

CANGENE CORPORATION

180 Attwell Drive, Suite 360
Toronto, Ontario
M9W 6A9

NOTICE OF ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS

NOTICE IS HEREBY GIVEN that the Annual and Special Meeting of Shareholders (the "Meeting") of Cangene Corporation (the "Corporation") will be held at The Toronto Stock Exchange Broadcast Centre, 130 King Street West, The Exchange Tower, Toronto, Ontario, M5X 1J2, on Friday, December 12, 2008, at 4:15 p.m. (eastern standard time), for the following purposes:

1. to receive the audited consolidated financial statements of the Corporation for its fiscal year ended July 31, 2008 and the report of the auditors thereon;
2. to elect directors;
3. to appoint auditors for the ensuing year and to authorize the directors to fix the auditors' remuneration;
4. to consider, and if deemed advisable, to pass a special resolution to change the municipality in which the registered office of the Corporation is located; and
5. to transact such other business as may properly come before the Meeting, or any adjournment thereof.

BY ORDER OF THE BOARD OF DIRECTORS

(signed)

John Langstaff
President, Chief Executive Officer and Director
Toronto, Ontario
October 21, 2008

Registered shareholders who are unable to attend the Meeting and non-registered shareholders are requested to complete the accompanying form of proxy as directed.

In order to be voted at the Meeting or at any adjournment thereof, the completed form of proxy must be voted via the internet as instructed, or deposited with or mailed so as to reach Computershare Investor Services Inc., 100 University Avenue, 9th Floor, Toronto, Ontario, M5J 2Y1, Attention: Proxy Department, not later than 48 hours before the commencement of the Meeting or any adjournment thereof.

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MANAGEMENT INFORMATION CIRCULAR

This Management Information Circular (the “Circular”) is furnished in connection with the solicitation of proxies by or on behalf of the management of Cangene Corporation (the “Corporation”) to be used at the Annual and Special Meeting of Shareholders of the Corporation to be held on December 12, 2008 (the “Meeting”) and at any adjournment thereof. The solicitation of proxies will be made primarily by mail but proxies may also be solicited by the directors, officers and regular employees or agents of the Corporation, personally, in writing or by telephone, at nominal cost. The cost of any such solicitation will be borne by the Corporation.

Except as otherwise stated, the information contained herein is given as at the 21st day of October, 2008.

SHAREHOLDERS ENTITLED TO VOTE AT THE MEETING

Holders of common shares of the Corporation (“Common Shares”) as at the close of business on October 17, 2008 (the “Voting Record Date”) will be entitled to vote at the Meeting. Each holder of Common Shares is entitled to one vote for each Common Share held in respect of all matters to be voted upon at the Meeting.

If a shareholder transfers Common Shares after the Voting Record Date, and the transferee produces a properly endorsed share certificate or otherwise establishes ownership of the Common Shares, and requests, not later than 10 days before the Meeting, or any adjournment thereof, that the Corporation’s registrar and transfer agent, Computershare Investor Services Inc. (“Computershare”), include such transferee’s name in the list of shareholders entitled to vote at the Meeting, the transferee will be entitled to vote those Common Shares at the Meeting, and at any adjournment thereof, in the manner described above.

APPOINTMENT AND REVOCATION OF PROXIES

Registered Shareholders

A person is a registered holder of Common Shares if the person is shown as a shareholder on the shareholder list maintained by Computershare, the registrar and transfer agent for the Common Shares. In that case, a share certificate will have been issued to the shareholder that indicates the shareholder’s name and the number of Common Shares owned by the shareholder, and the shareholder will have received a form of proxy from Computershare with this Management Information Circular.

A registered shareholder has the right to appoint a person, other than those designated on the enclosed form of proxy, to represent the shareholder and to attend and act on the shareholder’s behalf at the Meeting. To exercise that right, the shareholder may insert the name of such other person

(who need not be a shareholder) in the blank space provided on the form of proxy or complete another proper form of proxy. Registered shareholders must deposit the completed form of proxy with, or mail it so as to reach, the office of the registrar and transfer agent of the Corporation, Computershare Investor Services Inc., 100 University Avenue, 9th Floor, Toronto, Ontario, M5J 2Y1, Attention: Proxy Department, not later than 48 hours, before the commencement of the Meeting, or any adjournment thereof, in order to vote at the meeting, or any adjournment thereof.

A proxy given by a registered shareholder for use at the Meeting may be revoked: (a) by depositing an instrument in writing executed by the registered shareholder or the registered shareholder's attorney authorized in writing, either (i) at the offices of Computershare Investor Services Inc., 100 University Avenue, 9th Floor, Toronto, Ontario, M5J 2Y1, at any time up to and including the last business day preceding the day of the Meeting or any adjournment thereof at which the proxy is to be used, or (ii) with the Chair of the Meeting on the day of the Meeting or any adjournment thereof, or (b) in any other manner permitted by law.

Non-Registered Shareholders

A person is a non-registered (or beneficial) shareholder if such person's Common Shares are held on such person's behalf by a bank, trust company, securities dealer or broker, or other intermediary (in each case, an "Intermediary").

In accordance with applicable securities law, the Corporation has distributed copies of materials related to the Meeting to Intermediaries so that they may distribute the materials to the non-registered shareholders on whose behalf the Intermediaries hold Common Shares. Non-registered shareholders who wish to vote Common Shares that are held through an Intermediary should follow the directions of their Intermediary carefully with respect to the procedure to be followed. **Non-registered shareholders who wish to vote in person at the Meeting must insert their own name in the space provided on the voting instruction form provided by the Intermediary, and submit their instruction form to the Intermediary in advance of the Meeting in accordance with the instructions supplied by such Intermediary. Every Intermediary has its own procedures and provides its own return instructions, which should be followed carefully.**

A non-registered shareholder giving a proxy may revoke the proxy by contacting his or her Intermediary in respect of such proxy and complying with any applicable requirements imposed by such Intermediary. An Intermediary may not be able to revoke a proxy if it receives insufficient notice of revocation.

VOTING OF PROXIES AND DISCRETION OF PROXYHOLDER

A proxyholder will vote or withhold from voting the Common Shares in respect of which they are appointed by proxy on any ballot that may be called for in accordance with the instructions of the shareholder as indicated in the proxy and, if that shareholder has specified a choice with respect to any matter to be acted upon, the shares will be voted accordingly, **In absence of such instructions, such Common Shares will be voted in favour of the matters set forth in the Notice of Annual and Special Meeting of Shareholders.**

The accompanying form of proxy confers discretionary authority upon the person voting the proxy with respect to amendments or variations to matters identified in the Notice of Annual and Special Meeting of Shareholders, and with respect to other matters that may properly come before the Meeting, or any adjournment thereof. Management of the Corporation is not aware of any such amendments, variations or other matters to come before the Meeting other than the matters referred to in the Notice of Annual and Special Meeting of Shareholders. **If such amendments or other matters should properly come before the Meeting or any adjournment thereof, the persons appointed in the accompanying form of proxy will vote on such matters in their discretion.**

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

None of the Corporation's directors, executive officers, or any associate or affiliates of any such persons has any direct or indirect material interest in any of the matters to be acted upon at the Meeting other than the election of directors.

