



**NOTICE OF MEETING**

**AND**

**MANAGEMENT INFORMATION CIRCULAR**

**FOR THE**

**ANNUAL MEETING OF SHAREHOLDERS**

**TO BE HELD AT 3:00 P.M.**

**ON TUESDAY APRIL 28, 2009**

**AT THE OFFICES OF AMORFIX LIFE SCIENCES LTD.**

**3403 AMERICAN DRIVE, MISSISSAUGA, ONTARIO L4V 1T4**

## NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

**NOTICE IS HEREBY GIVEN THAT** the annual meeting (the “Meeting”) of shareholders of Sernova Corp. (the “Corporation”) will be held the offices of Amorfix Life Sciences Ltd., 3403 American Drive, Mississauga, Ontario L4V 1T4 on Tuesday, April 28, 2009, at 3:00 p.m. (Mississauga time), for the following purposes:

- (1) to receive the report of the directors;
- (2) to elect the directors of the Corporation for the ensuing year;
- (3) to appoint the auditor of the Corporation for the ensuing year and to authorize the directors to fix the auditor’s remuneration;
- (4) to approve the Corporation’s stock option plan for the ensuing year, as more fully set forth in the Information Circular accompanying this notice;
- (5) to transact such other business as may properly come before the Meeting or any adjournment thereof.

The specific details of the matters proposed to be put before the Meeting are set forth in the Information Circular which accompanies this Notice of Meeting.

**DATED** at London, Ontario this 20th day of March, 2009.

**BY ORDER OF THE BOARD OF DIRECTORS**

\_\_\_\_\_  
“*Craig Gauld*”

Craig Gauld, Secretary

---

### NOTES:

1. A Management Information Circular and Proxy accompany this Notice of Meeting. Registered shareholders who are unable to be present at the Meeting are kindly requested to specify on the accompanying form of proxy the manner in which the shares represented thereby are to be voted, and to sign, date, and return same in accordance with the instructions set out in the Proxy and the Information Circular.
2. As provided in the *Canada Business Corporations Act*, the directors have fixed a record date of March 27, 2009. Accordingly, persons who are registered as shareholders on the books of the Corporation at the close of business on March 27, 2009 are entitled to notice of the Meeting.
3. If you are a non-registered shareholder and receive these materials through your broker or another intermediary, please complete and return the materials in accordance with the instructions provided to you by your broker or intermediary.

## MANAGEMENT INFORMATION CIRCULAR

### SOLICITATION OF PROXIES AS OF MARCH 20, 2009 FOR USE AT THE ANNUAL MEETING OF SHAREHOLDERS TO BE HELD ON APRIL 28, 2009.

#### SOLICITATION OF REGISTERED SHAREHOLDER PROXIES

**THIS MANAGEMENT INFORMATION CIRCULAR (“Circular”) IS FURNISHED IN CONNECTION WITH THE SOLICITATION OF PROXIES BY THE MANAGEMENT OF SERNOVA CORP.** (the “Corporation”) for use at the annual meeting of the shareholders of the Corporation (the “Meeting”) to be held at the , offices of Amorfix Life Sciences Ltd., 3403 American Drive, Mississauga, Ontario L4V 1T4 on Tuesday, April 28, 2009, at 3:00 p.m. (Mississauga time), for the purposes set out in the accompanying Notice of Meeting and at any adjournment(s) thereof. Shareholders who are unable to be present at the Meeting in person are requested to complete, sign, date, and return the accompanying form of proxy to the Secretary of the Corporation, **c/o CIBC Mellon Trust Company, Attention: Proxy Department, P.O. Box 721, Agincourt, Ontario M1S 0A1, or if by hand, 320 Bay Street, Banking Hall Level, Toronto, Ontario, or via fax to 866-781-3111 (toll free in North America) or to 416-368-2502**, in time for use at the Meeting. The addressed envelope, which accompanies this Circular, may be used for such purpose. It is expected that this solicitation will be primarily by mail; however officers, directors, and employees of the Corporation may also solicit proxies by telephone, by facsimile, or in person. The cost of solicitation by Management will be borne by the Corporation. **The Corporation will, upon request, reimburse broker-dealers, banks, custodians, nominees, and other fiduciaries in accordance with National Instrument 54-101 for their reasonable expenses incurred in forwarding proxy material to beneficial owners of the Corporation’s common shares.**

