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## Notice of the Annual General and Special Meeting of Shareholders

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To be held in Quebec (Quebec)  
on Monday, November 22, 2010 at 4:30 p.m.  
at Hôtel Palace Royal  
775, Honoré-Mercier Avenue  
Québec city, Quebec, G1R 6A5

Record Date: Thursday, October 21, 2010

### **MANAGEMENT PROXY CIRCULAR**

October 28, 2010

Pour recevoir l'avis de convocation à l'assemblée, la circulaire de sollicitation de procurations par la direction et le formulaire de procuration pour l'Assemblée en français, prière de contacter M. Guy Bourassa, président, chef de la direction et secrétaire, par lettre adressée à EXPLORATION NEMASKA INC., 450 rue de la Gare du Palais, C.P. 10, Québec (Québec) G1K 3X2 ou par courriel, à l'adresse suivante : [bourassag@nemaskaexploration.com](mailto:bourassag@nemaskaexploration.com), ou encore consulter lesdits documents sous le profil de la société sur le site internet de SEDAR à [www.sedar.com](http://www.sedar.com).

These securityholder materials are being sent to both registered and non-registered owners of the securities. If you are a non-registered owner, and the issuer 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 issuer (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 the request for voting instructions.

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## **NEMASKA EXPLORATION INC.**

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

#### **To the shareholders of NEMASKA EXPLORATION INC.:**

Notice is hereby given that the annual general and special meeting (the "Meeting") of shareholders of NEMASKA EXPLORATION INC. (the "Corporation") will be held at 775, Honoré-Mercier Avenue, Québec city, Quebec, G1R 6A5, on Monday November 22, 2010 at 16:30 p.m. (local time) for the following purposes:

1. to receive the annual financial statements of the Corporation for the fiscal year ended June 30, 2010 and the auditor's report thereon;
2. to elect directors;
3. to appoint the auditors and authorize the directors to set their compensation;
4. to review and, if deemed advisable, adopt, with or without amendment, a ratifying resolution which is reproduced in Schedule B of the enclosed information circular, confirming and approving the shareholder rights plan (see section "Special business of the meeting") adopted by the Board of Directors of the Corporation; and
5. to transact such other business as may properly be brought before the Meeting or any adjournment thereof.

Management proxy circular and proxy form for the Meeting are attached to this notice.

Quebec, Quebec, October 28, 2010

**By order of the Board of Directors,**

*(s) Guy Bourassa*

Guy Bourassa  
President, Chief Executive Officer  
and Secretary

**Shareholders may exercise their rights by attending the Meeting or by completing a proxy form. If you are unable to be present in person at the Meeting, kindly complete, date and sign the enclosed proxy form and return it in the envelope provided for this purpose or send it by facsimile machine. Proxies must be received by the transfer agent and registrar of the Corporation (Computershare, Investor Services Inc., Proxy Department, 100 University Avenue, 9<sup>th</sup> Floor, Toronto, Ontario M5J 2Y1 or by fax at 1-866-249-7775) no later than 5:00 p.m. on the second business day preceding the date of the Meeting or any adjournment thereof.**

## MANAGEMENT PROXY CIRCULAR

### A. VOTING INFORMATION

#### PROXY SOLICITATION

This management proxy circular (the "Circular") is provided in the context of a solicitation of proxies by the management of the Corporation for the Meeting to be held on, November 22, 2010 at the place and time and for purposes set forth in the foregoing notice of Meeting (the "Notice") and at any adjournment thereof. In the Circular, unless otherwise indicated, the financial information set out is dated as at June 30, 2010 while all other information set out is dated as at October 21, 2010. All dollar amounts indicated herein are stated in Canadian dollars.

While proxies will be mainly solicited by mail, certain directors, officers and employees of the Corporation may solicit them directly in person, by telephone, or by other means of electronic communication, but without additional compensation. The Corporation may also mandate an external proxy solicitation agency to help therewith. The cost of solicitation will be assumed by the Corporation, and it is not expected to be significant. Arrangements will also be taken with brokerage firms and other receivers, trustees and agents for the forwarding of proxy solicitation documents to the beneficial owners of the Corporation's common shares in accordance with the provisions of *Regulation 54-101 Respecting Communication with Beneficial Owners of Securities of a Reporting Issuer* (the "Regulation 54-101").

**Shareholders may exercise their rights by attending the Meeting or by completing a proxy form. If you are unable to be present in person at the Meeting, kindly complete, date and sign the enclosed proxy form and return it in the envelope provided for this purpose or send it by facsimile machine. Proxies must be received by the transfer agent and registrar of the Corporation (Computershare, Investor services Inc., Proxy Department, 100 University Avenue, 9<sup>th</sup> Floor, Toronto, Ontario M5J 2Y1 or by fax at 1-866-249-7775) no later than 5:00 p.m. on the second business day preceding the date of the Meeting or any adjournment thereof.**

#### NOMINATION OF PROXYHOLDERS

The persons named as proxyholders in the enclosed proxy form are officers of the Corporation and have been chosen by its Board of Directors. **A shareholder entitled to vote at the Meeting has the right to appoint another person than the persons named in the enclosed proxy form to attend the Meeting and act on his or her behalf. To exercise this right, the shareholder must insert the name of that person in the space provided for that purpose in the proxy form. A person named as proxyholder need not be a shareholder of the Corporation.**

Proxies can be deposited at any time until the close of business on the second business day preceding the date of the Meeting or any adjournment thereof at the following address:

**Computershare Investor Services Inc.**  
A/S Proxy Department  
100 University Avenue, 9<sup>th</sup> Floor,  
Toronto, Ontario M5J 2Y1

The shareholder who is an individual must sign his or her name as it appears in the share ledger. If the shareholder is a corporate body, the proxy form must be signed by an officer or a duly authorized attorney of this corporate body. Also, for the shareholder who is a corporate body, any individual accredited by a certified resolution of the directors or management of this corporate body may represent the latter at the Meeting and may apply all the shareholder's powers, without a proxy.

If the common shares are registered in the name of a liquidator, director or trustee, these persons must sign the exact name appearing in the ledger. If the common shares are registered in the name of a deceased shareholder, the name of the shareholder must be printed in block letters in the space provided for that purpose. The proxy form must be signed by the legal representative, who must print his or her name in block letters under his or her signature, and proof of his or her authority to sign on behalf of the shareholder must be appended to the proxy form.

In many cases, the common shares belonging to a beneficial owner are registered in the name of a securities broker, another intermediary or a clearing agency. Beneficial owners should carefully read the section of the Circular entitled "Special Voting Instructions for the Benefit of Beneficial Owners" and carefully follow the directions given by their intermediaries.

#### **EXERCISE OF VOTING RIGHTS BY PROXYHOLDERS**

For any item listed in the Notice, the persons named as proxyholders in the enclosed proxy form will exercise the voting rights attached to the common shares for which they have been nominated in accordance with the instructions of the shareholders who have nominated them, and including by means of a vote by show of hands or a ballot. If no specific instruction has been given by the shareholder, the voting rights attached to his or her common shares will be exercised in favour of adopting the items listed in the Notice. **The enclosed proxy form confers discretionary power to the persons named as proxyholders therein with regard to any amendments to the items listed in the Notice as well as any other item that may be brought before the Meeting in due form.** As of the date of the Circular, Corporation's directors have no knowledge of any amendment to the items listed in the Notice nor of any other item that may be brought before the Meeting in due form.

#### **RIGHT TO REVOKE PROXIES**

The shareholder who grants a proxy is at liberty to revoke such proxy by filing a written notice of revocation, including another proxy form indicating a later date, signed by the shareholder or his or her proxyholder duly authorized in writing. If the shareholder is a corporate body, this written notice of revocation and proxy form must be signed by a duly authorized officer or representative, and sent to (i) the Corporation's head office, or (ii) Computershare Investor Services Inc., Proxy Department, 100 Avenue University, 9<sup>th</sup> Floor, Toronto, Ontario M5J 2Y1 by no later than the last clear business day preceding the Meeting or any adjournment thereof, or (iii) by submitting them to the President of the Meeting on the same day that the Meeting is being held or on adjournment thereof. The act appointing a proxyholder results in the revocation of any previous act appointing another proxyholder.

