

CABO DRILLING CORP.

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INFORMATION CIRCULAR

As at November 16, 2009 unless otherwise noted

FOR THE 2009 ANNUAL GENERAL MEETING OF THE SHAREHOLDERS TO BE HELD DECEMBER 17, 2009

This Information Circular is furnished in connection with the solicitation of proxies by the management of CABO DRILLING CORP. (the “Company”) for use at the 2009 Annual General Meeting (the “Meeting”) of the shareholders of the Company, to be held in the Discovery Room, at The Lonsdale Quay Hotel, 123 Carrie Cates Court, North Vancouver, British Columbia, at 10:00 a.m. (PST) on Thursday, the 17th day of December, 2009 and at any adjournment thereof, for the purposes set forth in the accompanying Notice of Meeting .

In this Information Circular, references to “the Company”, “we” and “our” refer to Cabo Drilling Corp. “Common Shares” means common shares in the capital of the Company. “Beneficial Shareholders” means shareholders who do not hold Common Shares in their own name and “intermediaries” refers to brokers, investment firms, clearing houses and similar entities that own securities on behalf of Beneficial Shareholders.

GENERAL PROXY INFORMATION

Solicitation of Proxies

The solicitation of proxies will be made by mail, but proxies may be solicited personally or by telephone by directors, officers and regular employees of the Company. The Company will bear all costs of this solicitation and has arranged for intermediaries to forward the meeting materials to beneficial owners of the Common Shares held of record by those intermediaries and the Company may reimburse the intermediaries for their reasonable fees and disbursements in that regard.

Appointment of Proxyholders

The individuals named in the accompanying form of proxy (the “Proxy”) are officers and/or directors of the Company. **If you are a shareholder entitled to vote at the Meeting, you have the right to appoint a person or company other than either of the persons designated in the Proxy, who need not be a shareholder, to attend and act for you and on your behalf at the Meeting. You may do so either by inserting the name of that other person in the blank space provided in the Proxy or by completing and delivering another suitable form of proxy.**

The only methods by which you may appoint a person as proxy are submitting a proxy by mail, hand delivery or fax.

Voting by Proxyholder

The persons named in the Proxy will vote or withhold from voting the Common Shares represented thereby in accordance with your instructions on any ballot that may be called for. If you specify a choice with respect to any matter to be acted upon, your Common Shares will be voted accordingly. The Proxy confers discretionary authority on the persons named therein with respect to:

- (a) each matter or group of matters identified therein for which a choice is not specified, other than the appointment of an auditor and the election of directors,
- (b) any amendment to or variation of any matter identified therein, and
- (c) any other matter that properly comes before the Meeting.

In respect of a matter for which a choice is not specified in the Proxy, the persons named in the Proxy will vote the Common Shares represented by the Proxy for the approval of such matter.

Exercise of Discretion by Proxyholder

The enclosed Instrument of Proxy does not confer authority to vote for the election of any person as a Director of the Company other than for those persons named in this Information Circular. At the time of printing of this Information Circular, the Management of the Company is not aware that any such amendments, variations or other matters are to be presented for action at the Meeting. However, if any other matters which are not now known to the Management should properly come before the Meeting, the Proxies hereby solicited will be exercised on such matters in accordance with the best judgement of the nominee.

Registered Shareholders

If you are a shareholder of record at the close of business on November 16, 2009, (registered shareholder) you are entitled to vote at the Meeting. However, you may wish to vote by proxy whether or not you attend the Meeting in person. If you submit a proxy, you must complete, date and sign the Proxy, and then return it to the Corporation's transfer agent, **Computershare Investor Services Inc.**, Proxy Department, by mail or by hand delivery at 9th Floor, 100 University Avenue, Toronto, Ontario, M5J 2Y1, not less than 48 hours (excluding Saturdays, Sundays and holidays) before the Meeting or the adjournment thereof at which the Proxy is to be used.

Beneficial Shareholders

The following information is of significant importance to shareholders who do not hold Common Shares in their own name. Beneficial Shareholders should note that the only proxies that can be recognized and acted upon at the Meeting are those deposited by registered shareholders (those whose names appear on the records of the Company as the registered holders of Common Shares).

If Common Shares are listed in an account statement provided to a shareholder by a broker, then in almost all cases those Common Shares will not be registered in the shareholder's name on the records of the Company. Such Common Shares will more likely be registered under the names of the shareholder's broker or an agent of that broker. In the United States, the vast majority of such Common Shares are registered under the name of Cede & Co. as nominee for The Depository Trust Company (which acts as depository for many U.S. brokerage firms and custodian banks), and in Canada, 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).

Intermediaries are required to seek voting instructions from Beneficial Shareholders in advance of shareholders' meetings. Every intermediary has its own mailing procedures and provides its own return instructions to clients.

If you are a Beneficial Shareholder:

You should carefully follow the instructions of your broker or intermediary in order to ensure that your Common Shares are voted at the Meeting.

The form of proxy supplied to you by your broker will be similar to the Proxy provided to registered shareholders by the Company. However, its purpose is limited to instructing the intermediary on how to vote on your behalf. Most brokers now delegate responsibility for obtaining instructions from clients to Broadridge Investor Communications Services ("**Broadridge**") (formerly ADP Investor Communication Corporation) in the United States and in Canada. Broadridge mails a voting instruction form in lieu of a Proxy provided by the Company. The voting instruction form will name the same persons as the Company's Proxy to represent you at the Meeting. You have the right to appoint a person (who need not be a Beneficial Shareholder of the Company), other than the persons designated in the voting instruction form, to represent you at the Meeting. To exercise this right, you should insert the name of the desired representative in the blank space provided in the voting instruction form. The completed voting instruction form must then be returned to Broadridge by mail or facsimile or given to Broadridge by phone or over the internet, in accordance with Broadridge's instructions. Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of Common Shares to be represented at the Meeting. **If you receive a voting instruction form from Broadridge, you cannot use it to vote Common Shares directly at the Meeting - the voting instruction form must be completed and returned to Broadridge, in accordance with its instructions, well in advance of the Meeting in order to have the Common Shares voted.**

Although as a Beneficial Shareholder you may not be recognized directly at the Meeting for the purposes of voting Common Shares registered in the name of your broker, you, or a person designated by you, may attend at the Meeting as proxyholder for your broker and vote your Common Shares in that capacity. If you wish to attend at the Meeting and indirectly vote your Common Shares as proxyholder for your broker, or have a person designated by you do so, you should enter your own name, or the name of the person you wish to designate, in the blank space on the voting instruction form provided to you and return the same to your broker in accordance with the instructions provided by such broker, well in advance of the Meeting.

Alternatively, you can request in writing that your broker send you a legal proxy which would enable you, or a person designated by you, to attend at the Meeting and vote your Common Shares.

This information circular and related material is being sent to both registered and non-registered owners of the securities of the Company. If you are a non-registered owner, and the Company or its agent has sent these materials directly to you, your name and address and information about your holdings of securities, have been obtained in accordance with applicable securities regulatory requirements from the intermediary holding on your behalf.

By choosing to send these materials to you directly, the Company (and not the intermediary holding on your behalf) has assumed responsibility for (i) delivering these materials to you, and (ii) executing your proper voting instructions. Please return your voting instructions as specified in your request for voting instructions.

