



Notice of the Annual General and Special Meeting of Shareholders

To be held on

Tuesday, November 27, 2012 at 8:00 a.m.

at the Hôtel Palace Royal (Fontainebleau & Rambouillet room)

775 Honoré-Mercier Avenue

Québec, Québec G1R 6A5

Record Date: Tuesday, October 23, 2012

MANAGEMENT PROXY CIRCULAR

November 1st, 2012

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 NEMASKA LITHIUM INC., 450, rue de la Gare-du-Palais, 1^{er} étage, Québec (Québec) G1K 3X2 ou par courriel, à l'adresse suivante : guy.bourassa@nemaskalithium.com, ou encore consulter lesdits documents sous le profil de la société sur le site internet de SEDAR à 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 LITHIUM INC.

NOTICE OF THE ANNUAL GENERAL AND SPECIAL MEETING OF SHAREHOLDERS

To the shareholders of NEMASKA LITHIUM INC.:

NOTICE IS HEREBY GIVEN that the annual general and special meeting (the "Meeting") of shareholders of NEMASKA LITHIUM INC. (the "Corporation") will be held at the Hôtel Palace Royal (Fontainebleau & Rambouillet room), 775 Honoré-Mercier Avenue, Québec, Québec G1R 6A5, on Tuesday, November 27, 2012 at 8:00 a.m. (Eastern Time) for the following purposes:

1. to receive the annual financial statements of the Corporation for the fiscal year ended June 30, 2012 and the independent auditors' report thereon;
2. to elect directors;
3. to appoint the external auditor and authorize the directors to set its compensation;
4. to consider and, if deemed advisable, adopt, with or without amendment, a resolution (which is set out in Schedule "A" of the enclosed management proxy circular) concerning the ratification and confirmation of the stock option plan of the Corporation, the whole as described in the enclosed management proxy circular; 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.

Québec, Québec, November 1st, 2012

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. To be used at the Meeting, the proxies must be received by the transfer agent and registrar of the Corporation (Computershare Investor Services Inc., attention : Proxy Dept., 100 University Avenue, 9th Floor, Toronto, Ontario M5J 2Y1) no later than 5:00 p.m., Eastern Time, on Friday, November 23, 2012 (or no later than 48 hours (excluding Saturdays, Sundays and holidays) before the date and time to which the Meeting has been rescheduled if it has been adjourned or postponed. The shareholders may also exercise their voting rights (i) by calling the toll-free number indicated on the proxy form or the voting instruction form (ii) by going to the following website: www.investorvote.com or (iii) by scanning the QR code indicated on the proxy form or the voting instruction form with their smartphones.

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 Tuesday, November 27, 2012 at the place and time and for the 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, 2012 while all other information set out is dated as at November 1st, 2012. 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. To be used at the Meeting, the proxies must be received by the transfer agent and registrar of the Corporation (Computershare Investor Services Inc., attention : Proxy Dept., 100 University Avenue, 9th Floor, Toronto, Ontario M5J 2Y1) no later than 5:00 p.m., Eastern Time, on Friday, November 23, 2012 (or no later than 48 hours (excluding Saturdays, Sundays and holidays) before the date and time to which the Meeting has been rescheduled if it has been adjourned or postponed. The shareholders may also exercise their voting rights (i) by calling the toll-free number indicated on the proxy form or the voting instruction form (ii) by going to the following website: www.investorvote.com or (iii) by scanning the QR code indicated on the proxy form or the voting instruction form with their smartphones.

NOMINATION OF PROXYHOLDERS

The persons named as proxyholders in the enclosed proxy form are officers and directors 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 must be signed and sent by mail at the following address:

**Computershare Investor Services Inc.
Attention: Proxy Dept.
100 University Avenue, 9th Floor,
Toronto, Ontario M5J 2Y1**

no later than 5:00 p.m., Eastern Time, on Friday, November 23, 2012 (or no later than 48 hours (excluding Saturdays, Sundays and holidays) before the date and time to which the Meeting has been rescheduled if it has been adjourned or postponed. The shareholders may also exercise their voting rights (i) by calling the toll-free number indicated on the proxy form or the voting instruction form (ii) by going to the following website: www.investorvote.com or (iii) by scanning the QR code indicated on the proxy form or the voting instruction form with their smartphones.

