



CELL-LOC LOCATION TECHNOLOGIES INC.

NOTICE OF ANNUAL AND SPECIAL MEETING

AND

MANAGEMENT PROXY CIRCULAR

WITH RESPECT TO THE

ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS

TO BE HELD ON MAY 19, 2009

MANAGEMENT PROXY CIRCULAR DATED APRIL 14, 2009

The TSX Venture Exchange has not in any way passed upon the merits of the information contained herein and any representation to the contrary is an offence.

CELL-LOC LOCATION TECHNOLOGIES INC.

**NOTICE OF ANNUAL AND SPECIAL MEETING
OF SHAREHOLDERS TO BE HELD
MAY 19, 2009**

TO THE HOLDERS OF COMMON SHARES

Notice is hereby given that an Annual and Special Meeting (the "**Meeting**") of the holders of common shares ("**Common Shares**") of Cell-Loc Location Technologies Inc. ("**Cell-Loc**" or the "**Corporation**") will be held in the 3rd Floor Conference Room, Watermark Tower, 530 - 8th Avenue SW, Calgary, Alberta, on May 19, 2009 at 2:30 p.m. (Calgary time) for the following purposes:

1. to receive and consider the financial statements of the Corporation for the year ended December 31, 2008 and the auditor's report thereon;
2. to fix the number of directors to be elected at the Meeting at five (5) members;
3. to consider and, if thought appropriate, to pass an ordinary resolution electing five (5) directors of the Corporation, all as more particularly described in the accompanying Information Circular - Management Proxy Statement of the Corporation dated April 14, 2009 (the "**Information Circular**");
4. to consider and, if thought appropriate, to pass an ordinary resolution appointing the auditors of the Corporation and authorizing the directors to fix their remuneration as such;
5. to consider and if thought appropriate, to pass, with or without variation, an ordinary resolution approving the Corporation's option plan, all as more particularly described in the accompanying Information Circular - Management Proxy Statement of the Corporation dated April 14, 2009 the Information Circular; and
6. to transact such further and other business as may properly come before the Meeting or any adjournment or adjournments thereof.

The nature of the business to be transacted at the Meeting and the specific details of the matters proposed to be put to the Meeting are described in further detail in the accompanying Information Circular.

The record date for the determination of shareholders entitled to receive notice of and to vote at the Meeting is April 14, 2009 (the "**Record Date**"). Shareholders of Cell-Loc whose names have been entered in the register of shareholders at the close of business on that date will be entitled to receive notice of and vote at the Meeting, provided that, to the extent a shareholder transfers the ownership of any of his shares after such date and the transferee of those shares establishes that he owns the shares and requests, not later than 10 days before the Meeting, to be included in the list of shareholders eligible to vote at the Meeting, such transferee will be entitled to vote those shares at the Meeting.

A shareholder may attend the Meeting in person or may be represented by proxy. Shareholders who are unable to attend the Meeting or any adjournment thereof in person are requested to date, sign and return the accompanying form of proxy for use at the Meeting or any adjournment thereof. To be effective, the enclosed proxy must be mailed so as to reach or be deposited with the President of Cell-Loc c/o the Corporation's Transfer Agent and Registrar, Computershare Trust Company of Canada, Proxy Department, 100 University Avenue, 9th Floor, Toronto, Ontario M5J 2Y1, not later than forty-eight (48) hours (excluding Saturdays, Sundays and statutory holidays in the Province of Alberta) prior to the time set for the Meeting or any adjournment thereof.

The instrument appointing a proxy shall be in writing and shall be executed by the shareholder or his attorney authorized in writing or, if the shareholder is a corporation, under its corporate seal by an officer or attorney thereof duly authorized.

The persons named in the enclosed form of proxy are directors and/or officers of Cell-Loc. Each shareholder has the right to appoint a proxyholder other than such persons, who need not be a shareholder, to attend and to act for such shareholder and on such shareholder's behalf at the Meeting. To exercise such right, the names of the nominees of management should be crossed out and the name of the shareholder's appointee should be legibly printed in the blank space provided.

In the event of a strike, lockout or other work stoppage involving postal employees, all documents required to be delivered by a Cell-Loc shareholder should be delivered by facsimile to Computershare Trust Company of Canada at (866) 249-7775 (toll free).

DATED at Calgary, Alberta this 14th day of April, 2009.

BY ORDER OF THE BOARD OF DIRECTORS

(signed) "*Sheldon D. Reid*"

Sheldon D. Reid

President, Chief Executive Officer and a Director

CELL-LOC LOCATION TECHNOLOGIES INC.

INFORMATION CIRCULAR - MANAGEMENT PROXY STATEMENT

**for the Annual and Special Meeting of Shareholders to be held
May 19, 2009**

INTRODUCTION AND GENERAL PROXY INFORMATION

Solicitation of Proxies

This Information Circular - Management Proxy Statement (the "**Information Circular**") is furnished in connection with the solicitation of proxies by the management of Cell-Loc for use at the annual and special meeting of the shareholders ("**Shareholders**") of the Corporation (the "**Meeting**") to be held in the 3rd Floor Conference Room, Watermark Tower, 530 - 8th Avenue SW, Calgary, Alberta on May 19, 2009 at 2:30 p.m. (Calgary time), and at any adjournment thereof, for the purposes set forth in the Notice of Annual and Special Meeting.

Unless otherwise stated, the information contained in this Information Circular is given as at April 14, 2009.

No person has been authorized by Cell-Loc to give any information or make any representations in connection with the transactions herein described other than those contained in this Information Circular and, if given or made, any such information or representation must not be relied upon as having been authorized by Cell-Loc.

Each outstanding Common Share is entitled to one vote on each resolution voted on at the Meeting. The Board of Directors of Cell-Loc (the "**Board of Directors**") has fixed the record date for the Meeting at the close of business on April 14, 2009 (the "**Record Date**"). Cell-Loc will prepare, as of the Record Date, a list of Shareholders entitled to receive the Notice of Meeting and showing the number of Common Shares held by each such Shareholder. Each Cell-Loc Shareholder named in the list is entitled to vote the Common Shares shown opposite such Shareholder's name at the Meeting except to the extent that such holder transfers ownership of the Common Shares after the Record Date, in which case the transferee shall be entitled to vote such Common Shares upon establishing ownership and requesting, by 4:30 p.m. (Calgary time) not later than 10 days before the Meeting, to be included in the list of Shareholders entitled to vote at the Meeting.

A quorum for the transaction of business at the Meeting shall be present if two Shareholders holding in the aggregate five percent (5%) of the Common Shares entitled to vote at the Meeting are present in person or represented by proxy.

