



## **MANAGEMENT INFORMATION CIRCULAR**

### **SOLICITATION OF PROXIES**

This Management Information Circular (this "Circular") is furnished in connection with the solicitation by the management of ATACAMA MINERALS CORP. (the "Corporation") of proxies to be voted at the Annual General Meeting of shareholders of the Corporation to be held at 9:00 a.m. (Vancouver time) on Friday, June 5, 2009, at the offices of the Corporation at Suite 2101, 885 West Georgia Street, Vancouver, British Columbia, and any adjournment thereof (the "Meeting").

Management's solicitation of proxies will be conducted primarily by mail and may be supplemented by telephone or other means of communication to be made without special compensation by directors, officers and regular employees of the Corporation or by the Corporation's registrar and transfer agent. The Corporation may retain other persons or companies to solicit proxies on behalf of management, in which event customary fees for such services will be paid. All costs of solicitation will be borne by the Corporation.

Unless the context otherwise requires, references herein to the "Corporation" mean the Corporation and its subsidiaries. The principal executive office of the Corporation is located at Suite 2101, 885 West Georgia Street, Vancouver, British Columbia, Canada, V6C 3E8. The registered office of the Corporation is located at Scotia Plaza, Suite 2100 – 40 King Street West, Toronto, Ontario, M5H 3C2. The Corporation's website address is [www.atacama.com](http://www.atacama.com). The information on that website is not incorporated by reference into this Circular.

The date of the information contained in this Circular is given as of April 27, 2009, unless otherwise noted. It is anticipated that this Circular, together with the accompanying Notice of Meeting and Form of Proxy, will first be mailed to shareholders of the Corporation on or about May 15, 2009. Unless otherwise indicated, all monetary amounts referred to herein are stated in United States dollars.

### **APPOINTMENT OF PROXYHOLDER AND VOTING BY PROXY**

The individuals named in the accompanying form of proxy (the "Proxy") are directors or officers of the Corporation (the "Management Proxyholders"). **A shareholder wishing to appoint a person or company other than Management Proxyholders to attend and act for the shareholder and on the shareholder's behalf at the meeting has the right to do so, by striking out the names of the Management Proxyholders and by inserting the desired person's or company's name in the blank space provided in the proxy, or by executing a proxy in a form similar to the enclosed form. In either case, the completed form of proxy must be delivered to Computershare prior to the Meeting or any adjournment thereof. A proxyholder need not be a shareholder.**

You can choose to vote your common shares by proxy by mail, by telephone or on the Internet. If you vote your common shares by proxy by mail, completed forms of proxies must be delivered to the Corporation's transfer agent, Computershare Investor Services Inc. ("Computershare"), at Proxy Department, at 100 University Avenue, 9th Floor, Toronto, Ontario, Canada, M5J 2Y1, in the envelope provided for that purpose. Telephone and Internet voting can also be completed 24 hours a day, 7 days a week, at 1-866-732-VOTE (8683) (toll free) and [www.investorvote.com](http://www.investorvote.com). Duly completed forms of proxy or a vote using the telephone or over the Internet must be completed no later than forty-eight (48) hours (excluding Saturdays and holidays) before the time of the Meeting, or any adjournment thereof, unless the chairman of the Meeting elects to exercise his discretion to accept proxies subsequently received.

If you are a beneficial shareholder and receive these materials through your broker or through another intermediary, please complete and return the form of proxy in accordance with the instructions provided by your broker or other intermediary.

## ADVICE TO NON-REGISTERED HOLDERS OF COMMON SHARES

**The information set forth in this section is of significant importance to many shareholders as a substantial number of shareholders do not hold securities of the Corporation in their own name.** Shareholders who hold their securities through their brokers, intermediaries, trustees or other persons, or who otherwise do not hold their securities in their own name (referred to in this Circular as "**Beneficial Shareholders**") should note that only proxies deposited by shareholders who appear on the records maintained by the Corporation's registrar and transfer agent as registered holders of voting securities will be recognized and acted upon at the Meeting. If voting securities are listed in an account statement provided to a Beneficial Shareholder by a broker, those voting securities will, in all likelihood, not be registered in the shareholder's name. Such voting securities more likely will 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 of the Canadian Depository for Securities which acts as nominee for many Canadian brokerage firms). Voting securities held by brokers (or their agents or nominees) on behalf of a broker's client can only be voted (for or against resolutions) 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.**

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 voting securities 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 instrument of proxy provided directly to registered shareholders by the Corporation and is commonly referred to as a "**voting instruction form**". 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 Financial Solutions Inc. ("Broadridge") (formerly known as ADP Investor Communications) in Canada. Broadridge typically prepares a machine-readable voting instruction form, mails such 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 their securities directly at the Meeting. The voting instruction forms must be returned to Broadridge (or instructions respecting the voting of securities must otherwise be communicated to Broadridge) well in advance of the Meeting in order to have the securities voted. If you have any questions respecting the voting of securities held through a broker or other intermediary, please contact that broker or other intermediary promptly for assistance.** Although a Beneficial Shareholder may not be recognized directly at the Meeting for the purposes of voting securities registered in the name of his broker, a Beneficial Shareholder may attend the Meeting as proxyholder for the registered shareholder and vote the securities in that capacity. **Beneficial Shareholders who wish to attend the Meeting and indirectly vote their securities 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.**

## REVOCATION OF PROXIES

A registered shareholder who has given a Proxy may revoke it by an instrument in writing executed by the shareholder or by the shareholder's attorney authorized in writing or, if the shareholder is a corporation, by a duly authorized officer or attorney of the corporation, and delivered either to the registered office of the Corporation at Scotia Plaza, Suite 2100 – 40 King Street West, Toronto, Ontario, M5H 3C2, at any time up to and including the last business day preceding the day of the Meeting or any adjournment of it or to the chair of the Meeting on the day of the Meeting or any adjournment of it. **Only registered shareholders have the right to revoke a Proxy. Non-registered holders who wish to change their vote must, at least seven days before the Meeting, arrange for their respective intermediaries to revoke the Proxy on their behalf.** A revocation of a Proxy does not affect any matter on which a vote has been taken prior to the revocation.

## EXERCISE OF DISCRETION

The enclosed Proxy, when properly completed and delivered and not revoked, gives discretionary authority to the persons named therein with respect to any amendments or variations of matters identified in the Notice of Meeting and with respect to other matters which may properly come before the Meeting. At the time of the printing of this Circular, management of the Corporation knows of no such amendment, variation or other matter that may be presented to the Meeting.

If a shareholder does not specify a choice and the shareholder has appointed one of the Management Proxyholders as proxyholder, the Management Proxyholder will vote in favour of the matters specified in the Notice of Meeting and in favour of all other matters proposed by management at the Meeting.

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

No director or executive officer of the Corporation, or any person who has held such a position since the beginning of the last completed financial year end of the Corporation, nor any nominee for election as a director of the Corporation, nor any associate or affiliate of the foregoing persons, has any substantial or material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted on at the Meeting other than the election of directors, the appointment of auditors and the approval of stock option grants to certain insiders of the Corporation, all as more particularly set out herein.

## VOTING SECURITIES AND PRINCIPAL HOLDERS THEREOF

As at the date hereof, the Corporation had 164,092,725 common shares ("Common Shares") issued and outstanding. The holders of Common Shares are entitled to one vote for each share held. The Corporation has no other classes of voting securities. Only holders of Common Shares of record at the close of business on April 27, 2009 (the "Record Date") will be entitled to receive notice of the Meeting. Each shareholder of record at the close of business on that date will be entitled to vote at the Meeting the Common Shares then recorded in that shareholder's name.

The following table sets forth the only person who, to the knowledge of the directors and senior officers of the Corporation, beneficially owns or exercises control or direction over those shares carrying 10% or more of the voting rights attached to all shares of the Corporation:

Name and Address	Number of Shares	Percentage
Ellegrove Capital Ltd. <sup>(1)</sup> St. Michael, Barbados	31,942,224	19.47%

<sup>(1)</sup> These shares are held by Ellegrove Capital Ltd. ("Ellegrove"), as to 13,092,724 common shares, Abalone Capital Ltd. ("Abalone"), as to 2,750,000 common shares, Lorito Holdings S.à.r.l. ("Lorito"), as to 7,100,000 common shares, and Zebra Holdings and Investments Limited ("Zebra"), as to 8,999,500 common shares. Ellegrove, Abalone, Zebra and Lorito are private corporations owned by a trust whose settler is the late Adolf H. Lundin.

## MATTERS TO BE PRESENTED BEFORE THE MEETING

### Appointment and Remuneration of Auditors

The directors of the Corporation recommend the re-appointment of PricewaterhouseCoopers LLP, Chartered Accountants, Vancouver, British Columbia, as auditors of the Corporation to hold office until the termination of the next annual meeting of the Corporation. PricewaterhouseCoopers LLP have served as auditors of the Corporation for more than five years. As in past years, it is proposed that the remuneration to be paid to the auditors be determined by the directors of the Corporation.

Unless otherwise instructed, the proxies given pursuant to this solicitation will be voted in favour of the re-appointment of PricewaterhouseCoopers LLP, Chartered Accountants, as auditors of the Corporation to hold office until the close of the next annual meeting of the Corporation, at a remuneration to be determined by the Board.

## **Election of Directors**

All current directors of the Corporation will be deemed to retire at the Meeting and will be eligible for re-election. Each director elected at the Meeting will hold office until the next annual meeting of shareholders or until his/her successor is duly elected unless his/her office is earlier vacated in accordance with the by-laws of the Corporation. The Corporation's directors propose that the number of directors remain at seven. Shareholders will therefore be asked to approve an ordinary resolution that the number of directors elected be fixed at seven. Management proposes to nominate, and the persons named in the accompanying Proxy will vote for (in the absence of specifications or instructions to abstain from voting on the proxy), the election of the seven persons whose names are set forth below.