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" of this heading 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 in due form before the Meeting or any adjournment thereof.** As of the date of the Circular, the directors of the Corporation 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. The document appointing a proxyholder operates the revocation of any prior document appointing another proxyholder.

The written notice of revocation, including the proxy form, must be sent to (i) Computershare Investor Services Inc., attention: Proxy Dept., 100 University Avenue, 9th Floor, Toronto, Ontario M5J 2Y1 by no later than the last clear business day preceding the Meeting or any adjournment thereof, (ii) at the registered office of the Corporation located at 450, rue de la Gare-du-Palais, 1st Floor, Québec, Québec G1K 3X2 on the last business day preceding the day of the Meeting or any adjournment thereof, or (iii) the President of the Meeting on the day the Meeting is being held or on any adjournment thereof.

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, 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 website at 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, the quorum is reached, no matter the number of people attending, when at least two shareholders with more than five percent (5%) of the voting rights are attending or being represented by proxy at a shareholder meeting.

The quorum must be reached at the opening of the shareholder meeting so that it is regularly constituted even if the quorum is not maintained during the course of such meeting.

INTEREST OF CERTAIN PERSONS IN MATTERS TO BE ACTED UPON

No director or executive officer of the Corporation at any time since the beginning of the Corporation's last fiscal year, no proposed nominee for election as a director of the Corporation, neither any associate or affiliate of any such persons has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any items on the Meeting agenda, except for the ratification and confirmation of the Corporation's stock option plan (the "Plan"). Given that the Corporation's directors and executive officers are qualified as eligible participants under the Plan and few of them currently hold stock options, they have an interest that it be ratified and confirmed by the shareholders.

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, 101,877,074 common shares are issued and outstanding. The holders of common shares have the right to vote at any shareholder meeting. Only shareholders registered in the Corporation's ledger at the close of business on October 23, 2012 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, the only person who beneficially own, or control or direct, directly or indirectly, voting securities carrying 10% or more of the voting rights attached to any class of outstanding securities of the Corporation is as follows:

Shareholder's Name	Number of Common Shares	Percentage of Common Shares Issued and Outstanding
TQC Group (Netherlands) Coöperatief U.A.	19,107,968	18.76%

B. ITEMS ON MEETING AGENDA

PRESENTATION OF FINANCIAL STATEMENTS

The Corporation's annual financial statements for the fiscal year ended June 30, 2012 and the independent auditors' 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 is expired may be re-elected.

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. **The proxy form or the VIF do not grant a discretionary power to elect a director of the Corporation, unless a proposed nominee is appointed in the Circular.**

The Corporation's Board of Directors proposes the following six 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
 Bangkui Gao
 René Lessard
 Wu Wei

Unless the shareholders provide instruction to the contrary 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.