Revocation of Proxies

In addition to revocation in any other manner permitted by law, a registered shareholder who has given a proxy may revoke it by:

- (a) executing a proxy bearing a later date or by executing a valid notice of revocation, either of the foregoing to be executed by the registered shareholder or the registered shareholder's authorized attorney in writing, or, if the shareholder is a corporation, under its corporate seal by an officer or attorney duly authorized, and by delivering the proxy bearing a later date to the transfer agent of the Company, **Computershare Investor Services Inc.** at 9th Floor, 100 University Avenue, Toronto, Ontario, M5J 2Y1, or to the Company at the registered office of the Company at 3rd Floor, 120 Lonsdale Avenue, North Vancouver, British Columbia, V7M 2E8, at any time up to and including the last business day that precedes the day of the Meeting or, if the Meeting is adjourned, the last business day that precedes any reconvening thereof, or to the chairman of the Meeting on the day of the Meeting or any reconvening thereof, or in any other manner provided by law, or
- (b) personally attending the Meeting and voting the registered shareholder's Common Shares.

A revocation of a proxy will not affect a matter on which a vote is taken before the revocation.

INTEREST OF CERTAIN PERSONS IN MATTERS TO BE ACTED UPON

The directors and officers of the Company have an interest in the resolutions concerning approval of the stock option plan. Other than as disclosed elsewhere in this Information Circular, no directors or senior officers of the Company, no nominee for election as a director of the Company, no Shareholder holding in excess of 10% of the voting rights attached to all equity shares of the Company, and no associate or affiliate of such persons, has any material interest, direct or indirect, by way of beneficial ownership of shares or otherwise in the matters to be acted upon at the Meeting, except for any interest arising from the ownership of shares of the Company where he will receive no extra or special benefit or advantage not shared on a pro rata basis by all holders of shares in the capital of the Company.

VOTING SHARES AND PRINCIPAL HOLDERS OF VOTING SHARES

A. Authorized Shares

The Company is authorized to issue 100,000,000 Common Shares without par value.

B. Issued and Outstanding Shares

The Company has 47,967,347 Common Shares issued and outstanding as at November 16, 2009.

C. Voting Shares

Persons who are Registered Shareholders of the Company at the close of business on November 16, 2009, are entitled to receive notice of and attend and vote at the Meeting. All common shares in the capital of the Company are of the same class and each carries the right to one vote. The quorum for a meeting of Registered Shareholders is two persons present in person or by proxy holding not less than 5% of the issued shares of the Company.

D. Principal Holders of Voting Shares

To the knowledge of the directors and senior officers of the Company, as at November 16, 2009, only two shareholders beneficially own or control, directly or indirectly, equity shares carrying more than 10% of the voting rights attached to the common shares of the Company.

Shareholder	Number of Voting Securities	Percentage Of Issued
CDS & Co. ⁽¹⁾	36,299,489 ⁽²⁾	75.68%
CEDE & CO ⁽¹⁾	9,626,266 ⁽²⁾	20.07%

Notes:

- (1) CDS & Co. and CEDE & CO are depository services. The beneficial holders of these shares are not known to the Company.
- (2) This information was provided by the Company's Transfer Agent.

EXECUTIVE COMPENSATION

Compensation Discussion & Analysis

Objectives

The Company has a Corporate Governance and Compensation Committee (the “CG&C Committee”), whose mandate includes reviewing and recommending the compensation philosophy, guidelines and plans for the Company’s employees and executives. In consultation with the President and Chief Executive Officer (CEO), it also approves the Company’s compensation program, which currently includes annual monetary compensation and a longer term component consisting of incentive stock options, for the executive officers including the CEO and the Chief Financial Officer (CFO).

In arriving at its compensation decisions, the CG&C Committee considers the long term interest of the Company and its stakeholders, and its historical and current stage of development. Based on these considerations, compensation is designed, reviewed and adjusted using performance enhancement as the major goal. The CG&C Committee makes specific recommendations to the board of directors with respect to compensation paid to its executive officers.

Compensation Process

The Chief Executive Officer recommends to the CG&C Committee the individual annual base salaries and bonuses for each executive officer. The CG&C Committee takes these recommendations into consideration when making final decisions on compensation for those executive officers. Compensation recommendations to the board of directors regarding the Chief Executive Officer are made entirely by the CG&C Committee.

The CG&C Committee strives to find a balance among current versus long-term compensation and cash versus equity incentive compensation. Cash payments primarily reward recent performance and equity incentive rewards encourage executive officers to continue to deliver results over a longer period of time and serve as a means of retention.

The CG&C Committee does not use formulas in determining the amount and mix of compensation. The CG&C Committee believes that solely using annual quantitative performance measures does not create the appropriate balance of incentive to build long-term shareholder value. Thus, the CG&C Committee evaluates a broad range of both quantitative and qualitative factors including reliability in delivering financial and growth targets, a track record of integrity, good judgment, the vision and ability to create further growth and the ability to lead others. The evaluation of an executive officer’s performance against his stated objectives plays an important role in determination of overall compensation. For annual long-term incentive awards, the CG&C Committee primarily considers an executive officer’s potential for future successful performance and leadership as part of the executive management team, taking into account past performances as a key 6

The compensation of the Chief Executive Officer, executive officers and management of competitors was considered, to the extent publicly available, in determining compensation and the CG&C Committee has the power to engage a compensation consultant or advisor to assist in determining appropriate compensation.

Components of Compensation

The annual compensation of each executive officer is determined having regard to such factors as the officer’s current responsibilities, individual performance during the year, corporate performance during the year, years of service and the assessment by the CG&C Committee of other factors which may be presented by management. The Company’s compensation policy has three basic components: (i) base salary and benefits; (ii) an incentive cash bonus plan determined annually on the basis of Company profit; and (iii) long term incentives in the form of stock options. The elements of the Company’s compensation policy are designed to attract and retain highly qualified people and to align their interest with those of the shareholders of the Company. The maximization of shareholder value is encouraged by making long term equity incentives under the Company’s Stock Option Plan a significant component of the compensation regime, for the executive officers and Chief Executive Officer. The Company has a stock option plan in place under which awards will be made to executive officers, other employees and consultants in relation to their position, performance, dedication and contribution.

Summary Compensation Table

The following table (presented in accordance with National Instrument Form 51-102F6 (“Statement of Executive Compensation” which came into force December 31, 2008) sets forth all annual and long-term compensation for services in all capacities to the Company for the most recently completed financial year of the Company ended June 30, 2009, in respect of each CEO and CFO, who acted in such capacity for all or any portion of the most recently completed financial year, and each of the three most highly compensated executive officers, or the three other most highly compensated individuals acting in a similar capacity, (other than the CEO and CFO) as at June 30, 2009, whose total compensation was, individually, more than \$150,000 for the financial year and any individual who would have satisfied these criteria but for the fact that individual was neither an executive officer of the Company, nor acting in a similar capacity, at the end of the most recently completed financial year (collectively the “Named Executive Officers” or “NEOs”). The Company had, as at June 30, 2009, two Named Executive Officers, namely John A. Versfelt and Calvin B. Lucyshyn.

Summary Compensation Table

NEO Name & Principal Position	Year	Salary (\$)	Share- based awards (\$)	Option- based awards (\$)	Non-equity incentive plan compensation (\$)		Pension value (\$)	All other compensation (\$)	Total Compensation (\$) ⁽³⁾
					Annual incentive plans ⁽¹⁾	Long-term incentive plans			
John A. Versfelt President, CEO & Director	2009	Nil	N/A	Nil	\$13,000	N/A	N/A	\$182,359 ⁽²⁾	\$195,359
Calvin B. Lucyshyn Chief Financial Officer	2009	\$118,750	N/A	Nil	\$11,000	N/A	N/A		\$129,750

Notes:

- (1) Represents cash incentive bonuses paid and payable during the year ended June 30, 2009. The bonus is based on financial results of fiscal 2008.
- (2) The Company retains American Resource Management Consultants Inc. to provide general management and administrative services including the services of an accounting person. For the year ended June 30, 2009, American Resource Management Consultants Inc. invoiced the Company \$195,359 (\$188,910 in 2008, \$176,583 in 2007) for these services and costs. John A. Versfelt, the President and Chief Executive Officer and a Director of the Company, controls American Resource Management Consultants Inc.
- (3) Represents the aggregate of Salary and All other compensation.

