

**JAGUAR FINANCIAL INC.**

**ANNUAL INFORMATION FORM**

**RELATING TO THE YEAR ENDED DECEMBER 31, 2007**

**March 28, 2008**

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## **PRELIMINARY NOTES AND CAUTIONARY STATEMENT**

### **Date of Information**

In this Annual Information Form (“AIF”), information is given as at December 31, 2007, unless stated otherwise.

### **Currency**

All currency references in this AIF are in Canadian dollars unless otherwise indicated.

### **Caution on Forward-Looking Statements**

This AIF contains certain forward-looking statements which involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Forward-looking statements may include statements regarding exploration results and budgets, mineral reserve and resource estimates, work programs, capital expenditures, mine operating costs, production targets and timetables, future commercial production, strategic plans, market price of precious metals or other statements that are not statements of fact. Although the Company believes the expectations reflected in such forward-looking statements are reasonable, it can give no assurance that such expectations will prove to have been correct.

Various factors that may affect future results include, but are not limited to: fluctuations in market prices of precious metals; foreign currency exchange fluctuations; risks relating to mining exploration and development including reserve estimation and costs and timing of commercial production; requirements for additional financing; political and regulatory risks, and other risks and uncertainties. Accordingly, readers should not place undue reliance on forward-looking statements.

## **ITEM 2. CORPORATE STRUCTURE**

### **2.1 Name, Address and Incorporation**

Jaguar Financial Inc. (“**Jaguar**” or the “**Company**”) was incorporated by Letters Patent dated April 5, 1956, pursuant to the *Mining Companies Act* (Québec) under the name “Chesbar Chibougamau Mines Ltd. (No Personal Liability)”. The Company’s name was changed to “Chesbar Iron Powder Limited (No Personal Liability)” by Supplementary Letters Patent granted to the Company on June 12, 1969 and, at such time, its share capital was consolidated on a 1-for-5 basis. Supplementary Letters Patent were granted to the Company on March 28, 1973, changing its name to “Chesbar Resources Inc./Ressources Chesbar Inc. (No Personal Liability)”. By Supplementary Letters Patent granted on May 15, 1986, the authorized capital of the Company was increased to 20,000,000 common shares without par value (the “Common Shares”).

On November 6, 1986, Private Bill No. 243, “An Act respecting Chesbar Resources Inc.”, was introduced in the National Assembly (Québec). This act was proclaimed in force and the continuation of the Company under Part 1A of the *Companies Act* (Québec) was effected upon the filing of Articles of Continuance by the Company on February 23, 1987. As a result, there is no longer a maximum number of Common Shares which the Company is authorized to issue and there is no limit to the consideration for which its Common Shares may be issued.

On June 26, 2003, by Articles of Amendment, the name of the Company was changed to “Jaguar Nickel Inc.”.

On July 11, 2007, by Articles of Amendment, the name of the Company was changed to “Jaguar Financial Inc.”.

The head office of the Company is located at Tour de la Bourse, Bureau 3400, C.P. 242, 800, Place-Victoria, Montreal, Quebec H4Z 1E9 and its executive offices and principal place of business are located at 145 King Street West, Suite 2020, Toronto, Ontario M5H 1J8.

## **2.2 Intercorporate Relationships**

As of December 31, 2007, Jaguar did not have any subsidiaries.

## **ITEM 3. GENERAL DEVELOPMENT OF THE BUSINESS**

### **3.1 Three-year History**

In April 2002, Jaguar completed its acquisition of Mayamerica by purchasing the remaining 30% interest held by Intrepid Minerals Corporation (“Intrepid”) by issuing 1,225,000 Common Shares valued at \$282,000 to Intrepid. In September 2004, Mayamerica’s name was changed to Jaguar Nickel, S.A.

The primary focus of the 2004 exploration program was the definition drilling of the mineralized areas within the Company’s Sechol exploration licences. Core drilling was undertaken on 100m x 100m grids over the principal areas of laterite development starting with the El Inicio area and progressively moving to the El Segundo and Rio Negro areas (collectively the “Sechol Project”). The drilling results showed well-mineralized nickel laterite with good continuity present over the majority of the El Inicio area.

In the first quarter of 2005, Jaguar engaged Snowden Mining Industry Consultants (“Snowden”) of Vancouver to undertake a National Instrument 43-101 (“NI 43-101”) - compliant block model resource estimate over the El Inicio grid and polygonal resource estimates of those parts of the El Segundo and Rio Negro grids over which drilling of the Sechol Phase One Drilling Program was completed in 2004.

The Sechol Phase Two Drilling Program commenced in January 2005 and was completed in the third quarter of 2005. Access agreements with the surface rights holders were concluded over those areas drilled and over those areas targeted for further drilling.

Land surveying of the drilling grids and an airborne laser scanning survey were undertaken in 2005.

A ground penetrating radar survey was conducted on the El Segundo deposit. The primary objective of the survey was to image the contact at the base of the laterite profile and the bedrock. Consideration was given to further surveys to attempt to image the contact between limonitic material at the top of the profile and saprolite at the base of the profile.

A program to evaluate high priority nickel laterite targets in the other exploration licenses held by Jaguar was advanced. Reconnaissance mapping and sampling were completed in selected areas.

#### *Sale of Guatemalan Subsidiary*

In May 2005, the Company formed a Special Committee of the Board of Directors which established the criteria and review process to identify the most advantageous strategic relationship for the Company and its shareholders with a view to enhancing shareholder value. To assist in this regard, the Committee retained Scotia Capital Inc. (“Scotia Capital”) as its financial advisor. Jaguar requested that Scotia Capital assist the Company in exploring market interest with potential strategic and financially interested parties for a transaction involving the possible sale of its wholly owned Guatemalan subsidiary Jaguar Nickel, S.A. and other assets of the Company, including identifying potential buyers, assessing possible offers, and assisting Jaguar in the execution of a potential transaction and any related matters.