In the following table and notes is stated the name of each person proposed to be nominated by management for election as a director; all other positions and offices with the Corporation and any significant affiliate now held by him/her, if any; his/her principal occupation or employment; the period or periods of service as a director of the Corporation; and the approximate number of shares of the Corporation beneficially owned by him/her directly or indirectly or over which he/she exercises control or direction:

<b>Name and Municipality of Residence</b>	<b>Positions with the Corporation</b>	<b>Common Shares of the Corporation Beneficially Owned, Directly or Indirectly, or Controlled or Directed</b>	<b>Principal Occupation within the preceding 5 years and, if applicable, Term as a Director</b>
<b>Edward F. Posey</b> Santiago, Chile	President/CEO and Director	213,000	<ul style="list-style-type: none"> <li>• President and CEO of the Corporation since 2005; Professional Mining Geophysicist;</li> <li>• Director since May 3, 2005</li> </ul>
<b>Lukas H. Lundin</b> British Columbia, Canada	Chairman of the Board and Director	385,400	<ul style="list-style-type: none"> <li>• Mining and oil and gas executive;</li> <li>• Director since August 7, 1996</li> </ul>
<b>Richard P. Clark</b> British Columbia, Canada	Director	102,030	<ul style="list-style-type: none"> <li>• President and CEO, Red Back Mining Inc.;</li> <li>• Director since January 19, 1994</li> </ul>
<b>Paul K. Conibear</b> British Columbia, Canada	Director	70,191	<ul style="list-style-type: none"> <li>• since July 3, 2007, Sr. Vice President-Projects, Lundin Mining Corporation; from June 11, 2007 to October 1, 2007, President and CEO of the Suramina Resources Inc.;</li> <li>• Director since June 26, 1997</li> </ul>
<b>John H. Craig</b> Ontario, Canada	Director	Nil	<ul style="list-style-type: none"> <li>• Lawyer, partner of Cassels Brock &amp; Blackwell LLP;</li> <li>• Director since September 23, 2004</li> </ul>
<b>Ron F. Hochstein</b> British Columbia, Canada	Director	43,500	<ul style="list-style-type: none"> <li>• President and COO, Denison Mines Corp.;</li> <li>• Director since June 5, 2003</li> </ul>
<b>M. Barry Needham</b> British Columbia, Canada	Director	Nil <sup>(1)</sup>	<ul style="list-style-type: none"> <li>• Retired chartered accountant; 1994-2006, various positions with AMEC Americas Limited and its predecessor companies;</li> <li>• Director since June 7, 2006</li> </ul>

<sup>(1)</sup> A total of 80,000 common shares of the Corporation are owned by Mr. Needham's spouse.

Each of the above nominees was elected to his/her present term of office by a vote of shareholders of the Corporation at a meeting the notice of which was accompanied by a management information circular. The information as to shares beneficially owned, directly or indirectly, or over which the above nominees exercise control or direction, not being within the knowledge of the Corporation, has been furnished by the respective nominees individually.

Except as otherwise described above, the nominees have had the principal occupation described above during the five preceding years or have previously disclosed their principal occupations during the five preceding years in a prior management information circular.

It is intended that on any ballot that may be called for relating to the election of directors, the shares represented by proxies in favour of management nominees will be voted in favour of the election of each of the persons named above as directors of the Corporation, unless a shareholder has specified in its proxy that the shareholder's shares are to be withheld from voting in the election of directors. **Although management does not contemplate that any of the above nominees will be unavailable to stand for election or will decline to serve if elected, in the event of any vacancy among the nominees occasioned by an unexpected occurrence, the proxies given pursuant to this solicitation will be voted in favour of the remaining nominees and for such other substitute nominees as the Board of Directors (the "Board") may designate in such event, unless the shareholder has specified in the Proxy that its shares are to be withheld from voting in the election of directors.**

The Board does not have an executive committee. There are presently three committees of the Board; namely, the Audit Committee, the Compensation Committee and the Corporate Governance/Nominating Committee. The following table sets out the members of such Committees:

Audit Committee	Compensation Committee	Corporate Governance and Nominating Committee
Ron F. Hochstein (Chair) Paul K. Conibear M. Barry Needham	Richard P. Clark (Chair) Lukas H. Lundin Paul K. Conibear	John H. Craig (Chair) Paul K. Conibear Ron F. Hochstein

### **Cease Trade Orders, Bankruptcies, Penalties or Sanctions**

#### **Cease Trade Orders**

No proposed director is, at the date of this Circular, or was, within the 10 years before the date of this Circular, a director, executive officer or chief financial officer of any company (including the Corporation) that:

- (i) was subject to an order that was issued while the proposed director was acting in the capacity as director, chief executive officer or chief financial officer; or
- (ii) was subject to an order that was issued after the proposed director ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer.

For the purposes of the foregoing paragraph, "order" means an order that was in effect for a period of more than 30 consecutive days: (i) a cease trade order; (ii) an order similar to a cease trade order; or (iii) an order that denied the relevant company access to any exemption under securities legislation.

#### **Bankruptcies**

No proposed director:

- (i) is, as at the date of this Circular or has been within the 10 years before the date of this Circular, a director or executive officer of any company (including the Corporation) 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; or

- (ii) has, within the ten years before the date of this Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or became 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.

### **Penalties or Sanctions**

No proposed director has been subject to:

- (i) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or
- (ii) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable securityholder in deciding whether to vote for a proposed director.

### **AUDIT COMMITTEE AND NATIONAL INSTRUMENT 52-110, *AUDIT COMMITTEES* (“NI 52-110”) DISCLOSURE**

The Audit Committee oversees the accounting and financial reporting processes of the Corporation and its subsidiaries and all audits and external reviews of the financial statements of the Corporation on behalf of the Board, and has general responsibility for oversight of internal controls, accounting and auditing activities of the Corporation and its subsidiaries. All auditing services and non-audit services to be provided to the Corporation by the Corporation’s auditors are pre-approved by the Audit Committee. The Audit Committee is responsible for examining all financial information, including annual and quarterly financial statements, prepared for securities commissions and similar regulatory bodies prior to filing or delivery of the same. The Audit Committee also oversees the annual audit process, quarterly review engagements, the Corporation’s internal accounting controls, the Code of Business Conduct and Ethics, any complaints and concerns regarding accounting, internal controls or auditing matters and the resolution of issues identified by the Corporation’s external auditors. The Audit Committee recommends to the Board the firm of independent auditors to be nominated for appointment by the shareholders and the compensation of the auditors. The Audit Committee meets a minimum of four times per year. The Audit Committee’s Charter is attached as Exhibit II to this Circular.

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

The members of the Audit Committee are Messrs. Ron F. Hochstein, Paul K. Conibear and M. Barry Needham. All of the members of the Audit Committee are independent and all are considered to be “financially literate” within the meaning of applicable Canadian securities regulations in that they each have 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 reasonable be expected to be raised by the Corporation’s financial statements.

### **Relevant Education and Experience of Audit Committee Members**

Each member of the Audit Committee has extensive experience in dealing with financial statements, accounting issues, internal control and other related matters relating to public resource-based companies. Mr. M. Barry Needham is a retired chartered accountant. Mr. Needham has held various positions with AMEC Americas Limited and its predecessor companies from 1994 to 2006. Through this education and experience, Mr. Needham has experience overseeing and assessing the performance of companies and public accountants with respect to the

preparation, auditing and evaluation of financial statements, and has: (1) an understanding of generally accepted accounting principles and financial statements; (2) the ability to assess the general application of such principles in connection with the accounting for estimates, accruals and reserves; (3) experience analyzing and evaluating financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the Corporation's financial statements; (4) an understanding of internal controls over financial reporting; and (5) an understanding of audit committee functions. Mr. Hochstein is a professional engineer with a Masters in Business Administration who has worked extensively in the natural resource industry for more than 20 years. Mr. Hochstein has been involved in the financial analysis of a number of major projects and has served as an executive officer, director and audit committee member of several public resource-based companies. Mr. Conibear is a professional engineer with more than 25 years of experience in the mining industry. Mr. Conibear has also served as an executive officer, director and audit committee member of several public resource-based companies.

### **Audit Committee Oversight**

Since the commencement of the Corporation's issuer's most recently completed financial year, there has not been a recommendation of the audit committee to nominate or compensate an external auditor that was not adopted by the Board.

### **Reliance on Certain Exemptions**

Since the commencement of the Corporation's recently completed financial year, the Corporation has not relied on the exemptions contained in section 2.4 (De Minimis Non-audit Services), section 3.2 (Initial Public Offerings), section 3.4 (Events Outside Control of Member), section 3.5 (Death, Disability or Resignation of Audit Committee Member) or an exemption from MI 52-110, in whole or in part, granted under Part 8 (Exemptions) of NI 52-110.

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

The Audit Committee has adopted specific policies and procedures for the engagement of non-audit services as described in the Audit Committee Charter.

### **External Auditor Service Fees (By Category)**

The following table discloses the fees billed to the Corporation by its external auditor during the last two fiscal years ended December 31, 2007 and 2008.

<b>Financial Year Ending</b>	<b>Audit Fees</b>	<b>Audit Related Fees</b>	<b>Tax Fees</b>	<b>All Other Fees<sup>(1)</sup></b>
December 31, 2008	\$123,320	35,687	Nil	\$19,869
December 31, 2007	\$107,766	Nil	Nil	\$1,797

<sup>(1)</sup> All other fees relate to services provided by the Corporation's auditors with respect to IFRS diagnostic.

### **Exemption**

As a "venture issuer" (a company whose securities are not listed or quoted on any of the Toronto Stock Exchange, a market in the United States of America, or a market outside of Canada and the U.S.A.), the Corporation is exempt from the requirements of Part 3, Composition of the Audit Committee, and Part 5, Reporting Obligations, of NI 52-110. The Corporation has elected to comply with the requirements of Part 3 but is relying on the exemption provided for in Section 6.1 of NI 52-110.

