

## SYNODON INC.

### Notice of the Annual General Meeting of Shareholders to be held on July 12, 2007

The annual general meeting (the "**Meeting**") of the holders of Class A common shares of Synodon Inc. (the "**Corporation**") will be held at 4:00 p.m. on July 12, 2007 at the Delta Edmonton South Hotel & Convention Centre, 4404 Gateway BLVD, Edmonton, Alberta, Canada, Calgary Room to:

- (1) receive and consider the financial statements of the Corporation for the period ended October 31, 2006 and the auditors' report thereon;
- (2) fix the number of directors to be elected at the Meeting at six (6);
- (3) elect six (6) directors of the Corporation;
- (4) consider and if deemed advisable, pass an ordinary resolution approving the Corporation's stock option plan, all as more particularly described in the accompanying Information Circular – Proxy Statement of the Corporation dated June 12, 2007 (the "**Information Circular**");
- (5) appoint auditors and authorize the directors to fix their remuneration as such; and
- (6) transact such other business as can properly be brought before the Meeting or any adjournment thereof.

The specific details of the matters proposed to be put before the Meeting are set forth in the Information Circular.

**Shareholders of the Corporation who are unable to attend the Meeting in person are requested to date and sign the enclosed Instrument of Proxy and to mail it to our Chief Executive Officer, c/o our transfer agent, Olympia Trust Company, #2300, 125 - 9<sup>th</sup> Avenue S.E., Calgary, Alberta, T2G 0P6. In order to be valid and acted upon at the Meeting, Instruments of Proxy must be received at the aforesaid address not less than 48 hours (excluding Saturdays, Sundays and holidays) before the time set for the holding of the Meeting or any adjournment(s) thereof.**

**Shareholders are cautioned that the use of the mail to transmit proxies is at each shareholder's risk.**

The Board of Directors of the Corporation has fixed the record date for the Meeting at the close of business on June 12, 2007 (the "**Record Date**"). Shareholders of the Corporation of record as at the Record Date are entitled to receive notice of the Meeting and to vote those shares included in the list of shareholders entitled to vote at the Meeting prepared as at the Record Date, unless any such shareholder transfers his shares after the Record Date and the transferee of those shares establishes that he owns the shares and demands not later than ten days before the Meeting, that the transferee's name be included in the list of shareholders entitled to vote at the Meeting, in which case such transferee shall be entitled to vote such shares at the Meeting.

DATED at Edmonton, Alberta, this 12<sup>th</sup> day of June, 2007.

BY ORDER OF THE BOARD OF DIRECTORS

(Signed) "*Adrian Banica*"  
Chief Executive Officer and Director

## SYNODON INC.

### Information Circular - Proxy Statement

For the Annual General Meeting  
of the Shareholders to be held on July 12, 2007

This information circular - proxy statement (the "**Circular**") is furnished in connection with the solicitation of proxies by or on behalf of the management of Synodon Inc. ("**Synodon**", the "**Corporation**", "**us**", "**our**" or "**we**") for use at the annual general meeting of holders of Class A common shares (the "**Common Shares**") to be held at 4:00 p.m. on July 12, 2007 at the Delta Edmonton South Hotel & Convention Centre, 4404 Gateway BLVD, Edmonton, Alberta, Canada, Calgary Room, and any adjournment or adjournments thereof (the "**Meeting**") for the purposes set forth in the accompanying Notice of Meeting.

The Board of Directors (the "**Board**") of the Corporation has fixed the record date for the Meeting at the close of business on June 12, 2007. Only shareholders of record on June 12, 2007 are entitled to notice of, and to attend and vote at, the Meeting, unless a shareholder has transferred any shares subsequent to that date and the transferee shareholder, not later than 10 days before the Meeting, establishes ownership of the shares and demands that the transferee's name be included on the list of shareholders.

Unless otherwise stated, the information contained in this Circular is given as at June 12, 2007.

## PROXIES

### Solicitation of Proxies

The instrument appointing a proxy must be in writing and must be executed by you or your attorney authorized in writing or, if you are a corporation, under your corporate seal or by a duly authorized officer or attorney of the Corporation.

The persons named in the enclosed instrument of proxy are officers of the Corporation. **As a shareholder submitting a proxy you have the right to appoint a person (who need not be a shareholder) to represent you at the Meeting other than the person or persons designated in the instrument of proxy furnished by Synodon. To exercise this right you should insert the name of the desired representative in the blank space provided in the instrument of proxy and strike out the other names or submit another appropriate proxy.** In order to be effective, the proxy must be deposited at the offices of our transfer agent, **Olympia Trust Company, #2300, 125 - 9<sup>th</sup> Avenue S.E., Calgary, Alberta, T2G 0P6**, no less than 48 hours (excluding Saturdays, Sundays and holidays) prior to the Meeting or any adjournment thereof.

### Advice to Beneficial Holders of Common Shares

The information set forth in this section is of significant importance to you if you do not hold your Common Shares in your own name. Only proxies deposited by shareholders whose names appear on our records as the registered holders of Common Shares can be recognized and acted upon at the Meeting. If Common Shares are listed in your account statement provided by your broker, then in almost all cases those Common Shares will not be registered in your name on our records. Such Common Shares will likely be registered under the name of your 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 Limited, which acts as nominee for many Canadian brokerage firms. Common Shares held by your broker or their nominee can only be voted upon your instructions. Without specific instructions, your broker or their nominee is prohibited from voting your shares. We do not know who beneficially holds shares registered in the name of CDS & Co.

Applicable regulatory policy requires your broker to seek voting instructions from you in advance of the Meeting. Every broker has its own mailing procedures and provides its own return instructions, which you should carefully follow in order to ensure that your shares are voted at the Meeting. The majority of brokers now delegate responsibility for obtaining instructions from clients to Broadridge Financial Solutions Inc. ("**Broadridge**"). Broadridge typically provides a scannable voting request form or applies a special sticker to the proxy forms, mails those forms to you and asks you to return the voting request forms or proxy forms to Broadridge. Often you can be

provided with a toll-free telephone number to vote your shares. Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of shares to be represented at the Meeting. **A Beneficial Shareholder receiving a voting instruction request or a proxy with a Broadridge sticker on it cannot use that instruction request or proxy to vote Common Shares directly at the Meeting as the proxy must be returned as directed by Broadridge well in advance of the Meeting in order to have the shares voted. Accordingly, it is strongly suggested that Beneficial Shareholders return their completed instructions or proxies as directed by Broadridge well in advance of the Meeting.** If you receive a voting instruction form from Broadridge it cannot be used as a proxy to vote shares directly at the Meeting as the proxy must be returned (or otherwise reported as provided in the voting instruction form) to Broadridge well in advance of the Meeting in order to have the shares voted.

