

# **LEEWARD CAPITAL CORP.**

## **NOTICE OF ANNUAL GENERAL AND SPECIAL MEETING OF SHAREHOLDERS**

**To be held at  
The Bow Valley Club  
Suite 370, 250 - 6 Avenue SW  
Calgary, Alberta  
T2P 3H7**

**on**

**Friday, August 5, 2011**

**11:00 a.m.  
(Calgary Time)**

## **MANAGEMENT INFORMATION CIRCULAR AND PROXY STATEMENT**

**As at June 20, 2011**

# LEEWARD CAPITAL CORP.

## NOTICE OF ANNUAL GENERAL AND SPECIAL MEETING OF SHAREHOLDERS TO BE HELD ON FRIDAY, AUGUST 5, 2011

**TAKE NOTICE** that the Annual General and Special Meeting (the "**Meeting**") of the Shareholders of **Leeward Capital Corp.** (the "Company" or "Corporation") will be held at **The Bow Valley Club**, located at **Suite 370, 250 - 6 Avenue SW, Calgary, Alberta T2P 3H7** on **Friday, August 5, 2011** at **11:00 a.m.** (Calgary time) for the following purposes:

1. To fix the number of Directors at three (3).
2. To elect Directors for the ensuing year.
3. To appoint John J. Geib, Chartered Accountant of Calgary, Alberta as the Auditor for the Company, and to authorize the Directors to fix the remuneration to be paid to the Auditor.
4. To consider and, if thought appropriate, to pass an ordinary resolution approving the Corporation's Stock Option Plan, as more particularly described in this Information Circular.
5. To receive the Audited Financial Statements of the Company for the year ended December 15, 2010, together with the Auditor's Report thereon.
6. To transact such other business as may be brought before the Meeting.

**A Shareholder entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote in his stead. If you are unable to attend the Meeting in person, please read the Notes accompanying the Instrument of Proxy enclosed and then complete and return the Proxy within the time set out in the Notes. As set out in the Notes, the enclosed Instrument of Proxy is solicited by Management, but you may amend it, if you so desire, by striking out the names listed therein and inserting in the space provided the name of the person you wish to represent you at the Meeting.**

Information relating to the matters proposed to be put forth before the Meeting are set forth in the accompanying Information Circular dated June 20, 2011. Only shareholders of record as of June 20, 2011, (the "**Record Date**"), are entitled to notice of the Meeting. A shareholder may attend the Meeting in person or may be represented thereat by proxy. A form of instrument of proxy for use at the Meeting or any adjournment thereof is enclosed with this Notice. Shareholders of the Corporation who are unable to attend the Meeting in person are requested to complete, date and sign the enclosed form of proxy and mail it to or deposit it with **LEEWARD CAPITAL CORP., c/o Valiant Trust Company, Suite 310, 606 - 4th Street SW, Calgary, Alberta T2P 1T1**. In order to be effective, forms of proxy must be returned to **Valiant Trust Company** at the aforesaid address not later than **11:00 a.m.** (Calgary time) on **August 3, 2011**.

**DATED** at the City of Calgary, in the Province of Alberta, this 20<sup>th</sup> day of June, 2011.

**BY ORDER OF THE BOARD OF DIRECTORS**

*(Signed) "Donald D. Gillies"*

# LEEWARD CAPITAL CORP. INFORMATION CIRCULAR

## FOR THE ANNUAL GENERAL AND SPECIAL MEETING OF THE HOLDERS OF COMMON SHARES TO BE HELD ON FRIDAY, AUGUST 5, 2011

THIS MANAGEMENT INFORMATION CIRCULAR (the "Circular") IS FURNISHED IN CONNECTION WITH THE SOLICITATION OF PROXIES BY OR ON BEHALF OF THE MANAGEMENT OF **LEEWARD CAPITAL CORP.** (the "Company" or the "Corporation") for use at the Annual General and Special Meeting of the holders (the "Shareholders") of common shares (the "Shares") of the Corporation to be held at **The Bow Valley Club, Suite 370, 250 - 6 Avenue SW, Calgary, Alberta T2P 3H7** at **11:00 a.m.** (Calgary time) on **August 5, 2011**, and any adjournment or adjournments thereof (the "Meeting") for the purposes set forth in the accompanying Notice of Meeting. Information contained in this Circular is given as at **June 20, 2011** unless otherwise stated.

### SOLICITATION OF PROXIES

Management of the Corporation is soliciting proxies from Shareholders for the Meeting. In addition to solicitation by mail, proxies may be solicited by personal interview, telephone or other means of communication and by directors, officers and employees of the Corporation, who will not be specifically remunerated therefore. Solicitation of proxies by management will be primarily by mail, but may also be in person or by telephone. The cost of solicitation will be borne by the Corporation.

### RECORD DATE

**June 20, 2011** is the record date for the Meeting. Only registered holders of Shares at the close of business on the record date are entitled to notice of the Meeting and to vote thereat unless, after the record date, a registered holder transfers his Shares and the transferee, upon producing properly endorsed certificates evidencing such shares or otherwise establishing that he owns such shares, requests not later than 10 days before the Meeting that the transferee's name be included in the list of Shareholders entitled to vote, in which case such transferee shall be entitled to vote such shares at the Meeting.

### APPOINTMENT AND REVOCATION OF PROXIES

Registered Shareholders may vote in person at the Meeting or they may appoint another person, who does not have to be a Shareholder, as their proxy to attend and vote in their place. The person named in the enclosed form of proxy is the President and Chief Executive Officer of the Corporation. **A SHAREHOLDER SUBMITTING A PROXY HAS THE RIGHT TO APPOINT A PERSON OR COMPANY TO REPRESENT HIM OR HER AT THE MEETING OTHER THAN THE PERSONS DESIGNATED IN THE FORM OF PROXY FURNISHED BY THE CORPORATION. TO EXERCISE THIS RIGHT, THE SHAREHOLDER SHOULD INSERT THE NAME OF THE DESIRED REPRESENTATIVE IN THE BLANK SPACE PROVIDED IN THE FORM OF PROXY AND STRIKE OUT THE OTHER NAMES OR SUBMIT ANOTHER APPROPRIATE PROXY.** In order to be effective, the proxy must be mailed so as to be deposited at the office of the Corporation's transfer agent, **Valiant Trust Company, Suite 310, 606 - 4th Street SW, Calgary, Alberta T2P 1T1** no later than **11:00 a.m.** (Calgary time) on **Wednesday, August 3, 2011**. No instrument appointing a proxy shall be valid after the expiration of twelve (12) months from the date of its execution. The instrument appointing a proxy shall be in writing under the hand of the Shareholder or his attorney, or, if such Shareholder is a corporation, under its corporate seal, and executed by a director, officer or attorney thereof duly authorized.