Appointment of Proxies

Those Shareholders who desire to be represented at the Meeting by proxy must deposit their proxy with the President c/o the Corporation's Transfer Agent and Registrar, Computershare Trust Company of Canada, Proxy Department, 100 University Avenue, 9th Floor, Toronto, Ontario M5J 2Y1, not later than 48 hours (excluding Saturdays, Sundays and holidays) before the day of the Meeting, or adjournment or adjournments thereof. A proxy must be executed by the Shareholder or his attorney authorized in writing, or if the Shareholder is a corporation, under its seal by an officer or attorney thereof duly authorized.

The persons named in the accompanying proxy are directors and officers of Cell-Loc. A Shareholder has the right to appoint a person (who need not be a Shareholder) to attend and act on such Shareholder's behalf at the Meeting other than the persons named in the proxy. To exercise this right, the Shareholder must strike out the name of the persons named in the proxy and insert the name of his or her nominee in the space provided or complete another appropriate form of proxy and, in either case, deposit the proxy with Cell-Loc at the place and within the time specified above for the deposit of proxies.

Persons Making the Solicitation

The solicitation is made on behalf of the management of Cell-Loc. The costs incurred in the preparation and mailing of the Instrument of Proxy, Notice of Meeting and this Information Circular will be borne by Cell-Loc. In addition to solicitation by mail, proxies may be solicited by personal interviews, telephone or by other means of communication and by directors and officers of Cell-Loc, who will not be specifically remunerated therefor. While no arrangements have been made to date by Cell-Loc, Cell-Loc may contract for the distribution and solicitation of proxies for the Meeting. The costs incurred by Cell-Loc in soliciting proxies will be paid by Cell-Loc.

Exercise of Discretion by Proxy

The Common Shares represented by the Instrument of Proxy enclosed with this Notice of Meeting and this Information Circular will be voted for or against in accordance with the instructions of the Shareholder, but if no specification is made, they will be voted in favour of the matters set forth in the proxy. If any amendments or variations are proposed at the Meeting or any adjournment thereof to matters set forth in the proxy and described in the accompanying Notice of Meeting and this Information Circular, or if any other matters properly come before the Meeting or any adjournment thereof, the proxy confers upon the Shareholder's nominee discretionary authority to vote on such amendments or variations or such other matters according to the best judgment of the person voting the proxy at the Meeting. At the date of this Information Circular, management of Cell-Loc knows of no such amendments or variations or other matters to come before the Meeting.

Revocation of Proxies

A Shareholder who has given a proxy has the power to revoke it. If a person who has given a proxy attends personally at the Meeting at which the proxy is to be voted, such person may revoke the proxy and vote in person. In addition to revocation in any other manner permitted by law, a proxy may be revoked by an instrument in writing signed by the Shareholder or his attorney authorized in writing, or, if the Shareholder is a corporation, under its corporate seal and signed by a duly authorized officer or attorney for the corporation, and deposited at the registered office of Cell-Loc at any time up to and including the last day (other than Saturdays, Sundays and holidays) preceding the day of the Meeting at which the proxy is to be used, or any adjournment or adjournments thereof, or with the chairman of the Meeting on the day of the Meeting, or on the day of any adjournment thereof, prior to the commencement of the Meeting.

Advice to Beneficial Holders of Securities

The information set forth in this section is of significant importance to many public shareholders of Cell-Loc, as a substantial number of the public shareholders of Cell-Loc do not hold Common Shares in their own name. Shareholders who do not hold their Common Shares in their own name (referred to in this Information Circular as "**Beneficial Shareholders**") should note that only proxies deposited by Shareholders whose names appear on the records of Cell-Loc as the registered holders of Common Shares can be recognized and acted upon at the Meeting. If shares are listed in an account statement provided to a Shareholder by a broker, then in almost all cases those shares will not be registered in the Shareholder's name on the records of Cell-Loc. Such shares will more likely be registered under the name of the 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 Limited, which acts as nominee for many Canadian brokerage firms). Shares held by brokers or their nominees can only be voted (for or against resolutions) upon the instructions of the Beneficial Shareholder. Without specific instructions, brokers/nominees are prohibited from voting shares for their clients. The directors and officers of Cell-Loc do not know for whose benefit the Common Shares registered in the name of CDS & Co. are held.

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, which should be carefully followed by Beneficial Shareholders in order to ensure that their Common Shares are voted at the Meeting. Often, the form of proxy supplied to a Beneficial Shareholder by its broker is identical to the form of proxy provided to registered Shareholders. However, its purpose is limited to instructing the registered Shareholders how to vote on behalf of the Beneficial Shareholder. The majority of brokers now delegate responsibility for obtaining instructions from clients to Broadridge Financial

Solutions, Inc. ("**Broadridge**"). Broadridge typically applies a special sticker to the proxy forms, mails those forms to the Beneficial Shareholders and asks Beneficial Shareholders to return the proxy forms to Broadridge. Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of shares to be represented at the Meeting. **A Beneficial Shareholder receiving a proxy with a Broadridge sticker on it cannot use that proxy to vote shares directly at the Meeting. The proxy must be returned to Broadridge well in advance of the Meeting in order to have the shares voted.**

VOTING SECURITIES AND PRINCIPAL HOLDERS OF VOTING SECURITIES

The authorized share capital of the Corporation consists of an unlimited number of Common Shares, an unlimited number of non-voting common shares and an unlimited number of preferred shares issuable in series. As at April 14, 2009 there were 28,309,915 Common Shares issued and outstanding. No preferred shares have been issued. The Common Shares are the only issued and outstanding voting securities of the Corporation, the holders thereof are entitled to one vote for each Common Share held.

To the best of the Corporation's knowledge and based on existing information, as at April 14, 2009, there are no persons who own, of record or beneficially, directly or indirectly, or exercise control or direction over more than 10% of the outstanding Common Shares.

FIXING NUMBER OF DIRECTORS

At the Meeting, it is proposed that the number of directors to be elected at the Meeting to hold office until the next annual general meeting of the Corporation or until their successors are elected or appointed, subject to the articles of incorporation or by-laws of the Corporation, be set at five (5). There are presently six (6) directors of Cell-Loc, each of whom will retire from office at the Meeting. Mr. John Budreski, a current director, will not be standing for re-election. 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 five (5).