## STATEMENT OF EXECUTIVE COMPENSATION

### **Named Executive Officers**

For the purposes of this Information Circular, “Named Executive Officer” means: (a) each Chief Executive Officer, (b) each Chief Financial Officer, (c) each of the three most highly compensated executive officers, or the three most highly compensated individuals acting in a similar capacity, other than the Chief Executive Officer and Chief Financial Officer, at the end of the most recently completed financial year whose total compensation was, individually, more than \$150,000; and (d) each individual who would be a Named Executive Officer under paragraph (c) but for the fact that the individual was neither an executive officer of the company, nor acting in a similar capacity, at the end of that financial year.

During the financial year ended December 31, 2008, the Corporation had four Named Executive Officers (each a “NEO”, and collectively, the “NEO’s”).

## COMPENSATION DISCUSSION AND ANALYSIS

### **Introduction**

The following compensation discussion and analysis describes the Corporation’s policies and practices with respect to the compensation of its NEO’s.

### **Overview of Compensation Philosophy**

The Corporation’s priority is to ensure that remuneration packages are sufficiently attractive to recruit, retain and motivate the kind of high performing individuals who will be instrumental in helping the Corporation achieve its potential. However, the Corporation also recognizes that this has to be balanced with a sense of fairness, with total reward closely linked to the achievement of superior performance at both corporate and individual levels.

Although no formal corporate goals and objectives have been put in place for the NEO’s, there are general factors that come into play when the members of the Compensation Committee are considering NEO compensation. These factors include:

- the progression of the Corporation’s projects
- the Corporation’s market capitalization
- the Corporation’s cash position
- the NEO’s individual contribution to the benefit of the Corporation
- the long-term interests of the Corporation and its shareholders
- the Board’s assessment of each officer’s individual performance
- the NEO’s responsibilities, length of service and levels of compensation provided by industry competitors

The Compensation Committee does not have a pre-determined, performance-based compensation plan but rather reviews the performance of the Corporation’s executive officers at the end of each fiscal year. The Corporation’s compensation structure is designed to reward performance and to be competitive with the compensation arrangements of other resource companies of similar size and scope of operations. The members of the Compensation Committee are all well-versed members of the resource industry and, as such, have intimate knowledge with respect to how their peers are compensating their respective NEO’s. With each compensation grant (i.e., salaries, cash bonuses or stock option grants), the Compensation Committee considers the industry as a whole and each member provides his or her input as to whether the compensation grant is fair to the NEO, the Corporation and its shareholders.

### **Recruiting and Retention**

The Corporation recognizes that its compensation package has to be sufficient to attract and retain the right level of skill, expertise and talent in an increasingly competitive global market.

The structure of the remuneration package must be well-balanced across the short, medium and longer term elements, so that it is both attractive to the individual and cost effective for the Corporation. This balance is achieved by providing base pay at a reasonable median level as an anchor which makes the Corporation a realistic prospect for talented candidates. The longer term reward element (stock option grants), which is described in greater detail below, provides the opportunity to build ownership and growth in the medium and longer term future in line with the opportunities for success afforded to the shareholders.

### **Aligning Management and Shareholders**

There are a number of ways in which the needs and interests of our management and our other stakeholders are aligned. A significant proportion of the executive pay package is leveraged towards stock options. The Corporation's view is that stock options encourage a longer term focus for management, beyond the more immediate one year cycle of base pay and short term incentive bonus. Stock options also help to ensure that management is subject to the same external market conditions as our shareholders.

### **Compensation Committee**

The Compensation Committee of the Board is currently comprised of three members, all of whom are independent directors. The Compensation Committee has maintained a mandate and meets as frequently as necessary in order to fulfill its responsibilities and in any event at least annually.

The following is a description of the mandate and responsibilities of the Compensation Committee of the Corporation, as reviewed and mandated by the Board on April 27, 2009.

- to review and approve corporate goals and objectives relevant to CEO compensation, evaluate the performance of the CEO in light of those corporate goals and objectives, and make recommendations to the Board with respect to the CEO's compensation level (including incentive compensation plans and equity-based plans) based on this evaluation
- to make recommendations to the Board with respect to senior non-CEO officer compensation (including incentive compensation plans and equity-based plans)
- to make recommendations to the Board with respect to the adequacy and form of the compensation and benefits of the directors in their capacity as directors so as to ensure that such compensation realistically reflects the responsibilities and risks involved in being an effective director
- to monitor the disclosure of executive compensation on a regular basis
- to consider the implementation of short and long-term incentive plans, including equity-based plans, proposed by management, to make recommendations to the Board with respect to these plans and to annually review such plans after their implementation
- to consider the implementation of pension plans proposed by management, to make recommendations to the Board with respect to the same and to annually review such arrangements after their implementation
- to annually review any other benefit plans proposed by management and to make recommendations to the Board with respect to their implementation

### **Role of Management in Determining Compensation**

The accountability for decisions on executive remuneration is clearly within the mandate of the Compensation Committee, but management has a key role in helping support the committee in fulfilling its obligations. For example, the CEO and other senior members the Corporation provide a source of external data and analysis. They also provide the Compensation Committee with the broader context of reward in the wider organization, to help further inform and support the quality of the decision making process on executive pay.

Whilst not a member of the Compensation Committee, the CEO provides key input on the performance of other NEO's. However, all discussion which would affect the CEO's own remuneration package, directly or indirectly, is held in-camera.

### Base Salary

The Corporation strives to pay its executives salaries of comparable positions and in comparable companies. It is at times difficult, however, to place full reliance on external surveys because of the years of service and experience of our executive team and the specific circumstances of the Corporation. In making its annual recommendations, the Compensation Committee also considered the distinct contributions of each executive, the financial performance and ability to pay of the Corporation and the experience and seniority of each executive.

### Option-Based Awards

#### Purpose of Long-Term Incentives

The Corporation has no long-term incentive plan in place and therefore there were no awards made under any long-term incentive plan to the NEO's during the Corporation's most recently-completed financial year. A "long-term incentive plan" is a plan providing for compensation intended to motivate performance over a period of greater than one financial year, other than a plan for options, SARs (stock appreciation rights) or compensation through shares or units that are subject to restrictions on resale.

The Corporation provides long-term incentives through option grants under the incentive stock option plan ("Stock Option Plan"). Incentive stock options are considered to be an effective vehicle for deepening a sense of ownership amongst executives and increasing alignment with the interests of shareholders.

The purpose of the Stock Option Plan is to promote the interests of the Corporation by:

- providing its directors, senior officers, employees, management company employees and consultants (the "Eligible Persons") with additional incentive;
- encouraging stock ownership by such Eligible Persons;
- increasing proprietary interest of Eligible Persons in the success of the Corporation;
- encouraging Eligible Persons to remain with the Corporation or its affiliates; and
- attracting new employees, directors and officers.

#### 2008 Option Grants

Within the limits of the Corporation's Stock Option Plan, options granted in 2008 were determined at the discretion of the Compensation Committee and the Board to ensure that executives continued to have the right incentives to align their efforts with the long term interests of the shareholders. In arriving at the option grant amounts, the Compensation Committee considered performance measurements described above in the section under the heading "Overview of Compensation Philosophy – Compensation Discussion and Analysis".

**SUMMARY COMPENSATION TABLE**

The following table sets forth a summary of the total compensation paid to, or earned by the Corporation's Named Executive Officers during the most recently completed financial year.

Name and Principal Position	Year Ended Dec. 31	Salary	Option-based Awards <sup>(1)</sup>	Non-equity Incentive Plan Compensation	All Other Compensation	Total Compensation
		(\$)	(\$)	(\$)		
		(a)	(b)	Annual Incentive Plans	(d)	(e)
				(\$)		
				(c)		
<b>Edward Posey</b> <sup>(2)</sup> President and CEO	2008	300,000	397,524	Nil	75,701	773,225
<b>Wanda Lee</b> <sup>(3)</sup> Chief Financial Officer	2008	Nil	13,254	Nil	Nil	13,254
<b>Brian D. Kennedy</b> <sup>(4)(5)</sup> (former, Vice President, Operations)	2008	112,000	Nil	Nil	255,921	367,921
<b>Nathaniel Frothingham</b> <sup>(6)</sup> (former, Finance Manager, Atacama Minerals Chile S.C.M.)	2008	208,771	Nil	Nil	49,589	258,360

- (1) The value of the stock option grants has been determined using the Black-Scholes models on the date of grant and is consistent with the determinations used for financial statement purposes. The key assumptions used for this determination can be found in the notes to the 2008 consolidated financial statements. The amount presented in the table represents the fair value of the vested and unvested portion of the options granted in the period. For accounting purposes, the fair value of the award is amortized over the applicable vesting period. It should be recognized that the actual future value will be based on the difference between the market value at time of exercise and the exercise price. Therefore, the value attributed to the stock options under the Black-Scholes model does not necessarily correspond to the actual future value that will be realized. Option fair values were calculated in Canadian dollars and translated into United States currency using an exchange rate of 0.9882 at the date of grant.
- (2) The amount in column (a) includes amounts payable to Mr. Posey pursuant to his Executive Services Agreement with the Corporation and his Employment Contract with Atacama Minerals Chile S.C.M. ("AAM Chile"), the Corporation's wholly-owned subsidiary. The amount referred to in column (e) with respect to Mr. Posey represent expatriate benefits. Of the amount shown, the following benefits represent more than 25% of the total:

Fiscal Period	Benefits	Amount
2008	Housing	\$42,000
	School Fees	\$21,600

- (3) Ms. Wanda Lee is an employee of Namdo Management Services Ltd. ("Namdo"). Namdo is a private corporation owned by Mr. Lukas H. Lundin, a director of the Corporation. The Corporation paid Namdo the sum of \$306,000, plus reimbursement of expenses at cost for the year ended December 31, 2008. Namdo has approximately 18 employees, including Ms. Lee, and provides office facilities, administration and financial services to a number of public companies. Approximately \$67,000 or 22% of the fees paid to Namdo are attributable to the salary paid by Namdo to Ms. Lee, Chief Financial Officer of the Corporation. The fees paid to Namdo were in Canadian funds and translated into United States currency using an average exchange rate of 0.9441.
- (4) The amount referred to in column (e) with respect to Mr. Kennedy represent expatriate benefits and severance expenses. Of the amount shown, the following benefits represent more than 25% of the total:

Fiscal Period	Benefits	Amount
2008	Health Insurance	\$17,284
	Travel	\$20,817

Mr. Kennedy resigned his position as Vice President-Operations effective September 1, 2008. Accordingly, the Executive Services Agreement and Addendum thereto between Mr. Kennedy and the Corporation dated October 7, 2006 (together, the "Executive Services Agreement") was terminated effective September 1, 2008. On termination of the Executive Services Agreement, Mr. Kennedy received a severance payment totaling \$191,775, which included re-location costs.