A Shareholder who has submitted a proxy may revoke it by instrument in writing executed by the Shareholder or his attorney authorized in writing, or, if the Shareholder is a corporation, under its corporate seal and executed by a director, officer or attorney thereof duly authorized, and deposited either at the office of the Corporation's transfer agent, **Valiant Trust Company, Suite 310, 606 - 4th Street SW, Calgary, Alberta T2P 1T1**, at any time prior to **11:00 a.m.** (Calgary time) on the last business day preceding the day of the Meeting or with the chairman of the Meeting prior to the commencement of the Meeting on the day of the Meeting, and upon such deposit the previous proxy is revoked.

#### **EXERCISE OF DISCRETION BY PROXY HOLDERS**

All Shares represented at the Meeting by properly executed proxies will be voted. Where a choice with respect to any matter to be acted upon has been specified in the instrument of proxy the Shares represented by the proxy will be voted in accordance with such specification. **IN THE ABSENCE OF SUCH SPECIFICATION, SUCH SHARES WILL BE VOTED "FOR" ALL OF THE MATTERS SET FORTH IN THE CIRCULAR.** The enclosed form of proxy confers discretionary authority upon the persons named therein with respect to amendments or variations to matters identified in the Notice of Meeting and with respect to other matters which may properly come before the Meeting. At the time of printing of the Circular, management of the Corporation knows of no such amendment, variation or other matter.

#### **ADVICE TO BENEFICIAL HOLDERS OF SECURITIES**

**The information set forth in this section is of significant importance to many public Shareholders of the Corporation, as a substantial number of the public Shareholders of the Corporation do not hold shares in their own name.** Shareholders who do not hold their Shares in their own name (referred to in this Circular as "Beneficial Shareholders") should note that only proxies deposited by Shareholders whose names appear on the records of the Corporation as the registered holders of Shares can be recognized and acted upon at the Meeting. If Shares are listed in an account statement provided to a Beneficial Shareholder by a broker, then in almost all cases those shares will not be registered in the Beneficial Shareholder's name on the records of the Corporation. Such Shares will more likely be registered under the name of the Beneficial Shareholder's broker or an agent of that broker. In Canada, the vast majority of such Shares are registered under the name of CDS & Co. (the registration name for The Canadian Depository for Securities, which acts as nominee for many Canadian brokerage firms). Shares held by brokers or their agents or nominees can only be voted (for or against resolutions) upon the instructions of the Beneficial Shareholder. Without specific instructions, brokers and their agents and nominees are prohibited from voting shares for their clients. **Therefore, Beneficial Shareholders should ensure that instructions respecting the voting of their Shares are communicated to the appropriate person.**

Applicable regulatory policy requires intermediaries/brokers to seek voting instructions from Beneficial Shareholders in advance of shareholders' meetings. Every intermediary/broker has its own mailing procedures and provides its own return instructions to clients, which should be carefully followed by Beneficial Shareholders in order to ensure that their Shares are voted at the applicable Meeting. The form of proxy supplied to a Beneficial Shareholder by its broker (or the agent of the broker) is similar to the form of proxy provided to registered Shareholders by the Corporation. However, its purpose is limited to instructing the registered Shareholder (the broker or agent of the broker) how to vote on behalf of the Beneficial Shareholder. The majority of brokers now delegate responsibility for obtaining instructions from clients to ADP Investor Communications ("ADP"). ADP typically asks Beneficial Shareholders to return the proxy forms to ADP. ADP then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of shares to be represented at the applicable Meeting. **A Beneficial Shareholder receiving an ADP proxy cannot use that proxy to vote Shares directly at the Meeting. The proxy must be returned to ADP well in advance of the Meeting in order to have the Shares voted.**

## **VOTING SHARES AND PRINCIPAL HOLDERS OF VOTING SHARES**

The Corporation is authorized to issue an unlimited number of Shares. As at **June 20, 2011**, being the Corporation's record date, there were **114,157,623** Shares outstanding. Holders of Shares are entitled to one vote for each Share. Each Share entitles the holder to one vote on all matters to come before the Meeting. No group of shareholders has the right to elect a specified number of directors, nor are there cumulative or similar voting rights attached to the Shares of the Corporation.

The directors of the Corporation have fixed **June 20, 2011** as the record date for determination of the persons entitled to receive notice of the Meeting. A shareholder of record as of the record date is entitled to vote his Shares except to the extent that he has transferred the ownership of any of his Shares after the record date, and the transferee of those shares produces properly endorsed share certificates or otherwise establishes that he owns the Shares, and demands, not later than 10 days before the Meeting, that his name be included in the shareholder list before the Meeting, in which case the transferee is entitled to vote his Shares at the Meeting.

To the best of the knowledge of the directors and officers of the Corporation, no person beneficially owns, directly or indirectly, or exercises control or direction over more than 10% of the Shares.

## **APPROVAL REQUIREMENTS**

Unless otherwise indicated, all of the matters to be considered at the Meeting are ordinary resolutions requiring approval by more than 50% of the votes cast in respect of the resolution by or on behalf of Shareholders present in person or represented by proxy at the Meeting.

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

The following are the matters to be acted upon at the Meeting:

### **Item 1 – Fix the Number of Directors**

The Shareholders will be asked to consider a resolution fixing the number of directors to be elected at the Meeting. Management proposes that the number of directors to be elected at the Meeting be set at three. There are presently three directors of the Corporation, each of whom retires from office at the Meeting. Unless otherwise directed, it is the intention of management to vote proxies in the accompanying form in favour of setting the number of directors to be elected at the Meeting at three.