Stock Option Plan

The Company adopted a Stock Option Plan in December, 2003 (the "Plan") The purpose of the Plan is to provide an incentive to the officers, employees, directors and certain consultants of the Company to achieve the longer term objectives of the Company, to give suitable recognition of the ability and industry of such persons who contribute materially to the success of the Company and to attract and retain persons of experience and ability, by providing them with the opportunity to acquire an increased proprietary interest in the Company. Stock options are usually provided ninety (90) days following commencement of employment with the Company. Additional grants are made periodically to recognize exemplary performance of, or special contributions by, eligible employees, officers, directors and consultants.

The Plan is a "rolling" stock option plan and provides for a maximum of 10% of the issued shares of the Company, from time to time, to be reserved for issuance pursuant to the exercise of options. The Plan authorizes the Director's to issue options to directors, officers, key employees and consultants of the Company and its subsidiaries.

The term of any options granted under the Plan is fixed by the board of directors at the time such options are granted, provided that options will not be permitted to exceed a term of five years (or ten years if the Company is reclassified by the Exchange as a Tier 1 Issuer). The exercise price of any options granted under the Plan is determined by the Board of Directors, in its sole discretion, but will not be less than the closing price of the Company's common shares on the day preceding, the day on which the directors grant such options, less any discount permitted by the Exchange. Options provided to persons providing investor relations activities become vested with the right to exercise one-quarter of the option every three months commencing from the date of grant. In addition, a four (4) month hold period, commencing from the date of grant, will apply to all shares issued under each option.

The Plan contains, among other things, the following additional terms and conditions:

- (a) all options will be non-transferable;
- (b) no more than 5% of the issued shares may be granted to any one individual in any 12 month period;
- (c) no more than 2% of the issued shares may be granted to a consultant, or an employee performing investor relations activities, in any 12 month period;
- (d) disinterested Shareholder approval must be obtained for any reduction in the exercise price of an outstanding option, if the option holder is an insider; and
- (e) options will be reclassified in the event of any consolidation, subdivision, conversion or exchange of the Company's common shares.

In the event that an option granted under the Plan expires unexercised or is terminated by reason of dismissal of the Optionee for cause or is otherwise lawfully cancelled prior to the exercise of the option, the optioned shares that were issuable thereunder will be returned to the Plan and will be eligible for reissue.

In November 2008, the Company cancelled all outstanding options to purchase 2,477,500 shares of the Company at prices between \$0.75 and \$1.00 per share that had been granted to directors, officers, employees and consultants of the Company under the Plan. On June 30, 2009, the Company announced the grant, subject to regulatory acceptance, of options to directors, officers, employees and consultants of the Company under terms of the Plan, for the right to purchase 1,350,000 shares at \$0.225 per share and a further 1,350,000 shares at \$0.25 per share. At the end of the financial year ended June 30, 2009 the Company had outstanding options to purchase 2,700,000 shares, subject to regulatory acceptance.

Outstanding Share-Based Awards and Option-Based Awards

The following table sets forth information in respect of incentive plan awards outstanding at the end of the financial year ended June 30, 2009 held by the Named Executive Officers. The Named Executive Officers do not receive share-based awards.

Option-based Awards

Name	Number of securities underlying unexercised options ⁽¹⁾ (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options ⁽²⁾ (\$)
John A. Versfelt	Nil	N/A	-	Nil
Calvin B. Lucyshyn	Nil	N/A	-	Nil

Notes:

- (1) Stock Options were granted June 30, 2009 subject to regulatory acceptance.

Incentive Plan Awards – Value Vested or Earned During the Year

Managers of the Company, including the Named Executive Officers, may be paid an annual incentive bonus based upon Company earnings. The following table sets forth information in respect of the value of incentive plan awards held by the Named Executive Officers that vested during the Company's financial year ended June 30, 2009. The Named Executive Officers do not receive share-based awards. The terms of the Company's Plan are set out above.

Value of Incentive Plan Awards

Name	Option-based awards – Value vested during the year ⁽¹⁾ (\$)	Non-equity Incentive Plan Compensation – Value Earned During the Year (\$)
John A. Versfelt	Nil	Nil
Calvin B. Lucyshyn	Nil	Nil

Notes:

- (1) Represents the aggregate dollar value that would have been realized if the options under the option-based award had been exercised on the vesting date based on the difference between the closing market price of the Corporation's Shares on the vesting date and the exercise price of the options held.

Defined Benefit Plan

During the fiscal year ended June 30, 2009, the Company did not have a defined benefit or pension plan for its Named Executive Officers or Directors.

Termination and Change of Control Benefits

The Named Executive Officers each have an employment contract with the Company that provides compensation in the event the Company terminates their employment without cause. Termination, under the contracts, includes constructive termination by requiring the executive to accept a substantial change of responsibilities or by requiring the executive to move his residence in order to continue his employment. Should the termination provisions of the employment contracts with the Named Executive Officers be exercised, the Company's total obligation under the employment contracts as at the date hereof is \$255,750.

Compensation of Directors of the Corporation

Except as disclosed here, none of the Directors of the Company has any arrangements with the Company whereby they are compensated, for services rendered in their capacity as Directors, or for committee participation or for services as a consultant or expert during the fiscal year ended June 30, 2009.

The Company does not propose to pay or distribute any non-cash compensation to its Directors other than granting incentive stock options under terms of its Stock Option Plan most recently approved by the Shareholders December 12, 2008. During the most recently completed financial year, all outstanding options were cancelled including those granted to the Directors.

The Company has a plan in place whereby it compensates its independent directors, on the basis of \$450.00 per month and \$225.00 per Board and Board Committee meeting attended during the year. During the most recently completed fiscal year of the Company, a total of \$50,388 was paid to non-executive directors of the Company in respect of monthly retainer and Board and Board Committee meeting compensation. The following table sets out the compensation paid to directors for the financial year ended June 30, 2009.

Compensation of Directors of the Company

Name ⁽¹⁾⁽²⁾	Fees Earned ⁽³⁾ (\$)	Share-based awards (\$)	Option-based awards (\$)	Non-equity incentive plan compensation (\$)	Pension value (\$)	All other compensation (\$)	Total (\$)
J. Terry Aimone ⁽³⁾	Nil	-	-	-	-	\$106,460	\$106,460
Greg Gerrie	\$8,500	-	-	-	-	-	\$8,500
Thomas G. Oliver	\$8,525	-	-	-	-	-	\$8,525
Robin J. Preston	\$7,750	-	-	-	-	-	\$7,750
Robert W. Schellenberg	\$8,213	-	-	-	-	-	\$8,213
Peter Walton	\$9,750	-	-	-	-	-	\$9,750

Notes:

- (1) Any fees or option-based awards that would have been paid to or received by John A. Versfelt for services as a director, are included in the Summary Compensation Table for Named Executive Officers. In the fiscal year ended June 30, 2009, Mr. Versfelt did not receive any compensation for serving as a Director.
- (2) In the fiscal year ended June 30, 2009, Mr. Frank J. Nolan was a member of the Board of Directors until his resignation May 1st 2009. Mr. Nolan, earned fees of \$7,650 during the fiscal year ended June 30, 2009.
- (3) Mr. Aimone is the Company's General Manager, Europe and received \$106,460 compensation for serving in that capacity during the fiscal year ended June 30, 2009. In the fiscal year ended June 30, 2009, Mr. Aimone did not receive any compensation for serving as a Director of the Company.