### **Revocability of Proxy**

You may revoke your proxy at any time prior to a vote. If you or the person you give your proxy attends personally at the Meeting you or such person can revoke the proxy and vote in person. In addition to revocation in any other manner permitted by law, a proxy can be revoked by an instrument in writing executed by you or your attorney authorized in writing or, if you are a corporation, under your corporate seal or by a duly authorized officer or attorney of the Corporation. To be effective the instrument in writing must be deposited with the Chief Executive Officer of the Corporation c/o Olympia Trust Company, #2300, 125 – 9<sup>th</sup> Avenue SE, Calgary, Alberta, T2G 0P6, at any time prior to 4:30 p.m. (Calgary time) on the last business day preceding the day of the Meeting, or any adjournment thereof, at which the proxy is to be used, or with the chairman of the Meeting on the day of the Meeting, or any adjournment thereof.

### **Persons Making the Solicitation**

This solicitation is made on behalf of our management. We will bear the costs incurred in the preparation and mailing of the form of proxy, notice of annual general meeting and this Circular. In addition to mailing forms of proxy, proxies can be solicited by personal interviews, or by other means of communication, by our directors, officers and employees who will not be remunerated therefore.

### **Exercise of Discretion by Proxy**

The Common Shares represented by proxy in favour of management nominees will be voted on any poll at the Meeting. Where you specify a choice with respect to any matter to be acted upon the Common Shares will be voted on any poll in accordance with your instructions. **If you do not provide instructions your Common Shares will be voted in favour of the matters to be acted upon as set out in this Circular.** The persons appointed under the form of proxy which we have furnished have discretionary authority with respect to amendments or variations of those matters specified in the form of proxy and notice of annual general and special meeting and with respect to any other matters which can properly be brought before the Meeting or any adjournment thereof. At the time of printing this Circular, we know of no such amendment, variation or other matter.

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

The Corporation is authorized to issue an unlimited number of Common Shares. As at June 12, 2007 there were 20,248,550 Common Shares issued and outstanding. The holders of Common Shares are entitled to dividends if, as and when declared by the board of directors of the Corporation; to one vote per share at any meeting of the shareholders of the Corporation and, upon liquidation to receive such assets of the Corporation as are distributable to the holders of Common Shares.

To the best of the knowledge of our directors and officers, only the persons listed below beneficially own directly or indirectly, or exercises control or direction over Common Shares carrying more than 10% of the votes attached to all of the issued and outstanding Common Shares

Christopher Sheard, of Edmonton, AB	4,444,800 common shares	22.0%
Adrian Banica, of Edmonton, AB	3,291,200 common shares	16.2%
Melanie Banica, of Edmonton, AB	3,194,800 common shares	15.8%

The Board has fixed the record date for the Meeting at the close of business on June 12, 2007.

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

#### **Fixing the Number of Directors**

At the Meeting, it is proposed that the number of Directors of the Corporation to be elected at the Meeting be set at six (6). Accordingly, unless otherwise directed, it is the intention of management to vote proxies in the accompanying form in favour of fixing the number of Directors of the Corporation to be elected at the Meeting at six (6).

#### **Election of Directors**

Action is to be taken at the Meeting with respect to the election of directors. The Board presently consists of seven (7) members and it is proposed that the persons mentioned below will be nominated at the Meeting to fill six (6) seats. Each director elected will hold office until the next annual meeting or until his successor is duly elected or appointed, unless his office is earlier vacated.

It is the intention of the management designees, if named as proxy, to vote "FOR" the election of the following persons to the Board unless otherwise directed. Management does not contemplate that any of such nominees will be unable to serve as a director.

The following information relating to the nominees as directors is based partly on our records and partly on information received by us from the nominees, and sets forth the name, municipality, province and country of residence of each of the persons proposed to be nominated for election as a director, his principal occupation, all other positions and offices with us held by him, the year in which he was first elected a director, and the number of Common Shares of the Corporation that he has advised are beneficially owned by him, directly or indirectly, or over which control or direction is exercised by him.

<b>Name and Location of Residence</b>	<b>Position Presently Held</b>	<b>Director Since</b>	<b>Principal Occupation During Past Five Years</b>	<b>Common Shares Beneficially Owned or Controlled as of June 12, 2007</b>
Adrian Banica Edmonton, Alberta Canada	Chief Executive Officer and Director	August 2000	Mr. Banica has been the President and a Director of the Corporation since its inception in August 2000. Between 1995 and 2002, he was the President and Director of Synodon Corporation, an Alberta oil and gas instrumentation and design company. Between 1999 and 2000, Mr. Banica was a Director of Rhea Systems SA, a Luxemburg based space technology company.	3,291,200 (15.8%)
Christopher Sheard <sup>2,3</sup> Edmonton, Alberta Canada	Director	July 2003	Mr. Sheard, who holds a law degree from the University of Alberta, has been involved for over 28 years with the gas industry. Between 1995 and 2000 he was the President of ATCO Gas Limited, a large gas distribution firm while prior to that he held various senior management positions with a number of natural gas related companies. Since 2000, he has been President of Fairman Holt Inc., an energy industry consulting firm.	4,444,800 (22.0%)
John Pinsent <sup>2</sup> Edmonton, Alberta Canada	Chief Financial Officer and Director	May 2006	Mr. Pinsent is a founding Senior Associate with St. Arnaud, Pinsent and Associates, following a 10-year career with Ernst and Young LLP as an Assurance Senior Manager and their Director of Technology, Communication and Entertainment assurance services for Northern Alberta. Prior, he served as controller and Vice President Finance of an Alberta based retail organization with annual sales of \$10 million. He currently serves as a director on a number of boards including InfoTech Alberta, audit committees of the Institute of Chartered Accountants of Alberta and the ICAA Education Foundation.	31,250 (0.2%)
Erv Lack <sup>2</sup> Edmonton, Alberta Canada	Director	June 2004	Mr. Lack, who holds a P.Eng., M.B.A., has managed International Trade Investments for Europe, Middle East and Africa, for the past 35 years, both as a consultant or representative of the Alberta Government. He is also a Director of a number of public and private companies, including HyDuke Energy Services Ltd. Bay Equities Inc., Teuton Resources Corporation, B.S.A. Investors Ltd.	229,250 (1.1%)

