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0in .0001pt 10.0pt;text-indent:-10.0pt;">Equity compensation plans approved by securityholders

13,598,019

C\$

15.08

7,895,497

Equity compensation plans not approved by securityholders

Nil

N/A

N/A

Total

13,598,019

C\$

15.08

7,895,497

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(1) Represents the number of Common Shares reserved for issuance upon exercise of outstanding options and Restricted Share Rights.

(2) Based on the maximum number of Common Shares reserved for issuance upon exercise of options under the Stock Option Plan of 12,500,000 and upon exercise of Restricted Share Rights under the Restricted Share Plan of 500,000.

### **Stock Option Plan**

The Stock Option Plan was approved by the Company's shareholders at the Company's annual and special meeting of shareholders held on May 16, 2005. A copy of the Stock Option Plan is available under the Company's profile on SEDAR at [www.sedar.com](http://www.sedar.com).

The Stock Option Plan is designed to advance the interests of the Company by encouraging employees, officers and consultants to have equity participation in the Company through the acquisition of Common Shares. The aggregate maximum number of Common Shares that may be reserved for issuance under the Stock Option Plan is 12,500,000, representing approximately 3.10% of the issued and outstanding Common Shares (on a fully-diluted basis). Options to purchase an aggregate of 5,095,000 Common Shares, representing approximately 1.5% of the issued and outstanding Common Shares, are currently outstanding under the Stock Option Plan and no Common Shares were issued during the year ended December 31, 2005 upon exercise of options granted under the Stock Option Plan. This leaves 7,405,000 Common Shares, representing approximately 2.2% of the issued and outstanding Common Shares, available for issuance under the Stock Option Plan. Any options granted under the Stock Option Plan and which have been cancelled or terminated in accordance with the terms of the Stock Option Plan without having been exercised will again be available for re-granting under the Stock Option Plan. However, any options granted under the Stock Option Plan and exercised will not be available for re-granting under the Stock Option Plan.

Under the Stock Option Plan, stock options may be granted to employees, officers and consultants of the Company and designated affiliates. In determining the terms of each grant of stock options, consideration is given to the participant's present and potential contribution to the success of the Company. The exercise price per share is not to be less than the volume weighted average trading price of the Common Shares on the TSX, or another stock exchange where the majority of the trading volume and value of the Common Shares occurs, for the five trading days immediately preceding the day the option is granted. The exercise period for each stock option is not to be more than ten years. Options may be granted subject to vesting requirements. The maximum number of Common Shares issuable to insiders, at any time, pursuant to the Stock Option Plan and any other security based compensation arrangements of the Company is 10% of the total number of Common Shares then outstanding. The maximum number of Common Shares issuable to insiders, within any one year period, pursuant to the Stock Option Plan and any other security based compensation arrangements of the Company is 10% of the total number of Common Shares then outstanding. The Stock Option Plan is administered by the Board in consultation with the Compensation Committee.

Options are not assignable, except with the permission of the Company, and terminate: (i) within 30 days following the termination of an optionee's employment, with or without cause, or the retirement of an optionee from the Company; and (ii) within a period of time up to 12 months following the death of an optionee, as determined by the Board, subject to any extension or acceleration of the right to exercise at the sole discretion of the Board. In the event of a change of control which results in the termination of an optionee's eligibility to participate in the Stock Option Plan, the Board has the authority to permit participants to exercise their options within the original term.

Under the Stock Option Plan, the Board may from time to time amend or revise the terms of the Stock Option Plan or may discontinue the Stock Option Plan at any time. Subject to receipt of requisite shareholder and regulatory approval, the Board may make amendments to the Stock Option Plan to change the maximum number of Common Shares issuable under the Stock Option Plan and to change the provisions relating to insider restrictions, insider re-pricing and the extension of insider options. All other amendments to the Stock Option Plan may be made by the

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Board without obtaining shareholder approval, such amendments, including re-pricing of non-insider options or adding a cashless exercise feature of an option.

**Restricted Share Plan**

The Restricted Share Plan was approved by the Company's shareholders at the Company's annual and special meeting of shareholders held on May 16, 2005. A copy of the Restricted Share Plan is available under the Company's profile on SEDAR at [www.sedar.com](http://www.sedar.com).

The Restricted Share Plan provides that Restricted Share Rights may be granted by a committee (the Committee) which administers the Restricted Share Plan to employees, officers, directors and consultants of the Company as a discretionary payment in consideration of past services to the Company. The current intention of the Company is to use the Restricted Share Plan for grants of Restricted Share Rights to the non-executive directors of the Company as part of their annual retainer at the rate of 3,500 Restricted Share Rights per director each year. An aggregate of 500,000 Common Shares have been reserved for issuance under the Restricted Share Plan, representing approximately 0.12% of the issued and outstanding Common Shares (on a fully-diluted basis). Restricted Share Rights to purchase an aggregate of 10,503 Common Shares, representing less than one percent of the issued and outstanding Common Shares, are currently outstanding under the Restricted Share Plan and no Common Shares were issued during the year ended December 31, 2005 upon exercise of rights granted under the Restricted Share Plan. This leaves 489,497 Common Shares, representing approximately 0.12% of the issued and outstanding Common Shares, available for issuance under the Stock Option Plan. The maximum number of Common Shares issuable to insiders, at any time, pursuant to the Restricted Share Plan and any other security based compensation arrangements of the Company is 10% of the total number of Common Shares then outstanding. The maximum number of Common Shares issuable to insiders, within any one year period, pursuant to the Restricted Share Plan and any other security based compensation arrangements of the Company is 10% of the total number of Common Shares then outstanding.

A Restricted Share Right is exercisable into one Common Share at the end of a restricted period of time wherein a Restricted Share Right cannot be exercised as determined by the Committee (Restricted Period).

Under the Restricted Share Plan, the Board may from time to time amend or revise the terms of the Restricted Share Plan or may discontinue the Restricted Share Plan at any time. Subject to receipt of requisite shareholder and regulatory approval, the Board may make amendments to the Restricted Share Plan to change the maximum number of Common Shares issuable under the Restricted Share Plan and to change the provisions relating to insider restrictions. All other amendments to the Restricted Share Plan may be made by the Board without obtaining shareholder approval, such amendments including an amendment to the restricted period of a Restricted Share Right or an amendment to the termination provisions of a Restricted Share Right.

In the event of a participant's retirement or termination during a Restricted Period, any Restricted Share Rights automatically terminate, unless otherwise determined by the Committee. In the event of the retirement or termination after the Restricted Period, any Restricted Share Rights will be immediately exercised without any further action by the participant and the Company will issue Restricted Shares and any dividends declared but unpaid to the participant. In the event of death or disability, such Restricted Share Rights will be immediately exercised.

If a participant holds Restricted Share Rights that are subject to a Restricted Period, the Committee will have the discretion to pay a participant cash equal to any cash dividends declared on the Common Shares at the time such dividends are ordinarily paid to holders of the Common Shares. The Company will pay such cash dividends, if any, to those participants that hold Restricted Share Rights that are no longer subject to a Restricted Period.

In the event of a change of control, all Restricted Share Rights will be immediately exercised notwithstanding the Restricted Period.



**Corporate Governance Practices**

In June 2005, National Policy 58-201 *Corporate Governance Guidelines* (the *Governance Guidelines* ) and National Instrument 58-101 *Disclosure of Corporate Governance Practices* (the *Governance Disclosure Rule* ) were adopted by the securities regulatory authorities in Canada. The *Governance Guidelines* deal with matters such as the constitution and independence of corporate boards, their functions, the effectiveness and education of board members and other items dealing with sound corporate governance practices. The *Governance Disclosure Rule* requires that, if management of an issuer solicits proxies from its security holders for the purpose of electing directors, specified disclosure of its corporate governance practices must be included in its management information circular.

The Company and the Board recognize the importance of corporate governance to the effective management of the Company and to the protection of its employees and shareholders. The Company's approach to significant issues of corporate governance is designed with a view to ensuring that the business and affairs of the Company are effectively managed so as to enhance shareholder value. The Board fulfills its mandate directly and through its committees at regularly scheduled meetings or as required. Frequency of meetings may be increased and the nature of the agenda items may be changed depending upon the state of the Company's affairs and in light of opportunities or risks which the Company faces. The directors are kept informed of the Company's operations at these meetings as well as through reports and discussions with management on matters within their particular areas of expertise.

The Company's corporate governance practices have been and continue to be in compliance with applicable Canadian and United States requirements. The Company continues to monitor developments in Canada and the United States with a view to further revising its governance policies and practices, as appropriate.

The following is a description of the Company's corporate governance practices which has been prepared by the Governance and Nominating Committee of the Board and has been approved by the Board.

**Board of Directors**

***Independence of the Board***

Eight out of the nine members of the Board are independent within the meaning of the *Governance Guidelines* and hold regularly scheduled meetings. Each of David R. Beatty, John P. Bell, Lawrence I. Bell, Douglas M. Holtby, Brian W. Jones, Antonio Madero, Donald R. M. Quick and Michael L. Stein are independent. Mr. Ian W. Telfer is not independent as he is an officer of the Company. The one proposed director nominee will be independent.