#### **SPECIAL VOTING INSTRUCTIONS FOR THE BENEFIT OF BENEFICIAL OWNERS**

The information provided in this section is of considerable importance for many shareholders, because a large number of them hold common shares through securities brokers or their nominees and not in their own names. These shareholders (hereinafter "beneficial owners") must be aware of the fact that only proxies filed by shareholders whose names appear in the Corporation's ledger as registered holders of common shares may be recognized and may benefit from the right to vote at the Meeting. If the common shares are registered in a statement that is remitted to the shareholder by the broker, in almost all cases, these common shares will not be registered in the shareholder's name in the Corporation's ledger. These common shares will likely be registered in the name of the broker or its nominee. In Canada, the majority of these common shares are registered in the name of CDS & Co. (the nominee of CDS Clearing and Depository Services Inc.) which acts as a depository for a good number of Canadian brokerage firms. The voting rights attached to the common shares held by brokers or their nominees may be exercised only according to the beneficial owner's specific instructions. If there are no such instructions, brokers and their nominees are prohibited from exercising the voting rights attached to the common shares of their clients. **As a result, beneficial owners must make sure that**

**their specific instructions concerning the exercise of the voting rights attached to their common shares are conveyed to the appropriate person well before the Meeting.**

According to Regulation 54-101, intermediaries and brokers must obtain voting instructions from beneficial owners before a meeting of shareholders. Each intermediary and broker has its own rules concerning the mailing and forwarding of voting instruction forms ("VIFs"), meeting notices, proxy circulars as well as all other documents sent to shareholders for a meeting. These rules must be carefully followed by beneficial owners to ensure that the rights attached to their common shares can be exercised at the Meeting. The VIF remitted to beneficial owners by the intermediary or the broker is often the same as the one remitted to registered shareholders; however, its sole purpose is to obtain instructions for the intermediary or the broker on how to exercise the voting rights on behalf of the beneficial owner. The majority of intermediaries or brokers now delegate the responsibility of obtaining voting instructions from their clients to Broadridge. Broadridge provides VIFs and mails them to the beneficial owners, and asks them to return the VIFs to Broadridge, or to call its toll-free number to exercise the voting rights attached to their common shares, or to go to its web site at [www.proxyvote.com](http://www.proxyvote.com) to provide voting instructions. Broadridge then computes the results of all the voting instructions received and gives the appropriate instructions regarding the exercise of the voting rights attached to the common shares that will be represented at the Meeting. **The beneficial owner who receive a VIF from Broadridge may not use such VIF to exercise the voting rights attached to his or her common shares directly at the Meeting. The VIF must be returned to Broadridge 48 hours before the Meeting so that the voting rights attached to the common shares can be exercised at the Meeting.**

While a beneficial owner cannot be recognized directly at the Meeting for the purpose of exercising the voting rights attached to the common shares registered in the name of his or her broker or his or her broker's nominee, the beneficial owner may attend the Meeting as proxyholder for the registered shareholder and may, in this capacity, exercise the voting rights attached to the common shares. The beneficial owner wishing to attend the Meeting and indirectly exercise the voting rights attached to his or her common shares as proxyholders for the registered shareholder must enter his or her own name in the space provided in the VIF and return it to his or her broker (or his or her broker's nominee) in accordance with the instructions provided by the broker (or broker's nominee) before the Meeting.

## **QUORUM**

Under the Corporation's general by-laws and subject to the provisions of the *Canada Business Corporations Act* (Canada), as amended from time to time, there is quorum at a meeting of shareholders of the Corporation when at least two persons holding or representing more than 5% of the voting rights that may be exercised at a meeting of shareholders are in attendance or are represented by proxy. The quorum must be present at the opening of the Meeting so that the shareholders may deliberate.

## **PERSONS CONCERNED WITH CERTAIN ITEMS ON THE AGENDA**

No director or executive officer of the Corporation during the Corporation's last fiscal year, no proposed nominee for election as a director of the Company, neither any associate or affiliate of such persons has any material interest, direct or indirect, in any items on the Meeting agenda.

## **VOTING SECURITIES AND PRINCIPAL HOLDERS**

The Corporation's authorized capital is made up of an unlimited number of common shares without par value. As of the date of the Circular, 49,099,706 common shares are issued and outstanding. Each common share carries the right to one vote. Only shareholders registered in the Corporation's ledger at the close of business on October 21, 2010 have the right to receive the Notice. They also have the right to vote at the Meeting and any adjournment thereof, if they are present or represented by proxyholder.

To the knowledge of the Corporation's directors or executive officers, as of the date of the Circular, there are no persons, directly or indirectly, that beneficially own, or control or direct, voting securities carrying 10% or more of the voting rights attached to any class of outstanding securities of the Corporation.

## **B. ITEMS ON MEETING AGENDA**

### **PRESENTATION OF FINANCIAL STATEMENTS**

The Corporation's annual financial statements for the fiscal year ended June 30, 2010 and the auditor's report thereon will be presented to the Meeting but will not be subject to a vote.

### **ELECTION OF DIRECTORS**

The Corporation's articles of incorporation specify that the Board of Directors may be composed of a minimum of three and a maximum of seven directors. The Corporation's general by-laws specify that the directors are elected annually by the shareholders and remain in office, regardless of whether their term has expired, until they resign, are dismissed or replaced, or until they no longer possess the required qualifications. A director whose term ends is eligible for re-election.

The Corporation's management deems that all nominees will be capable of acting as directors. The Corporation's management has not been notified of any nominee who no longer wishes to serve in this capacity. If, before the Meeting, a nominee is unable or refuses, for any reason whatever, to serve as director, the discretionary power conferred by the Proxy Form or the VIF will be used to elect one or more individuals as directors, unless the shareholder has specified in the Proxy Form or the VIF that the voting rights attached to his or her shares must not be exercised for the purpose of electing directors.

The Corporation's Board of Directors proposes the following five individuals as nominees for directorship. Each of the nominees proposed by the Corporation's Board of Directors is presently director of the Corporation.

Guy Bourassa

Michel Baril

Judy Baker

Yves Caron

René Lessard

For the biographical notes of each nominee, see section C of the Circular entitled "Board of Directors" below.

**Unless the shareholders provide instruction or in the absence of specific instruction in this respect, the persons named as proxyholders in the enclosed proxy form intend to vote FOR the election of the nominees for directorship listed above.**

### **NOMINATION OF AUDITORS AND AUTHORIZATION GIVEN TO DIRECTORS TO SET THEIR COMPENSATION**

The Audit Committee and the Board of Directors of the Corporation recommend that the mandate of Dallaire & Lapointe inc. ("Dallaire & Lapointe"), the current auditors, be renewed until the Corporation's next annual shareholders' meeting or until a successor is nominated.

Dallaire & Lapointe have been the auditors of the Corporation since it began its activities.

The approval by the shareholders will also authorize the Board of Directors to set the auditors' compensation.

Unless the shareholders provide instruction or in the absence of specific instruction in this respect, the persons named as proxyholders in the enclosed proxy form intend to vote **FOR** the nomination of Dallaire & Lapointe as auditors of the Corporation until the adjournment of the next annual meeting of shareholders and authorize the directors to set their compensation.

### C. BOARD OF DIRECTORS

#### BIOGRAPHICAL NOTES

The following table provides certain information concerning each nominee for directorship: name, province, country of residence, position held, as the case may be, with the Corporation. It also provides the position or positions held with the committees of the Board, the month and year in which the nominee became a director of the Corporation, his present principal occupation, business or employment and the number of securities of each class of voting securities of the Corporation that he beneficially owns, controls or directs, directly or indirectly, as at the date of the Circular.