In July 2005, Jaguar prepared a confidential information memorandum with respect to the business of Jaguar, S.A. and held discussions with a number of parties regarding a range of potential transactions. A number of strategic and financial players were contacted in connection with a confidential competitive auction process, including BHP Billiton.

In October 2005, BHP Billiton submitted an offer to Jaguar. Jaguar determined that the proposed offer from BHP Billiton represented the best offer that the Company received, given the price to be paid and the benefit of an on-going relationship with BHP Billiton by way of an alliance agreement (the "Alliance" or "Alliance Agreement"), and two mining property option agreements with wholly owned indirect subsidiaries of BHP Billiton, the Canadian Property Agreement and the USA Property Agreement, respectively, for the exploration and development of nickel mining properties in Canada, Alaska, the mid-continental United States and Greenland.

On November 29, 2005, the Company and BHP Billiton entered into a Share Purchase Agreement, pursuant to which the Company agreed to sell 100% of the issued and outstanding common shares of Jaguar, S.A. for a total consideration of \$19,000,000 and the benefits of the Alliance and the Canadian and USA Property Agreements. Following receipt of shareholders' approval, the Company closed the sale on January 31, 2006, receiving \$18,000,000 cash, a holdback receivable of \$1,000,000 bearing interest at 5% per annum due on or before January 31, 2007, reimbursement of specified exploration expenditures totalling \$797,219, and executed Alliance Agreements. The holdback receivable was reduced by \$443,561 for losses related to environmental damage and the balance of approximately \$556,000 was paid to the Company in full satisfaction of the holdback receivable.

#### *Alliance Agreement*

The Company was granted an option to acquire a 51% interest in the Cottonwood Property in Minnesota under the terms of the USA Property Agreement by incurring aggregate exploration expenditures of \$1,000,000 by December 31, 2008. After initial investigation of the mineral potential of the property in early 2006, the Company elected not to incur further expenditures.

The Company was also granted an option to acquire a 51% interest in the Kasba and Target 87 project areas in the Northwest Territories and Nunavut, respectively, under the terms of the Canadian Property Agreement by incurring aggregate exploration expenditures of \$1,000,000 in each project area. During the 2006 the Company incurred expenditures of approximately \$607,000, primarily in the Target 87 area. The exploration programs were put on hold as the Company engaged in business combination discussions. Subsequently, management determined that meeting the remaining expenditure requirements of the Alliance Agreement would not be in the best interests of the Company and terminated the Alliance with BHP Billiton in December 2006.

#### *Business Combination Discussions*

As a result of inquiries from and discussions with a number of interested parties regarding a range of potential transactions following the sale of the Guatemalan subsidiary, the Board of Directors formed a Special Committee of the Board in April 2006 to establish the criteria and a review process for the purpose of identifying the most advantageous strategic relationship for Jaguar and its shareholders.

On May 1, 2006 the Company signed a letter agreement, subject to due diligence and receipt of all necessary and shareholder approvals, to combine with First Nickel Inc. ("FNI") where under FNI would issue to the shareholders of the Company one common share of FNI in exchange for every 3.5 common shares of Jaguar. On June 12, 2006 the Company and FNI announced that they had mutually agreed not to proceed with the business combination. Each of FNI and Jaguar considered it in their respective best interest not to enter into a definitive merger agreement and negotiations ended on amicable terms. As there were no technical or financial findings identified in the mutual due diligence which led to the decision not to proceed, each of FNI and Jaguar agreed that no termination fees would be payable as a result of the termination of the proposed combination.

Immediately following the decision not to proceed with the business combination with FNI, the Company undertook an exercise to greatly reduce Jaguar's corporate overhead and significantly reduced the number of employees at the Company as well as downsizing premises and other costs.

The Company subsequently entered into discussions relating to a potential business combination with Monterey Explorations Ltd., a private oil and natural gas exploration and development company. Negotiations did not advance beyond the discussion phase.

#### *New Board of Directors*

On September 19, 2006 Northern Financial Corporation and Romspen Investment Corporation (“Northern”) announced that they, together with an investment group, owned or exercised control over 14.6% of the issued common shares of Jaguar and requested a special meeting of Jaguar’s shareholders for the purpose of removing Jaguar’s directors and appointing five new directors nominated by Northern. Jaguar’s Board of Directors thereupon adopted a shareholders rights plan in connection with any offer to acquire shares of the Company. Northern applied for a cease trade order with respect to the rights plan and after hearings held in October, the Bureau de decisions et de revisions en valeurs mobilières (Quebec) issued a cease trade order on the rights plan. On November 2, 2006 Northern announced that it acquired additional shares of Jaguar bringing its ownership to 18.2% in total.

At the December 6, 2006 special meeting of Jaguar’s shareholders a new slate of directors nominated by Northern, Jaguar’s largest shareholder, was elected.

On February 23, 2007 Jaguar announced its intention to change the focus of the Company from a mineral exploration company to a merchant bank focused on creating value for Jaguar’s shareholders by making investments in undervalued companies in various industry sectors.

Initially this change in business resulted in a review of the Company’s listing on the Toronto Stock Exchange (“TSX”). Ultimately, after a review and an appeal process, on February 28, 2008, after meeting all of the conditions set by the TSX, the Listings Committee of the TSX determined that the Company satisfies the TSX’s continued listing requirements.

Since commencing operations as a merchant bank in Q1 of 2007, Jaguar has invested in publicly traded securities of seventeen companies, which the Company believed were undervalued. Over the course of the third and fourth quarter of 2007, the Company liquidated the shares of seven of its investments and sold portions of two of its investments generating realized gains of \$11 million. As at December 31, 2007, the Company held the shares of ten companies from different industries.

