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*Grid Minerals Corp.*

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**RICH MINERALS CORPORATION**  
4100 - 6A Street N.E.  
CALGARY ALBERTA T2E 4B1  
Phone (403)531-9100

**CONSOLIDATED FINANCIAL STATEMENTS**

**AUGUST 31, 2006**

**RICH MINERALS CORPORATION**  
**CONSOLIDATED BALANCE SHEETS**  
As at August 31,

	2,006	2,005	2,004
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash	1,404,734	1,234,539	0
Short Tem Investments	841,309	0	0
Accounts receivable	42,515	196,124	3,731,547
Inventory & work in progress(Note 3)	299,395	55,027	599,803
Prepaid expenses & deposits	12,665	16,399	38,242
	<u>2,600,618</u>	<u>1,502,089</u>	<u>4,369,592</u>
<b>OTHER ASSETS (Note 4)</b>	32,250	32,250	135,112
<b>PROPERTY, PLANT AND EQUIPMENT(Note 5)</b>	498,414	536,304	1,150,453
<b>EQUIPMENT HELD FOR SALE (Note 6)</b>	0	356,121	0
	<u>3,131,282</u>	<u>2,426,764</u>	<u>5,655,157</u>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Cheques issued in excess of funds on deposit (Note 7)	0	0	318,593
Bank indebtedness(Note 7)	0	0	250,000
Accounts payable	353,626	67,247	2,671,642
Current portion of loans payable(Note 8)	0	65,183	85,583
Tax payable	92,520	0	0
	<u>446,146</u>	<u>132,430</u>	<u>3,325,818</u>
<b>FUTURE INCOME TAX LIABILITY(Note 10)</b>	23,488	34,000	0
	<u>469,634</u>	<u>166,430</u>	<u>3,325,818</u>
<b>SHAREHOLDERS' EQUITY</b>			
<b>SHARE CAPITAL(Note 9)</b>	2,276,325	2,276,325	2,276,325
<b>CONTRIBUTED SURPLUS</b>	104,559	69,563	0
<b>RETAINED EARNINGS(DEFICIT)</b>	280,764	(85,554)	53,014
	<u>2,661,648</u>	<u>2,260,334</u>	<u>2,329,339</u>
	<u>3,131,282</u>	<u>2,426,764</u>	<u>5,655,157</u>

Approved on behalf of the board:

\_\_\_\_\_ Director

\_\_\_\_\_ Director

**RICH MINERALS CORPORATION**  
**CONSOLIDATED STATEMENTS OF INCOME(LOSS) AND RETAINED EARNINGS(DEFICIT)**  
Years ended August 31,

	2,006	2,005	2,004
CONSTRUCTION, RENTAL AND OTHER REVENUE	1,039,042	4,354,560	10,635,721
DIRECT COSTS			
Equipment Operating	30,092	706,481	1,997,940
Materials	0	1,250,730	4,566,860
Other	4,925	71,624	89,099
Salaries & wages	0	1,186,345	2,405,795
Subcontract	386,205	262,369	457,457
	<u>421,222</u>	<u>3,477,549</u>	<u>9,517,151</u>
GROSS PROFIT	617,820	877,011	1,118,570
NON-DIRECT COSTS			
Amortization of capital assets	173,953	200,523	158,091
Interest	2,349	12,858	13,805
Management, consulting and professional fees	251,361	161,492	174,676
Other Non-direct costs	98,001	187,604	399,663
Provision for impairment	0	102,862	0
Salaries (Note 9(d))	187,093	366,476	323,301
	<u>712,757</u>	<u>1,031,815</u>	<u>1,069,536</u>
INCOME (LOSS) FROM OPERATIONS	(94,937)	(154,804)	49,034
GAIN(LOSS) ON SALE OF ASSETS	543,263	50,236	(10,556)
INCOME(LOSS) BEFORE INCOME TAXES	448,326	(104,568)	38,478
INCOME TAXES(Note 10)			
Current Income tax	92,520	0	0
Future Income tax	(10,512)	(34,000)	0
	<u>(82,008)</u>	<u>(34,000)</u>	<u>0</u>
NET INCOME(LOSS)	366,318	(138,568)	38,748
Retained earnings(deficit) beginning of period	(85,554)	53,014	14,536
Retained earnings(deficit) end of period	<u>280,764</u>	<u>(85,554)</u>	<u>53,014</u>
Basic earnings(loss) per share	\$0.015	(\$0.006)	\$0.002
Diluted earnings(loss) per share	<u>\$0.015</u>	<u>(\$0.006)</u>	<u>\$0.001</u>

**RICH MINERALS CORPORATION**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
Years ended August 31,

	2006	2005	2004
<b>CASH WAS PROVIDED (USED) BY</b>			
<b>OPERATING ACTIVITIES</b>			
Cash receipts from customers	\$948,283	\$8,434,759	\$10,993,892
Cash paid to suppliers and employees	(632,568)	(6,706,111)	(10,317,464)
Interest paid	(2,349)	(12,858)	(13,805)
	<u>313,366</u>	<u>1,715,790</u>	<u>662,623</u>
<b>INVESTING ACTIVITIES</b>			
Short Term Investments	(841,309)		
Resource Exploration costs		0	(121,278)
Proceeds on sale of Property and equipment	763,321	107,742	10,556
	<u>(77,988)</u>	<u>107,742</u>	<u>(110,722)</u>
<b>FINANCING ACTIVITIES</b>			
Repayment of loans payable	(65,183)	(20,400)	(21,472)
Repayment of bank Indebtedness	0	(250,000)	(350,000)
	<u>(65,183)</u>	<u>(270,400)</u>	<u>(371,472)</u>
 <b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS IN THE YEAR</b>	 170,195	 1,553,132	 180,429
 Net (deficiency in) cash and cash equivalents beginning of the year	 <u>1,234,539</u>	 <u>(318,593)</u>	 <u>(499,022)</u>
 <b>NET CASH (DEFICIENCY IN) AND CASH EQUIVALENTS END OF THE YEAR</b>	 <u>\$1,404,734</u>	 <u>\$1,234,539</u>	 <u>\$(318,593)</u>

**RICH MINERALS CORPORATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**August 31, 2006, 2005, 2004**

**1. Nature of operations**

Rich Minerals Corporation ("the Company") was incorporated in Canada under the laws of the Province of Alberta.

During 2005, the company took specific actions to reduce its direct involvement in construction and contracting activities of its wholly owned subsidiary Rich Contracting Ltd., related to the installation of water lines and other utilities in residential and commercial applications, in order to focus its attention on the investigation of business prospects in the natural resource industry to create shareholder value.

**2. Significant accounting policies**

**(a) Consolidation**

These financial statements consolidate the accounts of the Company and its wholly owned subsidiaries, Rich Contracting Ltd. and Rich Venture Corporation. Intercompany transactions and balances have been eliminated upon consolidation.

**(b) Revenue recognition**

The Company recognizes construction revenue and direct costs on the percentage of contract completion basis. In using this method, the Company records revenue by reference to third party engineer certification of work complete. Provisions for losses, if any, are recognized during the period in which the loss first becomes apparent. Revenue from equipment rentals is recognized over the rental term.

**(c) Inventory and work in progress**

The Company records inventory of construction materials at the lesser of cost on a first in first out basis and market value. Work in progress, representing revenue that has been earned but not yet billed is recorded at the estimated billable value.

**(d) Property, plant and equipment**

Property, plant and equipment are stated at cost less amortization. The company provides for the amortization of property, plant and equipment other than buildings on the straight line basis over the estimated economic life of the related asset to an ultimate residual value at the following annual rates:

Excavating equipment	10% to 33%
Automotive equipment	10% to 33%
Construction equipment	20% to 33%
Office equipment	33% to 50%

**RICH MINERALS CORPORATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**August 31, 2006, 2005, 2004**

**2. Significant accounting policies (continued)**

The Company provides for the amortization of buildings on the declining balance basis at the rate of 5% per annum.

**(e) Long-lived Assets**

Long-lived assets consist of property, plant and equipment with finite useful lives. Long-lived assets held for use are measured and amortized as described in the applicable accounting policies.

Company reviews for impairment of long-lived assets are undertaken whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. Impairment losses are recognized when undiscounted future cash flows from its use and disposal are less than the asset's carrying amount. Impairment is measured as the amount by which the asset's carrying value exceeds its fair value. Any impairment is included in earnings for the year. In assessing recoverability, projected future net cash flows generated through the use and eventual disposition of the assets on a discounted cash flow basis are considered.

**(f) Income taxes**

The Company uses the liability method of accounting for income taxes. Under this method, future tax assets and liabilities are recognized based on differences between financial statement values of assets and liabilities and their respective tax values. Future tax assets and liabilities are measured using rates that are expected to apply when the future tax asset is realized or the future tax liability is settled. To the extent that the Company does not consider it to be more likely than not that a future asset will be recovered, it provides a valuation allowance against the excess.

**(g) Use of estimates**

The preparation of financial statements in conformity with Canadian generally accepted accounting principles, requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, and disclosures of contingent liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reported period. Significant estimates are outlined below. Actual results could differ from those estimates.

The Company's policy of recognizing construction revenue and direct costs on the percentage of contract completion basis makes necessary the use of estimates to the degree to which construction projects have been completed. These estimates are then utilized to determine the amount of revenue and direct costs recognized

**RICH MINERALS CORPORATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**August 31, 2006, 2005, 2004**

**2. Significant accounting policies (continued)**

Estimates of contract completion are based on contract outputs and carried out by third party engineers engaged directly by the Company's customers.

The Company must also estimate the amortization of property, plant and equipment and the value of other assets and liabilities in order to allow the preparation of these financial statements.

The Company's policy of recognizing the fair value of stock based compensation and utilizing the Black Scholes option valuation model to calculate the fair value makes necessary the use of assumptions, such as volatility, which are subjective in nature. As well, the Black Scholes option valuation model was developed for use in estimating the fair value of traded options which have no vesting restrictions and are fully transferable, characteristics that differ from the Company's employee stock options.

**(h) Recent accounting pronouncements**

In January 2005, the Canadian Institute of chartered Accountants issued new recommendations for the recognition and measurement of financial instruments, and amendments to the existing presentation and disclosure standards, effective for interim and annual financial statements with fiscal years beginning on or after October 31, 2005. Section 3855 Financial Instruments - Recognition and Measurement established standards for recognizing and measuring financial assets. Financial liabilities and non-financial derivatives. Section 3861 Financial Instruments - Presentation and disclosure discusses the presentation and disclosure of these items. Section 1530 Comprehensive Income establishes standards for reporting and displaying certain gains and losses, such as unrealized gains and losses related to derivative instruments, outside of net income, in a statement of comprehensive income. Section 3251 Equity established standards for the presentation of equity and changes in equity, including changes arising from those items recorded in comprehensive income. There have also been numerous consequential amendments made to other sections. Transitional provisions are complex and vary based on the type of financial instruments under consideration. Therefore, the company has not yet determined the effect of these new standards on its consolidated financial statements.

**(i) Segmented information**

The Company has one operating segment, the installation and maintenance of underground utilities and ancillary services. The asset category of Other Assets represents an asset not utilized in the installation and maintenance of underground utilities. Other Assets generate no revenue, and due to their value as a proportion of all assets, are not disclosed as a separate operating segment.

**RICH MINERALS CORPORATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**August 31, 2006, 2005, 2004**

**2. Significant accounting policies (continued)**

**(j) Stock option plan**

The Company has established a stock option plan under which the Company may grant options to purchase common shares. Under the plan, the Company may grant options to acquire common shares, but the aggregate shares under option may not exceed ten percent of the common shares outstanding from time to time. The stock option typically allows for the granting of options for a five year term, and which vest twenty percent annually over that term. During fiscal 2005 a stock option plan was established that is intended to be a "rolling" stock option plan, and allowed for immediate vesting. Rolling stock option plans require annual shareholder approval.

The Company uses the fair value based method to account for stock-based compensation

**(k) Earnings (loss) per share**

The calculation of earnings (loss) per share is based on the weighted average number of shares outstanding during the year, being 24,033,000 in each of 2006, 2005 and 2004.

The Company utilizes the treasury stock method of calculating diluted earnings (loss) per share. Options to purchase 1,600,000 common shares (2005 - 1,300,000, 2004 - 1,700,000) were excluded from the computation of diluted net income (loss) per share because the exercise price of the options was greater than the average market price of the common shares.

**(l) Cash and cash equivalents**

Cash and cash equivalents consist of funds on deposit and cheques written in excess of funds on deposit.

**(m) Short term investments**

Portfolio investments are recorded at cost. If there is other than a temporary decline in value, these investments are written down to provide for the loss.

**RICH MINERALS CORPORATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**August 31, 2006, 2005, 2004**

**3. Inventory and work in progress**

	<u>2006</u>	<u>2005</u>	<u>2004</u>
Work in progress	\$ 299,395	\$ 27,327	\$ 282,051
Inventory of materials	<u>-</u>	<u>27,700</u>	<u>317,752</u>
	<u>\$ 299,395</u>	<u>\$ 55,027</u>	<u>\$ 599,803</u>

**4. Other assets**

During 2003 the Company agreed to participate in a series of transactions that resulted in the conversion of the equity investment in a private corporation, to common shares and warrants of a publicly traded corporation. The conversions did not result in a receipt or use of cash. At August 31, 2005 the Company wrote down the value of the investment to the current trading price as the impairment was considered to be permanent. The investment has been classified as long-term in concurrence with the nature of the investment.

**5. Property, plant and equipment**

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>
<b>2006</b>			
Land	\$ 132,500	\$ -	\$ 132,500
Buildings	251,502	69,891	181,611
Excavating equipment	1,690,741	1,511,363	179,378
Construction equipment	89,328	89,328	---
Office equipment	<u>113,963</u>	<u>109,038</u>	<u>4,925</u>
	<u>\$ 2,278,034</u>	<u>\$ 1,779,620</u>	<u>\$ 498,414</u>
<b>2005</b>			
Land	\$ 265,000	\$ -	\$ 265,000
Buildings	372,437	111,434	261,003
Office equipment	<u>113,963</u>	<u>103,992</u>	<u>10,301</u>
	<u>\$ 751,400</u>	<u>\$ 215,096</u>	<u>\$ 536,304</u>
Equipment held for sale(Note 6)			<u>\$ 356,121</u>

**RICH MINERALS CORPORATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**August 31, 2006, 2005,2004**

**5. Property, Plant and Equipment(continued)**

**2004**

Land	\$ 265,000	\$ -	\$ 265,000
Buildings	372,437	97,696	274,741
Excavating equipment	1,977,461	1,499,940	477,521
Automotive equipment	319,605	211,914	107,691
Construction equipment	89,328	82,109	7,219
Office equipment	110,530	92,249	18,281
	<u>\$ 3,134,361</u>	<u>\$ 1,983,908</u>	<u>\$ 1,150,453</u>

During 2006, a portion of the land and the buildings on that portion were sold resulting in a gain of \$ 485,550.

Included in Excavating, Automotive and Construction equipment for 2006, is equipment which was classified as Equipment held for sale in 2005. The reclassification of this equipment is described further in Note 6.

**6. Equipment held for sale**

During 2005, in connection with the decision to initially cease operations in the construction and contracting activities, the Company undertook a plan to sell its excavating, automotive and construction equipment. It was expected that the equipment would be sold during the next fiscal year.

In the second quarter of 2006 management of the Corporation decided not to proceed with the sale of the remaining construction and excavating equipment. Management determined that the majority of the equipment may be required in connection with the future business ventures of the Corporation. It was further determined that some equipment would not be economically productive and was sold at a gain of \$57,713, of which \$43,983 was a gain recognized on the sale of assets to a related party recorded using appraised fair values.

**7. Cheques issued in excess of funds on deposit and bank indebtedness**

The Company has arranged with ATB Financial, a demand bank loan with no fixed terms of repayment, to a maximum of \$100,000.(2005 - \$100,000 2004 - \$1,000,000) The loan bears interest at the lender's prime rate of interest plus one percent. A general security agreement covering all the assets of the Company is pledged as security.

**RICH MINERALS CORPORATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

August 31, 2006, 2005, 2004

**8. Loans payable**

	<u>2006</u>	<u>2005</u>	<u>2004</u>
<b>ATB Financial</b>			
Demand loan, authorized to a maximum of \$650,000, bearing interest at lender's prime rate plus 1.5%, on which the lender is accepting repayment in monthly installments of \$1,700, plus interest. The assets of the Company are pledged as security.	\$ <u>          </u> -	\$ <u>65,183</u>	\$ <u>85,583</u>

**9. Share Capital**

**(a) Shares authorized**

Unlimited common shares  
 Unlimited preferred shares

**(b) Shares issued**

	<u>Common Shares</u>	<u>Consideration</u>
Balance, August 31, 2004, 2005, and 2006	<u>24,033,000</u>	<u>\$2,276,325</u>

**(c) Shares under option**

Stock option transactions for the respective years were as follows:

<u>Fiscal Year</u>	<u>Outstanding Beginning of Year</u>	<u>Granted in the year</u>	<u>Forfeited/ Expired in the Year</u>	<u>Outstanding End of Year</u>	<u>Exercisable at Year End</u>	<u>Exercise Price</u>
2004	1,700,000	-		1,700,000	1,360,000	\$0.16
2005	1,700,000	1,300,000	1,700,000	1,300,000	1,300,000	\$0.16
2006	1,300,000	300,000	-	1,600,000	1,600,000	\$0.15-.18

**RICH MINERALS CORPORATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

August 31, 2006, 2005, 2004

**9. Share Capital (continued)**

**(d) Stock-Based Compensation**

For the year ended August 31, 2006, the Company has recorded compensation expense of \$34,996 included in salaries expense (2005 - \$69,563) with an offsetting credit to contributed surplus to reflect the estimated fair value of stock options granted to employees, directors and consultants.

In calculating the fair value of options granted and/or vesting of option grants, the Company utilized the following assumptions:

	2006	2005	2004
• risk-free interest rate of	4.0%	3.2%	5.32%
• expected option life of	5 years	5 years	5 years
• expected volatility of	77%	99.6%	100%
• dividends expected	none	none	none

The weighted average grant date fair value of each option granted was \$0.11 (2005 - \$0.05; 2004 - \$0.20)

**10. Income taxes**

The provision for income taxes recorded in the financial statements differs from the amount which would be obtained by applying the statutory income tax rate of 32.94% (2005 - 33.62%; 2004 - 33.62%) to the income (loss) for the years as follows:

	2006	2005	2004
Income (loss) before income taxes	<u>\$ 448,325</u>	<u>\$ (104,568)</u>	<u>\$ 38,478</u>
Expected provision for (recovery of) income taxes	\$ 147,672	\$ (35,155)	\$ 12,937
Non-deductible expenses for income tax purposes	(60,594)	30,021	18,289
Valuation allowance	(13,622)	27,200	(30,800)
Creation and reversal of temporary Differences	2,043	11,934	-
Other	6,509	-	(474)
Actual provision for income taxes	<u>\$ 82,008</u>	<u>\$ 34,000</u>	<u>\$</u>

**RICH MINERALS CORPORATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

August 31, 2006, 2005, 2004

**10. Income Taxes (continued)**

The tax effects of temporary differences that give rise to significant portions of future tax assets and future tax liabilities consist of:

	<u>2006</u>	<u>2005</u>	<u>2004</u>
Future income tax assets:			
Non-capital loss carryforwards	\$ 1,513	\$ 17,100	\$117,500
Portfolio investment	14,915		28,700
Capital loss carryforwards	<u>7,250</u>	<u>11,800</u>	<u>11,800</u>
	23,768	57,600	129,300
Valuation allowance	<u>(23,768)</u>	<u>(37,300)</u>	<u>(10,100)</u>
	<u>-</u>	<u>20,300</u>	<u>119,200</u>
Future income tax liabilities:			
Property, plant and equipment	23,488	54,300	58,400
Deferred revenue	<u>-</u>	<u>-</u>	<u>60,800</u>
	<u>23,488</u>	<u>54,300</u>	<u>119,200</u>
Net future income tax liability	<u>\$ 23,488</u>	<u>\$ 34,000</u>	<u>\$ -</u>

**11. Transactions with related parties**

The Company had entered into leasing and contracting transactions with corporations controlled by previous officers of the Company. These transactions with related parties are incurred in the course of normal operations, and are measured at exchange values, which is the amount agreed by the parties.