### **Item 2 - Election of Directors**

The Shareholders will be asked to consider a resolution electing directors of the Corporation to hold office until the next annual meeting of the Shareholders. The following table provides the names and cities of residence of all persons proposed to be nominated for election as directors, the position each holds with the Corporation, the principal occupations of such persons, the date on which each became a director of the Corporation and the number of Shares beneficially owned, directly or indirectly, or over which control or direction is exercised by each as at **June 20, 2011**. The persons nominated are, in the opinion of management, qualified to direct the activities of the Corporation until the next annual meeting of the shareholders of the Corporation. All nominees have indicated their willingness to stand for election. Each director elected will hold office until the next annual meeting of the shareholders of the Corporation or until his successor is duly elected or appointed, unless his office be earlier vacated in accordance with the Corporation's articles or by-laws.

Name and Residence	Position with Leeward Capital Corp.	Date Appointed Director	Principal Occupation During Previous Five Years	Number of Shares Beneficially Owned, Controlled or Directed
R. James Milliken <sup>(1)(2)</sup> Calgary, Alberta	Director and interim President	March 2, 2010	Mr. R. James Milliken is currently an independent businessman. Mr. Milliken has been involved in the investment industry for 40 years. Mr. Milliken is a former national board member of the Investment Deals Association and Canadian Investors Protection Fund. Mr. Milliken is also a former President of the Alberta Stock Exchange, a former President and Chief Executive Officer of Sanyo Securities Canada and a former associate of Lomax Group, a merger and acquisition financial advisory firm in Calgary. Mr. Milliken is currently a Director of Cybersurf Corp. and Corona Gold Corp., each of which are listed on the Toronto Stock Exchange.	550,000
Johannes Kingma Calgary, Alberta	Director	February 25, 2011	Mr. Johannes Kingma is currently an independent businessman.	2,000,000
Donald D. Gillies <sup>(1)(2)</sup> San Francisco, California	Director and Chief Financial Officer	June 29, 2011	Mr. Donald D. Gillies is an independent real estate broker/businessman.	Nil

**Notes:**

- (1) Member of the Audit Committee.
- (2) Member of the Compensation and Corporate Governance Committee.

It is the intention of the management designees, if named as proxy, to vote for the election of the above mentioned persons to the board of directors of the Corporation (the "Board of Directors" or the "Board") unless otherwise directed. Management does not contemplate that any of such nominees will be unable to serve as a director. However, if for any reason any of the proposed nominee does not stand for election or is unable to serve as such, the management designees, if named as proxy, reserve the right to vote for any other nominee in their sole discretion unless the Shareholder has specified in his proxy that his Shares are to be withheld from voting on the election of directors.

**Item 3 - Appointment of Auditors**

Shareholders will be asked to consider a resolution appointing auditors of the Corporation to act until the next annual meeting of the Shareholders. Management proposes that John J. Geib, Chartered Accountant of Calgary, Alberta be appointed as auditor of the Corporation. John J. Geib has been the auditor of the Corporation since 2005. Unless otherwise directed, the management designees, if named as proxy, intend to vote for the appointment of John J. Geib, as the auditor of the Corporation to hold office until the next annual meeting of the Shareholders at remuneration to be fixed by the Board of Directors.

**Item 4 – Approval of the Stock Option Plan**

At the Meeting, Shareholders will be asked to consider a resolution approving the Corporation's rolling 10% stock option plan (the "Plan"). The Shareholders of the Corporation approved the Plan at the special meeting of the shareholders held on June 9, 2010. The rules of the TSX Venture Exchange require that rolling stock option plans be approved by the Shareholders every year.

### ***Terms of the Plan***

Directors, officers, consultants and employees of the Corporation may participate in the Plan. The purpose of the Plan is to provide the participants with an opportunity to purchase Shares and to benefit from the appreciation thereof. This will provide an increased incentive for the participants to contribute to the future success and prosperity of the Corporation, thus enhancing the value of the Shares for the benefit of all the shareholders and increasing the ability of the Corporation and its subsidiaries to attract and retain individuals of exceptional skill.

Under the Plan, options to purchase Shares (“Options”) may be granted in such numbers and with such vesting provisions as the Board may determine.

The price per share at which Common Shares may be purchased under an Option shall be fixed by the Board when the Option is granted, provided that such price shall not be less than the current market price (the “Current Market Price”) of the Common Shares, which shall mean the closing trading price per Common Share on TSX Venture Exchange (or if the Common Shares are not listed on TSX Venture Exchange on such stock exchange as the Common Shares are then listed) on the last trading day preceding the date of grant on which there was a closing price (the “Closing Price”) or, if the Common Shares are not listed on any stock exchange, a price determined by the Board; provided that if the Board, in its sole discretion, determines that such Closing Price would not be representative of the market price of the Common Shares, then the Current Market Price shall mean the greater of the Closing Price and the weighted average price per share for the Common Shares for five (5) consecutive trading days ending on the last trading day preceding the date of grant on which there was a closing price on TSX Venture Exchange (or if the Common Shares are not listed on TSX Venture Exchange on such stock exchange as the Common Shares are then traded); the weighted average price shall be determined by dividing the aggregate sale price of all Common Shares sold on the said exchange during the said five (5) consecutive trading days by the total number of Common Shares so sold.

The Plan also provides that:

- (a) The total number of Common Shares issuable pursuant to the Plan shall not exceed 10% of the aggregate of the issued and outstanding Common Shares on the date of grant;
- (b) The number of Common Shares reserved for issuance, within a one-year period, to any one optionee shall not exceed 5% of the number of outstanding Common Shares;
- (c) The maximum number of Common Shares reserved for issuance pursuant to options granted to Insiders (as defined by the TSX Venture Exchange) at any time may not exceed 10% of the number of outstanding Common Shares;
- (d) The maximum number of Common Shares which may be issued to Insiders, within a one year period, may not exceed 10% of the number of outstanding Common Shares;
- (e) The maximum number of Common Shares which may be issued to any one Insider and the associates of such Insider, within a one-year period, may not exceed 5% of the number of outstanding Common Shares;
- (f) the issuance of Common Shares to any one Consultant (as defined in the TSX Venture Exchange Corporate Finance Manual) pursuant to the Plan within a one year period may not exceed 2% of the outstanding Common Shares (on a non-diluted basis); and

- (g) the issuance of Common Shares to persons employed to provide Investor Relations Activities (as defined in the TSX Venture Exchange Corporate Finance Manual) for the Corporation within a one year period may not exceed 2% of the outstanding Common Shares (on a non-diluted basis).