<p>Guy Bourassa Québec, Canada</p> <p>President and Chief Executive Officer and Secretary. Director of the Corporation since May 2007</p> <p>Non-Independent</p> <p><b>Number of shares held: 1,430,001</b></p>	<p>Mr. Guy Bourassa is a lawyer. Mr. Bourassa's experience with mining companies is the following: he has been director of Radisson Mining Resources Inc. from 1985 to 1991 and president thereof from November 1988 to June 1991, president and director of Dufresnoy Industrial Minerals Inc. from 1994 to 1996, and he has been corporate secretary of Mazarin Mining Corporation from September 1991 to June 1994. He graduated from the Université Laval in 1982. He was called to the Quebec Bar in 1983. He has been president and chief executive officer of the Corporation since 2008. From June 2004 to October 2007, he was chairman and chief executive officer of T-Rex Vehicles Inc. ("T-Rex"), a corporation specialized in the construction of three-wheeled vehicles. From June 2002 to June 2004, he was chief executive officer of Concepts Win Inc., a subsidiary of DEQ Systems Corp. From September 2000 to June 2002, he was corporate counsel with the firm LBJ Partners Inc., during which time he was also chairman and chief executive officer of TMI Éducation.com Inc. From 1996 to 2000, he was an associate with the Quebec City law firm Flynn, Rivard S.E.N.C.</p>
<p>Michel Baril Québec, Canada</p> <p>Director of the Corporation since October 2008</p> <p>Chairman of the Board and President of the Audit Committee</p> <p>Independent</p> <p><b>Number of shares held: 500,000</b></p>	<p>Mr. Michel Baril is an engineer and has been a member of the Ordre des Ingénieurs du Québec since June 1976. He graduated from Montreal's École Polytechnique. Since 2003, Mr. Baril has served on several boards of directors. He was a director of The Hockey Co. from June 2003 to June 2004. He was also a director of Groupe Laperrière &amp; Verreault Inc., a company that specializes in the fields of pulp and paper and water treatment from September 2004 to August 2007. He has also been a director of Raymor Industries Inc.</p>

	<p>(“Raymor”), a corporation specialized in the production of metallic powder and carbon nanotubes, from January 2005 to February 2009 and from June 2009 to February 2010. Currently, he is director of Komet Manufacturers Inc. (AQD-V), a company specialized in the manufacturing of vanities and kitchen cabinets since June 2007 and Imaflex Inc. (IFX.A-V), a corporation specialized in the manufacturing of polymer-based films, since April 2008. These companies are all listed on the TSX Venture Exchange Inc. From June 1979 to November 2003, he held various important administrative positions with Bombardier Inc., a corporation offering global transportation solutions. He has been executive vice-president of Bombardier Transportation, a corporation manufacturing rail equipment, from April 2000 to January 2001. Mr. Baril has also been president and chief operating officer of Bombardier Recreational Products, a corporation manufacturing various recreational vehicles, from February 2001 to December 2003.</p>
<p>Judy Baker Toronto, Canada Director of the Corporation since October 2009</p> <p>Independent</p> <p><b>Number of shares held: 251,500</b></p>	<p>Ms. Judy Baker, is president and chief executive officer of God’s Lake Resources, a junior mining exploration Corporation, since March 2010. She is also consultant for American Lithium Minerals Inc. since October 6, 2009 and was instrumental in acquiring the Borate Hills Lithium project which Japan Oil, Gas and Metals National Corporation (Jogmec) is investing \$4,000,000 to advance the project through the pre-feasibility stage. From September 2007 to June 2009, she was president, chief executive officer and director of Canada Lithium Corp. (formerly Black Pearl Minerals Consolidated Inc.), a corporation specialized in the lithium industry, she was instrumental in restructuring the Corporation and strategically positioning the Corporation in lithium business. From May 2005 to May 2007, she held the position of vice-president business development and investor relations of Nevsun Resources Ltd., a corporation specialized in mining industry. Ms. Baker holds an Honours B.Sc. Geological Engineering in Mineral Resources Exploration (with mention) and a MBA from the University of Western Ontario, and has 17 years of experience in the mining and mineral exploration sector including equity analysis, fund management and exploration and mining corporation activity.</p>

<p>Yves Caron Québec, Canada</p> <p>Director of the Corporation since October 2008 Member of the Audit Committee</p> <p>Independent</p> <p><b>Number of shares held: 0</b></p>	<p>Mr. Yves Caron is a geologist and has been a member of the Ordre des Géologues du Québec since February 2001. He completed his bachelor of geology degree at the Université du Québec à Montréal in March 2000. He has been a geological consultant since June 2006. He has been a geologist, an assistant geologist and a project manager with Soquem inc., a company specialized in the mining sector from June 1995 to May 2006. He is a project manager of Cadiscor Resources Inc., a subsidiary of North-American Palladium Ltd., since July 2009.</p>
<p>René Lessard Québec, Canada</p> <p>Director of the Corporation since September 2008 Member of the Audit Committee</p> <p>Independent</p> <p><b>Number of shares held: 185,000</b></p>	<p>From September 2008 to October 2009, Mr. René Lessard held the position of sales manager at Campagna Motors Inc., a company specialized in vehicle manufacturing. From October 2004 to October 2007, he was sales manager of T-Rex Vehicles Inc., a corporation specialized in the manufacturing of three-wheeled vehicles. From February 2001 to July 2004, he was a sales manager of Distribution GLR in Quebec City. From March 1997 to October 2000, he was a sales representative of Ray-Flammes Inc. of Quebec City.</p>

Members of the Corporation's Board of Directors do not have direct information on the common shares beneficially owned by the aforementioned individuals or over which they exercise control or direction. This information was provided by the proposed nominees for directorship.

To the knowledge of the members of the Corporation's Board of Directors and based on the information provided by the nominees for directorship, none of these nominees:

- (a) is, as at the date of the Circular, or has been, within ten years before this date, a director, a chief executive officer or chief financial officer of any corporation, including the Corporation, which has been subject to one of the following orders, to have been in effect for more than 30 consecutive days:
  - (i) a cease trade order, an order similar to a cease trade order or an order that denied the Corporation access to any exemption under securities legislation while the nominee was acting in the capacity as director, chief executive officer or chief financial officer;
  - (ii) a cease trade order, an order similar to a cease trade order or an order that denied the Corporation access to any exemption under securities legislation after the nominee ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while the nominee exercised these duties;
- (b) is, as at the date of the Circular, or has been within ten years before this date, a director or executive officer of any corporation, including the Corporation, that, while the nominee was acting in that capacity, or within a year of 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 his assets;

- (c) has, within the ten years before the date of the 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 its assets;
- (d) has not been imposed any penalties or sanctions by a court pursuant to securities legislation or by a securities regulatory authority or has not entered into a settlement agreement with the latter nor has been imposed any penalties or sanctions by a court or a regulatory body that would likely be considered important to a reasonable securityholder in deciding whether to vote for a nominee for directorship.

Notwithstanding the above, Mr. Michel Baril was Chairman of the Board of T-Rex six months before it made an assignment in bankruptcy pursuant to the *Bankruptcy and Insolvency Act* (Canada). Michel Baril was, until February 8, 2010, a director of Raymor, a reporting issuer in the provinces of Québec, Alberta and British Columbia that filed a notice of intention to make a proposal to its unsecured creditors under the *Companies' Creditors Arrangement Act* (Canada) on January 16, 2009. The proposal was approved by the unsecured creditors at a meeting on April 30, 2009 and by the Superior Court of Québec on May 1<sup>st</sup>, 2009, as amended and approved by the Superior Court on January 27, 2010. Following Superior Court and regulatory approval, Raymor completed on February 5, 2010 a private placement of newly created common shares of \$6,500,000 and related restructuring transactions, including the cancellation of the previously issued and outstanding common shares for no consideration. Raymor has applied to the securities regulators to cease to be a reporting issuer.

Mr. Bourassa was President of TMI-Learnix Inc., a private corporation, when it made an assignment in bankruptcy on April 2002. Mr. Bourassa was also President of T-Rex 6 months before it made an assignment in bankruptcy pursuant to the *Bankruptcy and Insolvency Act* (Canada).