**(a) Leasing transactions**

The Company had entered into agreements to rent excavating equipment on a month to month basis from a corporation wholly-owned by a previous officer of the Company (the "Lessor"). The Company had the right to terminate these rental agreements at any time with no penalty. During the second quarter of 2005 the Company terminated the rental agreements and negotiated for the adjustment of equipment rental rates pertaining to earlier periods. The Company provided facilities and management services to the "Lessor" as described below:

**RICH MINERALS CORPORATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**August 31, 2006, 2005,2004**

**11. Transactions with related parties (continued)**

Included in direct costs:

	<u>2006</u>	<u>2005</u>	<u>2004</u>
Equipment rental costs	\$ -	\$ 306,000	\$ 644,100
Cost recoveries fiscal 2005	-	(153,000)	-
fiscal 2004	-	(83,250)	-
	<u>\$ -</u>	<u>\$ 69,750</u>	<u>\$ 644,100</u>

Included in revenue:

Premises rental	---	25,500	6,000
Management fees	---	90,000	-
	<u>\$ ---</u>	<u>\$ 115,000</u>	<u>\$ 6,000</u>

At August 31, 2006 accounts payable includes amounts owing to the "Lessor" of NIL (2005-NIL:2004 - \$81,855;)

**(b) Contracting transactions**

The Company had entered into agreements with a corporation wholly-owned by a previous officer of the Company (the "Contractor"). The Contractor is a general contractor. The Company agreed to provide to the Contractor its services as an underground utility subcontractor. During the second quarter of 2006 the Company negotiated with the Contractor for rental of the Company's excavating equipment on a month to month basis. During the 4<sup>th</sup> quarter of 2006 the Company negotiated with the Contractor to perform work on a contract entered into by the Company with a client.

The Company's transactions with the Contractor are summarized as follows:

	<u>2006</u>	<u>2005</u>	<u>2004</u>
Included in revenue			
Contract revenue	\$ -	\$ 2,476,051	\$ 1,823,357
Premises rental	88,000	28,000	12,000
Equipment Rental	\$ 422,500	---	---
	<u>\$ 510,500</u>	<u>\$ 2,504,051</u>	<u>\$ 1,835,357</u>
Included in direct costs			
Subcontract payments	<u>\$ 386,205</u>	<u>---</u>	<u>---</u>

**RICH MINERALS CORPORATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**August 31, 2006, 2005, 2004**

**11. Transactions with related parties (continued)**

At August 31, 2006 the Contractor owed NIL (2005 - NIL, 2004 - \$1,518,924) to the Company which are included in accounts receivable. At August 31, 2006 the Company owed the Contractor \$321,758 (2005 - NIL; 2004 - NIL), which are included in Accounts Payable.

**(c) Sale of automotive equipment**

During fiscal 2006 the Company sold automotive equipment to the Contractor for cash of \$61,200 resulting in a gain of \$43,983 (2005 - \$55,900 resulting in a gain of \$5,928).

The transactions were considered to be not incurred in the Company's normal course of operations. Independent appraisals for the equipment were obtained, and accordingly the transactions have been recorded at their exchange values.

**(d) Assumption of obligations**

In 2005 as part of its actions to reduce involvement in construction and contracting activities, the Company terminated previous agreements with the Contractor to provide services, and negotiated an agreement for the assumption of maintenance and warranty obligations, and employee obligations with the Contractor. During 2006 all obligations were satisfied and the agreement was terminated.

**(e) Management, consulting, and professional fees**

Included are \$16,524 (\$2005 - \$9,193; 2004 - \$6,388) of legal fees paid to a firm in which a director is a partner, \$31,000 (2005 - \$NIL; 2004 - NIL) of consulting fees paid to a director for services involving investment opportunities, \$75,000 (2005 - \$10,000; 2004 - NIL) of consulting fees paid to a company controlled by a director.

**12. Financial Instruments**

The Company's financial instruments consist of accounts receivable, portfolio investment, accounts payable, and loans payable.

**(a) Fair values**

The Company is of the opinion that the fair values of accounts receivable, and accounts payable approximate their respective carrying values due to the relatively short-term maturity. The short term investments and other assets approximate fair value based on

**RICH MINERALS CORPORATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**August 31, 2006, 2005, 2004**

market prices. In 2004 it was not practical within the constraints of timeliness and cost to determine the fair value of the other assets with sufficient reliability. The carrying value of

**12. Financial Instruments (continued)**

loans payable approximates the fair value as the interest rates are consistent with the current rates offered to the Company with similar terms.

**(b) Interest rate risk**

The Company is exposed to interest rate risk on any borrowing under its lending facility arising from fluctuations in the prime interest rate.

**(c) Credit risk**

Substantially all the Company's accounts receivable relate to the Company's activities in the residential land development industry and the Company may therefore be considered to have credit risk exposure to that industry. As well, within this industry, due to the size of the individual projects, the Company may be considered to have exposure to a concentration of credit risk from individual customers.

**13. Credit Concentration**

The Company earns revenue from a variety of customers. In fiscal 2006, the Company's revenue included \$ 459,993 from four unrelated (to the Company or to each other) customers (2005 - \$1,513,342 - five; 2004 - \$6,989,741 - eight).

**14. Subsequent Event**

In November 2006, the Federal Oil and Gas Agency (ANP), of Brazil, awarded four onshore blocks in the Tucano Basin, a gas producing area of Brazil. This is the maximum number of concessions available to a single bidder in this basin. The blocks represent approximately 178,000 acres of land under concession for oil and gas exploration. The immediate costs to the Corporation for the blocks will be approximately C\$95,000 in cash and a performance bond, guarantee or letter of credit of approximately C\$552,000. Rich Minerals Corporation qualified as an operator and was officially represented as an oil company with the ANP.

**RICH MINERALS CORPORATION**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL RESULTS**  
**For the year ended August 31, 2006**

**RICH MINERALS CORPORATION** (the "Company") is a Canadian company presently examining opportunities in the natural resource sector in North America and internationally. The Company was incorporated in 1986 as junior capital pool company. Upon approval of its major transaction, the reverse take-over of three construction companies into one construction company, known as Rich Contracting Ltd., with revenues and a fleet of heavy equipment, the Company was approved for trading on the Alberta Stock Exchange in 1988. Through various regulatory transactions the Company now trades on the TSX Venture Exchange (Trading Symbol: RMC). With the takeover completed it was the intention at that time, to utilize the heavy equipment in operations in the natural resource sectors. The construction company continued to operate and the Company continued to evaluate projects in the resource sector. Through the years it was successful in purchasing oil and gas assets, entering into and exploring for gold and other precious metals and purchasing an interest in a gemstone project. It became apparent to management that the construction business is not of great benefit in terms of becoming involved in natural resources. Therefore, it was in the best interest of the Company to substantially reduce its construction operations and to move forward concentrating its efforts on resource opportunities. Management of the Company believes that natural resources will add more value for the shareholders and it will continue to evaluate projects in the Americas and internationally.

Management's discussion and analysis focuses on key statistics from the consolidated financial statements, as well as our review of the revenues of the contracting division, which comprise substantially all of the Company's revenues. In the interim the Company will continue to receive revenues from subcontracts and equipment and property rentals. This discussion and analysis of the financial condition and results of the operations is for the year ended August 31, 2006.

This management discussion and analysis includes certain statements that may be deemed "forward-looking statements". All statements in this discussion, other than statements of historical facts, that address future revenue, production, reserve potential, exploration drilling, exploitation activities and events or developments that the Company expects, are forward-looking statements. Although the Company believes the expectations expressed in such forward-looking statements are based on reasonable assumptions, such statements are not guarantees of future performance and actual results or developments may differ materially from those in the forward-looking statements. Factors that could cause actual results to differ materially from those in forward-looking statements include market prices, exploitation and continued availability of capital and financing and general economic, market or business conditions. Investors are cautioned that any such statements are not guarantees of future performance and that actual results or developments may differ materially from those projected in the forward-looking statements.

**Date of Report**

This report is prepared as of December 20, 2006. Financial statements are prepared in accordance with Canadian generally accepted accounting principles. Reporting currency is Canadian dollars.

**Nature of Business and Overall Performance**

**RICH MINERALS CORPORATION** ("RMC") (or the "Company") was incorporated in Canada under the laws of the Province of Alberta.

During 2005, the Company, through its wholly owned subsidiary Rich Contracting Ltd., took specific actions to substantially reduce its direct involvement in construction and contracting activities related to the installation of water lines and other utilities in residential and commercial applications. In order to increase shareholder value the Company will continue to focus its attention on business prospects in the natural resource.

Management expects that the Company will be able to realize its assets and discharge its liabilities and commitments in the normal course of operations.

The primary factors that can affect the future financial condition of the Company include the continued ability to raise equity capital and the level of exploration and/or development expenditures required to meet prospective commitments. The Company's cash flows consist of revenues from select subcontracts from Rich Contracting Ltd., the Company's construction subsidiary. RMC currently has sufficient working capital to meet its obligations and will continue to derive revenue from subcontracts and equipment and property rentals.

### **Industry and Economic Factors Affecting Performance**

Certain factors affect the Company in its ability to carry on normal business. These include commodity prices, competition amongst exploration firms for attractive natural resource properties, the interest of investors in providing high-risk equity capital to exploration and development companies, and the availability of qualified staff and equipment such as drilling rigs to conduct exploration.

### **Risk Factors**

Natural resource exploration and development involves a high degree of risk such that few properties, which are explored, are ultimately developed into producing projects. The Company has acquired four oil and gas exploration blocks in the Tucano Basin of Brazil for exploration; should any oil & gas resources exist, substantial expenditures will be required to confirm reserves which are sufficient to commercially develop, and to obtain the required environmental approvals and permitting required to commence commercial operations. Should any natural resource be defined on such properties there can be no assurance that the resources on such properties can be commercially developed. The decision as to whether a property contains sustainable oil & gas reserves and should be brought into production will depend upon the results of exploration programs and/or feasibility studies, and the recommendations of duly qualified engineers and/or geologists, all of which involves significant expense. This decision will involve consideration and evaluation of several significant factors including, but not limited to: (1) costs of bringing a property into production, including exploration and development work, preparation of production feasibility studies and construction of production facilities; (2) availability and costs of financing; (3) ongoing costs of production; (4) market prices for the mineral or oil and gas to be produced; (5) environmental compliance regulations and restraints (including potential environmental liabilities associated with historical exploration activities); and (6) political climate and/or governmental regulation and control.

### **Management**

The Company is dependent on a relatively small number of key personnel, the loss of any of whom could have an adverse effect on the Company.

## Selected Annual Information

During Q4 of 2005, Rich Contracting Ltd. substantially reduced its direct involvement in construction and contracting activities related to the installation of water lines and other utilities in residential and commercial applications.

Construction, rental and other revenue for the year ended August 31, 2006 were \$1,039,042, a result that reflects the Company's decreased involvement in the construction industry.

Gross Margin on construction revenue ended August 31, 2006 was 14.9% of revenue compared to 20.1% for the year ended August 31, 2005.

Net Income prior to other items and income tax increased from a loss of (\$138,568) in the year ended August 31 2005 to \$366,318 in the year ended August 31, 2006.

	Year Ended <u>Aug.31/06</u>	Year Ended <u>Aug.31/05</u>	Year Ended <u>Aug.31/04</u>
Revenue	\$1,039,042	\$4,354,560	\$ 10,635,721
Net Income (loss) before discontinued operations and extraordinary items	366,318	(138,568)	38,478
Net Income(loss)	366,318	(138,568)	38,478
Basic and fully diluted Earnings (loss) per share	0.015	( 0.006)	0.002
Loans Payable	-	65,183	85,583
Total Assets	3,131,282	2,426,764	5,655,157
Cash dividends declared	0	0	0

## Selected Quarterly Information

(000's except per share)	2006				2005			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Revenue	451	140	371	77	288	140	540	3,878
Net Income (loss) before discontinued operations and extraordinary items	229	11	90	36	(286)	(26)	(42)	215
Net Income(loss)	229	11	90	36	(286)	(26)	(42)	215
Basic and fully diluted Earnings(loss)per share	.012	.000	.003	.0061	(0.012)	(0.001)	(0.002)	0.009

## Results of Operations

The Company's operations consist generally of revenues from subcontracts from the contracting division, equipment leases and property rental.

## **Earnings per share**

Earnings (loss) per share for the year ended August 31, 2006 were \$0.015 (2005 – (\$0.006), 2004 - \$0.001)

## **Revenues**

Revenues for the year ended August 31, 2006 were \$1,039,042, a decrease of approximately 76% from revenues of \$4,354,560 for the year ended August 31, 2005.

## **Operating Costs**

Direct costs were 40.5% of revenue for the year ended August 31, 2006 compared to 79.9% in the year ended August 31, 2005.

Non-direct costs increased from 23.7% of revenue in the year ended August 31, 2005 to 68.6% in the year ended August 31, 2006.

## **Amortization**

Property, plant and equipment are stated at cost less amortization. The Company provides for the amortization of property, plant and equipment other than buildings on the straight line basis over the estimated economic life of the related asset to an ultimate residual value at the following annual rates:

Excavating equipment	10% to 33%
Automotive equipment	10% to 33%
Construction equipment	20% to 33%
Office equipment	33% to 50%

The Company provides for the amortization of buildings on the declining balance basis at the rate of 5% per annum.

Reviews for impairment of property, plant and equipment are undertaken whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. In assessing recoverability, projected future net cash flows generated through the use and eventual disposition of the assets on a discounted cash flows basis are considered.

## **Off Balance Sheet Arrangements**

The Company has not entered into any off-balance sheet transactions.

## **Related Party Transactions**

The Company has entered into a series of transactions with corporations controlled by previous officers of the Company. All transactions with related parties are incurred in the course of normal operations, and are measured at exchange values, which is the amount agreed by the parties.

**(a) Leasing transactions**

The Company had entered into agreements to rent excavating equipment on a month to month basis from a corporation wholly-owned by a previous officer of the Company (the "Lessor"). The Company had the right to terminate these rental agreements at any time with no penalty. During the second quarter of 2005 the Company terminated the rental agreements and negotiated for the adjustment of equipment rental rates pertaining to earlier periods. The Company provided facilities and management services to the "Lessor" as described below:

Included in direct costs:

	<u>2006</u>	<u>2005</u>	<u>2004</u>
Equipment rental costs	\$ -	\$ 306,000	\$ 644,100
Cost recoveries	-	(153,000)	-
fiscal 2005	-	(83,250)	-
fiscal 2004	-	-	-
	<u>\$ -</u>	<u>\$ 69,750</u>	<u>\$ 644,100</u>

Included in revenue:

Premises rental	---	25,500	6,000
Management fees	---	90,000	-
	<u>\$ ---</u>	<u>\$ 115,000</u>	<u>\$ 6,000</u>

At August 31, 2006 accounts payable includes amounts owing to the "Lessor" of NIL (2005-NIL:2004 - \$81,855;)

**(b) Contracting transactions**

The Company had entered into agreements with a corporation wholly-owned by a previous officer of the Company (the "Contractor"). The Contractor is a general contractor. The Company agreed to provide to the Contractor its services as an underground utility subcontractor. During the second quarter of 2006 the Company negotiated with the Contractor for rental of the Company's excavating equipment on a month to month basis. During the 4<sup>th</sup> quarter of 2006 the Company negotiated with the Contractor to perform work on a contract entered into by the Company with a client.

The Company's transactions with the Contractor are summarized as follows:

	<u>2006</u>	<u>2005</u>	<u>2004</u>
Included in revenue			
Contract revenue	\$ -	\$ 2,476,051	\$ 1,823,357
Premises rental	88,000	28,000	12,000
Equipment Rental	<u>\$ 422,500</u>	---	---
	<u>\$ 510,500</u>	<u>\$ 2,504,051</u>	<u>\$ 1,835,357</u>
Included in direct costs			
Subcontract payments	<u>\$ 386,205</u>	---	---

At August 31, 2006 the Contractor owed NIL (2005 – NIL, 2004 - \$1,518,924) to the Company which are included in accounts receivable. At August 31, 2006 the Company owed the Contractor \$321,758 (2005 – NIL; 2004 – NIL), which are included in Accounts Payable.

**(d) Sale of automotive equipment**

During fiscal 2006 the Company sold automotive equipment to the Contractor for cash of \$61,200 resulting in a gain of \$43,983 (2005 - \$55,900 resulting in a gain of \$5,928).

The transactions were considered to be not incurred in the Company's normal course of operations. Independent appraisals for the equipment were obtained, and accordingly the transactions have been recorded at their exchange values.

**(d) Assumption of obligations**

In 2005 as part of its actions to reduce involvement in construction and contracting activities, the Company terminated previous agreements with the Contractor to provide services, and negotiated an agreement for the assumption o maintenance and warranty obligations, and employee obligations with the Contractor. During 2006 all obligations were satisfied and the agreement was terminated.

**(e) Management, consulting, and professional fees**

Included are \$16,524 (\$2005 – \$9,193; 2004 - \$6,388) of legal fees paid to a firm in which a director is a partner, \$31,000 (2005 - \$NIL; 2004 - NIL) of consulting fees paid to a director for services involving investment opportunities, \$75,000 (2005 - \$10,000; 2004 - NIL) of consulting fees paid to a company controlled by the director.

**Financial Conditions and Liquidity**

**Cash Flow From Operations**

Cash flow from operations in the year ended August 31, 2006 was \$313,366 compared to \$1,715,790 in the year ended August 31, 2005.

**Interest Expense**

Interest expense on loans payable decreased from \$5,348 in 2005 to zero in 2006. The balance of the loans payable of Nil (2005, \$65,183;2004, 85,583) is all related to capital asset acquisitions.

**Liquidity and Capital Resources**

In Management's view, given the nature of the Company's activities, the most meaningful and material financial information concerning the Company relates to its current liquidity and capital resources. The Company's activities have been funded through subcontracts of its construction subsidiary and equipment and property rentals. The Company expects that it will continue to be able to generate revenues from these sources until it develops cash flow from operations. There can be no assurance, however, that the Company will be able to do so. If such funds are not available or cannot be obtained,

the Company will be forced to curtail its activities to a level for which funding is available or can be obtained. At August 31, 2006 the Company had working capital of \$2,154,472.