<u>Name and Location of Residence</u>	<u>Position Presently Held</u>	<u>Director Since</u>	<u>Principal Occupation During Past Five Years</u>	<u>Common Shares Beneficially Owned or Controlled as of June 12, 2007</u>
Patrick Anderson <sup>3</sup> Victoria, British Columbia Canada	Director	May 2006	Mr. Anderson has served in various Executive and Senior Technical positions with TransCanada Pipelines and its affiliates for 30 years. Among these, Mr. Anderson was President of ARCAN Engineering & Construction (Argentina) from 1997 to 2000 and President of TransCanada Pipelines Services between 2000 and 2001. He has extensive experience conducting business in many countries ranging from the Far East to South America. Mr. Anderson was active on many Boards of Directors in Canada as well as in several foreign countries.	100,000 (0.5%)
Nancy Laird <sup>3</sup> Calgary, Alberta Canada	Director	May 2006	Ms. Laird served as a Senior Vice-President Marketing and Midstream for PanCanadian Energy from 1997 to 2002. Prior to joining PanCanadian, Ms. Laird was President of NrG Information Services Inc., a joint venture initiative involving four of North America's leading natural gas pipeline companies with a mandate to create a seamless flow of natural gas across North America. Currently, Ms. Laird is a Board member for the Alberta Electric System Operators, Acclaim Energy Trust, Keyera (formerly KeySpan) Facilities Income Fund, and Hull Child and Family Services. Ms. Laird earned her M.B.A. from Schulich School of Business at York University in Toronto, Ontario.	100,000 (0.5%)

## Notes:

- (1) The Corporation does not have an executive committee of its board of directors.
- (2) Member of the Audit Committee.
- (3) Member of the Ad-hoc Corporate Governance and Compensation Committee
- (4) Our directors hold office until the next annual general meeting of our shareholders or until each director's successor is appointed or elected pursuant to the *Business Corporations Act* (Alberta).
- (5) In addition, the directors have ownership or control of the following stock options to purchase Common Shares – Mr. Lack, 80,000 options exercisable at \$0.50 per share; Mr. Sheard, 90,000 options exercisable at \$0.50 per share; Mr. Pinsent, 100,000 options exercisable at \$0.50 per share; Mr. Anderson, 60,000 options exercisable at \$0.50 per share and; Ms. Laird, 80,000 options exercisable at \$0.50 per share.

**Additional Disclosure Relating to Directors**

To the knowledge of our executive officers and directors, none of our directors is, or has been in the last 10 years, a director or executive officer of an issuer that, while that person was acting in that capacity, (a) was the subject of a cease trading order or similar order or an order that denied the issuer access to any exemptions under securities legislation, for a period of more than 30 consecutive days, (b) was subject to an event that resulted, after that person ceased to be a director or executive officer, in the issuer being the subject of a cease trade or similar order or an order that denied the issuer access to any exemption under securities legislation, for a period of more than

30 consecutive days, or (c) within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

No proposed director, officer or promoter of the Corporation, or a securityholder anticipated to hold sufficient securities of the Corporation to affect materially the control of the Corporation, or a personal holding company of any such persons has become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangements or compromises with creditors, or had a receiver manager or trustee appointed to hold his assets.

Further, no proposed director or any personal holding companies of a proposed director of the Corporation have been subject to (a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or (b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable security holder in deciding whether to vote for a proposed director of the Corporation.

### **Matters Respecting Our Stock Option Plan**

Pursuant to TSX Venture Exchange Policy 4.4 (the "**Option Policy**") the Corporation is permitted to maintain a "rolling 10%" stock option plan. In May 2006, the directors of the Corporation approved the Corporation's stock option plan (the "**Stock Option Plan**"), which plan reserves a maximum of 10% of the issued and outstanding Common Shares for issuance pursuant to stock options. However, in accordance with the Option Policy, rolling option plans must receive shareholder approval yearly at the Corporation's annual meeting. A copy of the Stock Option Plan is attached as Schedule "B".

Shareholders will therefore be asked at the Meeting to consider and, if thought advisable, to ratify and approve the existing Stock Option Plan (the "**Option Plan Resolution**"). The Corporation currently has **1,540,000** outstanding options to purchase Common Shares, at an average exercise price of **\$0.4513** per Common Share (the "**Options**").

The Stock Option Plan provides for the granting of Options to purchase Common Shares of the Corporation to directors, officers and key employees and consultants of the Corporation. The Stock Option Plan is administered by the Board and the Board can, subject to applicable law, delegate its powers to administer the Stock Option Plan to a committee of the Board. Options can be granted at the discretion of the Board, in such number that can be determined at the time of grant, subject to the limits set out in the Stock Option Plan. The number of Common Shares issuable upon exercise of the Options granted under the Stock Option Plan is not more than 10% of the number of Common Shares that are issued and outstanding at the time of grant. The aggregate number of Common Shares reserved for issuance to any single individual under the Stock Option Plan, must not exceed 5% of the outstanding issue of Common Shares in any 12 month period and the aggregate number of Common Shares reserved for issuance to any one consultant in any 12 month period must not exceed 2% of the outstanding issue of Common Shares at the time of grant. In addition, the aggregate number of Common Shares reserved for issuance to any one employee conducting investor relations activities in any 12 month period must not exceed 2% of the outstanding issue of Common Shares at the time of grant.

All options granted under the Stock Option Plan expire not later than the fifth anniversary of the date such options were granted or such other length of time as can be permitted under the policies of the TSX Venture Exchange.

The exercise price of Options granted under the Stock Option Plan will be fixed by the Board of Directors at the time of grant, provided that the exercise price cannot be less than the market price of the common shares of the Corporation on the TSX Venture Exchange, or such other exchange on which the Common Shares are listed at the time of the grant of the option, less the maximum discount permitted under the policies of that can be agreed to by the Corporation and approved by the TSX Venture Exchange or such other exchange on which the Common Shares are listed.