VOTING SHARES AND PRINCIPAL HOLDERS THEREOF

The Corporation is authorized to issue an unlimited number of preferred shares, an unlimited number of Class A preferred shares, and an unlimited number of Common Shares, of which, as at October 21, 2008 – 69,719,370 Common Shares were issued and outstanding.

To the knowledge of the Directors and executive officers of the Corporation, no person beneficially owns or exercises control or direction over Common Shares carrying more than 10 per cent of the votes attached to Common Shares except as follows:

<u>Name and Address of Shareholder</u>	<u>Number of Shares</u>	<u>Percentage</u>
The Apotex Group³ Toronto, Ontario	42,875,787¹	61%
Gestion de portefeuille Natcan Inc. Montreal, Quebec	7,942,488²	11%

(1) As at October 21, 2008

(2) As July 31, 2008

(3) The Apotex Group includes: Apotex Inc., which holds 57,315 Common Shares; Apotex Holdings Inc., which holds 24,500,493 Common Shares; Sherman Foundation, which holds 17,395,822 Common Shares, Apotex Foundation, which holds 787,157 Common Shares; and Bernard Sherman, who holds 135,000 shares directly. The Apotex Group is controlled, directly or indirectly, by Bernard Sherman and the Bernard and Honey Sherman Family Trust, of which he is the Trustee. Dr. Sherman is also Chairman, Chief Executive Officer and a director of Apotex Inc., and is a director and President of Sherman Foundation and Apotex Foundation.

PARTICULARS OF MATTERS TO BE ACTED UPON AT THE MEETING

Change of Registered Office Location

Subsequent to the 2007 Annual and Special Meeting of Shareholders, the Corporation moved its registered office from the City of Mississauga to the City of Toronto. Following the closing of the Research and Development operations at the Mississauga location, it was necessary to relocate the remaining office staff to a more suitable location. The most appropriate space was located nearby but in the City of Toronto.

Accordingly, at the Meeting, the shareholders will be asked to consider and, if deemed advisable, to pass a special resolution, the full text of which is set out below, to change the municipality in which the registered office is located. The Board of Directors believes that the change in registered office is in the best interests of the Corporation and its shareholders, and therefore recommends that shareholders approve such change. To be approved, this proposed change must be passed by a special resolution of at least two thirds of the votes cast by shareholders present in person or by proxy at the Meeting. Unless instructed otherwise, the Common Shares represented by proxy will be voted in favour of this resolution. The text of the proposed special resolution is as follows:

“BE IT RESOLVED THAT:

1. The municipality in which the registered office of the Corporation is located be changed from the City of Mississauga to the City of Toronto;
2. Either one of the President and Chief Executive Officer, the Chief Financial Officer, or the Secretary of the Corporation be authorized to execute and deliver all such documents and instruments, and to take such other actions as may be necessary or desirable to give effect to this resolution.”

ELECTION OF DIRECTORS

The following nine persons will be nominated for election as directors of the Corporation at the Meeting; they are all currently members of the Board of Directors (the “Board”). The term of office of each of the current directors will expire at the close of the Meeting, or any adjournment thereof. Each director elected at the Meeting, or any adjournment thereof, will hold office until the close of the next annual meeting of shareholders, unless he or she resigns or otherwise vacates his or her office.

Unless instructed otherwise, the Common Shares represented by proxy will be voted for the nominees herein listed. Management does not contemplate that any of the nominees will, for any reason, become unable or unwilling to serve as a director. **However, if that should occur prior to the election, the persons designated in the enclosed form of proxy will vote in their discretion for any other person or persons as directors, unless the shareholder has directed otherwise in the proxy or has indicated that the proxyholder withhold from voting.**

There are three committees of the Board of Directors: the Audit Committee, the Governance and Nominating Committee, and the Human Resources and Compensation Committee. Directors who are members of those committees are so designated in the table that follows.

Name, Place of Residence, Principal Occupation, Major Positions with the Corporation and its Affiliates	Served as Director Since	Number of Common Shares Beneficially Owned, Directly or Indirectly, or Controlled or Directed ¹
<p>R. Craig Baxter² Ontario, Canada</p> <p>R. Craig Baxter is President of Apotex Holdings Inc. Prior to that he was President of Apotex International, Inc. and Executive Vice President of Apotex Inc. for more than five years. Mr. Baxter has been employed with Apotex since May 1985.</p>	November 1, 1995	81,050
<p>D. Bruce Burlington⁴ Pennsylvania, United States</p> <p>D. Bruce Burlington, M.D., is a consultant in pharmaceutical development and regulatory affairs. He recently retired from his previous position as Executive Vice President, Business Practices and Compliance at Wyeth Pharmaceuticals, a position he had held since 2005. Prior to that, from 2002 until 2005, he was Executive Vice President, Quality, Regulatory, Safety, Compliance and Audit at Wyeth.</p>	March 11, 2008	10,000
<p>Jeremy Desai⁴ Ontario, Canada</p> <p>Jeremy Desai was promoted in April, 2006 to Executive Vice President R&D of Apotex Inc., a Canadian pharmaceutical company and a member of the Apotex Group. Prior thereto, he had been Senior Vice President R&D of Apotex Inc. since joining the company in January 2003. Prior to that, he had been Vice President R&D at IVAX Pharmaceuticals U.K. since June 2001.</p>	December 6, 2006	2,000
<p>Philip Johnson² Pennsylvania, United States</p> <p>Philip Johnson, M.D., is Chief Scientific Officer and Executive Vice President at The Children's Hospital of Philadelphia, and Professor of Pediatrics at the University of Pennsylvania School of Medicine, positions he has held since 2005. From 2002 through the end of 2004, he was President of the Columbus Children's Research Institute at Children's Hospital, Inc. in Columbus, Ohio.</p>	March 11, 2008	nil
<p>Jack Kay Ontario, Canada</p> <p>Jack Kay is President and Chief Operating Officer of Apotex Inc., a Canadian pharmaceutical company and a member of the Apotex Group. Prior thereto, he was Executive Vice President of Apotex Inc. He joined Apotex in 1982. Mr. Kay serves on the board of Helix BioPharma Corp., a TSX and Frankfurt Stock Exchange-listed company.</p>	November 1, 1995	247,800