### **Subsequent Events**

In November 2006, the Federal Oil and Gas Agency (ANP), of Brazil, awarded four onshore blocks in the Tucano Basin, a gas producing area of Brazil. This is the maximum number of concessions available to a single bidder in this basin. The blocks represent approximately 178,000 acres of land under concession for oil and gas exploration. The immediate costs to the Corporation for the blocks will be approximately C\$95,000 in cash and a performance bond, guarantee or letter of credit of approximately C\$552,000. Rich Minerals Corporation qualified as an operator and was officially represented as an oil company with the ANP.

The Company is able to meet its financial obligations with respect to the blocks acquired in the Tucano Basin. The Company will continue to explore oil and gas producing opportunities and expects to raise capital if larger investments are required, although there can be no assurance that the Company will be able to do so.

### **Financial Instruments and Other Risk Factors**

The Company's financial instruments consist of accounts receivable, portfolio investment, accounts payable, and loans payable.

#### **(a) Fair values**

The Company is of the opinion that the fair values of accounts receivable and accounts payable approximate their respective carrying values due to the relatively short-term maturity. The short term investment reflects fair value as it is stated at the market trading value. In fiscal 2004 it was not practical within the constraints of timeliness and cost to determine the fair value of the portfolio investment with sufficient reliability. The carrying value of loans payable approximates the fair value, as the interest rates are consistent with the current rates offered to the Company with similar terms.

#### **(b) Interest rate risk**

The Company is exposed to interest rate risk on its demand bank loans arising from fluctuations in the prime interest rate.

#### **(c) Credit risk**

Substantially all the Company's accounts receivable relate to the Company's activities in the residential land development industry and the Company may therefore be considered to have credit risk exposure to that industry. As well, within this industry, due to the size of the individual projects, the Company may be considered to have exposure to a concentration of credit risk from individual customers.

#### **(d) Credit Concentration**

The Company earns revenue from a variety of entities. In fiscal 2006, the Company's revenue included \$459,993 from one unrelated (to the Company or to each other) customers (2005 - \$1,513,342 - five; 2003 - \$6,989,741 - eight).

## Risks and Uncertainties

The principal risks and uncertainties faced by the Company relate to exploration and development success as well as commodity prices and market sentiment to a lesser extent. Exploration for and development of natural resource operations involve significant risks, many of which are outside the Company's control. In addition to the normal and usual risks of exploration and development the Company may work in remote locations that lack the benefit of infrastructure and easy access. The prices of certain commodities may fluctuate and are affected by many factors outside of the Company's control. The future expectations for such prices have a significant impact on the market sentiment for investment in oil & gas exploration and development companies. The Company may rely on equity financing and or potential partnerships to fund its exploration programs. There is no assurance that such financing will be available to the Company, or that it will be available on acceptable terms.

## Share Capital

### (a) Shares authorized

Authorized: Unlimited Common Shares  
Unlimited Preferred Shares

### (b) Shares Issued:

Shares	Number	Consideration
Common	24,033,000	\$2,276,325
Preferred	No preferred Shares have been issued	

### (c) Shares under option

Stock option transactions for the respective years were as follows:

Fiscal Year	Outstanding Beginning of Year	Forfeited/Expired in the Year	Granted in the Year	Outstanding End of Year	Exercisable at Year End	Exercise Price
2004	1,700,000			1,700,000	1,360,000	\$0.16
2005	1,700,000	1,700,000	1,300,000	1,300,000	1,300,000	\$0.15
2006	1,300,000	-	300,000	1,600,000	1,600,000	\$0.15-.18

### (d) Stock-Based Compensation

For the year ended August 31, 2006, the Company has recorded compensation expense of \$34,996 included in salaries expense (2005 - \$69,563) with an offsetting credit to contributed surplus to reflect the estimated fair value of stock options granted to employees, directors and consultants.

In calculating the fair value of options granted and/or vesting of option grants, the Company utilized the following assumptions:

	<b>2006</b>	<b>2005</b>	<b>2004</b>
• risk-free interest rate of	4.0%	3.2%	5.32%
• expected option life of	5 yrs	5 yrs	5 yrs
• expected volatility of	77%	99.6%	100%
• dividends expected	none	none	none

The weighted average grant date fair value of each option granted was \$0.11 (2005 - \$0.05; 2004 - \$0.20)

#### SUMMARY OF OPTIONS OUTSTANDING AS OF August 31, 2006

Name of Optionee	Position (Director/ Employee/ Consultant/ Management Company)	Insider ? Yes or No	No. of Optioned Shares	Exercise Price	Expiry Date
Debra L. Senger	Management	Yes	350,000	\$0.15	06/21/2010
John A. Peters	Director	Yes	250,000	\$0.15	06/21/2010
Bernard Chamberland	Management	Yes	600,000	\$0.15	06/21/2010
Murray Smith	Director	Yes	100,000	\$0.15	06/21/2010
Augusto Mendonça	Director	Yes	300,000	\$0.18	04/11/2011

#### List of Directors and Officers as at August 31, 2005

Bernard M. Chamberland	CEO and Chairman of the Board
Murray F. Smith	Director
John A. Peters	Director
Debra Senger	Chief Financial Officer
Augusto Mendonça	Director

#### Additional Information

Additional information relating to the Company is available on the SEDAR website at [www.sedar.com](http://www.sedar.com) under "Rich Minerals Corporation".

**RICH MINERALS CORPORATION**

Registered Office  
4100 6A Street N.E., Calgary, Alberta, Canada T2E 4B1

**NOTICE OF ANNUAL GENERAL & SPECIAL MEETING OF  
SHAREHOLDERS TO BE HELD ON FEBRUARY 22<sup>nd</sup>, 2007**

TAKE NOTICE THAT the Annual General & Special Meeting of the Shareholders of Rich Minerals Corporation (the "Company") will be held at 4100 6A Street N.E., in the City of Calgary, in the Province of Alberta, on the 22<sup>nd</sup> day of February 2007 at the hour of 2:00 p.m. (Calgary time) for the following purposes:

1. to receive and consider the report of the Board of Directors, the Audited Financial Statements of the Company made up to the 31st day of August, 2006, and the report of the auditor thereon;
2. to appoint the auditors for the Company for the ensuing year and to authorize the directors to fix the remuneration of the auditors;
3. to set the number of directors to be elected at the Meeting;
4. to elect the directors for the ensuing year;
5. to approve , with or without modification, the ordinary resolution approving, adopting, and ratifying the Company's current Stock Option Plan;
6. to transact such other business as may properly be brought before the Meeting or any adjournment or adjournments thereof.

The Board of Directors has fixed the close of business on January 18<sup>th</sup>, 2007 as the record date for determining holders of common shares who are entitled to vote at the meeting.

It is desirable that as many shares as possible be represented at the Meeting. If you do not expect to attend, and would like your shares represented, please read the enclosed Information Circular and complete the enclosed Instrument of Proxy and return it as soon as possible. The Proxy must be deposited c/o Olympia Trust Company, 2300, 125 9<sup>th</sup> Avenue S.E., Calgary, Alberta, Canada, T2P 0P6 not later than 48 hours, excluding Saturdays, Sundays and holidays, before the time for holding the Meeting or delivered to the Chairman of the Meeting at 4100 6A Street N.E., Calgary, Alberta at any time prior to its commencement.

DATED at Calgary, Alberta the 19<sup>th</sup> day of January 2007.

**BY ORDER OF THE BOARD OF DIRECTORS**

"BERNARD CHAMBERLAND"  
Bernard Chamberland, Chairman



# RICH MINERALS CORPORATION

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CORPORATE FINANCE

## Rich Minerals Corporation Report of Management

Management has the responsibility for preparation and fair presentation of the accompanying financial statements, including the financial processes that give rise to such consolidated financial statements. This responsibility includes selecting appropriate accounting principles and making objective judgments and estimates in accordance with Canadian generally accepted accounting principles.

In discharging its responsibilities for the integrity and fairness of the financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets safeguarded and proper records maintained for reporting financial statements and other financial information in accordance with applicable generally accepted accounting principles and in accordance with applicable securities rules and regulations. Disclosure of any financial information is approved in advance by the Audit Committee.

It is the responsibility of the Audit Committee and the Board of Directors to review the financial statements in detail with management prior to their approval of the financial statements for publication. In addition, the Audit Committee meets regularly with management and the external auditor to review accounting policies and financial reporting.

External auditors are appointed by the shareholders to audit the financial statements and report directly to them. Their report is attached to the audited consolidated financial statements that follow. The external auditors have full and free access to the Audit Committee, the Board of Directors and management.

Bernard M. Chamberland, Chief Executive Officer

Debra Senger, Chief Financial Officer

To the Shareholders of Rich Minerals Corporation:

We have audited the consolidated balance sheet of Rich Minerals Corporation as at August 31, 2006 and the consolidated statements of income (loss), retained earnings (deficit) and cash flows for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at August 31, 2006 and the results of its operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

The financial statements as at and for the years ended August 31, 2005 and 2004 were audited by other auditors, who expressed an opinion without reservation on these statements in their report dated December 6, 2005.

Calgary, Alberta

November 20, 2006 (except for Note 14 which is as of  
December 11, 2006)

*Meyer Norris Penny LLP*

Chartered Accountants



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REGISTRATION  
DIVISION

**RICH MINERALS CORPORATION  
MANAGEMENT INFORMATION CIRCULAR**

**PERSONS MAKING THE SOLICITATION**

This Information Circular is furnished in connection with the **SOLICITATION BY THE MANAGEMENT OF RICH MINERALS CORPORATION (the "Company") OF THE PROXIES** to be used at the Annual General & Special Meeting of the shareholders ("Shareholders") of the Company to be held at 4100 - 6A Street N.E., Calgary, Alberta on Thursday, 22<sup>nd</sup> of February, 2007 at 2:00 p.m., or at any adjournments thereof, for the purposes set out in the accompanying notice of meeting (the "Meeting"). Although it is expected that the solicitation of proxies will be primarily by mail, proxies may also be solicited personally or by telephone, email or personal interview by regular employees of the Company, at a nominal cost.

Each outstanding common share (the "Common Shares") is entitled to one vote on each resolution voted on at the Meeting. The board of directors of the Company (the "Board of Directors") has fixed the record date for the Meeting at the close of business on January 18, 2007 (the "Record Date"). The Company will prepare, as of the Record Date, a list of Shareholders entitled to receive the Notice of Meeting and showing the number of Common Shares held by each such Shareholder. Each Shareholder named in the list is entitled to vote the Common Shares shown opposite such Shareholder's name at the Meeting except to the extent that such holder transfers ownership of the Common Shares after the Record Date, in which case the transferee shall be entitled to vote such Common Shares upon establishing ownership and requesting, by 4:30 p.m. (Calgary time) not later than 10 days before the Meeting, to be included in the list of Shareholders entitled to vote at the Meeting.

**In accordance with National Instrument 54-101 *Communications with Beneficial Owners of Securities of a Reporting Issuer*, arrangements have been made with brokerage houses and other intermediaries, clearing agencies, custodians, nominees and fiduciaries to forward solicitation materials to the beneficial owners of the Common Shares held of record by such persons and the Company may reimburse such persons for reasonable fees and disbursements incurred by them in doing so. The costs thereof will be borne by the Company.**

**APPOINTMENT AND REVOCATION OF PROXIES**

The persons named (the "**Management Designees**") in the enclosed instrument of proxy ("**Instrument of Proxy**"), have been selected by the Board of Directors of the Company and have indicated their willingness to represent as proxy the shareholder who appoints them. **A shareholder has the right to designate a person or company (who need not be a shareholder) other than the Management Designees to represent him or her at the Meeting.** Such right may be exercised by inserting in the space provided for that purpose on the Instrument of Proxy the name of the person to be designated and deleting therefrom the names of the Management Designees, or by completing another form of proxy and delivering the same to the transfer agent of the Company. Such shareholder should notify the nominee of the appointment, obtain his or her consent to act as proxy and should provide instructions on how the shareholder's shares are to be voted. The nominee should bring personal identification to the Meeting. In any case, the form of proxy should be dated and executed by the shareholder or an attorney authorized in writing, with proof of such authorization attached where an attorney has executed the form of proxy.

A form of proxy will not be valid for the Meeting or any adjournment thereof unless it is signed by the shareholder or by his or her attorney authorized in writing or, if the shareholder is a corporation, it must

be signed under its corporate seal and executed by a duly authorized officer or attorney of the corporation, and delivered to Olympia Trust Company, 2300, 125 9<sup>th</sup> Avenue S.E., Calgary, Alberta, Canada, T2P 0P6 not less than 48 hours, excluding Saturdays, Sundays and holidays, before the time of the Meeting or any adjournment thereof. Late proxies may be accepted or rejected by the Chairman of the Meeting in his discretion, and the Chairman is under no obligation to accept or reject any particular late proxy.

A shareholder who has given a proxy may revoke it as to any matter upon which a vote has not already been cast pursuant to the authority conferred by the proxy. In addition to revocation in any other manner permitted by law, a proxy may be revoked by either executing a form of proxy bearing a later date or by executing a valid notice of revocation, either of the foregoing to be executed by the shareholder or by his authorized attorney in writing, or, if the shareholder is a corporation, under its corporate seal by an officer or attorney thereof duly authorized, and by depositing the form of proxy bearing a later date either at the registered office of the Company at any time up to and including the last business day preceding the day of the Meeting, or any adjournment thereof, or by depositing the form of proxy with Olympia Trust Company, 2300, 125 9<sup>th</sup> Avenue S.E., Calgary, Alberta, Canada, T2P 0P6, at any time up to and including the last business day preceding the date of the Meeting or any adjournment thereof at which the proxy is to be used or by depositing the revocation of proxy with the chairman of such Meeting on the day of the Meeting, or any adjournment thereof. In addition, a proxy may be revoked by the shareholder personally attending the Meeting and voting his shares.

#### **ADVICE TO BENEFICIAL SHAREHOLDERS**

**The information set forth in this section is of significant importance to many Shareholders, as a substantial number of Shareholders do not hold Common Shares in their own name.** Shareholders of the Company who hold their Common Shares through their brokers, intermediaries, trustees or other persons, or who otherwise do not hold their Common Shares in their own name (referred to in this Circular as “**Beneficial Shareholders**”) should note that only proxies deposited by shareholders who appear on the records maintained by the Company’s registrar and transfer agent as registered holders of Common Shares will be recognized and acted upon at the Meeting. If Common Shares are listed in an account statement provided to a Beneficial Shareholder by a broker, those Common Shares will, in all likelihood, not be registered in the shareholder’s name. Such Common Shares will more likely be registered under the name of the shareholder’s broker or an agent of that broker. In Canada, the vast majority of such shares are registered under the name of CDS & Co. (the registration name for The Canadian Depository for Securities, which acts as nominee for many Canadian brokerage firms). The Common Shares 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 Common Shares are voted at the Meeting. The form of proxy supplied to the 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 Company. 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 ADP

Investor Communications (“ADP”) in Canada. ADP typically prepares a machine-readable voting instruction form, mails those forms to Beneficial Shareholders and asks Beneficial Shareholders to return the forms to ADP, or otherwise communicate voting instructions to ADP (by way of the Internet or telephone, for example). ADP 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 an ADP voting instruction form cannot use that form to vote Common Shares directly at the Meeting. The voting instruction forms must be returned to ADP (or instructions respecting the voting of Common Shares must otherwise be communicated to ADP) well in advance of the Meeting in order to have the Common Shares voted. If you have any questions respecting the voting of Common Shares held through a broker or other intermediary, please contact that broker or other intermediary for assistance.**

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

Where documents are stated to be available for review or inspection, such items will be shown upon request to registered shareholders who produce proof of their identity.

#### **VOTING OF PROXIES**

Each shareholder may instruct his proxy how to vote his Common Shares by marking the Instrument of Proxy as applicable. All Common Shares represented at the Meeting by properly executed proxies will be voted or withheld from voting (including the voting on any ballot), and where a choice with respect to any matter to be acted upon has been specified in the Instrument of Proxy, the Common Shares represented by the proxy will be voted in accordance with such specification. **In the absence of any such specification as to voting on the Instrument of Proxy, the Management Designees, if named as proxy, will vote in Favour of the matters set out therein. In the absence of any specification as to voting on any other form of proxy, the Common Shares represented by such form of proxy will be voted in Favour of the matters set out therein.**

**The enclosed Instrument of Proxy confers discretionary authority upon the Management Designees, or other person named as proxy, with respect to amendments to or variations of matters identified in the Notice of Meeting and any other matters, which may properly come before the Meeting. As of the date hereof, the Company is not aware of any amendments to, variations of or other matters, which may come before the Meeting. In the event that other matters come before the Meeting, then the Management Designees intend to vote in accordance with the judgment of the management of the Company.**

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

Other than as set forth in this Information Circular, no person who has been a director or senior officer of the Company at any time since the beginning of the last financial year, nor any proposed nominee for

election as a director of the Company, nor any associate or affiliate of any of the foregoing, has any material interest, directly or indirectly, by way of beneficial ownership of securities or otherwise, in any matter to be acted upon other than the election of directors.

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

As of the date hereof, 24,033,000 of the Company's Common Shares, without nominal or par value, are issued and outstanding and entitled to vote at the meeting on the basis of one vote for each common share held.

Amendment No. 1, effective February 28<sup>th</sup>, 1997, to By-law No. 1 Article 10.14 of the Company provides that at least two (2) shareholders personally present and owning or representing by proxy not less than five (5%) percent of the issued Common Shares of the Company, constitutes a quorum for the meeting in respect of holders of Common Shares. To the knowledge of the directors and senior officers of the Company, no person beneficially owns directly or indirectly, or exercises control or direction over, voting shares carrying more than 10% of the voting rights attached to all voting securities of the Company.

#### **STATEMENT OF EXECUTIVE COMPENSATION**

For purposes of this section:

“SAR” or “stock appreciation right” means a right, granted by the Company or any of its subsidiaries, as compensation for employment services or office to receive cash or an issue or transfer of securities based wholly or in part on changes in the trading price of its securities; and

“LTIP” or “long term incentive plan” means any plan providing compensation intended to motivate performance over a period greater than one financial year, but does not include option or stock appreciation right plans or plans for compensation through shares or units that are subject to restrictions on resale.

"Named Executive Officer" means the following individuals: (a) each Chief Executive Officer; (b) each Chief Financial Officer; (c) each of the Company's three most highly paid executive officers, other than the Chief Executive Officer and Chief Financial Officer, who were serving as executive officers at the end of the most recently completed financial year and whose salary and bonus exceeds \$150,000.

#### **EXECUTIVE COMPENSATION**

The following table sets forth compensation awarded to, earned by, or paid to each Named Executive Officer for services rendered by that individual in all capacities to the Issuer or a subsidiary of the Issuer or otherwise in connection with office or employment of that individual with the issuer or a subsidiary of the issuer for each of the three most recently completed financial years.