To facilitate the functioning of the Board independently of management, the following structures and processes are in place:

a non-executive Chairman has been elected;

there are no members of management on the Board, other than the President and Chief Executive Officer of the Company;

when appropriate, members of management, including the President and Chief Executive Officer, are not present for the discussion and determination of certain matters at meetings of the Board;

under the by-laws of the Company, any two directors may call a meeting of the Board;

the President and Chief Executive Officer's compensation is considered, in his absence, by the Compensation Committee at least once a year; and

in addition to the standing committees of the Board, independent committees are appointed from time to time, when appropriate.



*Chairman of the Board*

The Chairman of the Board (Mr. Holtby) is an independent director. The primary roles of the Chairman are to chair all meetings of the Board and shareholder meetings, and to manage the affairs of the Board, including ensuring the Board is organized properly, functions effectively and meets its obligations and responsibilities. The Chairman's responsibilities include, without limitation, ensuring that the Board works together as a cohesive team with open communication; and working together with the Governance and Nominating Committee to ensure that a process is in place by which the effectiveness of the Board, its committees and its individual directors can be evaluated on a regular basis. The Chairman also acts as the primary spokesperson for the Board, ensuring that management is aware of concerns of the Board, shareholders, other stakeholders and the public, and, in addition, ensuring that management strategies, plans and performance are appropriately represented to the Board. The Chairman also maintains communications with the Company's Director, Legal.

*Meetings of the Board and Committees of the Board*

The Board meets a minimum of four times per year, usually every quarter and following the annual meeting of the Company's shareholders. Each committee of the Board meets at least once each year or more frequently as deemed necessary by the applicable committee. The frequency of the meetings and the nature of the meeting agendas are dependent upon the nature of the business and affairs which the Company faces from time to time. The following table provides details regarding director attendance at Board and committee meetings held during the financial year ended December 31, 2005.

Director	Meetings Attended out of Meetings Held				
	Board	Audit Committee	Compensation Committee	Governance and Nominating Committee	Sustainability, Environment, Health and Safety Committee
David R. Beatty	18 out of 24	n/a	n/a	1 out of 1	n/a
John P. Bell (1)	17 out of 17	n/a	4 out of 4	n/a	3 out of 3
Lawrence I. Bell (1)	17 out of 17	7 out of 7	n/a	1 out of 1	3 out of 3
Douglas M. Holtby (1)	17 out of 17	7 out of 7	n/a	1 out of 1	n/a
Brian W. Jones	22 out of 24	7 out of 7	n/a	n/a	n/a
Antonio Madero (1)(4)	12 out of 17	n/a	2 out of 4	n/a	1 out of 3
Robert R. McEwen (2)	20 out of 20	n/a	n/a	n/a	n/a
Donald R. M. Quick	23 out of 24	n/a	4 out of 4	n/a	3 out of 3
Michael L. Stein	23 out of 24	n/a	4 out of 4	1 out of 1	n/a
Ian W. Telfer (1)(3)	17 out of 17	n/a	n/a	n/a	n/a

(1) These directors were appointed to the Board effective February 24, 2005, seven Board meetings having been held in 2005 prior to their appointments.

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(2) Mr. McEwen resigned from the Board effective October 29, 2005, four Board meetings having been held in 2005 subsequent to his resignation.

(3) Mr. Telfer is not a member of any committee of the Board.

(4) As a result of various competing commitments, Mr. Madero did not attend five out of the 17 Board meetings held, two out of the four Compensation Committee meetings held and two out of the three Sustainability, Environment, Health and Safety Committee meetings held. However, following each of such meetings, Mr. Madero contacted the Chairman of the Board or the Chairman of the applicable committee and was extensively briefed on the matters transacted at such meetings.

The independent directors hold regularly scheduled meetings at which non-independent directors and members of management do not attend. The Board's policy is to hold in-camera meetings at the end of each Board or committee of the Board meeting. During the financial year ended December 31, 2005, the independent directors held four meetings without Ian W. Telfer or other members of management in attendance.

*Other Public Company Directorships/Committee Appointments*

The following table provides details regarding directorships and committee appointments held by the Company's directors in other public companies. Other than Messrs. Holtby and Telfer who both serve on the board of UrAsia Energy Ltd., no director of the Company serves on the board of any other public company with any other director of the Company.

<b>Director</b>	<b>Other Public Company Directorships</b>	<b>Other Public Company Committee Appointments</b>
David R. Beatty	Bank of Montreal (since 1992)	Governance and Nominating Committee Risk Review Committee
	FirstService Corporation (since 2001)	Executive Compensation Committee Nominating and Corporate Governance Committee
	Garbell Holdings Limited (since 1995)	None
	Husky Injection Molding Systems Ltd. (since 2004)	Compensation Committee Corporate Governance Committee
	Inmet Mining Corporation (since 2003)	Lead Director Compensation Committee Corporate Governance and Nominating Committee
John P. Bell	Taiga Building Products Ltd. (since 2005)	Audit Committee Compensation Committee Corporate Governance Committee
	Taiga Forest Products Ltd. (since 2003)	Audit Committee Compensation Committee Corporate Governance Committee
Lawrence I. Bell	Hardwoods Distribution Income Fund (since 2004)	Audit Committee Governance Committee
	International Forest Products Limited (since 1998)	Audit Committee Corporate Governance Committee Management Resources and Compensation Committee
	Miramar Mining Corporation (since 2003)	Audit and Risk Management Committee Corporate Governance and Nominating Committee
Douglas M. Holtby	UrAsia Energy Ltd. (since 2005)	Audit Committee
Brian W. Jones	None	None

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Director	Other Public Company Directorships	Other Public Company Committee Appointments
Antonio Madero	Alfa, S.A. de C.V. (since 1984)	
	Deere and Company (since 1997)	
	Group Industrial Saltillo S.A. de C.V. (since 1985)	
	Grupo Mexico S.A. de C.V. (since 2000)	
	Grupo Posadas S.A. de C.V. (since 1994)	
	SanLuis Corporacion S.A. de C.V. (since 1979)	

Director	Other Public Company Directorships	Other Public Company Committee Appointments
Donald R. M. Quick	None	None
Michael L. Stein	Canadian Apartment Properties Real Estate Investment Trust (since 1997)	None
Ian W. Telfer	BioteQ Environmental Technologies Inc. (since 2002)	Audit Committee Corporate Governance Committee
	PetroWorld Corp. (since 2005)	None
	Silver Wheaton Corp. (since 2004)	None
	UrAsia Energy Ltd. (since 2005)	None

### *Director Investment Requirements*

The Board has implemented a policy which requires directors of the Company to hold a minimum of 10,000 Common Shares. This requirement is to be attained within three years of the implementation of this policy or becoming a director of the Company, whichever is later, and must be maintained throughout their tenure as a director. As of the date hereof, six out of the nine directors have attained these director investment requirements. See Election of Directors below for details regarding security holdings of the Company's directors.

### **Board Mandate**

The duties and responsibilities of the Board are to supervise the management of the business and affairs of the Company; and to act with a view towards the best interests of the Company. In discharging its mandate, the Board is responsible for the oversight and review of the development of, among other things, the following matters:

the strategic planning process of the Company;

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identifying the principal risks of the Company's business and ensuring the implementation of appropriate systems to manage these risks;

succession planning, including appointing, training and monitoring senior management;

a communications policy for the Company to facilitate communications with investors and other interested parties; and

the integrity of the Company's internal control and management information systems.

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The Board also has the mandate to assess the effectiveness of the Board as a whole, its committees and the contribution of individual directors. The Board discharges its responsibilities directly and through its committees, currently consisting of the Audit Committee, the Compensation Committee, the Governance and Nominating Committee, and the Sustainability, Environment, Health and Safety Committee.

A copy of the terms of reference for the Board, setting out its mandate, responsibilities and the duties of its members is attached as Schedule A to this management information circular.

### Position Descriptions

Written position descriptions have been developed by the Board for the Chairman of the Board, the Chairman of each of the committees of the Board and the Chief Executive Officer of the Company.

### Orientation and Continuing Education

The Governance and Nominating Committee, in conjunction with the Chairman of the Board, is responsible for ensuring that new directors are provided with an orientation and education program which will include written information about the duties and obligations of directors, the business and operations of the Company, documents from recent Board meetings, and opportunities for meetings and discussion with senior management and other directors.

The Board recognizes the importance of ongoing director education and the need for each director to take personal responsibility for this process. To facilitate ongoing education of the Company's directors, the Governance and Nominating Committee will: (a) periodically canvas the directors to determine their training and education needs and interests; (b) arrange ongoing visitation by directors to the Company's facilities and operations; (c) arrange the funding for the attendance of directors at seminars or conferences of interest and relevance to their position as a director of the Company; and (d) encourage and facilitate presentations by outside experts to the Board or committees on matters of particular importance or emerging significance.

The following table provides details regarding various continuing education events held for the Company's directors during the financial year ended December 31, 2005.