In the event of a participant ceasing to be a director, officer or employee of the Corporation or a subsidiary of the Corporation for any reason other than death, including the resignation or retirement of the participant as a director, officer or employee of the Corporation or the termination by the Corporation of the employment of the participant, prior to the expiry time of an Option, such Option shall cease and terminate on the ninetieth (90th) day following the effective date of such resignation or retirement or on the ninetieth (90th) day following the date notice of termination of employment is given by the Corporation and such Option may be exercised only insofar as it has vested at the time of the resignation, retirement or notice of termination, as the case may be. Notwithstanding the foregoing, in the event of termination for cause, such Option shall cease and terminate immediately upon the date notice of termination of employment for cause is given by the Corporation and shall be of no further force or effect whatsoever as to the Common Shares in respect of which an Option has not previously been exercised.

In the event of the death of a participant on or prior to the expiry time of an Option, such Option may be exercised as to such of the Common Shares which have vested and in respect of which such Option has not previously been exercised by the legal personal representatives of the participant at any time up to and including (but not after) a date six (6) months following the date of death of the participant or the expiry time of such Option, whichever occurs first.

Options may provide that, in the event of the sale by the Corporation of all or substantially all of the property and assets of the Corporation as an entirety (an "Asset Sale") prior to the expiry time of an Option, such Option may be exercised, as to all or any of the Common Shares in respect of which such Option has not previously been exercised (including in respect of the right to purchase Common Shares not otherwise vested at such time) by the participant (the "Sale Acceleration Right").

Options may provide that, whenever the Corporation's shareholders receive a "take-over bid", as defined in the *Securities Act*, R.S.A. 2000, c. S-4, as amended, or any successor legislation thereto, pursuant to which the "offeror" would, as a result of such take-over bid, if successful, beneficially own in excess of 50% of the outstanding Common Shares of the Corporation (a "Control Bid"), such Option may be exercised as to all or any of the Common Shares in respect of which such Option has not previously been exercised (including in respect of Common Shares not otherwise vested at such time) by the participant (the "Bid Acceleration Right").

Options may provide that in the event of an Asset Sale or a Control Bid, the Corporation may require the disposition by the optionee and the termination of any obligations of the Corporation to the optionee in respect of any outstanding Options by paying to the optionee in cash the difference between the exercise price of the unexercised Options and the fair market value of the securities to which the optionee would have been entitled upon exercise of the unexercised Options on such date, and upon such payment the Options shall terminate and be of no further force and effect.

The Board may amend or discontinue the Plan at any time without the consent of the participants provided that such amendment shall not alter or impair any Option previously granted under the Plan, subject to the standard adjustment provisions contained in the Plan, and provided that any amendment to the Plan has been approved by the Exchange. Notwithstanding the foregoing, in the case of any amendment to an Option granted to an insider to reduce the exercise price thereof, such amendment shall only become effective upon obtaining disinterested shareholder approval at a duly constituted meeting of the shareholders of the Corporation.

Pursuant to the Plan the Corporation can, at any time, have a number of Options outstanding equal to up to 10% of the then outstanding number of Shares. In the event of the exercise or cancellation of any Options, the Corporation could make a further grant of Options, provided that the 10% maximum is not exceeded.

***Outstanding Options and Shares Available for Issuance***

As at June 20, 2011, there were **11,415,762** Shares available for issuance under the Plan and there were **5,625,000** Options outstanding. Since that time, no other stock options have been granted. The following table summarizes, as of June 20, 2011, the number of Shares reserved for issuance under the Plan, the number of Options outstanding and the number of Options remaining available for grant as of June 20, 2011.

	<b>Number</b>	<b>Percentage of Currently Outstanding Shares</b>
Number of shares reserved for issuance under the Plan	11,415,762	10.00%
Options Outstanding	5,625,000	4.93%
Options Available for Grant	5,790,762	5.07%

Further information regarding stock option issuances and exercises can be found under the headings "Executive Compensation" and "Securities Authorized for Issuance under Equity Compensation Plans".

***Resolution for the Annual Approval of the Plan***

The approval of a simple majority of the votes cast by shareholders of the Corporation is required to approve the Plan and the grant of options thereunder. The text of the ordinary resolution of shareholders to be considered at the Meeting approving the Plan will be substantially as follows:

**BE IT RESOLVED AS AN ORDINARY RESOLUTION OF THE SHAREHOLDERS OF THE CORPORATION THAT:**

- a) the 10% rolling stock option plan of the Corporation (the "Plan") be and the same is hereby ratified, confirmed and approved subject to applicable regulatory approval;
- b) all options outstanding under the Corporation's Plan or any previous form of stock option plan shall remain valid and outstanding and be governed by the terms of the applicable previous form of stock option plan as it existed when they were granted;
- c) any director or officer is hereby authorized to execute and deliver all such deeds, documents and other writings and perform such acts as may be necessary in order to give effect to the adoption of the Plan and the Board of Directors of the Corporation from time to time, be authorized to grant options in the capital stock of the Corporation pursuant to and in accordance with the provisions of the Plan so adopted; and
- d) notwithstanding the approval of the shareholders of the Corporation as herein provided the Board of Directors of the Corporation, may, in its sole discretion, at any time suspend or terminate the Plan or revoke this resolution before it is acted upon, without further approval of the shareholders of the Corporation.

In order for the foregoing resolution to be passed, it must be approved by a simple majority of the votes cast by Shareholders who vote in person or by proxy at the Meeting. The persons named in the enclosed proxy form, if named as proxy, intend to vote for the approval of the Plan. A copy of the Plan can be viewed upon request by contacting the Corporation.