#### VOTING BY BENEFICIAL SHAREHOLDERS

**The information set forth in this section is important to many shareholders as a substantial number of shareholders do not hold their common shares in their own name.**

Shareholders who hold shares through their brokers, intermediaries, trustees, or other nominees (such shareholders being collectively called “Beneficial Shareholders”) should note that only proxies deposited by shareholders whose names appear on the share register of the Corporation may be recognized and acted upon at the Meeting. If shares are shown on an account statement provided to a Beneficial Shareholder by a broker, then in almost all cases the name of such Beneficial Shareholders **will not** appear on the share register of the Corporation. Such shares will most likely be registered in the name of the broker or an agent of the broker. In Canada, the vast majority of such shares will be registered in the name of “CDS & Co.”, the registration name of The Canadian Depository for Securities Limited, which acts as a nominee for many brokerage firms. Such shares can only be voted by brokers, agents, or nominees and can only be voted by them in accordance with instructions received from Beneficial Shareholders. **As a result, Beneficial Shareholders should carefully review the voting instructions provided by their broker, agent, or nominee with this Circular and ensure they communicate how they would like their shares voted in accordance with those instructions.**

Applicable regulatory policies require brokers and intermediaries to seek voting instructions from Beneficial Shareholders in advance of shareholders’ meetings. Each broker or intermediary has its own mailing procedures and provides its own return instructions to clients. The purpose of the form of proxy or voting instruction form provided to a Beneficial Shareholder by its broker, agent, or nominee is limited to instructing the registered holder of the relevant shares on how to vote such shares on behalf of the Beneficial Shareholder. **A Beneficial Shareholder receiving a voting instruction form cannot use that form to vote shares directly at the Meeting. Instead, the voting instruction form must be returned as instructed or the alternate voting procedures must be completed well in advance of the Meeting in order to ensure such shares are voted.**

**Beneficial Shareholders should carefully follow the instructions of their Intermediary, including those regarding when and where the proxy or voting instruction form is to be delivered.**

## APPOINTMENT OF PROXYHOLDER BY REGISTERED SHAREHOLDER

The persons named in the accompanying form of proxy are officers and/or directors of the Corporation and shall represent Management at the Meeting. **A shareholder desiring to appoint some other person (who need not be a shareholder of the Corporation) to represent the shareholder at the Meeting may do so** either by inserting such person's name in the blank space provided in the form of proxy or by completing another form of proxy, and in either case delivering the completed form of proxy, addressed to the Secretary of the Corporation, c/o CIBC Mellon Trust Company, Attention: Proxy Department, P.O. Box 721, Agincourt, Ontario M1S 0A1, or if by hand, 320 Bay Street, Banking Hall Level, Toronto, Ontario, or via fax to 866-781-3111 (toll free in North America) or to 416-368-2502, at any time up to and including 3:00 pm April 24, 2009, or to the Chairman or the Secretary of the Meeting, at the beginning of the Meeting or any adjournment(s) thereof.

## REVOCATION OF PROXIES BY REGISTERED SHAREHOLDER

A proxy may be revoked by a shareholder (or, if the shareholder is a corporation, by a duly authorized officer or attorney thereof):

- (a) by attending the Meeting in person and personally voting the shares represented by the proxy; or
- (b) by signing another form of proxy, bearing a later date, and depositing it with the Secretary of the Corporation; or
- (c) as to any matter on which a vote shall not have already been cast pursuant to the authority conferred by such proxy, by signing a written notice of revocation and delivering it to the Chairman or the Secretary of the Meeting; or
- (d) in addition to the revocation in accordance with any of the aforesaid procedures or in any other manner permitted by law, by depositing an instrument in writing executed by the shareholder or by the shareholder's attorney authorized in writing (or, if the shareholder is a corporation, by an officer or attorney thereof authorized in writing), either with the Secretary of the Corporation c/o CIBC Mellon Trust Company, Attention: Proxy Department, P.O. Box 721, Agincourt, Ontario M1S 0A1, or if by hand, 320 Bay Street, Banking Hall Level, Toronto, Ontario, or via fax to 866-781-3111 (toll free in North America) or to 416-368-2502 at any time up to and including 3:00 p.m. on the last business day preceding the day of the Meeting, or any adjournment(s) thereof, at which the proxy is to be used, or with the Chairman or the Secretary of the Meeting, up to the beginning of the Meeting, or any adjournment(s) thereof.