- (5) Mr. Nathaniel Frothingham was appointed Finance Manager of AAM Chile on June 8, 2007. Mr. Frothingham terminated his position with AAM Chile on October 15, 2008. On termination of his employment, Mr. Frothingham received a severance amount of \$49,589 by AAM Chile.

### Employment / Executive Services Agreements

Pursuant to an employment agreement entered into with Mr. Edward F. Posey effective May 1, 2005, as amended, Mr. Posey is engaged by the Corporation in the capacity of President and CEO of the Corporation, at an annual base salary of US\$300,000. Mr. Posey's contract automatically renews on May 1 every two years, subject to approval by the board of directors. The Corporation also provides payment of school fees for Mr. Posey's dependents, housing allowance and a club membership fee. In addition to other standard medical, dental and life insurance benefits, Mr. Posey's arrangement provides that in the event of termination of his employment in certain circumstances, Mr. Posey shall be entitled to receive severance payments equal to 18 months' salary at the then applicable base salary rate, less any severance payments required to be paid by him by Atacama Minerals Chile SCM, a subsidiary of the Company ("AAM Chile"), under Chilean law. Mr. Posey is also entitled to reasonable relocation expenses, including business airfare for him and his dependents from Chile to Sweden on termination of his employment agreement.

### INCENTIVE PLAN AWARDS

#### Outstanding Option-based Awards

The following tables sets forth the outstanding share-based awards and option-based awards held by the Named Executive Officers of the Corporation at the end of the most recently completed financial year:

Name	Option-based Awards			
	Number of Securities Underlying Unexercised Options (#)	Option Exercise Price (CDN\$)	Option Expiration Date	Value of Unexercised In-the-money Options (\$)
<b>Edward F. Posey</b> <sup>(1)</sup> President/Chief Executive Officer	1,500,000	\$0.91	May 2, 2011	Nil
<b>Wanda Lee</b> <sup>(1)</sup> Chief Financial Officer	50,000 50,000	\$1.30 \$0.91	May 15, 2009 May 2, 2011	Nil Nil
<b>Brian D. Kennedy</b> (former Vice President, Operations)	Nil	Nil	Nil	Nil
<b>Nathaniel Frothingham</b> <sup>(2)</sup> (former Finance Manager, Atacama Minerals Chile S.C.M.)	100,000 50,000	\$1.34 \$1.05	Jan. 14, 2009 Jan. 14, 2009	Nil

(1) These options were cancelled on February 6, 2009 (see "Approval of Grant of Stock Options to Insiders" below).

(2) Mr. Frothingham's terminated his position on October 15, 2008, and accordingly his options were cancelled 90 days from his last day.

**Incentive Plan Awards – Value Vested or Earned During the Year**

The following table sets forth details of the value vested or earned for all incentive plan awards during the most recently completed financial year by each Named Executive Officer:

Name	Option-based awards – Value vested during the year (\$)
<b>Edward F. Posey</b> President/Chief Executive Officer <sup>(1)</sup>	Nil
<b>Wanda Lee</b> Chief Financial Officer <sup>(1)</sup>	Nil
<b>Brian D. Kennedy</b> (former, Vice President, Operations) <sup>(2)(4)</sup>	2,435 <sup>(5)</sup>
<b>Nathaniel Frothingham</b> (former, Finance Manager, Atacama Minerals Chile S.C.M.) <sup>(3)(4)</sup>	2,435 <sup>(6)</sup>

- (1) Options granted to Mr. Posey and Ms. Lee on May 2, 2008 vested in full on the date of grant. The closing price of the Corporation's common shares on May 2, 2008 was CDN\$0.91 and the exercise price was CDN\$0.91.
- (2) Options previously granted to Messrs. Kennedy and Frothingham on December 17, 2007 vested 100% on June 17, 2008. The closing price of the Corporation's shares on June 16, 2008, being the last trading day prior to June 17, 2008, was CDN\$1.10 per share and the exercise price was CDN\$1.05.
- (3) Options previously granted to Mr. Frothingham on June 18, 2007 vested as to one third on June 18, 2008. The closing price of the Corporation's shares on June 17, 2008, being the last trading day prior to June 18, 2008 was CDN \$1.10 per share and the exercise price was CDN\$1.34.
- (4) The value vested during the year has been translated into US currency at an exchange rate of \$0.97410.
- (5) Mr. Kennedy terminated his position on September 1, 2008. His options were subsequently cancelled on December 30, 2008.
- (6) These options were cancelled on February 6, 2009 (see "Approval of Grant of Stock Options to Insiders" below).

The Corporation's current Stock Option Plan (the "Plan") governing the issuance of stock options, initially established by the Board on May 7, 2003 (approved by shareholders on June 5, 2003) was most recently amended by the Board on April 27, 2006 and approved by shareholder on June 7, 2006. The Plan complies with the rules set forth for such plans by the TSX Venture Exchange (the "Exchange") as they relate to a Tier 1 Issuer. The Plan was established to ensure that the Corporation is able to continue to provide an incentive program to directors, officers, employees and persons providing services to the Corporation ("Eligible Persons") that provides flexibility in the structuring of incentive benefits to allow the Corporation to remain competitive in the recruitment and maintenance of key personnel. The Named Executive Officers are eligible to participate in the Plan. The Plan is in the form of a fixed stock option plan reserving an aggregate of 7,500,000 common shares of the Corporation for issuance upon the exercise of options granted pursuant to the Plan. The exercise price of any option granted under the Plan is to be determined from time to time by the Board but in any event shall not be lower than the closing price of the Corporation's shares as traded on the Exchange on the trading day immediately preceding the date of grant of such option. Each option is exercisable in such manner as may be determined by the Board at the time of grant and options will be for terms not exceeding ten years. The Corporation does not provide any financial assistance to participants in order to facilitate the purchase of common shares under the Plan.

The Board, or a committee appointed for such purposes, may from time to time grant to directors, officers, eligible employees of, or consultants to, the Corporation or its subsidiaries, or to employees of management companies providing services to the Corporation (collectively, "Eligible Persons") options to acquire Common Shares in such numbers, for such terms and at such exercise prices as may be determined by the Board or such committee. The purpose of the Plan is to advance the interests of the Corporation by providing Eligible Persons with a financial incentive for the continued improvement of the Corporation's performance and encouragement to stay with the Corporation.

The maximum number of Common Shares that may be reserved for issuance for all purposes under the Plan is 7,500,000 Common Shares or such additional amount as the Corporation's shareholders may approve from time to time. Any Common Shares subject to a share option which for any reason is cancelled or terminated without having been exercised will again be available for grant under the Plan.

The Board has the authority under the Plan to establish the option price at the time each share option is granted. The option price may not be lower than the market price, i.e. the closing price, of the Common Shares as traded on the Exchange on the last business day proceeding the date on which the option is approved by the Board. The Board, or a committee appointed for such purposes, also has the authority under the Plan to determine other terms and conditions relating to the grant of Options, including any applicable vesting provisions.

The term of Options granted under the Plan shall not exceed 10 years from the date of grant, and all options granted under the Plan are not transferable other than by will or the laws of dissent and distribution. If an optionee ceases to be an Eligible Person for any reason whatsoever other than death, each option held by such optionee will cease to be exercisable 30 days following the termination date (being the date on which such optionee ceases to be an Eligible Person). If an optionee dies, the legal representative of the optionee may exercise the optionee's options within one year after the date of the optionee's death but only up to and including the original option expiry date.

The Corporation does not provide any financial assistance to participants in order to facilitate the purchase of Common Shares under the Plan. As at December 31, 2008 there were options outstanding under the Plan to acquire 3,425,000 Common Shares, representing approximately 2.1% of the Corporation's current issued and outstanding shares.

#### **TERMINATION AND CHANGE OF CONTROL BENEFITS**

The following table provides details regarding the estimated incremental payments from the Corporation of the NEO's assuming termination on December 31, 2008<sup>(1)</sup>:

Name	Severance (Base Salary) (\$)	Severance (Bonus) (\$)	Severance (Value of Benefits) (\$)	Total (\$)
<b>Edward F. Posey</b> President/CEO <sup>(2)</sup>	575,000	Nil	80,000	655,000
<b>Wanda Lee</b> CFO <sup>(3)</sup>	Nil	Nil	Nil	Nil

<sup>(1)</sup> The employment of Messrs. Kennedy and Frothingham with the Corporation ceased on September 1, 2008 and October 15, 2008, respectively. Pursuant to termination arrangements, Mr. Kennedy received \$191,775 upon his termination, broken down as follows: \$96,000 salary, and \$95,775 benefits, including re-location costs. Pursuant to his employment agreement, on termination, Mr. Frothingham received \$49,589 in respect of salary.

<sup>(2)</sup> If Mr. Posey's employment agreement is terminated for any other reason including a change of control other than for cause, disability/death or voluntarily, and provided Mr. Posey has not been transferred to an affiliate or associate company, he shall be entitled to receive as full severance: (i) the compensation earned by him before the date of termination calculated pro rata up to and including the date of termination; and (ii) the equivalent of 18 months of the sum of the base salary plus the gross monthly salary received by Mr. Posey from AAM Chile, less any severance amounts paid to Mr. Posey pursuant to his agreement with AAM Chile. Mr. Posey is also entitled to reasonable relocation expenses, including business airfare for him and his dependents from Chile to Sweden on termination of his employment agreement.