#### **Item 5 – Other Business**

The financial statements of the Corporation for the financial year ended December 15, 2010 will be put before the Shareholders at the Meeting. The directors and officers of the Corporation are not aware of any matters, other than those indicated above, which may be submitted to the Meeting for action. However, if any other matters should properly be brought before the Meeting, the enclosed proxy confers discretionary authority to vote on such other matters according to the best judgment of the person holding the proxy at the Meeting.

#### **Venture Issuer Exemption**

The Corporation, as a "Venture Issuer", is relying upon section 6.1 of National Instrument 52-110 exempting it from certain requirements relating to the composition of the audit committee requirements and reporting obligations.

### **CORPORATE GOVERNANCE PRACTICES**

Corporate governance relates to the activities of the board of directors (the "Board"), the members of which are elected by and are accountable to the shareholders, and takes into account the role of the individual members of management who are appointed by the Board and who are charged with the day to day management of the Corporation. The Board is committed to sound corporate governance practices, which are both in the interest of its shareholders and contributable to effective and efficient decision making. Pursuant to National Instrument 58-101 Disclosure of Corporate Governance Practices ("NI 58-101") which came into effect for financial years ending on or after June 30, 2005, the Corporation is required to disclose its corporate governance practices in compliance with NI 58-1201, as summarized below.

#### ***Board of Directors***

The Board operates under a written mandate (the "Board Mandate"). Under the Board Mandate, the fundamental responsibilities of the Board are to: (i) identify and understand the risks associated with the business of the Corporation, (ii) appoint and oversee a competent executive team to manage the business of the Corporation, with a view to maximizing shareholder value, and (iii) ensure corporate conduct in an ethical and legal manner via an appropriate system of corporate governance, disclosure processes and internal controls.

The Board is responsible for the overall stewardship of the Corporation, planning, directing, identification of principal risks and controlling issues which are pivotal to determining corporate strategy and direction. The Board meets regularly to consider and approve the strategic objectives of the Corporation and management proposals and plans designed to accomplish those objectives. Where appropriate, key management personnel and professional advisors are invited to attend meetings to speak to these issues. The Board also meets as necessary to consider specific developments or opportunities as they arise, including asset and enterprise acquisitions and dispositions and financing proposals.

The Board is composed of a majority of non-independent directors, as defined in National Instrument 58-101. After the Meeting, the Board will be composed of three (3) directors, one (1) of whom will be independent.

The following directors are independent in that they do not have a direct or indirect material relationship with the Corporation or one which could, in the view of the Board, be reasonably expected to interfere with the exercise of a member's independent judgment:

- Johannes Kingma

The following directors are not independent:

- R. James Milliken
- Donald D. Gillies

Johannes Kingma is an "independent" director in that he is independent and free from any interest, and any business or other relationship, which could reasonably be perceived to materially interfere with the director's ability to act in the best interests of the Corporation, other than interests and relationships arising from shareholdings.

R. James Milliken is the President, and therefore is not independent and Donald D. Gillies is not considered independent by virtue of the fact that he is the Chief Financial Officer of the Corporation.

The Board is responsible for approving long-term strategic plans and annual operating budgets recommended by management. Board consideration and approval is also required for material contracts and business transactions, and all debt and equity financings.

The Board delegates to management responsibility for meeting defined corporate objectives, implementing approved strategic and operating plans, carrying on the business of the Corporation in the ordinary course, evaluating new business opportunities and challenges, recruiting people and meeting all legal and regulatory requirements of the business.

### ***Directorships***

The following directors are presently directors of other issuers which are reporting issuers or their equivalent in a domestic or foreign jurisdiction.

Name of Director	Name of Other Reporting Issuer
R. James Milliken	Corona Gold Corp.

### ***Orientation and Continuing Education***

The Board Mandate provides that any newly appointed or elected directors will be provided with an orientation which will include written information about the duties and obligations of directors and the business and operations of the Corporation, documents from recent Board meetings and opportunities for meetings and discussion with senior management and other directors.

All members of the Board are provided with copies of the Board's mandate, the mandates of each committee of the Board and the Corporation's trading policy, whistleblower policy, code of conduct and corporate disclosure policy. The Board relies on its legal counsel and other outside advisers to advise it as necessary of corporate governance developments. The Board also relies on management to keep it apprised of developments within the oil and gas industry that may affect the governance and management of the Corporation. In addition, the Board Mandate provides that any director who feels that they require the services of an outside advisor to assist with discharging their responsibilities as a director may engage one at the expense of the Corporation with the authorization of the Chair of the Board.

### ***Ethical Business Conduct***

Although the Corporation does not currently have a formal code, it is developing a formal code of business conduct and ethics (the "Code") for its directors, officers, employees and consultants. Once the formal code is implemented, it will contain the following protocol: All staff and directors of the Corporation will be made personally accountable for learning, endorsing and promoting the code and applying it to their own conduct and field of work. All staff and directors will be asked to review the code and confirm on a regular basis, through written or electronic declaration, that they understand their individual responsibilities and will conform to the requirements of the code. Any breach of the code of business conduct may be reported directly to the responsible officer or may be reported to the chair of the audit committee in accordance with the whistleblower policy of the Corporation discussed below.

The Corporation has also adopted a disclosure policy which outlines proper procedures for disclosure of corporate information and a whistleblower policy which establishes procedures for employees of the Corporation to confidentially and anonymously submit concerns to the chair of the audit committee regarding questionable ethical, moral, accounting, internal accounting controls or auditing matters.

The Corporation has also adopted a trading policy which aims to ensure that persons who have access to material, undisclosed information concerning the Corporation or its affiliates will not make use of it by trading in securities of the Corporation or tipping others before the information has been fully disclosed to the public.

The Board Mandate sets out detailed procedures for addressing conflicts of interest concerning directors. In addition, all directors must comply with the conflict of interest provisions of the *Business Corporations Act* (Alberta).

### ***Nominations of Directors***

The mandate of the compensation and corporate governance committee of the Board provides that the compensation and corporate governance committee, when so directed by the Board as a whole, shall identify and recommend suitable candidates for nomination for election as directors. In doing so, the compensation and corporate governance committee will consider the competencies and skills the Board as a whole should possess, formulate criteria for candidates after considering the competencies and skills of each existing director and consider the competencies and skills of each new nominee and whether or not each new nominee can devote sufficient time and resources to his or her duties as a Board member.

