



2013 ANNUAL INFORMATION FORM

APRIL 25, 2013

PHOSCAN CHEMICAL CORP.

ANNUAL INFORMATION FORM

TABLE OF CONTENTS

ITEM 1 -	CORPORATE STRUCTURE	6
1.1	NAME, ADDRESS AND INCORPORATION	6
1.2	INTERCORPORATE RELATIONSHIPS	6
ITEM 2 -	GENERAL DEVELOPMENT OF THE BUSINESS	6
2.1	THREE YEAR HISTORY	6
2.2	SIGNIFICANT ACQUISITIONS	8
ITEM 3 -	DESCRIPTION OF THE BUSINESS	8
3.1	GENERAL	8
3.2	RISK FACTORS	10
ITEM 4 -	MARTISON PHOSPHATE PROJECT	13
4.1	PROPERTY DESCRIPTION AND LOCATION	13
4.2	ACCESSIBILITY, CLIMATE, LOCAL RESOURCES, INFRASTRUCTURE AND PHYSIOGRAPHY	17
4.3	HISTORY OF THE MARTISON PHOSPHATE PROJECT	20
4.4	GEOLOGICAL SETTING	21
4.5	EXPLORATION	21
4.6	MINERALIZATION	22
4.7	DRILLING	22
4.8	SAMPLING, ANALYSIS AND DATA VERIFICATION	22
4.9	MINERAL RESOURCES AND MINERAL RESERVE ESTIMATES	24
4.10	MINING OPERATIONS	26
4.11	MARKETING AND LOGISTICS	27
4.12	ECONOMIC ANALYSIS	28
4.13	ACTIVITIES SUBSEQUENT TO MARTISON TECHNICAL REPORT	28
ITEM 5 -	DIVIDENDS	30
ITEM 6 -	DESCRIPTION OF CAPITAL STRUCTURE	31
6.1	GENERAL DESCRIPTION OF CAPITAL STRUCTURE	31
6.2	COMMON SHARES	31
6.3	SPECIAL SHARES	31
6.4	RIGHTS PLAN	31
6.5	REDUCTION IN STATED CAPITAL	32
6.6	NORMAL COURSE ISSUER BIDS	32
ITEM 7 -	MARKET FOR SECURITIES	32
ITEM 8 -	DIRECTORS AND EXECUTIVE OFFICERS	33
8.1	NAME, OCCUPATION AND SECURITY HOLDING	33
8.2	CEASE TRADE ORDERS AND BANKRUPTCIES	36
8.3	PENALTIES OR SANCTIONS	36
8.4	CONFLICTS OF INTEREST	36
ITEM 9 -	AUDIT COMMITTEE	37
9.1	AUDIT COMMITTEE CHARTER	37
9.2	COMPOSITION OF THE AUDIT COMMITTEE	37

9.3	RELEVANT EDUCATION AND EXPERIENCE.....	37
9.4	EXTERNAL AUDITOR SERVICE FEES	37
ITEM 10 -	LEGAL PROCEEDINGS AND REGULATORY ACTIONS	38
ITEM 11 -	INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS	38
ITEM 12 -	TRANSFER AGENTS AND REGISTRARS	38
ITEM 13 -	MATERIAL CONTRACTS	38
ITEM 14 -	INTERESTS OF EXPERTS	39
ITEM 15 -	ADDITIONAL INFORMATION	39
	AUDIT COMMITTEE CHARTER	A-1

Documents Incorporated by Reference

The following documents are specifically incorporated by reference in this Annual Information Form:

1. The consolidated financial statements of PhosCan Chemical Corp. (“PhosCan” or the “Corporation”) for the year ended January 31, 2013 prepared in accordance with International Financial Reporting Standards and the auditors' report thereon (the “2013 Annual Financial Statements”); and
2. Management’s Discussion and Analysis of PhosCan for the year ended January 31, 2013 (the “2013 Annual MD&A”).

The above documents are available for review on the System for Electronic Data Analysis and Retrieval (“SEDAR”), which may be accessed on the Internet at website: www.sedar.com.

Currency

In this Annual Information Form, references to “US\$” are to United States dollars, and references to “\$” are to Canadian dollars. The nominal noon rate of exchange on April 25, 2013, as reported by the Bank of Canada for the conversion of United States dollars into Canadian dollars was US\$1.00 = \$1.0194.

Defined Terms

In this Annual Information Form, in addition to the terms which are parenthetically defined, the following terms have the following meanings respectively:

Acidulation	The process whereby phosphate rock is reacted with a mineral acid to produce a fertilizer solution (phosphoric acid) and gypsum. Hemihydrate and dihydrate processes use sulphuric acid and produce gypsum with the formula $\text{CaSO}_4 \cdot 1/2\text{H}_2\text{O}$ and $\text{CaSO}_4 \cdot 2\text{H}_2\text{O}$ respectively.
Attack	The reaction or digestion of phosphate rock by acid.
cm	centimetres
DAP	Diammonium Phosphate, $(\text{NH}_4)_2\text{HPO}_4$ (the percent nitrogen:phosphorus:potassium analysis is typically 18:46:00)
DDH	Diamond drill hole
Filter Acid	The phosphoric acid filtrate product prior to washing the filter cake.
Filter Cake	The gypsum crystals retained on the filter cloth after filtration and washing.
Filtration	The separation of phosphoric acid from gypsum using a porous medium (filter cloth) to retain the gypsum crystals and pass the liquid acid.
km	kilometres
kV	kilovolts
kW	kilowatts
m	metres
mm	millimetres
MAP	Monoammonium Phosphate, $\text{NH}_4\text{H}_2\text{PO}_4$ (the percent nitrogen:phosphorus:potassium analysis is typically between 10:48:00 and 12:52:00)
Martison Technical Report	The technical report dated May 16, 2008 entitled “N.I. 43-101 Technical Report: Martison Phosphate Project Preliminary Feasibility Study”, prepared by James S. Spalding, David Sprott, Paul S. Waters, Joe Demidovich and Milton Jennings prepared in accordance with NI 43-101.
MGA	Merchant Grade Acid, typically 54% P_2O_5
MVa	Megavoltamperes
N	Symbol for Nitrogen, an essential crop nutrient.
NI 43-101	National Instrument 43-101 – <i>Standards of Disclosure for Mineral Projects</i> adopted by the Canadian Securities Administrators
P	Symbol for Phosphorous, an essential element for life.
P_2O_5	Phosphorous pentoxide
PEM	Potentially Economic Material: Resource material that has not yet been converted to ore reserves according to NI 43-101 guidelines.
Pre-Feasibility Study	The pre-feasibility study for the Martison Phosphate Project conducted by Golder Associates Ltd. and Jacobs Engineering Group Inc. of Lakeland, Florida, which was completed at the end of May, 2008 and is summarized in the Martison Technical Report.
Reactor	The vessel in which acidulation takes place (also known as attack tank).
Recovery	% of the P_2O_5 in the process feed that reports to the process product.

Rock	Phosphate rock is the commercial name for natural mineral concentrates containing phosphorous compounds. In a mining context, rock may also refer to the total quantity of ore and waste handled.
Slurry	A mixture of solid and liquid components. For the slurry pipeline the components are inert phosphate rock and water. For the phosphate plant, the components fed to the reactor are phosphate rock, sulphuric acid, and return acid. The reactor discharge contains gypsum crystals and phosphoric acid.
SPA	Super Phosphoric Acid, typically 70% P ₂ O ₅ . Referred to as black SPA before the carbon is removed and as green SPA after the carbon is removed.
t	metric tonne = 1,000 kg

Forward-Looking Statements

This Annual Information Form contains “forward-looking information” which may include, but is not limited to, statements with respect to the future financial or operating performances of PhosCan, the Martison Phosphate Project, the future supply, demand, inventory, production and price of phosphate, the estimation of mineral reserves and resources, the realization of mineral reserve estimates, the timing and amount of estimated future production, costs of production, capital, operating and exploration expenditures, requirements for additional capital for the Martison Phosphate Project, government regulation of mining operations, environmental risks, reclamation and rehabilitation expenses, title disputes or claims, limitations of insurance coverage and the timing and possible outcome of litigation and regulatory matters. Often, but not always, forward-looking information statements can be identified by the use of words such as “plans”, “expects”, “is expected”, “budget”, “scheduled”, “estimates”, “forecasts”, “intends”, “anticipates”, or “believes”, or variations (including negative variations) of such words and phrases, or state that certain actions, events or results “may”, “could”, “would”, “might”, or “will” be taken, occur or be achieved. Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of PhosCan to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Such factors include, among others, those factors discussed in the section entitled “*Description of the Business - Risk Factors*” in this Annual Information Form. Although PhosCan has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results to differ from those anticipated, estimated or intended. Forward-looking statements contained herein are made as of the date of this Annual Information Form based on the opinions and estimates of management, and PhosCan disclaims any obligation to update any forward-looking statements, whether as a result of new information, estimates or opinions, future events or results or otherwise. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, potential investors should not place undue reliance on forward-looking statements.

ITEM 1 - CORPORATE STRUCTURE

1.1 Name, Address and Incorporation

The Corporation was originally formed upon the amalgamation of Everdeen Resources Ltd. and Hendricks Minerals Canada Limited on March 22, 1994 under the *Business Corporations Act* (Ontario) under the name Hendricks Minerals Canada Limited. Hendricks Minerals Canada Limited changed its name to MCK Mining Corp. on May 6, 1997. MCK Mining Corp. changed its name to PhosCan Chemical Corp. on July 25, 2006. On October 19, 2006, the Corporation was continued under the *Canada Business Corporations Act*.

The principal office of the Corporation is located at 1 St. Clair Avenue West, Suite 501, Toronto, Ontario, Canada, M4V 1K6 and the registered office of the Corporation is located at 36 Toronto Street, Suite 1000, Toronto, Ontario, Canada, M5C 2C5.

1.2 Intercorporate Relationships

The Corporation has one wholly-owned subsidiary, Baltic Resources Inc., which was formed upon the amalgamation of Baltic Resources Inc. and 1366825 Alberta Ltd. on March 10, 2008 under the *Business Corporations Act* (Alberta). An inactive wholly-owned subsidiary of the Corporation, MCK Mining Cayman Corp., was dissolved during the year ended January 31, 2013.

As used herein the term the “Corporation” or “PhosCan” refers to PhosCan Chemical Corp., and, where appropriate, its predecessor corporations and its wholly-owned subsidiaries. The term “Baltic” refers to Baltic Resources Inc.

ITEM 2 - GENERAL DEVELOPMENT OF THE BUSINESS

2.1 Three Year History

PhosCan is engaged in the development of the Martison Phosphate Project, which consists of the Martison Phosphate Deposit and a planned phosphate mine, beneficiation plant, conversion complex and solid fertilizer production facility (the “Martison Project”). In December of 2008, PhosCan announced that, given current financial market and fertilizer industry conditions, it was deferring several tasks related to the development of the Martison Project such as construction of the balance of the permanent road to access the proposed mine site and detailed project engineering. Under a reduced development program, the Corporation has continued with certain aspects of the development of the Martison Project, as described below. In addition, the Corporation has been actively sourcing and reviewing a broad range of corporate development opportunities.

In light of the reduced activity level relating to the Martison Project, the Corporation has been actively engaged in a variety of investment and corporate development initiatives aimed at increasing returns on the Corporation’s cash resources in the near term and enhancing shareholder value in the long term.

Year Ended January 31, 2011

During the most recently completed financial year Phoscan undertook a review of strategic alternatives, complementing its ongoing review of corporate development opportunities. A Corporate Finance Committee was appointed by the Board of Directors of the Corporation with the mandate to review strategic alternatives and consider opportunities to use the Corporation’s cash to enhance shareholder

value. This process failed to yield a successful transaction and Phoscan returned to focussing on corporate development opportunities.

In early fiscal 2011, an agreement between Phoscan and IAMGOLD Corp. (the “IAMGOLD Agreement”) expired. On March 26, 2009, Phoscan had entered into the IAMGOLD Agreement for the evaluation of the potential to recover and sell niobium contained on the Martison Property. The Martison Phosphate Deposit contains low grade niobium mineralization and is also overlaid by a higher-grade niobium-enriched lateritic oxide cap in the northern portion of the Martison Property.

In October 2010, the Corporation commenced its own program to find a process to profitably recover niobium and/or rare earths contained in the Martison Phosphate Deposit (the “Secondary Product Test Program”). If the Secondary Product Test Program is successful and the recoverable niobium and/or rare earths yield a sufficiently large by-product credit, PhosCan would consider developing the Martison Project as a stand-alone phosphate concentrate producer rather than a fully-integrated phosphate fertilizer producer. Among the benefits of this revised development scenario, capital and operating costs would be significantly reduced.

Under the reduced development program announced in December 2008, the Corporation continued to advance the following aspects of the Martison Project during the fiscal year ended January 31, 2011:

- Environmental and permitting;
- Taking the mine claims to lease;
- Bench and pilot plant beneficiation testing of phosphate ore from the Martison Project; and
- Phosphoric acid pilot plant testing of flotation concentrate produced from the pilot plant beneficiation test program to collect critical data for engineering design.

An update on each of these aspects is provided in “*Item 4.13 – Activities Subsequent to Martison Technical Report*”.