ELECTION OF DIRECTORS

Unless otherwise directed, it is the intention of management to vote proxies in the accompanying form in favour of the election as directors for the ensuing year the five (5) nominees hereinafter set forth:

Bohdan Romaniuk
Sheldon Reid
Michael Lisogurski
Charles Hotzel
Brian Kapusianyuk

The names and provinces and countries of residence of the persons either nominated for or presently holding office as directors, the number of Common Shares beneficially owned, directly or indirectly, or over which each exercises control or direction, the period served as a director and the principal occupation during the last five years of each are as follows:

Name and Municipality of Residence	Director Since	Common Shares Beneficially Owned	Principal Occupation
Sheldon Reid Alberta, Canada	December 1, 2003	2,075,858	President and Chief Executive Officer of Cell-Loc Location Technologies Inc. and its predecessor Cell-Loc Inc. Prior thereto, Mr. Reid was the Vice President, Marketing of Norcen Energy Resources Ltd., as well as a consultant to Union Pacific Resources Inc.
Bohdan Romaniuk ^{(1),(2)} Alberta, Canada	December 1, 2003	32,811	Retired Business Executive. Formerly President and CEO, Ceres Capital Corp., a TSXV-listed capital pool corporation; President and CEO, Navigata Communications, a wholly-owned subsidiary of SaskTel; President and COO of Promotional Products International Ltd.; Past President, TELUS Advertising Services; and former Executive Vice President, TELUS Corporation.
Charles Hotzel ^{(1),(2)} Alberta, Canada	December 1, 2003	238,635	Barrister & Solicitor, Hotzel & Associates
Michael Lisogurski ^{(1),(2)} Ontario, Canada	December 1, 2003	10,000	President of MR Liscom Consulting; Past Executive Vice President Corporate Development, Bell Canada International Inc., a public telecommunications services provider
Brian Kapusianyuk Alberta, Canada	May 15, 2008	567,640	Barrister & Solicitor, Gowling Lafleur Henderson LLP

Notes:

- (1) The members of the Corporation's Audit Committee are, as at the date hereof, Messrs. Bohdan Romaniuk, Michael Lisogurski and Charles Hotzel.
- (2) The members of the Corporation's Human Resources and Compensation Committee are, as at the date hereof, Messrs. Bohdan Romaniuk, Charles Hotzel and Michael Lisogurski.

The information as to Common Shares beneficially owned, directly or indirectly, or over which control or direction is exercised, is based upon the information furnished to Cell-Loc by the respective nominees. As at the date hereof, the directors and officers of the Corporation, and their associates and affiliates, as a group, own or control, directly or indirectly, 4,079,928 Common Shares or 14.4% of the issued and outstanding Common Shares.

Cease Trade Orders, Bankruptcies, Penalties or Sanctions

To the knowledge of the directors, no proposed director of the Corporation (nor any personal holding company of any such persons):

- (a) is, as at the date of this Information Circular, or has been, within ten years before the date of this Information Circular, a director, chief executive officer or chief financial officer of any company, that:
 - (i) was subject to a cease trade order (including a management cease trade order), an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation, in each case that was in effect for a period of more

than 30 consecutive days (collectively, an "**Order**") that was issued while the proposed director was acting in the capacity as director, chief executive officer or chief financial officer; or

- (ii) was subject to an Order that was issued after the proposed director ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer;
- (b) is, as at the date of this Information Circular, or has been, within ten years before the date of this Information Circular, a director or executive officer of any company that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or
- (c) has, within the ten years before the date of this Information 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.

In addition, no proposed director of the Company has been subject to: (i) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or (ii) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable securityholder in deciding whether to vote for a proposed director.

STATEMENT OF EXECUTIVE COMPENSATION

Role and Composition of the Compensation Committee

Cell-Loc's executive compensation program is administered by the human resources and compensation committee (the "**Compensation Committee**") of the Board of Directors. The Compensation Committee's mandate includes reviewing and making recommendations to the Board in respect of compensation matters relating to our executive officers, employees and directors, including the "named executive officers" which are identified in the "*Summary Compensation Table*" below. During the year ended December 31, 2008, the Compensation Committee was comprised of Messrs. Bohdan Romaniuk, Charles Hotzel and Michael Lisogurski. All these directors are "independent" for the purposes of National Instrument 58-201 - *Corporate Governance Guidelines*.

Compensation Discussion and Analysis

Executive Compensation Principles

Our compensation program is based on a "pay-for-performance" philosophy which supports Cell-Loc's objective of building and developing its technology and compensating the achievement of the goals. Our compensation policies are founded on the principle that compensation should be aligned with shareholders' interests, while also recognizing that Cell-Loc's corporate performance is dependant upon the retainment of highly trained, experienced and committed directors, executive officers and employees who have the necessary skill sets, education, experience and personal qualities required to manage our business. Our program also recognizes that the various components thereof must be sufficiently flexible to adapt to unexpected developments in the technology industry and the impact of internal and market-related occurrences from time to time.

Our executive compensation program is comprised of the following principal components: (a) base salary; (b) short-term incentive compensation comprised of discretionary cash bonuses; and (c) long-term incentive compensation

comprised of share options. See "*Incentive Plans*". Together, these components support our long-term growth strategy and are designed to address the following key objectives of our compensation program:

- align executive compensation with shareholders' interests;
- attract and retain highly qualified management;
- focus performance by linking incentive compensation to the achievement of business objectives and financial and operational results; and
- encourage retention of key executives for leadership succession.

The aggregate value of these principal components and related benefits, is used as a basis for assessing the overall competitiveness of Cell-Loc's executive compensation package. When determining executive compensation, including the assessment of the competitiveness of the Corporation's compensation program, management and the Compensation Committee reviews the compensation practices of companies in its selected peer group. These companies compete with Cell-Loc for executive talent, operate in a similar business environment and are of similar size, scope and complexity.

The Corporation's compensation program is primarily designed to reward performance and, accordingly, the performance of both the Corporation, as well as the individual performance of executive officers during the year in question, are examined by the Compensation Committee in conjunction with setting executive compensation packages. The Compensation Committee does not set specific performance objectives in assessing the performance of the Chief Executive Officer and other executive officers; rather the Compensation Committee uses its experience and judgment in determining an overall compensation package for the Chief Executive Officer and other executive officers.

Elements of our Executive Compensation Program

Base Salaries

The base salary component is intended to provide a fixed level of competitive pay that is established at the time when an officer or employee joins the Corporation. The Compensation Committee periodically reviews compensation levels to determine if adjustments are necessary. Because the Corporation is still in a development stage, base salary increases have not been deemed necessary in recent years.

Short-Term Incentive Compensation - Cash Bonuses

The Corporation has elected not to pay any cash bonuses to date due to its stage of development. Short-term incentive compensation may form a part of the overall compensation program in the future but there is no immediate plan to implement any such bonus plans. The payment of cash bonuses will be at the discretion of the Compensation Committee and the Board of Directors.

Long Term Incentive Compensation – Stock Options

Executive officers, along with all of Cell-Loc's officers, directors, employees, contractors and other service providers, are eligible to participate in the Corporation's share option plan (the "**Option Plan**"). The Option Plan and the Common Shares reserved thereunder have been approved by Cell-Loc's shareholders. The Option Plan promotes an ownership perspective among executives, encourages the retention of key executives and provides an incentive to enhance shareholder value by furthering Cell-Loc's growth and profitability. As with most companies in the Corporation's peer group, Options form an integral component of the total compensation package provided to the Corporation's executive officers. Participation in the Option Plan rewards overall corporate performance, as measured through the price of the Corporation's Common Shares. In addition, the Option Plan enables executives to develop and maintain a significant ownership position in the Corporation.