## EXERCISE OF DISCRETION BY PROXYHOLDER

The shares indicated in the accompanying form of proxy will be voted or withheld from voting, or voted for or against on any ballot that may be called for, in accordance with the instructions of the shareholder executing the proxy, and if such shareholder specifies a choice with respect to any matter to be acted on at the Meeting, the shares will be voted for or against or withheld from voting accordingly. **In the absence of such instructions, it is intended that such shares will be voted (i) "for" the election of the directors named in this Circular; and (ii) "for" the re-appointment of Davidson & Company as the auditor of the Corporation and authorizing the directors to fix the auditor's remuneration; and (iii) "for" the approval of the employee incentive stock option plan.**

The transactions contemplated by the resolutions described in (i), (ii) and (iii) above must be approved by a majority of the votes cast by shareholders of the Corporation (i.e. more than 50%) as described in this Circular. Each proxy received by Management pursuant to this solicitation will be voted for the approval of the matters described in items (i), (ii), and (iii) unless contrary instructions are indicated on the form of proxy.

The accompanying form of proxy confers discretionary authority upon the persons named therein with respect to amendments or variations to matters identified in the Notice of Meeting, or other matters, which may properly come before the Meeting. At the time of the printing of this Circular, Management knows of no such amendments, variations, or other matters to come before the Meeting other than matters identified in the accompanying notice of Meeting. If, however, amendments or other matters properly come before the Meeting, the persons designated in the accompanying form of proxy will vote thereon in accordance with their judgment, pursuant to the discretionary authority confirmed by such proxy with respect to such matters.

### **Voting Securities and Principal Holders of Voting Securities**

As at March 24, 2009, there were issued and outstanding 56,797,358 fully paid and non-assessable common shares of the Corporation without nominal or par value, each carrying the right to one vote per share. The Corporation has no other classes of voting securities. To the knowledge of the directors and officers of the Corporation, no person or Corporation beneficially owns, directly or indirectly, or exercises control or direction over, more than 10% of the issued and outstanding common shares of the Corporation.

Each holder of issued and outstanding common shares of record at the time of the close of business on March 27, 2009 (the "Record Date") will be given notice of the Meeting and will be entitled to vote at the Meeting, in person or by proxy, the number of shares held by such shareholder on the Record Date.

## **PARTICULARS OF MATTERS TO BE ACTED ON**

### **1. Election of Directors**

Unless authority to vote is withheld, the persons named in the accompanying form of proxy intend to vote for the election of the three (3) nominees whose names are set forth below.

All of the nominees are now members of the Board of Directors of the Corporation and have been since the dates indicated. Management does not contemplate that any of the nominees will be unable to serve as directors, but if that should occur for any reason prior to the Meeting, the persons named in the accompanying form of proxy reserve the right to vote for another nominee at their discretion, unless the shareholder has specified in the form of proxy that his or her shares are to be withheld from voting on the election of directors. To be approved, the resolution must be passed by a majority of the votes cast by the holders of common shares at the Meeting. **Management recommends a vote "for" in respect of the resolution approving the election of the directors named in this Circular.**

The following table and the notes thereto state the names of the nominee directors of the Corporation, all other positions and offices of the Corporation now held by them, including committee membership, their principal occupations or employments, and the approximate number of shares of the Corporation beneficially owned or over which control or direction is exercised by each of them. The term of office of each of the current directors will expire at the conclusion of the Meeting. Each director will hold office until the conclusion of the next annual meeting of shareholders or until his successor is duly elected, unless prior thereto the director's office is earlier vacated in accordance with the articles of the Corporation or the provisions of applicable corporate law:

Name and Residence of Proposed Directors and Present Offices Held	Principal Occupation <sup>(3)</sup>	Director Since	Number of Common Shares beneficially owned or over which control or direction is exercised <sup>(3)</sup>
<b>Dr. George Adams</b> <sup>(1)(2)</sup> Toronto, ON <b>Chairman</b>	Dr Adams obtained his Ph.D. in Medical Sciences from McMaster University after completing his B.A.Sc. and M.A.Sc. in Mechanical Engineering at the University of Waterloo. He served as a Senior Scientist in the Canadian Red Cross Blood Transfusion Service and as Director of the University of Ottawa's Artificial Heart Development Program before starting his own company to develop diagnostic products which were subsequently commercialized by DuPont Canada Inc. In 1994, he became the controlling shareholder and President of Corvita Canada and financed its research program until the company was purchased by Pfizer in 1996 and later re-sold to Boston Scientific in 1998. From 1999 through 2004, Dr. Adams was Chief Executive Officer of the University of Toronto Innovations Foundation. Since 2005, he has served as the Chief Executive Officer and a Director of Amorfix Life Sciences Ltd.	September 2006	0
<b>Devinder Randhawa</b> <sup>(2)</sup> Kelowna, BC	Mr. Randhawa founded and is currently the President of RD Capital Inc., a privately held consulting firm providing venture capital and corporate finance services to emerging companies in the resources and non-resource sectors both in Canada and the US. Mr. Randhawa currently holds office as a director or officer with several public companies including Strathmore Minerals Corp., which Mr. Randhawa founded in 1996, and is currently its Chairman. Prior to founding RD Capital Inc., Mr. Randhawa was in the brokerage industry for 6 years as an investment advisor and corporate finance analyst.	February 2005	0
<b>Jeffrey Bacha</b> Vancouver, BC	Mr. Bacha obtained his B.Sc. in Biophysics from the University of California and an M.B.A. from the Goizueta Business School at Emory University. From 2002 through 2005, Mr. Bacha launched Inimex Pharmaceuticals and served as President and Founding Chief Executive Officer. Since 2005, Mr. Bacha has served as Executive Vice President, Corporate Affairs and Chief Operating Officer of Clera Inc.	October 2008	0

Notes:

1. Member of the Audit and Finance Committee of the Board of Directors.
2. Member of the Compensation, Nomination and Corporate Governance Committee of the Board of Directors.
3. The information as to principal occupation and shares beneficially owned or over which control or direction is exercised, not being within the knowledge of the Corporation, has been furnished by each director individually.

The Board of Directors is actively seeking new Directors to augment the Board, and will be adding qualified new Directors as they are identified in the future.

**3. Appointment and Remuneration of the Auditor**

Unless authority to vote is withheld, the persons named in the accompanying form of proxy intend to vote for the re-appointment of Davidson & Company, Chartered Accountants, as the auditor of the Corporation, to hold office

until the next annual meeting of the shareholders, and to authorize the directors to fix the auditor's remuneration.

To be approved, the resolution must be passed by a majority of the votes cast by the holders of common shares at the Meeting. **Management recommends a vote "for" in respect of the resolution approving the appointment of the auditor and authorizing the directors to fix the auditor's remuneration.**

## EXECUTIVE COMPENSATION

### Compensation Philosophy

The Corporation is a biotechnology research and development Corporation that focuses on commercializing technologies in various fields including diabetes mellitus, and is dependent on financing to carry on its business. In order to ensure alignment with shareholder interests, as well as to conserve cash resources, the Corporation relies, when possible and prudent, on stock options and other share compensation arrangements, in addition to cash payment to remunerate its officers, employees, consultants and other service providers. To this end, the Corporation maintains an incentive stock option plan, pursuant to which directors, officers, employees and consultants may be granted options to purchase common shares of the Corporation. The Corporation does not maintain any pension or retirement plan.

### STATEMENT OF EXECUTIVE COMPENSATION

#### Summary Compensation Table

The following table sets forth all compensation for the periods indicated in respect of the individuals who served as either the Chief Executive Officer or Chief Financial Officer of the Corporation at any time during the financial year of the Corporation ended October 31, 2008, and all other executive officers of the Corporation who received, during the financial year of the Corporation ended October 31, 2008, salary and bonus in excess of \$150,000 (collectively, the "Named Executive Officers").