Year Ended January 31, 2012

Pursuant to the authorization given to the Board of Directors by PhosCan shareholders at the special meeting of shareholders held on February 11, 2009, the Board of Directors reduced the stated capital of PhosCan's common shares (the “Common Shares”) by \$105,000,000 (see “*Item 6.5 – Reduction in Stated Capital*”). On October 18, 2011, PhosCan commenced a normal course issuer bid (the “Initial NCI Bid”) to repurchase for cancellation up to 12 million Common Shares, representing at that time approximately 8.8% of the public float of the Corporation. The Board of Directors of PhosCan believes that the purchase of Common Shares is an appropriate use of funds when the market price of the Common Shares is less than the cash value per share. Pursuant to the Initial NCI Bid, during the fiscal year ended January 31, 2012 the Corporation repurchased an aggregate of 3,984,000 Common Shares for a total cost of \$1,175,570 including commission (see “*Item 6.6 – Normal Course Issuer Bids*”).

During the fiscal year ended January 31, 2012, PhosCan continued to advance the following aspects of the Martison Project:

- Taking the mine claims to lease
- Secondary Product Test Program

In addition, in January 2012, PhosCan commenced a winter work program at the site of the Martison Deposit (the “2011 - 2012 Winter Work Program”). The Company constructed a temporary winter road

to access the site and conducted hydrogeological testing and sonic drilling to collect samples for ongoing metallurgical testing.

An update on each of these aspects is provided in “*Item 4.13 – Activities Subsequent to Martison Technical Report*”.

Year Ended January 31, 2013

On October 17, 2012, the Initial NCI Bid terminated. Pursuant to the Initial NCI Bid, the Corporation repurchased 5,085,000 Common Shares for consideration of \$1,495,224 including commission (see “*Item 6.6 – Normal Course Issuer Bids*”).

On October 19, 2012, PhosCan renewed its normal course issuer bid (the “Renewed Bid”) to repurchase for cancellation up to 12 million Common Shares, representing at that time approximately 9.4% of the public float of the Corporation. The Renewed Bid will terminate on October 18, 2013 or on any such date as PhosCan may complete its purchases or otherwise terminate the Renewed Bid. Pursuant to the Renewed Bid, during the fiscal year ended January 31, 2013, the Corporation repurchased 1,395,860 Common Shares for consideration of \$398,051 including commission (see “*Item 6.6 – Normal Course Issuer Bids*”).

During the fiscal year ended January 31, 2013, PhosCan commenced purchasing for investment purposes the securities of publicly listed companies. The Corporation believes that by purchasing undervalued debt and equity securities of publicly listed companies, it will be able to sell them at a future date for a profit, thereby earning additional financial returns on its cash.

During the year PhosCan continued to advance the Secondary Product Test Program. In March 2012, the Corporation concluded the 2011 - 2012 Winter Work Program. An update on these activities is provided in “*Item 4.13 – Activities Subsequent to Martison Technical Report*”.

2.2 Significant Acquisitions

The Corporation did not make any significant acquisitions during the fiscal year ended January 31, 2013.

ITEM 3 - DESCRIPTION OF THE BUSINESS

3.1 General

Summary

PhosCan is engaged in the development of the Martison Project, which is located near Hearst in north-central Ontario and is close to rail, power, highway, and other infrastructure. PhosCan owns, directly and indirectly through its wholly-owned subsidiary, Baltic, a 100% interest in the Martison Project. The Martison Project contains a major carbonatite (igneous carbonate-rich) pipe capped by a residual deposit (residuum) enriched in phosphate and niobium minerals.

Phosphate fertilizers are used worldwide to sustain and improve crop yields, which are required to meet the needs of both a growing world population and annual depletion of soil nutrients. There is growing demand by chemical plants for phosphate from igneous sources because of its low cadmium content. Cadmium is an undesirable element in fertilizers due to possible toxicity. Restrictions on the cadmium content in both phosphate fertilizers and animal feed phosphates are a growing major objective. Most of the phosphate production is processed to fertilizer and shipped directly to consumer markets. The starting point for the manufacture of most phosphate-fertilizer products is phosphoric acid. It is made by the

acidulation of phosphate concentrate (phosphate rock) using sulphuric acid, followed by filtering out the resulting calcium sulphate (gypsum), leaving phosphoric acid containing 25% to 40% P_2O_5 , depending on the process being employed.

Principal Markets and Distribution Methods

SPA and MAP are expected to be sold to grain farmers in areas such as Manitoba, Saskatchewan, North and South Dakota, Minnesota, Wisconsin, and Ohio. PhosCan is expected to enjoy a freight advantage over producers that currently transport these fertilizer products to the target market area.

MAP is produced by reacting ammonia with phosphoric acid. Ammonia is produced in the Brandon area and would be delivered to the proposed Brandon granulation plant.

The SPA and MGA produced at the Hearst plant site are expected to be shipped by tank car on the adjacent CN rail line. Sulphuric acid or sulphur is also expected to be shipped by rail to the Hearst plant site. Ammonia would be received at the proposed Brandon plant site by tank car. MAP produced at the granulation plant would be dispatched to customers by truck and by rail.

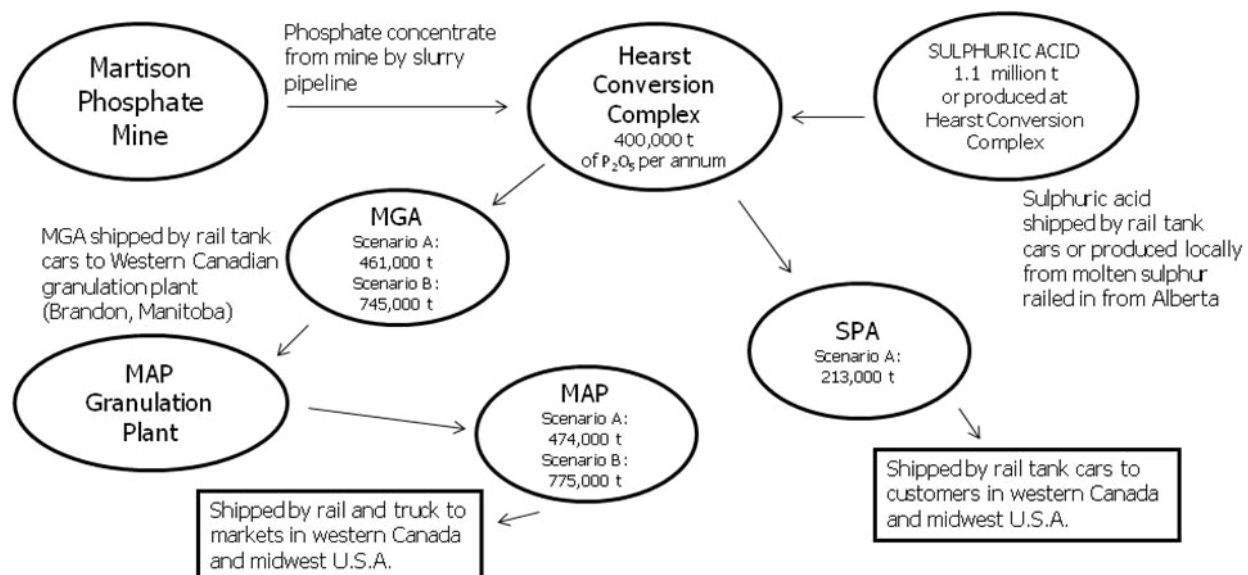
Production

The Pre-Feasibility Study examined two scenarios for the Martison Project. The scenarios were differentiated by the types and quantities of fertilizers produced, the process technology for producing fertilizer solutions, and the sources of sulphuric acid used to make fertilizer solutions from the phosphate concentrate.

Common to both scenarios was an open pit mine, phosphate beneficiation plant, and slurry pipeline to transport 1.16 million tonnes per year of phosphate concentrate to a conversion complex near Hearst to produce 400,000 tonnes of P_2O_5 per year. Each scenario had a 19.3 year period of operation, based on the defined measured and indicated phosphate resources and a preliminary mine plan.

Scenario A examined the feasibility of producing 213,000 solution tonnes per year of SPA and 461,000 solution tonnes of MGA, using sulphuric acid from base-metal smelters in northern Ontario and Quebec, at a proposed phosphate plant located west of Hearst, Ontario and 86 km south of the mine site. The MGA would be subsequently converted to 474,000 tonnes per year of granular MAP at a proposed granulation plant located at Brandon, Manitoba.

Scenario B examined the feasibility of producing 754,000 solution tonnes per year of MGA at the proposed conversion complex site near Hearst, Ontario, using sulphuric acid produced by a captive sulphur-burning acid plant. The waste heat from burning sulphur produces steam that would be used to generate electricity and evaporate water from the fertilizer solution. The MGA would be subsequently converted to 775,000 tonnes per year of MAP at the proposed granulation plant at Brandon.



As noted above under "General Development of the Business - Three Year History - Year Ended January 31, 2011", in October 2010 PhosCan commenced the Secondary Product Test Program. If such program is successful, PhosCan may assess the Martison Project as a stand-alone producer of phosphate concentrate and niobium and/or rare earths.

Specialized Skill and Knowledge

Management of PhosCan is composed of a team of individuals who have proven expertise in mining, fertilizer production, financing, development, and stakeholder and First Nations consultation. Management is complemented by an experienced Board of Directors with expertise in the fertilizer industry.

Competitive Conditions

The chemical and fertilizer business is competitive in all of its phases. PhosCan competes with numerous other companies and individuals, including competitors with greater financial, technical and other resources than PhosCan, in the development of the Martison Project, and in the search for markets for any products which may be produced.

Environmental Protection

The Martison Project is, and will be, subject to federal environmental protection legislation, as described below in "Item 4.1 - Environmental and Permitting".

Employees

As at January 31, 2013, PhosCan had four direct employees located in the Corporation's Toronto office. As operations require, PhosCan also retains geologists, chemical and mining engineers and other consultants on a fee for service basis.

3.2 Risk Factors

An investment in the securities of the Corporation is speculative and involves a high degree of risk. In addition to matters set out elsewhere in this Annual Information Form, the following are risks related to the Corporation and its business:

Single Mineral Property

The Corporation's only mineral property is the Martison Project. Any adverse development affecting this property would have a material and adverse effect on the Corporation.

Nature of Mineral Exploration and Development

PhosCan is engaged in the business of exploring, developing and operating mineral properties, which is a highly speculative endeavour. PhosCan's viability and potential success lie in its ability to develop, exploit and generate revenue out of mineral deposits. The exploration and development of mineral deposits involve significant financial risks over a significant period of time which even a combination of careful evaluation, experience and knowledge may not eliminate. While discovery of a mine may result in substantial rewards, few properties which are explored are ultimately developed into producing mines. Major expenses may be required to establish reserves by drilling and to construct mining and processing facilities at a site. It is impossible to ensure that the current or proposed programs on the Martison Project will result in a profitable commercial mining operation.

The operations of PhosCan are subject to all of the hazards and risks normally incidental to exploration and development of mineral properties, any of which could result in damage to life or property, environmental damage and possible legal liability for any or all damage. The activities of PhosCan may be subject to prolonged disruptions due to weather conditions depending on the location of operations in which PhosCan has interests. Hazards, such as unusual or unexpected formations, rock bursts, pressures, cave-ins, flooding or other conditions may be encountered in the drilling and removal of material. While PhosCan may obtain insurance against certain risks in such amounts as it considers adequate, the nature of these risks are such that liabilities could exceed policy limits or could be excluded from coverage. There are also risks against which PhosCan cannot insure or against which it may elect not to insure. The potential costs which could be associated with any liabilities not covered by insurance or in excess of insurance coverage or compliance with applicable laws and regulations may cause substantial delays and require significant capital outlays, adversely affecting the future earnings and competitive position of PhosCan and, potentially, its financial position.

Whether a mineral deposit will be commercially viable depends on a number of factors, some of which are the particular attributes of the deposit, such as its size and grade, proximity to infrastructure, financing costs and governmental regulations, including regulations relating to prices, taxes, royalties, infrastructure, land use, importing and exporting and environmental protection. The effect of these factors cannot be accurately predicted, but the combination of these factors may result in PhosCan not receiving an adequate return on invested capital.

Fluctuating Prices

Factors beyond the control of PhosCan may affect the marketability of any products produced. The prices for phosphate concentrate, phosphoric acid and phosphate fertilizers have fluctuated widely and are affected by numerous factors beyond PhosCan's control. The effect of these factors cannot be accurately predicted.

Competition

The chemical and fertilizer business is competitive in all of its phases. PhosCan competes with numerous other companies and individuals, including competitors with greater financial, technical and other resources than PhosCan, in the development of the Martison Project, and in the search for markets for any products which may be produced. There is no assurance that PhosCan will continue to be able to compete successfully with its competitors in developing the Martison Project or finding markets for the products which may be produced.

Financing Risks

PhosCan has limited financial resources and there is no assurance that additional funding will be available to it for further exploration and development of the Martison Project. Although PhosCan has been successful in the past in obtaining financing through the sale of equity securities, there can be no assurance that PhosCan will be able to obtain adequate financing in the future or that the terms of such financing will be favourable. Failure to obtain such additional financing could result in delay or indefinite postponement of further exploration and development of the Martison Project.

Estimates of Mineral Resources

The figures for mineral resources presented in this Annual Information Form are estimates and no assurance can be given that the anticipated tonnage and grades will be achieved or that the indicated level of recovery will be realized. Mineral resources that are not mineral reserves do not have demonstrated economic viability. Establishment of a reserve and development of a mine does not assure a profit on the investment or recovery of costs. In addition, geological complexity, mining hazards or environmental damage could greatly increase the cost of operations, and various field operating conditions may adversely affect the production from a mine. These conditions include delays in obtaining governmental approvals or consents, or other geological and mechanical conditions. While diligent mine supervision and effective maintenance operations can contribute to maximizing production rates over time, production delays from normal field operating conditions cannot be eliminated and can be expected to adversely affect revenue and cash flow levels.