Options are normally awarded by the Board upon the commencement of an individual's employment with the Corporation based on the level of responsibility within the Corporation. Additional grants may be made periodically to ensure that the number of Options granted to any particular individual is commensurate with the individual's level

of ongoing responsibility within the Corporation. In considering additional grants, we evaluate the number of Options an individual has been granted, the exercise price and value of the Options and the term remaining on those Options. Generally, all employees, officers and directors are eligible for an annual award of options. In addition, the Corporation periodically grants additional options to employees and officers in lieu of base salary increases. See "Incentive Plans – Share Option Plan" for a description of the detailed terms of our Option Plan.

Summary

The Corporation's compensation policies have allowed the Corporation to attract and retain a team of motivated professionals and support staff working towards the common goal of enhancing shareholder value. The Compensation Committee and the Board of Cell-Loc will continue to review compensation policies to ensure that they are competitive within technology industry and consistent with the performance of the Corporation.

Summary Compensation Table

The following table sets forth, for the year ended December 31, 2008, information concerning the compensation paid to our Chief Executive Officer ("CEO"), Chief Financial Officer ("CFO") and the three most highly compensated executive officers (or the three most highly compensated individuals acting in a similar capacity), other than the CEO and CFO, at the end of the year ended December 31, 2008 whose total compensation was more than \$150,000 (each a "Named Executive Officer" or "NEO" and collectively, the "Named Executive Officers" or "NEOs").

Name and principal position	Year	Salary (\$)	Share-based awards (\$)	Option-based awards ⁽¹⁾ (\$)	Non-equity incentive plan compensation (\$)		Pension value (\$)	All other compensation ⁽³⁾	Total compensation (\$)
					Annual incentive plans ⁽²⁾	Long-term incentive plans			
Sheldon Reid President and Chief Executive Officer	2008	175,000 ⁽⁴⁾	-	20,460	-	-	-	-	195,460
Dave Guebert Vice President, Finance and Chief Financial Officer	2008	150,000 ⁽⁵⁾	-	17,050	-	-	-	-	167,050

Notes:

- (1) Reflects "Options" issued under Cell-Loc's Option Plan. Based on the grant date fair value of the applicable awards. The grant date fair value for compensation purposes is calculated using Black-Scholes Option pricing methodology. Key assumptions used in the pricing model were: volatility 74-75%; dividend yield – 0%; risk free rate of return 2.85 – 3.34%; forfeiture rate 20%.
- (2) Reflects the cash amounts awarded to the NEO under the Corporation's cash bonus plan in respect of the year ended December 31, 2008 but made payable in 2009.
- (3) The value of perquisites received by each of the Named Executive Officers, including property or other personal benefits provided to the Named Executive Officers that are not generally available to all employees, were not in the aggregate greater than \$50,000 or 10% of the Named Executive Officer's total salary for the financial year.
- (4) During the year, Mr. Reid received \$26,667 in actual payments for his salary, deferring the remaining \$148,333 until the Corporation has adequate funding to make payment.
- (5) During the year, Mr. Guebert received \$62,500 in actual payments for his salary, deferring the remaining \$87,500 until the Corporation has adequate funding to make payment.

Incentive Plans

Share Option Plan

The Corporation has an Option Plan which permits the granting of options ("**Options**") to purchase Common Shares to directors, officers, employees, consultants and other service providers ("**Optionees**") of the Corporation and its subsidiaries. The Option Plan is intended to afford persons who provide services to Cell-Loc an opportunity to obtain an increased proprietary interest in Cell-Loc by permitting them to purchase Common Shares and to aid in attracting as well as retaining and encouraging the continued involvement of such persons with Cell-Loc. The Option Plan is administered by the Board of Directors of the Corporation or a Committee of the Board of Directors appointed from time to time by the Board to administer the Option Plan (the Board of Directors or, if appointed, such Committee, is referred to as the "**Committee**").

The Option Plan currently limits the number of Common Shares that may be issued on exercise of Options to a number not exceeding 10% of the number of Common Shares which are outstanding from time to time. Options that are cancelled, terminated or expired prior to exercise of all or a portion thereof shall result in the Common Shares that were reserved for issuance thereunder being available for a subsequent grant of Options pursuant to the Option Plan. As the Option Plan is a "rolling" plan, the issuance of additional Common Shares by the Corporation or the exercise of Options will also give rise to additional availability under the Option Plan.

The exercise price of the Options granted pursuant to the Option Plan is determined by the Committee at the time of grant, provided that the exercise price shall not be less than the discounted market price of the Common Shares (as determined in accordance with the Rules of the TSX-V).

Cash Bonus Plan

The Corporation has established a discretionary cash bonus plan for its executive officers and employees based and dependant upon, among other things, the performance of both the Corporation and the individual for the applicable period. The amount of any cash bonus awarded is not set in relation to any formula or specific criteria but is the result of a subjective determination of both the Corporation's and the individual's performance by the Board of Directors based upon the recommendations of the Compensation Committee. To date, no cash bonuses have been paid under this plan.

Incentive Plan Awards

Outstanding Share-Based Awards and Option-based Awards

The Corporation did not have any share-based awards outstanding at the end of the most recently completed financial year.

Options are normally recommended by the Corporation's management and approved by the Compensation Committee upon the commencement of employment with the Corporation based on the level of responsibility within the Corporation. Additional grants may be made periodically, generally on an annual basis, to ensure that the number of options granted to any particular individual is commensurate with the individual's level of ongoing responsibility within the Corporation. When determining Options to be allocated to eligible participants, a number of factors are considered including a the number of outstanding Options held by such individual, the value of such Options and the total number of available Options for grant.

The following table sets forth for each Named Executive Officer all option-based awards outstanding at the end of the year ended December 31, 2008.

Name	Option-based Awards				Share-based Awards	
	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options ⁽¹⁾ (\$)	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested (\$)
Sheldon Reid	8,333	1.15	Sept. 2011	NIL	-	-
	20,000	1.33	Feb. 2012	NIL		
	26,667	0.80	Aug. 2012	NIL		
	40,000	0.75	Mar 2013	NIL		
Dave Guebert	3,400	0.80	July 2009	NIL	-	-
	40,000	1.60	Jan. 2011	NIL		
	8,333	1.15	Sept. 2011	NIL		
	16,667	1.33	Feb. 2012	NIL		
	23,333	0.80	Aug. 2012	NIL		
	38,333	0.75	Mar. 2013	NIL		

Note:

- (1) Calculated based on the difference between the market price of the Common Shares at December 31, 2008 and the exercise price of the Options.

Incentive Plan Awards – Value Vested or Earned During the Year

The following table sets forth for each Named Executive Officer, the value of option-based awards which vested during the year ended December 31, 2008 and the value of non-equity incentive plan compensation earned during the year ended December 31, 2008. The Corporation did not have any share-based awards outstanding at the end of the most recently completed financial year.