The largest investment undertaken by the Company was in the shares of Century II Holdings Inc. (“Century”). On July 30, 2007, Jaguar announced its offer to acquire all of the common shares it did not already own of Century, at a cash price of \$6.75 per share. Subsequent to Jaguar’s offer, TransForce Income Fund (“Transforce”) offered to purchase all of the common shares of Century for \$10.20 per share. Jaguar supported Transforce’s offer and tendered its shares to Transforce on October 31, 2007, realizing a gain of \$10.2 million.

The Company also undertook another substantial investment (its second largest investment) during 2007 in the common shares of Rand A Technology Corporation (“Rand”). Those shares were sold into a take over bid by Ampersand Ventures at \$2.10 per share on November 1, 2007, realizing a gain of \$608,143.

The Company also made a significant investment in Added Capital Corporation (“Added”) during 2007. Added holds all the issued shares of Lakeside Steel Corporation, a diversified steel pipe and tube manufacturer, located in Welland, Ontario. Jaguar owned 19.7% of the outstanding shares of Added as at December 31, 2007. The Chairman and Chief Executive Officer of the Company is also the Chairman and Chief Executive Officer of Added. The Company anticipates generating significant shareholder value for both Jaguar and Added in the coming year. As at December 31, 2007, the fair value of the investment portfolio, including the investment in Added, stood at \$21.4 million.

### **3.2 Significant Acquisitions**

During its most recently completed financial year, Jaguar did not complete any significant acquisitions.

## **ITEM 4. DESCRIPTION OF THE BUSINESS**

### **4.1 General**

Jaguar is a Canadian merchant bank that invests in undervalued small capitalization companies in a variety of industry sectors. Prior to 2007, the Company was a mineral exploration and development company. Jaguar is listed on the Toronto Stock Exchange under the symbol JFI.

On February 23, 2007 Jaguar announced its intention to change the focus of the Company from a mineral exploration company to a merchant bank, focused on creating value for Jaguar's shareholders by making investments in what management considers undervalued companies in various industry sectors. The Company believes that management has very good merchant banking experience, which will assist it in making investments in undervalued companies and realizing on such investments, passively or proactively, depending on the circumstances of the particular company. Proactive involvement by Jaguar could involve working with management or the directors of the particular company to implement necessary changes to create shareholder value, or by initiating change at the board level, or by implementing a change of control transaction.

Up until the time that Jaguar changed its focus to that of a Canadian merchant bank, the Company was a natural resource company that was principally engaged in the exploration and development of nickel laterite mineral properties in Guatemala. In the period from May 2003 until March 7, 2005, Jaguar also investigated the economic viability of using a third generation of nickel leaching technology, known as the Atmospheric Chloride Leach Process (ACLP) for the treatment of ore processed from its properties in Guatemala and, as a result of due diligence test work and third party economic assessment, elected to defer further substantial development work on the ACLP as of March 7, 2005. See "Process Technology".

Through its acquisition of Jaguar, S.A., the Company indirectly acquired exploration licenses in the Lake Izabal area of Guatemala, including the Sechol Project, the site of Jaguar's principal exploration project. As a result of exploration work conducted by Jaguar through 2005, its holdings in Guatemala covered by exploration licenses (or applications for extensions thereof) totalled approximately 597 km<sup>2</sup> and applications for exploration licenses totalled approximately 140 km<sup>2</sup>. Much of the property covered by such licenses or applications lies within the areas of nickel bearing laterites that are a feature of this part of Guatemala. From previous work on these properties and geological reconnaissance by Jaguar's geologists, all of this area was considered to have had potential for adding to the resources already identified on the Sechol Project. In the last five years, Jaguar advanced the investigation and exploration of the Sechol Property and expended over \$13,800,000 in exploration and property costs in Guatemala.

In order to achieve its strategic goal to evolve from a junior exploration company to project development, Jaguar determined in 2005 that it would require additional capital and expertise. Management believed that the most appropriate tactic to execute its long-term strategy was to enter into a relationship with a well-established producing company.

#### *Background of the Transaction*

As a result of inquiries from interested parties, on May 16, 2005, the Board of Directors formed a special committee of the Board (the "Special Committee") to establish the criteria and a review process for the purpose of identifying the most advantageous strategic relationship for Jaguar and its shareholders.

In May 2005, the Special Committee engaged Scotia Capital Inc. to act as its financial advisor in conducting a strategic review of its operations with a view to enhancing shareholder value, including a review of the Company's investment in Jaguar, S.A. Later, Jaguar requested that Scotia Capital assist the Company in exploring market interest in the possible sale of the shares of Jaguar, S.A., and other assets of the Company, including identifying potential buyers, assessing possible offers, and assisting Jaguar in the execution of a potential transaction and any related matters.

In July 2005, Jaguar prepared a confidential information memorandum with respect to the business of Jaguar, S.A. From May to September 2005, Scotia Capital, on Jaguar's behalf, explored market interest with potential strategic and financially interested parties for a transaction involving Jaguar, S.A. and held discussions with a number of parties regarding a range of potential transactions. A number of strategic and financial players were contacted by Scotia Capital in connection with a confidential competitive auction process initiated in July 2005. However, none of these discussions resulted in a transaction which was financially superior to the transaction with BHP Billiton in the opinion of Scotia Capital.

Several of these parties that were contacted entered into confidentiality agreements with Jaguar in order to protect Jaguar's proprietary interests in the business of Jaguar, S.A. and Jaguar's process technology and reviewed non-public information with respect thereto. Interested parties were invited to submit written proposals. The interested parties had access to a data room organized by the Company and conducted due diligence. Jaguar received a number of non-binding expressions of interest from interested parties.

In October 2005, BHP Billiton submitted an offer to Jaguar. Jaguar determined that the proposed offer from BHP Billiton represented the best offer that the Company had received, given the price to be paid and the benefit of the Alliance, which would be beneficial for the future growth of the Company, and two mining property option agreements with BHP Billiton for the exploration and development of nickel mining properties in Canada, Alaska, the mid-continental United States and Greenland, excluding certain properties currently held by BHP Billiton following completion of the Transaction. With effect as of October 14, 2005, the parties signed a non-binding letter of intent reflecting the above terms for a purchase price of \$19,000,000 for all of the shares of Jaguar, S.A.