Name and Principal Position	Fiscal Year (Oct. 31)	Annual Compensation			Long-Term Compensation			All Other Compensation (\$)
		Salary (\$)	Bonus (\$)	Other Annual Compensation (\$)	Awards		Payouts	
					Securities Under Options/SARs Granted (#)	Restricted Shares or Restricted Share Units (\$)	LTIP Payouts (\$)	
Justin Leushner <i>President, CEO</i>	2008	126,000	Nil	Nil	45,000	Nil	Nil	Nil
	2007	126,000	Nil	Nil	Nil	Nil	Nil	Nil
	2006	56,192	Nil	Nil	360,000	Nil	Nil	Nil
G. William Smethurst <sup>(1)</sup> <i>C.F.O.</i>	2008	8,000	Nil	Nil	Nil	Nil	Nil	Nil
	2007	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	2006	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Patrick Groening <sup>(1)</sup> <i>Former C.F.O.</i>	2008	20,000	Nil	Nil	15,000	Nil	Nil	Nil
	2007	30,000	Nil	Nil	Nil	Nil	Nil	Nil
	2006	37,500	Nil	Nil	255,000	Nil	Nil	Nil

(1) Patrick Groening resigned as CFO on June 30, 2008 and G. William Smethurst was appointed CFO on July 30, 2008.

### Option Grants During Most Recently Completed Financial Year

During the fiscal year ended October 31, 2008, the Corporation granted to the Named Executive Officers the following options to purchase common shares:

Name	Securities Under Options Granted (#)	% of Total Options Granted to Employees in Financial Year	Exercise or Base Price (\$/Security)	Market Value of Securities Underlying Options on the Date of Grant (\$/Security)	Expiration Date
Justin Leushner	45,000	22	\$0.30	\$0.27	March 13, 2013
G. William Smethurst	Nil	N/A	N/A	N/A	N/A
Patrick Groening	15,000	7.3	\$0.30	\$0.27	March 13, 2013

### Options Exercised During The Most Recently Completed Financial Year

No options were exercised by the Named Executive Officers during the fiscal year ended October 31, 2008.

### Securities Authorized For Issuance Under Equity Compensation Plans

The following table sets out, as of the end of the Corporation's fiscal year ended October 31, 2008, all required information with respect to compensation plans under which equity securities of the Corporation are authorized for issuance:

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted-average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))
Equity compensation plans approved by securityholders	4,384,500	\$0.41	1,295,236
Equity compensation plans not approved by securityholders	Nil	Nil	Nil
Total	4,384,500	\$0.41	1,295,236

### Employment and Consulting Contracts

The Corporation had an Employment Agreement with the President, Justin Leushner dated July 1, 2006 which provided an initial term of 24 months at a base salary of \$120,000 per year along with a vehicle allowance of \$500 per month. This Agreement was not formally renewed on July 1, 2008, but Mr. Leushner continued to act as President for the same compensation until his resignation as President effective January 31, 2009. The Chief Financial Officer, G. William Smethurst, provides his services through a Consulting Agreement with his company 2051951 Ontario Inc.

### Compensation of Directors

Directors of the Corporation who are not full-time employees or consultants of the Corporation do not receive any fees for their services. Each non-management director is eligible to receive an option grant annually priced at the

market price of the Corporation's common shares at the date of grant. Directors are entitled to be reimbursed for their reasonable out-of-pocket expenses incurred in respect of the business of the Corporation and are eligible to receive stock options.

### **Benefit/Plans**

There are no defined benefit or actuarial plans in place.

### **Indebtedness of Directors, Executive Officers and Senior Officers.**

No director, executive officer or senior officer is, or during the fiscal year ended October 31, 2007 was, indebted to the Corporation.

### **Interest of Insiders in Material Transactions**

To the knowledge of Management, no insider or nominee for election as a director of the Corporation has any interest in any material transaction during the year ended October 31, 2008 or has any interest in any material transaction in the current year except as disclosed herein.

On July 26, 2007, the Corporation exercised its right to acquire the remaining 33.33% of the issued and outstanding shares of Sertonex Inc., in consideration for the issuance of 2,315,000 common shares of the Corporation to Dr. David White and Justin Leushner (1,157,500 common shares each). These common shares are subject to a value security escrow agreement and released over a four year period. As of July 26, 2007, Sertonex Inc. became a wholly owned subsidiary of the Corporation.

During the year ended October 31, 2008, the Corporation paid \$20,000 to Patrick Groening for his services during part of the fiscal year as the Chief Financial Officer of the Corporation. Consulting fees in the amount of \$8,000 were paid to a company owned by G. William Smethurst, Chief Financial Officer of the Corporation since July 30, 2008. Consulting fees in the amount of \$40,625 were paid to a company controlled by Phil Morehouse, the Executive Vice President of the Corporation for part of the fiscal year.