<p>John Langstaff Manitoba, Canada</p> <p>John Langstaff has been President and Chief Executive Officer of Cangene since November 1, 1995.</p>	<p>November 1, 1995</p>	<p>243,200⁵</p>
<p>J. Robert Lavery^{2,3} Manitoba, Canada</p> <p>J. Robert Lavery, a Chartered Accountant, is President of Shaunnara ULC, an investment management company he has owned since forming the company in 1977. In December 2003, he retired from his 26-year position as President and CEO of Wipak Ltd., a company he co-founded in 1977. He remains on the board of Wipak and all its subsidiary companies. Wipak Ltd. manufactures and distributes high-quality packaging materials and innovative packaging machines. The company's products are used primarily for the protection of perishable foods, beverages and pharmaceuticals, and in medical applications. Mr. Lavery is also on the board of ENSIS Growth Fund Inc. (OTC).</p>	<p>June 1, 2004</p>	<p>55,000</p>
<p>R. Scott Lillibridge³ Texas, United States</p> <p>R. Scott Lillibridge, M.D., is Assistant Dean, School of Rural Public Health at Texas A&M Health Science Center, a position he has held since 2007. Prior to that, from 2002 until 2007, he was Director, Center for Biosecurity and Public Health Preparedness at the University of Texas Health Science Center Houston.</p>	<p>March 11, 2008</p>	<p>nil</p>
<p>John Vivash^{3,4} Ontario, Canada</p> <p>John Vivash is President and Chief Executive Officer of Tesseract Financial Inc., positions he has held since founding the financial services company in 1989. Prior to that, he held various senior positions during his lengthy career in the investment community.</p>	<p>June 8, 2005</p>	<p>20,000</p>

- (1) The Corporation has relied upon information provided by the named persons as to their respective shareholdings in the Corporation; share holdings are as at October 21, 2008
- (2) Member of Audit Committee
- (3) Member of Governance and Nominating Committee
- (4) Member of Human Resources and Compensation Committee
- (5) Includes shares held in an automatic employee share purchase plan; the balance held in this plan was 5,536 at June 27, 2008, the most recent statement date

Corporate Bankruptcies

J. Robert Lavery is a director and chairman of 2980304 Canada Inc. (formerly Jazz Golf Equipment Inc.). In October 2006, the company made a proposal under the *Bankruptcy and Insolvency Act* (Canada), which involved the sale of all the company's assets to a newly formed company that was wholly owned by its main shareholder, ENSIS Growth Fund Inc. The proposal received court approval and was subsequently approved by the creditors of the company.

STATEMENT OF EXECUTIVE COMPENSATION

Summary Compensation Table

The following table sets forth, for each of the three most recently completed financial years ended July 31st, the total compensation paid in respect of individuals who were, as at July 31, 2008, the Chief Executive Officer, Chief Financial Officer and the other four most highly compensated executive officers (the “Named Executive Officers” or “NEOs”).

Name and Principal Position	Year	Annual Compensation			Long-term Compensation			All Other Compensation (\$)
		Salary (\$)	Bonus ³ (\$)	Other Annual Compensation ⁴ (\$)	Awards		Payouts	
					Securities Under Options Granted (#)	Shares or Units Subject to Resale Restrictions (\$)	LTIP Payouts (\$)	
John Langstaff, President and Chief Executive Officer	2008	358,846	109,545	10,765	nil	nil	nil	1,475 ⁵
	2007	312,987	98,494	9,390	nil	nil	nil	1,187 ⁵
	2006	262,650	25,760	7,880	nil	nil	nil	1,051 ⁵
Michael Graham Chief Financial Officer	2008	224,231	47,097	6,727	nil	nil	nil	2,314 ⁵
	2007	203,883	46,680	6,117	nil	nil	nil	1,144 ⁵
	2006	175,818	18,063	5,275	nil	nil	nil	352 ⁵
John McMillan, Vice President – Commercial Development ¹	2008	224,693	48,278	6,741	nil	nil	nil	500 ⁶
	2007	208,995	45,102	6,270	nil	nil	nil	nil
	2006	183,717	21,877	5,511	nil	nil	nil	nil
William Bees, Senior Vice President – Operations	2008	272,500	53,924	8,175	nil	nil	nil	nil
	2007	233,437	47,680	7,003	nil	nil	nil	nil
	2006	194,215	23,127	5,826	nil	nil	nil	nil
Grant McClarty ² , Vice President – Research and Development ²	2008	222,692	25,588	6,981	nil	nil	nil	nil
	2007	110,769	nil	692	nil	nil	nil	nil
Andrew Storey, Vice President – Quality Assurance/ Clinical & Regulatory Affairs	2008	233,077	48,278	6,992	nil	nil	nil	nil
	2007	208,995	45,102	6,270	nil	nil	nil	nil
	2006	183,717	21,877	5,511	nil	nil	nil	nil

- (1) John McMillan resigned his position as Vice President Commercial Development effective June 30, 2008 and had not been replaced by the fiscal year end.
- (2) Dr. Grant McClarty joined the Corporation as Vice President Research and Development effective January 24, 2007, replacing Dr. Wendy Johnson who is on a long-term medical leave of absence.
- (3) The Corporation has a short-term incentive plan (“STIP”) in place for its management. Under the STIP, performance-based compensation is paid as a cash bonus when annual performance measures are evaluated.
- (4) Contributions of the Corporation to an employee group pension plan.
- (5) Contributions of the Corporation to an employee share purchase plan.
- (6) Employee referral bonus

Stock Option Plan

Purpose of the Plan

The stock option plan (the “Stock Option Plan”) was designed to encourage the interest of officers, directors and employees of the Corporation and its subsidiaries in the growth and development of the Corporation by providing them with the opportunity, through share options, to acquire an increased proprietary interest in the Corporation. In October 2005, the Board approved the implementation of a new phantom-stock incentive plan (“PSIP”) to replace this Stock Option Plan as the primary long-term incentive plan; however, the Stock Option Plan remains in effect while previously issued options remain outstanding.

Administration

The Stock Option Plan shall be administered by the Board, or if appointed, by a special committee of directors appointed by the Board pursuant to the rules of procedure fixed by the Board.

Granting of Options

The Board, or its committee, may from time-to-time grant options to purchase Common Shares to directors, officers, or employees of the Corporation or its subsidiaries. The number of options to be granted to any one optionee shall not exceed 5% of the total outstanding Common Shares.

No options have been granted during the last two years.

Shares subject to the Plan

In 1997, shareholders voted to increase the number of shares issuable under the Stock Option Plan to 4,000,000. These available shares were nominally apportioned as to 2,800,000 to the employees’ portion, and 1,200,000 to the directors’ portion of the Stock Option Plan. At the end of fiscal 1999, the Board of Directors agreed to remove the category designation so that a greater number of options could be made available to employees for granting in fiscal 2000. Since the options were in a single plan and the category designation was an internal differentiation, this change did not require the approval of shareholders.

In 1999, shareholders approved a further increase in the number of shares issuable under the Stock Option Plan to 8,000,000.

Vesting and expiry

Options are exercisable as to 25% of the shares represented by such options in the fiscal year of the grant and are exercisable as to an additional 25% in each of the three following fiscal years. Options issued to non-employee directors expire five years from the date of grant, and options issued to employees expire eight years from the date of grant.

Pricing

The Board or its Committee fixed the option price on shares subject to the Stock Option Plan when such options were granted. The price was not less than the arithmetic average of the daily high and low board-lot trading prices on the TSX for the five days immediately prior to the date of the grant.

No options were granted to directors or named executive officers during the fiscal year ended July 31, 2008, and no outstanding options were re-priced.

The following table sets out option exercises during the year ended July 31, 2008, as well as the number of exercisable/unexercisable options held as at July 31, 2008 by the Named Executive Officers.