### ***Compensation***

The directors of the Corporation do not receive any compensation for the performance of their duties as directors of the Corporation but do receive reimbursement for expenses incurred in attending meetings. Periodically, the directors receive grants of stock options, pursuant to the Plan.

## AUDIT COMMITTEE

### Audit Committee Charter

The audit committee of the Board of Directors of the Corporation operates under a written charter that sets out its responsibilities and composition requirements. A copy of the charter is attached to this Circular as Schedule "A".

### Composition of the Audit Committee

The following are the members of the Committee:

Name of Committee Member	Independent/Non-Independent <sup>(1)</sup>	Financially Literate/Illiterate <sup>(1)</sup>
R. James Milliken	Non-Independent	Financially literate
Donald D. Gillies	Non-Independent	Financially literate

Note:

(1) As defined by Multilateral Instrument 52-110 ("MI 52-110").

The audit committee charter requires all members to be financially literate and within the meaning of applicable securities laws. All members of the audit committee meet these requirements. However, as a venture issuer, the Corporation is not required to have all members of the audit committee as independent directors.

### Auditors' Fees

John J. Geib is the current auditor of the Corporation and has been the auditor since 2005. The table below sets out the aggregate fees billed by John J. Geib, Chartered Accountant, for the last two fiscal years ended December 15, 2010 and 2009.

	Year ended December 15, 2009	Year ended December 15, 2010
Audit fees	\$21,000	\$23,000
Audit related fees	Nil	Nil
Tax fees	Nil	Nil
All other fees	Nil	Nil
<b>TOTAL</b>	<b>\$21,000</b>	<b>\$23,000</b>

## STATEMENT OF EXECUTIVE COMPENSATION

### Compensation Discussion and Analysis

The Corporation is required to provide disclosure in this section of the Circular of the compensation paid to the President and Chief Executive Officer of the Corporation, the Chief Financial Officer of the Corporation and each of the next three most highly paid executive officers who were paid more than \$150,000 in the most recently completed financial year. These officers are referred to in this part of the Circular as the "Named Executive Officers".

### *Option Based Awards*

Compensation policies and programs are designed to focus on shareholder return. The Corporation's objective is to attract, motivate and retain high quality executives. The executive compensation program and its various components are constructed to reflect market practices. Several components of this compensation vary with results, aligning executive interests with the interests of the Corporation's shareholders. The executive compensation is also designed to provide an incentive to executives to achieve other objectives in a matter consistent with the Corporation's strategic plan.

Components of Executive Compensation:

The components of the executive compensation program are described in the table below:

<b>Compensation element</b>	<b>How it is paid</b>	<b>What it is designed to reward</b>
Base Salary	Cash	Rewards skills, capabilities, knowledge and experience, reflecting the level of responsibility, as well as the contribution expected from each executive.
Short-term Incentive	Cash	Rewards contribution to both department's performance and the Corporation's overall performance. Rewards for results within the current fiscal year.
Long-term Incentive	Stock Options	Provides alignment between the interests of executives and shareholders. Rewards contribution to the long-term performance of the Corporation and demonstrated potential for future contribution. Aligns with long-term Corporate performance and provides added incentive for executives to enhance shareholder value.

The Compensation Committee ("CC") considers a broad range of factors when setting compensation for executive management, including but not limited to, market data, individual performance, corporate performance and sector performance.

### Base Salary

The base salary provides an executive with basic compensation and reflects individual responsibility, knowledge and experience, market competitiveness and the contribution expected from each individual. At its discretion, the CC may compare each executive officer's salary with the base salaries for similar positions in the comparator group, and recommends appropriate adjustments, as needed.

### Short-term Incentive

Short-term incentive compensation is based on annual results. The short-term incentive ensures that a significant portion of an executive's compensation varies with actual results in a given year, while providing financial incentives to executives to achieve short-term financial and strategic objectives. It communicates to executives the key accomplishments the CC wishes to reward and ensures that overall executive compensation correlates with corporate objectives. The short-term incentive component is structured to reward not only increased value for shareholders but also performance with respect to key operational factors and non-financial goals important to long-term success.

### Long-term Incentive

The long-term incentive component of executive compensation is designed to ensure commonality of interests between management and shareholders. This is accomplished by connecting shareholder return and long-term compensation, motivating executives to achieve long-range objectives that directly benefit shareholders.

Stock options reward executives for growth in the value of the Corporation's stock over the long term. This is the high risk, high-return component of the executive total compensation program because stock options deliver value to an executive only if the share price is above the grant price. This long-term equity incentive includes both a corporate and personal component.

### Summary Compensation Table

Name and Position	Year	Annual Compensation			Long-Term Compensation			All Other Compensation (\$)
		Salary (\$)	Bonus (\$)	Other Annual Compensation (\$)	Awards		Payouts	
					Securities Under Options Granted (#)	Shares Subject to Resale Restrictions (\$)	LTIP Payouts (\$)	
Michael Marchand	2010	\$9,569	Nil	Nil	Nil	Nil	Nil	Nil

Note:

- (1) The Corporation paid fees to Wisdo Management, a company owned by Michael Marchand during the 2010 year in the amount of \$9,569, in respect of consulting services provided to the Corporation during the 2010 year. Mr. Marchand resigned as President and Director on March 30, 2011.

### Stock Option Grants

Subsequent to the year ended December 15, 2010, no options to purchase Shares were granted to the Named Executive Officer and Directors. As of June 20, 2011, there were 5,625,000 options issued or outstanding.

### Stock Option Exercises

No Named Executive Officers nor Directors exercised options to purchase Shares during 2010. The following table provides information for the year ended December 15, 2010 regarding the aggregate number of options, exercisable and unexercisable, held and the value of unexercised options.

The following table provides information concerning options held by the Named Executive Officers.

Name	Securities Under Options Granted (#)	% of Total Options Granted to Employees in 2010	Exercise or Base Price (\$/Share)	Market Value of Shares on the Day Prior to the Date of Grant (\$/Share)	Expiration Date
Nil	Nil	Nil	Nil	Nil	Nil

***Outstanding Share-based Awards and Option-based Awards***

The following table sets out all the share-based awards and option-based awards outstanding at December 15, 2010.