### Summary Compensation Table

Name and Principal Position	Year	Annual Compensation			Long - Term Compensation			All Other Compensation (\$)
		Salary (\$)	Bonus (\$)	Other Annual Compensation (\$)	Awards		Payouts	
					Securities Under Options/SARs [Stock Appreciation Rights] Granted (#)	Restricted Shares or Restricted Share Units (\$)	LTIP [Long Term Incentive Plans] Payouts (\$)	
Bernard M. Chamberland	2006	125,000	15,000	Nil	600,000	Nil	Nil	Nil
Chief Executive Officer Chairman	2005	105,000	20,000	Nil	600,000	Nil	Nil	Nil
	2004	105,000		Nil	Nil	Nil	Nil	Nil
Debra L. Senger	2006	Nil	Nil	75,000	350,000	Nil	Nil	Nil
Chief Financial Officer	2005	33,846	22,000	25,750	350,000	Nil	Nil	Nil
Secretary/Treasurer	2004	40,000	2,000	12,500	350,000	Nil	Nil	Nil

#### Long Term Incentive Plan (LTIP) Awards

The Company does not have a LTIP, pursuant to which cash or non-cash compensation intended to serve as an incentive for performance over a period greater than one financial year (whereby performance is measured by reference to financial performance or the price of the Company's securities) was paid to the Named Executive Officers during the most recently completed financial year. The Company has no LTIP other than stock options granted from time to time by the board of directors.

#### Option/Stock Appreciation Rights ("SAR") Grants

During the most recently completed financial year no stock options or SAR's or restricted shares were granted by the Company to a Named Executive Officers. The following table sets forth details of all stock options granted to the Named Executive Officers during the most recently completed fiscal year and the fiscal year end option values related thereto.

**AGGREGATED OPTION/SAR EXERCISES DURING THE MOST RECENTLY COMPLETED FINANCIAL YEAR**

Name	Securities Acquired on Exercise (#)	Aggregate Value Realized (\$)	Unexercised Options at Financial Year-End (#) Exercisable/Unexercisable	Value of Unexercised In-the-Money Options At Financial Year-End (\$) Exercisable/Unexercisable
Bernard Chamberland Chief Executive Officer And Chairman	Nil	Nil	600,000	Nil
Debra Senger Chief Financial Officer And Secretary	Nil	Nil	350,000	Nil
John Peters Director	Nil	Nil	250,000	Nil
Murray Smith Director	Nil	Nil	100,000	Nil
Augusto Mendonca Director	Nil	Nil	300,000	Nil

**Termination of Employment, Changes in Responsibility and Employment Contracts:**

The Company has no employment contracts with its Named Executive Officers.

The Company has no compensatory plan, contract or arrangement where Named Executive Officers are entitled to receive more than \$100,000 to compensate such executive officers in the event of resignation, retirement or other termination, a change of control of the Company or its subsidiaries or a change in responsibilities following a change in control.

**Compensation of Directors**

The Company has no arrangements, standard or otherwise, pursuant to which Directors are compensated by the Company for their services in their capacity as Directors, or for committee participation, involvement in special assignments or for services as consultant or expert during the most recently completed financial year or subsequently, up to and including the date of this Information Circular.

The Company has a stock option plan (the "Plan") for the granting of incentive stock options to the officers, employees and Directors. The Company did grant an aggregate of 300,000 stock options to a Director during the most recently completed financial year. The purpose of granting such options is to assist the Company in compensating, attracting, retaining and motivating the Directors of the Company

and to closely align the personal interests of such persons to that of the Shareholders. Particulars of these option grants are set out below.

Name	Securities, Acquired on Exercise (#)	Aggregate Value Realized (\$)	Unexercised Options at Financial Year-End (#) Exercisable/ Unexercisable	Value of Unexercised In-the-Money Options At Financial Year-End (\$) Exercisable/Unexercisable
Augusto Mendonca Director	Nil	Nil	300,000	Nil

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

The following table sets forth the Company's compensation plans under which equity securities are authorized for issuance as at the end of the most recently completed financial year.

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted-Average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans {excluding securities reflected in column {a}}
The Plan	1,600,000	\$0.15	800,000
Equity compensation plans not approved by security holders	Nil	N/A	N/A
Total	1,600,000	\$0.15	800,000

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

None of the directors, executive officers or senior officers of the Company have been indebted to the Company in any way during the last completed financial year of the Company.

#### **INTEREST OF INSIDERS IN MATERIAL TRANSACTIONS**

Mr. John A. Peters Q.C., a director of the Company, is also a lawyer with the firm Burnet, Duckworth & Palmer LLP, solicitors to the Corporation. From time to time, Burnet, Duckworth & Palmer, LLP provides legal services to the Company and is paid fees as a result.

#### **MANAGEMENT CONTRACTS**

No management functions of the Company or a subsidiary are performed to any substantial degree by a person other than the directors or executive officers of the Company or a subsidiary.

#### **TRANSACTIONS WITH RELATED PARTIES**

The Company had entered into leasing and contracting transactions with corporations controlled by previous officers of the Company. These transactions with related parties are incurred in the course of

normal operations, and are measured at exchange values, which is the amount agreed by the parties.

**(a) Leasing transactions**

The Company had entered into agreements to rent excavating equipment on a month to month basis from a corporation wholly-owned by a previous officer of the Company (the "Lessor"). The Company had the right to terminate these rental agreements at any time with no penalty. During the second quarter of 2005 the Company terminated the rental agreements and negotiated for the adjustment of equipment rental rates pertaining to earlier periods. The Company provided facilities and management services to the Lessor as described below:

Included in direct costs:

	<u>2006</u>	<u>2005</u>	<u>2004</u>
Equipment rental costs	\$ -	\$ 306,000	\$ 644,100
Cost recoveries fiscal 2005	-	(153,000)	-
fiscal 2004	-	(83,250)	-
	<u>\$ -</u>	<u>\$ 69,750</u>	<u>\$ 644,100</u>

Included in revenue:

Premises rental	---	25,500	6,000
Management fees	---	<u>90,000</u>	-
	<u>\$ ---</u>	<u>\$115,000</u>	<u>\$ 6,000</u>

At August 31, 2006 accounts payable includes amounts owing to the "Lessor" of NIL (2005-NIL:2004 - \$81,855;)

**(b) Contracting transactions**

The Company had entered into agreements with a corporation wholly-owned by a previous officer of the Company (the "Contractor"). The Contractor is a general contractor. The Company agreed to provide to the Contractor its services as an underground utility subcontractor. During the second quarter of 2006 the Company negotiated with the Contractor for rental of the Company's excavating equipment on a month to month basis. During the 4<sup>th</sup> quarter of 2006 the Company negotiated with the Contractor to perform work on a contract entered into by the Company with a client.

The Company's transactions with the Contractor are summarized as follows:

	<u>2006</u>	<u>2005</u>	<u>2004</u>
Included in revenue			
Contract revenue	\$ -	\$ 2,476,051	\$ 1,823,357
Premises rental	88,000	28,000	12,000
Equipment Rental	<u>\$ 422,500</u>	---	---
	<u>\$ 510,500</u>	<u>\$ 2,504,051</u>	<u>\$ 1,835,357</u>
Included in direct costs			
Subcontract payments	<u>\$ 386,205</u>	---	---

At August 31, 2006 the Contractor owed NIL (2005 - NIL, 2004 - \$1,518,924) to the Company which are included in accounts receivable. At August 31, 2006 the Company owed the Contractor \$321,758 (2005 - NIL; 2004 - NIL), which are included in Accounts Payable.

**(c) Sale of automotive equipment**

During fiscal 2006 the Company sold automotive equipment to the Contractor for cash of \$61,200 resulting in a gain of \$43,983 ( 2005 - \$55,900 resulting in a gain of \$5,928).

The transactions were considered to be not incurred in the Company's normal course of operations. Independent appraisals for the equipment were obtained, and accordingly the transactions have been recorded at their exchange values.

**(d) Assumption of obligations**

In 2005 as part of its actions to reduce involvement in construction and contracting activities, the Company terminated previous agreements with the Contractor to provide services, and negotiated an agreement for the assumption of maintenance and warranty obligations, and employee obligations with the Contractor. During 2006 all obligations were satisfied and the agreement was terminated.

**(e) Management, consulting, and professional fees**

Included are \$16,524 (\$2005 - \$9,193; 2004 - \$6,388) of legal fees paid to a firm in which a director is a partner, \$31,000 (2005 - \$NIL; 2004 - NIL) of consulting fees paid to a director for services involving investment opportunities, \$75,000 (2005 - \$10,000; 2004 - NIL) of consulting fees paid to a company controlled by a director.

**AUDIT COMMITTEE**

A copy of the Committee's Charter is attached hereto as Schedule "C".

**Composition of the Audit Committee**

The following are the members of the Committee:

Bernard M. Chamberland Not Independent <sup>(1)</sup> Financially literate

John A. Peters Independent <sup>(1)</sup> Financially literate

Murray F. Smith Independent <sup>(1)</sup> Not financially literate

**Note:** <sup>(1)</sup> As defined by Multilateral Instrument 52-110 ("MI 52-110").

Mr. Chamberland presently holds the position of Chairman of the Board and Chief Executive Officer of Rich Minerals Corporation, a position he has held for over 19 years. Mr. Chamberland has successfully managed Alberta based construction and land development businesses operating in Canada for over 40 years. Prior to Rich Minerals Corporation, he was sole proprietor of a Calgary based construction and land development company and had joint venture interests in and ownership of a wide and diverse portfolio of investments, including oil and gas, both in Canada and the United States. Mr. Chamberland, is a successful entrepreneur with extensive public company experience and many years of exposure to corporate compliance and financial statements.

Mr. Peters has practiced commercial law for more than 25 years and over that time has had significant exposure to financial statements and analysis. In addition to undergraduate degrees in economics and law, he holds master's degrees in securities law and international business management from Osgoode Hall Law School and Boston University respectively. Mr. Peters presently sits on the boards of a number of public and widely-held private companies and in that capacity is required to read and understand financial statements.

#### **Audit Committee Oversight**

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

#### **Reliance on Certain Exemptions**

Since the effective date of MI 52-110, the Company has not relied on the exemptions contained in sections 2.4 or 8 of MI 52-110 or an exemption from MI 52-110 in whole or in part, granted under Part 8 of MI 52-110. Section 2.4 provides an exemption from the requirement that the audit committee must pre-approve all non-audit services to be provided by the auditor, where the total amount of fees related to the non-audit services are not expected to exceed 5% of the total fees payable to the auditor in the fiscal year in which the non-audit services were provided. Section 8 permits a company to apply to a securities regulatory authority for an exemption from the requirements of MI 52-110, in whole or in part.

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

The Committee has adopted specific policies and procedures for the engagement of non-audit services as described above under the heading "External Auditors".

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

The audit committee has specific policies and procedures for the engagement of non-audit services, as described in its audit committee charter. In the following table, "audit fees" are fees billed by the Company's external auditor for services provided in auditing the Company's annual financial statements for the subject year. "Audit-related fees" are fees not included in audit fees that are billed by the auditor for assurance and related services that are reasonably related to the performance of the audit or review of the Company's financial statements. "Tax fees" are fees billed by the auditor for professional services rendered for tax compliance, tax advice and tax planning. "All other fees" are fees billed by the auditor for products and services not included in the foregoing categories. The fees paid by the Company to its auditor in each of the last two fiscal years, by category, are as follows:

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

Financial Year Ending	Audit Fees	Audit Related Fees	Tax Fees	All Other Fees
2006	\$65,000 <sup>(1)</sup>	\$2,700	Nil	Nil
2005	\$65,000 <sup>(1)</sup>	\$2,600 <sup>(2)</sup>	Nil	Nil

<sup>(1)</sup> Includes estimate for final fees for audit as at August 31, 2005 and August 31, 2006

<sup>(2)</sup> Fees related to review of quarterly reporting

The Company is relying on the exemption provided by section 6.1 of MI 52-110, which provides that the Company, as a venture issuer, is not required to comply with Part 3 (Composition of the Audit Committee) and Part 5 (Reporting Obligations) of MI 52-110.

### **CORPORATE GOVERNANCE DISCLOSURE**

Set forth below is a description of the Corporation's current corporate governance practices, as prescribed by Form 58-101F2, which applies to venture issuers and which is attached to National Instrument 58-101 entitled "Disclosure of Corporate Governance Practices". The requirements of Form 58-101F2 are set out below:

#### 1. Board of Directors

The Board of Directors of the Corporation has determined that the following two (2) directors of the Corporation are independent:

Murray F. Smith  
John A. Peters, Q.C.

The Board of Directors of the Corporation has determined that the following three (3) directors of the Corporation are not independent:

Bernard Chamberland is not considered to be independent as Mr. Chamberland is the President and Chief Executive Officer of the Corporation.

Debra Senger is not considered to be independent as Ms. Senger is Chief Financial Officer of the Corporation.

Augusto Mendonça is not considered to be independent as Mr. Mendonça is the Chief Geological Consultant responsible for geological consulting and new business development relating to oil and gas to the Corporation.

#### 2. Directorships

None of the directors are directors of other issuers that are reporting issuers (or the equivalent).

#### 3. Orientations and Continuing Education

Due to the size of the Corporation's Board of Directors, no formal program currently exists for the orientation of new directors and existing directors provide orientation and education to new members on an informal and ad hoc basis. In addition, new directors of the Corporation will be given a copy of the mandate of the Board of Directors and of the Audit Committee and management will make a presentation to new directors respecting the nature and operations of the Corporation's business.

No formal continuing education program currently exists for the directors of the Corporation; however, the Corporation encourages directors to attend, enrol or participate in courses and/or seminars dealing with financial literacy, corporate governance and related matters and has agreed to pay the cost of such courses and seminars. Each director of the Corporation has the responsibility for ensuring that he maintains the skill and knowledge necessary to meet his obligations as a director.

#### 4. Ethical Business Conduct

The Board of Directors has not yet adopted a formal code of ethics but expects to do so in the near future. Each director, officer and employee of the Corporation will be provided with a copy of the code of ethics.

The Board of Directors has also adopted a "Whistleblower Policy" wherein employees, consultants and external stakeholders of the Corporation are provided with a mechanism by which they can raise concerns in a confidential, anonymous process.

#### 5. Nomination of Directors

Pursuant to the mandate of the Board of Directors, the Board of Directors has responsibility for selecting nominees for election to the Board. At present, the Board of Directors does not have a process by which the Board identifies new candidates for Board nomination, but rather the identification of new candidates is done on an informal and ad hoc basis.

#### 6. Compensation

The Company's compensation policies are founded on the principle that executive and employee compensation should be consistent with shareholders' interests and therefore the compensation strategy is significantly weighted towards a stock ownership compensation strategy. The objectives of the program are to attract and retain a high quality management and employee team and to motivate performance by tying a significant portion of the compensation to enhancement in share value and to encourage directors and officers to become significant shareholders. Any director, who is also an executive officer, is excused from the directors' meetings during any discussion of his compensation. For the year ended August 31, 2006 the executive officers, including the President and Chief Executive officer, were paid salaries and bonuses, which the board believes appropriate for companies similar in size to ours. We do not have a pension plan or other form of formal retirement compensation. Our compensation plan consists of the following items:

- base salary
- short term incentive compensation – bonuses
- long term incentive compensation – stock options

The compensation of all our employees, including executive officers, is consistent with the above policies. A description of the criteria used in each element of compensation is set forth below. Compensation is weighted more heavily towards long term incentive compensation by way of the grant of stock options in

order to align the interests of our executive officers and employees with the performance of the Corporation and the interests of our shareholders.

#### Base Salaries

Our policy is that salaries for our executive officers and professionals shall be within the range of salaries paid among industry peer companies of similar size. For the remainder of employees, salaries are competitive within our industry and generally at the median salary level among companies our size.

#### Short Term Incentive Compensation – Bonuses

In fiscal 2006, the board of directors approved the payment of certain bonuses disclosed herein.

#### Long Term Incentive Compensation - Stock Options

Stock options are granted under our stock option plan to our directors, officers, employees and certain consultants upon their commencement of service. Additional grants are made periodically to recognize the exemplary performance of, or the special contribution by eligible individuals. An annual grant may be made to eligible individuals based on individual performance and our performance during the most recently completed financial year in relation to performance expected.

The share option plan is designed to motivate all employees to focus on the long term interests of the Company and its shareholders. Stock option grants are determined by factors including the number of eligible individuals currently under the option plan, the number of shares to be acquired under existing options relative to the issued and outstanding Common Shares and our future hiring plans.

#### 7. Other Board Committees

The board has no other committees at present.

#### 8. Assessments

The board monitors the adequacy of information given to directors, communication between the Board and management and the strategic direction and processes of the Board, committees and the individual members.

### **PARTICULARS OF OTHER MATTERS TO BE ACTED UPON**

#### **Financial Statements**

The Board of Directors of the Company have approved the audited financial statements of the Company for the year ended August 31, 2006, and the report of the auditor thereon.

**Fixing the Number of Directors To Be Elected**

Shareholders of the Company will be asked to consider and, if thought appropriate, approve and adopt an ordinary resolution fixing the number of directors to be elected. In order to be effective, an ordinary resolution requires the approval of a majority of the votes cast by shareholders who vote in respect of the resolution.

At the Meeting, it will be proposed that five (5) directors be elected to hold office until the next annual meeting or until their successors are elected or appointed. Unless otherwise directed, it is the intention of the Management Designees, if named as proxy, to vote in favor of the ordinary resolution fixing the number of directors to be elected at five (5).

The Directors of the Company are elected at each annual general meeting and hold office until the next annual general meeting or until their successors are appointed. In the absence of instructions to the contrary, the enclosed proxy will be voted for the nominees herein listed.

Management of the Company proposes to nominate each of the following persons for election as a Director. It is the intention of the persons named in the enclosed instrument of proxy, if not expressly directed to the contrary in such instrument of proxy, to vote such proxies FOR the election of the nominees specified below as directors of the Company. Management does not contemplate that any of the nominees will be unable to serve as a director, but if this should occur for any reason prior to the Meeting, the persons named in the enclosed instrument of proxy reserve the right to vote for another nominee at their discretion in the absence of a direction to the contrary.

Information concerning such persons, as furnished by the individual nominees, and each other person whose term of office as a director will continue after the Meeting, is as follows:

Name and Municipality of Residence	Previous Service as Director	Present Occupation and Positions Held During Last Five Years	Number of Voting Shares Beneficially Owned Directly or Indirectly or Controlled or Directed
Bernard M. Chamberland* Calgary, Alberta	Director (1988)	Director and Chairman of Rich Minerals Corporation since November, 1988 President and CEO since February 1993.	2,300,000
John A. Peters* Calgary, Alberta	Director (1993)	Director of Rich Minerals Corporation since June 1993. Securities and Corporate Lawyer with the law firm of Burnet, Duckworth and Palmer, LLP and acts as Securities and Corporate Lawyer for the Company	248,000
Murray F. Smith* Calgary, Alberta	Director (2004)	Director of Rich Minerals Corporation since February 2004. Independent Construction Project Manager	Nil
Debra L. Senger Calgary, Alberta	Director (2006)	Director of Rich Minerals Corporation since February 2006 Executive Management and employee position on some level since December 1989.	301,500
Augusto F. Mendonça Brasilia, DF Brazil	Director (2006)	Director of Rich Minerals Corporation since February 2006 Director of new business development in Brazil since March 2005.	Nil

\* Member of audit committee

**Notes:**

- The respective directors have furnished the information as to country of residence and principal occupation, not being within the knowledge of the Company, individually.
- Common Shares beneficially owned, directly or indirectly, or over which control or direction is exercised, as at January 19<sup>th</sup> 2007, based upon information furnished to the Company by individual Directors. Unless otherwise indicated, such shares are held directly.
- Does not include incentive stock options, share purchase warrants or other rights to acquire unissued Common Shares of the Company.