A number of meetings of the Board of Directors were held during the fall of 2005, at which management reported on the process. On November 16, 2005, a meeting of the Board of Directors of the Company was convened to consider the proposed Transaction (the "Proposed Transaction"). At this meeting, Scotia Capital provided its opinion to the Board of Directors that the consideration of \$19,000,000 in cash to be paid by BHP Billiton for all of the issued and outstanding shares of Jaguar, S.A. pursuant to the Share Purchase Agreement and the implementation of the Alliance, was fair to shareholders of the Company, from a financial point of view. See "Deliberations and Recommendation of the Board of Directors – Fairness Opinion".

#### *Deliberations and Recommendation of the Board of Directors*

For the reasons set out below, the Company's Directors determined that the Proposed Transaction was in the best interests of the Company. The Directors unanimously approved the Proposed Transaction and recommended to the shareholders that they vote in favour of the approval, ratification and confirmation of the Proposed Transaction.

The Board of Directors based its determination upon, among other factors, the following:

- the sale of Jaguar, S.A. was consistent with the strategic review that the Company initiated in May 2005;
- the fairness opinion of Scotia Capital to the Board of Directors that the consideration to be paid by BHP Billiton for Jaguar, S.A. was fair, from a financial point of view, to the shareholders of the Company;
- the Share Purchase Agreement was the result of a process in connection with which the Company held discussions with numerous interested parties and determined that the Proposed Transaction contemplated by the Share Purchase Agreement represented the best option to the Company; and
- the Alliance would be beneficial for the future growth of the Company.

#### *Opinion of the Financial Advisor of Jaguar*

As part of its engagement, Scotia Capital solicited expressions of interest from a number of potential strategic and financially strong purchasers of Jaguar, S.A. and assisted the management of Jaguar and advised the Company's Board of Directors regarding the relative financial merits of the expressions of interest received by Jaguar as part of the process.

Scotia Capital's mandate also included providing a fairness opinion to the Board of Directors in connection with a potential transaction, if so requested. Pursuant to the engagement agreement with Scotia Capital, Jaguar agreed to pay Scotia Capital customary fees for its services as financial advisor. In connection with such engagement, Scotia Capital provided the fairness opinion to the Board of Directors.

#### *Fairness Opinion*

On November 16, 2005, Scotia Capital delivered its opinion to the Board of Directors that, as of that date, the consideration for the sale by Jaguar of all of the issued and outstanding shares of Jaguar Nickel, S.A. for \$19 million in cash pursuant to the Share Purchase Agreement and the implementation of the Alliance is fair, from a financial point of view, to the shareholders of Jaguar.

The full text of the fairness opinion of Scotia Capital set forth the assumptions made, procedures followed and matters considered by Scotia Capital. References to the fairness opinion in this document and the discussion of the fairness opinion included above are qualified in their entirety by reference to the full text of the fairness opinion. The full text of the fairness opinion of Scotia Capital is set forth as Appendix B to the Company's Management Information Circular dated December 15, 2005.

Following the execution of the non-binding letter of intent, BHP Billiton engaged in its due diligence investigations of Jaguar, S.A. and negotiated the definitive terms of the Share Purchase Agreement with the Company. On November 29, 2005, Jaguar and BHP Minerals Holdings Pty Ltd. entered into the Share Purchase Agreement, pursuant to which the Company agreed to sell 100% of the issued and outstanding common shares of Jaguar, S.A. for a total consideration of \$19,000,000 and the benefit of the Alliance. The purchase price, less a \$1,000,000 holdback, was paid in full in cash at the Closing.

On January 31, 2006, following receipt of approval of the Transaction by its shareholders at a special meeting held January 24, 2006, Jaguar announced the Closing and that it had entered into:

1. the Alliance Agreement with a wholly-owned indirect subsidiary of BHP Billiton. The Alliance Agreement provides Jaguar with an ongoing relationship with BHP Billiton for the purpose of exploring for and developing minerals within Canada, Alaska, the Mid-Continental United States and Greenland;
2. an option agreement (the "Canadian Property Agreement") with a wholly-owned subsidiary of BHP Billiton, pursuant to which Jaguar was granted an option to acquire a 51% interest in mineral properties located in the Kasba, Target 87 and Nelson River areas of Canada; and
3. an option agreement (the "USA Property Agreement") with a wholly-owned subsidiary of BHP Billiton, pursuant to which Jaguar was granted an option to acquire a 51% interest in mineral properties located in the area around Cottonwood, Minnesota.

Subsequently, management determined that meeting the expenditure requirements of the Alliance Agreement would not be in the best interests of the Company and terminated the Alliance with BHP Billiton in December 2006.

As at December 31, 2006 the Company had only three employees and was no longer engaged in any exploration activities, owned no mineral properties and had no ongoing activities in the exploration and development industry. The Company had cash and term deposits in excess of \$26,000,000 and announced on February 23, 2007 its intention to change the focus of the Company to that of a merchant bank that would invest in undervalued small capitalization companies in a variety of industry sectors. The Company believes that management has very good merchant banking experience, which will assist it in making undervalued investments and realizing on such investments, passively or proactively, depending on the circumstances of the particular company. Proactive involvement by Jaguar could involve working with management or the directors of the particular company to implement necessary changes to create shareholder value, or by initiating change at the board level, or by implementing a change of control transaction.

### *Process Technology*

Having changed its business focus to that of a merchant bank, the Company is no longer in the mineral exploration and development business. The Company has over the years developed proprietary process technology patent rights relating to the atmospheric chloride leach process and a process for the recovery of value metals from sulphide based ores.