Name	Option-based Awards			Share-based Awards		
	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration dated	Value of unexercised in-the-money options (\$)	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested (\$)
Nil	Nil	Nil	Nil	Nil	Nil	Nil

***Incentive Plan Awards-Value Vested or Earned During the Year***

There were no options or share-based awards exercised during the fiscal year ended December 15, 2010. The following table sets out the value vested or earned during the year.

Name	Option-based awards – Value vested during the year (\$)	Share-based awards – Value vested during the year (\$)	Non-equity incentive plan compensation – Value earned during the year (\$)
Nil	Nil	Nil	Nil

**Termination of Employment, Change in Responsibilities and Employment Contracts**

There were no employment agreements in place between the Corporation and the Named Executive Officers which contain terms which provide for the payment to the Named Executive Officers upon termination or in connection with a change of control of the Corporation.

**Retirement Plans**

The Corporation has no formal pension or retirement compensation plan in place for its directors, officers or employees.

## Compensation of Directors

The Corporation does not compensate directors on a per meeting basis. The directors are reimbursed for their expenses to attend each Board and committee meeting.

The directors of the Corporation are entitled to participate in the Corporation's stock option plan. During the financial year ended December 15, 2010, no options to purchase Shares were granted to the directors of the Corporation.

## SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The Corporation's stock option plan, which has been approved by the Shareholders, is the only compensation plan pursuant to which equity securities of the Corporation are authorized for issuance. The stock option plan is described in detail above under the heading "Matters to be Acted Upon at the Meeting – Annual Approval of the Stock Option Plan". There are currently 5,625,000 options outstanding.

The table below sets out information concerning the Corporation's equity compensation plans as at December 15, 2011.

<b>Plan Category</b>	<b>Number of Shares Issuable upon the Exercise of Outstanding Options, Warrants and Rights as at December 15, 2010</b>	<b>Weighted Average Exercise Price</b>	<b>Number of Shares Remaining Available for Future Issuance (excluding the Shares issuable on the exercise of options referred to in the first column)</b>
Equity compensation plans approved by securityholders	1,500,000	\$0.14	5,670,000
Equity compensation plans not approved by securityholders	N/A	N/A	N/A
<b>Total</b>	<b>1,500,000</b>	<b>\$0.14</b>	<b>5,670,000</b>

Note:

- (1) The maximum number of Shares reserved for issuance under the Stock Option Plan is set at 10% of the outstanding Shares at any time. Accordingly, the number of Shares remaining available for future issuance will increase as the outstanding number of outstanding Shares increases.

## INDEBTEDNESS OF DIRECTORS, OFFICERS AND EMPLOYEES

No current or former director, officer or employee of the Corporation was indebted to the Corporation as at the date of this Circular.

At no time since the beginning of the financial year ended December 15, 2010 did any director, officer or employee owe any indebtedness to the Corporation or owe any indebtedness to any other entity which is, or at any time has been, the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Corporation.

## INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

No informed person of the Corporation, nominee for director of the Corporation, nor any affiliate or associate of any informed person or nominee for director, had any material interest, direct or indirect, in any transaction or proposed transaction since the beginning of the financial year ended December 15, 2010, which has materially affected or would materially affect the Corporation.

For the purposes of this Circular, an "informed person" means (i) a director or officer of the Corporation, (ii) a director or officer of a person or company that is itself an informed person, or (iii) any person or company who beneficially owns, directly or indirectly, and/or exercises control or direction over voting securities of the Corporation carrying more than 10% of the voting rights attaching to all outstanding voting securities of the Corporation.

## REGULATORY MATTERS AND BANKRUPTCIES AND INSOLVENCIES

Other than as described below, no nominee for director of the Corporation is, as at the date of this circular, or has been, within 10 years before the date of this Circular, a director or executive officer of any company that, while that person was acting in that capacity, (i) was the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation for a period of more than 30 consecutive days, (ii) was subject to an event that resulted, after the director or executive officer ceased to be a director or executive officer, in the company being the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days, or (iii) within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

No nominee for director of the Corporation has, within the 10 years before the date of this Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the proposed director.

Except as otherwise set forth herein, there have been no penalties or sanctions imposed against any proposed director by a court or regulatory authority during the year ended December 15, 2010 or any other penalties or sanctions imposed against any proposed director by a court or regulatory body that would likely be considered important to a reasonable shareholder in making a decision with respect to voting for any proposed director. There have been no settlement agreements that any proposed director has entered into with a court relating to securities legislation or with a securities regulatory authority during the year ended December 15, 2010.

## ADDITIONAL INFORMATION AND AVAILABILITY OF FINANCIAL STATEMENTS

Additional information relating to the Corporation is available on SEDAR at [www.sedar.com](http://www.sedar.com). Financial information concerning the Corporation is provided in its financial statements for the periods ending December 15, 2010 and its interim financial statements for all interim periods during the financial year ended December 15, 2010 and the accompanying management's discussion and analysis, all of which can be accessed under the Corporation's profile on SEDAR at [www.sedar.com](http://www.sedar.com).

The Corporation will mail its annual and interim financial statements and accompanying management's discussion and analysis to any Shareholder who requests them by (i) sending the enclosed return card to the Corporation's agent, **Valiant Trust Company, Suite 310, 606 - 4th Street SW, Calgary, Alberta T2P 1T1**, as directed, or (ii) contacting the Corporation at (403) 237-0018.

**DIRECTORS' APPROVAL**

The contents and the sending of this Circular have been approved by the directors.

**APPROVAL AND CERTIFICATION**

This Circular constitutes full, true and plain disclosure of all material facts relevant to the particular matter to be voted on by the shareholders.