At the Meeting, shareholders will be asked to consider and, if thought fit, approve an ordinary resolution in the following form:

"BE IT RESOLVED as an ordinary resolution of the shareholders of Synodon Inc. (the "**Corporation**") that:

1. the stock option plan (the "**Stock Option Plan**") of the Corporation, on the terms described in the accompanying management proxy circular of the Corporation dated June 12, 2007 be and the same is hereby ratified, confirmed and approved;
2. any one director or officer of the Corporation be and is hereby authorized and directed to do all things and to execute and deliver all documents and instruments as can be necessary or desirable to carry out the terms of this resolution; and
3. notwithstanding that this resolution has been passed by the shareholders of the Corporation, the directors of the Corporation are hereby authorized and empowered to revoke this resolution, without any further approval of the shareholders of the Corporation, at any time if such revocation is considered necessary or desirable by the directors."

In order for the foregoing resolution to be passed, it must be approved by a simple majority of the votes cast by shareholders in person or by proxy at the Meeting on such resolution.

Unless otherwise directed, the persons name in the enclosed form of proxy, if named as proxy, intend to vote for the approval of the foregoing resolution.

#### **Appointment of Auditors**

Unless otherwise directed, it is management's intention to vote proxies in the accompanying instrument of proxy in favour of Ernst & Young LLP, Chartered Accountants, of Edmonton, Alberta, as our auditors, to hold office until the next annual meeting of our shareholders and to authorize the directors to fix their remuneration as such. Ernst & Young LLP were first appointed as our auditors for the year ended October 31, 2002

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

<b>Services</b>	<b>2005</b>	<b>2006</b>
Aggregate Audit Fees	\$12,927 <sup>1</sup>	\$49,310
Aggregate Audit-Related Fees	Nil	\$11,950
Aggregate Tax Fees	Nil	Nil
Aggregate All Other Fees	Nil	Nil

NOTE:

- (1) These fees consisted of audit fees while the company was a private corporation

The Audit Committee reviews the annual audit fees and considers the issue of auditor independence in the context of all services provided to the Corporation.

### **EXECUTIVE COMPENSATION**

#### **Compensation of Executive Officers**

The following table provides a summary of compensation earned during the period ended October 31, 2006 by the Chief Executive Officer, and each of Synodon's two most highly compensated executive officers, other than its Chief Executive Officer, who serving as executive officers of the Corporation at October 31, 2006 (referred to as the "**Named Executive Officers**"). John Pinsent, Chief Financial Officer of the Corporation, has not received any compensation for his services during the fiscal year ending October 31, 2006.

### Summary Compensation Table

Name and Principal Position	Period Ended October 31	Annual Compensation			Long-Term Compensation			
		Salary	Bonus	Other Annual Compensation	Awards		Payouts	
					Securities Under Options/SARS Granted	Restricted Shares or Restricted Share Units	LTIP Payouts	All Other Compensation
		(\$)	(\$)	(\$)	(#)	(\$)	(\$)	(\$)
Adrian Banica Chief Executive Officer	2006	92,733	Nil	Nil	Nil	Nil	Nil	Nil
Dr. Boyd Tolton, Chief Science Officer	2006	92,733	Nil	Nil	250,000	Nil	Nil	Nil
Doug Miller Chief Technical Officer	2006	92,733	Nil	Nil	250,000	Nil	Nil	Nil

### Stock Option Grants During the Year Ended October 31, 2006

The following table sets forth information in respect of Options granted to the Named Executive Officers during the most recently completed financial year.

Name	Securities Under Options Granted (#)	% of Total Options Granted in 2006	Exercise Price (\$/Share)	Market Value of Class A Shares Underlying Options on the Date of Grant (\$/Share)	Expiry Date
Adrian Banica	Nil	N/A	N/A	N/A	N/A
Boyd Tolton	250,000	38.5%	\$0.40	\$100,000	Dec 31, 2009
Doug Miller	250,000	38.5%	\$0.40	\$100,000	Dec 31, 2009

### Aggregated Option Exercises During the Year Ended October 31, 2006 and Year-End Option Values

The following table sets forth certain information with respect to Options to acquire our Class A Shares exercised by the Named Executive Officers during the year ended October 31, 2006 and, based upon an Initial Public Offering price for the Common Shares on October 31, 2006 of \$0.50, the value at year end of unexercised Options.

Name	Securities Acquired on Exercise	Aggregate Value Realized	Unexercised Options at October 31, 2006 (#)	Value of Unexercised in-the-Money Options at October 31, 2006 (\$)
	(#)	(\$)	Exercisable/Unexercisable	Exercisable/Unexercisable
Adrian Banica	Nil	N/A	Nil/Nil	Nil/Nil
Boyd Tolton	400,000	\$160,000	400,000/Nil	\$32,500/Nil
Doug Miller	100,000	\$ 40,000	500,000/Nil	\$37,500/Nil

### Employment Contracts and Termination of Employment

As at the date hereof, there are employment contracts in place with each of the executive officers and the provisions for a payment upon change of control or termination of employment are as follows:

Adrian Banica, termination equals to one year base salary, plus any accrued bonuses, if any.

Doug Miller, termination equals to nine months base salary, plus any accrued bonuses, if any.

Boyd Tolton, termination equals to three months base salary, plus any accrued bonuses, if any.

### Stock Option Plan

The Stock Option Plan of the Corporation provides for the granting of Options to purchase Common Shares of the Corporation to directors, officers and key employees and consultants of the Corporation. For a description of the Corporation's Stock Option Plan see "*Matters Respecting our Stock Option Plan*" above.

### Securities Authorized for Issuance Under Equity Compensation Plans as at October 31, 2006

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted-average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
<i>Equity compensation plans approved by security holders</i>	0	N/A	N/A
<i>Equity compensation plans not approved by security holders</i>	1,100,000	\$0.4273	625,555
<i>Total</i>	1,100,000	\$0.4273	625,555

### Compensation of Directors

Our outside directors did not receive any cash compensation, attendance fees or options in 2006. In 2007 non-management directors were granted 490,000 options to acquire Common Shares of the Corporation at an exercise price of \$0.50 per share. The options vest 1/3 on the first anniversary of the date of grants and will expire five years from the date of grant. In addition, we will reimburse directors for all reasonable expenses incurred in order to attend meetings.