Name	Option-based awards – Value vested during the year ⁽¹⁾ (\$)	Share-based awards – Value vested during the year (\$)	Non-equity incentive plan compensation – Value earned during the year (\$) ⁽²⁾
Sheldon Reid	NIL	-	-
Dave Guebert	NIL	-	-

Notes:

- (1) Calculated based on the difference between the market price of the Common Shares underlying the Option on the vesting date and the exercise price of the Options.
(2) Reflects the cash bonus earned by the NEO in respect of the last completed financial year.

Pension Plan Benefits

The Corporation does not have a pension plan or similar benefit program.

Termination and Change of Control Benefits

Except as set out below, there are currently no contracts, agreements, plans or arrangements currently in place for any of the Named Executive Officers that provide for payments to an NEO following or in connection with any termination, resignation, retirement, change in control of the Corporation or a change in an NEO's responsibility.

Pursuant to an employment agreement assumed by the Corporation effective December 1, 2003 between the Corporation and Sheldon Reid, Mr. Reid earned an annual salary of \$175,000 during fiscal 2008 in addition to

participating in the Corporation's bonus plan (2008 –Nil). Pursuant to the agreement, which is for an indefinite term, if Mr. Reid were terminated without just cause, or elects to resign within 180 days after a change of control of the Corporation, Mr. Reid would receive a retiring allowance equal to 2 times his annual compensation (which includes salary, bonus and benefits plus 30% of annual salary, representing anticipated value of stock options which would have been granted). In addition, in either of those circumstances, all stock options vest immediately on the termination and Mr. Reid shall have three years to exercise unless the options had expiry dates less than three years from the termination date, in which case the options shall expire on the dates originally specified. Under these terms, Mr. Reid would be entitled to a retiring allowance of \$465,434.

Pursuant to an employment agreement executed May 5, 2004 between the Corporation and David Guebert, Mr. Guebert earned an annual salary of \$150,000 during fiscal 2008 in addition to participating in the Corporation's bonus plan (2008 –Nil). Pursuant to the agreement, which is for an indefinite term, if Mr. Guebert were terminated without just cause, or elects to resign within 180 days after a change of control of the Corporation, Mr. Guebert would receive a retiring allowance equal to 2 times his annual compensation (which includes salary, bonus and benefits plus 30% of annual salary, representing anticipated value of stock options which would have been granted). In addition, in either of those circumstances, all stock options vest immediately on the termination and Mr. Guebert shall have three years to exercise unless the options had expiry dates less than three years from the termination date, in which case the options shall expire on the dates originally specified. Under these terms, Mr. Guebert would be entitled to a retiring allowance of \$399,873.

Director Compensation

Cell-Loc does not currently pay cash fees for services to its independent directors. Directors may be reimbursed for out-of-pocket expenses incurred in carrying out their duties as directors. Each of the non-management directors also participate in the Option Plan. Each non-management director receives an annual grant of Options.

Directors' Summary Compensation Table

The following table sets forth for the year ended December 31, 2008, information concerning the compensation paid to our directors other than directors who are also Named Executive Officers.

Name	Fees earned (\$)	Share-based awards (\$)	Option-based awards⁽¹⁾ (\$)	Non-equity incentive plan compensation (\$)	Pension value (\$)	All other compensation (\$)	Total (\$)
Bohdan Romaniuk	-	-	17,050	-	-	-	17,050
Charles Hotzel	-	-	13,460	-	-	-	13,460
Michael Lisogurski	-	-	13,460	-	-	-	13,460
Brian Kapusianyuk	-	-	11,340	-	-	-	11,340
John Budreski	-	-	11,340	-	-	-	11,340

Notes:

- (1) Based on the grant date fair value of the applicable Options. The grant date fair value of the Options was calculated using the Black-Scholes Option pricing model. Key assumptions used in the pricing model were: volatility 74-75%; dividend yield – 0%; risk free rate of return 2.85 – 3.34%; forfeiture rate 20%.

Directors' Outstanding Option-Based Awards and Share-Based Awards

The following table sets forth for each of our directors other than directors who are also Named Executive Officers, all option-based awards outstanding at the end of the year ended December 31, 2008. The Corporation does not have any outstanding share-based awards.

Name	Option-based Awards				Share-based Awards	
	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options ⁽¹⁾ (\$)	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested (\$)
Bohdan Romaniuk	25,000	1.08	Feb. 2010	NIL	-	-
	40,000	1.60	Jan. 2011	NIL	-	-
	50,000	1.33	Feb. 2012	NIL	-	-
	50,000	0.75	Mar. 2013	NIL	-	-
Charles Hotzel	20,000	1.08	Feb. 2010	NIL	-	-
	40,000	1.60	Jan. 2011	NIL	-	-
	40,000	1.33	Feb. 2012	NIL	-	-
	40,000	0.75	Mar. 2013	NIL	-	-
Michael Lisogurski	20,000	1.08	Feb. 2010	NIL	-	-
	40,000	1.60	Jan. 2011	NIL	-	-
	40,000	1.33	Feb. 2012	NIL	-	-
	40,000	0.75	Mar. 2013	NIL	-	-
Brian Kapusianyuk	40,000	.625	May 2013	NIL	-	-
John Budreski	40,000	.625	May 2013	NIL	-	-

Notes:

- (1) Calculated based on the difference between the market price of the Common Shares underlying the Options at December 31, 2008 and the exercise price of the Options.

Directors' Incentive Plan Awards – Value Vested or Earned During the Year

The following table sets forth for each of our directors other than directors who are also Named Executive Officers, the value of option-based awards which vested during the year ended December 31, 2008 and the value of non-equity incentive plan compensation earned during the year ended December 31, 2008. The Corporation does not have any share-based awards outstanding.

Name	Option-based awards – Value vested during the year ⁽¹⁾ (\$)	Share-based awards – Value vested during the year (\$)	Non-equity incentive plan compensation – Value earned during the year (\$)
Bohdan Romaniuk	NIL	-	-
Charles Hotzel	NIL	-	-
Michael Lisogurski	NIL	-	-
Brian Kapusianyuk	NIL	-	-
John Budreski	NIL	-	-

Notes:

- (1) Calculated based on the difference between the market price of the Common Shares underlying the Options on the vesting date and the exercise price of the Options on the vesting date.

Securities Authorized for Issuance Under Equity Compensation Plans

Plan Category	(a) Number of securities to be issued upon exercise of outstanding options, warrants and rights	(b) Weighted average exercise price of outstanding options, warrants and rights	(c) Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))
Equity compensation plans approved by securityholders	4,194,213 Common Shares	\$ 0.937	177,401 Common Shares
Equity compensation plans not approved by securityholders	Nil Common Shares	\$ Nil	Nil Common Shares
Total	4,194,213 Common Shares	\$ 0.937	177,401 Common Shares

Indebtedness of Directors and Executive Officers

None of the directors and officers of the Corporation or the proposed directors of the Corporation, nor any of their associates or affiliates is now or has been indebted to the Corporation since incorporation, other than for routine indebtedness, nor is, or at any time since the beginning of the most recently completed financial year of the Corporation has, any indebtedness of any such person been the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Corporation.