Aggregated Option Exercises during the most recently completed financial year and Financial Year-End Option Values

Named Executive Officers	Common Shares Acquired on Exercise (#)	Aggregate Value Realized (\$)	Number of Unexercised Options at July 31, 2008		Value of Unexercised In-the-Money Options at July 31, 2008 ¹	
			Exercisable (#)	Unexercisable (#)	Exercisable (\$)	Unexercisable (\$)
John Langstaff, President and CEO	38,000	98,800	175,000	nil	nil	nil
Michael Graham, Chief Financial Officer	nil	nil	nil	nil	nil	nil
John McMillan, Vice President – Commercial Development ²	nil	nil	101,000	nil	nil	nil
William Bees, Senior Vice President – Operations	nil	nil	108,000	nil	nil	nil
Grant McClarty, Vice President – Research and Development	nil	nil	nil	nil	nil	nil
Andrew Storey, Vice President – Quality Assurance/ Clinical & Regulatory Affairs	nil	nil	88,200	nil	nil	nil

(1) Closing price on July 31, 2008 was \$4.70 on the Toronto Stock Exchange

(2) John McMillan resigned his position as Vice President, Commercial Development, effective June 30, 2008

Employee Share Purchase Plan

An employee share purchase plan (the “ESPP”) was instituted in January 2001. The purpose of the ESPP is to make ownership of Common Shares accessible to all employees. Generally, it is open to all full-time, permanent and contract employees who have been employed by the Corporation longer than one year. Participation in the plan is entirely voluntary. Employees may elect to contribute up to 5% of their gross salary or a maximum of \$10,000 per year, whichever is lower. The Corporation contributes an additional amount equivalent to 20% of the employee’s contribution, and pays all fees and commissions on the purchase of shares in the plan. The plan administrator will purchase Common Shares through the facilities of the Toronto Stock Exchange or other stock exchange on which the shares may be listed. Employees will be responsible for any fees and arrangements related to the sale of such shares.

Phantom-Stock Incentive Plan (“PSIP”)

Purpose

The PSIP was adopted by the Board on October 12, 2005 and is designed to provide a long-term incentive to align the interests of directors, officers and certain management employees with the long-term success and strategic direction of the Corporation. As a secondary objective, the Corporation sought to implement a plan that had the potential to reduce the dilution to external shareholders and allow for tax deductibility of the related compensation expense.

Administration

Participation in the PSIP is voluntary and shall be administered by the Board, or if appointed, by a special committee of directors appointed by the Board pursuant to the rules of procedure fixed by the Board. Participation is limited to directors, officers and certain management employees, requires participation in the Stock Ownership Plan, and is subject to Board approval.

Granting of Phantom-Stock Units

The PSIP is intended to replace the existing Stock Option Plan and was implemented retroactively, effective August 1, 2004. The Board approved an initial grant of 1,025,311 units (including 126,000 units that were granted to directors), retroactive to August 1, 2004. Subsequent grants to employees under the PSIP may be made annually, based upon certain corporate financial performance criteria, and entirely at the discretion of the Board. Based on the financial performance criteria for fiscal 2005, no additional award of phantom-stock units was made to employees on August 1, 2005. Non-employee Board members receive a fixed number of phantom-stock units annually, regardless of the Corporation’s financial performance, but subject to Board approval. Accordingly, 122,500 phantom-stock units with a grant price of \$6.99 were granted to non-employee board members effective August 1, 2005. The Board has approved grants to employees and directors participating in the plan of 673,462 phantom-stock units (including 122,500 granted to directors) with a grant price of \$8.42, effective August 1, 2006 and 877,687 phantom-stock units (including 140,000 granted to directors) with a grant price of \$7.09, effective August 1, 2007. Subsequent to the end of the 2008 fiscal year, the Board approved a grant to employees and directors of 2,439,323 phantom stock units (including 175,000 granted to directors) with a grant price of \$4.51, effective August 1, 2008.

The following table summarizes information about phantom-stock units outstanding as at July 31, 2008:

Grant price	Fiscal year of grant	Number of units outstanding	Weighted-average remaining contractual life	<i>in thousands of Canadian dollars</i>	
				Liability at July 31, 2008	Liability at July 31, 2007
\$ 6.99	2006	87,500	0.3 years	\$ —	\$ 226
8.42	2007	568,542	1.3	—	—
7.09	2008	770,488	2.3	—	—
\$ 6.99–8.42		1,426,530	1.8 years	\$ —	\$ 226

Pricing

Phantom-stock units will be granted at a base price that is a percentage of the weighted-average market price of the Common Shares on the Toronto Stock Exchange for the 90-day period immediately preceding the date of grant, subject to Board approval. The Board, at its discretion, has the authority under the terms of the PSIP, to discount the base price to improve the initial incentive value of any year's grant. Phantom-stock units will be valued on the maturity date (the "Maturity Price") based on the weighted-average market price of the Common Shares on the Toronto Stock Exchange for the 90-day period immediately preceding the maturity date.

Maturity and Awards

Phantom-stock units will mature on a date that is three years and ninety days after the date of grant. Holders of units in the PSIP will receive cash awards on the maturity date equal to any increase in value of the phantom-stock units, calculated as the number of units multiplied by the difference between the Maturity Price and the base price. If the Maturity Price of the phantom units is less than the base price, the units will mature with no cash award payable to any holder.

Vesting and Early Award

The PSIP provides for vesting of the phantom-stock units at a rate of 25% annually, with the first 25% of units becoming vested immediately on the date of grant, and an additional 25% vesting on each anniversary of the date of grant for the following three years. Early cash awards would be triggered in the event of and determined at the date of retirement, death or termination without cause, and calculated based on the number of vested units multiplied by the difference between market price on the applicable date and the base price. Market price for any such date is defined as the weighted-average market price on the TSX for the 90-day period immediately preceding the applicable date of retirement, death or termination without cause.

Stock Ownership Plan

On October 12, 2005 the Board also adopted a stock ownership plan (the "Stock Ownership Plan"), retroactive to August 1, 2004. This plan requires that directors, officers and certain management employees who elect to participate in the PSIP acquire and hold a minimum, pre-determined dollar value of Common Shares, based on original purchase price, by a target date that is six years from the effective date

of the plan (or six years from the date a new participant is enrolled in the plan). Participants in the plan will be credited for any shares acquired and owned on the effective date, as well as credited for shares issued upon the exercise of stock options after the effective date. Other than for shares issued upon the exercise of stock options, participants will acquire the shares necessary to comply with the minimum requirement through share purchases made in the public market. Employees will be able to utilize the Corporation's existing ESPP, within the limits defined in that plan, to acquire part or all of the Common Shares necessary to meet the requirements of the Stock Ownership Plan. The Board, either directly or through a Board committee, will monitor compliance with the plan requirements.

Securities Authorized for Issuance under Equity Compensation Plans

Equity Compensation Plan Information for the most recently completed financial year

Plan Category	Number of securities to be issued upon exercise of outstanding options	Weighted-average exercise price of outstanding options	Number of securities remaining available for future issuance under equity compensation plans
Equity compensation plans approved by securityholders ¹	1,296,100	\$8.46	1,770,250

(1) The Corporation has no equity compensation plans not approved by securityholders

Employment Agreements

The Corporation has not entered into employment agreements with any of the Named Executive Officers.