Date and Place	Description of Event	Attendees
May 17, 2005 Red Lake Mine, Ontario	Tour of the Red Lake Mine provided by the Company	John P. Bell Lawrence I. Bell Robert R. McEwen
June 20/21, 2005 Denver, Colorado	Strategic planning meeting	John P. Bell Lawrence I. Bell Douglas M. Holtby Brian W. Jones

Robert R. McEwen  
Donald R. M. Quick  
Michael L. Stein  
Ian W. Telfer

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Date and Place	Description of Event	Attendees
August 17, 2005 Red Lake Mine, Ontario	Tour of the Red Lake Mine provided by the Company	Antonio Madero Ian W. Telfer
September 2005 Deadwood, South Dakota	Tour of the Wharf Mine. Sustainability, Environment, Health and Safety conference hosted by the Company	John P. Bell Lawrence I. Bell Donald R. M. Quick
October 24/25, 2005 Amapari, Brazil	Tour of the Amapari Mine provided by the Company	John P. Bell Douglas M. Holtby Robert R. McEwen Donald R. M. Quick Michael L. Stein Ian W. Telfer
November 27 to December 2, 2005 Mexico	Tour of the Mexican operations provided by the Company	John P. Bell Lawrence I. Bell Douglas M. Holtby Brian W. Jones Donald R. M. Quick Michael L. Stein Ian W. Telfer
December 2005	Rotman School of Management, Director Education Program	David R. Beatty (1) John P. Bell Douglas M. Holtby

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(1) Throughout 2005, Mr. Beatty was a Professor for eight separate courses at the Rotman School of Management.

### Code of Business Conduct and Ethics

The Board has adopted a Code of Business Conduct and Ethics (the "Code") for its directors, officers and employees. The Governance and Nominating Committee has responsibility for monitoring compliance with the Code by ensuring all directors, officers and employees receive and become thoroughly familiar with the Code and acknowledge their support and understanding of the Code. Any non-compliance with the Code is to be reported to the Company's Chief Financial Officer (for the purpose of the Code, the Company's Chief Financial Officer acts as the Director, Risk) or other appropriate person. In addition, the Board conducts regular audits to test compliance with the Code. A copy of the Code may be accessed under the Company's profile at [www.sedar.com](http://www.sedar.com) or on the Company's website at [www.goldcorp.com](http://www.goldcorp.com).

The Board takes steps to ensure that directors, officers and employees exercise independent judgment in considering transactions and agreements in respect of which a director, officer or employee of the Company has a material interest, which include ensuring that directors, officers and employees are thoroughly familiar with the Code and, in particular, the rules concerning reporting conflicts of interest and obtaining direction from the Company's Director, Risk regarding any potential conflicts of interest.

The Board encourages and promotes an overall culture of ethical business conduct by promoting compliance with applicable laws, rules and regulations; providing guidance to directors, officers and employees to help them recognize and deal with ethical issues; promoting a culture of



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open communication, honesty and accountability; and ensuring awareness of disciplinary action for violations of ethical business conduct.

### **Nomination of Directors**

The Governance and Nominating Committee, which is composed entirely of independent directors, is responsible for identifying and recruiting new candidates for nomination to the Board. The process by which the Board anticipates that it will identify new candidates is through recommendations of the Governance and Nominating Committee whose responsibility it is to develop, and annually update and recommend to the Board for approval, a long-term plan for Board composition that takes into consideration the following: (a) the independence of each director; (b) the competencies and skills the Board, as a whole, should possess; (c) the current strengths, skills and experience represented by each director, as well as each director's personality and other qualities as they affect Board dynamics; and (d) the strategic direction of the Company.

The Governance and Nominating Committee's responsibilities include periodically reviewing the charters of the Board and the committees of the Board; assisting the Chairman of the Board in carrying out his responsibilities; considering and, if thought fit, approving requests from directors for the engagement of independent counsel in appropriate circumstances; preparing and recommending to the Board a set of corporate governance guidelines, a Code of Business Conduct and Ethics and annually a Statement of Corporate Governance Practices to be included in the Company's management information circular; annually reviewing the Board's relationship with management to ensure the Board is able to, and in fact does, function independently of management; assisting the Board by identifying individuals qualified to become Board members and members of Board committees; leading the Board in its annual review of the Board's performance; and assisting the Board in monitoring compliance by the Company with legal and regulatory requirements.

### ***Majority Voting for Election of Directors***

The Board has adopted a policy regarding majority voting for the election of directors. The proposed policy is described under Election of Directors in this management information circular.

### **Compensation**

The Compensation Committee, which is composed entirely of independent directors, among other things, may determine appropriate compensation for the Company's directors, officers and employees. The process by which appropriate compensation is determined is through periodic and annual reports from the Compensation Committee on the Company's overall compensation and benefits philosophies.

The Compensation Committee's responsibilities include reviewing and making recommendations to the directors regarding any equity or other compensation plan and regarding the total compensation package of the Company's Chief Executive Officer, considering and approving the recommendations of the Chief Executive Officer regarding the total compensation packages for the other officers of the Company, and preparing and recommending to the Board annually a Report on Executive Compensation to be included in the Company's management information circular.

### ***Advisors to the Committee***

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During the financial year ended December 31, 2005, the Compensation Committee retained Mercer to provide assistance to the Compensation Committee in determining compensation for the Company's directors and executive officers and to provide advice to the Compensation Committee on policy recommendations prepared by management. See Report on Executive Compensation Compensation Committee Mandate above for further details regarding the engagement of Mercer by the Compensation Committee and by the Company.

**Committees of the Board**

The Board has the following four standing committees:

the Audit Committee;

the Compensation Committee;

the Governance and Nominating Committee; and

the Sustainability, Environment, Health and Safety Committee.

All of the committees are independent of management and report directly to the Board. From time to time, when appropriate, *ad hoc* committees of the Board may be appointed by the Board. The current membership of each standing committee of the Board is as follows:

Audit Committee Messrs. Holtby (Chair), L. Bell and Jones

Compensation Committee Messrs. Stein (Chair), J. Bell, Madero and Dr. Quick

Governance and Nominating Committee Messrs. Beatty (Chair), L. Bell, Holtby and Stein

Sustainability, Environment, Health and Safety Committee Messrs. L. Bell (Chair), J. Bell, Madero and Dr. Quick

***Audit Committee***

The purposes of the Audit Committee are to assist the Board's oversight of:

the integrity of the Company's financial statements;

the Company's compliance with legal and regulatory requirements;

the qualifications and independence of the Company's independent auditors; and

the performance of the independent auditors and the Company's internal audit function.

Further information regarding the Audit Committee is contained in the Company's annual information form (the "AIF") dated March 20, 2006 under the heading "Audit Committee" and a copy of the Audit Committee charter is attached to the AIF as Schedule "A". The AIF is available under the Company's profile at [www.sedar.com](http://www.sedar.com).

***Compensation Committee***

The purposes of the Compensation Committee are to make recommendations to the Board relating to the compensation of:

the members of the Board (in consultation with the Governance and Nominating Committee to ensure that good governance practices are adhered to in making recommendations for the compensation of members of the Board);

the Company's Chief Executive Officer; and

members of senior management of the Company.

***Governance and Nominating Committee***

The purposes of the Governance and Nominating Committee are to:

identify and recommend individuals to the Board for nomination as members of the Board and its committees (other than the Governance and Nominating Committee); and

develop and recommend to the Board a set of corporate governance principles applicable to the Company.

*Sustainability, Environment, Health and Safety Committee*

The purposes of the Sustainability, Environment, Health and Safety Committee are to assist the Board in its oversight of sustainability, environment, health and safety matters, including monitoring the implementation and management of the Company's policies, procedures and practices relating to sustainability, environment, health and safety matters.

In particular, the Sustainability, Environment, Health and Safety Committee has the authority and responsibility for:

reviewing the corporate and operational sustainability, environment, health and safety policies, procedures and practices with management as to their appropriateness and effectiveness, and report to management and the Board on recommendations;

oversee that the sustainability, environment, health and safety policies, procedures and practices are in place, operational and supported by sufficient resources;

receive and review periodic operational and compliance reports from management in relation to sustainability, environment, health and safety matters, and report to management and the Board with any recommendations relating to those reports;

review material incidents relating to sustainability, environment, health and safety matters, and report to management and the Board with any recommendations relating to those incidents;

promote and support improvements to the Company's sustainability, environment, health and safety performance and record; and

review sustainability, environment, health and safety audits.

**Board Assessments**

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The Board is committed to regular assessments of the effectiveness of the Board, the Chairman of the Board, the committees of the Board and the individual directors. The Governance and Nominating Committee annually reviews and makes recommendations to the Board regarding evaluations of the Board, the Chairman of the Board, the committees of the Board and the individual directors. During 2005, the Governance and Nominating Committee designed a written questionnaire that was sent to each director. The questionnaire asked directors to rate the Board practices under the following three headings:

1. Board (and committee) skills, culture and operations as they perceive them today;
  
2. The Board effectiveness today in:  
  
helping to set the Company's strategic direction,  
  
ensuring custody of financial reporting and disclosure, and  
  
evaluating and compensating senior executives; and
  
3. The Board's accomplishments during the current year and its goals for the coming year.

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Under each section the directors were encouraged to add their comments.

The questionnaires were compiled by an independent advisor, circulated to all members of the Governance and Nominating Committee and discussed in detail amongst the members of the Governance and Nominating Committee.

Concurrently with the written survey, the Chairman of the Board held formal discussions with each director about the operations of the Board and the performance of each director.

The overall conclusion from these questionnaires and formal discussions was that the Board was working effectively since the Company's merger with Wheaton in April 2005. A number of improvements have been implemented as a result of these Board assessments, including a Chairman's roundtable before each Board meeting, an expansion of the Board's skill sets in financial expertise and a continuous review of the quality of Board briefings.