Interests of Insiders and Others in Material Transactions

Other than as set forth below, there are no material interests, direct or indirect, of directors and senior officers of Cell-Loc, nominees for director, any shareholder who beneficially owns more than 10% of the Common Shares of Cell-Loc, or any known associate or affiliate of such persons in any transactions since the commencement of Cell-Loc's last completed financial year (being the year ended December 31, 2008) or in any proposed transaction which has materially affected or would materially affect the Corporation.

Copies of the material contracts may be inspected at Cell-Loc's head office at 1600 – 37th Street SW, Calgary, Alberta, T3C 3P1, during normal business hours until the date of the Meeting.

APPOINTMENT OF AUDITORS

Unless otherwise directed, it is management's intention to vote the proxies in favour of an ordinary resolution to appoint the firm of KMPG LLP, Chartered Accountants, of Calgary, Alberta, to serve as auditors of the Corporation until the next annual meeting of shareholders and to authorize the directors to fix their remuneration as such. KMPG LLP has served as independent auditors for the Corporation since December of 2003.

AUDIT COMMITTEE INFORMATION

Audit Committee Mandate and Terms of Reference

The mandate and responsibilities of the audit committee (the "**Mandate**") of the Corporation (the "**Audit Committee**") of the Board of Directors is attached hereto as Schedule "A".

Composition of the Audit Committee

The members of the Audit Committee, being Messrs. Bohdan (Don) Romaniuk, Charles Hotzel and Michael Lisogurski, are independent (in accordance with National Instrument 52-110 *Audit Committees*) and are financially literate.

Bohdan Romaniuk:

Mr. Romaniuk is a lawyer, economist and business executive, having held a number of senior executive positions in both very large and smaller enterprises over a career spanning more than 25 years. He holds economics degrees from the University of Alberta (B.A. Honours), and Queen's University (M.A.). He received his LL.B. from the University of Toronto Law School in 1986. In addition to his role as Chairman of the Board of Directors and Audit Committee Chair for Cell-Loc, Mr. Romaniuk serves in the same positions with Acceleware Corp., a TSXV-listed developer of computer acceleration technology. From 1996 to 2005, he served on the Board of Directors of the International Telecommunications Society and currently holds the position of Secretariat. He is also on the Investment Committee of a national charitable foundation. Mr. Romaniuk is a member of the Law Society of Upper Canada.

Charles Hotzel:

Mr. Hotzel holds a bachelors degree (1973) from Carleton University and masters degree (1978) in Geotechnical Science from Carleton University as well as a Law Degree obtained in 1980 from the University of Calgary. Mr. Hotzel was called to the Alberta Bar in 1981 and since 1984 has practiced law in Calgary with the law firm Charles Hotzel and Associates (formerly Kutz Hotzel). Mr. Hotzel has served on the Boards of Directors and Audit Committees of a number of public companies.

Michael Lisogurski:

Mr. Lisogurski holds an M.B.A. from the University of Washington (1970), a B.Eng. from McGill University (1968), and has completed a one year international executive program at Canada's National Defence College. Currently, Mr. Lisogurski is President of MR Liscom Consulting. From January 1991 until retirement in October 2001 he served as Executive Vice President of Corporate Development with Bell Canada International Inc. ("**BCI**"), a public telecommunications services provider listed on both the Toronto Stock Exchange and NASDAQ, and brings more than 20 years of executive and management experience to Cell-Loc. Mr. Lisogurski had been with BCI and its predecessors since 1991, served in a number of senior executive positions including Group Vice President from January 1994 to June 1997. Prior to joining BCI, Mr. Lisogurski had a 20-year career with Bell Canada, where he held executive and management positions in marketing, business development and customer service.

Pre-Approval of Policies and Procedures

The Audit Committee shall review and pre-approve all non-audit services to be provided to Cell-Loc by its external auditors.

External Auditor Service Fees

Audit Fees

The aggregate fees billed by the Corporation's external auditor in the last fiscal year for audit services were \$86,500 for the twelve months ended December 31, 2008 (\$74,500 for the year ended December 31, 2007).

Audit-Related Fees

The aggregate fees billed in each of the last fiscal year for assurance related services by the Corporation's external auditor that are reasonably related to the performance of the audit or review of the Corporation's financial statements that are not reported under "Audit Fees" above were NIL for the year ended December 31, 2008 (\$1,200 for the year ended December 31, 2007).

Tax Fees

The aggregate fees billed in each of the last two fiscal years for professional services rendered by the Corporation's external auditor for tax return preparation were Nil for the twelve months ended December 31, 2008 (Nil for the year ended December 31, 2007).

All Other Fees

The aggregate fees billed in each of the last two fiscal years for products and services provided by the Corporation's auditors other than services reported above were Nil.

Exemption

As the Corporation is listed on the Exchange, it is exempt from the requirements of Part 3 (Composition of the Audit Committee) and Part 5 (Reporting Obligations) of National Instrument 52-110 and relies on the exemptions therein.

APPROVAL OF OPTION PLAN

Pursuant to Exchange Policy 4.4 (the "**Option Policy**") the Corporation is permitted to maintain a "rolling" stock option plan reserving a maximum of 10% of the issued and outstanding Common Shares for issuance pursuant to stock options. In accordance with the Option Policy, rolling option plans must receive shareholder approval yearly at the Corporation's annual meeting.

Shareholders will therefore be asked at the Meeting to consider and, if thought advisable, to ratify and approve the Option Plan (the "**Option Plan Resolution**"), to provide for the reservation of a maximum of 10% of the issued and outstanding Common Shares. The Option Plan was initially approved by the shareholders of the Corporation on December 1, 2003. The Corporation currently has 2,653,529 outstanding options to purchase Common Shares, at exercise prices ranging from \$0.10 to \$1.70.

The Option Plan provides for the granting of options to purchase Common Shares of the Corporation ("**Options**") to directors, officers, employees and consultants (as permitted by applicable law). The Option Plan is administered by the Board of Directors, or a committee of the Board of Directors appointed from time to time for such purpose. Options may be granted at the discretion of the Board of Directors or a committee thereof, in such number that may be determined at the time of grant, subject to the limits set out in the Option Plan. The number of Common Shares issuable upon exercise of the options granted under the Option Plan is not more than 10% of the number of Common Shares that are issued and outstanding. The number of Common Shares issuable upon the exercise of the Options granted to any one individual, within a one-year period, cannot exceed 5% of the number of Common Shares issued and outstanding.