## CORPORATE GOVERNANCE

### Board of Directors

Our Board consists of seven persons, four of whom are independent. Messrs. Lack, Brommeland, Anderson and Ms. Laird are independent.

Mr. Banica is not independent as he is Synodon's Chief Executive Officer and Mr. Pinsent is not independent as he is the Chief Financial Officer. Mr. Sheard is not independent as he was the President of the Corporation until November, 2005.

Independent directors hold in-camera meetings at all Board meetings during which management directors are not in attendance.

The following directors are presently directors of other reporting issuers:

Director	Names of Other Issuers
Erv Lack	HyDuke Energy Services Ltd., Bay Equities Inc., Teuton Resources Corporation
Nancy Laird	Keyera Facilities Income Fund, Enerflex Systems Ltd, Canetic Resources Trust
John Pinsent	Liberty Mines Inc.

### Orientation and Continuing Education

The Board ensures that a new member is provided access to senior management to discuss the current business strategy, encourages new members to meet individually with current members to discuss historical information and has access to the minute books. Continuing education is derived from directors and management being engaged in education programs that focus on relevant corporate and securities' law matters.

### Ethical Business Conduct

Each individual being considered for nomination as a Director must disclose all interests and relationships of which the Director is aware of at the time of consideration which will or can give rise to a conflict of interest. If such an interest or relationship should arise while the individual is a Director, the individual shall make immediate disclosure of all relevant facts.

In accordance with the *Business Corporations Act* (Alberta), Directors who are a party to or are a Director or an officer of a party to a material contract or material transaction are required to disclose the nature and extent of their interest and are not permitted to vote on any resolution to approve the contract or transaction.

The Board has subscribed to a Whistleblower service whereby employees and consultants can raise these concerns anonymously and free of any discrimination, retaliation or harassment. The Board believes that providing a forum for employees to raise concerns about ethical conduct and treating all complaints with the appropriate level of seriousness foster a culture of ethical conduct within the Corporation.

### Nomination of Directors

The Board as a whole proposes nominees and a majority of the independent directors meet with the nominee to ensure compatibility with current members. The Board relies on its experience to identify new candidates for Board Nomination.

## Committees of the Board

The only committee of the Board is the Audit Committee. An ad-hoc committee is created to deal with compensation and governance issues. The members of the Audit Committee are Messrs. Brommeland, Sheard, Lack and Pinsent.

## Compensation

The Ad-hoc Corporate Governance and Compensation Committee makes recommendations to the Board with respect to the annual salary, bonus and other benefits of the Chief Executive Officer having consideration to the committee's evaluation of the Chief Executive Officer's performance.

The Committee also approves compensation for all other senior officers after considering the recommendations of the Chief Executive Officer, all within the compensation policies guidelines concerning employee compensation and benefits approved by the Board.

The Committee ensures such compensation realistically reflect the responsibilities and risks of such positions. The Committee, working with the CEO and CFO of the Corporation, also reviews director compensation and recommends compensation terms that adequately reflect the responsibilities being assumed by directors, the Chairman of the Board and committee chairs and members.

## Assessments

As the Board was reconstituted in May of 2006, we have not commenced a process of formally assessing the Board, its committees or the individual directors with respect to effectiveness and contribution; however, it is expected that the Board will conduct an annual review and assessment of the performance of each of the individual directors and the Board as whole. To date the Board has satisfied itself that the Board, its committees and individual directors are performing effectively through informal discussions.

## AUDIT COMMITTEE

### Audit Committee Charter

A copy of the charter of the Audit Committee is attached as Schedule "A".

### Composition of the Audit Committee

The table below lists the members of the Audit Committee and their independence and financial literacy:

<u>Audit Committee Member</u>	<u>Independent</u>	<u>Financially Literate</u>
Rick Brommeland	Yes	Yes
Erv Lack	Yes	Yes
John Pinsent	No	Yes
Chris Sheard	No	Yes

## Exemption

The Company as a "venture issuer" as defined in Multilateral Instrument 52-110 entitled "Audit Committees" ("MI 52-110") is relying on the exemption in Section 6.1 of MI 52-110.

## INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

There were no material interests, direct or indirect, of directors or executive officers of the Corporation, of any shareholder who beneficially owns, directly or indirectly, or exercises control or direction over more than 10% of the outstanding Common Shares, or any other Informed Person (as defined in National Instrument 51-102) or any

known associate or affiliate of such persons, in any transaction since the commencement of the last completed financial year of the Corporation or in any proposed transaction which has materially affected or would materially affect the Corporation or any of its subsidiaries.

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

The Corporation is not aware of any material interest, direct or indirect, by way of beneficial ownership or otherwise, of any director, executive officer or nominee for director, or of any associate or affiliate of the foregoing, in respect of any matter to be acted on at the Meeting.

**INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS**

At no time during the most recently completed fiscal period was there any indebtedness of any director or officer, or any associate of any such director or officer to us or to any other entity which is, or at any time since the beginning of the most recently completed financial period, been the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by us.

**OTHER MATTERS COMING BEFORE THE MEETING**

Management knows of no other matters to come before the Meeting other than those referred to in the Notice of Meeting. Should any other matters properly come before the Meeting; the Common Shares represented by proxy solicited hereby will be voted on such matters in accordance with the best judgment of the person voting such proxy.

**ADDITIONAL INFORMATION**

Additional information relating to us is available on SEDAR at [www.sedar.com](http://www.sedar.com). Financial information is provided in our comparative financial statements and Management's Discussion and Analysis for 2006. To receive a copy of our financial statements and related Management's Discussion and Analysis please contact our Chief Executive Officer at Synodon Inc., 6916 Roper Road, Edmonton, Alberta T6B 3H9. If you wish, this information can also be accessed on SEDAR at [www.sedar.com](http://www.sedar.com).

DATED as of this 12th day of June 2007.