Other than as described below, no proposed director:

- (a) is, as at the date of the information circular, or has been, within 10 years before the date of the information circular, a director or executive officer of any company (including the Company) that, while that person was acting in that capacity,

- (i) was the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days;
  - (ii) was subject to an event that resulted, after the director or executive officer ceased to be a director or executive officer, in the company being the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days; or
  - (iii) 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
- (b) has, within the 10 years before the date of the information circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the proposed director.

Furthermore,

- (c) no proposed director has been subject to 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 nor has any proposed director ever been subject to any 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.

#### **Appointment of Auditor**

Shareholders of the Company will be asked to vote for the appointment of Myers Norris Penny LLP, Chartered Accountants as auditors of the Company to hold this position until the next Annual General Meeting. This firm of Chartered Accountants were first appointed August 31<sup>st</sup>, 2006.

The directors of the Company propose the reappointment of Myers Norris Penny LLP, Chartered Accountants as the Auditor for the ensuing year, at a remuneration to be fixed by the Board of Directors.

Pursuant to Section 4.11 of National Instrument 51-102, attached to this Information circular as Schedule "B" is a copy of the report filed with each securities commission in which the Company is a reporting issuer pursuant to its change of auditors.

#### **Approval and Ratification of Stock Option Plan**

The Company implemented the current Plan effective February 27<sup>th</sup>, 2004.

The Corporation has adopted a "rolling" stock option plan and the Plan incorporates the terms of this type of plan permitted by the Exchange Policies.

Policy 4.4 of the TSX Venture Exchange Inc. (the "Exchange") requires that rolling stock option plans must receive shareholder approval yearly, at an issuer's annual meeting of shareholders. In accordance with Policy 4.4, shareholders will be asked to consider and if thought fit, approve an ordinary resolution approving, adopting and ratifying the Plan as the Company's stock option plan. In order for the resolution approving and adopting the Plan to be effective, it must be approved by the affirmative vote of a majority of the votes cast in respect thereof by shareholders present in person or by proxy at the Meeting. **In the absence of contrary direction, the Management Designees intend to vote proxies in the accompanying form in favour of this ordinary resolution.**

Shareholders of the Corporation should note that the Plan imposes limits on the number of Common Shares that may be issued under options to any one person, to a consultant as defined in the Plan or to an employee conducting investor relations activities as defined in the Plan. Particulars of these limits are set out in paragraph 4 of the Plan and are in accordance with the Exchange Policies.

At the present time, Exchange Policies also require disinterested shareholder approval of any stock options granted under the Plan if:

- (a) the number of shares reserved for issuance under stock options granted to insiders (which basically means the directors, senior officers and shareholders holding more than 10% of the outstanding Common Shares of the Corporation) exceeds 10% of the issued Common Shares;
- (b) the grant to insiders, within a 12 month period, of stock options which permit the insiders to purchase more than 10% of the issued Common Shares; or
- (c) the issuance to any one optionee, within a 12 month period, of options which entitle that optionee to purchase more than 5% of the issued and outstanding Common Shares;

In any of these circumstances, the proposed grants of stock options must be approved by a majority of the votes cast by the shareholders at the shareholders' meeting called, excluding votes attaching to the shares beneficially owned by the insiders to whom options may be granted under the stock option plan and associates of those insiders as defined by the Exchange Policies.

Pursuant to a request from the Exchange, the Plan has been amended to include a provision regarding the non-transferability of options granted pursuant to the Plan. As such, the following additional provision, not previously contained in the Plan as ratified by Shareholders at the previous Meeting, will be included in the Plan:

"Options are non-assignable and non-transferable."

The form of resolution to approve the Plan is as follows:

**"BE IT RESOLVED that the stock option plan attached as Schedule "A" to the information circular sent to the shareholders of the Corporation in advance of the meeting be and the same is hereby approved by the shareholders of the Corporation."**

#### **Additional Information**

Additional information relating to the Company is on the SEDAR website at [www.sedar.com](http://www.sedar.com). Shareholders may contact the Company at 4100 6A Street NE, Calgary, Alberta T2E 4B1 or by telephone

(403) 531-9100 to request copies of the Company's Consolidated Financial Statements, MD&A and Management Information Circular.

**Other Matters**

The Management of the Company knows of no other matters to come before the meeting other than those referred to in the Notice of the Meeting. **Should any other matters come before the Meeting, the shares represented by the proxy solicited hereby will be voted on such matters in accordance with the best judgement of the persons voting by proxy.**

**CERTIFICATION**

The foregoing contains no untrue statement of material fact (as defined in the *Securities Act* (Alberta)) and does not omit to state a material fact that is required to be stated or that is necessary to make a statement contained herein not misleading in the light of the circumstances in which it was made.

DATED at Calgary, Alberta this 19<sup>th</sup> day of January 2007.

"BERNARD CHAMBERLAND"

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Bernard Chamberland  
Chairman

"JOHN A. PETERS"

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John A. Peters  
Director

**SCHEDULE "A"**

## RICH MINERALS CORPORATION

### STOCK OPTION PLAN

#### 1. INTERPRETATION

In this Plan, unless there is something in the subject or context inconsistent therewith, words importing the singular number includes the plural and vice versa, words importing the masculine gender includes the feminine and neuter genders and the expressions following have the following meanings, respectively:

- (a) **"Associate"** has the meaning ascribed thereto in the Securities Act;
- (b) **"Board"** means the board of directors of the Corporation;
- (c) **"Change of Control"** means the purchase or acquisition of Common Shares and/or securities convertible into or exchangeable or exercisable for Common Shares as a result of which a person, group of persons or persons acting jointly or in concert, or persons who are Associates of or affiliated with, within the meaning of the Securities Act, any such person, group or persons or any of such persons acting jointly or in concert, beneficially owns or exercises control or direction over Common Shares and/or securities convertible into or exchangeable or exercisable for Common Shares such that, assuming the conversion, exercise or exchange of all such securities, would entitle such person, group of persons or person acting jointly or in concert to cast 50% plus one of the votes attaching to all Common Shares of the Corporation, excluding, however, a purchase or acquisition of Common Shares in connection with a Reverse Take-Over, and provided that the beneficial ownership by or exercise or control or direction over securities by shareholders of the Corporation as at the date hereof shall not constitute or be counted towards a Change of Control;
- (d) **"Committee"** means a committee of directors appointed by the Board as contemplated by Clause 3 hereof;
- (e) **"Common Share(s)"** means the voting common shares in the capital stock of the Corporation and, after any adjustments pursuant to Clause 7 hereof, means the shares or other securities or property which, as a result of such adjustments and all prior adjustments pursuant to Clause 7, the holders of Options are then entitled to receive on the exercise thereof;
- (f) **"Consultant"** means, subject to the Exchange Policies, any person or company engaged to provide ongoing management or consulting services for the Corporation or for any entity controlled by the Corporation;
- (g) **"Corporation"** means Rich Minerals Corporation and any successor or continuing corporation resulting from any form of corporate reorganization;
- (h) **"Early Termination Date"** means, in respect of any Option, 5:00 p.m. (Calgary time) on the date that an Option terminates prior to the Normal Expiry Date;
- (i) **"Employee"** means:
  - (i) an individual who is considered an employee of the Corporation or its subsidiary under the *Income Tax Act* (Canada) i.e. for whom income tax, employment insurance and CPP deductions must be made at source;
  - (ii) an individual who works full-time for the Corporation or its subsidiary providing services normally provided by an employee and who is subject to the same control and direction

- by the Corporation over the details and methods of work as an employee of the Corporation, but for whom income tax deductions are not made at source; or
- (iii) an individual who works for the Corporation or its subsidiary on a continuing and regular basis for a minimum amount of time per week (with the number of hours disclosed to and approved by the Exchange) providing services normally provided by an employee and who is subject to the same control and direction by the Corporation over the details and methods of work as an employee of the Corporation, but for whom income tax deductions are not made at source;
- (j) **“Exchange”** means the TSX Venture Exchange and/or such other stock exchange upon which the Common Shares of the Corporation may be listed from time to time;
  - (k) **“Exchange Policies”** means the policies of the Exchange as they apply to stock options granted by issuers whose securities are listed on the Exchange as those policies exist from time to time;
  - (l) **“Exercise Price”** means the purchase price of Option Shares under an Option Agreement determined as provided in subclause 6(b) of this Plan;
  - (m) **“Expiry Date”** means the Normal Expiry Date or the Early Termination Date, as the case may be;
  - (n) **“Insider”** has the meaning ascribed thereto in the Securities Act;
  - (o) **“Investor Relations Activities”** means any activities, by or on behalf of the Corporation or shareholder of the Corporation, that promote or reasonably could be expected to promote the purchase or sale of securities of the Corporation, but does not include
    - (i) the dissemination of information provided, or records prepared, in the ordinary course of business of the Corporation to promote the sale of products or services of the Corporation or to raise public awareness of the Corporation that cannot reasonably be considered to promote the purchase or sale of securities of the Corporation;
    - (ii) activities or communications necessary to comply with the requirements of applicable securities legislation or requirements of the Exchange or the by-laws, rules or other regulatory instruments of any other self-regulatory body or stock exchange having jurisdiction over the Corporation;
    - (iii) communications by a publisher of, or writer for, a newspaper, magazine or business or financial publication, that is of general and regular paid circulation, distributed only to subscribers to it for value or to purchasers of it, if the communication is only through the newspaper, magazine or publication and the publisher or writer receives no commission or other consideration other than for acting in the capacity of publisher or writer; or
    - (iv) activities or communications that may be otherwise specified by the Exchange.
  - (p) **“Management Company Employee”** means an individual employed by a person (as defined by Exchange Policies) providing management services to the Corporation, which are required for the ongoing successful operation of the business enterprise of the Corporation, but excluding a person engaged in Investor Relations Activities;
  - (q) **“Market Price”** at any date and in respect of an Option, means:

- (i) where the Common Shares are not listed and posted for trading on a stock exchange, the value conclusively determined by the Board or Committee, as the case may be, on the Option Date; or
- (ii) where the Common Shares are listed and posted for trading on a stock exchange, one of the following:
  - (A) the closing price of the Common Shares on the principal stock exchange on which they are traded on the last business day preceding the Option Date;
  - (B) if (A) is not applicable then “**Market Price**” shall mean the weighted average trading price of the Common Shares traded during the five trading days preceding the Option Date; or
  - (C) market price as determined by Exchange Policies;
- (r) “**Normal Expiry Date**” means, in respect of any Option, 5:00 p.m. (Calgary time) on the date determined by the Corporation and specified in the particular Option Agreement on which the Option would normally terminate, which date may not be later than five years after the Option Date;
- (s) “**Offer**” means an offer made generally to the holders of the Common Shares in one or more jurisdictions to acquire, directly or indirectly, Common Shares and which is in the nature of a “takeover bid” as defined in the Securities Act and where the Common Shares are listed and posted for trading on a stock exchange, not exempt from the formal bid requirements of the Securities Act;
- (t) “**Option**” means a right to purchase Common Shares pursuant to this Plan;
- (u) “**Option Agreement**” means an agreement entered into between the Corporation and a Participant pursuant to which an Option is granted to a Participant and which contains such provisions not inconsistent with this Plan as the Board or the Committee may determine;
- (v) “**Option Certificate**” means a certificate issued by the Corporation setting out the particulars of the Option granted to a Participant under the Plan;
- (w) “**Option Date**” means the date on which an Option is granted by the Corporation to a Participant which for greater certainty is:
  - (i) where prior notice is required under the policies of the principal stock exchange on which the Common Shares are listed and posted for trading in connection with regulatory approval for the grant of the Option, the date of notice to such stock exchange of such proposed grant; or
  - (ii) in all other cases, the date on which the grant of the Option is approved by the Board or the Committee, as the case may be;
- (x) “**Option Shares**” means the Common Shares which a Participant is entitled to purchase under an Option whether or not the rights to purchase all such Common Shares have vested in and to the Optionee;
- (y) “**Optionee**” means a Participant who has entered into an Option Agreement with the Corporation or has been issued an Option Certificate by the Corporation;

- (z) **“Participant”** means, on any date, a person who is at least one of the following:
- (i) subject to the Exchange Policies, regularly employed by the Corporation or one of its subsidiaries on that date;
  - (ii) an officer of the Corporation or one of its subsidiaries on that date;
  - (iii) a director of the Corporation or one of its subsidiaries on that date;
  - (iv) a Consultant to the Corporation or one of its subsidiaries on that date;
  - (v) a corporation, the shares of which are wholly owned by a person described in subclause (i), (ii), (iii) or (iv);
  - (vi) any other person permitted by Exchange Policies to participate in the Plan;
- (aa) **“Plan”** means the Corporation’s “Stock Option Plan” embodied herein, as may be from time to time amended;
- (bb) **“Prior Options”** means the Corporation’s options granted by the Corporation prior to the adoption of this Plan by the Board;
- (cc) **“Reverse Take-Over”** means a transaction in the nature of a “reverse take-over” as defined in the Exchange Policies; and
- (dd) **“Securities Act”** means the *Securities Act* (Alberta), as amended;
- (ee) **“Shareholders”** means the shareholders of the Corporation holding Common Shares.

## 2. PURPOSE OF THE PLAN

The purpose of the Plan is to develop the interest of Optionees in the growth and development of the Corporation by providing such persons with the incentive and opportunity to acquire an increased proprietary interest in the Corporation and to better enable the Corporation and its subsidiaries to attract and retain persons of desired experience and ability.

## 3. ADMINISTRATION, PARTICIPANTS AND ALLOTMENTS

- (a) The Board will administer the Plan. The Board may at any time or from time to time delegate to a Committee the responsibility for administering the Plan or elements thereof. The Board, or the Committee if so empowered, will determine from time to time those Participants to whom Options should be granted, the Normal Expiry Date, the number of Common Shares which should be optioned from time to time to any Participant, the Exercise Price and such other terms and conditions of the Option Agreement, not inconsistent with the Plan, as the Board or the Committee in its discretion may determine. The Board or the Committee may prescribe rules and regulations relating to the Plan and any Options granted hereunder and may approve the form and content and prescribe the use of such forms of applications, directions, powers of attorney, and other documents or instruments, either generally or in specific cases, as may be deemed necessary or advisable, for the grant or issuance of Options under the Plan and for the proper administration and operation of the Plan. The Board or the Committee will review the Plan from time to time with a view to making revisions to it, granting additional Options and, in the case of the Committee, making appropriate recommendations to the Board. Nothing contained in the Plan or in any resolution adopted or to be adopted by the Board or by the Committee constitutes an Option hereunder. An Option granted by the Board or the Committee to a Participant pursuant to the Plan

is subject to, and is of no force and effect until, the execution and delivery of, an Option Agreement by both the Corporation and such Participant or the issuance of an Option Certificate by the Corporation.

- (b) The Corporation is responsible for all costs of administration of the Plan.
- (c) The implementation of the Plan, the grant or exercise of any Options pursuant to the Plan and, from time to time, the operation and administration of the Plan is subject to receipt by the Corporation of all necessary approvals, advance rulings, exemptions or registrations required or deemed advisable under applicable law or regulatory policy including without limiting the generality of the foregoing, all necessary approvals or registrations required by any and all stock exchanges upon which the Common Shares are listed and posted for trading.
- (d) The Board or the Committee, as the case may be, may at any time and subject to regulatory approvals:
  - (i) discontinue or terminate the Plan;
  - (ii) amend or revise the terms and conditions of the Plan and any outstanding Options granted under the Plan to meet the requirements of the Exchange Policies or otherwise; or
  - (iii) notwithstanding any Exchange Policies which permit otherwise, at the time of any grant of any Options impose vesting conditions or hold periods,

provided that no such action adversely affects any Options previously granted under the Plan or the rights of Optionees in respect of those Options without the prior written consent or agreement of those Optionees.

#### 4. COMMON SHARES SUBJECT TO PLAN

- (a) The Corporation reserves for issuance that number of Common Shares equal to 10% of the Corporation's Common Shares issued and outstanding from time to time for the purposes of issuance pursuant to the exercise of Options granted to the Participants pursuant to the Plan. The Plan is intended to be a "rolling" stock option plan as permitted by Exchange Policies and the following shall apply:
  - (i) If any Option granted hereunder shall expire or terminate for any reason without having been exercised in full, the unpurchased Common Shares subject thereto shall again be available for the purposes of this Plan;
  - (ii) If any Option granted hereunder shall be exercised, in whole or in part, the number of Common Shares purchased on the exercise of the Option shall again be available for the purposes of this Plan.
- (b) Subject to Exchange Policies, the number of Option Shares that may be reserved for issuance to any one person in any twelve month period shall not exceed 5% of the issued and outstanding Common Shares at the date that this Plan is approved by the Shareholders.
- (c) The number of Options that may be issued and outstanding under this Plan, in aggregate, at any time, shall not exceed the maximum number of Common Shares permitted under Exchange Policies.

- (d) The number of Option Shares that may be reserved for issuance to any one Consultant in any twelve month period shall not exceed 2% of the issued and outstanding Common Shares at the date that this Plan is approved by the Shareholders.
- (e) The number of Option Shares that may be reserved for issuance to any one employee of the Corporation conducting Investor Relations Activities in any twelve month period shall not exceed 2% of the issued and outstanding Common Shares at the date that this Plan is approved by the Shareholders.

## 5. PARTICIPATION VOLUNTARY

Participation in the Plan by a Participant is entirely voluntary and does not affect the Participant's employment or continued retainer by, or other engagement with, the Corporation or its subsidiaries. None of the Plan or any Options granted under the Plan of itself gives any Participant the right to continue to be an employee, officer, director or consultant of the Corporation or any subsidiary thereof. None of the terms and conditions governing the Option are affected by any change in the Optionee's employment by or engagement with the Corporation so long as the Optionee continues to be a Participant.

## 6. CERTAIN TERMS OF OPTIONS

In order to constitute a valid Option granted under this Plan, the Optionee and the Corporation must enter into an Option Agreement in the form acceptable to the Board or the Committee, as the case may be, or the Corporation may issue an Option Certificate to the Optionee.