The quantity of a given mineral tends to vary in all types of deposits. Due to the nature of drilling and building reserves, small variances both positive and negative must be anticipated. Inferred resources are estimated and must account for large sections of ore bodies that are believed to contain what the average overall results demonstrate.

First Nations Land Claims

The Martison Project is on land over which at least one First Nation has made aboriginal and treaty rights claims. The Supreme Court of Canada has held that aboriginal groups may have unextinguished aboriginal or treaty rights over lands they claim to be their traditionally lands and by virtue of such, are owed a legal duty of consultation by the Crown on how mining activities might impact on their claims. However, such rights or title are not absolute and may be infringed by government in furtherance of a valid legislative objective, including mining, subject to meeting a justification test. The effect on any particular lands will not be determinable until the exact nature of historical use, occupancy and rights in any particular piece of property have been clarified, or until the parties reach practical agreements that set out how any adverse impacts will be mitigated. The Supreme Court of Canada has also held that even before claims of rights and title are proven with some finality by the courts, the Crown has a duty to consult with First Nations, which can become a duty to seek possible accommodations. The Crown is required to consult in good faith with the intention of substantially addressing First Nation concerns.

In order to further explore and develop the Martison Project, PhosCan will likely have to negotiate one or more agreements with any First Nation that raises any legitimate aboriginal or treaty rights based claims over the land on which the Martison Project is located. Like any negotiations, there are no assurances that any such agreements can be reached. If PhosCan is unable to negotiate such agreements, its ability to explore, develop and mine the Martison Project may be adversely affected. If PhosCan is able to negotiate such agreements with the First Nations groups, the financial implications of any such agreements will have to be factored into any business model and the overall financial model of the Martison Project.

Financial Instruments

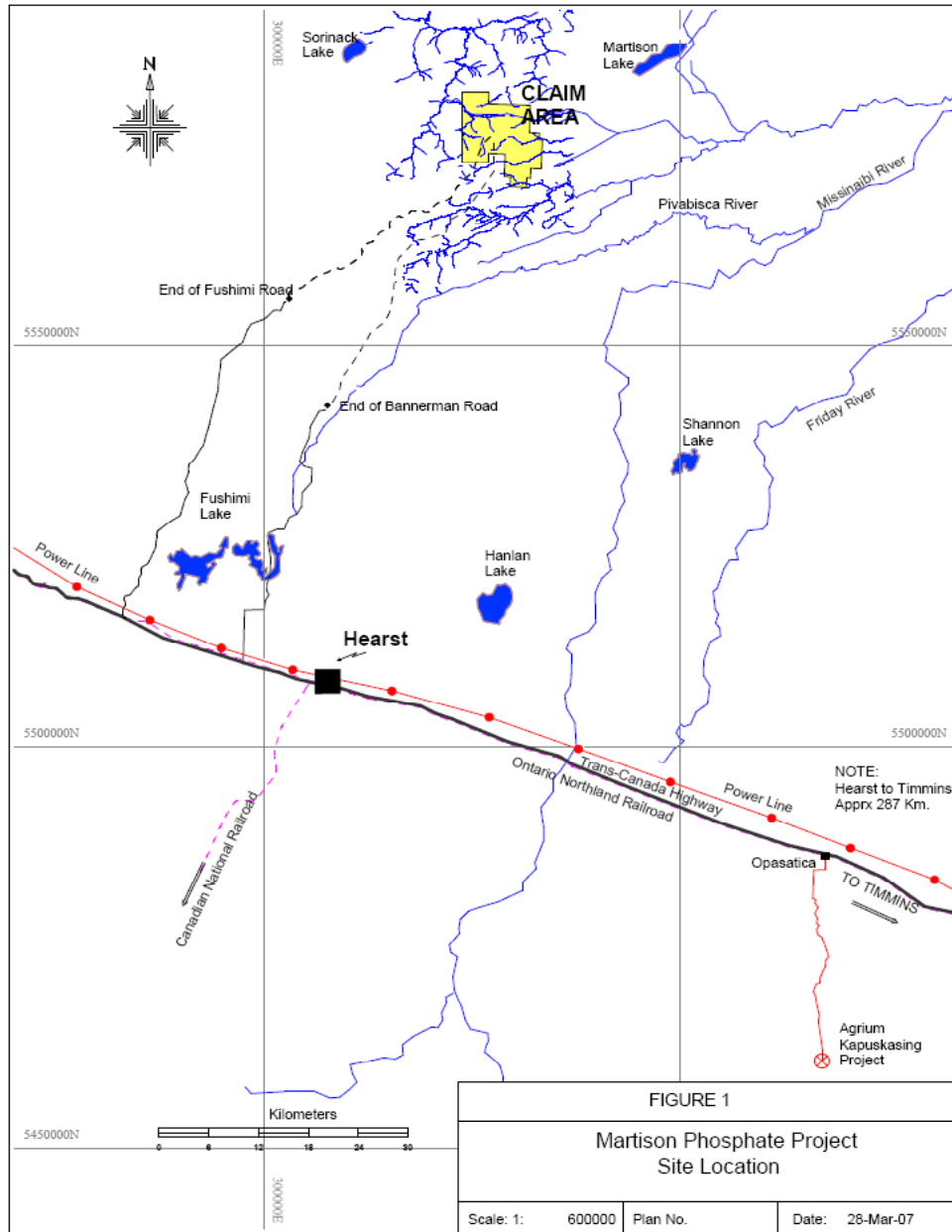
PhosCan has in place an investment policy statement approved by the Board of Directors which permits the Corporation to purchase U.S. dollars and debt and equity securities of publicly-traded companies, denominated in either Canadian or U.S. dollars, in order to earn a financial return. There can be no assurance that PhosCan will earn financial returns on its U.S. dollar trading activities or on its purchases of debt and equity securities of publicly-traded companies. Failure to do so will result in a decrease in the Corporation's cash balance and, potentially, the reporting of a net loss on its income statement (with a corresponding decrease in shareholders' equity on the balance sheet).

ITEM 4 - MARTISON PHOSPHATE PROJECT

Unless otherwise stated, the following description of the Martison Project is derived from the Martison Technical Report. Each of the authors of the Martison Technical Report is a "qualified person" within the meaning of NI 43-101. Each of the authors is "independent" of the Corporation within the meaning of NI 43-101.

4.1 Property Description and Location

The mine site property encompasses an area of approximately 20,600 acres and is located approximately 70 km northeast of Hearst, Ontario, and 15 km southwest of Martison Lake in the James Bay Lowlands. The Martison Property is located in the "South of Ridge Lake" area and centered about 50° 18' 52" N., 83° 24' 52" W.



The mine site area consists of three mining leases and 19 unpatented contiguous mineral claims (250 units), which in aggregate comprise approximately 8,256 hectares. These mineral leases and claims are located within the “South of Ridge Lake” area, Porcupine Mining Division, Cochrane Land Titles & Registry Division, Province of Ontario as shown on Claim Map G-1716 on record at the Provincial Recording Office, Sudbury, Ontario. These claims are registered in the name of either PhosCan (100% title ownership) or PhosCan and Baltic (50% title ownership each). PhosCan owns all of the issued and outstanding shares of Baltic, such that it owns, directly or indirectly, 100% of the Martison Project.

A complete listing of licenses and claims in the mine site area is presented below¹:

Number	Type	Status	Due Date	Claim Units	Hectares
					Surveyed
ML 107438 ²	Lease	Active	2023-07-31	14	226.305
ML 108638 ³	Lease	Active	2032-04-30	123	1,950.968
ML 108639 ⁴	Lease	Active	2032-04-30	134	2,078.552
					Estimated
P 3002450	Claim	Active	2013-06-27 ⁵	16	256
P 3002451	Claim	Active	2013-06-27 ⁵	16	256
P 4202109	Claim	Active	2013-04-10 ⁵	15	240
P 4202112	Claim	Active	2013-04-10 ⁵	6	96
P 4202113	Claim	Active	2013-04-10 ⁵	15	240
P 4202964	Claim	Active	2013-08-11 ⁵	16	256
P 4208263	Claim	Active	2013-04-10 ⁵	15	240
P 4208272	Claim	Active	2013-06-27 ⁵	16	256
P 4204292	Claim	Active	2013-03-15 ⁵	10	160
P 4214675	Claim	Active	2013-03-15 ⁵	16	256
P 4214676	Claim	Active	2013-03-15 ⁵	16	256
P 4214677	Claim	Active	2013-03-15 ⁵	16	256
P 4214678	Claim	Active	2013-03-15 ⁵	12	192
P 4214679	Claim	Active	2013-03-15 ⁵	6	96
P 4214680	Claim	Active	2013-03-15 ⁵	4	64
P 4214681	Claim	Active	2013-03-15 ⁵	16	256
P 4214682	Claim	Active	2013-04-16 ⁵	15	240
P 4214327	Claim	Active	2013-04-16 ⁵	9	144
P 4214328	Claim	Active	2013-04-16 ⁵	15	240
19 ⁶				250 ⁶	8,256 ⁷

In addition to the mineral claims in the mine site area listed in the previous table, the Corporation has registered three claims in the potential access road area. These claims, P 4262551, P 4262552 and P 4262553, cover areas where PhosCan may wish to excavate aggregate material for access road construction.

¹ The claim listing reflects renewals, applications made and claims acquired since the date of the Martison Technical Report.

² By order of the Ontario Crown, Mining Lease 107415 was changed to 107438 on April 11, 2003.

³ Comprising all of mining claims P 4202106, P 4202107, P 4202108, P 4202110, P 4202111, P 4202961, P 4202962, P 4202963, P 4202965, P 4208262.

⁴ Comprising all of mining claims P 3002449, P 4202104, P 4202105, P 4208264, P 4208265, P 4208266, P 4208267, P 4208268, P 4208269, P 4208270, P 4208271.

⁵ Work to maintain active status complete. Final approval pending by Ontario Ministry of Northern Development and Mines.

⁶ Mineral claims only.

⁷ Mining lease and mineral claims.

Royalties, Payments and Encumbrances

The Martison Project is subject to certain royalties held by the Estate of Donald D. McKinnon (the “McKinnon Estate”). The McKinnon Estate holds the following royalties, pursuant to agreements dated February 28, 2002:

- (i) a net sales returns royalty of 1% of net sales returns on phosphate concentrate; prior to the commencement of commercial production, PhosCan may elect to purchase this royalty for a total purchase price of \$3,000,000;
- (ii) a net sales returns royalty of 2% of “special products”, which includes all products other than ores sold on the basis of their phosphate content, phosphate concentrate, and all products manufactured downstream of the phosphate beneficiation plant or any aggregate used for the purposes of the Martison Project; and
- (iii) a production royalty calculated on the basis of the number of tonnes of phosphate concentrate produced from the Martison Property; the production royalty rate is \$0.40 per tonne, subject to a proportionate adjustment to reflect any change in the market price of phosphoric acid from the base rate, being the average price for the twelve months ended August 30, 1998.

Environmental

Preliminary design for the mine site includes the concept of managing surface water such that most of it will not come in contact with the workings of the mine site and instead will be redirected away from the site to its appropriate watershed without the need for treatment.

Effluent discharged from the mine may either be directed to a stream or lake located on site. If additional engineering design and environmental data suggests that none of the water bodies located on site can handle the effluent discharge, then PhosCan will look at the Pivabiska River as a receiver. The Pivabiska River is the largest receiver within reasonable distance from the site. Effluent will be treated and monitored prior to release into the chosen receiver to show that it meets applicable effluent limits and will not have an impact on the river system and associated biota.

The development of the mine will disturb the terrestrial environment. A closure plan will be developed to mitigate this disturbance, and disturbed areas will be rehabilitated resulting in limited long-term impact to the area.

Permitting

Mining projects, normally being private projects, are generally not subject to the Environmental Assessment Act (Ontario) unless designated. If a project becomes designated, then the project must complete an individual environmental assessment prior to any permits being issued. Based on the proposed project description for the site, at this time there does not appear that any federal environmental assessment process will be triggered as a result of the Martison Project. Federal and provincial permits will be required to authorize construction and operations at the mine, conversion complex and solid fertilizer production facility sites. The Martison Technical Report outlined a recommended schedule for the permitting process which prioritized the various permitting applications. However, as a result of the decision made in late 2008 to defer certain tasks related to the development of the Martison Project, this schedule is no longer applicable. The permitting activities taken by the Corporation subsequent to that decision are described below in “*Item 4.13 – Activities Subsequent to Martison Technical Report*”.

4.2 Accessibility, Climate, Local Resources, Infrastructure and Physiography

Accessibility

There are two potential access roads to the mine site. One, identified as Bannerman Township Road, has been examined in past project studies. The total length of this access between Hearst and the deposit is 90 km comprised of 8 km on Highway 11, 38 km on the Bannerman Township Road, and 44 km of “path” which is used for winter access to the deposit.

The second access route, and the most recently used, which has been the main access to the deposit during past exploration programs, is the Fushimi Lake Road. This access route has been extended and upgraded by the timber industry in recent years. The total length of this route from Hearst to the Martison Phosphate Deposit is about 112 km comprised of 26 km on Highway 11, 48 km on the Fushimi Road, and 38 km of “path” which has been used for winter access to the deposit. This route was used for the recently completed winter field program.

The proposed site, although not yet finalized, for the conversion complex, is located near the junction of Fushimi Road and Highway 11, between the towns of Hearst and Calstock. The site can be serviced by the main Ontario power grid and a transcontinental gas pipeline and has access to the Northern Ontario rail line.