Composition of Human Resources and Compensation Committee

The Human Resources and Compensation Committee is composed of D. Bruce Burlington, Jeremy Desai, Brenda Drinkwalter and John Vivash. All but Jeremy Desai are independent directors.

Report on Executive Compensation: presented by the Human Resources and Compensation Committee (“HRCC”): D. Bruce Burlington, Jeremy Desai, Brenda Drinkwalter and John Vivash.

The Corporation wishes to attract and retain highly qualified executives, motivate performance and align the interests of its management team with that of its shareholders. Compensation for management, including the Named Executive Officers (“NEOs”), currently comprises a base salary, and bonus under a STIP, plus participation in a long-term incentive plan composed of the PSIP and Stock Ownership Plan, which are subject to personal and corporate performance measures. The level of compensation is determined by the individual’s seniority, position and contribution, and by the financial performance of the Corporation relative to annual corporate goals, which were set at the beginning of the fiscal year by management in conjunction with the Board.

The HRCC reviews individual and corporate performance annually, and recommends compensation for the President and Chief Executive Officer (“CEO”). The HRCC also reviews and approves the compensation recommendations made by the President and CEO regarding the NEOs. The Board reviews and approves the compensation recommendations of the HRCC for the President and CEO, and the other NEOs.

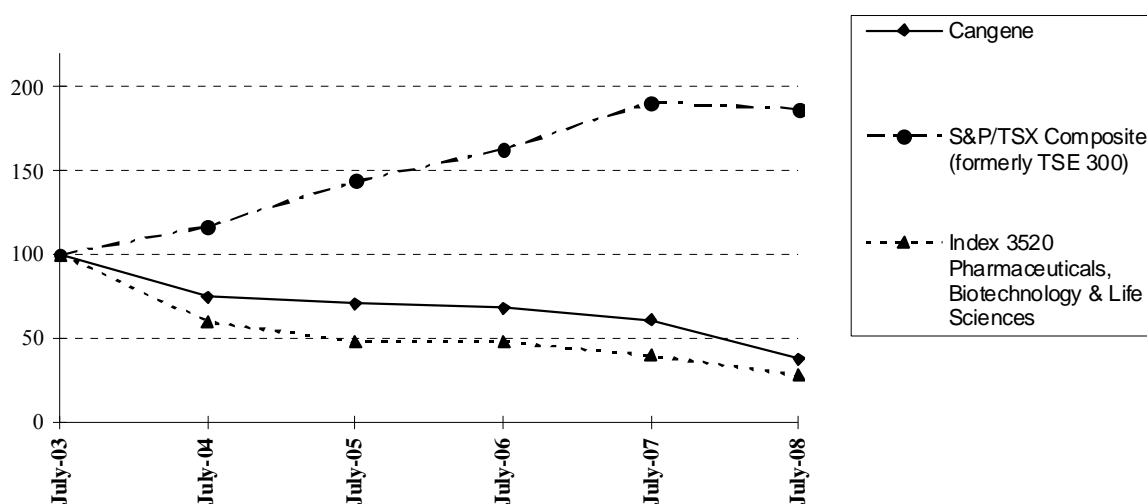
In order to reward both superior individual and corporate performance, executive compensation is largely supplemented by performance bonuses. Executive bonus awards are typically based 50% on achievement of pre-established individual goals and 50% on achievement of the Corporation’s financial goals.

During 2007, the HRCC engaged an independent compensation consultant, Aon Corporation, to complete a comprehensive analysis of executive compensation in order to provide the Board with updated recommendations. Changes to base salaries for executives resulting from these recommendations were implemented in 2008. Certain other changes for short and long-term incentive pay resulting from these recommendations, including adopting a new Balanced Scorecard performance measurement approach, are being reviewed and are expected to be implemented in 2009. In 2008, the HRCC engaged a second consulting firm, Hugessen Consulting Inc. (“HCI”), to review the draft Balanced Scorecard developed by management, and to update recommendations regarding short-term and long-term incentive pay for the executive officers of Cangene. Subsequent to July 31, 2008, HCI presented their recommendations to the HRCC, and it is anticipated that certain changes based on these recommendations will be implemented during the 2009 fiscal year.

The Corporation’s executive officers are entitled to participate in the ESPP and receive other benefits on the same basis as other employees of the Corporation. The executive officers and certain other levels of employees may also elect to participate in the Stock Ownership Plan which establishes minimum shareholding requirements for the participants and is considered to further align the interests of these officers and employees with long-term shareholder value. Those executive officers and other employees who elect to participate in the Stock Ownership Plan may, therefore, elect to participate in the PSIP, which the Corporation believes aligns compensation with long-term stock price performance and shareholder value. The Board approved all stock option grants in the past and now approves the grants of phantom-stock units. Future grants of units to employees under the PSIP are based directly upon the Corporation meeting certain financial performance objectives.

Stock Performance Graph

Cumulative Value of \$100 Invested



Compensation of Directors

Each member of the Board receives a \$25,000 annual retainer. In addition, committee members receive \$5,000 annually per committee. The Chair of the Audit Committee receives an additional \$5,000 annual retainer and the Chairs of the Governance and Nominating Committee, and the Human Resources and Compensation Committee each receive an additional \$2,500 annual retainer. In the second quarter of 2008, the Board adopted a recommendation by the HRCC to implement a meeting fee of \$1,250 for each Board or Committee meeting attended by a director and an increased retainer for the Board Chair of \$60,000 annually. All of the Board compensation is paid quarterly. Non-employee directors also receive a fixed number of phantom-stock units annually. The following chart shows the compensation paid to each Director for services as a Director of the Corporation in respect of the most recently completed financial year. Compensation is paid and reported in the following chart in the currency of the country of residence of the director.

Director	Board Retainer (\$)	Committee Retainer (\$)	Chair Retainer (\$)	Meeting Fees (\$)	Total Compensation (\$)	Phantom Stock Units
R. Craig Baxter	25,000	5,000	Nil	10,000	40,000	17,500
D. Bruce Burlington	6,250	1,250	Nil	11,250	18,750	Nil
Jeremy Desai	25,000	5,000	Nil	15,000	45,000	17,500
Brenda Drinkwalter	25,000	10,000	625	27,500	63,125	17,500
Philip Johnson	6,250	1,250	Nil	5,000	12,500	Nil
Jack Kay	51,250	Nil	Nil	7,500	58,750	17,500
John Langstaff	Nil	Nil	Nil	Nil	Nil	Nil
J. Robert Lavery	25,000	7,500	5,000	13,750	51,250	17,500
R. Scott Lillibridge	6,250	1,250	Nil	6,250	13,750	Nil
Michael Spino	25,000	5,000	Nil	16,250	46,250	17,500
Jerry Treppel ¹	12,500	3,750	1,250	5,000	22,500	17,500
John Vivash	25,000	6,250	2,500	25,000	58,750	17,500

1. Jerry Treppel resigned effective March 1, 2008

In fiscal 2007, the HRCC engaged an independent compensation consultant, Aon Corporation, to complete a comprehensive analysis of director compensation in order to provide the Board with updated recommendations. In the second quarter of 2008 certain changes were implemented based on these recommendations, including the introduction of meeting fees and additional compensation for the Chair. In 2008, the HRCC engaged a second independent compensation consultant, HCI, to review and update the AON recommendations as well as specifically address the form of equity compensation paid to the Board. It is anticipated that certain changes based on HCI recommendations will be adopted during 2009.