An Option Agreement or Option Certificate may, in respect of any Option, specify a number or percentage of Option Shares that the Participant may exercise in any specified period, year or number of years. In addition, Option Agreements or Option Certificates are deemed to contain the following provisions with respect to the exercise of Options under the Plan:

- (a) An Option under the Plan is only exercisable for a minimum of 100 Common Shares at any one time.
- (b) The Exercise Price must not be less than the Market Price (or such price above or below the Market Price as the Board or Committee, in its sole discretion, approves and the Exchange Policies permit) and upon exercise of the Option the Corporation must be paid in full in respect of those Option Shares being acquired in Canadian funds by cash, certified cheque or bank draft payable to or to the order of the Corporation at the time of exercise.
- (c) Each Option terminates on its Normal Expiry Date but subject always to the provisions of subclause 6(d) of this Plan.
- (d) If, after the Option Date and on or before the exercise in full of the Option or the Normal Expiry Date, the Optionee ceases to be a Participant:
  - (i) by reason of the Optionee's death, then such Optionee's Options may be exercised to purchase the total number of Option Shares not previously purchased by the Optionee whether or not the rights to purchase some or all of those Option Shares have previously vested in and are exercisable by the Optionee as at the date of ceasing to be a Participant, provided such exercise occurs at any time on or before the earlier of the Normal Expiry Date and the date that is 12 months after the date the Optionee ceases to be a Participant, due to such death. Thereafter, the Option and all unexercised rights to acquire Option Shares thereunder cease and expire and are of no further force and effect; or
  - (ii) for any reason other than the Optionee's death, and the Optionee's termination occurs without notice or entitlement to a period of notice of such termination or compensation in

lieu thereof, the Optionee may exercise the Option to purchase Option Shares not previously purchased by the Optionee but only to the extent that rights to purchase Option Shares have vested in and are exercisable by the Optionee as at the date of such ceasing to be a Participant, provided that such exercise occurs at any time on or before the earlier of the Normal Expiry Date and the date that the Optionee ceases to be a Participant. Thereafter, the Option and all unexercised rights to acquire Option Shares thereunder, whether or not such rights have vested to and in favour of the Optionee, cease and expire and are of no further force and effect; or

(iii) for any reason other than the Optionee's death, or termination without notice or compensation in lieu thereof, and the Optionee is entitled to reasonable notice of termination or compensation in lieu thereof, then:

(A) the Optionee may exercise the Option to purchase Option Shares not previously purchased by the Optionee but only to the extent that rights to purchase Option Shares have vested in and are exercisable by the Optionee on or before the date of such ceasing to be a Participant, provided that such exercise occurs at any time on or before the earlier of the Normal Expiry Date and:

- (1) where the Optionee is given a reasonable period of notice prior to termination, the date the Optionee ceases to be a Participant; or
- (2) where the Optionee is paid compensation in lieu of reasonable notice of termination, the date that is 21 days after the Optionee ceases to be a Participant; and

(B) the Optionee is not entitled:

- (1) to further time to exercise the Option during such reasonable notice period or during such specific notice period; or
- (2) compensation in lieu thereof by way of general damages, or special damages, whether in contract, tort or otherwise.

Thereafter, the Option and all unexercised rights to acquire Option Shares thereunder, whether or not such rights have vested to and in favour of the Optionee, cease and expire and are of no further force and effect.

- (e) With respect to subclause 6(d)(i), the rights under the Option exercisable after the death of the Optionee, as therein specified, may be exercised by the person or persons to whom the Optionee's rights under the applicable Option Agreement pass by will or applicable law or, if no such person has such right, by the deceased Optionee's legal representatives, within one year from the date of death.
- (f) An Optionee has no rights whatsoever as a shareholder in respect of any of the Option Shares (including any right to receive dividends or other distributions therefrom or thereon) other than in respect of Common Shares in respect of which the Optionee has exercised his Option to purchase thereunder, which the Optionee has actually taken up and paid for, and which have been duly issued to the Optionee and are outstanding as fully paid and non-assessable Common Shares.
- (g) Notwithstanding the terms of any Option Agreement or Option Certificate to the contrary, all Options are conclusively deemed to expire no later than ten (10) years from the date of grant.
- (h) Options are non-assignable and non-transferable.

## 7. CHANGES IN STOCK

In the event:

- (a) of any change or proposed change in the Common Shares through subdivision, consolidation, reclassification, amalgamation, merger or otherwise;
- (b) of any issuance, dividend or distribution to all or substantially all the holders of Common Shares of any shares, securities, property or assets of the Corporation other than in the ordinary course;
- (c) that any rights are granted to holders of Common Shares to purchase Common Shares at prices materially below fair market value; or
- (d) that as a result of any recapitalization, merger, consolidation or otherwise the Common Shares are converted into or exchangeable for any other shares or securities;

then in any such case:

- (e) the Board will proportionately adjust the number of Option Shares available for Options, the number of Option Shares covered by outstanding Options, the securities or other property that may be acquired upon the exercise of an Option and the price per Option Share in such Option, or one or more of the foregoing, to prevent substantial dilution or enlargement of the rights granted to, or available for, Optionees/Participants; and
- (f) the Board, in its discretion, may determine that:
  - (i) all or any part of the unexercised and unvested outstanding Options granted under the Plan vest and are exercisable on a date specified by the Board and the unexercised and unvested portion of such Options are thereupon deemed to have been vested and are exercisable on and after the date so specified in respect of any and all Option Shares for which the Optionee has not exercised the Option (notwithstanding that an Option Agreement states that those Options are exercisable only during a later period or year); or
  - (ii) such Options may be exercisable for a limited period of time only and, if so, the Board will determine such period of time,

and such determination or limitation, once made or set, is deemed to be incorporated into the applicable Option Agreement(s).

## 8. TAKEOVER BID

If an Offer is made which, if successful, would result in a Change of Control, then all unexercised and unvested outstanding Options shall immediately vest and become exercisable by the Participants, notwithstanding any other vesting provisions in the Plan or in an Option Agreement, as to all or any of the Common Shares in respect of which such Options have not previously been exercised, but such shares may only be purchased for tender pursuant to such Offer. If for any reason such shares are not taken up and paid for by the offer or pursuant to the Offer, any such shares so purchased by a Participant shall be deemed to be cancelled and returned to the treasury of the Corporation, shall be added back to the number of Common Shares remaining available under the Plan and, upon presentation to the Corporation of share certificates representing such shares properly endorsed for transfer back to the Corporation, the Corporation shall refund to the Participant all consideration paid for such shares and, in such event, the Participant shall thereafter continue to hold the same number of unexercised and unvested outstanding Options on the same terms and conditions, including the Exercise Price thereof, as were applicable thereto immediately prior to time the subject Offer was made.

## 9. ARRANGEMENT, AMALGAMATION OR SALE

If the Corporation files articles of arrangement providing that the Common Shares are transferred in exchange for securities of another corporation, the units of a royalty trust or income trust, the units of a limited partnership or any other security, or are merged into or amalgamated with any other corporation, or sells all or substantially all of its assets, the Corporation will make provision that, upon the exercise of any outstanding Options after the effective date of such transaction, the Participants shall receive such number of securities of the other, continuing or successor corporation, trust or limited partnership, as the case may be, in such arrangement, merger or amalgamation or of the shares or units of the purchasing corporation, trust or limited partnership, as the case may be, in such sale as the Participants would have received as a result of such transaction if the Participants had exercised the Options immediately prior thereto, for the same consideration paid on the exercise of such Options, and had held Common Shares on the effective date of such transaction. Upon such provision being made, the obligations of the Corporation to the Participants pursuant to the Option Agreements and under this Plan shall terminate and be at an end. If such arrangement, merger or amalgamation results in a Change of Control, the provisions of Clause 8 shall apply and the context thereof and all references therein to "Offer" are to be read as being applicable to an "arrangement, merger or amalgamation".

## 10. CORPORATION'S REPRESENTATION

For Options granted to Employees, Consultants or Management Company Employees, the Corporation represents that the Optionee is a bona fide Employee, Consultant or Management Company Employee, as the case may be, and will provide whatever assurances are required by the Exchange in this regard.

## 11. COMMON SHARES FULLY PAID AND NON-ASSESSABLE

All Common Shares issued upon the exercise of any Option and paid for by the Optionee are to be issued as fully paid and non-assessable Common Shares.

## 12. CONDITIONS OF ISSUANCE OF COMMON SHARES

- (a) If at any time the Board or Committee (as the case may be) determines, in its discretion that:
- (i) the registration or qualification of the Common Shares which are the subject of any Option Agreement, or the consent or approval of, any securities commission or any stock exchange upon which the Common Shares are listed;
  - (ii) the registration or qualification under any laws of Canada or any province thereof or of the United States or any state thereof or the consent or approval of any regulatory authority thereof;
  - (iii) evidence (in form and content satisfactory to the Board) of the investment intent of the Optionee; and/or
  - (iv) an undertaking of the Optionee as to the sale or disposition of such Option Shares that may be purchased pursuant to an Option Agreement or Option Certificate to the effect that such Option Shares once purchased are not to be traded by the Optionee for a specified period of time,

is necessary or desirable as a condition of the issuance of any Option Shares pursuant to any Option Agreement or Option Certificate, then the issuance of any Common Shares is not to be made unless and until such registration, qualification, consent, approval, evidence or undertaking has been effected or obtained free of any condition not acceptable to the Board or Committee.

- (b) Any trade by the Optionee in any Common Shares issued to the Optionee pursuant to the Plan including, without limiting the generality of the foregoing, any sale or disposition for valuable

consideration, and any transfer, pledge or encumbrance of any Common Shares issued to an Optionee pursuant to the Plan, is subject to such regulatory approvals and other restrictions under applicable securities laws and regulatory policies as may be required at the time of such trade. Accordingly, the Corporation makes no representation as to the ability of any Optionee to trade in such Common Shares.

- (c) The Corporation cannot assure a profit or protect the Optionee against a loss on the Common Shares purchased under the Plan. The Corporation assumes no responsibility relating to any tax liability of the Optionee by reason of the exercise of any Option or any subsequent trade.

### **13. ACCOUNTS AND STATEMENTS**

The Corporation will maintain records indicating the number of Options granted to each Optionee and the number of Options exercised under the Plan. Upon written request from an Optionee, the Corporation will furnish to that Optionee a statement indicating the number of Options held on his behalf.

### **14. TRANSITION**

All Prior Options that are outstanding on the effective date of the implementation of this Plan continue in full force and effect under the terms and conditions of this Plan, provided that this Plan shall not amend the exercise price or the term of the Prior Options.

### **15. INTERPRETATION, AMENDMENT AND DISCONTINUANCE**

The Board may interpret the Plan, prescribe, amend or rescind rules and regulations relating to it, and make all other determinations necessary or advisable for its administration. In the event of a conflict between the terms of the Plan and an Option Agreement or Option Certificate, the terms of the Plan prevail. The Board may from time to time alter, suspend or discontinue the Plan provided that such alteration, suspension or discontinuance does not, except as specifically noted in this Plan or the Option Agreement or Option Certificate, alter or impair any Option such Optionee may have under any Option Agreement previously executed and delivered by the Corporation and such Optionee or Option Certificate previously issued by the Corporation. Any amendment to this Plan is subject to receipt of any necessary regulatory approvals and any amendment required by applicable law or regulatory policy to be approved by shareholders does not become effective until so approved. Subject to the foregoing provisions of this Clause, the Board may terminate the Plan at any time and, upon such termination, any outstanding Option remains exercisable in accordance with its terms as specified herein and in the Option Agreement or Option Certificate.

### **16. WAIVER**

No waiver by the Corporation of any term of this Plan or any breach thereof by an Optionee is effective or binding on the Corporation unless the same is expressed in writing and any waiver so expressed does not limit or affect its rights with respect to any other or future breach.

### **17. NOTICES**

The manner of giving notices to the Corporation or to an Optionee is to be specified in the Option Agreement with or Option Certificate issued to such Optionee.

### **18. GENERAL**

- (a) This Plan and each Option granted under this Plan are to be governed by and construed in accordance with the laws of the Province of Alberta and any Option Agreement entered into or Option Certificate issued pursuant to this Plan is to be treated in all respects as an Alberta contract.

- (b) Nothing contained herein restricts or limits or is deemed to restrict or limit the rights or powers of the Board in connection with any allotment and issuance of shares in the capital stock of the Corporation which are not reserved for issuance hereunder.
- (c) This Plan and any Option Agreement entered into or Option Certificate issued pursuant hereto enure to the benefit of and are binding upon the Corporation, its successors and assigns. The interest of any Optionee hereunder or under any Option Agreement or Option Certificate is not transferable or alienable by the Optionee either by assignment or in any other manner whatsoever and, during his lifetime, is vested only in him, but, subject to the terms hereof and of the Option Agreement or Option Certificate, enures to the benefit of and is binding upon the legal personal representatives of the Optionee.
- (d) Upon any reduction in the Exercise Price with respect to Options granted to an Insider of the Corporation the Corporation will obtain disinterested shareholder approval in accordance with Exchange Policies.

**19. SHAREHOLDER APPROVAL AND EFFECTIVE DATE**

This Plan is effective as and from the date noted below. Nevertheless, each of the Option Agreements or Option Certificates in respect of Options granted pursuant to this Plan is hereby deemed to contain a restriction to the effect that, where the Common Shares are listed and posted for trading on a stock exchange, no Common Shares are to be issued pursuant to the exercise of Options unless and until this Plan is approved by the Shareholders of the Corporation (such restriction to be removed or deemed hereby to be of no further effect once shareholder approval is obtained).

**SCHEDULE "A"**

## RICH MINERALS CORPORATION

### STOCK OPTION PLAN

#### 1. INTERPRETATION

In this Plan, unless there is something in the subject or context inconsistent therewith, words importing the singular number includes the plural and vice versa, words importing the masculine gender includes the feminine and neuter genders and the expressions following have the following meanings, respectively:

- (a) **"Associate"** has the meaning ascribed thereto in the Securities Act;
- (b) **"Board"** means the board of directors of the Corporation;
- (c) **"Change of Control"** means the purchase or acquisition of Common Shares and/or securities convertible into or exchangeable or exercisable for Common Shares as a result of which a person, group of persons or persons acting jointly or in concert, or persons who are Associates of or affiliated with, within the meaning of the Securities Act, any such person, group or persons or any of such persons acting jointly or in concert, beneficially owns or exercises control or direction over Common Shares and/or securities convertible into or exchangeable or exercisable for Common Shares such that, assuming the conversion, exercise or exchange of all such securities, would entitle such person, group of persons or person acting jointly or in concert to cast 50% plus one of the votes attaching to all Common Shares of the Corporation, excluding, however, a purchase or acquisition of Common Shares in connection with a Reverse Take-Over, and provided that the beneficial ownership by or exercise or control or direction over securities by shareholders of the Corporation as at the date hereof shall not constitute or be counted towards a Change of Control;
- (d) **"Committee"** means a committee of directors appointed by the Board as contemplated by Clause 3 hereof;
- (e) **"Common Share(s)"** means the voting common shares in the capital stock of the Corporation and, after any adjustments pursuant to Clause 7 hereof, means the shares or other securities or property which, as a result of such adjustments and all prior adjustments pursuant to Clause 7, the holders of Options are then entitled to receive on the exercise thereof;
- (f) **"Consultant"** means, subject to the Exchange Policies, any person or company engaged to provide ongoing management or consulting services for the Corporation or for any entity controlled by the Corporation;
- (g) **"Corporation"** means Rich Minerals Corporation and any successor or continuing corporation resulting from any form of corporate reorganization;
- (h) **"Early Termination Date"** means, in respect of any Option, 5:00 p.m. (Calgary time) on the date that an Option terminates prior to the Normal Expiry Date;
- (i) **"Employee"** means:
  - (i) an individual who is considered an employee of the Corporation or its subsidiary under the *Income Tax Act* (Canada) i.e. for whom income tax, employment insurance and CPP deductions must be made at source;
  - (ii) an individual who works full-time for the Corporation or its subsidiary providing services normally provided by an employee and who is subject to the same control and direction

by the Corporation over the details and methods of work as an employee of the Corporation, but for whom income tax deductions are not made at source; or

- (iii) an individual who works for the Corporation or its subsidiary on a continuing and regular basis for a minimum amount of time per week (with the number of hours disclosed to and approved by the Exchange) providing services normally provided by an employee and who is subject to the same control and direction by the Corporation over the details and methods of work as an employee of the Corporation, but for whom income tax deductions are not made at source;
- (j) **“Exchange”** means the TSX Venture Exchange and/or such other stock exchange upon which the Common Shares of the Corporation may be listed from time to time;
- (k) **“Exchange Policies”** means the policies of the Exchange as they apply to stock options granted by issuers whose securities are listed on the Exchange as those policies exist from time to time;
- (l) **“Exercise Price”** means the purchase price of Option Shares under an Option Agreement determined as provided in subclause 6(b) of this Plan;
- (m) **“Expiry Date”** means the Normal Expiry Date or the Early Termination Date, as the case may be;
- (n) **“Insider”** has the meaning ascribed thereto in the Securities Act;
- (o) **“Investor Relations Activities”** means any activities, by or on behalf of the Corporation or shareholder of the Corporation, that promote or reasonably could be expected to promote the purchase or sale of securities of the Corporation, but does not include
  - (i) the dissemination of information provided, or records prepared, in the ordinary course of business of the Corporation to promote the sale of products or services of the Corporation or to raise public awareness of the Corporation that cannot reasonably be considered to promote the purchase or sale of securities of the Corporation;
  - (ii) activities or communications necessary to comply with the requirements of applicable securities legislation or requirements of the Exchange or the by-laws, rules or other regulatory instruments of any other self-regulatory body or stock exchange having jurisdiction over the Corporation;
  - (iii) communications by a publisher of, or writer for, a newspaper, magazine or business or financial publication, that is of general and regular paid circulation, distributed only to subscribers to it for value or to purchasers of it, if the communication is only through the newspaper, magazine or publication and the publisher or writer receives no commission or other consideration other than for acting in the capacity of publisher or writer; or
  - (iv) activities or communications that may be otherwise specified by the Exchange.
- (p) **“Management Company Employee”** means an individual employed by a person (as defined by Exchange Policies) providing management services to the Corporation, which are required for the ongoing successful operation of the business enterprise of the Corporation, but excluding a person engaged in Investor Relations Activities;
- (q) **“Market Price”** at any date and in respect of an Option, means:

- (i) where the Common Shares are not listed and posted for trading on a stock exchange, the value conclusively determined by the Board or Committee, as the case may be, on the Option Date; or
- (ii) where the Common Shares are listed and posted for trading on a stock exchange, one of the following:
  - (A) the closing price of the Common Shares on the principal stock exchange on which they are traded on the last business day preceding the Option Date;
  - (B) if (A) is not applicable then **"Market Price"** shall mean the weighted average trading price of the Common Shares traded during the five trading days preceding the Option Date; or
  - (C) market price as determined by Exchange Policies;
- (r) **"Normal Expiry Date"** means, in respect of any Option, 5:00 p.m. (Calgary time) on the date determined by the Corporation and specified in the particular Option Agreement on which the Option would normally terminate, which date may not be later than five years after the Option Date;
- (s) **"Offer"** means an offer made generally to the holders of the Common Shares in one or more jurisdictions to acquire, directly or indirectly, Common Shares and which is in the nature of a "takeover bid" as defined in the Securities Act and where the Common Shares are listed and posted for trading on a stock exchange, not exempt from the formal bid requirements of the Securities Act;
- (t) **"Option"** means a right to purchase Common Shares pursuant to this Plan;
- (u) **"Option Agreement"** means an agreement entered into between the Corporation and a Participant pursuant to which an Option is granted to a Participant and which contains such provisions not inconsistent with this Plan as the Board or the Committee may determine;
- (v) **"Option Certificate"** means a certificate issued by the Corporation setting out the particulars of the Option granted to a Participant under the Plan;
- (w) **"Option Date"** means the date on which an Option is granted by the Corporation to a Participant which for greater certainty is:
  - (i) where prior notice is required under the policies of the principal stock exchange on which the Common Shares are listed and posted for trading in connection with regulatory approval for the grant of the Option, the date of notice to such stock exchange of such proposed grant; or
  - (ii) in all other cases, the date on which the grant of the Option is approved by the Board or the Committee, as the case may be;
- (x) **"Option Shares"** means the Common Shares which a Participant is entitled to purchase under an Option whether or not the rights to purchase all such Common Shares have vested in and to the Optionee;
- (y) **"Optionee"** means a Participant who has entered into an Option Agreement with the Corporation or has been issued an Option Certificate by the Corporation;

- (z) **“Participant”** means, on any date, a person who is at least one of the following:
- (i) subject to the Exchange Policies, regularly employed by the Corporation or one of its subsidiaries on that date;
  - (ii) an officer of the Corporation or one of its subsidiaries on that date;
  - (iii) a director of the Corporation or one of its subsidiaries on that date;
  - (iv) a Consultant to the Corporation or one of its subsidiaries on that date;
  - (v) a corporation, the shares of which are wholly owned by a person described in subclause (i), (ii), (iii) or (iv);
  - (vi) any other person permitted by Exchange Policies to participate in the Plan;
- (aa) **“Plan”** means the Corporation’s “Stock Option Plan” embodied herein, as may be from time to time amended;
- (bb) **“Prior Options”** means the Corporation’s options granted by the Corporation prior to the adoption of this Plan by the Board;
- (cc) **“Reverse Take-Over”** means a transaction in the nature of a “reverse take-over” as defined in the Exchange Policies; and
- (dd) **“Securities Act”** means the *Securities Act* (Alberta), as amended;
- (ee) **“Shareholders”** means the shareholders of the Corporation holding Common Shares.