During 2007, the Company entered into a joint venture agreement with Process Research ORTECH Inc. ("Ortech") to develop, market and license the sulphide leaching technology. Under the terms of the agreement, Ortech and Jaguar will have equal ownership of the intellectual property in relation to the sulphide leaching technology. Jaguar made a payment of \$125,000 and transferred 50% of the patent rights to Ortech. Jaguar does not have any further obligations to fund development, marketing or licensing of the technology.

With respect to its proprietary technology not transferred to the joint venture, the Company continues to pursue its potential opportunities in Canada, the United States, and other jurisdictions with the goal of maximizing realizable value from the technology. During 2007, two patents were granted in Europe and Canada.

## **4.2 Risk Factors**

An investment in securities of Jaguar is speculative and involves significant risks that should be carefully considered by prospective investors before purchasing such securities. The risks involved in the going forward activities of the Company as a merchant bank are very different than those of its historical activity as a mineral exploration company. In addition to the other information set forth elsewhere in this annual information form, investors should carefully review the following risk factors. The risk factors outlined below are not a definitive list of all risk factors associated with an investment in the securities of the Company or in connection with the Company's operations.

### *Portfolio Exposure*

Given the nature of our activities, our results of operations and financial condition will be dependent upon the market value of the securities within our investment portfolio. Market value can be reflective of the actual or anticipated results of the companies within our portfolio and/or the general market conditions within the industry sectors those companies operate in. Our intention is to concentrate our portfolio in the securities of small capitalization companies. While we believe there is growth potential in this area, there is no guarantee that these firms will ever mature or generate the returns we anticipate or may require an extended time horizon of several years to do so. Macro factors such as geopolitical forces, economic conditions or commodity prices could have an adverse impact on the industry sectors we invest in. Company specific risks could also adversely affect our portfolio results.

### *Illiquid Securities*

Some of the public securities we may invest in may be illiquid. A considerable period of time may pass when a decision to dispose of such securities is made and the securities are actually sold. The value of these securities could decline in the interim. Illiquid securities present challenges to generate planned exit strategies at attractive prices and may require substantial periods of time to liquidate. Due to low trading volumes in certain securities it may also be difficult to dispose of these securities without forcing the price down.

### *Concentration*

The Company is not restricted from investing a large proportion of its portfolio in a particular company or industry sector. Performance may therefore be significantly affected, positively or negatively, by the performance of a single investment.

### *No Guarantee on Returns*

There is no guarantee that any of our intended investments will generate a positive return in the short or long term. The task of identifying suitable investment opportunities, maintaining the investment, and identifying an appropriate time for exit is a difficult one. Many merchant banks do not generate positive returns for extended periods of time.

### *Due Diligence*

The due diligence process undertaken before an investment is made may not reveal all relevant information regarding a particular investment. Nor does the act of due diligence necessarily result in a successful investment.

### *Competition*

Jaguar will compete with other merchant banking companies for attractive investment opportunities. These firms may have greater financial resources and technical skills than Jaguar. There is no guarantee that enough opportunities will exist for us to generate suitable returns or that our competitors will not identify these opportunities before us.

### *Management*

Jaguar currently has a small executive management group, which is sufficient for Jaguar's present stage of development. Jaguar will rely upon a small number of highly skilled and experienced advisors and others for investment expertise. Jaguar's future will depend on the efforts of the current executive group. The loss of members of this group or the Company's inability to attract and retain additional skilled employees could have a material adverse effect on Jaguar, its business and its future operations.

### *Dividends*

No dividends have been declared or paid on the Common Shares since Jaguar's incorporation. The Company has no earnings record and since it intends to employ available funds for investment purposes it does not intend to pay any dividends in the immediate or foreseeable future.

### *Public Market*

The Common Shares are listed on the TSX. The Company cannot predict at what price the Common Shares will trade and there can be no assurance that an active trading market in the Common Shares will be sustained. A publicly traded merchant bank will not necessarily trade at values determined solely by reference to the underlying value of its investments. In addition, the market price for the Common Shares may be affected by changes in general market conditions, fluctuations in the markets for equity securities and numerous other factors beyond Jaguar's control.

## **ITEM 5. DIVIDENDS**

### **5.1 Dividends**

No dividends have been declared or paid on the Common Shares since Jaguar's incorporation. The Company has no earnings record and since it intends to employ available funds for investment purposes, it does not intend to pay any dividends in the immediate or foreseeable future. The future dividend policy will be determined by the Board of Directors.

## ITEM 6. DESCRIPTION OF CAPITAL STRUCTURE

### 6.1 General Description of Capital Structure

The authorized share capital of Jaguar consists of an unlimited number of Common Shares without par value. As of December 31, 2007, 108,096,432 Common Shares were issued and outstanding.

On February 5, 2008, the Company announced its intention to conduct a Normal Course Issuer Bid (“NCIB”) through the facilities of the TSX to purchase a maximum of 8,429,621 of its common shares, being approximately 10% of the public float. Purchases under the NCIB will terminate no later than February 6, 2009.

As of March 18, 2008, Jaguar has cancelled approximately 165,500 Common Shares purchased under the NCIB. As of March 18, 2008, the Company had 107,930,932 Common Shares issued and outstanding.

Holders of Common Shares are entitled to vote at meetings of shareholders; share equally in the remaining assets of Jaguar upon liquidation, dissolution or winding-up of Jaguar; and receive dividends if, as, and when declared by the Board of Directors of Jaguar.