The proposed granulation plant is on an industrial zoned site at Brandon, Manitoba, with access to city utilities, paved roads, a gas pipeline, and the CN and CP rail lines.

Proximity

Medical and emergency facilities are available at Hearst which has hospital facilities and is about one-half hour away by helicopter. Local socio-economic resources are generally limited due to the paucity of population in the region. Basic food, lumber, exploration supplies, fuel, etc. can be purchased at Hearst while other more technical supplies can be obtained in Timmins (a long established mining center). The residents of Hearst are favorably committed to the responsible development of the natural resources of the region and are eager for new employment opportunities.

Climate

The weather in the area of the Martison Property is typical of a mid-continental climate with cold winters and short warm summers. Temperatures vary dramatically over short time intervals. The region experiences five months of often very cold winter and four months of warm summer.

Surface Rights

The Martison Property is located approximately 70 km by air from Hearst and is in close proximity to rail, power, highway and other industrial infrastructure. It is believed, pending further study, that sufficient water is available nearby the site for anticipated mining and industrial use.

Within the mining lease, up to 10% of the surface rights are withheld for future public transportation routes. Also withheld are unspecified areas for the future development of hydropower infrastructure, power transmission, and hydrocarbon pipeline corridors, as well as free use and passage upon all navigable waterways including access to shorelines up to 20 m in depth from the high-water mark. The mining lease further withholds all deposits of sand, gravel, and peat as well as all timber.

The watersheds and streams in which the proposed mine will be established are currently being monitored through a surface water quality and flow measurement sampling program which was initiated by Golder in 2007. The laboratory analysis suggests the surface water quality was similar within each of the water bodies sampled in June (spring - freshet), August (summer - low flow) and September 2007 (fall rains – high flow). Surface water quality was compared to the Provincial Water Quality Objectives (“PWQO”) (Ministry of Environment and Energy 1994). In general, the natural background levels within the Project boundary conformed to the PWQO guidelines.

The mineral claims withhold surface rights up to 122 m around all lakes and rivers, including land under water, as well as reserving all sand, gravel, and peat deposits.

Infrastructure

Mine Access Corridor

A corridor leading to the mine site from the conversion complex near Hearst will contain the access road, electric transmission line, and buried slurry pipeline. Construction of the all-weather access road from Highway 11 to the mine site will consist of 90 km of new and upgraded existing roadway. The access road must be constructed prior to bringing equipment and materials to the mine area for site dewatering, pre-mining activities, and construction activities.

The electric transmission line will provide 115 kV service, which will be transformed at the mine site. The substation will be rated at 12 MVa. A 300 kW diesel powered generator will supply emergency power.

Slurry Pipeline - Concentrate Transportation

The phosphate rock produced at the mine will be thickened, stored in agitated slurry tanks, and pumped to the conversion complex near Hearst. The pipeline system will have the following major components:

- Mine site pumping station
 - One 25 m diameter thickener
 - Two agitated slurry storage tanks (12 hours storage total)
 - Two horizontal centrifugal charge pumps
 - One variable speed positive displacement diaphragm slurry pump (operating)
 - One variable speed positive displacement diaphragm slurry pump (standby)
 - Nominally 86 km of buried 219 mm outer-diameter steel pipe with 12.7 mm wall thickness
- Conversion complex terminal station
 - One slurry storage tank (6 hours storage total) for Scenario A
 - Four slurry storage tanks and one thickener for Scenario B

Ancillary Buildings and Utilities

The ancillary buildings are used for maintenance, warehousing, administration, and personnel needs.

The following utilities will be supplied to support the production and maintenance activities at the Martison Phosphate Deposit site:

- Water supply and sewage treatment
- Fire water system.
- Diesel fuel storage
- Compressed air
- Package boiler

Mine Site Preparation

The areas for the mine pit, the waste dump, mine buildings, beneficiation plant, and tailings impoundment are saturated shallow muskeg perched on impermeable glacial till. A coordinated dewatering operation will be required for the development of the site infrastructure and operations. Site preparation activities for the areas for the mine and beneficiation plant include: constructing impermeable perimeter berms, excavating the muskeg under the berm footprint, and backfilling with material to an elevation above grade.

Muskeg from the infield portion of the south waste dump will be dewatered but not removed. The remaining muskeg will be excavated and replaced with glacial till from the mine site.

Tailings Impoundment

The area adjacent to the beneficiation plant site is flat-lying and therefore above-ground dikes will be constructed to impound the tailings. It is envisioned that three impoundments (cells), each with seven year's storage capacity, will be constructed sequentially.

The same basic dewatering and berm building activities as outlined previously will be used, except the tailings dams will be constructed to approximately six metres above grade. The infield muskeg will not be removed. The first tailings dam, roughly 1,200 m x 1,200 m, will be constructed approximately 500 m east of the proposed beneficiation plant. The subsequent dams will be constructed in years six and 13. The location of the tailings dams will be reviewed in the Bankable Feasibility Study based on geotechnical work.

Mobile equipment will be purchased to support the mining and beneficiation operations, as part of the infrastructure account.

Hearst Site Infrastructure

The infrastructure differences between Scenarios A and B are summarized below:

	Units	Scenario A	Scenario B
Rail Yard	km of track	8.8	7.7
Raw Water	m ³ /h	100	300
Waste Water Treatment	m ³ /h	200	100
Fire Protection	m ³ /h	200	250
Compressed Air	m ³ /h	1,000	1,200
Railcar Shelters	m ²	2,230	5,100

Scenario B requires less rail siding because no SPA is dispatched and there are fewer sulphur cars than sulphuric acid cars to receive. Scenario B requires more raw water to produce sulphuric acid and more dilute filter acid relative to Scenario A. Consequently there is less water to be treated and discharged. Additional fire water is required for sulphur and the sulphuric acid plant in Scenario B. The numbers of rail car unloading and loading stations and associated rail car shelters increase for Scenario B because of the time required to reheat sulphur tank cars.

The access road is 1.5 km for both scenarios. Site preparation for construction remains essentially the same, as does the mobile equipment fleet.

Brandon Site Infrastructure

The infrastructure requirements for Scenarios A and B are identical in scope but differ in magnitude for those components influenced by plant capacity. Infrastructure differences between Scenarios A and B are listed below:

Component	Units	Scenario A	Scenario B
Rail Yard	m of track	4,390	6,400
Electric Substation	MW	7.5	10.0
Tank Car Unloading Sheds	m ²	1,160	1,630
MAP Load Out	m ²	1,510	1,860
MAP Storage	tonnes	100,000	140,000

The major changes relate to increased rail traffic in Scenario B. More MGA is received and more MAP is dispatched.

The access road, site preparation, plant roads, and utilities are identical for both scenarios.

Physiography

The terrain, at the property, consists of spruce forest, wet muskeg and numerous small lakes and rivers. The maximum reported depth for the lakes in the area is 4 m. Local relief is minimal with variations of only a few metres, making the ground very poorly drained, alternating between wet and dry. The maximum relief over the deposit itself is reported to be 1.4 m. These conditions currently limit access to the site for field activities to only the winter season.

An overburden and bedrock hydrogeology investigation was started by consulting engineers AMEC during the 2008 winter drill program. The hydrogeology study program was developed to obtain representative estimates of aquifer parameters, such as aquifer transmissivity and storativity, in order to estimate groundwater inflows into the proposed open pit workings.

Observations recorded during the 2007 field program indicated that the vegetation cover within the Martison Property boundary is mainly black spruce forest and wetland habitat. Terrestrial surveys completed as part of the baseline studies did not identify any features of significance (Golder 2007) that will be impacted by the proposed mine plan.

4.3 History of the Martison Phosphate Project

The Martison Carbonatite Complex was located by a Canada-wide airborne magnetic-electromagnetic survey in 1965. In 1965, ground surveys of the Martison Property indicated a conductive zone about 500 metres long with a coincident magnetic anomaly. In 1967, the large northern magnetic anomaly (Anomaly A) was covered by 98 claims staked by an unknown party, probably Goldray Mines Ltd. The existence of the Martison Carbonatite Complex was first formally interpreted in 1970 by the Ontario Department of Mines and Northern Affairs.

Between April 1980 and June 1981, Shell Canada Resources Limited staked 222 mining claims in a single contiguous block over the interpreted Martison Carbonatite Complex. Major drilling programs were conducted in 1981, 1982, 1983, and 1984 by various parties/owners.

During 1993, Sherritt Gordon Ltd. (the then controlling party) allowed the Martison Phosphate Deposit claim block to expire through lack of timely filing of assessment work. In the same year, McKinnon Prospecting Ltd. ("McKinnon Prospecting") of Timmins, Ontario established a new claim block covering the Martison Carbonatite Complex. In 1997, McKinnon Prospecting began negotiations with PhosCan

(then Hendricks Minerals Canada Limited) and Baltic, which negotiations resulted in an option agreement pursuant to which Donald D. McKinnon, principal and owner of McKinnon Prospecting, granted to each of PhosCan and Baltic the right to earn a 50% interest in the Martison Property (the “Martison Option Agreement”).

4.4 Geological Setting

The Martison Carbonatite Complex is situated in the large expanse of “low ground” southwest of Hudson Bay. The property encloses a very gently rolling terrain dominated by muskeg and black spruce swamp. There are no exposures of the carbonatite or its enclosing wall rocks and all geological data result from drilling information and interpretations of geophysical surveys. Most carbonatites in Ontario are of Precambrian age and belong to two age groupings: 1,800 to 1,900 Ma (Paleo-proterozoic) and 1,000 to 1,100 Ma (Meso-proterozoic). It is currently not established in which grouping the Martison Carbonatite Complex belongs, if either.

Differential weathering of the Martison Carbonatite Complex has resulted in an irregular surface of carbonatite, the depth of which varies greatly over short distances. Depressions in this carbonatite surface are filled with the weathered carbonatite residuum that represents the bulk of the phosphatic material of economic interest.

Geophysical exploration of the Martison Carbonatite Complex identified three aeromagnetic anomalies. The development of phosphate resources at Anomaly A is the subject of the Martison Technical Report; Anomaly B is about 5 km to the SE; and Anomaly C which is about 3 km ESE of Anomaly A. Currently, only Anomaly A is being considered for production of phosphate concentrate to feed the proposed phosphate plant and the downstream granulation plant.

Within Anomaly A, the residuum material has been sub-divided into two main units based on lithology: Unit 2A which is unconsolidated (0.0 to 58.5 metres thick) and Unit 2B which is consolidated (re-cemented) residuum material (0.0 to 91.6 metres thick). A third and minor type of material, partially weathered carbonatite, occurs as “lenses” within the residuum.

4.5 Exploration

In early 1997, PhosCan (formerly named MCK Mining Corporation and before that Hendricks Minerals Canada Limited) was reorganized to more aggressively pursue advanced mining projects and subsequently entered into the Martison Option Agreement.

In March 2008, PhosCan acquired all of the issued shares of Baltic, such that PhosCan now owns, directly and indirectly, 100% of the Martison Project.

In 1999, 2001, 2002 and 2008, the Martison Carbonatite Complex area was again drilled. PhosCan managed all four drilling programs. The table below provides a summary, except for the 2001 Anomaly B program, of the mineral exploration and development programs.

YEAR	HOLES	METRES	START	END	DAYS	m/DAY	m/SHIFT
1981	5	554	3/25	4/27	34	16.3	8.1
1982	35	2,813	1/19	4/5	77	36.5	18.3
1983	28	2,746	2/9	3/29	49	56.0	28.0
1984	33	2,656	1/13	3/26	74	35.9	17.9
1999	13	1,698	2/18	3/27	41	41.4	20.7
2002	6	943	3/18	4/2	16	58.9	29.5
2008	34	4,874	1/24	3/15	51	95.6	47.8
TOTALS	154	16,284			342	47.6	23.8

Coincident with the drilling programs, major phosphate beneficiation studies were completed, using samples collected in 1982, 1983, 1984, 1999 and 2002. These studies provide the background for pilot-scale testing which is being conducted using samples collected during the 2008 drilling program.

During the 2011 - 2012 Winter Work Program, the Corporation conducted sonic drilling to collect samples for ongoing metallurgical testing (see “*Item 4.13 - Activities Subsequent to Martison Technical Report*”).

4.6 Mineralization

The minerals of the residuum fall into three classifications: primary, secondary, and detrital. The chief primary minerals are apatite, magnetite, pyrochlore, calcite, dolomite, barite, columbite, and occasional quartz. The secondary minerals are the result of the breakdown of the primary minerals, replacements of the primary minerals, or redeposition of elements after dissolution of the primary minerals. Chief secondary minerals include francolite, calcite, dolomite, ankerite, siderite, limonite, goethite, hematite, ilmenite, phlogopite, pyrite, and pyrochlore. The detrital minerals include clay (tentatively identified as kaolin and crandallite), feldspars, and quartz.

4.7 Drilling

120 drill holes, totaling 11,410 m, were drilled during the six field drilling campaigns at the Martison Property between 1981 and 2002. Of this total, 4,090 m were reverse circulation drilling, 3,443 were sonic core, 502 metres were DDH tricone, and 3,374 m were NQ-size and HQ-size diamond drill core. In all drilling campaigns at the Martison Carbonatite Complex, all holes were oriented vertically. No drill-hole orientation surveys were reported for any of the seven drilling campaigns. Based on the drilling techniques used and the lithology of the deposit, it is believed that no systemic drill-hole deviations are present that affect the conclusions and interpretations of the data.

