITOR**



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