<sup>(3)</sup> Ms. Lee does not have an employment agreement with the Corporation.

#### **DIRECTOR COMPENSATION**

Other than compensation paid to the Named Executive Officers, and except as noted below, no compensation was paid to directors in their capacity as directors of the Corporation or its subsidiaries, in their capacity as members of the Board or of a committee of the Board of its subsidiaries, or as consultants or experts, during the Corporation's most recently completed financial year.

The following table sets forth the details of compensation provided to the directors, other than the Named Executive Officers during the Corporation's most recently completed financial year:

**Director Compensation Table**

Name	Fees Earned (\$)	Option-based Awards (\$) <sup>(1)(2)</sup>	All Other Compensation (\$)	Total (\$)
Lukas H. Lundin	Nil	53,003	Nil	53,003
Richard P. Clark	Nil	-	Nil	-
Paul K. Conibear	Nil	39,752	Nil	39,752
John H. Craig	Nil	26,501	Nil	26,501
Ron F. Hochstein	Nil	-	Nil	-
M. Barry Needham	Nil	-	Nil	-

<sup>(1)</sup> The value of the stock option grants has been determined using the Black-Scholes models on the date of grant and is consistent with the determinations used for financial statement purposes. The key assumptions used for this determination can be found in the notes to the 2008 consolidated financial statements. **It should be recognized that the actual future value will be based on the difference between the market value at time of exercise and the exercise price.** Therefore, the value attributed to the stock options under the Black-Scholes model does not necessarily correspond to the actual future value that will be realized. Option fair values were calculated in Canadian dollars and translated into United States currency using an exchange rate of 0.9882 at the date of grant.

<sup>(2)</sup> These option-based awards were cancelled subsequent to the Corporation's recently-completed financial year end. See "Approval of Grant of Stock Options to Insiders" for further information.

**Incentive Plan Awards**

**Outstanding Option-Based Awards**

To encourage directors to align their interests with shareholders, directors are granted incentive stock options pursuant to the Corporation's Stock Option Plan, from time to time. During the Corporation's most recently completed financial year, no options were granted to any of the directors of the Corporation.

The following table sets forth the outstanding option-based awards held by the directors of the Corporation at the end of the most recently completed financial year:

Name	Option-based Awards			
	Number of securities underlying unexercised options (#) <sup>(1)</sup>	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options (\$)
Lukas H. Lundin	100,000 200,000	\$1.30 \$0.91	May 15, 2009 May 2, 2011	Nil
Richard P. Clark	100,000	\$1.30	May 15, 2009	Nil

Name	Option-based Awards			
	Number of securities underlying unexercised options (#) <sup>(1)</sup>	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options (\$)
Paul K. Conibear	150,000	\$0.91	May 2, 2011	Nil
John H. Craig	100,000	\$0.91	May 2, 2011	Nil
M. Barry Needham	100,000	\$1.30	May 15, 2009	Nil
Ron Hochstein	100,000	\$1.30	May 15, 2009	Nil

(1) These options were cancelled on February 6, 2009 (see “Approval of Grant of Stock Options to Insiders” below).

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

The following table sets forth details of the value vested or earned for all incentive plan awards during the most recently completed fiscal year by each director:

Name	Option-based awards – Value vested during the year (\$) <sup>(1)</sup>
Lukas H. Lundin <sup>(1)</sup>	Nil
Richard P. Clark	Nil
Paul K. Conibear <sup>(1)</sup>	Nil
John H. Craig <sup>(1)</sup>	Nil
Ron F. Hochstein	Nil
M. Barry Needham	Nil

<sup>(1)</sup> Options granted on May 2, 2008 to the directors set out in the above table vested in full on May 2, 2008. The closing price of the Corporation’s shares on May 2, 2008 was CDN\$0.91 and the exercise price was CDN\$0.91.

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

The Corporation's Stock Option Plan, described above, has been approved by shareholders and is the only compensation plan under which equity securities of the Corporation are authorized for issuance.

The information in the following table is as of the fiscal year ended December 31, 2008:

### **Equity Compensation Plan Information**

<b>Plan Category</b>	<b>Number of securities to be issued upon exercise of outstanding options (a)</b>	<b>Weighted-average exercise price of outstanding options (CDN\$)</b>	<b>Number of securities remaining available for future issuance under the Plan (excluding securities reflected in column (a))</b>
Equity Compensation Plans approved by securityholders	3,425,000	\$1.03	2,440,000

## **INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS**

None of the directors or executive officers of the Corporation, proposed nominees for directors, or associates or affiliates of said persons, have been indebted to the Corporation at any time since the beginning of the last completed financial year of the Corporation.

## **DIRECTORS' AND OFFICERS' LIABILITY INSURANCE**

The Corporation has secured Directors' and Officers' Liability Insurance with a total limit of CDN\$10,000,000, subject to certain deductibles. The coverage insures all directors and officers of the Corporation and all subsidiaries. The insured period of these policies is December 16, 2008 to December 16, 2009. No amounts were paid by individual directors and officers for this coverage.

## **STATEMENT OF CORPORATE GOVERNANCE PRACTICE**

(presented by the Corporate Governance and Nominating Committee)

The Corporation, as a Tier 1 issuer listed on the Exchange, is not required to, but chooses to disclose its corporate governance practices using the disclosure requirements in National Instrument 58-101, Disclosure of Corporate Governance Practices ("NI 58-101") that apply to issuers listed on the Toronto Stock Exchange ("TSX"). The Corporation's statement of corporate governance practices is made with reference to National Policy 58-201, Corporate Governance Guidelines and NI 58-101 (hereinafter collectively the "Governance Guidelines") which are initiatives of the Canadian Securities Administrators ("CSA") and which are effective for financial years ended after June 30, 2005. The corporate governance practices of the Corporation also conform to the TSX corporate governance guidelines, which have essentially been supplanted by the recent initiatives of the CSA.

The Corporation's Corporate Governance/Nominating Committee has closely monitored the various changes and proposed changes in the regulatory environment and, where applicable, amended its governance practices to align with these changes that are currently in effect. The Corporation's approach to corporate governance is set forth below.

In accordance with the Governance Guidelines, the Corporation has chosen to disclose its system of corporate governance in this Circular. Exhibit I to this Circular sets forth the steps taken by the Corporation in order to comply with the Governance Guidelines and its system of corporate governance now in force. Further disclosure required by National Instrument 52-110 - Audit Committees ("NI 52-110") relating to the Corporation's Audit Committee, including the Audit Committee Charter, the Composition of the Audit Committee, Relevant Education and Experience of Audit Committee members and External Auditor Service Fees, are disclosed in Exhibit II and elsewhere in this Circular.

## MANAGEMENT CONTRACTS

Management functions of the Corporation and its subsidiaries are performed by directors, executive officers or senior officers of the Corporation and not, to any substantial degree, by any other person with whom the Corporation has contracted.

## INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

During the fiscal year ended December 31, 2008, no informed person (as such term is defined in National Instrument 51-102 Continuous Disclosure Obligations) of the Corporation nor any proposed nominee for election as director, nor any associate or affiliate of said persons has had any material interest, direct or indirect, in any transaction, which has materially affected or will materially affect the Corporation or any of its subsidiaries.

## PARTICULARS OF MATTERS TO BE ACTED UPON

### Approval of Grant of Stock Options to Insiders

On February 6, 2009, the Corporation cancelled an aggregate of 3,055,000 incentive stock options (the “Old Options”) of which 2,550,000 were granted to insiders of the Corporation.

Concurrently, the Corporation granted an aggregate of 4,385,000 incentive stock options (the “New Options”) of which 3,700,000 were granted to insiders of the Corporation. Each New Option entitles the Optionee the right to purchase one common share of the Corporation at a price of \$0.32 for a period of three years. The New Options are also subject to vesting: 1/3 of the New Options vested on the date of grant (i.e., Feb. 6, 2009) (but, with respect to insiders, may not be exercised unless and until requisite shareholder approval is received); 1/3 of the New Options will vest on six months from the date of the grant (i.e., on August 6, 2009); and the remaining 1/3 of the New Options will vest on the first anniversary of the grant (i.e., Feb. 6, 2010).

NEW OPTIONS				
Name of Optionee	Number of Options Granted	Date of Grant (YY/MM/DD)	Expiry Date (YY/MM/DD)	Exercise Price (CDN\$)
Edward F. Posey	2,000,000	2009/02/06	2012/02/06	0.32
Lukas H. Lundin	300,000	2009/02/06	2012/02/06	0.32
Paul K. Conibear	300,000	2009/02/06	2012/02/06	0.32
John H. Craig	200,000	2009/02/06	2012/02/06	0.32
Sandra Kansky	150,000	2009/02/06	2012/02/06	0.32
Wanda Lee	150,000	2009/02/06	2012/02/06	0.32
Richard Clark	200,000	2009/02/06	2012/02/06	0.32
Ron Hochstein	200,000	2009/02/06	2012/02/06	0.32
Barry Needham	200,000	2009/02/06	2012/02/06	0.32

Given that the New Options have been issued within one year of the cancellation of the Old Options, the policies of the TSX Venture Exchange require that the issuance of the New Options to insiders of the Corporation be approved by an ordinary resolution of disinterested shareholders, meaning a majority of votes cast at a meeting of

shareholders, other than votes attaching to shares beneficially owned by such insiders and their associates or affiliates. Accordingly, shares owned by the insiders set out in the foregoing table, and their associates or affiliates, will not be included for the purpose of determining whether the required level of shareholder approval has been obtained. Collectively, such insiders and their associates and affiliates own approximately 1,044,121 shares representing less than one percent of the current issued capital of the Corporation. If requisite shareholder approval is not received, the options will be cancelled. Management is of the view that this re-grant of options to insiders of the Corporation is in the best interests of the Corporation and is required to properly motivate and retain key people who are instrumental in the business and operations of the Corporation.