In 2008, from January 24 through March 15, a total of 34 drill holes (using sonic methods – 10.6 cm core diameter) were completed at seven individual sites in the Anomaly A area of the Martison Property. This work yielded over 42 tonnes of residuum material for the pilot-scale beneficiation testing.

4.8 Sampling, Analysis and Data Verification

In general, samples from the reverse-circulation drilling method weighed about 5 kilograms derived from a sampling length which generally approximated 1.5 m. Each water-saturated sample required about one week to dry in an oven before it was homogenized and split for assay. In the field, the sample pails were carried to a logging shelter where the material was allowed to “settle for several minutes”. At that time, most of the water was drained off and properly proportioned samples were sent to their various destinations. In an experiment from the 1981 field program which assessed a method for lessening drying

time, it was found that splitting and quickly drying small samples from the still wet large sample provided less accurate assays. This method was discontinued. The completely dried samples were quartered and treated in a fashion similar to the sonic-drill samples. Each sample was assigned a unique identification number.

In general, samples from the sonic drilling method were split, using a knife or trowel, and placed in four sample containers after being identified with a unique identification number. One-quarter of the sample (bagged) was then sent for analysis and testing; one-quarter (bagged) saved as a duplicate; one-quarter (in plastic vials) used for geological reference; and one-quarter (bagged) saved for geotechnical testing.

The NQ-size core, both consolidated and unconsolidated, was split into two portions, one for assay and a very small one for geologic reference. In 1984, no portion was kept for check assays whereas the 1983 program saved and catalogued both reference and check samples. Each sample was assigned a unique identification number.

The HQ-size core was generally split using a masonry saw except where the core was soft enough to be sampled with a spatula. Depending on the nature of the sample and the type of analysis required, the core was either halved or quartered prior to sample distribution. The portion of the core not sent for analysis or testing was returned to the core box, in its proper depth location, and stored at the project core library in Timmins, Ontario. Each sample submitted for analysis or testing was assigned a unique identification number which was also recorded on a metal tag affixed to the core box at the proper location.

In the Martison Technical Report, one of the authors of the report states: “In J.S. Spalding’s opinion, Anomaly A has been sampled in a professional manner by professionals. Sample preparation and sample analyses were likewise professionally completed using proper procedures utilized elsewhere in the world of phosphate property development. Routine methodology checks between the laboratories indicate, based on the data reviewed, that no statistically significant methodology biases are evident. The only short comings of the programs are the failure to analyze for diluent parameters consistently until the 1999 field campaign. These values, Fe_2O_3 , Al_2O_3 , CaO , MgO , and acid insolubles (A.I.), are used in estimating the performance of the phosphate concentrate in the manufacture of phosphoric acid. The current data deficiencies will be mitigated by future drilling, sampling, and analytical programs.”

Data Verification

All data presented for analysis on Anomaly A of the Martison Carbonatite Complex were thoroughly evaluated by a number of cross-checking procedures and analyses. Drill data presented in tabular format were individually checked as were the drill data presented on graphic logs. All sample site locations were double checked through separate mapping routines and compared to original maps prepared in previous studies. Drill-hole locations were plotted and checked against a Google Earth image of the mine area where the drilling grid is very evident on satellite imagery. Every analysis used in this study was entered into a computer program and range checked prior to utilization. Extremely few “data busts” were discovered in this checking routine. In general, the data provided from the previous studies and field programs compared favorably with other phosphate projects examined by J.S. Spalding around the world.

J.S. Spalding visually examined and photographed all existing core from Anomaly A in the Timmins, Ontario core library. At the time of the examination in November 2006, this represented over 75% of the entire length of core ever collected from Anomaly A. In addition, cross checks of the core against the database information was completed.

J.S. Spalding did not independently verify sample results, but reviewed sampling and analytical procedures. In addition, J.S. Spalding examined the existing certificates of analysis for the various

analytical campaigns which were submitted by various professional and reputable chemical laboratories in the United States and Canada. J.S. Spalding then verified the transfer of the analytical data from the certificates to the database in about 10% of the samples for Litho Units 2A and 2B (200 samples checked). In J.S. Spalding's judgment, the samples were handled and analyzed in a professional manner consistent with industry standards and norms.

4.9 Mineral Resources and Mineral Reserve Estimates

Two independent models have been constructed for assessing the mineral resources: a 3D regular block model and a 2D polygonal model. In addition, a third resource estimate, non-model based, was added to clarify and expand the background support for the 2D polygonal model.

The 2008 phosphate resource estimate for the Martison Carbonatite Complex (Anomaly A only) was based on the values produced from the 3D block model, which was used as the basis of mine planning for the recently completed Pre-Feasibility Study. In terms of contained tonnes of P_2O_5 in the "measured" and "indicated" resource categories, the phosphate resource estimate from the 3D model was the most conservative of the three estimates conducted for the Martison Technical Report. Only the measured and indicated resources ("M & I") were considered in mine planning evaluations.

The Anomaly A area has an estimated M & I resource containing at least 62.3 million *in-situ* tonnes of phosphatic material in Litho Units 2A and 2B averaging 23.6% P_2O_5 and 0.34% Nb_2O_5 .

Anomaly A inferred resources of phosphatic material are estimated to total 55.7 million *in-situ* tonnes in Litho Units 2A and 2B averaging 21.9% P_2O_5 and 0.34% Nb_2O_5 . The areas of inferred resources will require further drilling to elevate this resource classification.

The following table presents the estimated M & I mineral resources derived from the 3D block model of the Anomaly A area of the Martison Carbonatite Complex.

Measured and Indicated Resources
(tonnes and analyses are “dry” basis)

Litho Unit	Class	Density (t/m ³)	Tonnage (k tonnes)	P ₂ O ₅ (% Weight)	Nb ₂ O ₅ (% Weight)
2A	measured	1.72	8,917	22.3	0.36
2B	measured	2.02	13,269	25.7	0.35
Total Measured		1.90	22,186	24.3	0.35
2A	indicated	1.72	14,835	20.4	0.35
2B	indicated	2.02	25,263	24.7	0.33
Total Indicated		1.91	40,098	23.1	0.34
GRAND TOTAL					
	measured	1.90	22,186	24.3	0.35
	indicated	1.91	40,098	23.1	0.34
	Total	1.91	62,284	23.6	0.34
TOTALS BY LITHO UNIT					
2A	measured	1.72	8,917	22.3	0.36
2A	indicated	1.72	14,835	20.4	0.35
	Total		23,752	21.1	0.35
2B	measured	2.02	13,269	25.7	0.35
2B	indicated	2.02	25,263	24.7	0.33
	Total		38,531	25.1	0.34

The following table presents the estimated “Inferred” mineral resources derived from the 3D block model of the Anomaly A area of the Martison Carbonatite Complex. These areas of inferred resources will require further drilling to elevate the resource classification to where the resources can be included in future mine planning.

Inferred Resources
(tonnes and analyses are “dry” basis)

Litho Unit	Class	Density (t/m ³)	Tonnage (k tonnes)	P ₂ O ₅ (% Weight)	Nb ₂ O ₅ (% Weight)
2A	inferred	1.72	18,490	18.2	0.36
2B	inferred	2.02	37,187	23.7	0.33
Total Inferred		1.92	55,677	21.9	0.34

The central portion of the Anomaly A area remains open at depth indicating that the currently estimated phosphate resources reported here are conservative and future development drilling will further define and possibly increase the phosphate resources. Similarly, the NW and SE ends of the deposit remain to be defined by future drilling campaigns.

4.10 Mining Operations

Production

The operating facilities required to produce and transport concentrated phosphate to the phosphate plant near Hearst are an open pit mine, a beneficiation plant, and an 86 km slurry pipeline.

A preliminary mine plan and pit design were based on the measured and indicated resources within the 3D model and an economic pit shell established using a selling price of US\$40/t of phosphate rock. The mining fleet was selected so that concentrate production could be maintained at 1.16 million t/y for years 3 through 19. Full production was assumed to occur in year 3, with 69% and 95% of capacity assumed in years 1 and 2 respectively, to reflect a realistic start-up.

Conventional open pit truck-shovel operations will be the primary mining method for PEM and on-going waste stripping. Mining bench heights will be 10 m, although smaller 5 m benches could be mined selectively when needed.

The diesel powered mobile equipment selected for the Martison Project is summarized below. Selected loading equipment consists of a 15 m³ hydraulic shovel and a 20 m³ front-end wheel loader. The shovel will be used solely in waste stripping while the loader will be used for both PEM and waste mining. The wheel loader will have greater mobility and can be moved easily as production requires. Total material moved annually ranges from 2.5 million tonnes in year 19 to 12.9 million tonnes in year 2.

Annual Production Capacity (Millions of “Dry” Tonnes)

	Haulage Units	Loader	Shovel
Unit Capacity	100 ton trucks (91 wet tonnes)	20 m ³	15 m ³
Quantity	2 to 9	1	1
Annual Productivity	(as per Yearly Schedule)	Up to 7.6 Mt	Up to 8.3 Mt

The mine schedule was used as the basis to determine the equipment fleet required. Fleet sizes were then estimated using a productivity worksheet, experience, and manufacturers’ specifications and input. Two track dozers are required for waste dump contouring and general pit work. One tracked drill is sufficient to drill pit blast-holes since current estimates are that only 59% of PEM and 25% of waste will require drilling and blasting. The same rig will also drill the holes required for dewatering the pit. Other pit support equipment includes a grader, backhoe, water truck, and compactor.

The beneficiation plant will receive a maximum feed rate of 3.13 million t/y (dry) of PEM to assure an annual concentrate production rate of 1.16 million tonnes. The mill average throughput required to produce 1.16 million t/y concentrate is 2.57 million t/y of mill feed.

Concentrate containing 37.5% P₂O₅ will be produced by several stages of treatment. The mill feed will be crushed, then washed and deslimed to remove fines deleterious to flotation. The deslimed feed will be stage-ground and subjected to two stages of magnetic separation followed by four stages of direct flotation.

Tailings from desliming, magnetic separation, and flotation will be pumped to the tailings dam and clarified water will be recycled to the beneficiation plant. Makeup water for the process is supplied by mine dewatering equipment. The concentrate is pumped to a thickener in the adjacent slurry pipeline pumping station.

Processing

In Scenario A, the processing facilities at the Hearst plant site include a 1,270 t/d hemihydrate phosphoric acid plant and concentrating plants to produce SPA (150,000 t/y of P_2O_5) and MGA (249,000 t/y of P_2O_5). Process related facilities at the Hearst site will include sulphuric acid receiving and storage, concentrate dewatering and storage, gypsum disposal, MGA shipping and SPA shipping.

The hemihydrate process reacts phosphate rock with sulphuric acid to produce gypsum crystals and phosphoric acid containing 40% P_2O_5 . The acid will be separated from the gypsum by three belt filters. The filter cake will be transported by belt conveyors to the gypsum disposal area. The 40% acid will be clarified and pumped to storage tanks. Sludge from clarification will be recycled to the reactor. Clarified 40% acid will be pumped to the concentration area where two parallel evaporators using low pressure steam will produce MGA and feed stock for the SPA plant. The MGA (about 54% P_2O_5) is pumped to storage before loading into tank cars.

The SPA feed stock (about 58% P_2O_5) will pass through a clarifier and three heat exchangers before entering the SPA flash chamber. The SPA will then be oxidized with an oxidizing reagent, reduced with ferrous iron, filtered to remove carbon and magnesium, and pumped to SPA storage before loading into tank cars.

In Scenario B the processing facilities at the Hearst plant site include a 1,280 t/d dihydrate phosphoric acid plant and concentrating plant to produce MGA (407,000 t/y of P_2O_5). In addition there will be sulphur receiving and storage, a 3,270 t/d sulphuric acid plant, sulfuric acid storage, gypsum disposal, and MGA shipping.

The dihydrate process reacts phosphate rock with sulphuric acid to produce gypsum crystals and phosphoric acid containing 28% P_2O_5 . The acid will be separated from the gypsum by two belt filters. The filter cake will be transported by belt conveyors to the gypsum disposal area. The 28% acid will be clarified and pumped to storage tanks. Sludge from clarification will be recycled to the reactor. Clarified 28% acid will be pumped to the concentration area where four parallel evaporators using low pressure steam will produce MGA. The MGA is pumped to storage before loading into tank cars.

The processing facilities at the proposed Brandon site for Scenarios A and B include the granulation plant, raw material receiving and storage, process utilities, and product storage and shipping. The feed stocks received at the granulation plant are MGA and ammonia.

The slurry of 54% acid and anhydrous ammonia is sprayed onto a stream of recycle undersize granular material in the rotary granulator. The design recycle ratio for this facility will be 4 to 1. The MAP flows from the granulator to the rotary dryer where the moisture is reduced to approximately 1.5% free water. The product size is controlled using double deck oversize screens and crushers followed by single deck product screens to separate the on-size material before routing to the fluidized bed product cooler. The cooled product is screened one final time to remove any fines that have been generated in the cooler then routed to the product coater. All fines are recycled to the granulator. The product coater is a ribbon blender where the product is covered with a thin coat of inert oil to control product dusting.

The fertilizer is conveyed to storage and then loaded into trucks and/or rail cars.

4.11 Marketing and Logistics

SPA and MAP will be sold to grain farmers in areas such as Manitoba, Saskatchewan, North and South Dakota, Minnesota, Wisconsin, and Ohio. PhosCan is expected to enjoy a freight advantage over producers that currently transport these fertilizer products to the target market area.