#### **D. COMPENSATION OF CERTAIN EXECUTIVE OFFICERS AND DIRECTORS**

On December 31, 2008, *Regulation 51-102 respecting continuous disclosure obligations* has been amended for the purposes of adopting new rules pursuant to Form 51-102F6 - Statement of Executive Compensation (the "Amended Form 51-102F6") in respect of fiscal years ending on or after December 31, 2008. The information disclosed in this section complies with the new rules. While the new rules provide that the Summary Compensation Table must report compensation disclosure for the Corporation's three most recently completed fiscal years ending on or after December 31, 2008, a corporation is not required to disclose comparative period disclosure in respect of a fiscal year ending before December 31, 2008.

#### **COMPENSATION OF CERTAIN EXECUTIVES**

##### **Compensation Discussion and Analysis**

Due to the size and history of the Corporation, the Board is responsible of establishing the compensation of the Named Executive Officers as defined hereafter.

The compensation of the Corporation's Named Executive Officers has been established with a view to attracting and retaining persons critical to the Corporation's short and long-term success and to continuing to provide to such persons with compensation that is in accordance with existing market standards generally.

Through its compensation practices, the Corporation seeks to provide value to its shareholders through a strong executive leadership. Specifically, the Corporation's Named Executive Officers compensation structure seeks to: (i) attract and retain talented and experienced executives necessary to achieve the Corporation's strategic objectives; (ii) motivate and reward Named

Executive Officers whose knowledge, skills and performance are critical to the Corporation's success; (iii) align the interests of the Corporation's Named Executive Officers and shareholders by motivating executives to increase shareholder value, and (iv) provide a competitive compensation package in which a significant portion of total compensation is determined by corporate and individual results, the creation of shareholder value and the creation of a shared commitment among Named Executive Officers by coordinating their corporate and individual goals.

Within the context of the overall objectives of the Corporation's compensation practices, the Corporation determined the specific amounts of compensation to be paid to each of its Named Executive Officers based on a number of factors, including: (i) the Corporation's understanding of the amount of compensation generally paid by similarly situated companies to their Named Executive Officers with similar roles and responsibilities; (ii) the Corporation's executives' performance during the fiscal year in general and as measured against predetermined corporate and individual performance goals; (iii) the roles and responsibilities of the Corporation's Named Executive Officers; (iv) the individual experience and skills of, and expected contributions from the Corporation's Named Executive Officers; (v) the amounts of compensation being paid to the Corporation's other Named Executive Officers; and (vi) any contractual commitments that the Corporation has made to its Named Executive Officers regarding compensation.

#### Summary Compensation Table

The following table details the entire compensation paid to the President, Chief Executive Officer and Secretary and the Chief Financial Officer of the Corporation (together, the "Named Executive Officers") for the fiscal years ended June 30, 2009 and 2010.

Name and principal position	Year <sup>(1)</sup>	Remuneration (\$)	Share-based awards (\$)	Option-base awards (\$)	Non-equity incentive plan compensation (\$)		Pension value (\$)	All other compensation (\$)	Total compensation (\$)
					Annual incentive plans	Long-term incentive plans			
Guy Bourassa, President, Chief Executive Officer and Secretary <sup>(2)</sup>	2009	73,369	N/A	0	N/A	N/A	N/A	N/A	73,369
	2010	111,276	N/A	35,227	N/A	N/A	N/A	N/A	146,503
Steve Nadeau, Chief Financial Officer	2009	10,650	N/A	0	N/A	N/A	N/A	N/A	10,650
	2010	26,585	N/A	3,746	N/A	N/A	N/A	N/A	30,331

- (1) The fair value of the stock options granted annually is obtained by multiplying the number of stock options granted by their value established according to the Black & Scholes model. This value is the same as the fair book value established in accordance with generally accounting principles and accounting for the following assumptions:

	2009	2010
Risk-free rate :	N/A	2.21%
Dividend yield :	N/A	0%
Volatility (60 months) :	N/A	151%
Expected lifetime :	N/A	4 years
Fair value per option :	N/A	\$0.20

- (2) Mr. Bourassa, who also is a director of the Corporation, is not being compensated for the services delivered as such.

## Incentive Plan Awards

### **Outstanding Share-Based Awards and Option-Based Awards**

The following table lays out, for each Named Executive Officer, all awards outstanding at the end of the fiscal year ended June 30, 2010.

Name	Date of Grant	Options-Based Awards				Share-Based Awards	
		Number of Securities Underlying Unexercised Options (#)	Option Exercise Price (\$)	Option Expiration Date	Value of Unexercised in-the-Money Options (\$)	Number of Shares or Units of Shares that Have Not Vested	Market or Payout Value of Share-Based Awards that Have Not Vested (\$)
Guy Bourassa	Sep. 30, 2009	500,000	0.15	Sep. 30, 2014	24,975	312,500	41,625
	March 19, 2010	50,000	Variable	March 19, 2015	10,252	25,000	10,252
Steve Nadeau	Sep. 30, 2009	75,000	0.15	Sep. 30, 2014	3,746	46,875	6,244

### *Incentive Plan Awards – Value Vested or Earned During the Year*

The following table lays out, for each Named Executive Officer, the value vested of all awards as well as the value earned during the fiscal year ended June 30, 2010.

Name	Option-Based Awards – Value Vested During the Year (\$)	Share-Based Awards – Value Vested During the Year (\$)	Non-Equity Incentive Plan Compensation – Value Earned During the Year (\$)
Guy Bourassa	87,104	N/A	N/A
Steve Nadeau	9,990	N/A	N/A

## **Employment Contracts**

### *Guy Bourassa*

No written employment contract exists between the Corporation and Mr. Guy Bourassa in his capacities of President, Chief Executive Officer and Secretary of the Corporation. During the fiscal year ended June 30, 2010, Mr. Guy Bourassa's annual remuneration has been \$125,000. Mr. Bourassa is not party to any non-competition or confidentiality agreement with the Corporation.

### *Steve Nadeau*

No written employment contract exists between the Corporation and Mr. Steve Nadeau in his capacities of Chief Financial Officer of the Corporation. During the fiscal year ended June 30, 2010, Mr. Steve Nadeau has received a remuneration based on an hourly rate with a minimum annual fee of \$7,800. Mr. Nadeau is not party to any non-competition or confidentiality agreement with the Corporation.

## Pension Plan Benefits

The Corporation has no pension plan in place.

## DIRECTORS' COMPENSATION

### Directors' Compensation Table

The following table lays out all amounts of compensation paid to the directors that were not Named Executive Officers during the fiscal year ended June 30, 2010. See the above Summary Compensation Table concerning the compensation paid to directors that are also Named Executive Officers.

Name	Fees Earned (\$)	Share-Based Awards (\$)	Options-Based Awards <sup>(1)</sup> (\$)	Non-Equity Incentive Plan Compensation (\$)	Pension Value (\$)	All Other Compensation (\$)	Total (\$)
Michel Baril	18,000	N/A	27,735	N/A	N/A	3,500	49,235
Judy Baker	4,000	N/A	15,247	N/A	N/A	1,000	20,247
Yves Caron	5,000	N/A	18,993	N/A	N/A	2,750	26,743
René Lessard	5,000	N/A	18,993	N/A	N/A	3,500	27,493

- (1) The fair value of the stock options granted annually is obtained by multiplying the number of stock options granted by their value established according to the Black & Scholes model. This value is the same as the fair book value established in accordance with generally accounting principles and accounting for the following assumptions:

	2010
Risk-free rate :	2.21%
Dividend yield :	0%
Volatility (60 months) :	151%
Expected lifetime :	4 years
Fair value per option :	\$0.20

The directors that are not Named Executive Officers, are receiving, since September 30, 2009, an annual compensation of \$4,000. The directors who sit in a Board of Directors' committee are also receiving an annual compensation of \$1,000. The compensation of the Board of Directors' president, who is also president of the audit committee is \$24,000 per year. These directors also receive \$500 for each meeting of the Board of Directors or each committee which they attend in person, and to receive \$250 for meetings of the Board of Directors or committee which they attend by telephone. All directors are entitled to be reimbursed for reasonable travel expenses incurred with respect to their attendance at meetings of the Board of Directors and the Audit and Compensation Committee. In addition, each director is eligible to receive stock options pursuant to the Corporation's Stock Option Plan. During the fiscal year ended June 30, 2010, a total of 1,000,000 new stock options were granted to the directors, except for the Named Executive Officers that are directors.