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 held with the Audit Committee, 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, Chief Executive Officer and Secretary of the Corporation</p> <p>Director of the Corporation since May 2007</p> <p>Not Independent</p> <p>Number of common shares held: 1,463,501</p>	<p>Mr. Guy Bourassa has graduated in law from the Université Laval, Québec, in 1983. He has been member of the Québec Bar from 1983 to October 2011. During his career as an attorney, he has mainly worked with Québec mining exploration businesses. He has been director and President of Radisson Mining Resources Inc. from November 1988 to June 1991. He has also been President and director of Dufresnoy Industrial Minerals Inc. from May 1994 to November 1996, and Corporate Secretary of Mazarin Mining Corporation from September 1991 to June 1994. He is secretary and director of Monarques Resources Inc., a mining exploration corporation, since February 2011 and has been President and Chief Executive Officer thereof from March 2011 to October 2012. From June 2004 to October 2007, he was President and Chief Executive Officer of T-Rex Vehicles Inc., a corporation specialized in the construction of three-wheeled vehicles. From June 2002 to June 2004, he</p>
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	<p>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 Québec law firm Flynn, Rivard, société en nom collectif avocats.</p>
<p>Michel Baril Québec, Canada</p> <p>Chairman of the Board of the Corporation</p> <p>Director of the Corporation since October 2008</p> <p>President of the Audit Committee</p> <p>Independent</p> <p>Number of common shares held: 500,000</p>	<p>Mr. Michel Baril 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 director of Groupe Laperrière & Verreault Inc., a corporation that specializes in the fields of pulp and paper and water treatment from September 2004 to August 2007. He has also been director of Raymor Industries Inc., 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. Also, he has been a director of Komet Manufacturers Inc., a corporation specialized in the manufacturing of vanities and kitchen cabinets from June 2007 to September 2011. He is currently a director of Imaflex Inc., a corporation specialized in the manufacturing of polymer-based films, since April 2008 and of Monarques Resources Inc., a mining exploration corporation, since February 2011. These two corporations are listed on the TSX Venture Exchange Inc. (the "Exchange"). He is also Chairman of the Board of Monarques Resources Inc. since March 2011. From June 1979 to November 2003, he held various administrative positions with Bombardier Inc.</p>
<p>Judy Baker Ontario, Canada</p> <p>Director of the Corporation since October 2009</p> <p>Member of the Audit Committee</p> <p>Independent</p> <p>Number of common shares held: 251,500</p>	<p>Ms. Judy Baker is the President and Chief Executive Officer of Superior Copper Corporation (formerly Cenit Corporation), a Canadian-based exploration company focused on base metal exploration, since June 2011. Ms. Baker is also President and Chief Executive Officer of Blue Vista Technologies Inc., a Canadian mineral exploration company for which the primary objective is the acquisition and development of precious metal projects since January 2011. Ms. Baker was a consultant for American Lithium Minerals, a mineral exploration corporation focused on the development of lithium and boron resources, from October 2009 to July 2011, and was responsible for acquiring the large Borate Hills boron lithium project in Nevada and having Japan Oil, Gas and Metals National Corporation (JOGMEC) invest \$4 million to advance the project through the pre-feasibility stage. From September 2007 to June</p>

	<p>2009, Ms. Baker was the President, Chief Executive Officer, a director and the founder of Canada Lithium Corp., formerly Black Pearl Minerals Consolidated, a corporation specialized in the lithium industry. Ms. Baker was instrumental in restructuring the company debt and strategically positioning the company in lithium business; including acquiring the Québec Lithium project and initiating lithium exploration in the Great Basin of the United States. 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 has 18 years of experience in the mining and mineral exploration sector including equity analysis, fund management, and exploration and mining company activity. Ms. Baker also serves on the board of directors of Abcourt Mines. Ms. Baker holds an Honours B.Sc. Geological Engineering in Mineral Resources Exploration from Queen's University (1990) and an M.B.A. from the University of Western Ontario Business School (1995).</p>
<p>Bangkui Gao Québec, Canada</p> <p>Director of the Corporation since February 2012</p> <p>Independent</p> <p>Number of common shares held: 0</p>	<p>Mr. Bangkui Gao is Vice President of TQC Equipment Inc. (TQCE), the Canadian subsidiary of Chengdu Tianqi Industry Group Co., Ltd. He is also the Chief Representative (North America) of Sichuan Tianqi Lithium Industries Inc. Before joining TQCE in 2009, he worked as an international business manager of Chengdu Enwei Group Co., Ltd. from 2002, which is specialized in medicine and health products. Mr. Gao holds a Bachelor degree of Economics of East China Normal University, Shanghai, China (2000).</p>
<p>René Lessard Québec, Canada</p> <p>Director of the Corporation since September 2008</p> <p>Member of the Audit Committee</p> <p>Independent</p> <p>Number of common shares held: 372,100⁽¹⁾</p>	<p>Mr. René Lessard held the position of sales manager at Campagna Motors Inc., a corporation specialized in vehicle manufacturing, from September 2008 to October 2009. 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 sales manager of Distribution GLR. From March 1997 to October 2000, he was sales representative of Ray-Flammes Inc. He is a director of Monarques Resources Inc., a mining exploration corporation, since February 2011.</p>