Phosphorous and nitrogen are two elements essential for plant life. Phosphate rock is relatively insoluble and in order to produce fertilizer solutions it is first necessary to react the phosphate rock with sulphuric acid to produce phosphoric acid, which contains phosphorous in a form available to plants. For Scenario A, 1.01 million tonnes per year of sulphuric acid is assumed to be obtained from base metal smelters in northern Ontario and Quebec. In Scenario B, 346 thousand tonnes per year of molten sulphur will be purchased from producers in western Canada and burned in a sulphuric acid plant to produce sulphuric acid and steam. The steam is used to generate electrical power and to concentrate the phosphoric acid.

Ammoniated phosphate fertilizers, such as MAP, are produced by reacting ammonia with phosphoric acid. Ammonia is produced in the Brandon area.

The SPA and MGA produced at the Hearst plant site would be shipped by tank car on the adjacent CN rail line. Sulphuric acid or sulphur would also be shipped by rail to the Hearst plant site. Ammonia would be received at the proposed Brandon plant site in tank cars. MAP produced at the granulation plant will be dispatched to customers by truck and by rail.

4.12 Economic Analysis

The Martison Technical Report contained an economic analysis of the Martison Project for the base cases of Scenarios A and B. The Corporation's Annual Information Forms dated February 2, 2009 and April 27, 2010 included a summary of this economic analysis.

This Annual Information Form does not include a summary of the economic analysis as the Corporation no longer believes it is relevant to the Martison Project. The economic analysis was prepared based on scenarios which envisioned the development of a phosphate mine, beneficiation plant, conversion complex and solid fertilizer production facility. However, the Corporation has commenced a metallurgical test program which may lead the Corporation to consider developing the Martison Project under a different development scenario (See "*Item 2.1 – Three Year History – Year Ended January 31, 2011*"). Furthermore, the economic analysis presented in the Martison Technical Report and summarized in the previous Annual Information Forms is based on capital and operating costs estimates prepared in the fourth calendar quarter of 2007, which estimates are no longer current. If the Corporation determines to proceed with a feasibility study of Scenario A and/or Scenario B, the capital and operating costs and financial analysis would be updated as part of such feasibility study.

4.13 Activities Subsequent to Martison Technical Report

Subsequent to the completion of the Martison Technical Report, PhosCan has continued to advance the Martison Project, as described below. The Corporation has been undertaking a reduced development program at the Martison Project since December 2008. The information contained in this Item 4.13 was prepared by PhosCan and has not been reviewed or confirmed by the authors of the Martison Technical Report.

Mine Claims to Lease

The claims listing in Item 4.1 has been updated to reflect the receipt by the Corporation of two mining leases during the fiscal year ended January 31, 2012. In order to complete its lease application for taking a majority of the claims surrounding the Martison Phosphate Deposit to lease, PhosCan elected to pay an \$812,800 fee-in-lieu of additional claim assessment work.

Environmental and Permitting

Access Route

The final route for accessing the Martison Phosphate Deposit was chosen and the Environmental Application (“EA”) submitted to and approved by the required government agencies. Replacement of a bridge along the chosen access route was completed during the second half of 2008. There will be further environmental studies and applications required before construction of the access route can proceed.

Sand and Gravel Applications

Two Class 10 applications and one Class 12 application have been submitted to the Ontario Ministry of Natural Resources. Work on all three applications is ongoing.

Bench and Pilot Plant Beneficiation Testing

Core samples from the bulk sample collected as part of the winter 2008 field program were composited into 2A and 2B ore categories according to chemical criteria and then blended to represent ore typical of the Martison Phosphate Deposit. The blended 2A-2B ore was fed to the beneficiation pilot plant and 25 tests were performed to examine and optimize the process flowsheet, which included scrubbing, desliming, grinding, low intensity and high intensity magnetic separation, and flotation. Additional tests were conducted to investigate column flotation and further optimization of grinding and desliming. This series of programs was completed during the fiscal year ended January 31, 2012.

Phosphoric Acid Pilot Plant Testing

Concentrates produced by the beneficiation pilot plant were evaluated in a phosphoric acid pilot plant for producing phosphoric acid by the dihydrate process. Filter acid produced was evaporated to produce SPA and further processed to obtain 10:34:00 (i.e., 10% nitrogen, 34% phosphorous, 0% potassium) liquid fertilizer. Filter acid was also evaporated to MGA and converted to solid fertilizer products MAP and DAP. Further acidulation tests were conducted during the fiscal year ended January 31, 2012.

Secondary Product Test Program

On March 26, 2009, PhosCan announced that it had entered into the IAMGOLD Agreement for the evaluation of the potential to recover and sell niobium contained in and overlaying the Martison Phosphate Deposit. IAMGOLD commenced testing phosphate ore and tailings from the Martison Phosphate Deposit in the second half of calendar 2009. At the end of the test period provided for in the IAMGOLD Agreement, IAMGOLD requested an extension of the test period. However the Corporation determined that it would conduct its own tests on the recovery of niobium and the agreement expired.

In October 2010, the Corporation announced it was commencing a program to find a process to profitably recover niobium and/or rare earths contained in the Martison Phosphate Deposit. The Secondary Product Test Program consisted of two projects: the metallurgical test work for the recovery of niobium from the phosphate flotation tailings from the proposed Martison Phosphate Project mine and a metallurgical test program to determine the content and recoverability of niobium and/or rare earth minerals in the red iron oxide laterite material of the Martison Phosphate Deposit.

Phosphate Flotation Tailings

The purpose of this aspect of the Secondary Test Program was to develop a beneficiation flowsheet to recover niobium bearing minerals from the waste streams produced by the phosphate recovery process, and to concentrate them into a product of sufficient purity to permit the production of ferro-niobium, a valuable steel additive. The beneficiation program, conducted during the period of March 2011 - December 2012, was carried out using the laboratory facilities of SGS Mineral Services, Vancouver, BC and was later transferred to Eriez Flotation Division, Erie, PA.

Optimization of the niobium recovery methodology proved very challenging and resulted in a process that incorporated a dual reagent scheme with a magnetic separation step mid process. This approach resulted in a final concentrate that assayed 50% niobium pentoxide (Nb₂O₅) with a recovery of 21% based on the head-sample (or run-of-mine) values. Further work will aim to recover additional niobium in minerals lost in all waste streams created during the processing of run-of-mine material into phosphate and niobium concentrates. Recently completed high-precision mineralogical studies of these several waste streams have identified two which with further treatment may increase niobium recoveries.

Even at the modest niobium recovery obtained so far, preliminary internal add-on capital and operating cost analyses are sufficiently encouraging to justify more work to validate niobium as a viable by-product.

The work was conducted under the supervision of independent qualified person Harold Wyslouzil, P. Eng.

Iron Oxide Laterite

Work done on the iron oxide laterite has concentrated on differential leaching of niobium and rare earths using various combinations of acid reagents under a range of test conditions. Current studies are aimed at recovering niobium from enriched residues after leaching and rare earths from the leach liquor. Results to date are preliminary in nature, and it is premature to analyze the potential economic impact at this time.

The work was conducted at SGS Canada Inc. under the supervision of independent qualified person John R. Goode, P. Eng.

2011 - 2012 Winter Work Program

During the period January 2011 to March 2012, PhosCan constructed a temporary winter road to access the Martison Phosphate Deposit site and conducted hydrogeological testing and sonic drilling. The Corporation budgeted \$4.5 million, including a 5% contingency, to conduct the 2011- 2012 Winter Work Program, which was completed under budget.

During the course of the sonic drilling, an independent program of test drilling and pumping tests, coupled with down-the-hole seismic surveys, was completed to evaluate the hydrogeology of the proposed Martison Phosphate Project mine. This work allowed an assessment to be made of pumping and other requirements necessary to contain the inflow of water into the proposed open pit mine and the estimated operating and capital costs thereof. Predictive modeling based on this work indicates that the proposed open pit mine can be dewatered by pumping from five pumping centers located around and within the Martison Phosphate Deposit at operating and capital costs comparable to mines currently operating in Ontario.

Of the sonic drilling, 1,956 m were drilled in 15 holes and 13 tonnes of material representing the phosphate zone of the Martison Deposit targeted for open pit mining were collected for further metallurgical testing.

ITEM 5 - DIVIDENDS

The Corporation has not paid any dividends since incorporation. There are no restrictions on the ability of the Corporation to pay dividends contained in the constating documents of the Corporation. The Corporation intends to retain its earnings, if any, to finance growth and expand its operations and does not anticipate paying any dividends in the foreseeable future.

ITEM 6 - DESCRIPTION OF CAPITAL STRUCTURE

6.1 General Description of Capital Structure

The authorized capital of the Corporation consists of an unlimited number of non-voting shares, designated as special shares ("Special Shares") and an unlimited number of Common Shares. As of April 25, 2013, there were no Special Shares issued and 163,734,416 Common Shares issued and outstanding in the capital of the Corporation.

6.2 Common Shares

Each Common Share ranks equally with all other Common Shares and on parity with the Special Shares with respect to dissolution, liquidation or winding-up of the Corporation and payment of dividends. The holders of Common Shares are entitled to one vote for each share held on all matters to be voted on by such holders and are entitled to receive pro rata such dividends as may be declared by the board of directors out of funds legally available therefore and to receive pro rata the remaining property of the Corporation on dissolution. The holders of Common Shares have no pre-emptive or conversion rights. All of the Common Shares currently outstanding are fully paid and non-assessable.

6.3 Special Shares

The Special Shares are non-voting and are issuable in one or more series with such rights, restrictions, conditions and limitations as determined by resolution of the directors passed at or prior to issuance. The Special Shares may be convertible into Common Shares, on such terms and conditions as determined.

6.4 Rights Plan

A shareholder rights plan (the "Rights Plan") was approved by the Board of Directors on September 24, 2008 and ratified and approved by the shareholders of the Corporation on February 11, 2009. The Rights Plan was approved for continued existence for a further period of three years by the Board of Directors on June 7, 2012 and ratified and approved by the shareholders of the Corporation on July 25, 2012.

The provisions of the Rights Plan are set out in an agreement dated as of September 24, 2008 (the "Rights Plan Agreement") between the Corporation and Equity Transfer & Trust Company, as Rights Agent, as previously filed by the Corporation. Under the Rights Plan, one right to purchase one additional Common Share (a "Right") has been issued and attached to each issued and outstanding Common Share. Until the Separation Time (as defined in the Rights Plan Agreement), Rights may not be separated from the Common Shares, such that each transfer of Common Shares includes a transfer of the Rights attaching to such Common Shares.

In general, the Rights become exercisable only if a person makes a take-over bid for the securities of the Corporation which does not meet the definition of a "Permitted Bid" under the Rights Plan Agreement. To qualify as a Permitted Bid, the take-over bid must, among other things, (i) be made to all shareholders, (ii) remain open for an initial bid period of not less than 60 days, (iii) permit the withdrawal of tendered shares during the bid period, and (iv) if more than 50% of the Common Shares held by independent shareholders are tendered during the initial bid period, remain open for an additional ten business days following announcement of that fact. In the event a take-over bid does not meet the Permitted Bid requirements of the Rights Plan, each Right will entitle the holder, other than the person making the take-over bid, to purchase for \$20 that number of Common Shares of the Corporation having an aggregate market value equal to \$40.

The Rights Plan is designed to ensure the fair treatment of shareholders in connection with any take-over bid for Common Shares of the Corporation. The Rights Plan seeks to provide shareholders with adequate time to properly assess a take-over bid without undue pressure. It also provides the Board with more time to fully consider an unsolicited take-over bid and, if applicable, to explore other alternatives to maximize shareholder value.

The Rights Plan has a term of three years and shareholders of PhosCan may be asked to ratify its continued existence at the Corporation's annual meeting in 2015, subject to earlier termination in accordance with the Rights Plan Agreement.

6.5 Reduction in Stated Capital

Pursuant to the authorization given to the Board of Directors by PhosCan shareholders at the special meeting of shareholders held on February 11, 2009, the Board of Directors reduced the stated capital of the Common Shares by \$105,000,000 during the fiscal year ended January 31, 2012. The reduction of stated capital was required to enable the Corporation to undertake a normal course issuer bid (see "*Item 6.6 – Normal Course Issuer Bid*").

6.6 Normal Course Issuer Bids

On October 18, 2011, PhosCan commenced the Initial NCI Bid to repurchase for cancellation up to 12 million Common Shares, representing at that time approximately 8.8% of the public float of the Corporation. Pursuant to the Initial NCI Bid, which terminated on October 17, 2012, the Company repurchased 5,085,000 Common Shares for consideration of \$1,495,224 including commission.

On October 19, 2012, PhosCan commenced the Renewed Bid to repurchase for cancellation up to 12 million Common Shares, representing at that time approximately 9.4% of the public float of the Corporation. The Renewed Bid will terminate on October 18, 2013 or on any such date as PhosCan may complete its purchases or otherwise terminate the Renewed Bid.

PhosCan believes that the purchase of Common Shares is an appropriate use of funds, since the current market price is less than the cash value per Common Share. All Common Shares purchased under the Initial and Renewed Bids were or will be cancelled.

Pursuant to the Renewed Bid, during the fiscal year ended January 31, 2013, the Corporation repurchased 1,395,860 Common Shares for consideration of \$398,051 including commission.

ITEM 7 - MARKET FOR SECURITIES

The Common Shares were listed and posted for trading on the TSX Venture Exchange (the "TSXV") under the symbol "FOS" from October 2, 2000 to February 4, 2009. On February 5, 2009, the Common Shares were listed and posted for trading on the Toronto Stock Exchange (the "TSX") under the same symbol and concurrently delisted from the TSXV.