### **Indebtedness of Directors and Executive Officers**

Other than the indebtedness of certain officers of one of the Company's subsidiaries set forth in the following table, none of the Company's directors, executive officers or employees, or former directors, executive officers or employees, nor any associate of such individuals, is as at the date hereof, or has been, during the financial year ended December 31, 2005, indebted to the Company or any of its subsidiaries in connection with a purchase of securities or otherwise. In addition, no indebtedness of these individuals to another entity has been the subject of a guarantee, support agreement, letter of credit or similar arrangement or understanding of the Company or any of its subsidiaries.

### **Indebtedness of Directors and Executive Officers**

<b>Name and Principal Position</b>	<b>Involvement of the Company (1)</b>	<b>Largest Amount Outstanding During Financial Year Ended December 31, 2005 (\$)</b>	<b>Amount Outstanding as at March 20, 2006 (\$)</b>
Salvador Garcia Vice-President, Production of Luismin, S.A. de C.V.	Lender	2,288(2)	Nil(2)
Luis Muruato Vice-President, Development of Luismin, S.A. de C.V.	Lender	4,576(2)	Nil(2)

(1) These loans were made by Servicios Administrativos, a subsidiary of Luismin, S.A. de C.V. which is a 82% owned subsidiary of the Company.

(2) All indebtedness relates to loans to purchase automobiles made prior to July 30, 2002. These loans were repaid in full during the financial year ended December 31, 2005. No other loans will be extended to these



officers of Luismin, S.A. de C.V.

Effective July 30, 2002, Section 402 of the United States *Sarbanes-Oxley Act of 2002* precludes the Company from directly or indirectly, including through a subsidiary, extending or maintaining credit, arranging for the extension of credit, or renewing an extension of credit, in the form of a personal loan to or for any director or executive officer of such companies. The prohibition on personal loans to executive officers does not apply to loans outstanding on July 30, 2002 provided there is no material modification of any term of such indebtedness or any renewal of such indebtedness after July 30, 2002. The Company does not extend credit to any of its current directors or executive officers.

**Interest of Certain Persons in Matters to be Acted Upon**

Other than as disclosed below, no (a) director or executive officer of the Company who has held such position at any time since January 1, 2005; (b) proposed nominee for election as a director of the Company; or (c) associate or affiliate of a person in (a) or (b) has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted upon at the Meeting.

As at the date hereof, insiders of the Company hold an aggregate of 81,250 Series A common share purchase warrants and 50,000 Series B common share purchase warrants, each representing less than one percent of the outstanding Series A common share purchase warrants and Series B common share purchase warrants, respectively.

**Interest of Informed Persons in Material Transactions**

Other than as described below and elsewhere in this management information circular, since January 1, 2005, no informed person of the Company, nominee for election as a director of the Company, or any associate or affiliate of an informed person or nominee, has or had any material interest, direct or indirect, in any transaction or any proposed transaction which has materially affected or will materially affect the Company or any of its subsidiaries.

During the financial year ended December 31, 2005, the Company sold its holdings in three marketable securities to a company owned by Robert McEwen, the former non-Executive Chairman and Chief Executive Officer of the Company. These were non-brokered transactions which were executed at market value based on the average of the TSX closing price for the ten trading days prior to the sale agreements, resulting in proceeds to the Company totaling approximately \$4 million. During the financial year ended December 31, 2005, the Company sold its share ownership of Lexam Explorations Inc. to a company owned by Mr. McEwen for proceeds of \$300,000.

**Number of Directors**

The OBCA provides that, where a minimum and maximum number of directors of a company is provided for in its articles, the directors of a company may, if empowered by special resolution of the shareholders of the company, by resolution determine the number of directors within the minimum and maximum and the number of directors to be elected at the annual meeting of the shareholders of the company. Management is of the view that this flexibility is in the best interests of the Company.

At the Meeting, shareholders will be asked to consider and, if deemed appropriate, to pass, with or without variation, a special resolution in the form set out below (the Number of Directors Resolution), subject to such amendments, variations or additions as may be approved at the Meeting, empowering the directors of the Company to determine by resolution the number of directors of the Company within the minimum and maximum number set forth in the articles and the number of directors to be elected at the annual meeting of shareholders of the Company.

The Board and management recommend the adoption of the Number of Directors Resolution. To be effective, the Number of Directors Resolution must be approved by not less than two-thirds of the votes cast by the holders of Common Shares present in person, or represented by

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proxy, at the Meeting. **Unless otherwise indicated, the persons designated as proxyholders in the accompanying form of proxy will vote the Common Shares represented by such form of proxy, properly executed, for the Number of Directors Resolution.**

The text of the Number of Directors Resolution to be submitted to shareholders at the Meeting is set forth below:

NOW THEREFORE BE IT RESOLVED THAT:

1. The directors of the Company be and they hereby are authorized and empowered to determine the number of directors of the Company within the minimum and maximum number set forth in

the articles and the number of directors of the Company to be elected at the annual meeting of shareholders of the Company; and

2. any director or officer of the Company is hereby authorized and directed, acting for, in the name of and on behalf of the Company, to execute or cause to be executed, under the seal of the Company or otherwise, and to deliver or cause to be delivered, such other documents and instruments, and to do or cause to be done all such other acts and things, as may in the opinion of such director or officer of the Company be necessary or desirable to carry out the intent of the foregoing resolution.

**Election of Directors**

The Company's Articles of Arrangement provide that the Board consist of a minimum of three and a maximum of ten directors. The Board currently consists of nine directors. At the Meeting, the nine persons named hereunder will be proposed for election as directors of the Company (the Nominees). **Unless authority to do so is withheld, the persons named in the accompanying proxy intend to vote for the election of the Nominees.** Management does not contemplate that any of the Nominees will be unable to serve as a director, but if that should occur for any reason prior to the Meeting, it is intended that discretionary authority will be exercised by the persons named in the accompanying proxy to vote the proxy for the election of any other person or persons in place of any Nominee or Nominees unable to serve. Each director elected will hold office until the close of the first annual meeting of shareholders of the Company following his election or until his successor is duly elected or appointed unless his office is earlier vacated in accordance with the by-laws of the Company. All of the Nominees, other than Bev Briscoe, were elected at the last annual and special meeting of the Company's shareholders held on May 16, 2005.

**Majority Voting for Directors.** The Board has adopted a policy stipulating that if the votes in favour of the election of a director nominee at a shareholders' meeting represent less than a majority of the shares voted and withheld, the nominee will submit his or her resignation promptly after the meeting, for the Governance and Nominating Committee's consideration. The Governance and Nominating Committee will make a recommendation to the Board after reviewing the matter, and the Board's decision to accept or reject the resignation offer will be disclosed to the public. The nominee will not participate in any Governance and Nominating Committee or Board deliberations on the resignation offer. The policy does not apply in circumstances involving contested director elections.

The following table sets forth the name, province/state and country of residence, principal occupation, date they first became a director of the Company and number of shares beneficially owned by each Nominee. The statement as to the Common Shares beneficially owned, directly or indirectly, or over which control or direction is exercised by the Nominees is in each instance based upon information furnished by the Nominee concerned and is as at March 20, 2006.

Name, Province/State and Country of Residence	Principal Occupation	Date First Became a Director of the Company	Number of Common Shares Beneficially Owned, Directly or Indirectly, or Over Which Control or Direction is Exercised
David R. Beatty, O.B.E. (3) Ontario, Canada	Chairman and Chief Executive Officer of	August 1994	17,167(5)

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	Beatinvest Limited (an investment company)		
John P. Bell (2)(4) British Columbia, Canada	Self Employed	February 2005	1,167(6)

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Name, Province/State and Country of Residence	Principal Occupation	Date First Became a Director of the Company	Number of Common Shares Beneficially Owned, Directly or Indirectly, or Over Which Control or Direction is Exercised
Lawrence I. Bell (1)(3)(4) British Columbia, Canada	Non-Executive Chairman of the British Columbia Hydro and Power Authority and Powerex Corp.	February 2005	11,167(7)
Douglas M. Holtby (1)(3) British Columbia, Canada	Chairman of the Board of the Company, President and Chief Executive Officer of Arbutus Road Investments Inc. and MKC Capital (private investment companies)	February 2005	11,167(8)
Antonio Madero (2)(4) Mexico City, Mexico	Chairman and Chief Executive Officer of SANLUIS Corporación, S.A. de C.V. (an auto parts manufacturer)	February 2005	1,167(9)
Dr. Donald R.M. Quick (2)(4) Ontario, Canada	Private Investor	November 2000	10,667(10)
Michael L. Stein (2)(3) Ontario, Canada	Chairman and Chief Executive Officer of MPI Group Inc. (a private investment and operating group of companies) and Chairman of Canadian Apartment Properties Real Estate Investment Trust	August 1994	84,167(11)
Ian W. Telfer British Columbia, Canada	President and Chief Executive Officer of the Company	February 2005	85,000(12)
Bev Briscoe British Columbia, Canada	President and Owner of Briscoe Management Limited	Nominee	Nil

(1) Member of the Audit Committee. It is anticipated that following the Meeting, the Audit Committee will be re-constituted to replace Brian Jones who is not standing for re-election at the Meeting but will serve on the Audit Committee until his resignation becomes effective upon the election of the new directors.

(2) Member of the Compensation Committee.