Directors' and Officers' Insurance

The Corporation has purchased directors' and officers' liability insurance with a policy limit of \$25,000,000 per occurrence, subject to a deductible of \$100,000 per occurrence. Under this insurance coverage, the Corporation would be reimbursed for payments made under corporate indemnity provisions on behalf of its directors, officers and certain other employees, and individual directors, officers and others would be reimbursed for losses arising during the performance of their duties for which they are not indemnified by the Corporation. Protection is provided to directors, officers and certain other employees for acts, errors or omissions done or committed during the course of their duties. Excluded from coverage under the policy are illegal acts and those acts that result in personal profit. The annual premium paid by the Corporation in respect of the directors, officers and certain other employees as a group is \$111,915.

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

As at October 21, 2008, there was no indebtedness owing to the Corporation by any of its past or present directors, executive officers or employees.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

As disclosed in other documents that are available on the SEDAR website (www.sedar.com), including the Corporation's 2008 annual report, the Corporation has a number of material agreements with certain Apotex Group companies. Three of the director nominees herein listed are employed by the Apotex Group. Other than these previously disclosed matters, and matters set forth above under the headings "Statement of Executive Compensation" and "Compensation of Directors", no informed person or proposed director, or an associate or affiliate of an informed person or proposed director, had any material interest, direct or indirect, in any material transaction entered into by the Corporation during the fiscal year ended July 31, 2008.

APPOINTMENT OF AUDITORS

Ernst & Young LLP have been the auditors of the Corporation for more than five years. It is proposed that Ernst & Young LLP be reappointed at the Meeting, or at any adjournment thereof, as auditors of the Corporation to hold office until the close of the next annual meeting of shareholders, at a remuneration to be fixed by the Board of Directors. The reappointment of Ernst & Young LLP as auditors must be approved by a majority of the votes cast at the Meeting.

MANAGEMENT CONTRACTS

No management functions of the Corporation or its subsidiaries were performed other than by directors or executive officers of the Corporation or its subsidiaries.

CORPORATE GOVERNANCE

The Board of Directors believes in the importance of good corporate governance and the central role played by directors in the governance process. The Corporation believes that sound corporate governance practices are essential to the well being of the Corporation and its shareholders. The Canadian Securities Administrators (the “CSA”) adopted *National Policy 58-201 – Corporate Governance Guidelines* (the “Guidelines”) which sets forth a number of suggested guidelines on corporate governance practices. The Board believes that the Corporation’s corporate governance practices satisfy the current recommendations contained within the CSA Guidelines. The Corporation’s disclosure pursuant to *National Instrument 58-101 – Disclosure of Corporate Governance Practices* is set out below.

Board of Directors

The Board of Directors is composed of 11 directors, a majority of which directors are independent. The following directors are independent within the meaning of the CSA Guidelines, namely, D. Bruce Burlington, Brenda Drinkwalter, Philip Johnson, J. Robert Lavery, R. Scott Lillibridge and John Vivash.

The following directors are considered not to be independent within the meaning of the CSA Guidelines, namely, R. Craig Baxter, Jeremy Desai, Jack Kay, John Langstaff and Michael Spino. With the exception of John Langstaff, who is the President and CEO of the Corporation, all of these directors are executive officers of certain Apotex Group companies and on that basis alone are considered by the CSA Guidelines to be non-independent.

The Corporation believes that this board composition is able to fairly represent the interests of all the shareholders. The Board relies significantly on input from independent directors to facilitate its exercise of independent judgment in carrying out its responsibilities. The Board also relies on input from Board Committees, which are composed of a majority of independent directors. In any matters where a conflict of interest is declared by one or more directors, and the Board determines that such directors could or could appear to influence the outcome of such matters to the detriment of the Corporation or its shareholders, such directors will not be eligible to vote on such matters, and such matters will be approved by a majority of the remaining directors.

Brenda Drinkwalter and Michael Spino will not be standing for re-election at the Meeting.

Director Affiliations

A number of current Directors of the Corporation are also directors of other companies that are reporting issuers. The information as to the other reporting issuers on whose boards Directors of the Corporation serve is disclosed with the Directors' biographical information earlier in this Circular.

Meetings of Independent Directors

The six independent directors held one meeting in 2008 without the presence of the non-independent directors or management.

Chair of the Board

The Chair of the Board, Jack Kay, is not an independent director within the meaning of the CSA Guidelines by reason of being the President and Chief Operating Officer of Apotex Inc. However, he is not a member of management, and in the Board's view, has no other relationships that could reasonably interfere with the exercise of his independent judgment or with his leading the Board to exercise independent judgment on matters that come before it. The Governance and Nominating Committee, which is composed of a majority of independent directors, also provides leadership and direction.

Director Attendance

The attendance record of each Director at all Board and Board Committee meetings held either since the beginning of Cangene's most recently completed financial year or during the period when that person was a member of Cangene's Board and Board Committee, as applicable, is as follows:

Director	Board Meetings Attended	Committee Meetings Attended ¹
R. Craig Baxter ³	7/8	5/6
D. Bruce Burlington ⁵	4/4 ²	5/5
Jeremy Desai ⁵	8/8	7/8
Brenda Drinkwalter ^{3,5}	8/8	17/17
Philip Johnson ³	3/4 ²	2/3
Jack Kay	8/8	n/a
John Langstaff	8/8	n/a
J. Robert Lavery ^{3,4}	8/8	8/8
R. Scott Lillibridge ⁴	4/4 ²	1/1
Michael Spino ⁴	7/8	7/8
John Vivash ^{4,5}	8/8	14/14

1 The composition of certain committees changed during the year

2 Drs. Burlington, Johnson and Lillibridge were all appointed to the Board of Directors on March 11, 2008

3 Member of Audit Committee

4 Member of Governance and Nominating Committee

5 Member of Human Resources and Compensation Committee

Board Mandate

The Board has adopted a mandate for itself and for each of its three Committees. The Board Mandate is attached as Schedule “A” hereto.

Position Descriptions

The Board has directly discussed the roles and responsibilities of the Chair of the Board and the Chairs of each Board Committee, and is satisfied that the individuals understand the respective roles for each such position. The Governance and Nominating Committee has developed written position descriptions for the Chair of the Board and the Chairs of each Board Committee.

A position description has been developed for the CEO that clearly delineates his responsibilities. It requires that corporate objectives and goals be established, and that the Chief Executive Officer be responsible for achieving them. The Board approves the corporate goals and objectives in conjunction with the strategic plan, and monitors the CEO’s performance in achieving these goals.