## ITEM 7. MARKET FOR SECURITIES

### 7.1 Trading Price and Volume

The Common Shares are listed for trading on the Toronto Stock Exchange under the symbol “JFI”. The following table summarizes the reported high and low prices and the volume of trading of the Common Shares for the periods indicated:

| <u>Period</u>       | <u>High</u><br><u>\$</u> | <u>Low</u><br><u>\$</u> | <u>Volume</u><br><u>#</u> |
|---------------------|--------------------------|-------------------------|---------------------------|
| <b><u>2007</u></b>  |                          |                         |                           |
| January             | 0.250                    | 0.200                   | 2,599,104                 |
| February            | 0.310                    | 0.235                   | 3,962,710                 |
| March               | 0.275                    | 0.250                   | 1,499,951                 |
| April               | 0.265                    | 0.240                   | 3,582,571                 |
| May                 | 0.280                    | 0.220                   | 7,806,972                 |
| June                | 0.240                    | 0.115                   | 4,495,897                 |
| July                | 0.240                    | 0.170                   | 5,751,773                 |
| August              | 0.250                    | 0.175                   | 1,806,486                 |
| September           | 0.265                    | 0.190                   | 1,435,648                 |
| October             | 0.265                    | 0.215                   | 2,298,247                 |
| November            | 0.230                    | 0.190                   | 3,614,843                 |
| December            | 0.210                    | 0.170                   | 1,423,600                 |
| <b><u>2008</u></b>  |                          |                         |                           |
| January             | 0.195                    | 0.120                   | 843,918                   |
| February            | 0.200                    | 0.150                   | 926,422                   |
| March (to March 27) | 0.185                    | 0.165                   | 920,066                   |

The closing price of the Common Shares on the Toronto Stock Exchange on March 27, 2008 was \$0.175 per Common Share.

### 7.2 Prior Sales

No Common Shares were issued by Jaguar during its most recently completed financial year.

## ITEM 8. ESCROWED SECURITIES

### 8.1 Escrowed Securities

No securities of Jaguar are currently held in escrow.

## ITEM 9. DIRECTORS AND OFFICERS

### 9.1 Name, Occupation and Security Holding

The name, province and country of residence of each director and executive officer of Jaguar in place as of March 28, 2008, their respective positions and offices held with Jaguar, the dates they became directors and their principal occupations are as follows:

| Name and Province of Residence                      | Position with Jaguar             | Director since | Principal Occupation for the Previous Five Years  |
|---|----------------------------------|----------------|---|
| Vic Alboini <sup>(3)</sup><br>Ontario, Canada       | Director and President           | December 2006  | President of Jaguar since December 2006; Chairman, President and Chief Executive Officer of Northern Financial Corporation and President and Chief Executive Officer of Northern Securities Inc.  |
| Doug Chornoboy<br>Ontario, Canada                   | Chief Financial Officer          | N/A            | Chief Financial Officer of Jaguar since December 2006; Chief Financial Officer of Northern Financial Corporation and Northern Securities Inc. since June 2006; self employed financial advisor from January 2004 to May 2006; and prior thereto Senior Vice President & Controller, Canadian Imperial Bank of Commerce. |
| Doug Fowler <sup>(1)(2)(3)</sup><br>Ontario, Canada | Director                         | July 2007      | President, Kyjormac Inc., an active Canadian investment firm.   |
| Joe Panetta <sup>(1)(2)(3)</sup><br>Ontario, Canada | Director                         | June 2007      | Investor and co-owner of several construction businesses, including Diplock Floor Ltd., in the industrial and commercial sector.  |
| Richard Pinkerton<br>Ontario, Canada                | Director and Corporate Secretary | December 2006  | Managing Director, Northern Securities Inc.   |
| Kyler Wells<br>Ontario, Canada                      | General Counsel                  | N/A            | Legal Counsel to the Corporate Finance Branch of the Ontario Securities Commission from June 2005 to December 2007; Associate lawyer with Aird & Berlis LLP from October 2002 to May 2005.  |

Notes:

- (1) Member of the Audit Committee.
- (2) Member of the Compensation Committee.
- (3) Member of the Investment Committee.

The term of office of each of Jaguar's directors expires at Jaguar's next annual meeting of shareholders at which directors are elected for the upcoming year. Jaguar's last annual meeting took place on June 29, 2007.

As at March 28, 2008, the directors and executive officers of Jaguar, as a group, beneficially owned, directly or indirectly, or exercised control or direction over, **23,811,815** Common Shares or **22%** of the **107,930,932** Common Shares issued and outstanding.

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

To the knowledge of management of Jaguar, no director or executive officer of Jaguar is, as at the date of this AIF, or was within 10 years before the date of this AIF, a director, chief executive officer or chief financial officer of any company (including Jaguar), that:

- (a) was subject to an order<sup>1</sup> 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 order 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.

To the knowledge of management of Jaguar, no director or executive officer of the Company, or a shareholder holding a sufficient number of securities of the Company to affect materially the control of the Company:

- (a) is, as at the date of this AIF, or has been within the 10 years before the date of this AIF, a director or executive officer of any company (including Jaguar) 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 this AIF, 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.

#### *Penalties or Sanctions*

To the knowledge of management of Jaguar, no director or executive officer of Jaguar, or any shareholder holding a sufficient number of securities of Jaguar to affect materially the control of Jaguar, has:

- (a) 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
- (b) been subject to any other penalties or sanctions imposed by a court or regulatory body that would be likely to be considered important to a reasonable investor making an investment decision.

### **9.3 Conflicts of Interest**

The President and Chief Financial Officer of Jaguar are also the Chief Executive Officer and Chief Financial Officer, respectively of Northern Financial Corporation (“Northern”), the largest shareholder of Jaguar. This relationship could lead to a potential conflict of interest. The Company has developed a governance agreement between the Company and Northern, which governs the relationship between the two companies and seeks to address potential conflicts of interest.

Directors and officers of Jaguar may serve as directors and/or officers of other companies or have significant shareholdings in other companies and, to the extent that such other companies may participate in ventures in which Jaguar may participate, the directors of Jaguar may have a conflict of interest in negotiating and conducting terms in respect of such participation. In the event that such conflict of interest arises at a meeting of Jaguar’s Board of Directors, a director who has such a conflict is required to disclose such conflict and abstain from voting for or against the approval of such participation or such terms.

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<sup>1</sup> For the purposes of this section, “order” means (a) a cease trade order; (b) an order similar to a cease trade order; or (c) an order that denied the relevant company access to any exemption under securities legislation that was in effect for a period of more than 30 consecutive days.