Outstanding Share-Based Awards and Option-Based Awards

The following table sets forth information in respect of incentive plan awards outstanding at the end of the financial year ended June 30, 2009 held by the Directors of the Company. The Directors of the Company do not receive share-based awards.

Option-based Awards

Name	Number of securities underlying unexercised options ⁽¹⁾ (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options (\$)
J. Terry Aimone	Nil	-	-	Nil
Greg Gerrie	Nil	-	-	Nil
Thomas G. Oliver	Nil	-	-	Nil
Robin J. Preston	Nil	-	-	Nil
Robert W. Schellenberg	Nil	-	-	Nil
Peter Walton	Nil	-	-	Nil

Notes:

- (1) Stock Options were granted June 30, 2009, subject to regulatory acceptance.

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The following table sets forth information as at June 30, 2009 with respect to the Company's compensation plans under which equity securities of the Company are authorized for issuance for all compensation plans previously approved by security holders and all compensation plans not previously approved by Shareholders:

Plan Category	Number of Securities to be Issued upon exercise of outstanding options, warrants and rights (a)	Weighted-average exercise price of outstanding options warrants and rights (b)	Number of Securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plans previously approved by shareholders	2,700,000	\$0.2375	2,076,701
Equity compensation plans not previously approved by shareholders	Nil	N/A	Nil

INDEBTEDNESS OF DIRECTORS AND SENIOR OFFICERS

No Director, Executive Officer or Senior Officer of the Company, or any proposed nominee for election as a Director of the Company, or any associate or affiliate of any such Director, Executive Officer or Senior Officer or proposed nominee, is or has been indebted to the Company or any of its subsidiaries, or to any other entity that was provided a guarantee or similar arrangement by the Company or any of its subsidiaries either pursuant to an employee stock purchase program of the Company or otherwise, during the most recently completed financial year of the Company.

MANAGEMENT CONTRACTS

The Company has in place an administrative management services agreement with American Resource Management Consultants Inc. (“ARMC”) to provide general management and administrative services including the services of an accounting person. ARMC is controlled by John A. Versfelt, President and Chief Executive Officer of the Company. In the year ended June 30, 2009 ARMC invoiced the Company \$195,359 for these services.

Except for the foregoing, management functions of the Company are generally performed by directors and senior officers of the Company and not, to any substantial degree, by any other person to whom the Company has contracted.

STATEMENT OF CORPORATE GOVERNANCE PRACTICES is set out and attached as Schedule “A”

FINANCIAL STATEMENTS

The audited financial statements of the Company for the year dated June 30, 2009 (the “Financial Statements”), together with the Auditors’ Report thereon, will be presented to the Shareholders at the Meeting. The Financial Statements, together with the Auditors’ Report thereon, form part of the Corporation’s Annual Report which is being mailed to the Shareholders with this Information Circular.

PARTICULARS OF MATTERS TO BE ACTED UPON

ELECTION OF DIRECTORS

Each Director of the Company is elected annually and holds office until the next Annual General Meeting of the Shareholders unless that person ceases to be a Director before then. In the absence of instructions to the contrary, the shares represented by Proxy will, on a poll, be voted for the nominees herein listed. **Management does not contemplate that any of the nominees will be unable to serve as a Director.**

Shareholder approval will be sought to fix the number of directors of the Company at seven (7).

Five (5) of the nominees are independent directors, ensuring that the Company will continue to be served by a majority of independent directors. Although Management is only nominating seven individuals to stand for election, the names of further nominees for Directors may come from the floor at the Meeting. It is intended that discretionary authority will be exercised by Management to vote the shares represented by the Proxy on any poll for the election of any person or persons as Director.

The following table sets out the names of the persons to be nominated for election as Directors, the positions and offices which they presently hold with the Company, their respective principal occupations or employment during the past five years if such nominee is not presently an elected Director and the number of shares of the Company which each beneficially owns, directly or indirectly, or over which control or direction is exercised as of the date of this Information Circular:

NAME, JURISDICTION OF RESIDENCE AND PRESENT POSITION WITH THE COMPANY	PRINCIPAL OCCUPATION AND POSITIONS DURING LAST FIVE YEARS	PERIOD FROM WHICH NOMINEE HAS BEEN A DIRECTOR	NUMBER OF COMMON SHARES HELD	% OF ISSUED SHARE CAPITAL
J. TERRY AIMONE Director, General Manager Europe; Tirana, Albania	Businessman; Former General Manager, Cabo Drilling de Mexico	June 30, 2004	25,000	0.05%
GREG GERRIE ⁽²⁾ Independent Director British Columbia, Canada	Businessman; President & CEO, Trinity Healthy Living Products Inc.; Former Vice-President, Training & Development, iQuest Performance Centres	December 15, 2005	10,700 ⁽³⁾	0.02%
THOMAS G. OLIVER ⁽¹⁾ Independent Director British Columbia,, Canada	Businessman; President & Manager Splashdown Waterparks Inc. and several private companies	May 31, 2004	22,000	0.046%
ROBIN J. PRESTON ⁽²⁾ Independent Director British Columbia,, Canada	Businessman; Chartered Financial Planner, former Vice- President, RBC Dominion Securities	December 15, 2005	20,000	0.04%
ROBERT W. SCHELLENBERG ⁽¹⁾ Independent Director Michigan, USA	Certified Public Accountant, Schellenberg & Evers PC	December 11, 2006	75,000	0.15%
JOHN A. VERSFELT President, CEO & Director Maple Ridge, B.C., Canada	President; American Resource Management Consultants Inc. (ARMC); and a director and officer of several public companies	January 1992	2,045,518 ⁽⁴⁾	4.26%
PETER WALTON ⁽¹⁾⁽²⁾ Independent Director West Vancouver, BC, Canada	Businessman; Financial and Tax Consultant	December 11, 2006	10,000 ⁽⁵⁾	0.02%

Notes:

- (1) Member of the Audit Committee
(2) Member of the Corporate Governance Committee
(3) 7,700 shares are held directly by Mr. Gerrie, and 3,000 shares are controlled by Mr. Gerrie, for another party.
(4) 178,730 shares are held directly by Mr. Versfelt; 1,791,647 shares are held by ARMC., a company controlled by Mr. Versfelt and his wife Jackie D. Versfelt; and 75,141 shares are controlled by Mr. Versfelt for other parties.
(5) 10,000 shares are held by Marks & Sparks Enterprises Ltd. a company controlled by Mr. Walton.

The information as to shares beneficially owned has been furnished by the respective nominees, individually. Each of the proposed nominees has held the principal occupation or employment indicated during the past five (5) years.

As the Company is a reporting company, the Directors of the Company are required to elect from their number an Audit Committee and a Corporate Governance & Compensation Committee. Thomas G. Oliver, (Chair) Robert W. Schellenberg, and Peter Walton are the three (3) current members of the Audit Committee. Mr. Oliver, Mr. Schellenberg and Mr. Walton are all independent Directors. Messrs. Preston (Chair), Gerrie and Walton are the three (3) current members of the Corporate Governance & Compensation Committee. All are independent Directors.