## **SCHEDULE "A"**

### **AUDIT COMMITTEE CHARTER**

The following is the Corporation's "Audit Committee Charter" (the "Charter"):

#### **Purpose**

The primary function of the audit committee of Leeward in this section referred to as (the "Committee") is to assist the board of directors (the "Board") of the Corporation in fulfilling its responsibilities by reviewing the financial reports and other financial information provided by Leeward to any regulatory body or the public, the Corporation's systems of internal controls regarding preparation of those financial statements and related disclosures that management and the Board have established and the Corporation's auditing, accounting and financial reporting processes generally. Consistent with this function, the Committee encourages continuous improvement of, and fosters adherence to, the Corporation's policies, procedures and practices at all levels. The Committee's primary objectives are to:

- assist directors in meeting their responsibilities in respect of the preparation and disclosure of the financial statements of the Corporation and related matters;
- provide for open communication between directors and external auditors;
- enhance the external auditor's independence;
- increase the credibility and objectivity of financial reports; and
- strengthen the role of the outside or "independent" directors by facilitating in depth discussions between directors on the Audit Committee, management and external auditors.

#### **Composition**

The Committee is comprised of three or more directors as determined by the Board, if at all possible with the majority of whom shall be "independent" (as such term is used in National Instrument 52-110 ---Audit Committees ("NI 52-110")) unless the Board shall have determined that the exemption contained in section 3.6 of NI 51-110 would be applicable and is to be adopted by the Corporation.

All of the members of the committee shall be "financially literate" (as defined in NI 52-110) unless the Board shall determine that an exemption under NI 52-110 from such requirement in respect of any particular member would be applicable and is to be adopted by the Corporation in accordance with the provisions of NI 52-110.

The members of the Committee shall be elected by the Board at the annual organizational meeting of the Board and remain as members of the Committee until their successors shall be duly elected and qualified. Unless a Chair is elected by the full Board, the members of the Committee may designate a Chair by majority vote of the full Committee membership.

#### **Meetings**

The Committee shall meet at least twice annually, or more frequently as circumstances dictate. As part of its mandate to foster open communication, the Committee should meet at least annually with management and the external auditors in separate executive sessions to discuss any matters that the Committee or each of these groups believe should be discussed privately. The Chief Financial Officer (if appointed) is required to be present at the meetings of the Committee and may be excused from all or part of any such meetings by the independent sitting members.

Minutes of all meetings of the Committee shall be taken and the Committee shall report the results of its meetings and reviews undertaken and any associated recommendations or resolutions to the Board. A written resolution signed by all Committee members entitled to vote on that resolution at a meeting of the Committee shall be valid resolution of the Committee.

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

Members of the Committee may participate in a meeting of the Committee by means of telephone or other communication device or facilities that permit all persons participating in any such meeting to hear one another.

### **Responsibilities and Duties**

To fulfill its responsibilities and duties, the Committee shall:

#### *A. Documents/Reports Review*

1. Review and update this Charter, as conditions dictate.
2. Review the financial statements, prospectuses, MD&A, annual information forms and all public disclosures containing audited or unaudited financial information (including, without limitation, annual and interim press releases and any other press releases disclosing earnings or financial results) before release and prior to Board approval where required.
3. Review the reports to management prepared by the external auditors and management responses.
4. Established procedures for:
  - a. the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls, or auditing matters; and
  - b. the confidential, anonymous submission by employees of the issuer of concerns regarding questionable accounting or auditing matters.
5. Review and approve the Corporation's hiring policies regarding employees and former employees of the present and former external auditors of the issuer.
6. Review of significant auditor findings during the year, including the status of previous audit recommendations.
7. Be satisfied with and periodically assess the adequacy of procedures for the review of corporate disclosure that is derived or extracted from the financial statements.

#### *B. External Auditors*

1. Be directly responsible for overseeing the work of the external auditors, including the resolution of disagreements between management and the external auditors regarding financial reporting.

2. Recommend to the Board the external auditors to be nominated for appointment by the shareholders.
3. Recommend to the Board the terms of engagement of the external auditor, including their compensation and a confirmation that the external auditors shall report directly to the Committee.
4. On an annual basis, review and discuss with the auditors all significant relationships the auditors have with the Corporation to determine the auditors' independence.
5. Review the performance of the external auditors and approve any proposed discharge of the external auditors when circumstances warrant.
6. When there is to be a change in auditors, review the issues related to the change and the information to be included in the required notice to securities regulators of such change.
7. Periodically consult with the external auditors, without the presence of management, about internal controls and the fullness and accuracy of the organization's financial statements.
8. Consider, in consultation with the external auditor, the audit scope and plan of the external auditor.
9. Pre-approve the completion of any non-audit services by the external auditors and determined which non-audit services the external auditor is prohibited from providing and the Committee may delegate to one or more independent members of the Committee the authority to pre-approve non-audit services, provided that such member(s) reports to the Committee at the next scheduled meeting such pre-approval and the members(s) complies with such other procedures as may be established by the Committee from time to time.

*C. Financial Reporting Processes*

1. In consultation with the external auditors and management, review the integrity of the organization's financial reporting processes both internal and external. Consider judgments concerning the appropriateness of the Corporation's accounting policies.
2. Consider and approve, if appropriate, major changes to Corporation's auditing and accounting principles and practices as suggested by the external auditors or management.
3. Review risk management policies and procedures of the Corporation (i.e., hedging, litigation and insurance).

*D. Process Improvement*

1. Review with external auditors their assessment of internal controls, their written reports containing recommendations for improvement, and management's response and follow-up to any identified weaknesses. The Committee shall also review annually with the external auditors their plan for their audit, and upon completion of the audit, their reports upon the financial statements.

*E. Ethical and Legal Compliance*

1. Ensure that management has the proper review system in place to ensure that the Corporation's financial statements, reports and other financial information disseminated to regulatory organizations and the public satisfy legal requirements.
2. Conduct and authorize investigations into any matters within the Committee's scope of responsibilities. The Committee shall be empowered to retain, and to set and pay compensation for any independent counsel and other professionals to assist in the conduct of any investigation, subject to the Board approving any expenditure in excess of \$10,000 in this regard.
3. Perform any other activities consistent with this Charter, the Corporation's by-laws and governing law, as the Committee or the Board deems necessary or appropriate.

**Composition of the Audit Committee**

As of the date of this circular, the Committee consists of two members:

1. R. James Milliken
2. Donald D. Gillies

All are considered to be financially literate.