## **ITEM 10. PROMOTERS**

### **10.1 Promoters**

No persons or company has been a promoter of Jaguar within the three most recently completed financial years.

## **ITEM 11. LEGAL PROCEEDINGS**

### **11.1 Legal Proceedings**

In October 2007, the Company settled a previously disclosed legal action that was initiated in the Ontario Superior Court of Justice by Process Research Ortech Inc. on November 16, 2006. Under the settlement, which involved a small cash payment to Ortech, Jaguar and Ortech have formed a joint venture as equal co-owners of the patented sulphide leaching technology. Ortech will manage the business of the joint venture for the purpose of commercializing the Technology. Jaguar is not required to fund any expenses of the joint venture and has no intention to do so in order that Jaguar can focus solely on its merchant banking business.

## **ITEM 12. INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS**

### **12.1 Interest of Management and Others in Material Transaction**

In the course of its merchant banking activities, the Company will make investments in the securities of publicly traded companies. In doing so, it will utilize the services of Northern Securities Inc. ("Northern Securities"), an investment dealer and a wholly owned subsidiary of Northern Financial Corporation ("NFC"). Brokerage commissions will be paid to Northern Securities in the normal course of business as is customary.

The Company may also periodically engage Northern Securities as its financial advisor on transactions that the Company is undertaking. Advisory and other fees may be payable to Northern Securities in connection with such engagements, subject to receipt of applicable regulatory approvals.

The Company acquired 7,057,455 shares of Lakeside Steel Corporation ("Lakeside") from NFC at a price of \$0.27 per share on November 29, 2007, prior to completion of a qualifying transaction by Added Capital Corp. ("Added") with Lakeside, whereby Added acquired all of the issued and outstanding common shares of Lakeside. The qualifying transaction enabled Lakeside to complete a going public transaction. The Lakeside shares acquired by Jaguar were exchanged for an equal number of shares of Added on completion of the qualifying transaction on November 30, 2007.

To the knowledge of Jaguar, no director or executive officer of Jaguar, or associate or affiliate of any of them, other than that stated above has had any material interest, direct or indirect, in any transaction in the last three most recently completed financial years, or in any proposed transaction, that has materially affected or will materially affect Jaguar.

## **ITEM 13. TRANSFER AGENT AND REGISTRAR**

### **13.1 Transfer Agent and Registrar**

The transfer agent and registrar for the Common Shares is Equity Transfer Services Inc., 120 Adelaide Street West, Suite 420, Toronto, Ontario M5H 4C3.

## ITEM 14. MATERIAL CONTRACTS

### 14.1 Material contracts

Within the most recently completed financial year no material contracts were entered into by the Company outside the ordinary course of business.

## ITEM 15. INTERESTS OF EXPERTS

### 15.1 Names and Interests of Experts

The Company's financial statements for the year ended December 31, 2007 were audited by Grant Thornton LLP.

## ITEM 16. ADDITIONAL INFORMATION

### 16.1 Additional Information

Additional information relating to the Company may be found on the Company's website at [www.jaguarnickel.com](http://www.jaguarnickel.com) and on SEDAR at [www.sedar.com](http://www.sedar.com).

Additional information regarding the directors' and officers' remuneration, their indebtedness to the Company, the principal holders of the Common Shares, the options to purchase Common Shares and the interests of insiders in material transactions, where applicable, will be contained in the Company's 2007 Management Information Circular for the meeting of shareholders expected to be held in June 2007, at which meeting directors will be elected. Additional financial information is provided in the Company's comparative financial statements and management's discussion and analysis filed on SEDAR.

### 16.2 Audit Committee

The audit committee of the Company's board of directors is composed of Doug Fowler and Joe Panetta.

#### *Audit Committee Charter*

The Audit Committee has a formal charter, the text of which is included in Schedule "A" to this AIF, setting out its mandate and responsibilities that the board of directors adopted after careful consideration of Multilateral Instrument 52-110 *Audit Committees* ("MI 52-110") of the Canadian Securities Administrators and other applicable policies.

#### *Composition of Audit Committee*

| Name        | Independent | Financially Literate |
|-------------|-------------|----------------------|
| Doug Fowler | Yes         | Yes                  |
| Joe Panetta | Yes         | Yes                  |

The Audit Committee is comprised of two independent directors as defined within the meaning of MI 52-110. All the members of the Committee are "financially literate" and have:

- (a) an understanding of the accounting principles used by the Company to prepare its financial statements;
- (b) the ability to assess the general application of such accounting principles in connection with the accounting for estimates, accruals and reserves;
- (c) experience preparing, auditing, analyzing or evaluating financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the Company's financial statements, or experience actively supervising one or more individuals engaged in such activities; and

(d) an understanding of internal controls and procedures for financial reporting.

The following is a brief summary of the education and experience of each Audit Committee member that is relevant to the performance of his responsibilities as an Audit Committee member:

Doug Fowler is an active investor in and advisor to many companies covering several industries. For the past 10 years, Mr. Fowler has been President of Kyjormac Inc., an active Canadian investment firm.

Joe Panetta is an investor and co-owner of several construction businesses. Mr. Panetta is also an active investor.

The Audit Committee meets on a quarterly basis and holds special meetings, as circumstances require.

*Audit Committee Oversight*

At no time since the commencement of the Company's most recently completed financial year have any recommendations by the Audit Committee respecting the appointment and/or compensation of the Company's external auditors not been adopted by the board of directors.

*Pre-Approval Policies and Procedures*

The Audit Committee approves the engagement terms for all audit and non-audit services to be provided by the Company's independent auditors before such services are provided to the Company.