BY ORDER OF THE BOARD  
"Adrian Banica"  
President and  
Chief Executive  
Officer

**SCHEDULE "A"**  
**AUDIT COMMITTEE MANDATE**  
**AUDIT COMMITTEE OF THE BOARD OF DIRECTORS**  
**OF SYNODON INC.**  
**(the "Corporation")**  
**CHARTER**

**PART 1: PURPOSE**

The primary function of the Audit Committee is to assist the Board of Directors (the "Board of Directors" or "Board") of Synodon Inc. (the "Corporation") in fulfilling its responsibilities by reviewing: the financial reports and other financial information provided by the Corporation to any governmental body or the public; the Corporation's systems of internal controls regarding finance, accounting, legal compliance and ethics that management and the Board have established; and the Corporation's auditing, accounting and financial reporting processes generally. Consistent with this function, the Audit Committee should endeavour to encourage continuous improvement of, and should endeavour to foster adherence to, the Corporation's policies, procedures and practices at all levels. The external auditor shall report directly to the Audit Committee. The Audit Committee's primary objectives are:

- 1.1 To assist directors meet their responsibilities (especially for accountability) in respect of the preparation and disclosure of the financial statements of the Corporation and related matters;
- 1.2 To provide better communication between directors and external auditors;
- 1.3 To enhance the external auditor's independence;
- 1.4 To increase the credibility and objectivity of financial reports; and
- 1.5 To strengthen the role of the outside directors by facilitating discussions between directors on the Audit Committee, management and external auditors.

**PART 2: COMPOSITION**

The Audit Committee shall be comprised of three or more directors as determined by the Board of Directors and shall meet the legal requirements relating to the independence of its members applicable to the Corporation from time to time. The majority of the members of the Audit Committee shall be "financially literate". The Board of Directors has adopted the definition for "financial literacy" used in Multilateral Instrument 52-110 — Audit Committees. Audit Committee members may enhance their familiarity with finance and accounting by participating in educational programs conducted by the Corporation or an outside consultant. The members of the Audit Committee shall be elected by the Board of Directors at the annual organizational meeting of the Board of Directors and remain as members of the Audit Committee until their successors shall be duly elected and qualified. Unless a Chair is elected by the full Board of Directors, the members of the Audit Committee may designate a Chair by majority vote of the full Audit Committee membership.

**PART 3: MEETINGS**

The Audit Committee shall meet at least four times annually, or more frequently as circumstances dictate. As part of its job to foster open communication, the Audit Committee should meet at least annually with management and the independent auditors in separate executive sessions to discuss any matters that the Audit Committee or each of these groups believe should be discussed privately. In addition, the Audit Committee or at least its Chair should meet with the independent auditors and management quarterly to review the Corporation's financials consistent with Section 4.4 below.

A quorum for meetings of the Audit Committee shall be a majority of its members, and the rules for calling, holding, conducting and adjourning meetings of the Audit Committee shall be the same as those governing the Board.

#### **PART 4: RESPONSIBILITIES AND DUTIES**

To fulfill its responsibilities and duties, the Audit Committee shall endeavour to:

##### ***Documents/Reports Review***

- 4.1 Review and update this Charter periodically, at least annually, as conditions dictate.
- 4.2 Review the organization's annual and interim financial statements, MD&A, earnings press releases and any reports or other financial information submitted to any governmental body or the public, including any certification, report, opinion or review rendered by the independent auditors.
- 4.3 Review the reports to management prepared by the independent auditors and management's responses.
- 4.4 Review with financial management and the independent auditors the quarterly financial statements prior to their filing or prior to the release of earnings. The Chair of the Audit Committee may represent the entire Audit Committee for purposes of this review.
- 4.5 Review of significant findings during the year, including the status of previous significant audit recommendations.
- 4.6 Periodically assess the adequacy of procedures for the review of corporate disclosure that is derived or extracted from the financial statements.

##### ***Independent Auditors***

- 4.7 Recommend to the Board the external auditors to be nominated for appointment by the shareholders.
- 4.8 Recommend to the Board the compensation of the external auditors.
- 4.9 On an annual basis, the Audit Committee should review and discuss with the auditors all significant relationships the auditors have with the Corporation to determine the auditors' independence.
- 4.10 Review any material disagreements between management and the independent auditors and review, consider and make a recommendation to the Board regarding any proposed discharge of the auditors when circumstances warrant.
- 4.11 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.
- 4.12 Periodically consult with the independent auditors, without the presence of management, about internal controls and the fullness and accuracy of the organization's financial statements.
- 4.13 Review the audit scope and plan of the independent auditor.
- 4.14 Oversee the work of the external auditors engaged for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for the Corporation.
- 4.15 Pre-approve the completion of any non-audit services by the external auditors and determine which nonaudit services the external auditor is prohibited from providing. The Audit Committee may delegate to one or more members of the Audit Committee authority to pre-approve non-audit services in satisfaction of this requirement and if such delegation occurs, the pre-approval of non-audit services by the Audit Committee member to whom authority has been delegated must be presented to the Audit Committee at its first scheduled meeting

following such pre-approval. The Audit Committee shall be entitled to adopt specific policies and procedures for the engagement of non-audit services if:

- (1) the pre-approval policies and procedures are detailed as to the particular service;
- (2) the Audit Committee is informed of each non-audit service; and
- (3) the procedures do not include delegation of the Audit Committee's responsibilities to management.

The Audit Committee will satisfy the pre-approval requirement set forth in this paragraph 4.15 if:

- (4) the aggregate amount of all non-audit services that were not pre-approved is reasonably expected to constitute no more than 5% of the total amount of fees paid by the Corporation and its subsidiary entities to the auditors during the fiscal year in which the services are provided;
  - (5) the Corporation or the subsidiary entity, as the case may be, did not recognize the services as nonaudit services at the time of the engagement; and
  - (6) the services are promptly brought to the attention of the Audit Committee and approved, prior to completion of the audit, by the Audit Committee or by one or more of its members to whom authority to grant such approvals has been delegated by the Audit Committee.
- 4.16 Review and approve hiring policies relating to staff of current and former auditors.

### ***Financial Reporting Processes***

4.17 In consultation with the independent auditors, annually review the integrity of the organization's financial reporting processes, both internal and external.

4.18 In consultation with the independent auditors, consider annually the quality and appropriateness of the Corporation's accounting principles as applied in its financial reporting.

4.19 Consider and approve, if appropriate, major changes to the Corporation auditing and accounting principles and practices as suggested by the independent auditors or management.