## 2. PURPOSE OF THE PLAN

The purpose of the Plan is to develop the interest of Optionees in the growth and development of the Corporation by providing such persons with the incentive and opportunity to acquire an increased proprietary interest in the Corporation and to better enable the Corporation and its subsidiaries to attract and retain persons of desired experience and ability.

## 3. ADMINISTRATION, PARTICIPANTS AND ALLOTMENTS

- (a) The Board will administer the Plan. The Board may at any time or from time to time delegate to a Committee the responsibility for administering the Plan or elements thereof. The Board, or the Committee if so empowered, will determine from time to time those Participants to whom Options should be granted, the Normal Expiry Date, the number of Common Shares which should be optioned from time to time to any Participant, the Exercise Price and such other terms and conditions of the Option Agreement, not inconsistent with the Plan, as the Board or the Committee in its discretion may determine. The Board or the Committee may prescribe rules and regulations relating to the Plan and any Options granted hereunder and may approve the form and content and prescribe the use of such forms of applications, directions, powers of attorney, and other documents or instruments, either generally or in specific cases, as may be deemed necessary or advisable, for the grant or issuance of Options under the Plan and for the proper administration and operation of the Plan. The Board or the Committee will review the Plan from time to time with a view to making revisions to it, granting additional Options and, in the case of the Committee, making appropriate recommendations to the Board. Nothing contained in the Plan or in any resolution adopted or to be adopted by the Board or by the Committee constitutes an Option hereunder. An Option granted by the Board or the Committee to a Participant pursuant to the Plan

is subject to, and is of no force and effect until, the execution and delivery of, an Option Agreement by both the Corporation and such Participant or the issuance of an Option Certificate by the Corporation.

- (b) The Corporation is responsible for all costs of administration of the Plan.
- (c) The implementation of the Plan, the grant or exercise of any Options pursuant to the Plan and, from time to time, the operation and administration of the Plan is subject to receipt by the Corporation of all necessary approvals, advance rulings, exemptions or registrations required or deemed advisable under applicable law or regulatory policy including without limiting the generality of the foregoing, all necessary approvals or registrations required by any and all stock exchanges upon which the Common Shares are listed and posted for trading.
- (d) The Board or the Committee, as the case may be, may at any time and subject to regulatory approvals:
  - (i) discontinue or terminate the Plan;
  - (ii) amend or revise the terms and conditions of the Plan and any outstanding Options granted under the Plan to meet the requirements of the Exchange Policies or otherwise; or
  - (iii) notwithstanding any Exchange Policies which permit otherwise, at the time of any grant of any Options impose vesting conditions or hold periods,

provided that no such action adversely affects any Options previously granted under the Plan or the rights of Optionees in respect of those Options without the prior written consent or agreement of those Optionees.

#### 4. COMMON SHARES SUBJECT TO PLAN

- (a) The Corporation reserves for issuance that number of Common Shares equal to 10% of the Corporation's Common Shares issued and outstanding from time to time for the purposes of issuance pursuant to the exercise of Options granted to the Participants pursuant to the Plan. The Plan is intended to be a "rolling" stock option plan as permitted by Exchange Policies and the following shall apply:
  - (i) If any Option granted hereunder shall expire or terminate for any reason without having been exercised in full, the unpurchased Common Shares subject thereto shall again be available for the purposes of this Plan;
  - (ii) If any Option granted hereunder shall be exercised, in whole or in part, the number of Common Shares purchased on the exercise of the Option shall again be available for the purposes of this Plan.
- (b) Subject to Exchange Policies, the number of Option Shares that may be reserved for issuance to any one person in any twelve month period shall not exceed 5% of the issued and outstanding Common Shares at the date that this Plan is approved by the Shareholders.
- (c) The number of Options that may be issued and outstanding under this Plan, in aggregate, at any time, shall not exceed the maximum number of Common Shares permitted under Exchange Policies.

- (d) The number of Option Shares that may be reserved for issuance to any one Consultant in any twelve month period shall not exceed 2% of the issued and outstanding Common Shares at the date that this Plan is approved by the Shareholders.
- (e) The number of Option Shares that may be reserved for issuance to any one employee of the Corporation conducting Investor Relations Activities in any twelve month period shall not exceed 2% of the issued and outstanding Common Shares at the date that this Plan is approved by the Shareholders.

## 5. PARTICIPATION VOLUNTARY

Participation in the Plan by a Participant is entirely voluntary and does not affect the Participant's employment or continued retainer by, or other engagement with, the Corporation or its subsidiaries. None of the Plan or any Options granted under the Plan of itself gives any Participant the right to continue to be an employee, officer, director or consultant of the Corporation or any subsidiary thereof. None of the terms and conditions governing the Option are affected by any change in the Optionee's employment by or engagement with the Corporation so long as the Optionee continues to be a Participant.

## 6. CERTAIN TERMS OF OPTIONS

In order to constitute a valid Option granted under this Plan, the Optionee and the Corporation must enter into an Option Agreement in the form acceptable to the Board or the Committee, as the case may be, or the Corporation may issue an Option Certificate to the Optionee.

An Option Agreement or Option Certificate may, in respect of any Option, specify a number or percentage of Option Shares that the Participant may exercise in any specified period, year or number of years. In addition, Option Agreements or Option Certificates are deemed to contain the following provisions with respect to the exercise of Options under the Plan:

- (a) An Option under the Plan is only exercisable for a minimum of 100 Common Shares at any one time.
- (b) The Exercise Price must not be less than the Market Price (or such price above or below the Market Price as the Board or Committee, in its sole discretion, approves and the Exchange Policies permit) and upon exercise of the Option the Corporation must be paid in full in respect of those Option Shares being acquired in Canadian funds by cash, certified cheque or bank draft payable to or to the order of the Corporation at the time of exercise.
- (c) Each Option terminates on its Normal Expiry Date but subject always to the provisions of subclause 6(d) of this Plan.
- (d) If, after the Option Date and on or before the exercise in full of the Option or the Normal Expiry Date, the Optionee ceases to be a Participant:
  - (i) by reason of the Optionee's death, then such Optionee's Options may be exercised to purchase the total number of Option Shares not previously purchased by the Optionee whether or not the rights to purchase some or all of those Option Shares have previously vested in and are exercisable by the Optionee as at the date of ceasing to be a Participant, provided such exercise occurs at any time on or before the earlier of the Normal Expiry Date and the date that is 12 months after the date the Optionee ceases to be a Participant, due to such death. Thereafter, the Option and all unexercised rights to acquire Option Shares thereunder cease and expire and are of no further force and effect; or
  - (ii) for any reason other than the Optionee's death, and the Optionee's termination occurs without notice or entitlement to a period of notice of such termination or compensation in

lieu thereof, the Optionee may exercise the Option to purchase Option Shares not previously purchased by the Optionee but only to the extent that rights to purchase Option Shares have vested in and are exercisable by the Optionee as at the date of such ceasing to be a Participant, provided that such exercise occurs at any time on or before the earlier of the Normal Expiry Date and the date that the Optionee ceases to be a Participant. Thereafter, the Option and all unexercised rights to acquire Option Shares thereunder, whether or not such rights have vested to and in favour of the Optionee, cease and expire and are of no further force and effect; or

(iii) for any reason other than the Optionee's death, or termination without notice or compensation in lieu thereof, and the Optionee is entitled to reasonable notice of termination or compensation in lieu thereof, then:

(A) the Optionee may exercise the Option to purchase Option Shares not previously purchased by the Optionee but only to the extent that rights to purchase Option Shares have vested in and are exercisable by the Optionee on or before the date of such ceasing to be a Participant, provided that such exercise occurs at any time on or before the earlier of the Normal Expiry Date and:

(1) where the Optionee is given a reasonable period of notice prior to termination, the date the Optionee ceases to be a Participant; or

(2) where the Optionee is paid compensation in lieu of reasonable notice of termination, the date that is 21 days after the Optionee ceases to be a Participant; and

(B) the Optionee is not entitled:

(1) to further time to exercise the Option during such reasonable notice period or during such specific notice period; or

(2) compensation in lieu thereof by way of general damages, or special damages, whether in contract, tort or otherwise.

Thereafter, the Option and all unexercised rights to acquire Option Shares thereunder, whether or not such rights have vested to and in favour of the Optionee, cease and expire and are of no further force and effect.

- (e) With respect to subclause 6(d)(i), the rights under the Option exercisable after the death of the Optionee, as therein specified, may be exercised by the person or persons to whom the Optionee's rights under the applicable Option Agreement pass by will or applicable law or, if no such person has such right, by the deceased Optionee's legal representatives, within one year from the date of death.
- (f) An Optionee has no rights whatsoever as a shareholder in respect of any of the Option Shares (including any right to receive dividends or other distributions therefrom or thereon) other than in respect of Common Shares in respect of which the Optionee has exercised his Option to purchase thereunder, which the Optionee has actually taken up and paid for, and which have been duly issued to the Optionee and are outstanding as fully paid and non-assessable Common Shares.
- (g) Notwithstanding the terms of any Option Agreement or Option Certificate to the contrary, all Options are conclusively deemed to expire no later than ten (10) years from the date of grant.
- (h) Options are non-assignable and non-transferable.

## 7. CHANGES IN STOCK

In the event:

- (a) of any change or proposed change in the Common Shares through subdivision, consolidation, reclassification, amalgamation, merger or otherwise;
- (b) of any issuance, dividend or distribution to all or substantially all the holders of Common Shares of any shares, securities, property or assets of the Corporation other than in the ordinary course;
- (c) that any rights are granted to holders of Common Shares to purchase Common Shares at prices materially below fair market value; or
- (d) that as a result of any recapitalization, merger, consolidation or otherwise the Common Shares are converted into or exchangeable for any other shares or securities;

then in any such case:

- (e) the Board will proportionately adjust the number of Option Shares available for Options, the number of Option Shares covered by outstanding Options, the securities or other property that may be acquired upon the exercise of an Option and the price per Option Share in such Option, or one or more of the foregoing, to prevent substantial dilution or enlargement of the rights granted to, or available for, Optionees/Participants; and
- (f) the Board, in its discretion, may determine that:
  - (i) all or any part of the unexercised and unvested outstanding Options granted under the Plan vest and are exercisable on a date specified by the Board and the unexercised and unvested portion of such Options are thereupon deemed to have been vested and are exercisable on and after the date so specified in respect of any and all Option Shares for which the Optionee has not exercised the Option (notwithstanding that an Option Agreement states that those Options are exercisable only during a later period or year); or
  - (ii) such Options may be exercisable for a limited period of time only and, if so, the Board will determine such period of time,

and such determination or limitation, once made or set, is deemed to be incorporated into the applicable Option Agreement(s).

## 8. TAKEOVER BID

If an Offer is made which, if successful, would result in a Change of Control, then all unexercised and unvested outstanding Options shall immediately vest and become exercisable by the Participants, notwithstanding any other vesting provisions in the Plan or in an Option Agreement, as to all or any of the Common Shares in respect of which such Options have not previously been exercised, but such shares may only be purchased for tender pursuant to such Offer. If for any reason such shares are not taken up and paid for by the offer or pursuant to the Offer, any such shares so purchased by a Participant shall be deemed to be cancelled and returned to the treasury of the Corporation, shall be added back to the number of Common Shares remaining available under the Plan and, upon presentation to the Corporation of share certificates representing such shares properly endorsed for transfer back to the Corporation, the Corporation shall refund to the Participant all consideration paid for such shares and, in such event, the Participant shall thereafter continue to hold the same number of unexercised and unvested outstanding Options on the same terms and conditions, including the Exercise Price thereof, as were applicable thereto immediately prior to time the subject Offer was made.

## **9. ARRANGEMENT, AMALGAMATION OR SALE**

If the Corporation files articles of arrangement providing that the Common Shares are transferred in exchange for securities of another corporation, the units of a royalty trust or income trust, the units of a limited partnership or any other security, or are merged into or amalgamated with any other corporation, or sells all or substantially all of its assets, the Corporation will make provision that, upon the exercise of any outstanding Options after the effective date of such transaction, the Participants shall receive such number of securities of the other, continuing or successor corporation, trust or limited partnership, as the case may be, in such arrangement, merger or amalgamation or of the shares or units of the purchasing corporation, trust or limited partnership, as the case may be, in such sale as the Participants would have received as a result of such transaction if the Participants had exercised the Options immediately prior thereto, for the same consideration paid on the exercise of such Options, and had held Common Shares on the effective date of such transaction. Upon such provision being made, the obligations of the Corporation to the Participants pursuant to the Option Agreements and under this Plan shall terminate and be at an end. If such arrangement, merger or amalgamation results in a Change of Control, the provisions of Clause 8 shall apply and the context thereof and all references therein to "Offer" are to be read as being applicable to an "arrangement, merger or amalgamation".

## **10. CORPORATION'S REPRESENTATION**

For Options granted to Employees, Consultants or Management Company Employees, the Corporation represents that the Optionee is a bona fide Employee, Consultant or Management Company Employee, as the case may be, and will provide whatever assurances are required by the Exchange in this regard.

## **11. COMMON SHARES FULLY PAID AND NON-ASSESSABLE**

All Common Shares issued upon the exercise of any Option and paid for by the Optionee are to be issued as fully paid and non-assessable Common Shares.

## **12. CONDITIONS OF ISSUANCE OF COMMON SHARES**

- (a) If at any time the Board or Committee (as the case may be) determines, in its discretion that:
- (i) the registration or qualification of the Common Shares which are the subject of any Option Agreement, or the consent or approval of, any securities commission or any stock exchange upon which the Common Shares are listed;
  - (ii) the registration or qualification under any laws of Canada or any province thereof or of the United States or any state thereof or the consent or approval of any regulatory authority thereof;
  - (iii) evidence (in form and content satisfactory to the Board) of the investment intent of the Optionee; and/or
  - (iv) an undertaking of the Optionee as to the sale or disposition of such Option Shares that may be purchased pursuant to an Option Agreement or Option Certificate to the effect that such Option Shares once purchased are not to be traded by the Optionee for a specified period of time,

is necessary or desirable as a condition of the issuance of any Option Shares pursuant to any Option Agreement or Option Certificate, then the issuance of any Common Shares is not to be made unless and until such registration, qualification, consent, approval, evidence or undertaking has been effected or obtained free of any condition not acceptable to the Board or Committee.

- (b) Any trade by the Optionee in any Common Shares issued to the Optionee pursuant to the Plan including, without limiting the generality of the foregoing, any sale or disposition for valuable

consideration, and any transfer, pledge or encumbrance of any Common Shares issued to an Optionee pursuant to the Plan, is subject to such regulatory approvals and other restrictions under applicable securities laws and regulatory policies as may be required at the time of such trade. Accordingly, the Corporation makes no representation as to the ability of any Optionee to trade in such Common Shares.

- (c) The Corporation cannot assure a profit or protect the Optionee against a loss on the Common Shares purchased under the Plan. The Corporation assumes no responsibility relating to any tax liability of the Optionee by reason of the exercise of any Option or any subsequent trade.

### **13. ACCOUNTS AND STATEMENTS**

The Corporation will maintain records indicating the number of Options granted to each Optionee and the number of Options exercised under the Plan. Upon written request from an Optionee, the Corporation will furnish to that Optionee a statement indicating the number of Options held on his behalf.

### **14. TRANSITION**

All Prior Options that are outstanding on the effective date of the implementation of this Plan continue in full force and effect under the terms and conditions of this Plan, provided that this Plan shall not amend the exercise price or the term of the Prior Options.

### **15. INTERPRETATION, AMENDMENT AND DISCONTINUANCE**

The Board may interpret the Plan, prescribe, amend or rescind rules and regulations relating to it, and make all other determinations necessary or advisable for its administration. In the event of a conflict between the terms of the Plan and an Option Agreement or Option Certificate, the terms of the Plan prevail. The Board may from time to time alter, suspend or discontinue the Plan provided that such alteration, suspension or discontinuance does not, except as specifically noted in this Plan or the Option Agreement or Option Certificate, alter or impair any Option such Optionee may have under any Option Agreement previously executed and delivered by the Corporation and such Optionee or Option Certificate previously issued by the Corporation. Any amendment to this Plan is subject to receipt of any necessary regulatory approvals and any amendment required by applicable law or regulatory policy to be approved by shareholders does not become effective until so approved. Subject to the foregoing provisions of this Clause, the Board may terminate the Plan at any time and, upon such termination, any outstanding Option remains exercisable in accordance with its terms as specified herein and in the Option Agreement or Option Certificate.

### **16. WAIVER**

No waiver by the Corporation of any term of this Plan or any breach thereof by an Optionee is effective or binding on the Corporation unless the same is expressed in writing and any waiver so expressed does not limit or affect its rights with respect to any other or future breach.

### **17. NOTICES**

The manner of giving notices to the Corporation or to an Optionee is to be specified in the Option Agreement with or Option Certificate issued to such Optionee.

### **18. GENERAL**

- (a) This Plan and each Option granted under this Plan are to be governed by and construed in accordance with the laws of the Province of Alberta and any Option Agreement entered into or Option Certificate issued pursuant to this Plan is to be treated in all respects as an Alberta contract.