Except as otherwise noted below, none of the proposed Directors of the Company:

- a) is, as at the date of the Information Circular, or has been, within 10 years before the date of the Information Circular, a director, chief executive officer (“CEO”) or chief financial officer (“CFO”) of any company (including the Company) that:
- i) was the subject, while the proposed director was acting in the capacity as director, CEO or CFO of such company, of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days; or
 - ii) was subject to a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days, that was issued after the proposed director ceased to be a director, CEO or CFO but which resulted from an event

that occurred while the proposed director was acting in the capacity as director, CEO or CFO of such company; or

- b) is, as at the date of this Information Circular, or has been within 10 years before the date of the Information Circular, a director, or executive officer of any company (including the 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 10 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; or
- d) has been subject to 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
- e) has been subject to any penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable security holder in deciding whether to vote for a proposed director.

The following Directors hold directorships in other reporting issuers as set out below;

Name of Director	Name of Other Reporting Issuer
Thomas G. Oliver	Digit Development Inc.(Gen. Partner of HLD Land Development LP)
Robert W. Schellenberg	Diamond International Exploration Inc. Galahad Metals Inc. Wedge Energy International Inc.
John A. Versfelt	Avian Capital Inc. International Millennium Mining Corp Open EC Technologies, Inc.

With respect to Greg Gerrie, in 2000, Mr. Gerrie made an arrangement with creditors through the Credit Counseling Society to have debts amalgamated and paid off at a settled amount as a result of a poor stock investment. As of September 29, 2004, all outstanding debts under the debt management settlement program were settled.

APPOINTMENT AND REMUNERATION OF AUDITOR

The persons named in the enclosed Instrument of Proxy will vote for the appointment of Morgan & Company, Chartered Accountants, of Vancouver, British Columbia, as Auditor of the Company, to hold office until the next Annual General Meeting of the Shareholders at remuneration to be fixed by the Directors. Morgan & Company, Chartered Accountants, was appointed to the position of Auditor of the Company on August 25, 1993.

APPROVAL OF AMENDED STOCK OPTION PLAN

In August 2002, the Exchange adopted a new stock option policy whereby all Tier 2 Company's must implement and approve a stock option plan yearly. In accordance with this policy, the Company adopted a Stock Option Plan in May, 2004 (the "Plan") which was first approved by the Shareholders at the Annual General held on December 19, 2003 and re-approved at the most recent Annual General Meeting of the Shareholders December 12, 2008. The Plan is a "rolling" stock option plan and provides for a maximum of 10% of the issued shares of the Company, from time to time, to be reserved for issuance pursuant to the exercise of options. The Plan authorizes the Director's to issue options to directors, officers, key employees and consultants.

Amendment of the Stock Option Plan

The Company has elected to restrict itself from taking any action requiring Disinterested Shareholder approval that could result in either, shares reserved for issuance under the Plan for granting to Insiders or optioned shares issued to Insiders in a one-year period under the Plan, exceeding 10% of the Listed Shares. To achieve this, the Directors have agreed to amend the Plan by way of the following amendment of a housekeeping nature to the Plan:

Section 2.9, of the Plan, entitled, **Terms or Amendments Requiring Disinterested Shareholder Approval** has been replaced by the following Sections 2.9 and 2.10.

- “2.9 The Company shall be required to obtain Disinterested Shareholder Approval prior to any reduction in the Exercise Price of an Option previously granted to an Insider becoming effective.
- 2.10 The Company shall take none of the following actions requiring prior Disinterested Shareholder Approval to become effective, whereby the Plan, together with all of the Company’s previously established and outstanding stock option plans or grants, could result at any time in:
- (i) the aggregate number of Common Shares reserved for issuance under Options granted to Insiders exceeding 10% of the Listed Shares;
 - (ii) the number of Optioned Shares issued to Insiders within a one-year period exceeding 10% of the Listed Shares; or,
 - (iii) in the case of a Tier 1 Company only, the issuance to any one Optionee, within a 12-month period, of a number of Common Shares exceeding 5% of the Listed Shares.”

The Plan is subject to receipt of Exchange acceptance to its filing.

Reference should be made to the full text of the Plan as amended which will be made available at the registered office of the Corporation at 3rd Floor -120 Lonsdale Avenue, North Vancouver, BC, V7M 2E8, until the business day immediately preceding the date of the Meeting.

In addition to the terms of the Plan mentioned above and in the Executive Compensation section on page 5, the policies of the Exchange require re-approval of the Plan by the affirmative vote of a majority of the votes cast at the Meeting, other than the votes attached to the common shares beneficially owned by the insiders of the Corporation to whom the options may be granted pursuant to the Plan, or their associates and to the granting of authority to the Directors through the coming year to decrease the exercise price of stock options previously granted to Insiders.

Shareholders will be asked to consider, and if thought fit, to pass the following ordinary resolution by way of disinterested Shareholder approval:

“RESOLVED, as an Ordinary Resolution, that:

- a) The Company’s Amended Stock Option Plan (the “Plan”) be and is hereby approved, including the reserving for issuance under the Plan at any time of a maximum of 10% of the issued and outstanding shares of the Company, subject to any amendments that may be required by the TSX Venture Exchange.
- b) the Board of Directors or any committee created pursuant to the Plan be and it is hereby authorized to make such amendments to the Plan from time to time, as may be required by the applicable regulatory authorities, or may in its discretion, be considered appropriate by the Board of Directors or committee, in its sole discretion, provided always that such amendments be subject to the approval of the regulatory authorities, if applicable, and in certain cases, in accordance with the terms of the Plan, the approval of the Shareholders;
- c) the Company be and is hereby authorized to abandon or terminate all or any part of the adoption of the Plan if the Board of Directors of the Company deems it appropriate and in the best interest of the Company to do so;
- d) the Company be and is hereby authorized to grant stock options pursuant to and subject to the terms and conditions of the Plan entitling the option holders to purchase common shares of the Company;
- e) the Board of Directors be and are hereby authorized at their discretion to amend the exercise price (including decrease) of previously granted stock options, including those previously granted to an Insider, without further approval by the Shareholders, all in accordance with the policies of the Exchange;
- f) any one or more of the directors of the Company be and is hereby authorized and directed to perform all acts, deeds and things and execute, under the corporate seal of the Company, or otherwise, all such documentation and other writings, including necessary treasury order(s), Exchange filing forms, as may be required to give effect to the true intent of this resolution.”

In the absence of contrary directions, the persons named in the accompanying form of proxy intend to vote the common shares represented thereby in favour of the ordinary resolution to approve the Plan.

APPROVAL AND RATIFICATION OF ACTS OF DIRECTORS

Management of the Company proposes that the Shareholders ratify, approve and confirm the actions, deeds and conduct of the Directors and officers taken on behalf of the Company since the last annual general meeting. Accordingly, Shareholders will be asked to consider and approve the following resolutions, with or without modification:

“RESOLVED, as an Ordinary Resolution, that:

- (a) Notwithstanding (i) any failure to properly convene, proceed with, or record any meeting of the Board of Directors or Shareholders for any reason; or (ii) any failure to pass any resolution of the Directors or Shareholders or any articles of the Company for any reason: all approvals, appointments, elections, resolutions, contracts, acts and

proceedings enacted, passed, made done or taken since December 12, 2008, as set forth in the minutes or resolutions of the Board of Directors or Shareholders or in other documents contained in the minutes book, the record book or in the financial statements of the Company, and all action taken to-date in reliance upon the validity of such minutes, documents and financial statements, are hereby sanctioned, ratified, confirmed and approved; and

- (b) Without limiting the generality of paragraph a) above, all resolutions, contracts, acts and proceedings of the Board of Directors of the Company enacted, made, done or taken since the last annual general meeting as set forth or referred to in the minutes, the record books or in the financial statements of the Company, are hereby approved, ratified and confirmed.”