The aggregate cash compensation paid to the directors of the Corporation for services rendered in their capacities as directors and members of the Audit and Compensation Committee during the fiscal year ended June 30, 2010 was \$42,750.

### Incentive Plan Awards

#### *Outstanding Share-Based Awards and Option-Based Awards*

The following table lays out, for each director who is not a Named Executive Officer, all awards outstanding at the end of the fiscal year ended June 30, 2010.

Name	Options-Based Awards					Share-Based Awards	
	Date of Grant	Number of Securities Underlying Unexercised Options (#)	Option Exercise Price (\$)	Option Expiration Date	Value of Unexercised in-the-Money Options (\$)	Number of Shares or Units of Shares that Have Not Vested	Market or Payout Value of Share-Based Awards that Have Not Vested (\$)
Michel Baril	Sep. 30, 2009 Mar. 19, 2010	350,000 50,000	\$0.15 Variable	Sep. 30, 2014 Mar. 19, 2015	46,620 20,504	N/A	N/A
Judy Baker	Sep. 30, 2009 Mar. 19, 2010	100,000 50,000	\$0.15 Variable	Sep. 30, 2014 Mar. 19, 2015	13,320 20,504	N/A	N/A
Yves Caron	Sep. 30, 2009 Mar. 19, 2010	175,000 50,000	\$0.15 Variable	Sep. 30, 2014 Mar. 19, 2015	23,310 20,504	N/A	N/A
René Lessard	Sep. 30, 2009 Mar. 19, 2010	175,000 50,000	\$0.15 Variable	Sep. 30, 2014 Mar. 19, 2015	23,310 20,504	N/A	N/A

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

The following table lays out, for each director who is not a Named Executive Officer, the value vested of all awards as well as the value earned during the fiscal year ended June 30, 2010.

Name	Option-Based Awards – Value Vested During the Year (\$)	Share-Based Awards – Value Vested During the Year (\$)	Non-Equity Incentive Plan Compensation – Value Earned During the Year (\$)
Michel Baril	67,124	N/A	N/A
Judy Baker	33,824	N/A	N/A
Yves Caron	43,814	N/A	N/A
René Lessard	43,814	N/A	N/A

## SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

### Stock Option Plan

The Corporation's Board of Directors has adopted, on December 9, 2009, a stock option plan (the "Stock Option Plan") pursuant to which it may grant incentive stock options to (i) employees, officers, directors of the Corporation or to any of its subsidiaries; (ii) Corporation's consultants; or (iii) a person who provides investor relations services (the "Eligible Persons"). The stock option plan has been prepared so as to meet the requirements of the Exchange.

Pursuant to the second paragraph of article 8 of the Stock Option Plan, the Corporation amended the Stock Option Plan (the "Amended Plan") for the purposes of, among others, (i) raising the amount of common shares to be reserved for the purposes of granting stock options pursuant to the Amended Plan from 3,570,000 to 6,400,000 common shares and (ii) make such other changes required so that the Amended Plan complies with policy 4.4 of the Exchange. The Amended Plan was approved by the Board of Directors of the Corporation on October 26, 2010 and is conditional to the approval of the Exchange.

The goal of the stock option plan is to give the Corporation a common share linked mechanism intended to attract, motivate and keep Eligible Persons whose skill, performance and loyalty toward the Corporation or any of its subsidiaries, as the case may be, are necessary to the

Corporation's success, image, reputation or activities. The Stock Option Plan supersedes any other option plan adopted prior to this one.

The material terms of the Stock Option Plan are as follows:

1. Options in respect of an aggregate of 6,400,000 Common Shares of the Corporation may be granted under the Stock Option Plan (54,099,677 common shares pursuant to the Amended Plan, of which 3,475,000 have been granted under the Stock Option Plan.
2. The term of any options will be fixed by the Board of Directors of the Corporation at the time such options are granted, provided that options will not be permitted to exceed a term of five years.
3. The exercise price of the shares underlying the options matches the discounted market price of the shares at the closing of the Exchange the exchange day immediately preceding the date of grant and if the options were granted to an officer, a director or a person who provides investor relations services, the price fixed in a press release issued by the Corporation or, if no share has been negotiated on this day, the arithmetic average of the last bid and ask prices of the shares on the Exchange.
4. Options (and the rights pertaining thereto) cannot be assigned nor transferred unless by legacy or inheritance and the options may only be exercised by the beneficiary of the surviving or by representatives after his death.
5. No option may be granted to an Eligible Person if this grant and the options already granted exceed 5% of all the issued and outstanding Common Shares of the Corporation for any 12-month period unless such grant has been approved by the disinterested shareholders of the Corporation.
6. The number of options granted to a consultant or an employee in charge of the investor relations activities may not exceed 2% of the issued and outstanding Common Shares of the Corporation for any 12-month period.
7. The expiry date of an option acquired before the death of the holder thereof corresponds to the first of the following dates to occur:
  - (i) the expiry date appearing in the relevant notice of grant; and
  - (ii) the first anniversary of the option holder's death.
8. If, a person who provides investor relations services ceases to be an Eligible Person for any reason other than his death (such as, disability, resignation, dismissal or termination of a contract), the expiry date of such person's option acquired no later than the date on which such person ceases to be an Eligible Person corresponds to the first of the following dates:
  - (i) the expiry date set forth in the relevant notice of grant; and
  - (ii) the 30<sup>th</sup> day following the date on which the investor relations services ceased to be provided.

9. If a person ceases to be an Eligible Person for any reason other than his death or the termination of the delivery of investor relations services (such as, disability, resignation or dismissal), the expiry date of such person's option acquired no later than the date on which such person ceases to be an Eligible Person corresponds to the first of the following dates:
- (i) the expiry date appearing in the relevant notice of grant; and
  - (ii) the 90<sup>th</sup> day following the date of termination of employment.
10. The number of Common Shares that may be reserved for issuance under the Stock Option Plan may be raised from time to time, in accordance with the provisions of the law subject to approval of the Exchange.

## INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

During the fiscal year ended June 30, 2010, the Corporation has not consented to a loan and none of the directors, executive officers and employees of the Corporation has a debt toward the Corporation.

## E. CORPORATE GOVERNANCE

### GENERAL COMMENT

The information on the Corporation's corporate governance provided hereinafter is required under *Regulation 58-101 Respecting Disclosure of Corporate Governance Practices*, and Policy 3.1 of the Exchange's *Corporate Finance Manual*.

### BOARD OF DIRECTORS

*Disclose how the Board of Directors facilitates its exercise of independent supervision over management, including:*

- a) *the identity of directors who are independent :*  
Michel Baril, René Lessard, Yves Caron and Judy Baker are independent directors.
- b) *the identity of directors who are not independent, and the basis for that determination*  
Mr. Guy Bourassa, the President, Chief Executive Officer and Secretary of the Corporation is not independent director because he is an executive officer of the Corporation within the meaning of Section 1.4 of *Regulation 52-110 respecting Audit Committees*.

### DIRECTORSHIPS

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

The following directors are currently directors of other issuers that are also reporting issuers (or the equivalent) in a territory of Canada or in a foreign territory:

Name of Director	Issuer
Michel Baril	Komet Manufacturers Inc
	Imaflex Inc.
Judy Baker	God's Lake Resources inc.
	Abcourt Mines Inc.

## **ORIENTATION AND CONTINUING EDUCATION**

*Describe what steps, if any, the Board of Directors takes to orient new board members, and describe any measures the board takes to provide continuing education for directors.*

The Board of Directors of the Corporation encourages the directors to take relevant training programs offered by different regulatory bodies and gives them the opportunity to expand their knowledge about the nature and operations of the Corporation.

## **ETHICAL BUSINESS CONDUCT**

*Describe what steps, if any, the Board of Directors takes to encourage and promote a culture of ethical business conduct.*

A director, in the exercise of his functions and responsibilities, must act with complete honesty and good faith in the best interest of the Corporation. He must also act in accordance with the applicable laws, regulations and policies.