- (b) Nothing contained herein restricts or limits or is deemed to restrict or limit the rights or powers of the Board in connection with any allotment and issuance of shares in the capital stock of the Corporation which are not reserved for issuance hereunder.
- (c) This Plan and any Option Agreement entered into or Option Certificate issued pursuant hereto enure to the benefit of and are binding upon the Corporation, its successors and assigns. The interest of any Optionee hereunder or under any Option Agreement or Option Certificate is not transferable or alienable by the Optionee either by assignment or in any other manner whatsoever and, during his lifetime, is vested only in him, but, subject to the terms hereof and of the Option Agreement or Option Certificate, enures to the benefit of and is binding upon the legal personal representatives of the Optionee.
- (d) Upon any reduction in the Exercise Price with respect to Options granted to an Insider of the Corporation the Corporation will obtain disinterested shareholder approval in accordance with Exchange Policies.

**19. SHAREHOLDER APPROVAL AND EFFECTIVE DATE**

This Plan is effective as and from the date noted below. Nevertheless, each of the Option Agreements or Option Certificates in respect of Options granted pursuant to this Plan is hereby deemed to contain a restriction to the effect that, where the Common Shares are listed and posted for trading on a stock exchange, no Common Shares are to be issued pursuant to the exercise of Options unless and until this Plan is approved by the Shareholders of the Corporation (such restriction to be removed or deemed hereby to be of no further effect once shareholder approval is obtained).

**SCHEDULE "B"**

**RICH MINERALS CORPORATION**  
**4100 – 6A Street NE**  
**Calgary, Alberta**  
**T2E 4B1**

August 31, 2006

Kenway Mack Slusarchuk Stewart LLP  
333 - 11 Avenue SW, Suite 220  
Calgary AB T2R 1L9

Meyers Norris Penny LLP  
7<sup>th</sup> Floor, 715-5<sup>th</sup> Avenue SW  
Calgary, AB T2P 2X6

**Re: Notice of Change of Auditors (the "Notice")**

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In compliance with section 4.11 of National Instrument 51-102 – *Continuous Disclosure Requirements* ("NI 51-102"), please be advised as follows:

1. The auditor of Rich Minerals Corporation (the "**Corporation**"), Kenway Mack Slusarchuk Stewart LLP (the "**former auditor**"), has resigned on its own initiative, effective as of today's date. On August 31, 2006, subject to all applicable regulatory and shareholder approvals, the Board of Directors of the Corporation approved the appointment of Meyers Norris Penny LLP (the "**successor auditor**") as auditor of the Corporation. At the next annual meeting of shareholders, the shareholders of the Corporation will be asked to approve the appointment of the successor auditor, as auditor of the Corporation.
2. There were no reservations in the Auditor's Reports for either of the Corporation's two most recently completed fiscal years nor for any period subsequent thereto for which an audit report was issued and preceding the date hereof.
3. The resignation of the former auditors and the appointment of the successor auditor as the auditors was considered and approved by the Audit Committee and the Board of Directors of the Corporation.
4. In the opinion of the Audit Committee and the Board of Directors of the Corporation, there were no "reportable events" as defined in subparagraph 4.11(1) of NI 51-102.

Please advise the Board of Directors in writing whether or not you agree with the information contained in this Notice, based on your knowledge of the affairs of the Corporation.

It is further requested that you address your response to the relevant securities administrators and the former/successor auditor (list of addresses attached as Schedule "A" hereto) and deliver the response to us as soon as possible but in any event no later than 20 days after the date hereof.

For and on behalf of the Board of Directors  
Bernard M. Chamberland

*"Bernard M. Chamberland"*

Bernard M. Chamberland  
Chief Executive Officer and Chairman of the Board of Directors

## **SCHEDULE "A"**

### **Former Auditor:**

Kenway Mack Slusarchuk Stewart LLP  
333 - 11 Avenue SW, Suite 220  
Calgary AB T2R 1L9

### **New Auditor:**

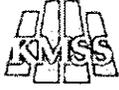
Meyers Norris Penny LLP  
300, 622 - 5th Avenue SW  
Calgary, AB T2P 2X6

### **Alberta Securities Commission**

4<sup>th</sup> Floor, 300 - 5<sup>th</sup> Avenue SW  
Calgary, AB T2P 3C4

### **British Columbia Securities Commission**

701 West Georgia Street  
P.O. Box 10142, Pacific Centre  
Vancouver, B.C. V7Y 1L2



**KENWAY  
MACK  
SLUSARCHUK  
STEWART LLP**  
Chartered Accountants  
www.kmss.ca

August 31, 2006

British Columbia Securities Commission  
865 Hornby Street Suite 1100  
Vancouver BC V6Z 2H4

Alberta Securities Commission  
300 5 Ave SW 4<sup>th</sup> Floor  
Calgary AB T2P 3C4

Meyers Norris Penny LLP  
622 5 Avenue SW, Suite 300  
Calgary AB T2P 2X6

Dear Sirs:

**Re: Rich Minerals Corporation  
Notice of Change of Auditors (the "Notice")**

In response to the request of Rich Minerals Corporation, made in accordance with Section 4.11(5) of National Instrument 51-102, we confirm that we have reviewed the Change of Auditors Notice of Rich Minerals Corporation dated August 31, 2006.

Based on our knowledge as of the date hereof, August 31, 2006, we agree with the statement contained in "1." regarding our resignation as auditor, as well as the statements contained in "2." and "4.". We have no basis to agree or disagree with the additional statements in "1." and statement "3."

Yours very truly,

Kenway Mack Slusarchuk Stewart LLP  
Chartered Accountants

BJK/jel

220, 333 11 Avenue S.W.  
Calgary, Alberta T2R 1L9  
Telephone: (403) 233-7750  
Fax: (403) 266-5267



Member of DFK International  
with affiliated offices worldwide



MEYERS NORRIS PENNY LLP

August 31, 2006

Alberta Securities Commission  
British Columbia Securities Commission  
Rich Minerals Corporation

Dear Sirs/Mesdames:

**Re: Rich Minerals Corporation – Notice of Change of Auditors**

This letter is being delivered to you pursuant to National Instrument 51-102 of the Canadian Securities Administrators ("NI 51-102") in connection with the resignation of Kenway Mack Slusarchuk Stewart, LLP from the office of auditor of Rich Mineral Corporation ("Rich") and the appointment of Meyers Norris Penny LLP as the successor auditor of Rich.

As required by NI 51-102, we have reviewed the information contained in the Notice of Change of Auditors, dated August 31, 2006, prepared by Rich. Based upon our knowledge as at the dates hereof, we hereby confirm that we are in agreement with the statements contained in the Notice that relate to us and that we have no basis to agree or disagree with the statements contained in the Notice that relate to Kenway Mack Slusarchuk Stewart, LLP, Chartered Accountants.

Yours very truly,

**MEYERS NORRIS PENNY LLP**

*Meyers Norris Penny LLP*

/cab  
encls.

**SCHEDULE "C"**

## **RICH MINERALS CORPORATION**

### **AUDIT COMMITTEE**

#### **MANDATE AND TERMS OF REFERENCE**

##### **Role and Objective**

The Audit Committee (the "Committee") is a committee of the board of directors (the "Board") of Rich Minerals Corporation ("Rich" or the "Corporation") to which the Board has delegated its responsibility for the oversight of the nature and scope of the annual audit, the oversight of management's reporting on internal accounting standards and practices, the review of financial information, accounting systems and procedures, financial reporting and financial statements and has charged the Committee with the responsibility of recommending, for approval of the Board, the audited financial statements, interim financial statements and other mandatory disclosure releases containing financial information.

The primary objectives of the Committee are as follows:

1. To assist directors in meeting their responsibilities (especially for accountability) in respect of the preparation and disclosure of the financial statements of Rich and related matters;
2. To provide better communication between directors and external auditors;
3. To enhance the external auditor's independence;
4. To increase the credibility and objectivity of financial reports; and
5. To strengthen the role of the outside directors by facilitating in depth discussions between directors on the Committee, management and external auditors.

##### **Membership of Committee**

1. The Committee will be comprised of at least three (3) directors of Rich or such greater number as the Board may determine from time to time and all members of the Committee shall be "independent" (as such term is used in Multilateral Instrument 52-110 — Audit Committees ("MI 52-110")) unless the Board determines that the exemption contained in MI 52-110 is available and determines to rely thereon.
2. The Board of Directors may from time to time designate one of the members of the Committee to be the Chair of the Committee.
3. At least one of the members of the Committee must be "financially literate" (as defined in MI 52-110) unless the Board determines that an exemption under MI 52-110 from such requirement in respect of any particular member is available and determines to rely thereon in accordance with the provisions of MI 52-110. All members who are not financially literate must work towards becoming financially literate and to obtain a working familiarity with basic finance and accounting practices.

##### **Mandate and Responsibilities of Committee**

It is the responsibility of the Committee to:

1. Oversee the work of the external auditors, including the resolution of any disagreements between management and the external auditors regarding financial reporting.
2. Satisfy itself on behalf of the Board with respect to Rich's internal control systems.
3. Review the annual and interim financial statements of Rich and related management's discussion and analysis ("MD&A") prior to their submission to the Board for approval. The process should include but not be limited to:
  - reviewing changes in accounting principles and policies, or in their application, which may have a material impact on the current or future years' financial statements;
  - reviewing significant accruals, reserves or other estimates such as the ceiling test calculation;
  - reviewing accounting treatment of unusual or non-recurring transactions;
  - ascertaining compliance with covenants under loan agreements;
  - reviewing disclosure requirements for commitments and contingencies;
  - reviewing adjustments raised by the external auditors, whether or not included in the financial statements;
  - reviewing unresolved differences between management and the external auditors; and
  - obtain explanations of significant variances with comparative reporting periods.
4. Review the financial statements, prospectuses, MD&A, annual information forms ("AIF") and all public disclosure containing audited or unaudited financial information (including, without limitation, annual and interim press releases and any other press releases disclosing earnings or financial results) before release and prior to Board approval. The Committee must be satisfied that adequate procedures are in place for the review of Rich's disclosure of all other financial information and will periodically assess the accuracy of those procedures.
5. With respect to the appointment of external auditors by the Board:
  - recommend to the Board the external auditors to be nominated;
  - recommend to the Board the terms of engagement of the external auditor, including the compensation of the auditors and a confirmation that the external auditors will report directly to the Committee;
  - on an annual basis, review and discuss with the external auditors all significant relationships such auditors have with the Corporation to determine the auditors' independence;
  - when there is to be a change in auditors, review the issues related to the change and the information to be included in the required notice to securities regulators of such change; and

- review and pre-approve any non-audit services to be provided to Rich or its subsidiaries by the external auditors and consider the impact on the independence of such auditors. The Committee may delegate to one or more independent members the authority to pre-approve non-audit services, provided that the member(s) report to the Committee at the next scheduled meeting such pre-approval and the member(s) comply with such other procedures as may be established by the Committee from time to time.
6. Review with external auditors (and internal auditor if one is appointed by Rich) their assessment of the internal controls of Rich, their written reports containing recommendations for improvement, and management's response and follow-up to any identified weaknesses. The Committee will also review annually with the external auditors their plan for their audit and, upon completion of the audit, their reports upon the financial statements of Rich and its subsidiaries.
  7. Review risk management policies and procedures of Rich (i.e. hedging, litigation and insurance).
  8. Establish a procedure for:
    - the receipt, retention and treatment of complaints received by Rich regarding accounting, internal accounting controls or auditing matters; and
    - the confidential, anonymous submission by employees of Rich of concerns regarding questionable accounting or auditing matters.
  9. Review and approve Rich's hiring policies regarding partners and employees and former partners and employees of the present and former external auditors of Rich.

The Committee has authority to communicate directly with the internal auditors (if any) and the external auditors of the Corporation. The Committee will also have the authority to investigate any financial activity of Rich. All employees of Rich are to cooperate as requested by the Committee.

The Committee may also retain persons having special expertise and/or obtain independent professional advice to assist in fulfilling their responsibilities at such compensation as established by the Committee and at the expense of Rich without any further approval of the Board.

#### **Meetings and Administrative Matters**

1. At all meetings of the Committee every resolution shall be decided by a majority of the votes cast. In case of an equality of votes, the Chairman of the meeting shall be entitled to a second or casting vote.
2. The Chair will preside at all meetings of the Committee, unless the Chair is not present, in which case the members of the Committee that are present will designate from among such members the Chair for purposes of the meeting.
3. A quorum for meetings of the Committee will be a majority of its members, and the rules for calling, holding, conducting and adjourning meetings of the Committee will be the same as those governing the Board unless otherwise determined by the Committee or the Board.
4. Meetings of the Committee should be scheduled to take place at least two times per year. Minutes of all meetings of the Committee will be taken. The Chief Financial Officer will attend

meetings of the Committee, unless otherwise excused from all or part of any such meeting by the Chairman.

5. The Committee will meet with the external auditor at least once per year (in connection with the preparation of the year-end financial statements) and at such other times as the external auditor and the Committee consider appropriate.
6. Agendas, approved by the Chair, will be circulated to Committee members along with background information on a timely basis prior to the Committee meetings.
7. The Committee may invite such officers, directors and employees of the Corporation as it sees fit from time to time to attend at meetings of the Committee and assist in the discussion and consideration of the matters being considered by the Committee.
8. Minutes of the Committee will be recorded and maintained and circulated to directors who are not members of the Committee or otherwise made available at a subsequent meeting of the Board.
9. The Committee may retain persons having special expertise and may obtain independent professional advice to assist in fulfilling its responsibilities at the expense of the Corporation.
10. Any members of the Committee may be removed or replaced at any time by the Board and will cease to be a member of the Committee as soon as such member ceases to be a director. The Board may fill vacancies on the Committee by appointment from among its members. If and whenever a vacancy exists on the Committee, the remaining members may exercise all its powers so long as a quorum remains. Subject to the foregoing, following appointment as a member of the Committee, each member will hold such office until the Committee is reconstituted.
11. Any issues arising from these meetings that bear on the relationship between the Board and management should be communicated to the Chairman of the Board by the Committee Chair.

**RICH MINERALS CORPORATION**

**INSTRUMENT OF PROXY**

**FOR THE ANNUAL GENERAL & SPECIAL MEETING OF SHAREHOLDERS  
TO BE HELD FEBRUARY 22<sup>nd</sup>, 2007**

RECEIVED  
17 FEB - 7 P 12-53  
GENERAL INVESTMENT  
CORPORATE FINANCE

**THIS PROXY IS SOLICITED BY MANAGEMENT AND WILL BE USED AT THE ANNUAL  
GENERAL MEETING OF SHAREHOLDERS TO BE HELD FEBRUARY 22<sup>nd</sup>, 2007**

The undersigned shareholder of **RICH MINERALS CORPORATION** (the "Company"), or his attorney authorized in writing, revoking all proxies previously given, hereby nominates, constitutes and appoints Mr. Bernard Chamberland, or failing him Mr. John A. Peters, or instead of either of them \_\_\_\_\_ (insert name if alternate is desired) the true and lawful attorney and proxy of the undersigned, with full power of substitution, to attend, act and vote in respect of all shares held by the undersigned at the Annual General Meeting of Shareholders of the Company, to be held on the 22<sup>nd</sup> day of February, 2007, and any adjournment or adjournments thereof in the same manner, to the same extent and with the same powers as if the undersigned were present at the said Meeting or any adjournments thereof and, without limiting the general authorisation and power hereby given, the person above named is specifically directed to vote for or against, or withhold from voting as indicated below:

1. To fix the Board of Directors at five (5) members.

**FOR [ ] OR AGAINST [ ]**

2. The election as directors for the ensuing year of the nominees as a group named in the management information circular accompanying this instrument of proxy.

**FOR [ ] OR WITHHOLD FROM VOTING [ ]**

3. The appointment of Myers Norris Penny LLP, Chartered Accountants as auditors of the Corporation at remuneration be fixed by the directors.

**FOR [ ] OR WITHHOLD FROM VOTING [ ]**

4. To approve and adopt, with or without modification, the ordinary resolution authorizing the Corporation's stock option plan and approving the stock option plan generally.

**FOR [ ] OR AGAINST [ ]**

**IMPORTANT - SEE REVERSE**

Where a choice in respect to any matter to be acted upon is specified in this instrument of proxy, the common shares represented by this instrument of proxy will be voted in accordance with such specifications. **If no designation in favor of or against any matter set out above is made, the management designees, if named as proxy, will vote in favor of all matters set out herein. This instrument of proxy confers discretionary authority upon the management designees or other persons named as proxy with respect to any amendment or variation of any of the proposals set out above or other matters, which may properly come before the meeting.**

To be valid, this instrument of proxy must be received by the registrar and transfer agent of the Corporation, Olympia Trust Company, 2300, 125 9<sup>th</sup> Ave. S.E., Calgary, Alberta, T2P 0P6, Canada, not later than forty eight (48) hours, excluding Saturdays, Sundays and holidays, prior to the meeting or any adjournment thereof. The Chairman of the meeting will have the discretion to accept proxies, which are deposited with Olympia Trust Company or with the Chairman of the meeting less than 48 hours prior to the time of the meeting or any adjournment thereof.

**A common shareholder has the right to appoint a person (who need not be a shareholder), to attend and act for him on his behalf at the meeting other than the persons designated above. To exercise this right, the shareholder may insert the name of the desired person in the blank space provided in this instrument of proxy and strike out the other names or may submit another appropriate instrument of proxy.**

This instrument of proxy when mailed by the Corporation is undated. In the event that same is not dated when returned by the shareholder, then same shall be deemed to be dated as of the date that same was mailed by the Corporation.

DATE \_\_\_\_\_, 2007

\_\_\_\_\_  
Name of Shareholder (please print)

\_\_\_\_\_  
Signature of Shareholder or his attorney

\_\_\_\_\_  
Address

\_\_\_\_\_  
Number of Shares Voted

**RICH MINERALS CORPORATION**  
(the "Corporation")  
**2007 NI 51-102 Request Form**

**TO REGISTERED HOLDERS AND BENEFICIAL OWNERS OF SECURITIES**

National Instrument 51-102 requires that the Corporation send annually to the registered holders and beneficial owners of its securities a request form to allow the securityholders to elect to receive a copy of the Corporation's financial statements. If you wish to receive the Corporation's financial statements or other selective securityholder communications, please complete and return this form.

Please note that this request form will be mailed each year and both registered and beneficial securityholders must return this form each year to remain on the Corporation's distribution list.

**PLEASE RETURN TO:**

**RICH MINERALS CORPORATION**  
c/o Olympia Trust Company  
2300, 125 - 9 Avenue SE  
Calgary, Alberta  
T2G 0P6

The undersigned securityholder of the Corporation hereby elects to receive:

- (A) Annual financial statements and MD&A of the Corporation, or
- (B) Interim financial statements and MD&A of the Corporation, or
- (C) Both (A) and (B) as described above.

**NAME:** (Please print) \_\_\_\_\_

**ADDRESS:** \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**SIGNATURE** \_\_\_\_\_

**DATE** \_\_\_\_\_

I certify that I am a securityholder of the Corporation

The Canadian Securities Administration recognizes that developments in information technology allow companies to disseminate documents to securityholders and investors in a more timely and cost efficient manner than by traditional paper methods. By providing an e-mail address, you will be deemed to be consenting to the electronic delivery to you at such e-mail address of the interim financial statements and reports, if electronic delivery is allowed by applicable regulatory rules and policies.

**E:MAIL (optional):** \_\_\_\_\_

*END*