The table below sets out the low and high prices for the Common Shares on the TSX for the calendar months commencing February 1, 2012 and ending January 31, 2013 along with the volume traded for the months indicated:

Month	Low (\$)	High (\$)	Volume Traded
January 2013	0.27	0.29	2,367,764
December 2012	0.265	0.29	2,695,308
November 2012	0.265	0.295	1,433,949
October 2012	0.28	0.315	1,082,099
September 2012	0.29	0.32	1,498,182
August 2012	0.27	0.31	952,924
July 2012	0.27	0.295	1,738,910
June 2012	0.28	0.305	1,088,356
May 2012	0.285	0.34	2,214,325
April 2012	0.315	0.37	2,760,396
March 2012	0.325	0.355	2,875,517
February 2012	0.305	0.38	6,212,318

ITEM 8 - DIRECTORS AND EXECUTIVE OFFICERS

8.1 Name, Occupation and Security Holding

The following table sets forth the name and municipality of residence, the office (if any) held with the Corporation, the Common Shares beneficially owned or controlled, directly or indirectly, for each of the directors and executive officers of the Corporation:

Name and Municipality of Residence	Office Held	Director Since⁽¹⁾	Number of Common Shares Beneficially Owned or Over Which Control or Direction is Exercised⁽²⁾
Stephen D. Case Toronto, ON CAN	Director, President, CEO	1996	3,267,395

Name and Municipality of Residence	Office Held	Director Since ⁽¹⁾	Number of Common Shares Beneficially Owned or Over Which Control or Direction is Exercised ⁽²⁾
Henry M. Giegerich Vancouver, BC CAN	Director	1997	349,000
Glen C. Magnuson ⁽⁶⁾ Shawnee, KS USA	Director	2006	847,500
John D. Yokley ⁽³⁾⁽⁶⁾ Palmyra, WI USA	Director	2006	400,000
James K. Gowans ⁽⁴⁾⁽⁵⁾⁽⁶⁾ Gaborone BW	Director	2008	40,000
Christopher D. Hodgson ⁽³⁾⁽⁴⁾⁽⁵⁾ Markham, ON CAN	Director	2008	280,000
Gordon S.T. McKinnon ⁽³⁾⁽⁴⁾ Toronto, ON CAN	Director	2008	1,430,000
James F. Pringle Toronto, ON CAN	VP, Finance and CFO	N/A	Nil

Notes:

- (1) Directors are elected annually and hold office until a successor is elected at a subsequent annual meeting of the Corporation, unless a director's office is earlier vacated in accordance with the by-laws of the Corporation.
- (2) The information as to shares beneficially owned or over which they exercise control or direction not being within the knowledge of the Corporation has been furnished by the respective nominees individually.
- (3) Member of the Audit Committee.
- (4) Member of the Compensation Committee.
- (5) Member of the Corporate Governance and Nominating Committee.
- (6) Member of the Corporate Finance Committee.

Stephen D. Case is the President and Chief Executive Officer of PhosCan. Mr. Case has over 20 years' experience in the financing and development of mineral assets. Previously, he served as a director and was one of the three co-founders of RFC Resource Finance Corporation ("RFC"). RFC's principal asset was the Pend Oreille zinc lead deposit in the state of Washington. RFC is now a wholly-owned subsidiary of Teck Resources Ltd.

Henry M. Giegerich is a Consulting Mining Engineer. Mr. Giegerich, P.Eng., has over 40 years' experience in the mining industry. Under his direction as President and General Manager of Cominco Alaska Inc., the Red Dog Project progressed from the exploration stage to the construction phase. Prior to that assignment, as Vice President, Northern Group, for Cominco, he was responsible for bringing the Polaris Mine into production, as well as the operation of the Con Gold Mine and the Pine Point Mine. For the past 15 years, he has been a consulting mining engineer providing a variety of services to various projects worldwide.

Glen C. Magnuson is a consultant to the fertilizer industry. Mr. Magnuson has over 37 years' experience in the agriculture and fertilizer industry and was employed by Cargill Inc. for 25 years, retiring as Vice President of the Fertilizer Division. While at Cargill Inc., Mr. Magnuson was involved in the acquisition of the Gardinier Phosphate facility in 1985, which enabled Cargill to enter into the production of

phosphate fertilizers. During 1988 and 1989, his responsibilities included the development of the Saskferco nitrogen complex in Saskatchewan. Mr. Magnuson spent 8 years with the Unifert Group, an international fertilizer trading company with headquarters in Brussels, as Senior Vice President and General Manager of North American fertilizer operations.

John D. Yokley has spent his entire career in the fertilizer products business retiring in June 2006 as Senior Vice President, Specialties Business of Agrium Inc. During his ten-year employment with Agrium, Mr. Yokley held various positions, including responsibility for the Strategic Development and Planning group, Vice President of Marketing and Senior Vice President of Marketing and Distribution. Prior to joining Agrium in 1995, Mr. Yokley was employed by Nu-West Industries, a Western U.S. phosphate producer, as Vice President responsible for national account sales, distribution and raw material purchasing. Mr. Yokley holds a B.Sc. in Business Administration/Marketing from Southern Illinois University.

James K. Gowans is the Managing Director of Debswana Diamond Company, a joint venture between De Beers SA and the Government of Botswana. From February 2010 to December 2010 he was the Chief Operating and Technical Officer of De Beers SA, and from March 2006 to December 2010 the President of De Beers Canada Inc. Prior to this role, he was the Senior Vice President and Chief Operating Officer of PT Inco in Indonesia from 2002 to 2006. He has also held senior roles at Cominco (now Teck Resources Ltd.) and Placer Dome, and has worked in the Northwest Territories, Saskatchewan, Alaska and the High Arctic. Mr. Gowans is the past Chair of the Mining Association of Canada. He brings over thirty years of practical management experience, touching on most aspects of the mining industry, including exploration, major projects, operations and human resources. Mr. Gowans received a Bachelor of Applied Science in Mineral Engineering (Mining and Mineral Processing) degree from the University of British Columbia and attended the Banff School of Advanced Management.

Christopher D. Hodgson is the President of the Ontario Mining Association, President of Chris Hodgson Enterprises and a board member for Canadian Orebodies Inc., White Pine Resources Inc. and EACOM Timber Corp. He entered provincial politics in 1994 as the MPP for Haliburton-Victoria-Brock and following the 1995 general election was appointed as Ontario's Minister of Natural Resources and Minister of Northern Development and Mines. During his time as Minister, Mr. Hodgson was recognized for creating new opportunities and growth within Ontario's mining industry, as he introduced and proclaimed a new Mining Act. Between 1995 and 2003 he also served as Deputy House Leader, Chairman of the Management Board of Cabinet, Commissioner of the Board of Internal Economy, and Minister of Municipal Affairs and Housing. Previously he enjoyed a career in municipal government and real-estate development and is an Honours BA graduate from Trent University.

Gordon S.T. McKinnon is the President and CEO and a Director of Canadian Orebodies Inc., a principal of McKinnon Prospecting Ltd., a private exploration company, and a board member for Nobel Mineral Exploration Inc. and Mill City Gold Corp. He was previously Manager of Corporate Development with Baltic Resources Inc. Gord graduated with an Honours Bachelor Degree in Management and Organizational Studies from the University of Western Ontario in 2006.

James F. Pringle is the Vice President Finance and Chief Financial Officer of PhosCan. Mr. Pringle brings a mining finance background to PhosCan. From February 2004 to December 2005 James was Chief Financial Officer of Frontera Copper Corporation. Between September 1997 and January 2003 James was an investment banker with RBC Dominion Securities and then CIBC World Markets where he worked exclusively with mining and metals companies on a variety of financings and advisory assignments. James holds a B.Sc., Metallurgical Engineering from Queen's University and an MBA from the University of Western Ontario, and is a CFA charterholder.

As at April 25, 2013, the directors and executive officers of the Corporation, as a group, beneficially own, directly or indirectly, or exercise control or direction over an aggregate of 6,613,895 Common Shares, representing approximately 4.0% of the currently outstanding Common Shares.

8.2 Cease Trade Orders and Bankruptcies

No director or executive officer of the Corporation is, as at the date of this Annual Information Form or has been, within the 10 years before the date of this Annual Information Form, a director, chief executive officer or chief financial officer of any company that:

- (a) was subject to a cease trade or order similar to a cease trade order, or an order that denied the relevant company access to any exemptions under Canadian securities legislation, for a period of more than 30 consecutive days, that was issued while the director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer, or
- (b) was subject to an cease trade or order similar to a cease trade order, or an order that denied the relevant company access to any exemptions under Canadian securities legislation, for a period of more than 30 consecutive days, that was issued after the director or executive officer ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer.

No director or executive officer of the Corporation, or a shareholder holding a sufficient number of securities of the Corporation to affect materially the control of the Corporation:

- (a) is, as at the date of this Annual Information Form or has been, within the 10 years before the date of this Annual Information Form, a director or executive officer of any company that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets, or
- (b) has, within the 10 years before the date of the Annual Information Form, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director, executive officer or shareholder.

8.3 Penalties or Sanctions

No director or officer of the Corporation, or a shareholder holding a sufficient number of securities of the Corporation to affect materially the control of the Corporation, has been subject to any penalties or sanctions imposed by a court relating to Canadian securities legislation or by a Canadian securities regulatory authority or has entered into a settlement agreement with a Canadian securities regulatory authority or any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

8.4 Conflicts of Interest

Certain of the Corporation's directors and officers serve or may agree to serve as directors or officers of other reporting companies or have significant shareholdings in other reporting issuer companies and, to the extent that such other companies may participate in ventures in which the Corporation may

participate, the directors of the Corporation may have a conflict of interest in negotiating and concluding terms respecting the extent of such participation. In the event that such a conflict of interest arises at a meeting of the Corporation's directors, a director who has such a conflict will abstain from voting for or against the approval of such a participation or such terms.

ITEM 9 - AUDIT COMMITTEE

9.1 Audit Committee Charter

A copy of the Corporation's Audit Committee Charter is annexed to this Annual Information Form as Appendix "A".

9.2 Composition of the Audit Committee

The current members of the Corporation's Audit Committee are John D. Yokley (Chair), Christopher D. Hodgson and Gordon S.T. McKinnon. Each member of the Audit Committee is considered to be "independent" and "financially literate" within the meaning of Multilateral Instrument 52-110 – Audit Committees (the "Instrument").

9.3 Relevant Education and Experience

John D. Yokley has spent his entire career in the fertilizer products business. Mr. Yokley retired in 2006 as Senior Vice President, Specialties Business of Agrium Inc. During his ten year employment with Agrium, Mr. Yokley held various roles, including Vice President of Marketing and Senior Vice President, Marketing and Distribution. Prior to joining Agrium in 1995, Mr. Yokley was employed by Nu-West as Vice President responsible for national account sales, distribution and raw material purchasing. Mr. Yokley holds a B.Sc. in Business Administration/Marketing from Southern Illinois University.

Christopher D. Hodgson is currently the President of the Ontario Mining Association, President of Chris Hodgson Enterprises and a board member for Canadian Orebodies Inc., White Pine Resources Inc. and EACOM Timber Corp. He entered provincial politics in 1994 as the MPP for Haliburton-Victoria-Brock and following the 1995 general election was appointed as Ontario's Minister of Natural Resources and Minister of Northern Development and Mines. During his time as Minister, Mr. Hodgson was recognized for creating new opportunities and growth within Ontario's mining industry, as he introduced and proclaimed a new Mining Act. Between 1995 and 2003 he also served as Deputy House Leader, Chairman of the Management Board of Cabinet, Commissioner of the Board of Internal Economy, and Minister of Municipal Affairs and Housing. Previously he enjoyed a career in municipal government and real-estate development and is an Honours BA graduate from Trent University.

Gordon S.T. McKinnon is currently the President and CEO and a Director of Canadian Orebodies Inc., a principal of McKinnon Prospecting Ltd., a private exploration company, and a board member for Nobel Mineral Exploration Inc. and Mill City Gold Corp. He was previously Manager of Corporate Development with Baltic Resources Inc. Gord graduated with an Honours Bachelor Degree in Management and Organizational Studies from the University of Western Ontario in 2006.

9.4 External Auditor Service Fees

The aggregate fees billed to the Corporation by the Corporation's external auditors in each of the last two fiscal years for (i) audit services ("Audit Fees"), (ii) assurance and related services by the external auditor that are reasonably related to the performance of the audit or review of the Corporation's financial statements and that are not included in Audit Fees ("Audit-Related Fees"), (iii) professional services

rendered by the Corporation's external auditor for tax compliance, tax advice, and tax planning ("Tax Fees"), and (iv) products and services provided by the Corporation's external auditor, other than Audit Fees, Audit-Related Fees and Tax Fees ("All Other Fees"), are as follows:

Year Ended January 31st	Audit Fees	Audit-Related Fees	Tax Fees	All Other Fees
2013	\$31,000 ⁽¹⁾	-	-	\$620 ⁽²⁾
2012	\$30,684	\$10,888	-	\$840

(1) Estimate as invoice for year-end audit is pending

(2) Estimate of administration fee to be paid to the Canadian Public Accountability Board ("CPAB")

Pursuant to the Audit Committee Charter, the Audit Committee has the responsibility to review and approve the fees charged by the external auditors for audit services, and to review and approve all services other than audit services to be provided by the external auditors, and associated fees.

ITEM 10 - LEGAL PROCEEDINGS AND REGULATORY ACTIONS

There are no material legal proceedings involving the Corporation or its properties as at the date of this Annual Information Form and the Corporation knows of no such proceedings currently contemplated. The Corporation is not subject to any penalties or sanctions and has not entered into any settlement agreements with a court or securities regulatory authority.