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- (3) Member of the Governance and Nominating Committee.
- (4) Member of the Sustainability, Environment, Health and Safety Committee.
- (5) Mr. Beatty also owns options to purchase 72,000 Common Shares and 2,333 Restricted Share Rights.
- (6) Mr. John Bell also owns options to purchase 62,500 Common Shares and 2,333 Restricted Share Rights.
- (7) Mr. Lawrence Bell also owns options to purchase 77,500 Common Shares and 2,333 Restricted Share Rights.

- (8) Mr. Holtby also owns options to purchase 137,500 Common Shares, warrants to purchase 12,500 Common Shares and 2,333 Restricted Share Rights.
- (9) Mr. Madero also owns 2,333 Restricted Share Rights.
- (10) Dr. Quick also owns options to purchase 48,000 Common Shares and 2,333 Restricted Share Rights.
- (11) Mr. Stein also owns options to purchase 72,000 Common Shares and 2,333 Restricted Share Rights.
- (12) Mr. Telfer also owns options to purchase 2,600,000 Common Shares and warrants to purchase 8,750 Common Shares.

The principal occupations, businesses or employments of each of the Nominees within the past five years are disclosed in the brief biographies set forth below.

**David R. Beatty** *Director.* Mr. Beatty is currently the Chairman and Chief Executive Officer of Beatinvest Limited (an investment company), Managing Director of the Canadian Coalition for Good Governance and Professor of Strategy and Director of the Clarkson Centre for Business Ethics at the University of Toronto. He also serves on the boards of the Bank of Montreal, FirstService Corporation, Garbell Holdings Ltd., Husky Injection Molding Systems Ltd. and Inmet Mining Corporation. He was previously Chairman and Chief Executive Officer of Old Canada Investment Corporation Limited.

**John P. Bell** *Director.* Mr. John Bell is currently the non-executive Chairman of Coast Cranberries and an independent director of Taiga Forest Products Ltd. and Taiga Building Products Ltd. Mr. John Bell was Canadian Ambassador to the Ivory Coast from 1984 to 1987 and then Ambassador to Brazil from 1987 to 1990. He also served as High Commissioner to Malaysia from 1993 to 1996. Mr. Bell was special advisor to the Canadian Minister of Foreign Affairs and Head of the Canadian Delegation on environment issues during the lead-up to the Earth Summit in Rio de Janeiro in June 1992.

**Lawrence I. Bell** *Director.* Mr. Lawrence Bell is the non-executive Chairman of both the British Columbia Hydro and Power Authority and Powerex Corp. From August 2001 to November 2003, Mr. Bell was Chairman and Chief Executive Officer of the British Columbia Hydro and Power Authority and, from 1987 to 1991, he was Chairman and Chief Executive Officer of the British Columbia Hydro and Power Authority. He is also a director of Hardwoods Distribution Income Fund, International Forest Products Limited and Miramar Mining Corporation and is former Chairman of the University of British Columbia Board of Directors. Prior to these positions, Mr. Bell was Chairman and President of the Westar Group and Chief Executive Officer of Vancouver City Savings Credit Union. In the province's public sector, Mr. Bell has served as Deputy Minister of Finance and Secretary to the Treasury Board.



*Douglas M. Holtby Chairman of the Board and Director.* Mr. Holtby is a Chartered Accountant. He is currently the Chairman of the Board and President and Chief Executive Officer of two private investment companies, Arbutus Road Investments Inc. and MKC Capital. From June 1989 to June 1996, Mr. Holtby was President, Chief Executive Officer and a director of WIC Western International Communications Ltd., from 1989 to 1996, he was Chairman of Canadian Satellite Communications Inc., from 1998 to 1999, he was a Trustee of ROB.TV and CKVU, from 1974 to 1989, he was President of Allarcom Limited and, from 1982 to 1989, he was President and a shareholder of Allarcom Pay Television Limited.

*Antonio Madero Director.* Mr. Madero is the founder, Chairman and Chief Executive Officer of SANLUIS Corporación, S.A. de C.V., a Mexican-based global publicly-held company and world leader manufacturer of suspensions, brake components and systems for the automotive industry, which clients include General Motors, Toyota, Nissan, Ford, DaimlerChrysler, BMW, Mercedes-Benz, with operations in Brazil, Mexico and the United States. Mr. Madero holds an MBA from Harvard University and a degree in Mining and Metallurgical engineering from the National University of Mexico. Mr. Madero is a director of Deere & Company; Alfa, S.A. de C.V.; Grupo Industrial Saltillo, S.A. de C.V., Grupo México, S.A. de C.V., Grupo Posadas, S.A. de C.V., the National Museum of Art, Mexico, and the New York Philharmonic Orchestra. Mr. Madero is a retired member of the International Advisory Council of J.P. Morgan Chase, New York; a member and former Chairman of the Mexican Businessmen Council; Founder and Honorary Life Chairman of the Fundación México en Harvard; member of the Chairman's Council of the Museum of Modern Art, New York; member of the Committee on University Resources at Harvard University; a founder and member of the Advisory Committee of the David Rockefeller Centre for Latin American Studies at Harvard University; a member of The Trilateral Commission; the Governing Board of the Universidad Panamericana; and Chairman's council, Americas Society, New York. Mr. Madero has

received many recognitions and awards from Mexican businesses, education and civic organizations and from Harvard University.

**Dr. Donald R.M. Quick Director.** Dr. Quick was a director of CSA Management Inc. from 1996 to 2000 and has been a director of the Company since 2000. Dr. Quick is a private investor. He graduated from the University of Western Ontario in 1973. He received his Director of Chiropractic in 1977 from the Canadian Memorial Chiropractic College. Dr. Quick is a Fellow of the International Academy of Clinical Acupuncture. In 1990, he took the Canadian Securities Course.

**Michael L. Stein Director.** Mr. Stein is Chairman and Chief Executive Officer of the MPI Group Inc. (a private investment and operating group of companies) and Founder and Chairman of Canadian Apartment Properties Real Estate Investment Trust. He was previously the Chairman and Chief Executive Officer of Canadian Apartment Communities Inc. and Canadian Apartment Management Inc. He was a director of CSA Management Inc. from 1994 to 2000. Mr. Stein has a degree in Civil Engineering from the Israel Institute of Technology and holds an MBA from Columbia University.

**Ian W. Telfer President, Chief Executive Officer and Director.** Mr. Telfer has been Chief Executive Officer and President of Goldcorp since February 24, 2005 and March 17, 2005, respectively, and Chairman and Chief Executive Officer of Wheaton prior to such time since September 2001. Mr. Telfer has over 20 years experience in the precious metals business. As a founding director of TVX Gold Inc., he served as its President and Chief Executive Officer during the first ten years and has also held positions as a director of Lihir Gold, and President and Chief Executive Officer of Vengold Inc.

**Bev Briscoe, FCA Nominee Director.** Ms. Briscoe has been President and owner of Briscoe Management Limited since 2004 and is the Chair of the Industry Training Authority for BC. From 1997 to 2004, Ms. Briscoe was President, and owner of Hiway Refrigeration Limited, from 1994 to 1997, she was Vice-President and General Manager of Wajax Industries Limited, from 1989 to 1994, she was Vice-President, Finance of Rivtow Group of Companies and from 1983 to 1989, she was Chief Financial Officer of various operating divisions of The Jim Pattison Group. Ms. Briscoe is currently a director of Duke Energy Income Fund, Ritchie Brothers Auctioneers Inc. and DTI Dental Technologies Inc. She is a Chartered Accountant and received her Bachelor of Commerce from the University of British Columbia.

#### **Cease Trade Orders or Bankruptcies**

No director of the Company is, or within the ten years prior to the date hereof has been, 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) 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

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a receiver, receiver manager or trustee appointed to hold its assets, other than (a) David Beatty who was a director of a mining company when it made an application under the CCAA on January 7, 2005; (b) Lawrence Bell who was a director of a mining company when it filed a plan of reorganization under Chapter 11 on December 22, 1998; (c) Michael Stein who was a director of a retail company when it filed for voluntary assignment in bankruptcy on July 11, 2000 under the *Bankruptcy and Insolvency Act* (Canada) and was subject to a cease trade order by the Ontario Securities Commission on July 21, 2000; and (d) Ian Telfer who was Vice-Chairman of a technology company when it made an assignment in bankruptcy on July 31, 2001.

### **Appointment of Auditors**

Unless authority to do so is withheld, the persons named in the accompanying proxy intend to vote for the appointment of Deloitte & Touche LLP, Chartered Accountants, as auditors of the Company until the close of the next annual meeting of shareholders and to authorize the directors to fix their remuneration.

Deloitte & Touche LLP, Chartered Accountants, were first appointed as auditors of the Company on March 17, 2005.

**Confirmation of New General By-Law**

The directors of the Company have approved a new general by-law no. 2 (the New By-Law ) for the Company which became effective on March 3, 2006. Shareholders are being asked to confirm the New By-Law.

The New By-Law is standard in its form and governs all aspects of the business and affairs of the Company, such as the establishment of a quorum for meetings of directors and shareholders, the conduct of such meetings, signing authorities, the appointment of officers, the description of the officers' duties, the establishment of committees of the Board, the authority of persons to contract on behalf of the Company and similar matters. The complete text of the New By-Law is attached hereto as Schedule B .

At the Meeting, shareholders will be asked to consider and, if deemed appropriate, to pass, with or without variation, a resolution, in the form set out below (the New By-Law Resolution ), subject to such amendments, variations or additions as may be approved at the Meeting, confirming the New By-Law.