4.20 Review risk management policies and procedures of the Corporation (i.e., litigation and insurance).

### ***Process Improvement***

4.21 Request reporting to the Audit Committee by each of management and the independent auditors of any significant judgments made in the management's preparation of the financial statements and the view of each group as to appropriateness of such judgments.

4.22 Following completion of the annual audit, review separately with each of management and the independent auditors any significant difficulties encountered during the course of the audit, including any restrictions on the scope of work or access to required information.

4.23 Review any significant disagreements among management and the independent auditors in connection with the preparation of the financial statements.

4.24 Review with the independent auditors and management the extent to which changes or improvements in financial or accounting practices, as approved by the Audit Committee, have been implemented. (This review should be conducted at an appropriate time subsequent to implementation of changes or improvements, as decided by the Audit Committee.)

4.25 Conduct and authorize investigations into any matters brought to the Audit Committee's attention and within the Audit Committee's scope of responsibilities. The Audit Committee shall be empowered to retain and to approve compensation for any independent counsel and other professionals to assist in the conduct of any investigation.

4.26 Review the systems that identify and manage principal business risks.

4.27 Establish a procedure for:

(1) the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls or auditing matters; and

(2) the confidential, anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters;

which procedure shall be set forth in a "whistle blower program" to be adopted by the Audit Committee in connection with such matters.

### ***Ethical and Legal Compliance***

4.28 Establish, review and update periodically a Code of Ethical Conduct and ensure that management has established a system to enforce this code.

4.29 Review management's monitoring of the Corporation's compliance with the organization's Ethical Code.

4.30 In consultation with the auditors, consider the review system established by management regarding the Corporation's financial statements, reports and other financial information disseminated to governmental organizations and the public in the context of the applicable legal requirements.

4.31 On at least an annual basis, review with the Corporation's auditors or counsel, as appropriate, any legal matters that could have a significant impact on the organization's financial statements, the Corporation's compliance with applicable laws and regulations and inquiries received from regulators or government agencies.

4.32 Review with the organization's counsel legal compliance matters including the trading policies of securities.

4.33 Perform any other activities consistent with this Charter, the Corporation's by-laws and governing law, as the Audit Committee or the Board of Directors deems necessary or appropriate.

**SCHEDULE “B”****SYNODON INC.****STOCK OPTION PLAN (the “Plan”)**

## 1. Purpose of the Plan

The purpose of the Plan is to assist SYNODON INC. (the “**Corporation**”) in attracting, retaining and motivating directors, key officers, employees and consultants of the Corporation and of its subsidiaries and to closely align the personal interests of such directors, officers, employees and consultants with those of the shareholders by providing them with the opportunity, through options, to acquire common shares of the Corporation.

2. Implementation

The grant and exercise of any options under the Plan are subject to compliance with the applicable requirements of each stock exchange on which the shares of the Corporation are or become listed and of any governmental authority or regulatory body to which the Corporation is subject.

3. Administration

The Plan shall be administered by the board of directors of the Corporation which shall, without limitation, have full and final authority in its discretion, but subject to the express provisions of the Plan, to interpret the Plan, to prescribe, amend and rescind rules and regulations relating to it and to make all other determinations deemed necessary or advisable for the administration of the Plan. The board of directors may delegate any or all of its authority with respect to the administration of the Plan and any or all of the rights, powers and discretions with respect to the Plan granted to it under this Plan to the Executive Committee or such other committee of directors of the Corporation as the board of directors may designate. Upon any such delegation the Executive Committee or other committee of directors, as the case may be, as well as the board of directors, shall be entitled to exercise any or all of such authority, rights, powers and discretions with respect to the Plan. When used in the context of this Plan “board of directors” shall be deemed to include the Executive Committee or other committee of directors acting on behalf of the board of directors.

4. Number of Shares Under Plan

A maximum number of common shares equal to 10 percent (10%) of the issued and outstanding common shares of the Corporation, from time to time, (the “Optioned Shares”) shall be reserved, set aside and made available for issuance in accordance with the Plan. In no event shall options be granted, without regulatory approval, entitling any single individual to purchase in excess of five percent (5%) of the then outstanding shares in the Corporation in any 12 month period and no more than two percent (2%) of the optioned shares may be issued to any one consultant in any 12 month period. If option rights granted to an individual under the Plan shall expire or terminate for any reason without having been exercised in respect of certain Optioned Shares, such Optioned Shares may be made available for other options to be granted under the Plan.

5. Eligibility

Options may be granted under the Plan to any person who is a director, officer, employee or consultant of the Corporation, or of its subsidiaries, as the board of directors may from time to time designate as a participant under the Plan (a “Participant”). The Corporation represents and confirms that any Participant under the Plan will be a bona fide director, officer, employees or consultant of the Corporation. Subject to the provisions of this Plan, the total number of Optioned Shares to be made available under the Plan and to each Participant, the time or times and price or prices at which options shall be granted, the time or times at which such options are exercisable, and any conditions or restrictions on the exercise of options, shall be in the full and final discretion of the board of directors.

6. Shareholder Approval

The Corporation will be required to obtain disinterested shareholder approval for the reduction in the exercise price of Optioned Shares where the Optionee is an insider.

7. Terms and Conditions

(a) Exercise Price

The exercise price to each Participant for each Optioned Share shall be as determined by the board of directors, but shall in no event be less than the market price of the common shares of the Corporation on the TSX Venture Exchange, or such other exchange on which the common shares are listed at the time of the grant of the option, less the maximum discount permitted under the policies of the TSX Venture Exchange or such other exchange on which the common shares are listed, or such other price as may be agreed to by the Corporation and approved by the TSX Venture Exchange or such other exchange on which the common shares are listed.

(b) Option Agreement

All options shall be granted under the Plan by means of an agreement between the Corporation and each Participant (the "Option Agreement") in the form as may be approved by the board of directors, such approval to be conclusively evidenced by the execution of the Option Agreement by any one director or officer of the Corporation.

(c) Length of Grant

All options granted under the Plan shall expire not later than the fifth anniversary of the date such Options were granted or such other length of time as may be permitted under the policies of the stock exchange on which the common shares are listed.