*External Auditor Service Fees*

The fees charged to the Company by its external auditor in each of the last two fiscal years are as follows:

|                                   | <b>Fiscal Year Ended<br/>December 31, 2007</b> | <b>Fiscal Year Ended<br/>December 31, 2006</b> |
|-----------------------------------|--|--|
| Audit Fees <sup>(1)</sup>         | <b>\$121,504</b>                               | <b>\$81,590</b>                                |
| Audit-Related Fees <sup>(2)</sup> | <b>Nil</b>                                     | <b>Nil</b>                                     |
| Tax Fees <sup>(3)</sup>           | <b>Nil</b>                                     | <b>Nil</b>                                     |

Notes:

- (1) Audit fees include fees for services related to the audit of the Company's financial statements or other services that are normally provided by the external auditors in connection with statutory or regulatory filings or engagements. These fees also include fees for comfort letters, statutory audits, attest services, consents and assistance with the preparation and review of documents filed with regulators, as well as in connection with the interpretation of accounting and financial reporting standards.
- (2) Audit-related fees include assurance and related services that are performed by the Company's auditors. These services also include accounting consultations in connection with divestitures and internal control reviews.
- (3) Tax fees include fees for assistance with tax planning, during restructurings and when taking a tax position, as well as preparation and review of income and other tax returns and tax opinions.

**Schedule "A" to Annual Information Form for the year ended December 31, 2007**

**JAGUAR FINANCIAL INC.**

**AUDIT COMMITTEE CHARTER**

**COMMITTEE**

The Audit Committee (the "Committee") is composed of three or more non-employee directors of the Company (i.e. directors who are not officers or employees of the Company or any of its subsidiaries). All directors shall be independent directors under applicable legal, regulatory or stock exchange rules and requirements and shall have sufficient financial experience, financial literacy and ability to enable them to discharge their responsibilities.

The board of directors of the Company (the "Board") appoints the members of the Committee (the "Members") from among its members after the annual meeting of shareholders of the Company and delegates its responsibilities with the duty to report and make recommendations with respect thereto. The Members are appointed to hold office until the next annual meeting of shareholders of the Company or until their successors are appointed.

A Member may resign at any time. The Board may remove a Member at any time. The Board fills any vacancy occurring on the Committee.

The Members elect one of their number as Chair of the Committee. The Chair of the Committee reports quarterly to the Board on behalf of the Committee.

**MANDATE**

The purpose of the Audit Committee shall be to assist the Board in its oversight of the integrity of the financial statements of the Company, of the Company's compliance with legal and regulatory requirements, of the independence and qualification of the independent auditors, ensuring appropriate risk management techniques are in place and financial control framework is established by management and of the performance of the Company's independent auditors.

**RESPONSIBILITIES**

In assisting the Board in fulfilling its oversight responsibilities relating to the Company's corporate accounting and reporting practices the Audit Committee shall:

1. Review and discuss with management and the independent auditors, as appropriate, the annual audited financial statements, the quarterly financial statements, Management's Discussion and Analysis accompanying such financial statements, press releases reporting financial results and any other matter required to be reviewed under applicable legal, regulatory or stock exchange requirements, and make recommendations thereon to the Board for its approval, prior to public disclosure of this information;
2. Review the results of the external audits and any changes in accounting practices or policies and the financial statement impact thereof;
3. Review the Annual Information Form and report thereon to the Board;
4. Review the performance of, terms of engagement and audit plans of the external auditors and determine through discussion with the auditors that no restrictions were placed by management on the scope of their examination or on its implementation;
5. Assess management's programs and policies regarding the adequacy, integrity and effectiveness of internal controls over the accounting and financial reporting system within the Company;
6. Recommend to the Board a firm of independent auditors for appointment by the shareholders and report to the Board on the fees and expenses of such auditors. The Committee shall have the authority and responsibility to select, evaluate and if necessary replace the independent auditors. The Committee shall

- have the authority to approve all audit engagement fees and terms and the Committee, or a member of the Committee, must review and pre-approve any non-audit service provided to the Company by the Company's independent auditors and consider the impact on the independence of the auditors;
7. Enquire into and report regularly to the Board, with associated recommendations, on any matter referred to the Committee;
  8. Discuss with management and the independent auditors, as appropriate, financial information press releases and any financial information and earnings guidance provided to analysts and rating agencies;
  9. Discuss with management and the independent auditors, as appropriate, any audit problems or difficulties and management's response, and the Company's risk assessment and risk management policies, including the Company's major financial risk exposure and steps taken by management to monitor and mitigate such exposure;
  10. Obtain and review at least annually a formal written report from the independent auditors delineating the auditing firm's procedures for reviewing internal controls and any material issues raised within the preceding five years by (i) the auditing firm's internal quality-control reviews, (ii) peer reviews of the firm, or (iii) any governmental or other inquiry or investigation relating to any audit conducted by the firm. The Committee will also review steps taken by the auditing firm to address any findings in any of the foregoing reviews. Also, in order to assess auditor independence, the Committee will review at least annually all relationships between the independent auditors and the Company;
  11. Prepare and publish an annual Committee report in the Company's management information circular;
  12. Set clear hiring policies for employees or former employees of the independent auditors;
  13. Establish procedures for the receipt, retention and treatment of complaints regarding accounting, internal accounting controls or auditing matters, including procedures for the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.
  14. Have authority to retain such outside counsel, experts and other advisors as the Committee may deem appropriate in its sole discretion and to approve related fees and retention terms.
  15. Review at least annually the adequacy of this Charter and recommend any proposed changes to the Board for approval.

## **MEETINGS**

The Committee shall meet separately at least quarterly with management and, as appropriate, with the Company's independent auditors. Notice of meetings of the Committee is given to each Member not less than 48 hours before the time where the meeting is to be held.

A quorum for a meeting of the Committee is a majority of the Members. The chair of the Committee, if present, acts as Chair of the meetings of the Committee. If the Chair of the Committee is not present at a meeting of the Committee, the Members present at the meeting may select one of their number to act as Chair of the meeting.

To the extent not set out in these terms of reference, the provisions of By-law No. 1 (a by-law regulating the business and affairs of the Company) are applicable to meetings of the Committee.