<p>Wu Wei Sichuan, China</p> <p>Director of the Corporation since November 2011</p> <p>Independent</p> <p>Number of common shares held: 0</p>	<p>Ms. Wu Wei is Vice President (Corporate Development) of Chengdu Tianqi Industry Group Co., Ltd., an integrated company group involved in three main business areas since 2009: lithium compounds, minerals and agricultural machinery. The company has its headquarters in Chengdu City, the economic hub of south-west China. Ms. Wei is also a director of Sichuan Tianqi Lithium Industries Inc. Sichuan Tianqi Lithium Industries Inc. is a lithium chemical producer that converts from hard rock lithium concentrates. Since July 2011, Ms. Wei is Vice Chairman of the Board for Shanghai Aerospace Power Technology Co., Ltd., a corporation specialized in the research, manufacturing and sales of lithium battery and battery management systems for new energy cars, power storage device, rail transportation and communication networks. As of March 2012, she is also Director of Jiangsu ProteLight Pharmaceutical and Biological Technology Co., Ltd., a corporation that focuses on research, development and production of polypeptide and chemical drugs. Before joining Sichuan Tianqi Lithium Industries Inc. in 2009, Ms. Wei worked as Manager with Corporate Development Office for Nokia (China) Investment Co Ltd. from 2006, which is a leader in mobility, driving the transformation and growth of the converging Internet and communications industries. Nokia (China) Investment Co Ltd. makes a wide range of mobile devices and provides people with experiences in music, navigation, video, television, imaging, games and business mobility through these devices. Ms. Wei held the position of director of Consultancy and Services at Cerbibo Information Technology Co., Ltd. from 2004 to 2006, and worked as lecturer at University of Electronic Science and Technology of China from 2000 to 2004. Ms. Wei has a Master of Arts Degree from University of Electronic Science and Technology of China.</p>
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Note:

- (1) Mr. Lessard personally holds 185,000 common shares and 187,100 common shares through 9180-7644 Québec Inc., a corporation controlled by Mr. Jean-Paul Leroy and for whom he is the President and a director.

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 Vehicles Inc. six months before it made an assignment in bankruptcy pursuant to the *Bankruptcy and Insolvency Act* (Canada) on March 14, 2008. Mr. Baril was, until February 8, 2010, a director of Raymor Industries Inc., 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, as amended and ratified by the Superior Court on January 27, 2010.

Mr. Guy Bourassa was President and Chief Executive Officer of T-Rex Vehicles Inc. six months before it made an assignment in bankruptcy pursuant to the *Bankruptcy and Insolvency Act* (Canada) on March 14, 2008.

APPOINTMENT OF EXTERNAL AUDITOR AND AUTHORIZATION GIVEN TO DIRECTORS TO SET ITS COMPENSATION

The external auditor of the Corporation is KPMG LLP ("KPMG"). KPMG has been the external auditor of the Corporation since November 22, 2011.

The Audit Committee and the Board of Directors of the Corporation recommend that the mandate of KPMG be renewed until the Corporation's next annual meeting of shareholders or until a successor is nominated. To be validly adopted, the resolution concerning the renewal of KPMG's mandate must be adopted by a simple majority of the votes cast by the shareholders present or represented by proxyholder at the Meeting.

The shareholders' approval will also authorize the Board of Directors of the Corporation to set the external auditor's compensation.

Unless the shareholders provide instruction to the contrary 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 appointment of KPMG as external auditor of the Corporation until the adjournment of the next annual meeting of shareholders and authorize the directors to set its compensation.

RATIFICATION AND CONFIRMATION OF THE CORPORATION'S STOCK OPTION PLAN

During the Meeting, the shareholders of the Corporation will be invited to consider and, if deemed advisable, to adopt, with or without amendment, a resolution, the text of which is set out in Schedule "A", to ratify and confirm the Plan.

In accordance with the Plan, the Corporation may grant options to purchase a maximum number of the Corporation's common shares corresponding to 10% of the number of outstanding shares of the Corporation's share capital from time to time. The number of common shares which can be reserved in accordance with the Plan automatically increases or decreases according to the increase or decrease of the number of the Corporation's common shares issued and outstanding. It is therefore considered a rolling plan.