Orientation and Continuing Education

The Governance and Nominating Committee selects nominees for the Board who are experienced in business management and corporate governance and, in most instances, who have special expertise in an area of strategic interest to the Corporation. In order to orient new directors as to the nature and operation of the Corporation’s business, they are given the opportunity to visit the Corporation’s facilities and meet with members of the Corporation’s executive team. They are also provided with detailed background materials including historical public information; strategic plans; financial and operating plans, and budgets; current policies of the Corporation; and information about ongoing developments in the industry areas within which the Corporation operates. Existing Directors are periodically updated in respect of these matters.

During fiscal 2007, upon the recommendation of the Governance and Nominating Committee, the Board approved the establishment of a formal continuing education program available to Board members. This voluntary program allows any member of the Board to enrol in a formal program for director education at the expense of the Corporation. All Board members have joined the Institute of Corporate Directors, and three have enrolled in its formal director education program (two have completed the program and the third will have completed it by the end of the calendar year). All directors receive regular newsletters and current information regarding the evolving state of corporate governance practices in Canada. The Corporation’s director orientation and education program is designed to assist Directors in fully understanding the nature and operation of the Corporation’s business, the role of the Board and its Committees, and the contributions that individual Directors are expected to make.

Ethical Business Conduct

In 2005, the Corporation adopted a formal corporate Standards of Business Ethics in light of its continued commitment to honesty and integrity in the conduct of its business. The Standards of Business Ethics applies to all Directors, officers and employees of the Corporation. A copy of the Standards of Business Ethics is available on the Corporation’s website at www.cangene.com and on the SEDAR website at www.sedar.com.

The Board, through management, has implemented a process to familiarize current employees with the Standards of Business Ethics and ensure that new employees receive the same guidance at initial orientation. All new employees are required to certify that they have read and understood the Standards of Business Ethics, and that they agree to comply with it. Commencing in October 2008, the Corporation is implementing online training on the Standards of Business Ethics. Training is applicable to all employees and management of the Corporation and will be conducted on an annual basis.

The Board monitors compliance with the Standards of Business Ethics by monitoring a third-party, confidential reporting system employed by the Corporation, which allows employees to report suspected or alleged violations of the Standards of Business Ethics. The Chair of the Audit Committee has access to all reports filed on the system. The Board also receives quarterly reports from executive management regarding any allegations of unethical conduct. Executive officers and senior management are expected to declare any conflicts of interest or any other situation that could represent a potential violation of the Standards of Business Ethics. Any waiver of the requirements to comply with the Standards of Business Ethics granted to an executive officer of the Corporation requires Board approval.

In order to ensure that Directors exercise independent judgment in considering transactions and agreements in respect of which a Director has a material interest, the Director or executive officer having a conflict of interest must declare his or her interest and excuse himself or herself from the meeting during the consideration of and voting on that particular matter. If a conflict of interest arises on a non-material matter, the Director must declare his or her interest and abstain from discussion and voting. Independent Board members are given a specific forum to identify and discuss potential conflicts of interest in material transactions or agreements involving a director or an officer. Any waiver of the requirements to comply with the Standards of Business Ethics granted to a director of the Corporation must be approved by the Board.

Nomination of Directors

The Board of Directors established a Governance and Nominating Committee which is responsible for assisting the Board in developing and recommending the Corporation's corporate governance practices, evaluating Board performance, nominating new directors based on the Board's overall skill-set and competencies, reviewing the Board size and composition, monitoring attendance by directors at meetings and compliance with Board-mandated shareholding requirements, and developing and recommending standards for the Board to apply with respect to conflicts of interest. The Committee also has oversight responsibility with respect to the Standards of Business Ethics and the Disclosure Policy.

During 2008, the Governance and Nominating Committee instituted a process for identifying new candidates for board nomination. This process included review and selection of an independent consultant to assist in identifying potential candidates, assessing the candidates against pre-established criteria developed by the Committee, conducting interviews with the consultant and the Committee, developing recommendations and justification for candidates selected, and final review and approval by the Committee and the Board.

The Governance and Nominating Committee is composed of a majority of independent directors. John Vivash, the Chair of this Committee, as well as J. Robert Lavery and R. Scott Lillibridge are independent directors. Michael Spino is not an independent director due to his relationship with the Apotex Group but is

not a member of management. John Vivash, in his role as the Chair of this Committee, has the authority to convene a separate meeting of the independent directors to review and discuss proposals dealing with governance issues before making recommendations about such issues to the Board. In order to ensure an objective nomination process, the Board as a whole must unanimously approve the addition of a new director.

Human Resources and Compensation Committee

The Board has established the Human Resources and Compensation Committee which is responsible for overseeing overall corporate policy with respect to compensation, employment agreements and benefits, management's succession plans for executive officers (including the President and Chief Executive Officer), corporate objectives and performance of executive officers with respect to those objectives, as well as compliance with applicable employment and labour legislation. Brenda Drinkwaller was Chair of this Committee in 2008 and is an independent director. The other three members are Jeremy Desai, D. Bruce Burlington and John Vivash. D. Bruce Burlington and John Vivash are also independent directors.

Assessments of Directors

Board effectiveness is assessed by the Board as a whole with the assistance of the Governance and Nominating Committee, and involves consideration of the operation of the Board committees, the adequacy of information given to directors, the quality of communication between the Board and management, and the strategic direction and processes used. The performance of the Board is linked to the Corporation's success in implementing the strategic plan.

During 2008, the Governance and Nominating Committee adopted the formal assessment process developed in 2007 and conducted an assessment of the effectiveness of individual Board members, Board committees and the Board in its entirety. The results of this assessment process are still being reviewed by the Committee Chair.

ADDITIONAL INFORMATION

Additional information relating to the Corporation is available on the SEDAR website at www.sedar.com or on the Corporation's website at www.cangene.com. Securityholders may request copies of the Corporation's financial statements and management's discussion and analysis by contacting the Investor Relations Department at ir@cangene.com. Financial information is provided in the Corporation's comparative financial statements and management's discussion and analysis for its most recently completed financial year. The Corporation reserves the right to charge a reasonable fee if the request is made by a person who is not a shareholder of the Corporation.

The information relating to the Corporation's Audit Committee required by Section 5.1 of Multilateral Instrument 52-110 may be found under the heading "Audit Committee Information" in the Corporation's 2008 Annual Information Form, which is available on the SEDAR website at www.sedar.com.

SHAREHOLDER PROPOSALS

A proposal for any matter that a person entitled to vote proposes to raise at next year's annual meeting of shareholders must be received by the Corporation at its registered office, directed to the attention of the Secretary, on or before October 13, 2009.

APPROVAL OF MANAGEMENT INFORMATION CIRCULAR

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

DATED: October 21, 2008

(signed)

John Langstaff

President and Chief Executive Officer

Schedule “A”

BOARD MANDATE

The Board of Directors (the “Board”) of Cangene Corporation (the “Company” or the “Corporation”) participates in and assumes responsibility for the stewardship of the Corporation by directing management and overseeing the operation of the business. Within this responsibility, the Board specifically assumes responsibility for ensuring integrity within management and throughout the organization, adopting a strategic planning process, identifying and managing risks to the business, succession planning, adopting a disclosure policy, ensuring appropriate internal controls are in place, and developing and implementing the Corporation’s corporate governance practices. The Board directly assesses corporate performance and creation of shareholder value, including assessing feedback from shareholders. The Board must act in the best interests of the Corporation and is ultimately accountable to the shareholders.