ITEM 11 - INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Other than as disclosed below and elsewhere in this Annual Information Form, no insider of the Corporation has any interest in any transactions involving the Corporation within the past three completed financial years or the current financial year that has materially affected or is reasonable expected to materially affect the Corporation.

Through the normal course of business, the following related party transactions occurred during the twelve months ended January 31, 2013:

- The Corporation paid fees in the aggregate amount of \$80,009 (2012 – \$121,393) to Henry M. Giegerich and Glen C. Magnuson, Directors of the Corporation, in consideration of consulting services relating to the Martison Phosphate Project and business development.
- The Corporation paid or accrued professional fees of \$93,655 (2012 – \$100,495) to a law firm of which Mark F. Wheeler, Secretary of the Corporation, is a partner.

ITEM 12 - TRANSFER AGENTS AND REGISTRARS

The registrar and transfer agent for the Common Shares of the Corporation is Equity Financial Trust Company, at its offices in Toronto, Ontario.

ITEM 13 - MATERIAL CONTRACTS

Other than contracts entered into in the ordinary course of business, the Corporation has not entered into any contracts material to the Corporation.

ITEM 14 - INTERESTS OF EXPERTS

James S. Spalding, David Sprott, Paul S. Waters, Joe Demidovich and Milton Jennings, are the authors of the Martison Technical Report. To the knowledge of the Corporation, none of the authors had any registered or beneficial interests, direct or indirect, in any securities or other property of the Corporation or any of its associates or affiliates at the date of the Martison Technical Report, and did not receive any such interests after the date of the Martison Technical Report.

ITEM 15 - ADDITIONAL INFORMATION

Additional information relating to the Corporation may be found on SEDAR at www.sedar.com.

Additional information, including directors' and officers' remuneration and indebtedness, principal holders of the Corporation's securities, options to purchase securities and interests of insiders in material transactions, where applicable, is contained in the management information circular of the Corporation dated June 7, 2012, which was distributed in connection with the annual meeting of shareholders of the Corporation held on July 25, 2012. Additional financial information is provided in the 2013 Annual Financial Statements and 2013 Annual MD&A.

APPENDIX “A”

PHOSCAN CHEMICAL CORP.

AUDIT COMMITTEE CHARTER

MANDATE

The Audit Committee (the “Committee”) is appointed by the Board of Directors (the “Board”) to assist the Board in fulfilling its oversight responsibilities.

The Committee’s primary duties and responsibilities are to:

- Review and assess management’s overall process to identify principal risks that could affect financial reporting and the achievement of the Corporation’s business plans, and to monitor the process to manage such risks.
- Oversee and monitor the Corporation’s compliance with legal and regulatory requirements.
- Be directly responsible for the appointment, compensation and oversight of the external auditors.
- Oversee audits of the Corporation’s financial statements.
- Oversee and monitor the qualifications, independence and performance of the Corporation’s external auditors.
- Oversee and monitor the integrity of the Corporation’s financial reporting process and system of internal controls regarding financial reporting and accounting compliance.
- Provide an avenue of communication among the external auditors, management, and the Board.
- Report to the Board regularly.

The Committee has the authority to conduct any review or investigation appropriate to fulfilling its responsibilities. The committee shall have unrestricted access to personnel and information in the Corporation, and to the external auditor, and to any resources necessary to carry out its responsibility including the ability to retain, at the Corporation’s expense, special legal, accounting or other consultants or experts it deems necessary in the performance of its duties.

MAJOR RESPONSIBILITIES AND FUNCTIONS

Review Procedures

Review and update the Committee’s charter at least annually and provide a summary of the Committee’s composition and responsibilities in the Corporation’s annual report or other public disclosure documentation.

Annual Financial Statements

1. Discuss and review with management and the external auditors the Corporation’s annual audited financial statements and related documents prior to their filing or distribution.
2. Review and formally recommend approval to the Board, the Corporation’s:
 - (a) year-end audited financial statements;
 - (b) Management’s Discussion and Analysis; and

- (c) Annual Information Form.

The review shall include a report prepared by the external auditors about the quality of the most significant accounting principles and practices governing the Corporation's financial statements, and which involve the most complex, subjective or significant judgemental decisions or assessments.

Quarterly Financial Statements

3. Review with management and, where applicable the external auditors, and either approve, including authorization for public release, or formally recommend for approval to the Board the Corporation's:
 - (a) quarterly unaudited financial statements and related documents, including Management's Discussion and Analysis; and
 - (b) any significant changes to the Corporation's accounting principles.
4. Where applicable, review and discuss quarterly reports from the external auditors regarding:
 - (a) all critical accounting policies and practices to be used;
 - (b) all alternative treatments of financial information within generally accepted accounting principles that have been discussed with management, the ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the external auditors; and
 - (c) other material written communications between the external auditors and management, such as any management letter or schedule of unadjusted differences.

Internal Control Environment

5. Ensure that management provide to the Committee an annual report on the Corporation's control environment as it pertains to the Corporation's financial reporting process and controls.
6. Review and discuss significant financial risks or exposures and assess the steps management has taken to monitor, control, report and mitigate such risk to the Corporation.
7. Review the effectiveness of the overall process for identifying the principal risks affecting the achievement of business plans and provide the Committee's view to the Board of Directors.
8. Review significant findings prepared by the external auditors, together with management's responses.

Other Review Items

9. Review policies and procedures with respect to officers' and directors' expense accounts and perquisites, including their use of corporate assets, and consider the results of any review of these areas by the external auditors.
10. Review all insider transactions and related party transactions between the Corporation and any officers or directors.

11. Review legal and regulatory matters, including correspondence with regulators and governmental agencies that may have a material impact on the interim or annual financial statements, related corporation compliance policies, and programs and reports received from regulators or governmental agencies.
12. Review policies and practices with respect to off-balance sheet transactions and trading and hedging activities, and consider the results of any review of these areas by the external auditors.
13. Review with the Chief Executive Officer, the Chief Financial Officer of the Corporation and the external auditors:
 - (a) all significant deficiencies identified and material weaknesses in the design or operation of the Corporation's internal controls and procedures for financial reporting which could adversely affect the Corporation's ability to record, process, summarize and report financial information required to be disclosed by the Corporation in the reports that it files or submits under governing legislation; and
 - (b) any fraud, whether or not material, that involves management of the Corporation or other employees who have a significant role in the Corporation's internal controls and procedures for financial reporting.
14. Review all prospectuses and information circulars as to financial information.

External Auditors

15. Be directly responsible, in the Committee's capacity as a committee of the Board and subject to the rights of shareholders and applicable law, for the appointment, compensation and oversight of the work of the external auditors (including resolution of disagreements between management and the external auditors regarding financial reporting) for the purpose of preparing or issuing an audit report or related work. The external auditors shall report directly to the Committee.
16. Meet on a regular basis with the external auditors (without management present) and have the external auditors be available to attend Committee meetings or portions thereof at the request of the Chairman of the Committee or a majority of the members of the Committee.
17. Review and discuss with the external auditors all significant relationships that the external auditors and their affiliates have with the Corporation and its affiliates in order to determine the external auditors' independence, including, without limitation:
 - (a) receiving and reviewing, as a part of the auditors' report, a formal written statement from the external auditors delineating all relationships that may reasonably be thought to bear on the independence of the external auditors with respect to the Corporation and its affiliates; and
 - (b) discussing with the external auditors any disclosed relationships or services that the external auditors believe may affect the objectivity and independence of the external auditors.
18. Review and evaluate:
 - (a) the external auditor's and the lead partner of the external auditor team's performance, and make a recommendation to the Board regarding the reappointment of the external

- auditors at the annual meeting of the Corporation's shareholders or regarding the discharge of such external auditors;
 - (b) the terms of engagement of the external auditors, together with their proposed fees;
 - (c) external audit plans and results;
 - (d) any other related audit engagement matters; and
 - (e) the engagement of the external auditors to perform non-audit services, together with the fees therefore, and the impact thereof, on the independence of the external auditors.
19. Upon reviewing and discussing the information provided to the Committee in accordance with paragraphs 17 and 18, evaluate the external auditors' qualifications, performance and independence, and consider whether the provision of permitted non-audit services is compatible with maintaining auditor independence, taking into account the opinions of management. The Committee shall present its conclusions with respect to the external auditors to the Board.
20. Ensure the rotation of the lead (or coordinating) audit partner having primary responsibility for the audit and the audit partner responsible for reviewing the audit as required by law. Consider whether, in order to assure continuing external auditor independence, it is appropriate to adopt a policy of rotating the external auditing firm on a regular basis.
21. Consider with management and the external auditors the rationale for employing audit firms other than the principal external auditors, including a review of management consulting services and related fees provided by the external auditors compared to those of other audit firms.

Approval of Audit and Non-Audit Services

22. Review and, where appropriate, approve the provision of all audit services (including the fees and terms thereof) in advance of the provision of those services by the external auditors.
23. Review and, where appropriate, approve the provision of all permitted non-audit services (including the fees and terms thereof) in advance of the provision of those services by the external auditors (subject to the *de minimus* exception for non-audit services prescribed in applicable legislation which are approved by the Committee prior to the completion of the audit).
24. If the pre-approvals contemplated in paragraphs 22 and 23 are not obtained, approve, where appropriate and permitted, the provision of all audit and non-audit services promptly after the Committee or a member of the Committee to whom authority is delegated becomes aware of the provision of those services.
25. Delegate, if the Committee deems necessary or desirable, to subcommittees consisting of one or more members of the Committee, the authority to grant the pre-approvals and approvals described in paragraphs 22 through 24. The decision of any such subcommittee to grant pre-approval shall be presented to the full Committee at the next scheduled Committee meeting.

Other matters

26. Review and concur in the appointment, replacement, reassignment, or dismissal of the Chief Financial Officer, and other key financial executives in the financial reporting process.
27. Review and approve hiring policies regarding partners, employees and former partners and employees of the present and former external auditor.

28. Report Committee actions to the Board with such recommendations, as the Committee may deem appropriate.
29. Conduct or authorize investigations into any matters within the Committee's scope of responsibilities.
30. The Corporation shall provide for appropriate funding, as determined by the Committee, for payment of compensation to the external auditors for the purpose of rendering or issuing an audit report and to any advisors employed by the Committee.
31. The Committee shall review and reassess the adequacy of this Charter annually and recommend any proposed changes to the Board for approval.
32. The Committee shall evaluate its performance annually.
33. Perform such other functions as required by law, the Corporation's charter or bylaws, or the Board.
34. Consider any other matters referred to it by the Board.
35. Establish procedures for:
 - (a) the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls or audit matters, and
 - (b) the confidential submission by employees of the Corporation of concerns regarding questionable accounting controls or auditing matters.

OPERATION OF COMMITTEE

Reporting

The Committee shall report to the Board. The full Board shall be kept informed of the Committee's activities by a report following each Committee meeting.

Composition of Committee

The Committee shall consist of not less than three Directors as determined by the Board, a majority of whom are not members of management of the Corporation and who are free from any relationship that would interfere with the exercise of his or her independent judgement.

All members of the Committee shall have the financial literacy to be able to read and understand the Corporation's financial statements and to understand the breadth and complexity of the issues that can reasonably be expected to be raised by the Corporation's financial statements.

Appointment of Committee Members

Members of the Committee shall be appointed at a meeting of the Board, typically held immediately after the annual shareholders' meeting, provided that any member may be removed or replaced at any time by the Board and shall in any event cease to be a member of the Committee upon ceasing to be a member of the Board.

Vacancies

Where a vacancy occurs at any time in the membership of the Committee, it may be filled by the Board.

Chairman

The Corporate Governance Committee shall recommend an independent director as Chairman of the Committee to the Board for approval. The Board shall appoint the Chairman of the Committee.

If the Chairman of the Committee is not present at any meeting of the Committee, one of the other members of the Committee present at the meeting shall be chosen by the Committee to preside.

Secretary

The Committee shall appoint a Secretary who need not be a member of the Committee or a director of the Corporation. The Secretary shall keep minutes of the meetings of the Committee.

Committee Meetings

The Committee shall meet at least quarterly at the call of the Chairman. The Chairman of the Committee may call additional meetings as required. In addition, a meeting may be called by any director or by the external auditors.

Committee meetings may be held in person, by video-conference, by means of telephone or by any combination of any of the foregoing.

Notice of Meeting

Notice of the time and place of every meeting may be given orally, in writing, by facsimile or by electronic communication to each member of the Committee and to external auditors at least 48 hours prior to the time fixed for such meeting.

A member and the external auditors may, in any manner, waive notice of the meeting. Attendance of a member at the meeting shall constitute waiver of notice of the meeting, except where a member attends a meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting was not lawfully called.

Quorum

A majority of committee members, present in person, by video-conference, by telephone or by a combination thereof, shall constitute a quorum.

Attendance at Meetings

The Chief Executive Officer and the Chief Financial Officer are expected to be available to attend meetings, but a portion of every meeting will be reserved for in-camera discussion without members of management being present.

The Committee should meet, on a regular basis and without management present, with the external auditors and management in separate executive sessions to discuss any matters that the Committee or these groups believe should be discussed privately with the Committee.

The Committee may by specific invitation have other resource persons in attendance.

The Committee shall have the right to determine who shall and who shall not be present at any time during a meeting of the Committee.

Minutes

Minutes of Committee meetings shall be sent to all Committee members and to the external auditors.

Engaging Outside Resources

The Committee is empowered to engage such outside resources, as it deems advisable, at the expense of the Corporation.