According to the policies of the Exchange, the Plan, qualified as a rolling plan, must be approved by the shareholders of the Corporation every year during its annual general meeting and is also subject to the Exchange's approval. To be validly adopted, the resolution, the text of which is set out in Schedule "A", must be adopted by a simple majority of the votes cast by the shareholders present or represented by proxyholder at the Meeting.

For informative purposes, as of the date of the Circular, 10,187,707 common shares represented 10% of the outstanding common shares of the capital of the Corporation.

The text of the Plan is set out in Schedule "B" to the Circular.

Unless the shareholders provide instruction to the contrary 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 adoption of the resolution, the text of which is set out in Schedule "A" of the Circular.

C. COMPENSATION OF CERTAIN EXECUTIVE OFFICERS AND DIRECTORS

COMPENSATION OF CERTAIN EXECUTIVES

Compensation Discussion and Analysis

Compensation Discussion and Analysis

Due to the size and history of the Corporation, the Board of Directors 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 Named Executive Officers 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.

Option-Based Awards

The Corporation's granting of options to certain Named Executive Officers under the Plan is a method of compensation which is used to attract and retain personnel and to provide an incentive to participate in the long-term development of the Corporation and to increase the shareholder value. The relative emphasis of options for compensating certain Named Executive Officers will generally vary based on the position held, the global compensation and the benchmarks in such case. The Corporation generally expects future grants of options should be based on the following factors: (i) the terms and conditions of the employment agreements of Named Executive Officers; (ii) the executive's past performance; (iii) the executive's anticipated future contribution; (iv) the prior options grants to such executive; (v) the percentage of outstanding equity owned by the executive; (vi) the level of vested and unvested options and (vii) the market practices and the executive's responsibilities and performance. The Corporation has not set specific target levels for the granting of options to Named Executive Officers but seeks to be competitive with similar companies. For a summary of the main terms and conditions of the Plan, see "Plan Description" under the section "Securities Authorized for Issuance under Equity Compensation Plans".

Summary Compensation Table

The following table details the entire compensation paid to the President, Chief Executive Officer and Secretary, the Chief Financial Officer as well as the Vice-President Exploration of the Corporation (together, the "Named Executive Officers").

Name and principal position	Year	Salary (\$)	Share-based awards (\$)	Option-based awards (\$) ⁽¹⁾	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 ⁽²⁾	2010	111,276	N/A	35,227	N/A	N/A	N/A	N/A	146,503
	2011	215,379	N/A	286,496	N/A	N/A	N/A	N/A	501,875
	2012	143,100 ⁽⁵⁾	N/A	11,731	N/A	N/A	N/A	N/A	154,831
Steve Nadeau, Chief Financial Officer	2010	26,585	N/A	3,746	N/A	N/A	N/A	N/A	30,331
	2011	69,937	N/A	90,287	N/A	N/A	N/A	N/A	160,224
	2012	99,640 ⁽⁵⁾	N/A	N/A	N/A	N/A	N/A	N/A	99,640
Yves Caron, Vice-President Exploration ⁽³⁾	2011	7,356	N/A	159,383	N/A	N/A	N/A	3,250 ⁽⁴⁾	169,989
	2012	28,275 ⁽⁵⁾	N/A	11,731	N/A	N/A	N/A	N/A	40,006

Notes:

- (1) Following the share dividend declared by the Corporation in the context of the spin-off with Monarques Resources Inc., an adjustment of the number of shares underlying the options and of the exercise price was made for the options issued before June 10, 2011. These adjustments resulted in an increase of 54,002 shares that can be purchased upon the exercise of the options granted to Mr. Guy Bourassa for an amount of \$17,518 and an increase of 12,825 shares that can be purchased upon the exercise of the options granted to Mr. Steve Nadeau for an amount of \$4,320.
- (2) Mr. Bourassa, who is also a director of the Corporation, is not being compensated for the services delivered as such.
- (3) Mr. Caron resigned as Vice-President Exploration on June 14, 2012 and he resigned as director of the Corporation on September 5, 2012.
- (4) The fees earned by Mr. Caron are for the period before he was hired as a permanent employee of the Corporation. Since March 4, 2011, Mr. Caron has not received any compensation for its services as a director of the Corporation.
- (5) The salary, which includes the vacation percentage and bonuses if any, paid during the fiscal year ended June 30, 2012 was on a cost-shared basis between the Corporation and the equity accounted investee Monarques Resources Inc., on the following basis:
 - a. Messrs. Bourassa and Nadeau were on a 50% for the Corporation and 50% for Monarques Resources Inc. cost shared basis for the base salary and 65% for the Corporation and 35% for Monarques Resources Inc. cost shared basis for the paid bonus amounting to \$35,100 for Mr. Bourassa and \$24,115 for Mr. Nadeau;
 - b. Mr. Caron was on a 25% for the Corporation and 75% for Monarques Resources Inc. cost shared basis for the base salary. No bonuses were paid to Mr. Caron for the year ended June 30, 2012.

The fair value of the options granted annually is obtained by multiplying the number of 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	2011	2012
Risk-free rate :	2.21%	2.17%	1.62%
Dividend yield :	0%	0%	0%
Volatility (60 months) :	151%	136%	83%
Expected lifetime :	4 years	4.8 years	5 years

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, 2012. This includes also awards granted before the most recently completed financial year.

Name	Option-based Awards					Share-based Awards		
	Date of Grant	Number of securities underlying unexercised options (#) ⁽¹⁾	Option exercise price (\$) ⁽¹⁾	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 (\$)	Market or payout value of vested share-based awards not paid out or distributed (\$)
Guy Bourassa	2009/09/30	522,500	0.14	2014/09/30	151,525	N/A	N/A	N/A
	2010/03/19	13,063	0.48	2015/03/19	0	N/A	N/A	N/A
	2010/03/19	13,063	0.46	2015/03/19	0	N/A	N/A	N/A
	2010/03/19	13,063	0.36	2015/03/19	914	N/A	N/A	N/A
	2010/03/19	13,063	0.49	2015/03/19	0	N/A	N/A	N/A
	2010/12/24	627,000	0.51	2015/12/24	0	N/A	N/A	N/A
	2011/05/31	52,250	0.46	2016/05/31	0	N/A	N/A	N/A
	2012/05/31	50,000	0.40	2017/05/31	0	N/A	N/A	N/A
Steve Nadeau	2009/09/30	78,375	0.14	2014/09/30	22,729	N/A	N/A	N/A
	2010/12/24	182,875	0.51	2015/12/24	0	N/A	N/A	N/A
	2011/05/31	36,575	0.46	2016/05/31	0	N/A	N/A	N/A
Yves Caron ⁽²⁾	2009/09/30	182,875	0.14	2014/09/30	53,034	N/A	N/A	N/A
	2010/03/19	13,063	0.48	2015/03/19	0	N/A	N/A	N/A
	2010/03/19	13,063	0.46	2015/03/19	0	N/A	N/A	N/A
	2010/03/19	13,063	0.36	2015/03/19	914	N/A	N/A	N/A
	2010/03/19	13,063	0.49	2015/03/19	0	N/A	N/A	N/A
	2010/12/24	261,250	0.51	2015/12/24	0	N/A	N/A	N/A
	2011/05/31	52,250	0.46	2016/05/31	0	N/A	N/A	N/A
	2012/05/31	50,000	0.40	2013/09/04	0	N/A	N/A	N/A

Notes:

- (1) Following the share dividend declared by the Corporation in the context of the spin-off with Monarques Resources Inc., an adjustment of the number of shares underlying the options and of the exercise price was made for the options issued before June 10, 2011.
- (2) Mr. Caron resigned as Vice-President Exploration on June 14, 2012 and he resigned as director of the Corporation on September 5, 2012.

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, 2012.

Name	Option-based awards – Value vested during the year (\$) ⁽¹⁾	Share-based awards – Value vested during the year (\$)	Non-equity incentive plan compensation – Value earned during the year (\$)
Guy Bourassa	0	N/A	N/A
Steve Nadeau	0	N/A	N/A
Yves Caron	0	N/A	N/A

Note:

- (1) The aggregate dollar value of the options granted during the year has no value since the exercise price was higher than the market price on the date of grant.