Accordingly, at the Meeting shareholders will be asked to consider and, if thought fit, to pass with or without amendment the following ordinary resolution of disinterested shareholders:

**“BE IT RESOLVED AS AN ORDINARY RESOLUTION OF DISINTERESTED SHAREHOLDERS THAT:**

1. the grant of 3,700,000 incentive stock options to Insiders be and is hereby confirmed, ratified and approved as set forth in the Corporation’s management information circular dated April 27, 2009; and
2. any director or officer of the Corporation is hereby authorized and directed, on behalf of the Corporation, to execute or cause to be executed, under the seal of the Corporation or otherwise, and to deliver or cause to be delivered, all such other documents, instruments and assurances, and to do or cause to be done all acts and things, as in the opinion of such director or officer of the Corporation may be necessary or desirable to carry out the intent of the foregoing resolution.”

**Recommendation of Directors**

The directors of the Corporation, having considered all factors they have deemed necessary to be considered based on the information available to them, have concluded that the grant of the New Options is appropriate and favourable for the Corporation. **Accordingly the Board unanimously recommends that the Disinterested Shareholders vote FOR the Stock Option Grant Resolution.**

**OTHER MATTERS**

Management of the Corporation knows of no other matters which will be brought before the Meeting, other than those referred to in the Notice of Meeting. Should any other matters properly be brought before the Meeting, the Common Shares represented by the proxies solicited hereby will be voted on those matters in accordance with the best judgment of the persons voting such proxies.

### **ADDITIONAL INFORMATION**

The Board approves the Corporation's annual consolidated financial statements and annual management's discussion and analysis ("MD&A"), quarterly reports to shareholders and the content of the Corporation's other significant public disclosure documents. These and other prescribed documents are available on Canadian System for Electronic Document Analysis and Retrieval (SEDAR) at [www.sedar.com](http://www.sedar.com). The Corporation has also established and maintains a corporate website at [www.atacama.com](http://www.atacama.com) that includes, among other things, an investor relations section containing past annual and quarterly reports and press releases. Financial information regarding the Corporation is provided in the annual financial statements and annual MD&A for the period ended December 31, 2008. Shareholders may contact the Corporation to request copies of the financial statements and MD&A as follows:

- (i) e-mail:            atacama@namdo.com
  
- (ii) telephone:       604-689-7842
  
- (iii) mail:            Atacama Minerals Corp.  
Suite 2101, 885 West Georgia Street  
Vancouver, BC V6C 3E8  
Attn: Corporate Development

### **CERTIFICATE**

The contents and the distribution of this Circular have been approved by the Board.

DATED the 27<sup>th</sup> day of April, 2009

**BY ORDER OF THE BOARD**

(Signed) Edward F. Posey, President & CEO

**EXHIBIT I**

The following matrix indicates how the Corporation's system of corporate governance aligns with **NATIONAL INSTRUMENT 58-101 – Disclosure of Corporate Governance Practices** (“NI 58-101”) and **NATIONAL POLICY 58-201 – Corporate Governance Guidelines** (“NP 58-201”).

<p align="center"><b>Required Disclosure Corporate Governance (NI 58-101)</b></p>	<p align="center"><b>Response</b></p>
<p><b>1. Board of Directors</b></p>	
<p>(a) Disclose the identity of directors who are independent.</p>	<p><i>Each of Ron F. Hochstein, M. Barry Needham, Paul K. Conibear, Richard P. Clark and Lukas Lundin are independent directors within the meaning NI 52-110. John H. Craig is a partner with Cassels Brock &amp; Blackwell (“CBB”), Toronto, Ontario. CBB has provided legal services to the Corporation from time to time in each of the last five years. The Board has determined that Mr. Craig is an independent director as the size of the fees charged by CBB are considered insignificant relative to the overall income derived from his practice. Mr. Craig is, however, not eligible to sit on the Audit Committee for the purposes of NI 52-110.</i></p>
<p>(b) Disclose the identity of directors who are not independent and describe the basis for that determination.</p>	<p><i>Edward F. Posey is a non-independent director given his position as President and CEO of the Corporation.</i></p>
<p>(c) Disclose whether or not a majority of directors are independent. If a majority of directors are not independent, describe what the board of directors (the board) does to facilitate its exercise of independent judgment in carrying out its responsibilities.</p>	<p><i>Six of the seven nominees proposed by management for election to the board are independent.</i></p>
<p>(d) If a director is presently a director of any other issuer that is a reporting issuer (or the equivalent) in a jurisdiction or a foreign jurisdiction, identify both the director and the other issuer.</p>	<p><i>With the exception of Messrs. Edward F. Posey and M. Barry Needham, all of the directors of the Corporation are directors and/or officers of other reporting issuers (see attached Schedule A for details).</i></p>
<p>(e) Disclose whether or not the independent directors hold regularly scheduled meetings at which non-independent directors and members of management are not in attendance. If the independent directors hold such meetings, disclose the number of meetings held since the beginning of the issuer's most recently completed financial year. If the independent directors do not hold such meetings, describe what the board does to facilitate open and candid discussion among its independent directors.</p>	<p><i>The Board does not hold regularly scheduled meetings at which non-independent directors and management are not in attendance but may do so whenever they see fit. The Board has functioned and is of the view that it can continue to function independent of management, given the majority of independent and non-management directors on the Board. Board committees, in particular, the Compensation Committee and the Audit Committee, do meet from time to time without management.</i></p>

Required Disclosure Corporate Governance (NI 58-101)	Response
(f) Disclose whether or not the chair of the board is an independent director. If the board has a chair or lead director, disclose the identity of the independent chair or lead director, and describe his or her role and responsibilities. If the board has neither a chair that is independent nor a lead director that is independent, describe what the board does to provide leadership for its independent directors.	<i>Mr. Lukas H. Lundin, the Board Chair, is an independent director. The Board has appointed Mr. Paul K. Conibear, an independent director, as lead director. The role of the lead director is to act as effective leader of the Board, to ensure that the Board's agenda will enable it to successfully carry out its duties, and to provide leadership for the Board's independent directors.</i>
(g) Disclose the attendance record of each director for all board meetings held since the beginning of the issuer's most recently completed financial year.	<i>(see attached Schedule B for details.)</i>
2. <b>Board Mandate</b> – Disclose the text of the board's written mandate. If the board does not have a written mandate, describe how the board delineates its role and responsibilities.	<i>The Board has a written mandate which includes responsibility to (i) supervise and evaluate management (ii) oversee the conduct of the Corporation's business; (iii) adopting, supervising and providing guidance to management on the Corporation's strategic planning process; (iv) identifying the principal risks of the Corporation's business and ensuring management's implementation and assessment of appropriate risk management systems; (v) ensuring that the Corporation has highly qualified management and adequate and effective succession plans for senior management; (vi) overseeing the Corporation's communications policy with its shareholders and with the public generally; (vii) placing limits on managements authority; and (viii) assessing directly and through its Audit Committee, the integrity of the Corporation's internal control and management information systems.</i>
3. <b>Position Descriptions</b>	
(a) Disclose whether or not the board has developed written position descriptions for the chair and the chair of each board committee. If the board has not developed written position descriptions for the chair and/or the chair of each board committee, briefly describe how the board delineates the role and responsibilities of each such position.	<i>The Board has written position descriptions for the chair and the chair of each board committee, which address, among other things, governance, reporting, management relationships and leadership.</i>
(b) Disclose whether or not the board and the CEO have developed a written description for the CEO. If the board and the CEO have not developed such a position description, briefly describe how the board delineates the role and responsibilities of the CEO.	<i>The Board has developed a position description for the CEO and has defined the extent and limits of management's responsibility generally and specifically, those responsibilities of the CEO. The CEO position description addresses, among other things, reporting, integrity, strategic planning, business and risk management and organizational effectiveness.</i>

Required Disclosure Corporate Governance (NI 58-101)	Response
<b>4. Orientation and Continuing Education</b>	
(a) Briefly describe what measures the board takes to orient new directors regarding: <p>(i) the role of the board, its committees and its directors; and</p> <p>(ii) the nature and operation of the issuer's business.</p>	<i>Under its mandate, the Corporate Governance and Nominating Committee is responsible for developing and implementing an orientation program for new directors, where necessary. Currently, new recruits to the board receive a comprehensive board manual which contains specific information on the Corporation's operations, information on the role of the board and each of its committees, industry information, corporate governance related materials and other information required to be addressed under an orientation program. In addition, trips to where the Corporation's operations are located are arranged for directors from time to time so they have an opportunity to meet operational management and site personnel.</i>
(b) Briefly describe what measures, if any, the board takes to provide continuing education for its directors. If the board does not provide continuing education, describe how the board ensures that its directors maintain the skill and knowledge necessary to meet their obligations as directors.	<i>Under its mandate, the Corporate Governance and Nominating Committee is responsible for ensuring that continuing education for directors is available. Directors are encouraged to participate in appropriate professional and personal development activities, courses and programs. As well, presentations are made to the board from time to time to keep them informed of changes within the Corporation and in regulatory and industry requirements and standards. The Corporation's outside legal counsel provides directors and senior officers with summary updates of any developments relating to the duties and responsibilities of directors and officers and corporate governance matters.</i>
<b>5. Ethical Business Conduct</b>	
(a) Disclose whether or not the board has adopted a written code for the directors, officers and employees. If the board has adopted a written code:	<i>The Board has adopted a written Code of Ethics for directors, officers and employees of the Corporation.</i>
(i) disclose how a person or company may obtain a copy of the code;	<i>The Code is available on the Corporation's website and has been filed on and is accessible through SEDAR at <a href="http://www.sedar.com">www.sedar.com</a>.</i>
(ii) describe how the board monitors compliance with its code, or if the board does not monitor compliance, explain whether and how the board satisfies itself regarding compliance with its code; and	<i>Directors, officers or employees who have concerns or questions about violations of laws, rules or regulations, or of the Code, are required to report them to the Corporate Secretary or to the Chair of the Corporation's Audit Committee. Following receipt of any complaints, the Chair of the Audit Committee will investigate each matter so reported and report to the Audit Committee. The Audit Committee has primary authority and responsibility for the enforcement of the Code, subject to the supervision of the Board of Directors. The Corporation encourages all directors, officers, and employees to report promptly any suspected violation of the Code.</i>
(iii) provide a cross-reference to any material change report filed since the beginning of the issuer's most recently completed financial year that pertains to any conduct of a director or executive officer that constitutes a departure from the code.	<i>There has been no departure from the Code during the Corporation's most recently-completed financial year.</i>