The Board and management recommend the adoption of the New By-Law Resolution. To be effective, the New By-Law Resolution must be approved by not less than a majority of the votes cast by the holders of Common Shares present in person, or represented by proxy, at the Meeting. **Unless otherwise indicated, the persons designated as proxyholders in the accompanying form of proxy will vote the Common Shares represented by such form of proxy, properly executed, for the New By-Law Resolution.**

The text of the New By-Law Resolution to be submitted to shareholders at the Meeting is set forth below:

NOW THEREFORE BE IT RESOLVED THAT:

1. the new general by-law no. 2 in the form attached to the management information circular of the Company dated March 20, 2006 as Schedule B is hereby confirmed as the new general by-law for the Company, subject to such additions, deletions or other changes thereto, if any, as any one officer or any one director of the Company may consider necessary or desirable and shall approve; and

2. any director or officer of the Company is hereby authorized and directed, acting for, in the name of and on behalf of the Company, to execute or cause to be executed, under the seal of the Company or otherwise, and to deliver or cause to be delivered, such other documents and instruments, and to do or cause to be done all such other acts and things, as may in the opinion of such director or officer of the Company be necessary or desirable to carry out the intent of the foregoing resolution.

**Early Warrant Exercise Transaction**

Unless the context otherwise suggests, references to Warrants in this section of the management information circular refer to the following five series of common share purchase warrants of the Company: the First Warrants, the Series A Warrants, the Series B Warrants, the Series C Warrants and the U.S. Dollar Warrants, details of which are set out below under Distribution of New Warrants to Warrantheolders Upon Early Exercise of Warrants (the holders of the First Warrants, the Series A Warrants, the Series B Warrants, the Series C Warrants and the U.S. Dollar Warrants are collectively referred to herein as the Warrantheolders ).

**Distribution of New Warrants to Warrantheolders Upon Early Exercise of Warrants**

The Company proposes to provide to Warrantheolders up to 8,681,890 additional common share purchase warrants of the Company (the **New Warrants** ) upon the early exercise of the Warrants. Each New Warrant will entitle the holder to purchase one Common Share at a price equal to 150% of the volume weighted average trading price (the **VWAP** ) of the Common Shares on the TSX for the five trading days ending on the last trading day of the Early Exercise Period (as defined herein) (the **Early Exercise Expiry Date** ), rounded to the nearest \$0.25, at any time before 5:00 p.m. (Vancouver time) on the date which is five years following the Early Exercise Expiry Date, subject to adjustment in certain events. The following table sets forth certain details regarding each series of Warrants:

<b>Series of Warrants</b>	<b>Expiry Date (1)</b>	<b>Exercise Basis per Warrant</b>	<b>Exercise Price per Warrant</b>	<b>Exercise Price per Share</b>
First Warrants	May 13, 2009	2.08 Common Shares	C\$ 20.00	C\$ 9.62
Series A Warrants	May 30, 2007	0.25 of a Common Share	C\$ 1.65	C\$ 6.60
Series B Warrants	August 25, 2008	0.25 of a Common Share	C\$ 3.10	C\$ 12.40
Series C Warrants	May 30, 2007	0.25 of a Common Share	C\$ 1.65	C\$ 6.60
U.S. Dollar Warrants	April 30, 2007	2.08 Common Shares	US\$ 25.00	US\$ 12.02

(1) The Warrants expire at 5:00 p.m. (Toronto time) on the respective expiry dates.

The First Warrants are governed by the terms of an amended and restated common share purchase warrant indenture dated as of August 1, 2005 (the **First Warrant Indenture** ) between the Company and CIBC Mellon Trust Company (the **Warrant Agent** ). The Series A Warrants are governed by the terms of a common share purchase warrant indenture dated as of April 15, 2005 (the **Series A Warrant Indenture** ) between the Company and the Warrant Agent. The Series B Warrants are governed by the terms of a common share purchase warrant indenture dated as of April 15, 2005 (the **Series B Warrant Indenture** ) between the Company and the Warrant Agent. The Series C Warrants are governed by the terms of a common share purchase warrant indenture dated as of April 15, 2005 (the **Series C Warrant Indenture** ) between the Company and the Warrant Agent. The U.S. Dollar Warrants are governed by the terms of an amended and restated common share purchase warrant indenture dated as of August 1, 2005 (the **U.S. Dollar Warrant Indenture** ), and collectively with the First Warrant Indenture, the Series A Warrant Indenture, the Series B Warrant Indenture and the Series C Warrant Indenture, the **Warrant Indentures** ) between the Company and the Warrant Agent.

Subject to the Company receiving all required approvals, including the requisite approval of the Warrantheolders to amend the respective Warrant Indentures that govern the Warrants (the amendments to the Warrant Indentures are collectively referred to herein as the **Warrant Amendments** ) and the requisite approval of the shareholders of the Company (the **Shareholders** ) to issue the New Warrants, each Warrant will entitle the holder thereof to acquire the number of underlying common shares of the Company (the **Common Shares** ) otherwise issuable upon the exercise of the respective Warrants and a fraction of a New Warrant as set forth in the table below, in the event that such holder exercises such holder's Warrants during a period of 30 days (the **Early Exercise Period** ) following the date of the Warrant Amendments.

<b>Series of Warrants</b>	<b>Fraction of a New Warrant for Each Warrant Exercised during the Early Exercise Period</b>
First Warrants	0.44
Series A Warrants	0.01
Series B Warrants	0.08
Series C Warrants	0.01
U.S. Dollar Warrants	0.32

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The Warrant Amendments will be effected pursuant to the terms of supplemental warrant indentures (the Supplemental Indentures ) to be entered into between the Company and the Warrant Agent.

The Supplemental Indentures will also provide that, in the event that at least  $66\frac{2}{3}$  percent of the Warrants outstanding on the date of the Warrant Amendments of any series of Warrants are exercised during the

Early Exercise Period, any Warrants of such series that have not been voluntarily exercised during the Early Exercise Period will be exchanged, without any further action on the part of the holder thereof, including payment of the exercise price thereof or any other additional consideration, for (a) a fraction of a Common Share equal to the following: (i) the five date VWAP ending on the Early Exercise Expiry Date (the Five Day VWAP ) multiplied by the exercise basis of the applicable Warrants (the Exercise Basis ), less the exercise price of the applicable Warrants, divided by (ii) the Five Day VWAP; and (b) a fraction of a New Warrant as follows: 0.22 of a New Warrant for each First Warrant, 0.005 of a New Warrant for each Series A Warrant, 0.04 of a New Warrant for each Series B Warrant, 0.005 of a New Warrant for each Series C Warrant and 0.16 of a New Warrant for each U.S. Dollar Warrant. The Common Shares and New Warrants issuable in exchange for Warrants not voluntarily exercised during the Early Exercise Period are collectively referred to herein as the Exchange Shares and the Exchange Warrants , respectively. Any Warrants to be exchanged for Exchange Shares and Exchange Warrants shall be automatically exchanged immediately following 5:00 p.m. (Vancouver time) on the Early Exercise Expiry Date, and shall immediately thereafter be cancelled and be of no further force or effect.

In the event that less than 66 <sup>2</sup>/<sub>3</sub> percent of any series of the outstanding Warrants are exercised during the Early Exercise Period, each unexercised Warrant of such series will continue to entitle the holder to acquire the number of Common Shares currently issuable upon exercise until the expiry date of such series pursuant to their original respective terms.

#### Background and Reasons for the Warrant Amendments

As of March 20, 2006, 2,998,750 First Warrants, 48,958,522 Series A Warrants, 64,132,324 Series B Warrants, 46,543,723 Series C Warrants and 3,990,100 U.S. Dollar Warrants were issued and outstanding, of which, two insiders of the Company held an aggregate of 81,250 Series A Warrants, representing less than one percent of the outstanding Series A Warrants, and one insider of the Company held 50,000 Series B Warrants, representing less than one percent of the outstanding Series B Warrants. As of March 20, 2006, 341,164,634 Common Shares were issued and outstanding, of which 232,936, representing less than one percent of the outstanding Common Shares, were held by insiders of the Company.

Management of the Company has reviewed Goldcorp's capital structure and considered the possibility of the early exercise of the Warrants in order to simplify the capital structure of the Company and align the Company's capital needs with the proceeds from the exercise of the Warrants. The Company believes that the trading pattern of the Warrants is currently substantially the same as the trading pattern of the Common Shares, and that the trading price of the Warrants does not include a significant option value component in addition to the intrinsic or the in-the-money value of the Warrants. Further, management believes that the market for the Warrants is relatively illiquid and that it is unlikely that a liquid trading market for the Warrants will develop prior to the expiry of the Warrants. The following table compares the trading price and the intrinsic value of each series of Warrants for the 20 trading days ending on March 17, 2006.

#### 20 Trading Day Premium

(February 20, 2006 to March 17, 2006)

Series of Warrants	Trading Price (C\$) (1)	Intrinsic Value (C\$) (2)	Percentage of Premium to Intrinsic Value (%)
First Warrants	43.35	43.79	(1)
Series A Warrants	6.41	6.02	7



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Series B Warrants	4.58	4.57	0
Series C Warrants	6.16	6.02	2
U.S. Dollar Warrants (3)	35.74	34.82	3

- 
- (1) 20 day volume weighted average trading price as at March 17, 2006 of the respective Warrants.
  - (2) 20 day Volume weighted average trading price as at March 17, 2006 of the Common Shares on the TSX multiplied by the Exercise Basis of the respective Warrants less the exercise price of the respective Warrants.
  - (3) Canadian dollar equivalents calculated based on the closing exchange rate for Canadian dollars in terms of the United

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States dollar, as quoted by the Bank of Canada on March 17, 2006, of US\$1.00 = C\$1.1589.