In the event of a conflict of interest, a director is required to declare the nature and extent of any material interest he has in any important contract or proposed contract of the Corporation, as soon as he has knowledge of the agreement or of the Corporation's intention to consider or enter into the proposed contract and in such a case, the director shall abstain from voting on the subject.

## **NOMINATION OF DIRECTORS**

*Disclose what steps, if any, are taken to identify new candidates for board nomination, including:*

- (i) *who identifies new candidates*

The Board of Directors of the Corporation designates new candidates for the position of director.

- (ii) *the process of identifying new candidates*

The Board of Directors of the Corporation carefully reviews and assesses the professional skills and abilities, the personality and other qualifications of each candidate, including the time and energy that the candidate is able to devote to this task as well as the contribution that he can make to the Board of Directors of the Corporation.

## **COMPENSATION**

*Disclose what steps, if any, are taken by the Board of Directors to determine compensation for the directors and chief executive officer, including:*

- (i) *who determines compensation*

The Board of Directors determines the compensation of the Corporation's directors and officers.

- (ii) *the process of determining compensation*

In order to establish the compensation of the Corporation's directors and officers, the Board of Directors compares the total compensation offers on the market after consulting with resource persons in the industry.

## **OTHER BOARD COMMITTEES**

*If the Board of Directors has standing committees other than the audit committee and the nominating and compensation committee, identify the committees and describe their function.*

Besides the Audit Committee, the Board of Directors of the Corporation does not have other standing committees.

## **ASSESSMENTS**

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

Different methods are used to assess the Board, namely, surveys, interviews, group discussions and other similar methods.

## **F. AUDIT COMMITTEE**

### **THE AUDIT COMMITTEE'S CHARTER**

The Audit Committee's charter describes the duties, responsibilities and skills required of its members as well as the terms of their nomination and dismissal and their relationship with the Board of Directors of the Corporation. The charter is attached to this Prospectus as Schedule "A".

### **COMPOSITION OF THE AUDIT COMMITTEE**

As of the date of this Prospectus, the Audit Committee is currently made up of the following individuals:

<b>Name</b>	<b>Independent</b>	<b>Financially Literate</b>
Michel Baril	Yes	yes
Yves Caron	Yes	yes
René Lessard	Yes	yes

### **RELEVANT EDUCATION AND EXPERIENCE**

For the relevant education and experience of the Audit Committee members, see the "Biographical Notes" section of the Circular under the heading "Board of Directors" above.

### **AUDIT COMMITTEE OVERSIGHT**

Since the beginning of the Corporation's fiscal year ended June 30, 2010, a recommendation of the Audit Committee to nominate or compensate an external auditor was not adopted by the Board of Directors.

### **RELIANCE ON CERTAIN EXEMPTIONS**

Since the beginning of the Corporation's fiscal year ended June 30, 2010, the Corporation has not relied on the exemption in section 2.4 of Regulation 52-110 or on an exemption granted under Part 8 of this regulation.

### **PRE-APPROVAL POLICIES AND PROCEDURES**

The Audit Committee has not adopted specific policies or procedures with respect to the awarding of contracts for non-audit services. However, the Audit Committee approves, from time to time, expenses made for non audit-related services contracts.

## EXTERNAL AUDITORS SERVICE FEES

For the fiscal years ended June 30, 2009 and 2010, the following fees were invoiced by Dallaire & Lapointe:

	2009	2010
Audit Fees	\$14,000	\$15,890
Audit-Related Fees	\$0	\$22,720 <sup>(1)</sup>
Tax Fees <sup>(2)</sup>	\$4,000	\$7,975
All Other Fees	\$0	\$0
Total	\$18,000	\$46,585

Notes:

(1) Services related to the preparation of the Corporation's Final Prospectus dated December 18, 2009.

(2) Preparation of the Corporation's tax return.

## EXEMPTION

The Corporation is a "venture issuer" within the meaning of Regulation 52-110 and, as such, benefits from the exemption provided for in section 6.1 of this regulation.

## G. SPECIAL BUSINESS OF THE MEETING

### SHAREHOLDER RIGHTS PLAN

At the Meeting, the shareholders will be asked to ratify the Shareholder Rights Plan (the "Rights Plan") concluded between the Corporation and Computershare Investor Services Inc., as Rights Agent, on October 28, 2010. The Rights Plan (the "Rights Agreement") is available on SEDAR ([www.sedar.com](http://www.sedar.com)).

#### i) Background and purposes of Rights Plan

The Rights Plan is designed to ensure that the shareholders receive fair value for their shares in connection with any takeover offer for the Corporation. The Rights Plan will provide the Board of Directors and the shareholders with more time to fully consider any unsolicited takeover bid for the Corporation without undue pressure. The Rights Plan also allows the Directors to analyze other alternatives to maximize shareholder value, if appropriate, and to allow additional time for competing bids to emerge.

The Rights Plan is not being proposed in response to, or in anticipation of, any acquisition or takeover offer and is not intended to prevent a takeover of the Corporation, to secure continuance of current management or the directors in office or to deter fair offers for the common shares. The Rights Plan seeks to protect shareholders by requiring all potential bidders to comply with certain minimum conditions. The Rights Plan may, however, increase the price to be paid by a potential offeror (the "Offeror") to obtain control of the Corporation and may discourage certain transactions. An Offeror who does not satisfy these minimum conditions becomes subject to the dilutive features of the Rights Plan.

The Rights Plan does not affect in any way the financial condition of the Corporation. The initial issuance of the rights (a "Right" or the "Rights") is not dilutive and will not affect reported earnings per share until the Rights separate from the underlying common shares and become exercisable. The adoption of the Rights Plan will not lessen or affect the duty of the Board of Directors to act honestly and in good faith with a view to the best interests of the Corporation and its shareholders. The Rights Plan is designed to provide the Board of Directors with the means to negotiate with an Offeror and with sufficient time to seek out and identify alternative solutions on behalf of the shareholders.

**ii) Time**

Securities legislation in Canada requires a takeover offer to remain open for only 35 days. The Board of Directors does not believe this period is sufficient to permit it to determine whether there may be alternatives available to maximize shareholder value or whether other bidders may be prepared to pay more for common shares.

To qualify as a Permitted Bid (as defined below), a takeover bid must be open for 60 days after the bid is made. If at least 50% of the Corporation's voting common shares subject to the bid that are not held by the Offeror are tendered, the Offeror may take up and pay for such common shares and the bid must remain open for a further period of ten clear business days on the same terms.

**iii) Pressure to tender**

A shareholder may feel compelled to tender to a takeover bid, which the shareholder considers to be inadequate out of a concern that in failing to do so, the shareholder may be left with illiquid or minority discounted common shares. This is particularly so in the case of a takeover bid for less than all the Corporation's common shares, where the Offeror wishes to obtain a control position but does not wish to acquire all of the Corporation's common shares. The Rights Plan provides a mechanism, which is intended to ensure that a shareholder can separate the decision with respect to the bid from the decision to tender, lessening undue pressure to tender.

The Rights Plan will encourage an Offeror to proceed by way of a Permitted Bid (as described below) or to approach the Board of Directors of the Corporation with a view to negotiation by creating the potential for substantial dilution of the Offeror's position. The Permitted Bid provisions of the Rights Plan (described below) are designed to ensure that, in any takeover bid, all shareholders are treated equally, receive fair value for their investment and are given adequate time to properly assess the bid on a fully informed basis. The Rights Plan allows a partial bid to be a Permitted Bid (as defined below) so long as the bid is for a minimum of 50% of the common shares held by shareholders other than the Offeror and its related parties.

**iv) Unequal treatment: full value**

While existing provincial securities legislation has substantially addressed many concerns in this regard, there remains the possibility that control of the Corporation may be acquired pursuant to a private agreement in which one or a small group of shareholders dispose of common shares at a premium to market price which premium is not shared with the other shareholders. In addition, a person may slowly accumulate common shares through stock exchange acquisitions which may result, over time, in an acquisition of control without payment of fair value for control or a fair sharing of a control premium among all shareholders.