The exercise price of options granted under the Option Plan will be fixed by the Board of Directors, or a committee thereof, at the time of grant, provided that such exercise price may not be less than the Discounted Market Price of

the Common Shares, or such other prices as may be determined under the applicable rules and regulations of all regulatory authorities to which the Corporation is subject, including the Exchange. The options granted under the Option Plan will vest on a basis, and will be exercisable for a period not exceeding five years, as determined by the Board of Directors, or a committee thereof, at the time of grant. In the absence of any determination by the Board of Directors as to vesting, vesting shall be as to one third on the date of grant and one third on each of the second and third anniversaries of the date of grant.

The foregoing summary is subject to the specific provisions of the Option Plan.

Accordingly, at the Meeting, Shareholders will be asked to consider and, if thought fit, approve an ordinary resolution in the following form:

"BE IT RESOLVED as an ordinary resolution of the shareholders of the Corporation that:

1. the Option Plan (the "**Option Plan**") of the Corporation, on the terms described in the accompanying management proxy circular of the Corporation be and the same is hereby ratified, confirmed and approved;
2. any one director or officer of the Corporation be and is hereby authorized and directed to do all things and to execute and deliver all documents and instruments as may be necessary or desirable to carry out the terms of this resolution; and
3. notwithstanding that this resolution has been passed by the shareholders of the Corporation, the adoption of the proposed share option plan of the Corporation is conditional upon receipt of final approval from the TSX Venture Exchange and the directors of the Corporation are hereby authorized and empowered to revoke this resolution, without any further approval of the shareholders of the Corporation, at any time if such revocation is considered necessary or desirable by the directors."

It is the intention of management to vote the proxies in the accompanying form in favour of the Option Plan Resolution.

CORPORATE GOVERNANCE DISCLOSURE

Set forth below is a description of the Corporation's current corporate governance practices, as prescribed by Form 58-101F2, which is attached to National Instrument 58-101 entitled "Disclosure of Corporate Governance Practices". The requirements of Form 58-101F2 are set out below in italics:

1. Board of Directors

Disclose the identity of directors who are independent.

The Board of Directors of the Corporation has determined that the following five (5) directors of the Corporation are independent:

Bohdan Romaniuk
 Charles Hotzel
 Michael Lisogurski
 John Budreski
 Brian Kapusianyuk

As Mr. Budreski will not be standing for re-election, assuming all directors proposed by management are approved at the Meeting, the Corporation will have four (4) independent directors.

Disclose the identity of directors who are not independent, and describe the basis for that determination.

The Board of Directors of the Corporation has determined that the following one (1) director of the Corporation is not independent:

Sheldon Reid

Sheldon Reid is not considered to be independent as Mr. Reid is the President and Chief Executive Officer of the Corporation.

2. **Directorships**

If a director is presently a director of any other issuer that is a reporting issuer (or the equivalent) in a jurisdiction or a foreign jurisdiction, identify both the director and the other issuer.

The following directors are presently directors of other issuers that are reporting issuers (or the equivalent):

Name of Director	Names of Other Issuers
Bohdan Romaniuk	Acceleware Corp.
John Budreski	EarthFirst Canada Inc., Alaris Royalty Corp.

3. **Orientation and Continuing Education**

Briefly describe what measures the board takes to orient new directors and briefly describe what measures, if any, the board takes to provide continuing education for its directors.

Due to the size of the Corporation's Board of Directors, no formal program currently exists for the orientation of new directors and existing directors provide orientation and education to new members on an informal and *ad hoc* basis. In addition, new directors of the Corporation will be given a copy of the mandate of each of the Board of Directors and each of the Audit Committee and Compensation Committee and a presentation will be made by management to new directors respecting the nature and operations of the Corporation's business.

No formal continuing education program currently exists for the directors of the Corporation; however, the Corporation encourages directors to attend, enrol or participate in courses and/or seminars dealing with financial literacy, corporate governance and related matters and has agreed to pay the cost of such courses and seminars. Each director of the Corporation has the responsibility for ensuring that he maintains the skill and knowledge necessary to meet his obligations as a director.

4. **Ethical Business Conduct**

Describe what steps the board takes to encourage and promote a culture of ethical business conduct.

The Board of Directors has adopted a code of ethics applicable to all members of the Corporation, including directors, officers and employees. Each director, officer and employee of the Corporation has been provided with a copy of the code of ethics.

The Board of Directors has also adopted a "Whistleblower Policy" wherein employees, consultants and external stakeholders of the Corporation are provided with a mechanism by which they can raise concerns in a confidential, anonymous process.

5. Nomination of Directors

Describe the process by which the board identifies new candidates for board nomination.

Pursuant to the mandate of the Board of Directors, the Board of Directors has responsibility for selecting nominees for election to the Board. At present, the Board of Directors does not have a process by which the Board identifies new candidates for Board nomination but rather the identification of new candidates is done on an informal and *ad hoc* basis.

6. Compensation

Describe the process by which the board determines the compensation for the issuer's directors and officers.

See Compensation discussion above.

7. Other Board Committees

If the board has standing committees other than the audit, compensation and nominating committees, identify the committees and describe their function.

The Corporation does not currently maintain any other standing committees.

8. Assessments

Disclose what steps, if any, the board takes to satisfy itself that the board, its committees, and its individual directors are performing effectively.

As part of its mandate, the Board of Directors is responsible for reviewing annually the composition of the board and its committees and assessing the performance of the directors on an ongoing basis.

OTHER MATTERS

Management knows of no amendment, variation or other matter to come before the Meeting other than the matters referred to in the Notice of Annual and Special Meeting. However, if any other matter properly comes before the Meeting, the accompanying proxy will be voted on such matter in accordance with the best judgment of the person or persons voting the proxy.

ADDITIONAL INFORMATION

Additional information regarding Cell-Loc is available on SEDAR at www.sedar.com. In addition, securityholders may contact Cell-Loc directly to request copies of Cell-Loc's financial statements and MD&A from Cell-Loc's head office at 1600 – 37th Street SW, Calgary, Alberta, T3C 3P1.