EMPLOYMENT CONTRACTS AND TERMINATION AND CHANGE OF CONTROL OF THE CORPORATION BENEFITS

Employment Contracts

Guy Bourassa

No written employment contract exists between the Corporation and Mr. Guy Bourassa in his capacities as President, Chief Executive Officer and Secretary of the Corporation. During the fiscal year ended June 30, 2012, Mr. Bourassa's annual base salary has been \$200,000, excluding fringe benefits and bonuses. Mr. Bourassa is not party to any non-competition or confidentiality agreement with the Corporation. The base salary of Mr. Bourassa has been assumed equally between the Corporation and Monarques Resources Inc. during the fiscal year ended June 30, 2012. See also "Summary Compensation Table" and the notes thereto under the section "Compensation of Certain Executives".

Steve Nadeau

The Corporation renewed with Mr. Steve Nadeau, Chief Financial Officer an employment contract on September 18, 2012. The employment contract is for an indeterminate term and provides that Mr. Nadeau receives an annual base salary of \$160,000, excluding fringe benefits and bonuses. Mr. Nadeau is party to a non-competition, non-solicitation and confidentiality agreement with the Corporation. If Mr. Nadeau is terminated without cause, he will be entitled to nine months of his salary. The base salary of Mr. Nadeau has been assumed equally between the Corporation and Monarques Resources Inc. during the fiscal year ended June 30, 2012. See also "Summary Compensation Table" and the notes thereto under the section "Compensation of Certain Executives".

Yves Caron

The Corporation entered into an employment contract on March 4, 2011 as amended on April 14, 2011 with Mr. Yves Caron, Vice-President Exploration of the Corporation and Monarques Resources Inc. The employment contract was for a fixed term with the first term ending on December 31, 2011. The contract was renewed on mutual consent of Mr. Caron and the Corporation. The renewed terms of the contract provided that Mr. Yves Caron received an annual base salary of \$130,000 with an effective date of January 1, 2012, and a premium of \$150 per day when he worked on the properties of the Corporation or Monarques Resources Inc. Mr. Caron was not party to any non-competition or confidentiality agreement with the Corporation. The salary of Mr. Yves Caron was assumed at 75% by Monarques Resources Inc. and at 25% by the Corporation. The percentage of salary paid by Monarques Resources Inc. and the Corporation to Mr. Caron was evaluated on a quarterly basis based on the time spent with each corporation. See also "Summary Compensation Table" and the notes thereto under the section "Compensation of Certain Executives". On June 14, 2012, Mr. Caron resigned as Vice-President Exploration and he resigned as director of the Corporation on September 5, 2012.

Termination and Change of Control of the Corporation Benefits

Except for what is disclosed above pertaining to Mr. Nadeau, no agreement has been concluded between the Corporation and a Named Executive Officer as to benefits in the event of termination or change of control of the Corporation.

DIRECTORS' COMPENSATION

Compensation Table

The following table lays out all amounts of compensation paid or to be paid to the directors that were not Named Executive Officers during the fiscal year ended June 30, 2012. 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 (\$)	Non-equity incentive plan compensation (\$)	Pension value (\$)	All other compensation (\$)	Total (\$)
Michel Baril ⁽²⁾	41,000	N/A	11,731	N/A	N/A	N/A	52,731
Judy Baker ⁽²⁾	5,750	N/A	11,731	N/A	N/A	N/A	17,481
Bangkui Gao ⁽¹⁾⁽²⁾	3,500	N/A	11,731	N/A	N/A	N/A	15,231
René Lessard ⁽²⁾	10,250	N/A	11,731	N/A	N/A	N/A	21,981
Wu Wei ⁽²⁾	3,333	N/A	11,731	N/A	N/A	N/A	15,064

Notes:

- (1) Mr. Gao is director of the Corporation since February 27, 2012.
- (2) Each individual is independent and is a non-employee director.