In the absence of contrary directions, the persons named in the accompanying form of proxy intend to vote the common shares represented thereby in favour of the resolution ratifying, confirming and approving the acts and proceedings of the Directors and officers of the Company.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

Other than as disclosed herein or elsewhere in this Information Circular, during the financial year ended June 30, 2009, no informed person (as defined in National Instrument 51-102) or proposed director of the Company and no associate or affiliate of the foregoing persons has or has had any material interest, direct or indirect, in any transaction since the commencement of the Company's last completed financial year or in any proposed transaction, which, in either case, has materially affected or will materially affect the Company.

During the year ARMC, a company controlled by a Director of the Company, billed \$195,359 (2008 - \$188,910) for general management and administrative services, including the services of an accounting person.

The Company shares office services and personnel with International Millennium Mining Corp. (IMMC). At June 30, 2009, \$54,417 (2008 - \$12,987) was due from IMMC for shared services. A director and officer of IMMC is also a director and officer of the Company and the Company is the holder of more than 10% of equity shares carrying more than 10% of the voting rights attached to the common shares of IMMC.

During the year the Company provided no drilling services to IMMC. In 2008, the Company provided drilling services in the amount of \$344,924.

ADDITIONAL INFORMATION

The audited financial statements of the Company for the year ended June 30, 2009 and the report of the auditor thereof will be placed before the Meeting. The Annual Report containing the consolidated audited financial statements, the report of the auditor and management's discussion and analysis are being mailed to shareholders with the Notice of Meeting and this Information Circular. Additional copies may be obtained free of charge from the Secretary of the Company upon request and will be available at the Meeting. Copies of the Company's Annual Report and copies of the Notice of Meeting and this Information Circular are also posted on the Company's Web Site: www.cabo.ca.

Additional information relating to the Company is available on SEDAR at www.sedar.com. In addition, security holders may contact the Company to request copies of the Company's financial statements and MD&A by contacting the Company at Tel: (604) 984-8894; Fax: (604) 983-8056; E-mail: info@cabo.ca.

OTHER MATTERS TO BE ACTED UPON

It is not known if any other matters will come before the Meeting other than set forth above and in the Notice of Meeting, but if such should occur, the persons named in the accompanying Proxy intend to vote on any poll, on such matters in accordance with their best judgement, exercising discretionary authority with respect to amendments or variations of matters identified in the Notice of Meeting and other matters which may properly come before the Meeting or any adjournment thereof.

The contents of this Information Circular and its distribution to shareholders have been approved by the board of directors of the Company.

DATED at North Vancouver, BC, November 16, 2009.

BY ORDER OF THE BOARD OF DIRECTORS

“John A. Versfelt”

John A. Versfelt,
President & Chief Executive Officer

SCHEDULE “A”

STATEMENT OF CORPORATE GOVERNANCE PRACTICES

Corporate governance relates to the activities of the Board, the members of which are elected by and are accountable to the Shareholders, and takes into account the role of the individual members of management who are appointed by the Board and who are charged with the day-to-day management of the Company. The Board is committed to sound corporate governance practices which are both in the interest of its Shareholders and contribute to effective and efficient decision making. The Company’s shares are listed for trading on the TSX Venture Exchange (the “Exchange”) and the Board is of the view that the Corporation’s general approach to corporate governance, summarized below, is appropriate and substantially consistent with objectives reflected in the guidelines for improved corporate governance in Canada adopted by the Exchange (the “Exchange Guidelines”).

Board of Directors

Structure and Compensation

The Board is currently composed of seven directors five of whom are independent based upon the tests for independence referred to in National Instrument 58-101 and the Exchange Guidelines. Seven nominees are proposed, all of whom are current directors of the Company. Independent Directors will, in the current financial year, receive compensation of \$450.00 per month and \$225.00 for each Board or Board Committee meeting attended.

National Instrument 58-101 suggests that the Board of Directors should be constituted with a majority of individuals who qualify as “independent” directors. In British Columbia a director is “independent” if a reasonable person with knowledge of all the relevant circumstances would conclude that the director is independent of management of the issuer and of any significant security holder. Messrs. Gerrie, Oliver, Preston, Schellenberg and Walton are “independent” directors. Mr. Versfelt is not independent as he is the President and CEO of the Company. Mr. Aimone is not independent as he is the Company’s General Manager, Europe. In assessing the foregoing determination, the circumstances of each director have been examined in relation to the tests for independence referred to in National Instrument 58-101 and in the Exchange Guidelines.

Meetings of the Board

The Board meets in person and by conference call to review, among other things, material transactions of the Company. From time to time, matters requiring Board approval were dealt with by Director Consent Resolutions signed by all members of the Board. Meetings of the Board are called to deal with special matters as circumstances require. The Board met seven (7) times during the fiscal year ended June 30, 2009.

Director	Board Meetings Attended
<i>Executive Directors</i>	
John A. Versfelt, President and CEO	7 of 7
J. Terry Aimone, Gen. Mgr. Europe	6 of 7
<i>Non-Executive Directors⁽¹⁾</i>	
Greg Gerri	7 of 7
Thomas G. Oliver	6 of 7
Robin J. Preston	4 of 7
Robert W. Schellenberg	6 of 7
Peter Walton	7 of 7

Notes:

- (1) Mr. Frank J. Nolan, a member of the Board of Directors since June 30, 2004, was elected again December 12, 2008 and served until his resignation May 1st 2009. During the fiscal year ended June 30, 2009, and prior to his resignation, Mr. Nolan, attended 6 of 6 Board Meetings.

Committee Responsibilities and Activities

Committees of the Board are an integral part of the Company’s governance structure. At present the Company has an Audit Committee and a Corporate Governance & Compensation Committee as its two (2) standing committees established to devote the necessary expertise and resources to the Company’s financial and corporate governance affairs and to enhance the quality of discussion at Board meetings. The committees facilitates effective Board decision making by providing recommendations to the Board on matters of corporate accounting and reporting practices and on matters of corporate governance and compensation.

A summary of the responsibilities and activities of the Audit and Corporate Governance & Compensation Committees is set out below.

Audit Committee - Function

Pursuant to the provisions of Section 193 of the *Business Corporations Act* (Yukon), and to the provisions of Section 224 of the *Business Corporations Act* (British Columbia), the Corporation is required to have an Audit Committee comprised of at least three directors, the majority of which must not be officers or employees of the Corporation or any of its affiliates.

The Company must also, pursuant to the provisions of National Instrument 52-110 *Audit Committees* (“NI 52-110”), which became effective March 17, 2008, have a written charter which sets out the duties and responsibilities of its audit committee. In providing the following disclosure, the Company is relying on the exemption provided under NI 52-110, which allows for the short form disclosure of the audit committee procedures of venture issuers described in NI 52-110F2.

Audit Committee’s Charter

Mandate

The primary function of the audit committee (the “**Committee**”) is to assist the Board of Directors in fulfilling its financial oversight responsibilities by reviewing the financial reports and other financial information provided by the Company to regulatory authorities and Shareholders, the Company’s systems of internal controls regarding finance and accounting, and the Company’s auditing, accounting and financial reporting processes. Consistent with this function, the Committee will encourage continuous improvement of, and should foster adherence to, the Company’s policies, procedures and practices at all levels. The Committee’s primary duties and responsibilities is to act as a liaison between the Board and the Company’s independent auditors (the “**Auditors**”) and to assist the Board in fulfilling its oversight responsibilities with respect to:

- the quarterly and annual financial statements and other financial information provided by the Company to its Shareholders, the public and others;
- the Company’s compliance with legal and regulatory requirements;
- the qualification, independence and performance of the Auditors; and
- the Company’s risk management and internal financial and accounting controls and management information systems.