TERMS OF REFERENCE

The business environment is constantly changing and the process of good corporate governance evolving, accordingly the responsibilities and procedures noted here are intended as a guideline only and the Board may make changes from time to time.

Authority

The Board has unrestricted access to all the Company’s personnel, its documents and the external auditors as necessary to carry out its responsibilities.

The Board has the authority to retain and set the pay for special legal advisors, or accounting or other consultants to attend its meetings and/or take part in its considerations as it deems necessary.

Responsibilities

The Board carries out its responsibilities with the assistance of selected committees; these committees report on their activities and make recommendations to the Board on a regular basis.

1 Strategic Planning

The Board shall:

- adopt and maintain a strategic planning process
- review and approve the Corporation’s strategic and operating plans on an annual basis with consideration of the risks and opportunities of the business
- identify the principal risks of the business and ensure management has implemented appropriate systems to manage these risks

2 Monitoring and Succession Planning for Senior Management

The Board shall:

- develop, in conjunction with the CEO, a clear position description for the CEO
- plan for succession in senior management, particularly the CEO, which shall include reviewing and approving appointment and compensation for senior management positions
- develop or approve corporate goals and objectives for the CEO and monitor achievement of these goals and objectives
- monitor senior management's performance and ensure appropriate training as necessary

3 Ethics and Integrity

The Board shall:

- implement measures to satisfy itself of the integrity of the Company's executive officers by developing and maintaining a Standards of Business Ethics policy (the "Code") and monitoring compliance of executive officers and all employees with the policy. The policy should specifically address conflicts of interest, protection and use of corporate assets, maintaining confidentiality of corporation information, fair dealing with all stakeholders, compliance with applicable laws, rules and regulations, and reporting of illegal or unethical behaviour.
- ensure that the CEO and other executive officers of the Corporation create a culture of integrity throughout the organization
- ensure procedures exist for confidential, anonymous submission of complaints ("whistleblower procedures") regarding financial or accounting matters, or any violations of the Code

The Board may grant a waiver from the Code for directors of executive officers if deemed necessary; however, a material departure from the Code may constitute a material change that must be disclosed. The Board shall ensure that such a material change is disclosed including the date of its occurrence, the parties involved, the reason why the Board has waived the compliance requirement and any measure taken to remedy the departure from the Code.

4 Disclosure and Communications

The Board shall:

- adopt and maintain a communication and disclosure policy
- review and approve annual continuous disclosure documents and filings
- assess adequacy and effectiveness of the Company's systems of internal control and management information systems
- ensure measures exist to obtain direct feedback from external stakeholders

5 Corporate Governance

The Board shall:

- ensure compliance with corporate governance legislation and apply relevant governance guidelines as appropriate
- periodically review Board composition relative to good governance practices
- establish a practice of holding meetings at which only independent directors attend
- consider the size of the Board with regard to effective decision-making

6 Nomination, Orientation and Continuing Education

In considering new director nominees, the Board shall:

- review recommendations by the Governance and Nominating Committee regarding the skills and competencies required by the Board as a whole and the competencies already existing within the Directors
- determine whether nominees are able to devote sufficient time to the duties as Board member
- ensure the nominees understand and agree to abide by their responsibilities as directors, including attending meetings and reviewing meeting materials in advance

While the Company provides orientation for new directors by inviting them to visit the Company's facilities and making available detailed background materials including historical public information; strategic plans; financial and operating plans, and budgets; current policies of the Company; and information about ongoing developments in the industry within which the Company operates, the Board has also adopted a formal continuing education program. This program is available to all Board members; however, participation is voluntary. The program allows any member of the Board to enrol in a formal program for director education at the expense of the Company. In addition, all Board members are enrolled in the Institute of Corporate Directors. All Board members receive regular newsletters and current information regarding the evolving state of corporate governance practices in Canada.

7 Other Responsibilities

The Board shall:

- review and approve significant transactions or decisions that have not been delegated to management.
- develop and maintain position descriptions for the Board Chair and the Chair of each committee

Each member shall make his or her best efforts to attend meetings and shall review meeting materials in advance.

Membership, Procedures and Meetings

1 Composition and Number of Members

The Board shall consist of not more than fifteen Members and not fewer than three. The Board shall consist of a majority of independent members. All Members will possess the skills and competencies appropriate to their appointment as directors, and the Board as a whole shall include a mixture of complementary skills, competencies and experiences. All Members shall meet any requirements as stipulated by relevant securities legislation or stock exchange rules.

2 Appointment of Members, Chair and Secretary

Directors are elected at each annual meeting of the shareholders of the Corporation. Each director holds office until the earlier of his/her retirement or resignation, or until the next annual meeting of the shareholders.

In the event the number of directors falls below the minimum, or if the Board deems necessary, the Board may appoint a new member in the absence of a shareholder vote. Such member may hold office until the next annual meeting of the shareholders, at which time they may be elected by shareholders for continued participation on the Board.

The Board shall appoint one Member to serve as Chair. In the event that this Member is not an independent director, the Board may also appoint an independent director to serve as Lead Director. If the Chair is absent from a meeting, the Members present shall select a representative to act as Chair of that meeting

The Board shall appoint a Secretary who need not be the Corporate Secretary and who need not be a director of the Corporation.

3 Quorum

A quorum at any meeting of the Board shall be a two-thirds majority of the current Board membership.

4 Notice of Meeting

Notice of each meeting shall be given to each Member, the Secretary, the President and the Chief Financial Officer. The notice need not state the purpose or purposes for which the meeting is being held.

Notice of the meeting may be given orally, or by letter, facsimile transmission or e-mail, and shall be delivered not less than 24 hours before the time fixed for the meeting.

Members may waive notice of any meeting provided they do so in a manner that produces a written or printed copy.

5 Meetings

Regular meetings of the Board shall be held quarterly. Special meetings may be called by the Chair, and any or all of the Directors shall be entitled to attend and each shall attend whenever requested to do so by the Chair or the Secretary.

The powers of the Board shall be exercisable only at a meeting at which a quorum is present and any decisions made by the Board shall require an affirmative vote by a majority of Members present. Notwithstanding the foregoing, any decision prepared in writing and signed by all the Members shall be fully effective as if it had been made at a meeting duly called and held.

The independent directors shall meet periodically without the presence of the non-independent directors or management. Such meetings may be informal.

Subject to any relevant by-laws of the Corporation or applicable legislation, the Board shall fix its own procedures at meetings, keep records of its proceedings as it deems appropriate.

Compensation

Directors of the Corporation shall not receive compensation from the Company or its affiliates other than fees to which the director is entitled as a director of the Corporation or a member of a committee of the Board.

Evaluation

Board effectiveness is assessed by the Board as a whole, and it gives consideration to the operation of the committees, the adequacy of information given to directors, the quality of communication between the Board and management, and the strategic direction and processes used. The performance of the Board is linked to the Corporation's success in implementing the strategic plan.