<b>Required Disclosure Corporate Governance (NI 58-101)</b>	<b>Response</b>
(b) Describe any steps the board takes to ensure directors exercise independent judgment in considering transactions and agreements in respect of which a director or executive officer has a material interest.	<i>All directors, officers and employees have an obligation to act in the best interest of the Corporation. Any situation that presents an actual or potential conflict between a director, officer or employee's personal interests and the interests of the Corporation are to be reported to the Chair of the Corporation's Audit Committee. The Audit Committee has also been mandated to approve, or disapprove, material contracts where the Board determines it has a conflict. The board ensures that a director who has a material interest in a transaction or agreement does not participate in discussions if competitive information is being presented, or vote on that matter at board meetings.</i>
(c) Describe any other steps the board takes to encourage and promote a culture of ethical business conduct.	<i>In addition to the Code, the Audit Committee has established a Policy and Procedures for the Receipt, Retention and Treatment of Complaints Regarding Accounting or Auditing Matters (Whistleblower Policy) to encourage employees, officers and directors to raise concerns regarding accounting, internal controls or auditing matters, on a confidential basis free from discrimination, retaliation or harassment.</i>
<b>6. Nomination of Directors</b>	
(a) Describe the process by which the board identifies new candidates for board nomination.	<i>The Board has established a Corporate Governance and Nominating Committee which has the responsibility of proposing nominees for director. The Committee considers the competencies and skills that the Board as a whole should possess, the competencies and skills of existing Board members and the competencies and skills of proposed new Board members. The Committee members utilize their extensive knowledge of the industry and personal contacts to identify potential nominees that possess the desired skills and competencies.</i>
(b) Disclose whether or not the board has a nominating committee composed entirely of independent directors. If the board does not have a nominating committee composed entirely of independent directors, describe what steps the board takes to encourage an objective nomination process.	<i>The Corporate Governance and Nominating Committee consists of three directors all of whom are independent within the meaning of the Governance Guidelines.</i>
(c) If the board has a nominating committee, describe the responsibilities, powers and operation of the nominating committee.	<i>The Corporate Governance and Nominating Committee is responsible for, among other things, ensuring that the Board can function independently of management and for identifying possible nominees for the Board (see "Other Board Committees" for a full description of the responsibilities and operation of the Corporate Governance and Nominating Committee).</i>
<b>7. Compensation</b>	
(a) Describe the process by which the board determines the compensation for the issuer's directors and officers.	<p><i>The Board has established a Compensation Committee (see "7(c) below for a summary of the Committee's responsibilities) whose mandate includes recommending compensation for the Corporation's directors and officers. Reference is made to the Compensation Discussion and Analysis contained in the Circular under the heading "Statement of Executive Compensation."</i></p> <p><i>Directors have not been compensated for their participation on the Board or committees of the Board. Board members are, however, entitled to participate in the Corporation's incentive stock option plan. The extent and level of participation in this Plan is determined by the Board, as a whole, after considering the recommendations of the Compensation Committee.</i></p>

<p align="center"><b>Required Disclosure Corporate Governance (NI 58-101)</b></p>	<p align="center"><b>Response</b></p>
<p>(b) Disclose whether or not the board has a compensation committee composed entirely of independent directors. Describe what steps the board takes to ensure an objective process for determining such compensation.</p>	<p><i>The Compensation Committee is comprised of three directors, all of whom are independent directors within the meaning of the Governance Guidelines.</i></p>
<p>(c) If the board has a compensation committee, describe the responsibilities, powers and operation of the compensation committee.</p>	<p><i>The Compensation Committee establishes executive and senior officer compensation, determines the general compensation structure, policies and programs of the Corporation, including the extent and level of participation in incentive programs in conjunction with the Board, evaluates the performance of the CEO and delivers an annual report to shareholders on executive compensation. The Compensation Committee has also been mandated to review the adequacy and form of the compensation of directors and to ensure that such compensation realistically reflects the responsibilities and risk involved in being an effective director. The Compensation Committee is required to meet at least annually.</i></p>
<p>(d) If a compensation consultant or advisor has, at any time since the beginning of the issuer's most recently completed financial year, been retained to assist in determining compensation for any of the issuer's directors and officers, disclose the identity of the consultant or advisor and briefly summarize the mandate for which they have been retained. If the consultant or advisor has been retained to perform any other work for the issuer, state that fact and briefly describe the nature of the work.</p>	<p><i>The Corporation has not retained a compensation consultant or advisor at any time since the beginning of the issuer's most recently completed financial year to assist in determining compensation for any of the issuer's directors and officers.</i></p>
<p>8. <b>Other Board Committees</b> – If the board has standing committees other than the audit, compensation and nominating committees identify the committees and describe their function.</p>	<p><i>In addition to the Audit Committee and Compensation Committee, the Board has established a Corporate Governance and Nominating Committee.</i></p> <p><i>The Corporate Governance and Nominating Committee consists of three directors, all of whom are independent within the meaning of the Governance Guidelines. The Corporate Governance and Nominating Committee is responsible for developing and monitoring the Corporation's approach to corporate governance issues. The Committee oversees the effective functioning of the Board, oversees the relationship between the Board and management, ensures that the Board can function independently of management at such times as is desirable or necessary, identifies possible nominees for the Board and, with the assistance of the Board and where necessary, develops an orientation and education program for new recruits to the Board. The Corporate Governance and Nominating Committee also annually reviews and makes recommendations to the Board with respect to: (i) the size and composition of the Board; (ii) the appropriateness of the committees of the Board; and (iii) the contribution of individual directors. In addition, the Committee delivers an annual statement on corporate governance to the Board for inclusion in either the Corporation's annual report or management information circular.</i></p>

<b>Required Disclosure Corporate Governance (NI 58-101)</b>	<b>Response</b>
<p>9. <b>Assessments</b> – Disclose whether or not the board, its committees and individual directors are regularly assessed with respect to their effectiveness and contribution. If assessments are regularly conducted, describe the process used for the assessments. If assessments are not regularly conducted, describe how the board satisfies itself that the board, its committees, and its individual directors are performing effectively.</p>	<p><i>The Corporate Governance and Nominating Committee has been mandated to annually review and make recommendations to the Board with respect to: (i) the size and composition of the Board; (ii) the appropriateness of the committees of the Board; and (iii) the contribution of individual directors.</i></p>

**EXHIBIT I, SCHEDULE A – OTHER DIRECTORSHIPS**

Several of the current directors of the Corporation serve as directors of other reporting issuers. Currently, the following directors serve on the boards of directors of other public companies as listed below:

<b>Director</b>	<b>Public Company Board Membership</b>
Edward F. Posey	(no other directorships at present)
John H. Craig	Canadian Gold Hunter Corp. (TSX), Consolidated HCI Holdings Corp. (TSX), Denison Mines Corp. (TSX/AMEX), Lundin Mining Corporation (TSX/OMX-Nordic/NYSE, PetroFalcon Corporation (TSX)
Ron F. Hochstein	Denison Mines Corp. (TSX/AMEX), JNR Resources Inc. (TSX-V), Fortress Minerals Corp. (TSX-V), Santoy Resources Ltd. (TSX-V)
Richard P. Clark	Corriente Resources Inc. (TSX/AMX), Sanu Resources Ltd. (TSX-V), Red Back Mining Inc. (TSX)
Lukas H. Lundin	Atacama Minerals Corp. (TSX-V), Canadian Gold Hunter Corp. (TSX), Fortress Minerals Corp. (TSX-V), Lucara Diamond Corp. (TSX-V), Denison Mines Corp. (TSX-AMEX), Red Back Mining Inc. (TSX), Lundin Petroleum AB (OMX-Nordic), Canadian Gold Hunter Corp. (TSX), Vostok Nafta Investment Ltd. (OMX-Nordic)
Paul K. Conibear	Lucara Diamond Corp. (TSX-V), Sanu Resources Ltd. (TSX-V)
M. Barry Needham	(no other directorships at present)

Legend:

TSX	=	Toronto Stock Exchange
TSX-V	=	TSX Venture Exchange
OMX-Nordic	=	OMX Nordic Stock Exchange (previously, the Stockholm Stock Exchange)
AMEX	=	American Stock Exchange
NYSE	=	New York Stock Exchange

**EXHIBIT I, SCHEDULE B – BOARD AND COMMITTEE MEETINGS AND ATTENDANCE**

During fiscal year ended December 31, 2008, the Board and its committees held the following number of meetings:

Directors	Board Committees							
	Board 4 meetings		Audit 4 meetings		Compensation 1 meeting		Corporate Governance 1 meeting	
	No.	%	No.	%	No.	%	No.	%
John H. Craig	4 of 4	100	-	-	-	-	1 of 1	100
Richard P. Clark	2 of 4	50	-	-	1 of 1	100	-	-
Ron F. Hochstein	4 of 4	100	4 of 4	100	-	-	1 of 1	100
Edward F. Posey	4 of 4	100	-	-	-	-	-	-
Lukas H. Lundin	3 of 4	75	-	-	1 of 1	100	-	-
Paul K. Conibear	4 of 4	100	4 of 4	100	1 of 1	100	1 of 1	100
M. Barry Needham	4 of 4	100	4 of 4	100	-	-	-	-

<sup>(1)</sup> Mr. Hochstein was in attendance as alternate to Mr. Paul K. Conibear.