These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the parties. Amounts due to related parties are non-interest bearing, unsecured and have no specific repayment terms.

### **Interest of Certain Persons in Matters to be Acted Upon**

None of the directors or senior officers of the Corporation, nor any person who has held such a position since the beginning of the last completed financial year of the Corporation, nor any proposed nominee for election as a director of the Corporation, nor any associate or affiliate of the foregoing persons, has any substantial or material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted on at the Meeting except as disclosed herein.

### **Management Contracts**

The business of the Corporation is managed by its directors and officers and the Corporation has no management agreements with persons who are not officers or directors of the Corporation.

### **Statement on Corporate Governance Procedures**

The Toronto Stock Exchange (the "TSX") has issued a series of guidelines ("Guidelines") setting out the TSX's views on effective corporate governance. These Guidelines deal with matters such as the constitution and independence of corporate boards, their functions, the effectiveness and education of board members, and other items dealing with sound corporate governance. Although the Corporation is not subject to these Guidelines the

Corporation has, in response to these Guidelines, adopted its own corporate guidelines.

The Corporation believes that its corporate governance practices in effect are designed with a view to ensure that the business and affairs of the Corporation are effectively managed so as to enhance shareholder value. A synopsis of the related TSX Guidelines and a commentary on the Corporation's approach with respect to each are set forth below.

### **Mandate of the Board of Directors**

The mandate of the Board is to manage corporate governance matters pertaining to the business and affairs of the Corporation. In fulfilling its mandate, the Board as a whole oversees the development and application of policies regarding corporate governance, deals with corporate governance issues, and is responsible for:

- (a) adopting a strategic planning process for the Corporation;
- (b) identifying the principal risks of the Corporation's business and ensuring the implementation of the appropriate systems to manage these risks;
- (c) succession planning for the Corporation, including identifying, appointing, training and monitoring senior management;
- (d) overseeing the integrity of the Corporation's internal controls and management information systems; and
- (e) maintaining a continuing dialogue with management in order to ensure the ability to respond to changes, both internal and external, which may affect the Corporation and its business operations from time to time.

In carrying out its mandate, the Board holds regular meetings annually, and has established two committees with specific responsibilities, from its members. The frequency of meetings, as well as the nature of the matters dealt with, will vary from year to year depending on the state of the Corporation's business and the opportunities or risks, which the Corporation faces from time to time.

### **Composition of the Board**

The Guidelines recommend that a board be constituted with a majority of individuals who come within the description of "unrelated directors". An "unrelated director" is defined as a director who is independent of management and is free from any interest and any other business or other relationship which could, or could reasonably be perceived to, materially interfere with the director's ability to act with a view to the best interests of the corporation, other than interests and relationships arising from shareholdings. The Guidelines also recommend that in the circumstances where a corporation has a "significant shareholder" (that is, a shareholder with the ability to exercise the majority of the votes for the election of directors) the board should include a number of directors who do not have interests in or relationships with the corporation or the significant shareholder so that the board fairly reflects the investment in the corporation by the shareholders other than the significant shareholder.

The Board has determined that of its three incumbent directors, three are unrelated directors.

### **Committees**

The Board has established an Audit and Finance Committee and a Compensation, Nomination and Corporate Governance Committee to perform certain advisory functions to make recommendations and to report to the Board. A majority of the directors on both of these committees are unrelated directors within the meaning of the Guidelines. A brief description of these committees, and their respective mandates, is set forth below.

### **Audit and Finance Committee**

The Audit and Finance Committee, at October 31, 2008, consisted of two unrelated directors, Dr. George Adams and Dr. Eldon Smith, and one related director, Justin Leushner. The Audit and Finance Committee reviews the annual and quarterly financial statements of the Corporation and certain other public disclosure documents required by regulatory authorities, and makes recommendations to the Board with respect thereto. The Audit and Finance Committee also reviews with the auditors and management the adequacy of the Corporation's financial reporting and internal control procedures to ensure they are effective and appropriate.