(d) Non-Assignability of Options

An option granted under the Plan shall not be transferable or assignable (whether absolutely or by way of mortgage, pledge or other charge) by a Participant other than by will or other testamentary instrument or the laws of succession and may be exercisable during the lifetime of the Participant and only by the Participant.

(e) Right to Postpone Exercise

Each Participant, upon becoming entitled to exercise the option in respect of any Optioned Shares in accordance with the Option Agreement, shall be entitled to exercise the option to purchase such Optioned Shares at any time prior to the expiration or other termination of the Option Agreement.

(f) Exercise and Payment

Any option granted under the Plan may be exercised by a Participant or the legal representative of a Participant giving notice to the Corporation specifying the number of shares in respect of which such option is being exercised, accompanied by payment (by cash or certified cheque payable to the Corporation) of the entire exercise price (determined in accordance with the Option Agreement) for the number of shares specified in the notice. Upon any such exercise of an option by a Participant the Corporation shall cause the transfer agent and registrar of the common shares of the Corporation to promptly deliver to such Participant or the legal representative of such Participant, as the case may be, a share certificate in the name of such Participant or the legal representative of such Participant, as the case may be, representing the number of shares specified in the notice.

(g) Rights of Participants

The Participants shall have no rights as shareholders in respect of any of the Optioned Shares (including, without limitation, any right to receive dividends or other distributions, voting rights, warrants

or rights under any rights offering) other than Optioned Shares in respect of which Participants have exercised their option to purchase and which have been issued by the Corporation.

(h) Third Party Offer

If, at any time when an option granted under the Plan remains unexercised with respect to any Optioned Shares, an Offer to purchase all of the common shares of the Corporation is made by a third party, the Corporation shall use its best efforts to bring such offer to the attention of the Participants as soon as practicable and the Corporation may, at its option, require the acceleration of the time for the exercise of the option rights granted under the Plan and of the time for the fulfillment of any conditions or restrictions on such exercise.

(i) Alterations in Shares

In the event of a share dividend, share split, issuance of shares or instruments convertible into common shares (other than pursuant to the Plan) for less than market value, share consolidation, share reclassification, exchange of shares, recapitalization, amalgamation, merger, consolidation, corporate arrangement, reorganization, liquidation or the like of or by the Corporation, the board of directors may make such adjustment, if any, of the number of Optioned Shares, or of the exercise price, or both, as it shall deem appropriate to give proper effect to such event, including to prevent, to the extent possible, substantial dilution or enlargement of rights granted to Participants under the Plan. In any such event, the maximum number of shares available under the Plan may be appropriately adjusted by the board of directors. If because of a proposed merger, amalgamation or other corporate arrangement or reorganization, the exchange or replacement of shares in the Corporation of those in another company is imminent, the board of directors may, in a fair and equitable manner, determine the manner in which all unexercised option rights granted under the Plan shall be treated including, for example, requiring the acceleration of the time for the exercise of such rights by the Participants and of the time for the fulfillment of any conditions or restrictions on such exercise. All determinations of the board of directors under this paragraph 6(i) shall be full and final.

(j) Termination

Subject to paragraph 6(k), if a Participant is dismissed as an officer, employee or consultant by the Corporation or by one of its subsidiaries for cause, all unexercised option rights of that Participant under the Plan shall terminate immediately upon such dismissal, notwithstanding the original term of the option granted to such Participant under the Plan.

(k) Disability or Retirement

Notwithstanding paragraph 6(j), if a Participant ceases to be an officer, employee or consultant of the Corporation or of one of its subsidiaries as a result of:

- (a) disability or illness preventing the Participant from performing the duties routinely performed by such Participant;
- (b) retirement at the normal retirement age prescribed by the Corporation pension plan;
- (c) resignation; or
- (d) such other circumstances as may be approved by the board of directors;

such Participant shall have the right for a period not exceeding 90 days from the date of ceasing to be an officer, employee, consultant or director (or, if earlier, until the expiry date of the option rights of the Participant pursuant to the terms of the Option Agreement) to exercise the option under the Plan with respect to all Optioned Shares of such Participant to the extent they were exercisable on the date of ceasing to be an officer, employee, consultant or director. Upon the expiration of 90 days period (or such earlier

expiry date as provided for in the Option Agreement) all unexercised option rights of that Participant shall immediately terminate and shall lapse notwithstanding the original term of the option granted to such Participant under the Plan. In the event that the Participant is engaged in investor relations activities, the 90 day period is abbreviated to 30 days.

Any options granted to a Participant pursuant to a capital pool company prospectus, and the optionee does not continue as a director, officer, technical consultant or employee of the resulting issuer after completion of the qualifying transaction, will have a maximum term of the later of one year after the completion of the qualifying transaction and 90 days after the Participant ceases to become a director, officer, technical consultant or employee of the resulting issuer.

(1) Deceased Participant

In the event of the death of any Participant, the legal representatives of the deceased Participant shall have the right for a period not exceeding one year from the date of death of the deceased Participant (or such shorter period being, until the expiry date of the option rights of the Participant pursuant to the terms of the Option Agreement) to exercise the deceased Participant's option with respect to all of the Optioned Shares of the deceased Participant to the extent they were exercisable on the date of death. Upon the expiration of such period all unexercised option rights of the deceased Participant shall immediately terminate, notwithstanding the original term of the option granted to the deceased Participant under the Plan.

8. Amendment and Discontinuance of Plan

The board of directors may from time to time amend or revise the terms of the Plan or may discontinue the Plan at any time, provided that no such action may in any manner adversely affect the rights under any options earlier granted to a Participant under the Plan without the consent of that Participant.

9. No Further Rights

Nothing contained in the Plan nor in any option granted under this Plan shall give any participant or any other person, any interest or title in or to any common shares of the Corporation or any rights as a shareholder of the Corporation or any other legal or equitable right against the Corporation other than as set out in the Plan and pursuant to the exercise of any option, nor shall it confer upon the Participants any right to continue as an employee, officer, consultant or director of the Corporation or of its subsidiaries.

10. Compliance with Laws

The obligations of the Corporation to sell common shares and deliver share certificates under the Plan are subject to such compliance by the Corporation and the Participants as the Corporation deems necessary or advisable with all applicable corporate and securities laws, rules and regulations.

11. Gender

The use of the masculine gender in this Plan shall be deemed to include or be replaced by the feminine gender where appropriate to the particular Participant.