**Summary of the Rights Plan**

The following description of the Rights Plan is a summary only and should be read with the Shareholder Rights Plan Agreement establishing the Rights Plan, the full text of which is available for consultation on SEDAR at [www.sedar.com](http://www.sedar.com).

*Effective Date*

The effective date of the Rights Plan is October 28, 2010 (the "Effective Date").

*Term*

Upon ratification by the shareholders at the Meeting, the Rights Plan will terminate at the close of business on the date of the ninth anniversary of the Effective Date subject to reconfirmation by the shareholders at the third and the sixth annual general meeting following the Meeting.

### *Shareholder Approval*

The Rights Plan must be ratified by shareholders within six months of its effective date. For the Rights Plan to continue to be effective following the Meeting, the Rights Plan Resolution must be approved by a majority of the votes cast at the Meeting by shareholders voting in person or by proxy.

### *Issue of Rights*

On the Effective Date, one right to purchase a common share, upon the terms and subject to the conditions set forth in the Rights Plan, was issued and attached to each common share outstanding and attached to each common share subsequently issued.

### *Rights Exercise Privilege*

The Rights will separate from the common shares and will be exercisable on the eighth Business Day after the earlier of i) a Flip-in Event Date (as described below); ii) the date of the commencement of, or first public announcement of the intent of any person to commence, a takeover bid, other than a Permitted Bid or Competing Permitted Bid and; iii) the date upon which a Permitted Bid or Competing Permitted Bid ceases to be such; iv) or such later date as may be determined by the Board of Directors in good faith.

### *Flip-in Event*

The acquisition by any person (an "Important Acquirer") of 20% or more of the outstanding common shares of the Corporation, other than by way of a Permitted Bid, a voting share reduction, an exempt acquisition, a pro rata acquisition or a convertible security acquisition is referred to as a "Flip-in Event". Any Rights held by an Important Acquirer will become void upon the occurrence of a Flip-in Event. Ten Business Days after the occurrence of the Flip-in Event, each Right (other than those held by the Important Acquirer), will permit the purchase of common shares at a substantial discount to the market price at the time.

The issue of the Rights is not initially dilutive. Upon a Flip-in Event occurring and the Rights separating from the common shares, reported earnings per share on a fully diluted or non-diluted basis may be affected. Holders of Rights not exercising their Rights upon the occurrence of a Flip-in Event may suffer substantial dilution.

### *Certificates and Transferability*

Prior to the separation time, the Rights are evidenced by a legend imprinted on certificates for the common shares issued from and after the Effective Date and are not to be transferable separately from the common shares. From and after the separation time, the Rights will be evidenced by Rights certificates which will be transferable and traded separately from the common shares.

### *Permitted Bid Requirements*

Under the Rights Plan, a "Permitted Bid" is a bid made to all shareholders of the Corporation and is open for acceptance for not less than 60 days. If, at the end of such 60-day period, at least 50% of the outstanding shares, other than those owned by the Offeror and certain related parties, have been tendered, the Offeror may take up and pay for the shares but must extend the bid for a further 10 days to allow other shareholders to tender.

The Rights Plan is similar to other shareholders' rights plans adopted by several other Canadian corporations and approved by their respective shareholders.

### *Waiver*

The Board of Directors may, until the occurrence of a Flip-in Event, waive the application of the Rights Plan to a particular Flip-in Event (an "Exempt Acquisition") where the takeover bid is made by a takeover bid circular to all holders of common shares. Where the Board of Directors exercises the power of waiver for one takeover bid, the waiver will also apply to any other takeover bid for the Corporation made by a takeover bid circular to all holders of common shares prior to the expiry of the other bid for which the Rights Plan has been waived by the Board of Directors.

### *Redemption*

The Board of Directors, with the majority approval of shareholders at a meeting duly called for that purpose, may redeem the Rights at \$ 0.00001 per Right. Rights may also be redeemed by the Board of Directors without such approval following completion of a Permitted Bid, Competing Permitted Bid or Exempt Acquisition.

### *Amendment*

The Corporation may amend the Rights Plan with the majority approval of shareholders (or the holders of Rights, if the separation time has occurred) at a meeting duly called for that purpose. The Corporation, without such approval, may correct clerical or typographical errors and, subject to approval as noted above at the next meeting of the shareholders (or holders of Rights, as the case may be), may make amendments to the Rights Plan which the Board of Directors, acting in good faith, considers necessary or desirable.

### *Board of Directors*

The Rights Plan will not lessen the duty of the Board of Directors to act honestly and in good faith with a view to the best interests of the Corporation. The Board of Directors, when a Permitted Bid is made, will continue to have the duty and power to take such actions and make such recommendations to shareholders as are considered appropriate.

### *Exemptions for Investment Advisors*

Persons whose ordinary business is managing investment funds for others, trust companies (acting in their capacities as trustees and administrators), statutory bodies whose business includes the management of funds, and administrators of registered pension plans are exempt from triggering a Flip-in Event, provided that they are not making or are not part of a group making a takeover bid.

### *Recommendation of the Board of Directors*

The Board of Directors has determined that the Rights Plan is in the best interests of the Corporation and its shareholders. The Board of Directors unanimously recommends that shareholders vote in favour of the Rights Plan Resolution.

The Rights Plan has not been adopted in response to, or in contemplation of, any specific proposal to acquire control of the Corporation. At the present time, the Corporation has no knowledge of any Takeover Bid, or any intended Takeover Bid from any person.

**Unless otherwise directed by the shareholders or in the absence of specific instruction in this respect, the persons named as proxyholders in the enclosed proxy form intend to vote FOR the resolution ratifying the Rights Plan.**

## H. OTHER INFORMATION

### INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

To the knowledge of the Corporation, with the exception of what is disclosed herein and in the Corporation's annual financial statements for the fiscal year ended June 30, 2010, no person knowledgeable about the Corporation, no nominee for directorship and no person related to or associated with such persons has any direct or indirect interest in any transaction carried out since the beginning of the Corporation's last fiscal year that had a material impact on the Corporation or in any planned transaction that would have such an impact.

### OTHER ISSUES TO BE CONSIDERED AT THE MEETING

As of the date of the Circular, the Corporation's directors have no knowledge of any amendment to the items listed in the Notice nor of any other item that may be brought before the Meeting in due form. The enclosed proxy form provides discretionary power to the persons who are named as proxyholders in regards to any modification to the items listed in the Notice and of any other item that may be brought before the Meeting in due form.

### ADDITIONAL INFORMATION

Additional information relating to the Corporation is available on the SEDAR web site at [www.sedar.com](http://www.sedar.com).

The financial information concerning the Corporation appears in the Corporation's comparative financial statements and MD&A for the fiscal year ended June 30, 2010. Shareholders requesting a copy of the Corporation's financial statements and MD&A may do so as follows:

By telephone: (418) 704-6038  
By fax: (418) 948-9106  
By e-mail: [info@nemaskaexploration.com](mailto:info@nemaskaexploration.com)  
By mail: **NEMASKA EXPLORATION INC.**  
450 Rue de la Gare du Palais P.O. Box 10  
Quebec, Quebec G1K 3X2  
Attention: Mr. Guy Bourassa

### APPROVAL OF DIRECTORS

The Board of Directors has approved the content and mailing of the Circular.

**October 28, 2010**

*(s) Guy Bourassa*

Guy Bourassa  
President, Chief Executive Officer  
and Secretary

## **SCHEDULE "A"**

### **CHARTER OF THE AUDIT COMMITTEE OF THE BOARD OF DIRECTORS**

#### **I. PURPOSE**

The Audit Committee is a committee of the Board of Directors. The primary role of the Audit Committee is to help the Board of Directors to fulfill its responsibilities with respect to financial information and controls toward the shareholders of the Corporation and the financial community. The external auditors report directly to the Audit Committee. The primary duties and responsibilities of the Audit Committee are as follows:

- to ensure the integrity of the Corporation's financial statements, and to review all financial reports and financial information provided by the Corporation to any government authority or issued to the public as well as all other relevant document;
- to recommend the nomination of external auditors and to review and assess their efficiency, to ensure their competence and independence, and to maintain open line of communication between the external auditors, financial operations management, executive officers and the Board of Directors;
- to act as an objective, outside party to oversee the methods of preparing the financial information, the application of internal controls and of rules respecting business management and financial risk, and compliance with legal, ethical and regulatory requirements;
- to encourage the continuous improvement and observance, at all levels, of the practices, methods and policies of the Corporation.