### **Compensation, Nomination and Corporate Governance Committee**

The Compensation, Nomination and Corporate Governance Committee, at October 31, 2008, consisted of three unrelated directors, Dr. George Adams, Dr. William A. Cochrane and Devinder Randhawa. The Compensation, Nomination and Corporate Governance Committee reviews the Corporation's compensation policies and practices, compensation of senior management and succession planning as well as it reviews the Corporation's corporate governance practices and makes recommendations to the Board of Directors.

### **Independence from Management**

The Guidelines state that the independence of a board is most simply assured by appointing a Chairman who is not a member of management. The Chairman of the Board, Dr. George Adams, is not a member of management, and the Board has determined him to be an unrelated director. Moreover, the Board considers that, by virtue of the number of unrelated directors, it is independent from management. If the need ever arises, the Board, or a committee thereof, will meet independently of any related director.

### **Decisions Requiring Prior Board Approval**

In addition to matters which must, by law or by the articles of the Corporation, be approved by the Board, management is required to seek Board approval for major transactions.

### **Corporate Governance Function**

The Board will monitor its performance in light of the corporate governance suggested by the TSX Report and will recommend modifications where appropriate in order to ensure that the Corporation's system of corporate governance continues to be appropriate for its needs. The Board will monitor and assess its effectiveness, its size and composition, its committees, and the individual performance of directors. It is the Board's policy to ensure that a full program of orientation and education is provided to any new nominee, including provision of a complete corporate history, copies of past minutes of board meetings, and information regarding the Corporation's business and operations.

### **Investor Relations**

The Corporation communicates regularly with its shareholders, and management is available to respond to questions and concerns of its shareholders on a timely basis. The Board believes that the Corporation's communication with its shareholders and the manner in which it addresses the questions and concerns of its shareholders are responsive and effective.

### **3. Approve Stock Option Plan**

Under the current policy of the TSX Venture Exchange (the "Exchange"), shareholder approval of the Corporation's Incentive Stock Plan (the "Plan") is required on an annual basis. Under the Exchange's Policy 4.4, governing stock options, all issuers are required to adopt a stock option plan pursuant to which stock options may be granted. The Plan will be limited to not more than 10% of the current issued shares of the Corporation. This is constituted as a "rolling" as opposed to a "fixed number" plan. Any previously granted options are governed by

the Plan, and if any options granted expire or terminate for any reason without having been exercised in full, the unpurchased shares shall again be available under the Plan. Options must be issued only on terms acceptable to the Exchange and the Plan complies with the requirements of Exchange Policy 4.4 for Tier 2 issuers. A copy of the Plan is available for review at the offices of the Corporation and will be available at the Meeting.

The Corporation is asking shareholders to approve the following resolutions:

“BE IT RESOLVED THAT, subject to regulatory approval:

1. the Corporation’s stock option plan (the “Plan”) be and it is hereby affirmed and approved;
2. the board of directors be authorized to grant options under and subject to the terms and conditions of the Plan, which may be exercised to purchase up to 10% of the issued common shares of the Corporation as at the time of grant;
3. the directors and officers of the Corporation be authorized and directed to perform such acts and deeds and things and execute all such documents, agreements and other writings as may be required to give effect to the true intent of these resolutions.”

### **Other Business**

As of the date of this Circular, the Board of Directors and the Management of the Corporation are not aware of any matters to come before the Meeting other than those matters specifically identified in the accompanying Notice of Meeting. However, if such other matters properly come before the Meeting or any adjournment(s) thereof, the persons designated in the accompanying form of proxy will vote thereon in accordance with their judgment, pursuant to the discretionary authority conferred by the form of proxy with respect to such matters.

### **Additional information**

Additional information regarding the Corporation is available at [www.sedar.com](http://www.sedar.com).

### **Availability of Documents**

Copies of the following documents are available without charge to shareholders upon written request to the Secretary of the Corporation by fax (519) 858-5142 or to:

Sernova Corp.  
700 Collip Circle, Room 120  
London, Ontario  
N6G 4X8

- (i) the consolidated financial statements and management discussion and analysis for the year ended October 31, 2008 together with the accompanying report of the auditor;
- (ii) this Circular; and
- (iii) the Stock Option Plan.

**Approval**

The Board of Directors of the Corporation has approved the contents and the distribution of this Circular.

DATED this 20th day of March, 2009.