**SCHEDULE "A" TO THE
INFORMATION CIRCULAR - MANAGEMENT PROXY STATEMENT
OF CELL-LOC LOCATION TECHNOLOGIES INC.**

**CELL-LOC LOCATION TECHNOLOGIES INC.
MANDATE AND RESPONSIBILITIES OF
THE AUDIT COMMITTEE
OF THE BOARD OF DIRECTORS**

ROLE AND MEMBERSHIP

1. The Audit Committee (the "**Committee**") shall be a committee to the Board of Directors of Cell-Loc Location Technologies Inc. ("**Cell-Loc**" or the "**Company**").
2. The Committee shall consist of not fewer than three (3) such directors, one of whom shall be the Chairman of the Committee. All members of the Committee shall be "independent" (as such term is used in Multilateral Instrument 52-110 – "Audit Committees") who are outside directors, independent of management and free of any relationship which would interfere or appear to interfere with the exercise of independent judgment as Committee members. For clarity, each member of the Committee may not, other than in its capacity as a member of the Committee, the Board or any other Board committee, accept any consulting, advisory or other compensatory fee from Cell-Loc, and may not be an affiliated person of Cell-Loc or any subsidiary thereof, unless otherwise approved by a majority of the Board of Directors. Each member shall be financially literate, as defined in Multilateral Instrument 52-110, being able to read and understand financial statements that present a level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the issuer's financial statements.
3. One member shall have past employment in finance, accounting or any other comparable experience or background providing financial expertise. The Committee composition, including the qualifications of its members, shall comply with the applicable requirements of stock exchanges on which Cell-Loc lists its securities and of securities regulatory authorities, as such requirements may be amended from time to time.
4. The Chairman of the Committee and its members shall be elected annually by the Board of Directors following recommendation of the Governance Committee and the Chairman of the Board.
5. A majority of members of the Committee shall constitute a quorum.

AUTHORITY

6. The Committee has the authority to:
 - (a) Engage independent counsel and other advisors as it determines necessary to carry out its responsibilities.
 - (b) Set and pay the compensation for any advisors employed by the Committee.
 - (c) Communicate directly with the external and internal auditors.
 - (d) Communicate directly with the management and staff as and when the Committee deems appropriate.
 - (e) Determine or direct the training and or professional development of Committee members.

- (f) To conduct or authorize investigations into any matters within the scope of the Committee's responsibilities, with full access to all books, records, facilities and personnel of Cell-Loc, its auditors and its legal advisors.

MANDATE AND RESPONSIBILITIES

- 7. The Committee will work closely and cooperatively with such officers and employees of Cell-Loc, its auditors, and/or other appropriate advisors and with access to such information as the Committee considers being necessary or advisable in order to perform its duties and responsibilities, as assigned by the Board of Directors, in the following areas:

Review of Audited Financial Statements

- 8. Review the annual audited financial statements, MD&A, earnings press releases and, as applicable, the text of any proposed conference calls where financial information will be discussed, in each case before public disclosure of this information and make specific recommendations to the Board of Directors. As part of this process the Committee should:
 - (a) Review the content of the MD&A in the context of prevailing and proposed legislation.
 - (b) Review the appropriateness of any changes to the underlying accounting principles and practices.
 - (c) Review the appropriateness of estimates, judgments of choice and level of conservatism of accounting principles.
 - (d) Review business risks, uncertainties, commitments and contingent liabilities.
 - (e) Be satisfied that adequate procedures are in place for the review of Cell-Loc's disclosure of financial information extracted or derived from the Company's financial statements.

Engagement of External Auditors

- 9. The Committee shall recommend to the Board of Directors the appointment of the external auditor for the purpose of preparing or issuing an audit report or performing other audit, review or attest functions. The external auditors shall report directly to the Committee.
- 10. The Committee shall review and approve the engagement letter. As part of this review the Committee reviews and recommends to the Board of Directors for their approval the auditor's fees for the annual audit. The Committee is responsible for the oversight of the work of the Company's auditor for the purpose of preparing or issuing an audit report or related work, and the auditor shall report directly to the Committee.
- 11. The Committee shall receive of a written statement not less than annually from the external auditor describing in detail all relationships between the auditor and Cell-Loc that may impact the objectivity and independence of the auditor. The Committee shall review annually with the Board of Directors the independence of the external auditors and either confirms to the Board of Directors that the external auditors are independent or recommend that the Board of Directors take appropriate action to satisfy itself of the external auditor's independence.
- 12. The Committee will take reasonable steps to confirm the independence of the independent auditor, which shall include:
 - (a) ensuring receipt from the independent auditor of the written statement referred to above; and
 - (b) considering and discussing with the independent auditor any relationships or services, including non-audit services, that may impact the objectivity and independence of the independent auditor.

13. The Committee shall review and pre-approve all non-audit services to be provided to Cell-Loc by its external auditors.

Review and Discussion with External Auditors

14. The Committee shall review with the external auditors and management the annual external audit plans which would include objectives, scope, timing, materiality level and fee estimate.
15. The Committee shall request and review an annual report prepared by the external auditors of any significant recommendations to improve internal control and corresponding management responses.
16. The Committee shall make specific inquiry of the external auditors relating to:
 - (a) Performance of management involved in the preparation of financial statements.
 - (b) Any restrictions on the scope of audit work.
 - (c) The level of cooperation received in the performance audit.
 - (d) The effectiveness of the work of internal audit.
 - (e) Any unresolved material differences of opinion or disputes between management and the external auditors.
 - (f) Any transactions or activities which may be illegal or unethical.
 - (g) Independence of the external auditor including the nature and fees of non-audit services performed by external audit firms and its affiliates.
17. The Committee shall resolve disagreements between management and the external auditors regarding financial reporting.

Review and Discussion with Management

18. The Committee shall review and assess the adequacy and quality of organization and staffing for accounting and financial responsibilities.
19. The Committee shall review with management the annual performance of external and internal audit.

Review of Other Documents

20. The Committee shall ensure all material public documents relating to the financial performance, financial position or analysis thereon are reviewed by the Committee or another appropriate committee, as designated by the Board of Directors. Such documents would include, but not be limited to, interim financial statements, and the Annual Information Form. In certain cases which involve severe timing considerations such as the Management's Discussion and Analysis contained in the annual report to shareholders, the Committee may designate the responsibility for review to any two members of the Committee. The Committee shall review and monitor practices and procedures adopted by the Company to assure compliance with applicable listing requirements, laws, regulations and other rules, and where appropriate, make recommendations or reports thereon to the Board of Directors.
21. The Committee shall review significant changes in the accounting principles to be observed in the preparation of the accounts of the company and its subsidiaries, or in their application, and in financial disclosure presentation.

22. The Committee shall prepare or review such reports as may be required by any applicable securities regulatory authority to be included in the Company's Information Circular or any other disclosure document of the Company.

Other Responsibilities

23. The Board may from time to time refer to the Committee such matters relating to the financial affairs of the Company as the Board may deem appropriate.
24. The Committee must review and approve Cell-Loc's hiring policies regarding employees and former employees of the present and former auditors of the Company.

Meetings

25. The Committee shall meet at such times as deemed necessary by the Board of Directors or the Committee.

Handling of Complaints

26. The Committee shall maintain procedures for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters, and the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters. These procedures for the receipt, retention and treatment of complaints shall be set out in a separate "whistleblower" policy.

Annual Review

27. The Committee shall review and assess the adequacy of its mandate annually, report to the Board of Directors thereon, and recommend any proposed changes to the Board of Directors for approval. The Committee shall also perform an annual evaluation of the performance of the Committee, and shall report the results of the evaluation to the Chairman of the Governance Committee of Cell-Loc's Board of Directors.