#### **II. COMPOSITION**

The Audit Committee, including its Chairman, is made up of at least three directors of the Corporation, the majority of whom may not be Corporation employees, officers or "control persons" as defined hereinbelow. The Board of Directors must ensure that all members are "financially literate" as defined hereinbelow. The members of the Audit Committee are nominated by the Board of Directors, at the annual meeting of the Board of Directors following the Annual Meeting, for the next year or until their successors are nominated or elected. The Board of Directors may dismiss a member of the Audit Committee by resolution at any time, at its discretion. Unless the Chairman is nominated by the entire Board of Directors, the members of the Audit Committee may appoint the Chairman by majority vote of all members of the Audit Committee.

#### **III. DUTIES AND RESPONSIBILITIES**

1. The Audit Committee is responsible for the following:
  - a) To review the audited annual consolidated financial statements and to recommend them to the Board of Directors for approval.
  - b) To review with the Corporation's financial operations management and external auditors the financial statements, management's discussion & analysis and any other documents relating to the financial results before they are filed with regulatory agencies and reported.
  - c) To review any document that contains the audited annual consolidated financial statements or includes them by reference, such as prospectuses, press releases announcing financial results and interim results before they are reported.

- d) To amend or add to the Corporation's security policies from time to time. The Audit Committee reports to the Board of Directors annually on the relevance of the instructions in effect for management of the Corporation's security programs.
2. In fulfilling its mandate, the Audit Committee is required:
- a) To see to the implementation of internal control measures and processes enabling the Chief Executive Officer and Chief Financial Officer to certify the financial statements and any other information document required under securities legislation.
  - b) To recommend external auditors to the Board of Directors, to evaluate their independence and effectiveness, and to approve the audit fees and any other remuneration paid to the external auditors.
  - c) To oversee relations between management and the external auditors, including the review of any letter of recommendation or any other external auditor's report, to discuss any significant difference of opinion or disagreement between management and the external auditors and to see that they are resolved.
  - d) To review annually all significant relations between the Corporation and the external auditors in order to evaluate the external auditors' independence and discuss this with them, and to report to the Board of Directors.
  - e) To review the performance of the external auditors and to approve any proposal for replacement when circumstances so warrant. To examine, with management, the reasons for retaining the services of other firms.
  - f) To meet periodically with the external auditors, without management in attendance, to discuss the main risks, internal controls and any approach undertaken by management to control these risks, and to discuss the accuracy and completeness of the financial statements. Specific attention should be paid to the capability of internal controls to detect any payment, transaction or method that may be deemed illegal or otherwise inappropriate.
  - g) To see to the availability of the external auditors in accordance with the needs of the Audit Committee and the Board of Directors. To ensure that the external auditors report directly to the Audit Committee and that they answer to the Board of Directors and the Audit Committee as auditor representatives towards whom the auditors are ultimately responsible.
  - h) To oversee the work of the external auditors retained for the preparation and issuance of an auditor's report or for other audit, review or certification services.
  - i) To review and approve the policies regarding the hiring of employees or former employees of external auditors, past or present.
  - j) To review the external audit program and fees.
  - k) To review the external auditor's report on the audited annual financial statements.
  - l) To review the problems identified during the audit and, if applicable, the limitations and restrictions imposed by management or any significant accounting issue for which management requests a second opinion.
  - m) To review the observations, both positive and negative, made by the external auditors during their audit.

- n) To review with management and the external auditors the Corporation's main accounting policies, the impact of other applicable accounting policies, and the forecasts and decisions of management that may have a significant impact on the financial results.
- o) To review new accounting issues and their potential impact on the financial information of the Corporation.
- p) To review and approve any request for consultation with external auditors and to be informed of any request from management for non-audit services and the fees related thereto.
- q) To review with management, the external auditors and legal counsel any legal proceedings or claim, including tax assessments, that could have a significant impact on the Corporation's financial position and operating results, and to ensure that they are disclosed in an appropriate manner.
- r) To review the conclusions of the external auditor's evaluation of the internal control system as well as management's response.
- s) To review with management the manner of ensuring and verifying the security of the Corporation's assets (including intellectual property) and information systems, the competence of the personnel holding key positions, and improvement projects.
- t) To review management's code of conduct and compliance with corporate governance policies.
- u) To review annually the legal requirements, the requirements of regulatory authorities, and the impact of any breach of these requirements on the financial information reported and on the Corporation's reputation.
- v) To receive periodic reports on the nature and scope of compliance with security policies. The Board of Directors must be informed of any non-compliance having significant consequences, and of the corrective measures and schedule proposed for remedying it.
- w) To review with management the accuracy and timeliness of the filings with regulatory authorities.
- x) To review the Corporation's business plans periodically.
- y) To review the annual audit program of the Corporation's external auditors.
- z) To review annually the Corporation's general insurance coverage to ensure sufficient protection of the Corporation's assets, including without limitation, directors and officers liability insurance and coverage of key personnel.
- aa) To carry out any other task required by the Corporation's articles and any relevant securities policy or regulation.
- bb) To implement methods in order to:
  - (i) receive and analyze complaints addressed to the Corporation in respect of audit, internal control or accounting matters; and
  - (ii) receive any confidential and anonymous observation from Corporation employees with respect to audit or accounting issues subject to security.

3. The Audit Committee may retain the services of external legal counsel or other counsel, communicate directly and independently with them, and pay their fees.
4. The Audit Committee reviews the Charter of the Audit Committee annually and recommends any amendment it deems appropriate to the Board of Directors.

#### **IV. SECRETARY**

The Secretary of the Audit Committee is nominated by the Chairman.

#### **V. MEETINGS**

1. The Audit Committee meets on the dates, at the times and in the places determined by the Audit Committee, at least four times a year. The Audit Committee meets with management and the external auditors separately at least once a year.
2. The members may meet in person, by telephone or by videoconference.
3. A written resolution signed by all members of the Audit Committee has the same value as one adopted at a meeting of the Audit Committee.
4. Meetings of the Audit Committee will be held from time to time, as decided by the Audit Committee or the Audit Committee Chairman, upon 48 hours' notice to all Audit Committee members. A quorum of Audit Committee members may waive the notice period.
5. A meeting of the Audit Committee may be called by any member of the Audit Committee or by the external auditors. The external auditors receive notice of all meetings of the Audit Committee.
6. The minutes of each Audit Committee meeting are tabled at the first meeting of the Board of Directors following such Audit Committee meeting.

#### **VI. QUORUM**

A majority of members constitutes quorum at any Audit Committee meeting.

#### **VII. DEFINITIONS**

Under Regulation 52-110, *Audit Committees*:

**“Financially literate individual”** means “an individual who has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Corporation’s financial statements.”

**“Control person”** means “any person who holds, or is part of a group of persons who hold, a sufficient number of Corporation securities to enable him to exercise significant control over the Corporation or more than 20% of the Corporation’s outstanding voting shares, unless it is obvious that the holder of these securities cannot exercise significant control over the Corporation.”

**SCHEDULE « B »**

**SHAREHOLDER RIGHTS PLAN RESOLUTION**

**BE IT RESOLVED :**

1. That the Shareholder Rights Plan (the "Rights Plan") concluded between the Corporation and Computershare Investor Services Inc., as rights agent, on October 28, 2010 and that every rights issued pursuant to the Rights Plan be and are hereby ratified, confirmed and approved; and
2. That every director or officer of the Corporation be and is hereby authorized to execute and deliver, for and on behalf of the Corporation, any document and take any actions as he may deem necessary or advisable in order to give effect to this resolution, the execution of such document or the taking of any such action being conclusive evidence of such director's or officer's approval.