Composition

The Committee shall be comprised of a minimum of three directors as determined by the Board of Directors, the majority of whom shall be free from any relationship that, in the opinion of the Board of Directors, would reasonably interfere with the exercise of his or her independent judgment as a member of the Committee. At least one member of the Committee shall have accounting or related financial management expertise and all members must be financially literate, as such term is defined by National Instrument 52-110. The members of the Committee shall be elected by the Board of Directors at its first meeting following the annual Shareholders’ meeting.

Meetings

The Committee shall meet as frequently as circumstances require, but not less frequently than four times per year. The Committee shall meet at least quarterly with management and the Company’s financial and accounting officer(s) and at least twice per year with the Auditors in separate executive sessions to discuss any matters that the Committee or each of these groups believe should be discussed privately.

Authority and Responsibilities

The Board, after consideration of the recommendation of the Committee, shall nominate the Auditors for appointment by the Shareholders of the Company in accordance with applicable law. The Auditors report directly to the Audit Committee. The Auditors are ultimately accountable to the Committee and the Board as representatives of the Shareholders.

The Committee shall have the following responsibilities:

Auditors

- Recommend to the Board the independent auditors to be nominated for appointment as Auditors of the Company, changes to Auditors, review the Auditor’s audit plan and discuss the Auditor’s scope, staffing, materiality, general audit approach, compensation and review on an annual basis the performance of the Auditors, including the lead audit partner, and consider the tenure of the lead audit partner on the engagement in light of applicable securities law, stock exchange or applicable regulatory requirements.
- Take reasonable steps to confirm the independence of the Auditors, which includes reviewing all reports required to be submitted by the Auditors to the Committee under applicable securities laws, stock exchange or other regulatory requirements.
- Review and approve any disclosures required to be included in periodic reports under applicable securities law, stock exchange and other regulatory requirements.

- Pre-approve all non-audit services to be provided by the issuer or its subsidiary entities by the issuer's external auditor.
- Confirm with the Auditors and receive written confirmation at least once per year as to (i) the Auditor's internal processes and quality control procedures; and (ii) disclosure of any material issues raised by the most recent internal quality control review, or professional enquiries, reviews or investigations of the Auditors within the last five years.

Financial Statements and Financial Information

- Review and discuss with management, the financial and accounting officer(s) and the Auditors, the Company's interim and annual audited financial statements, including disclosures made in management's discussion and analysis, prior to filing or distribution of such statements and recommend to the Board, if appropriate, that the Company's audited financial statements, MD&A and annual interim earnings press releases before the issuer publicly disclose this information.
- Be satisfied that adequate procedures are in place for the review of the Company's disclosure of financial information and information extracted or derived from the Company's financial statements and periodically assess the adequacy of these procedures.
- Discuss with the Auditor the matters required to be discussed by applicable auditing standards requirements relating to the conduct of the audit including:
 - the adoption of, or changes to, the Company's significant auditing and accounting principles and practices;
 - the management letter provided by the Auditor and the Company's response to that letter; and
 - any difficulties encountered in the course of the audit work, including any restrictions on the scope of activities or access to requested information, or personnel and any significant disagreements with management.
- Discuss with management and the Auditors major issues regarding accounting principles used in the preparation of the Company's financial statements, including any significant changes in the Company's selection or application of accounting principles.

Ongoing Reviews and Discussions with Management and Others

- Periodically review separately with each of management, the financial and accounting officer(s) and the Auditors; (a) any significant disagreement between management and the Auditors in connection with the preparation of the financial statements, (b) any difficulties encountered during the course of the audit, including any restrictions on the scope of work or access to required information and (c) management's response to each.
- At least annually discuss with the Auditors, without management being present, (a) their judgments about the quality and appropriateness of the Company's accounting principles and financial disclosure practices as applied in its financial reporting and (b) the completeness and accuracy of the Company's financial statements.
- Review and discuss with management, the Auditors and the Company's counsel, as appropriate, any legal, regulatory or compliance matters that could have a significant impact on the Company's financial statements, including applicable changes in accounting standards or rules, or compliance with applicable laws and regulations, inquiries received from regulators or government agencies and any pending material litigation such as submission of statutory remittances to government and regulatory agencies etc.
- Enquire of the Company's financial and accounting officer(s) and the Auditors on any material matters which should be brought to the attention of the Committee concerning accounting, financial and operating practices and controls and accounting practices of the Company.
- Review and discuss with management any earnings press releases, including the use of "pro forma" or "adjusted" non-GAAP information, as well as any financial information and earnings guidance provided to analysts and rating agencies. Such discussions may be done generally (i.e. discussion of the types of information to be disclosed and the types of presentations made).
- Review and discuss with management any material off-balance sheet transactions, arrangements, obligations (including contingent obligations) and other relationships of the Company with unconsolidated entities or other persons, that may have a material current or future effect on financial condition, changes in financial condition, results of operations, liquidity, capital resources, capital reserves or significant components of revenues or expenses.
- Obtain explanations from management of all significant variances between comparative reporting periods.

Risk Management and Internal Controls

- Review the scope and plan of the work to be done by the Company's financial and accounting group and the responsibilities, budget and staffing needs of such group.
- Ensure that management has designed and implemented effective systems of risk management and internal controls and, at least annually, review the effectiveness of the implementation of such systems.

- In consultation with the Auditors and management, review the adequacy of the Company's internal control structure, procedures, and operating designed to ensure compliance with laws and regulations, and discuss the responsibilities, budget and staffing needs of the Company's financial and accounting group.
- Establish procedures for (a) the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters and (b) the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.
- Review the internal control reports prepared by management, including management's assessment of the effectiveness of the Company's internal control structure and procedures for financial reporting and (ii) the Auditors' attestation, and report, on the assessment made by management.
- Review and approves the issuer's hiring policies regarding partners, employees and former partners and employees of the present and former external auditors of the issuer.
- Review and approve (a) any change or waiver in the Company's code of conduct and ethics applicable to financial officers and (b) any disclosures made under applicable securities law, stock exchange or other regulatory requirements regarding such change or waiver.

Other Responsibilities

- Review and approve related-party transactions if required under applicable securities law, stock exchange or other regulatory requirements.
- Review and approves the issuer's hiring policies regarding partners, employees and former partners and employees of the present and former external auditors of the issuer.
- Review and approve (a) any change or waiver in the Company's code of conduct and ethics applicable to financial officers and (b) any disclosures made under applicable securities law, stock exchange or other regulatory requirements regarding such change or waiver.
- Review and reassess the duties and responsibilities set out in the Charter and the accompanied work plan annually and recommend to the Corporate Governance and Compensation Committee and to the Board any changes deemed appropriate by the Committee.
- Review its own performance annually, seeking input from management and the Board.
- Review cash management and investments in respect to the Company policies and procedures. Review such Company policies and procedures annually.

Reporting

The Committee shall report regularly to the Board and shall submit the minutes of all meetings of the Audit Committee to the Board (which minutes shall ordinarily be included in the papers for the next full board meeting after the relevant meeting of the Committee). The Committee shall also report to the Board on the proceedings and deliberations of the Committee at such times and in such manner as the Board may require. The Committee shall review with the full Board any issues that have arisen with respect to quality or integrity of the Company's financial statements, the Company's compliance with legal or regulatory requirements, the performance or independence of the Auditors or the performance of the Company's financial and accounting group.

Authority

The Committee has the authority:

- to engage independent counsel and other advisors as it determines necessary to carry out its duties,
- to set and pay the compensation for any advisors employed by the audit committee, and
- to communicate directly with internal and external auditors.