On March 20, 2006, the directors of the Company approved the submission of the Warrant Amendments to Warrantholders and Shareholders for their approval.

The Company believes that the transaction contemplated would have the following benefits to the Company, the Warrantholders and the Shareholders:

- (a) the early exercise of the Warrants would simplify the capital structure of the Company and increase the Company's financial strength and flexibility;
- (b) the early exercise of the Warrants would align the Company's current capital needs with the proceeds to be realized upon the exercise of the Warrants;
- (c) in the event that all of the Warrants are exercised during the Early Exercise Period, the Company would receive gross proceeds of approximately \$460 million to repay debt;
- (d) the transaction contemplated enables the Company to access significant proceeds at an attractive cost of capital relative to an equity financing such as a public offering or a private placement;
- (e) the estimated expenses associated with the Warrant Amendments of C\$5.2 million are significantly less than the estimated expenses and underwriting fees which would be incurred in connection with an equity financing such as a public offering or private placement;
- (f) the issuance of the New Warrants will result in less dilution to the Shareholders than an equity financing such as a public offering or private placement which would likely be priced at a discount to the trading price of the Common Shares;
- (g) the early exercise of the Warrants would increase the Company's public float, which management believes may increase the trading liquidity of the Common Shares;

(h) management believes the early exercise of the Warrants should provide the Warrantholders with the benefits of a more liquid trading market for the Common Shares and the New Warrants versus the relatively illiquid trading market for the Warrants; and

(i) the Warrant Amendments would provide the Warrantholders with the opportunity to fully liquidate their investment for Common Shares in a transaction which provides Warrantholders with a premium to the theoretical or Black-Scholes value of the Warrants, the intrinsic or in-the-money value of the Warrants and the trading price of the Warrants prior to the announcement of the Warrant Amendments.

### **Fairness Opinions**

In connection with the proposed Warrant Amendments, the Company has engaged GMP Securities L.P. ( GMP ) and BMO Nesbitt Burns Inc. ( BMO NB ) and collectively the Financial Advisors ) to act as financial advisors to the Company in connection with the issuance of the New Warrants to Warrantholders. BMO NB has provided an opinion (the Warrantholder Fairness Opinion ) as to the fairness of the issuance of the New Warrants pursuant to the Warrant Amendments, from a financial point of view, to the Warrantholders, excluding insiders of the Company. GMP has provided an opinion (the Shareholder Fairness Opinion ) as to the fairness of the issuance of the New Warrants, from a financial point of view, to the Shareholders, excluding insiders of the Company.

BMO NB determined that the issuance of the New Warrants to Warrantholders would be fair, from a financial point of view, to the Warrantholders, excluding insiders of the Company, if the probable aggregate value of the Common Shares underlying each series of Warrants and the New Warrants to be issued to Warrantholders pursuant to the Supplemental Indentures following the Warrant Amendments

would exceed the probable aggregate value available to the Warrantheolders in respect of the Warrants if the Company were to maintain, in all material respects, the status quo, including its current debt and equity capital structure (the Status Quo Alternative ). BMO NB did not take into account any tax consequences or the possibility of a tax liability in connection with the transactions proposed by the Warrant Amendments or the disposition of Warrants by the Warrantheolders.

GMP determined that the issuance of the New Warrants to Warrantheolders would be fair, from a financial point of view, to the Shareholders, excluding insiders of the Company, if the probable aggregate value of the Common Shares to Shareholders as at the date of the Shareholder Fairness Opinion, after the issuance of the New Warrants to Warrantheolders, would exceed the probable aggregate value available to the Shareholders on such date under the Status Quo Alternative. GMP did not take into account any tax consequences or the possibility of a tax liability in connection with the transactions proposed by the Warrant Amendments or the disposition of Warrants by the Warrantheolders.

The Shareholder Fairness Opinion is dated as of March 20, 2006 and was delivered to the board of directors of the Company. Based upon and subject to the assumptions made and the matters considered in the Shareholder Fairness Opinion, GMP is of the opinion that, as of March 20, 2006, the issuance of the New Warrants to Warrantheolders is fair, from a financial point of view, to the Shareholders, excluding insiders of the Company. The Shareholder Fairness Opinion is based upon a variety of factors and assumptions and must be considered as a whole. The preparation of a fairness opinion is a complex process and is not necessarily susceptible to partial analysis or summary description. A copy of the Shareholder Fairness Opinion is attached as Schedule C to this management information circular and should be read in its entirety.

In addition to providing the Warrantheolder Fairness Opinion and the Shareholder Fairness Opinion, the general services covered by the engagement of GMP and BMO include providing analysis and advice to the Company in connection with the Warrant Amendments, assisting management with marketing and participating in the preparation and review of documentation in connection with the proposed Warrant Amendments.

#### **Recommendation of the Board of Directors**

The material factors considered by the directors of the Company which provided support for the conclusion that the issuance of the New Warrants to Warrantheolders is fair to Warrantheolders and Shareholders, excluding insiders of the Company, were:

- (a) in the event that holders of all Warrants exercise their Warrants during the Early Exercise Period, the Company would issue 8,681,890 New Warrants to Warrantheolders which, if fully exercised, would represent approximately 2.5 percent of the issued and outstanding Common Shares as at March 17, 2006;
  
- (b) the Warrant Amendments provide Warrantheolders with the opportunity to fully liquidate their investment for Common Shares in a transaction which provides Warrantheolders with a premium to the theoretical or Black-Scholes value of the Warrants, the intrinsic or in-the-money value of the Warrants and the trading price of the Warrants prior to the announcement of the Warrant Amendments;

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(c) the early exercise of the Warrants should provide the Warrantholders with the benefits of a more liquid trading market for the Common Shares and the New Warrants versus the relatively illiquid trading market for the Warrants;

(d) the Warrantholder Fairness Opinion to the directors of the Company provides that the issuance of the New Warrants to Warrantholders is fair, from a financial point of view, to the Warrantholders, excluding insiders of the Company, where fairness is defined only from the perspective that the proposal provides probable additional value versus the Status Quo Alternative for Warrantholders;

(e) the Shareholder Fairness Opinion to the directors of the Company provides that the

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issuance of the New Warrants pursuant to the Warrant Amendments is fair, from a financial point of view, to the Shareholders, excluding insiders of the Company, where fairness is defined only from the perspective that the proposal provides probable additional value versus the Status Quo Alternative for Shareholders;

(f) if all of the Warrants are exercised during the Early Exercise Period, the proceeds from such early exercise would provide a cost effective alternative source of funds for the Company;

(g) in order to be effective, the Warrant Amendment for each series of Warrants must be approved by not less than  $66\frac{2}{3}$  percent of the votes cast in respect of such Warrant Amendment by Warrantholders of each series of Warrants, respectively, excluding insiders of the Company;

(h) pursuant to the requirements of the TSX, the issuance of the New Warrants must be approved at a meeting of shareholders by a majority of the votes cast thereat by Disinterested Shareholders (as defined herein);

(i) in the event that not less than  $66\frac{2}{3}$  percent of a series of outstanding Warrants are exercised during the Early Exercise Period, holders of unexercised Warrants of such series will receive a fraction of a Common Share equivalent in value to the intrinsic or in-the-money value of their Warrants plus a fraction of a New Warrant, without any payment of additional consideration or the exercise price in respect thereof; and

(j) in the event that less than  $66\frac{2}{3}$  percent of any series of the outstanding Warrants are exercised during the Early Exercise Period, each unexercised Warrant of such series will continue to entitle the holder to acquire the number of Common Shares currently issuable upon exercise until the expiry date of such series pursuant to their original respective terms.

In light of the number and variety of factors considered by the directors of the Company in connection with their evaluation of the issuance of the New Warrants, the directors did not find it practicable to assign relative weights to the foregoing factors; accordingly, they did not do so.

In order to arrive at its recommendation, the directors of the Company obtained the advice of its legal counsel and the Financial Advisors, completed a detailed examination of the terms and conditions of the Warrant Amendments and completed a detailed examination of the Warrantholder Fairness Opinion and the Shareholder Fairness Opinion.

The directors of the Company have determined that the issuance of the New Warrants is in the best interests of the Company and is fair to Warrantholders and Shareholders, excluding insiders of the Company. **The directors of the Company recommend that Disinterested Shareholders vote in favour of the issuance of the New Warrants.**

**Shareholder Approval**

Pursuant to the requirements of the TSX, the issuance of the New Warrants to be issued upon the exercise of the Warrants requires the approval of a majority of the votes cast by the shareholders of the Company, excluding insiders of the Company and shareholders who are also Warrantheolders (the Disinterested Shareholders ) at the Meeting.

As of March 20, 2006, insiders of the Company held an aggregate of 232,936 Common Shares, representing less than one percent of the outstanding Common Shares, which will be excluded for the purposes of the vote of the Disinterested Shareholders. The number of Common Shares held by shareholders who are also Warrantheolders will also be excluded for the purposes of the Disinterested Shareholders vote. The number of such Common Shares is not known by the Company as of the date of this management information circular.