**EXHIBIT II****AUDIT COMMITTEE MANDATE AND CHARTER****1. Purpose**

The purpose of the Audit Committee (the "Committee") is to assist the Board of Directors of Atacama Minerals Corp. (the "Corporation") in fulfilling its oversight responsibility relating to (i) the integrity of the Corporation's financial statements and Management's Discussion and Analysis ("MD&A"); (ii) the financial reporting process; (iii) the systems of internal accounting and financial controls; (iv) the professional qualification and independence of the external auditors; (v) the performance of the external auditors and communication among the external auditors, management and the Board; (vi) compliance by the Corporation with legal and regulatory requirements relating to accounting matters and financial disclosure; and (vii) such other matters as are determined by the Board from time to time.

The Committee's role is one of oversight. It is the responsibility of the Corporation's management to plan audits and to prepare consolidated financial statements in accordance with generally accepted accounting principles, and it is the responsibility of the Corporation's external auditor to audit these financial statements. Therefore, each member of the Committee, in exercising his or her business judgment, shall be entitled to rely on the integrity of those persons and organizations within and outside the Corporation from whom he or she receives information, and on the accuracy of the financial and other information provided to the Committee by such persons or organizations. The Committee does not provide any expert or other special assurances as to the Corporation's financial statements or any expert or professional certification as to the work of the Corporation's external auditor. In addition, all members of the Committee are equally responsible for discharging the responsibilities of the Committee and the designation of one or more members as an "audit committee financial expert" pursuant to the Applicable Rules (as defined below) is not a statement of intention by the Corporation to impose upon such designee(s) duties, obligations or liability greater than those imposed on such a director in the absence of such designation.

**2. Composition of the Committee**

2.1. The Committee must be composed of a minimum of three (3) members, each of whom shall be a director of the Corporation.

2.2. The members of the Committee shall be appointed or reappointed at the organizational meeting of the Board at the first meeting of the Board following each annual meeting of the shareholders of the Corporation. Each member of the Committee shall continue to be a Committee member until a successor is appointed, unless he or she resigns or is removed by the Board, ceases to be a director of the Corporation or ceases to qualify as a member under 2.3 below. Any vacancy in the membership of the Committee shall be filled by the Board. Members of the Committee are permitted to serve an unlimited number of consecutive terms.

2.3. Each member of the Committee shall meet the independence and financial literacy requirements in accordance with the applicable rules, regulations and policies of the Canadian Securities Administrators, the Toronto Stock Exchange and any other applicable laws and regulations, as the same may be amended from time to time ("Applicable Rules").

2.4. The Committee shall appoint annually a chairperson from among its members.

**3. Meetings**

3.1. The times of and the places where meetings of the Committee will be held and the calling of and the procedure at those meetings shall be determined from time to time by the Committee; provided however, that the Committee shall meet at least four (4) times annually, or more frequently as circumstances require. Notice of every meeting of the Committee shall be given in writing not less than five (5) days prior to the date fixed for the meeting (unless unanimously waived by members in writing) and shall be given to the auditors of the Corporation who shall be entitled to attend each meeting. Meetings shall be convened whenever requested by the auditors or any member of the Committee in accordance with the *Canada Business Corporations Act*.

3.2. A majority of the members of the Committee shall constitute a quorum and who shall be present in person or by telephone or other telecommunications device that permits all persons participating in the meeting to communicate with each other.

3.3 As part of each meeting of the Committee at which it recommends that the Board approve financial statements of the Corporation, and at such other times as the Committee deems it appropriate, the Committee shall consider whether it is necessary that the Committee conclude such meeting with a session without any management personnel present.

3.4 At least annually, the Committee shall consult with the external auditors with any management personnel present to discuss and review specific issues as appropriate.

3.5 Notwithstanding the provisions of this section, the Committee has the right to request any officer or employee of the Corporation or the Corporation's outside counsel or external auditor to be present or not present at any part of the Committee meeting.

3.6 The Committee shall maintain minutes or other records of its meetings and activities which shall be filed with the Corporate Secretary of the Corporation.

3.7 The Committee shall make regular reports to the Board.

#### **4. Committee Resources**

4.1 The external auditors shall report directly to the Committee and the Committee has the authority to communicate directly with the external auditors to discuss and review specific issues, as appropriate. Any member of the Committee may require the auditors to attend any or every meeting of the Committee.

4.2 Where Committee members believe that, to properly discharge their fiduciary obligations to the Corporation, it is necessary to obtain the advice of independent legal, accounting, or other experts, the Chairman shall, at the request of the Committee, engage the necessary experts at the Corporation's expense and on such terms as the Committee may consider appropriate. The Committee shall not be required to obtain the approval of the Board in order to retain or compensate any such advisors; however, the Board must be kept apprised of both the selection of the experts and the experts' findings through the Committee's regular reports to the Board.

4.3 The Committee shall have unrestricted access to Corporation personnel and documents and shall be provided with all necessary funding and other resources to carry out its responsibilities.

#### **5. Duties and Responsibilities**

5.1 The responsibilities of the Committee shall be to:

- (a) with respect to financial statements and accounting matters:
  - (i) review and discuss with management and the external auditors, and recommend for approval by the Board, the annual consolidated financial statements and MD&A;
  - (ii) review and discuss with management and the external auditors, and recommend for approval by the Board, the interim financial statements and MD&A;
  - (iii) satisfy itself that adequate procedures are in place for the review of the Corporation's disclosure of financial information extracted or derived from the Corporation's annual and interim financial statements, including disclosure contained in press releases, if applicable, and shall periodically assess the adequacy of those procedures;
  - (iv) review and discuss with management and the auditor, as appropriate, the appropriateness, acceptability and quality of the Corporation's accounting policies and financial statement presentation, including, without limitation, the following:
    - 1. any areas of management judgment and estimates that may have a critical effect on the financial statements;
    - 2. the effect of using alternative accounting treatments for policies and practices that have been discussed by management and the auditors; and

3. any material written communication between the external auditor and management, such as the annual management letter and the schedule of unadjusted differences;
- (v) review changes in the accounting policies of the Corporation and any new accounting and financial reporting principles of the Canadian Institute of Chartered Accountants which would have a significant impact on the Corporation's financial reporting as reported to the Committee by management;
  - (vi) review the status of material contingent liabilities as reported to the Committee by management;
  - (vii) review potentially significant tax problems as reported to the Committee by management;
  - (viii) review any significant recommendations made by the external auditors for strengthening internal controls; and
  - (ix) review any errors or omissions in the current or prior year's financial statements which appear material as reported to the Committee by management;
- (b) with respect to the external auditors:
- (i) be directly responsible for the appointment, compensation, retention, termination and oversight of the work of the auditor (including, without limitation, resolution of disagreements between management and the auditor regarding financial reporting) for the purpose of preparing or issuing an audit report or performing other audit, review or services for the Corporation;
  - (ii) review and approve the external auditor's audit plan (including, without limitation, staffing), the scope of the auditor's review and all related fees;
  - (iii) satisfy itself as to the independence of the auditor. The Committee shall pre-approve any non-audit services (including, without limitation, fees therefor) provided to the Corporation or its subsidiaries by the auditor or any auditor of any such subsidiary, including the nature and scope of any review engagements for interim financial statements, and shall consider whether these services are compatible with the auditor's independence. The Committee shall not allow the auditor to render any non-audit services to the Corporation or its subsidiaries that are prohibited by Applicable Rules;
  - (iv) review and approve the Corporation's policies concerning the hiring of employees and former employees of the Corporation's auditor or former auditor;
  - (v) ensure the rotation of senior audit personnel who have primary responsibility for the audit work, as required by law.
- (c) with respect to internal controls:
- (i) oversee management's design, testing and implementation of the Corporation's internal controls and management information systems and periodically review management's evaluation of the adequacy and effectiveness thereof.
- (d) with respect to concerns and complaints:
- (i) establish procedures for:
    1. the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls or auditing matters; and
    2. the confidential, anonymous submission by employees of the Corporation of concern regarding questionable accounting or auditing matters.
- (e) with respect to ethics:
- (i) oversee and enforce the Code of Business Conduct and Ethics, subject to the supervision of the Board.
- (f) with respect to general matters:

- (i) inquire of management and the external auditors as to any activities that may or may not appear to be illegal or unethical;
- (ii) review with management and the external auditors any frauds reported to the Committee;
- (iii) discuss with the Corporation's external legal counsel, if necessary, any litigation, claim or other contingency (including tax assessments), that could have a material effect on the financial position or operating results of the Corporation, and the manner in which these matters have been disclosed in the financial statements;
- (iv) review with management activity related to management of financial risks to the Corporation, including hedging programs, if any;
- (v) review and approval related party transactions material in nature;
- (vi) review with the external auditors the adequacy of staffing for accounting and financial responsibilities;
- (vii) discuss with management and the external auditor any correspondence with regulators or governmental agencies and any published reports which raise material issues regarding the Corporation's compliance policies; and
- (viii) report and make recommendations to the Board as the Committee considers appropriate, including changes considered advisable based on Committee's assessment of the adequacy of this Charter and Mandate.

5.2 In addition, the Board may refer to the Committee such matters and questions relating to the Corporation as the Board may from time to time see fit.

## **6. Miscellaneous**

Nothing contained in this Mandate and Charter is intended to extend applicable standards of liability under statutory or regulatory requirements for the directors of the Corporation or members of the Committee. The purposes, responsibilities, duties and authorities outlined in this Mandate and Charter are meant to serve as guidelines rather than as inflexible rules and the Committee is encouraged to adopt such additional procedures and standards as it deems necessary from time to time to fulfill its responsibilities.

**Dated: April 27, 2009**