Composition of the Audit Committee

The Audit Committee is comprised of three directors appointed by the Board. All members are financially literate as such term is defined by National Instrument 52-110. On December 17, 2007, and again on December 12, 2008, Messrs Oliver, Schellenberg and Walton were elected members of the Audit Committee. Currently, therefore the members are:

Director⁽¹⁾		Audit Committee Meetings Attended
Thomas G. Oliver (Chair)	Independent Director	5 of 5
Robert W. Schellenberg	Independent Director	4 of 5
Peter Walton	Independent Director	5 of 5

Notes:

- (1) Mr. Frank J. Nolan was appointed a member of the Audit Committee May 28, 2008, and again December 12, 2008, serving until his resignation May 1st 2009. During the fiscal year ended June 30, 2009, and prior to his resignation, Mr. Nolan, attended 4 of 4 Audit Committee Meetings.

The members of the Audit Committee will be elected by the Board at its first meeting following the Meeting.

External Auditor Service Fees

The audit committee has reviewed the nature and amount of the non-audited services provided by Morgan & Company to the Company to ensure auditor independence. Fees incurred with Morgan & Company for audit and non-audit services in the last two fiscal years for audit fees are outlined in the following table:

Nature of Services	Fees Paid to Auditor in Year Ended June 30, 2009	Fees Paid to Auditor in Year Ended June 30, 2008
Audit Fees ⁽¹⁾	\$191,855	\$109,228
Audit-Related Fees ⁽²⁾	Nil	Nil
Tax Fees ⁽³⁾	Nil	\$3,675
All Other Fees ⁽⁴⁾	Nil	nil
Total	\$191,855	\$112,903

Notes:

- (1) "Audit Fees" include fees necessary to perform the annual audit and quarterly reviews of the Company's consolidated financial statements. Audit Fees include fees for review of tax provisions and for accounting consultations on matters reflected in the financial statements. Audit Fees also include audit or other attest services required by legislation or regulation, such as comfort letters, consents, reviews of securities filings and statutory audits.
- (2) "Audit-Related Fees" include services that are traditionally performed by the auditor. These audit-related services include employee benefit audits, due diligence assistance, accounting consultations on proposed transactions, internal control reviews and audit or attest services not required by legislation or regulation.
- (3) "Tax Fees" include fees for all tax services other than those included in "Audit Fees" and "Audit-Related Fees". This category includes fees for tax compliance, tax planning and tax advice. Tax planning and tax advice includes assistance with tax audits and appeals, tax advice related to mergers and acquisitions, and requests for rulings or technical advice from tax authorities.
- (4) "All Other Fees" include all other non-audit services.

Corporate Governance & Compensation Committee - Function

Corporate governance relates to the activities of the Board, the members of which are elected by and are accountable to the Shareholders, and takes into account the role of the individual members of management who are appointed by the Board and who are charged with the day-to-day management of the Company. The Board is committed to sound corporate governance practices, which are both in the interest of its Shareholders and contribute to effective and efficient decision making. The Board is of the view that the Company's general approach to corporate governance, summarized below, is appropriate and substantially consistent with objectives reflected in the guidelines for improved corporate governance in Canada adopted by The Toronto Stock Exchange (the "Exchange Guidelines").

Purposes

The purpose of the Governance & Compensation Committee of the Company (the "Committee") is to assist the Board in fulfilling its role as directors of the Company and provide a focus on governance and compensation that will enhance Cabo's performance. The Committee will:

- Assess and make recommendations to the Board regarding Board and Committee effectiveness,
- Assist the Board in fulfilling its obligations relating to CEO, senior management, executive management and Board of Directors compensation matters,
- Assist the Board in assessing its direction relating to Regulatory Compliance of Corporate Governance Practices, and
- Proposing new nominees for the Board and Committees annually for appointment and orienting new directors.

Composition and Operations

- The Committee shall be composed of not fewer than three directors, the majority of which shall be independent.
- A quorum shall be a simple majority.
- The Committee shall operate in a manner that is consistent with the Committee Guidelines of the Board Manual.
- The Committee shall meet at least four times each year, separate from Board meetings.

Duties and Responsibilities - Governance

Subject to the powers and duties of the Board, the Committee has the responsibility to:

- Review annually, for Board approval, Board level policies and procedures by which the Board will operate including the Board Manual, terms of reference for the Board, the Board Chair, a Director and Committees.
- Review and reassess the adequacy of the Company's corporate governance policies, practices and procedures, prepare any report as may be required under applicable securities law, stock exchange and any

other regulatory requirements annually and recommend to the Board any changes deemed appropriate by the Committee.

- Review any proposed changes to the Company's constituting documents as such documents relate to corporate governance matters.
- Recommend to the Board any reports on governance and human resources that may be required or considered advisable.
- At the request of the Board Chair or the Board, undertake such other corporate governance initiatives as may be necessary or desirable to contribute to the success of the Company.
- Advise the Board on the appropriateness of its structures and procedures so that the Board can function with the proper degree of independence from management.
- Review and recommend to the Board the corporate disclosure requirements pursuant to the regulations.

Policies for Board and Executive Team

- Recommend to the Board a policy for Engagement of Independent Counsel
- Recommend to the Board Code of Conduct and Ethics and Conflict of Interest Policies

Board Composition and Performance

- Recommend to the Board and annually implement an appropriate evaluation process for the Board, the Board Chair, and committees and assume responsibility for recommending an individual director evaluation.
- Develop recommendations regarding the essential and desired experiences and skills for potential directors, taking into consideration the Board's short-term needs and long-term succession plans.
- Review, monitor and make recommendations regarding director orientation and ongoing development.
- Assess whether a director is independent.

Compensation

- Review and recommend a role and job description for the CEO to the Board.
- Recommend a performance evaluation process for the CFO and V.P.'s and when approved, review the implementation of the evaluation process. Lead the implementation of the CEO review.
- Review and recommend to the Board the CEO compensation plan (including contracts, incentive compensation, and equity based plans).
- Review the CEO's performance feedback and compensation plans (including contracts, incentive compensation, and equity based plans) of the CFO and V.P.'s.
- Review the Director's compensation.
- Review with the CEO existing management resources and plans, including recruitment and training programs, to ensure that qualified personnel will be available for succession to execute positions in Cabo and its subsidiaries and key officer positions in its reporting organizations, and report on this matter to the Board at least once each year.
- Review and endorse major changes in the organizational structure of executive as proposed by the CEO.
- Review the Company's Human Resource Policies from time to time including staff compensation philosophy and guidelines, and employee benefit package.
- Review with the CEO any significant outside commitments the CEO is considering before the commitment is made. This includes commitments to act as a director or trustee of for-profit and not-for-profit organizations. The CEO will conduct an annual review of the outside commitments of each member of the Executive team including a review of the Conflict of Interest Policy.

Accountability

The Committee shall report its discussions to the Board by maintaining minutes of its meetings and providing an oral and written report at the next Board meeting.

Composition of the Corporate Governance & Compensation Committee - The Corporate Governance & Compensation Committee is comprised of three directors appointed by the Board. Messrs. Gerrie, Preston and Walton have been the members of the CG&C Committee since December 11, 2006. Messrs. Gerrie, Preston and Walton are independent directors.

Director⁽¹⁾		CG&C Committee Meetings Attended
Greg Gerrie	Independent Director	4 of 4
Robin J. Preston (Chair)	Independent Director	4 of 4
Peter Walton	Independent Director	4 of 4

The members of the CG&C Committee will be elected by the Board at its first meeting following the Meeting.