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At the Meeting, shareholders will be asked to consider and, if deemed appropriate, to pass, with or without variation, a resolution, in the form set out below (the Early Warrant Exercise Resolution ), subject to such amendments, variations or additions as may be approved at the Meeting, approving the issuance of the New Warrants.

The directors of the Company and management recommend the adoption of the Early Warrant Exercise Resolution. To be effective, the Early Warrant Exercise Resolution must be approved by not less than a majority of the votes cast by the Disinterested Shareholders present in person, or represented by proxy, at the Meeting. **Unless otherwise indicated, the persons designated as proxyholders in the accompanying form of proxy will vote the Common Shares represented by such form of proxy, properly executed, for the Early Warrant Exercise Resolution.**

The text of the Early Warrant Exercise Resolution to be submitted to shareholders at the Meeting is set forth below:

BE IT RESOLVED THAT:

1. the issuance of up to an additional 8,681,890 common share purchase warrants of the Company (the New Warrants ) upon the early exercise of five series of outstanding common share purchase warrants of the Company, as further described in the management information circular dated March 20, 2006, be and is hereby authorized and approved and any director or officer of the Company is hereby authorized and approved to execute and deliver for and in the name of and on behalf of the Company, under its corporate seal or otherwise, certificates representing the New Warrants;
2. any director or officer of the Company is authorized and directed to execute and deliver for and in the name of and on behalf of the Company, under its corporate seal or otherwise, all such certificates, instruments, agreements, notices and other documents and to do such other acts and things as, in the opinion of such person, may be necessary or desirable in connection with the issuance of the New Warrants, with the performance of the Company of its obligations in connection therewith, and to give effect to the foregoing and facilitate the implementation of the foregoing resolution; and
3. notwithstanding the passing of this resolution by the shareholders, the directors of the Company are hereby authorized and empowered without further notice to or approval of the shareholders not to proceed with the issuance of the New Warrants, as described in the management information circular dated March 20, 2006 or to revoke this resolution at any time prior to this resolution being effective.

### Additional Information



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Additional information relating to the Company can be found on SEDAR at [www.sedar.com](http://www.sedar.com). Financial information is provided in the Company's audited consolidated financial statements and management's discussion and analysis for the financial year ended December 31, 2005 which accompany this management information circular and can also be found on SEDAR at [www.sedar.com](http://www.sedar.com). Shareholders may also contact the Director, Investor Relations of the Company by phone at (604) 696-3011 or by e-mail at [info@goldcorp.com](mailto:info@goldcorp.com) to request copies of these documents.

**Directors Approval**

The contents of this management information circular and the sending thereof to the shareholders of the Company have been approved by the Board.

**BY ORDER OF THE BOARD OF DIRECTORS**

*Douglas Holtby*  
Douglas Holtby  
Chairman of the Board

Vancouver, British Columbia  
March 20, 2006

**SCHEDULE A**

**GOLDCORP INC.**

**TERMS OF REFERENCE FOR THE BOARD OF DIRECTORS**

**I. INTRODUCTION**

**A.** The Goldcorp Inc. ( Goldcorp or the Company ) Board of directors (the Board ) has a primary responsibility to foster the short and long-term success of the Company and is accountable to the shareholders.

**B.** The directors are stewards of the Company. The Board has the responsibility to oversee the conduct of the Company s business and to supervise management, which is responsible for the day-to-day operation of the Company. In supervising the conduct of the business, the Board, through the Chief Executive Officer (the CEO ) sets the standards of conduct for the Company.

**C.** These terms of reference are prepared to assist the Board and management in clarifying responsibilities and ensuring effective communication between the Board and management.

**II. COMPOSITION AND BOARD ORGANIZATION**

**A.** Nominees for directors are initially considered and recommended by the Board s Governance and Nominating Committee in conjunction with the Board Chair, approved by the entire Board and elected annually by the shareholders.

**B.** A majority of directors comprising the Board must qualify as independent directors (as defined in National Instrument 58-101 *Disclosure of Corporate Governance Practices* and the New York Stock Exchange independence rules).

**C.** Certain of the Board s responsibilities may be delegated to Board committees. The responsibilities of those committees will be as set forth in their terms of reference.

**III. DUTIES AND RESPONSIBILITIES**

**A. Managing the Affairs of the Board**

The Board operates by delegating certain of its authorities, including spending authorizations, to management and by reserving certain powers to itself. The legal obligations of the Board are described in Section IV. Subject to these legal obligations and to the Articles and By-laws of the Company, the Board retains the responsibility for managing its own affairs, including:

- i) annually reviewing the skills and experience represented on the Board in light of the Company's strategic direction and approving a Board composition plan recommended by the Governance and Nominating Committee;
  - ii) appointing, determining the composition of and setting the terms of reference for, Board committees;
  - iii) determining and implementing an appropriate process for assessing the effectiveness of the Board, the Board Chair, committees and directors in fulfilling their responsibilities;
  - iv) assessing the adequacy and form of director compensation;
  - v) assuming responsibility for the Company's governance practices;
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- vi) establishing new director orientation and ongoing director education processes;
- vii) ensuring that the independent directors meet regularly without executive directors and management present;
- viii) setting the terms of reference for the Board; and
- ix) appointing the secretary to the Board.

**B. Human Resources**

The Board has the responsibility to:

- i) provide advice and counsel to the CEO in the execution of the CEO's duties;
- ii) appoint the CEO and plan CEO succession;
- iii) set terms of reference for the CEO;
- iv) annually approve corporate goals and objectives that the CEO is responsible for meeting;
- v) monitor and, at least annually, review the CEO's performance against agreed upon annual objectives;
- vi) to the extent feasible, satisfy itself as to the integrity of the CEO and other senior officers, and that the CEO and other senior officers create a culture of integrity throughout the Company;

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- vii) set the CEO's compensation;
- viii) approve the CEO's acceptance of significant public service commitments or outside directorships;
- ix) approve decisions relating to senior management, including:
  - a) review senior management structure including such duties and responsibilities to be assigned to officers of the Company;
  - b) on the recommendation of the CEO, appoint and discharge the officers of the Company who report to the CEO;
  - c) review compensation plans for senior management including salary, incentive, benefit and pension plans; and
  - d) employment contracts, termination and other special arrangements with executive officers, or other employee groups.
- x) approve certain matters relating to all employees, including:
  - a) the Company's broad compensation strategy and philosophy;
  - b) new benefit programs or material changes to existing programs; and

- xi) ensure succession planning programs are in place, including programs to train and develop management.

**C. Strategy and Plans**

The Board has the responsibility to:

- i) adopt and periodically review a strategic planning process for the Company;
- ii) participate with management, in the development of, and annually approve a strategic plan for the Company that takes into consideration, among other things, the risks and opportunities of the business;
- iii) approve annual capital and operating budgets that support the Company's ability to meet its strategic objectives;
- iv) direct management to develop, implement and maintain a reporting system that accurately measures the Company's performance against its business plans;
- v) approve the entering into, or withdrawing from, lines of business that are, or are likely to be, material to the Company; and
- vi) approve material divestitures and acquisitions.

**D. Financial and Corporate Issues**

The Board has the responsibility to:

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- i) take reasonable steps to ensure the implementation and integrity of the Company's internal control and management information systems;
  
- ii) review and approve release by management of any materials reporting on the Company's financial performance or providing guidance on future results to its shareholders and ensure the disclosure accurately and fairly reflects the state of affairs of the Company, and is in accordance with generally accepted accounting principles, including quarterly results press releases and quarterly financial statements, any guidance provided by the Company on future results, Company information circulars, annual information forms, annual reports, offering memorandums and prospectuses;
  
- iii) declare dividends;
  
- iv) approve financings, issue and repurchase of shares, issue of debt securities, listing of shares and other securities, issue of commercial paper, and related prospectuses; and recommend changes in authorized share capital to shareholders for their approval;
  
- v) approve the incurring of any material debt by the Company outside the ordinary course of business;
  
- vi) approve the commencement or settlement of litigation that may have a material impact on the Company; and
  
- vii) recommend the appointment of external auditors and approve auditors' fees.



**E. Business and Risk Management**

The Board has the responsibility to:

- i) ensure management identifies the principal risks of the Company's business and implements appropriate systems to manage these risks;
- ii) approve any plans to hedge gold sales; and
- iii) evaluate and assess information provided by management and others about the effectiveness of risk management systems.

**F. Policies and Procedures**

The Board has the responsibility to:

- i) approve and monitor, through management, compliance with all significant policies and procedures that govern the Company's operations;
- ii) approve and act as the guardian of the Company's corporate values, including:
  - a) approve and monitor compliance with a Code of Business Conduct and Ethics for the Company and ensure it complies with applicable legal or regulatory requirements, such as relevant securities commissions;
  - b) require management to have procedures to monitor compliance with the Code of Business Conduct and Ethics and report to the Board through the Audit Committee; and

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c) disclosure of any waivers granted from a provision of the Code of Business Conduct and Ethics in a manner that meets or exceeds regulatory requirements.

iii) direct management to ensure the Company operates at all times within applicable laws and regulations and to the highest ethical and moral standards; and

iv) periodically review the Company's Environmental, Health and Safety Policy and regularly review the Company's Environmental, Health and Safety Reports.