**BY ORDER OF THE BOARD OF DIRECTORS**

*“Craig Gauld”*

---

Craig Gauld, Secretary

## **AUDIT COMMITTEE AND RELATIONSHIP WITH AUDITOR**

Multilateral Instrument 52-110 of the Canadian Securities Administrators (“MI 52-110”) requires the Corporation, as a venture issuer, to disclose annually in its Information Circular certain information concerning the constitution of its audit committee and its relationship with its independent auditor, as set forth in the following.

### **Audit Committee Charter**

The audit committee is a committee of the board of directors of the Corporation that is independent of the Corporation’s management and represents the interests of the Corporation’s shareholders.

The audit committee is authorized by the board of directors to:

- (a) oversee the process of selecting and appointing the Corporation’s external auditor,
- (b) oversee the conduct of the audit, and
- (c) have primary responsibility for the relationship between the Corporation and its external auditor.

### **Responsibilities of the Audit Committee**

The audit committee must:

- (a) take reasonable steps, at the time the auditor’s appointment is under consideration, to ensure that the auditor is independent of management of the Corporation in accordance with applicable standards,
- (b) determine whether the audit fees charged by the auditor appear adequate in relation to the work required to support an audit opinion, without regard to fees that might be paid to the auditor for other services,
- (c) meet with the auditor, regularly and when otherwise appropriate, without management present to determine whether there are any contentious issues between the auditor and management relating to the Corporation’s financial disclosure and, if so, whether those issues have been resolved to the auditor’s satisfaction,
- (d) establish, and monitor compliance with, the Corporation’s policies regarding (i) the auditor’s providing services beyond the scope of the Corporation’s audit, and (ii) the Corporation’s hiring individuals formerly employed by the auditor to fill senior officer positions of the Corporation, and
- (e) prepare annually a report describing the steps it has taken to ensure that the auditor is independent of management of the Corporation, including (i) the policies and procedures followed so that any contracts for non-audit services to be provided by the auditor do not compromise the auditor’s independence, and (ii) the nature of any non-audit service contracts entered into and the amount of the related fees.

The Corporation’s audit committee, at October 31, 2008, was comprised of three directors: Dr. George Adams, Justin Leushner and Dr. Eldon Smith. All audit committee members are “financially literate” (as defined in MI 52-110) and only Justin Leushner is not “independent”.

Since the commencement of the Corporation’s most recently completed financial year, the Corporation’s Board of Directors has not failed to adopt a recommendation of the audit committee to nominate or compensate an external auditor.

Since the effective date of MI 52-110, the Corporation has not relied on the exemptions contained in sections 2.4 or 8 of MI 52-110. Section 2.4 provides an exemption from the requirements that the audit committee must pre-approve all non-audit services to be provided by the auditor, where the total amount of fees related to the non-audit services are not expected to exceed 5% of the total fees payable to the auditor in the fiscal year in which the non-audit services were provided. Section 8 permits a company to apply to a securities regulatory authority for an exemption from the requirements of MI 52-110, in whole or in part.

The audit committee has not adopted specific policies and procedures for the engagement of non-audit services. Subject to the requirements of MI 52-110, the engagement of non-audit services is considered by the Corporation's Board of Directors, and where applicable the audit committee, on a case-by-case basis.

In the following table, "audit fees" are billed by the Corporation's external auditor for services provided in auditing the Corporation's annual financial statements for the subject year. "Audit-related fees" are fees not included in audit fees that are billed by the auditor for assurance and related services that are reasonably related to the performance of the audit or review of the Corporation's financial statements. "Tax fees" are fees billed by the auditor for professional services rendered for tax compliance, tax advice and tax planning. "All other fees" are fees billed by the auditor for products and services not included in the foregoing categories.

The fees paid by the Corporation to its auditor in the last fiscal year, by category, are as follows:

Financial Year Ending	Audit Fees	Audit Related Fees	Tax Fees	All Other Fees
October 31, 2008	\$25,800	Nil	\$3,800	Nil
October 31, 2007	\$29,000	Nil	\$4,500	Nil

The Corporation is relying on the exemption provided by section 6.1 of MI 52-110 which provides that the Corporation, as a venture issuer, is not required to comply with Part 3 (Composition of the Audit Committee) and Part 5 (Reporting Obligations) of MI 52-110.