The fair value of the options granted annually is obtained by multiplying the number of 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:

	2012
Risk-free rate :	1.62%
Dividend yield :	0%
Volatility (60 months) :	83%
Expected lifetime :	5 years

The Board of Directors of the Corporation is responsible for establishing the compensation to be paid to directors of the Corporation. For that purpose, the Board compares the total compensation offers on the market after consulting with resource persons in the industry. The directors that are not Named Executive Officers, are receiving, since September 30, 2009, an annual compensation of \$4,000. The directors who sit on a Board of Directors' committee are also receiving an annual compensation of \$1,000. The compensation of the Chairman of the Board, who is also President of the Audit Committee, is \$36,000 per year. These directors also receive \$500 for each meeting of the Board of Directors or each committee which they attend in person, and 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 of the Audit Committee. In addition, each director is eligible to receive options pursuant to the Corporation's stock option plan in effect. During the fiscal year ended June 30, 2012, a total of 250,000 of new options were granted to the directors, except for the Named Executive Officers that are directors.

The aggregate cash compensation paid or to be paid to the directors of the Corporation for services rendered in their capacities as directors and members of the Audit Committee during the fiscal year ended June 30, 2012 is \$63,833.

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, 2012. This includes awards granted before the most recently completed financial year.

Name	Option-based Awards					Share-based Awards		
	Date of Grant	Number of securities underlying unexercised options (#) ⁽¹⁾	Option exercise price (\$) ⁽¹⁾	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 (\$)	Market or payout value of vested share-based awards not paid out or distributed (\$)
Michel Baril	2009/09/30	365,750	0.14	2014/09/30	106,068	N/A	N/A	N/A
	2010/03/19	13,063	0.48	2015/03/19	0	N/A	N/A	N/A
	2010/03/19	13,063	0.46	2015/03/19	0	N/A	N/A	N/A
	2010/03/19	13,063	0.36	2015/03/19	914	N/A	N/A	N/A
	2010/03/19	13,063	0.49	2015/03/19	0	N/A	N/A	N/A
	2010/12/24	418,000	0.51	2015/12/24	0	N/A	N/A	N/A
	2011/05/31	52,250	0.46	2016/05/31	0	N/A	N/A	N/A
	2012/05/31	50,000	0.40	2017/05/31	0	N/A	N/A	N/A
Judy Baker	2009/09/30	104,500	0.14	30/09/2014	30,305	N/A	N/A	N/A
	2010/03/19	13,063	0.48	19/03/2015	0	N/A	N/A	N/A
	2010/03/19	13,063	0.46	19/03/2015	0	N/A	N/A	N/A
	2010/03/19	13,063	0.36	19/03/2015	914	N/A	N/A	N/A
	2010/03/19	13,063	0.49	19/03/2015	0	N/A	N/A	N/A
	2010/12/24	261,250	0.51	24/12/2015	0	N/A	N/A	N/A
	2011/05/31	52,250	0.46	31/05/2016	0	N/A	N/A	N/A
	2012/05/31	50,000	0.40	2017/05/31	0	N/A	N/A	N/A
Bangkui Gao ⁽²⁾	2012/05/31	50,000	0.40	2017/05/31	0	N/A	N/A	N/A
René Lessard	2009/09/30	182,875	0.14	30/09/2014	53,034	N/A	N/A	N/A
	2010/03/19	13,063	0.48	19/03/2015	0	N/A	N/A	N/A
	2010/03/19	13,063	0.46	19/03/2015	0	N/A	N/A	N/A
	2010/03/19	13,063	0.36	19/03/2015	914	N/A	N/A	N/A
	2010/03/19	13,063	0.49	19/03/2015	0	N/A	N/A	N/A
	2010/12/24	261,250	0.51	24/12/2015	0	N/A	N/A	N/A
	2011/05/31	52,250	0.46	31/05/2016	0	N/A	N/A	N/A
	2012/05/31	50,000	0.40	2017/05/31	0	N/A	N/A	N/A
Wu Wei	2012/05/31	50,000	0.40	2017/05/31	0	N/A	N/A	N/A

Notes:

- (1) Following the share dividend declared by the Corporation in the context of the spin-off with Monarques Resources Inc., an adjustment of the number of shares underlying the options and of the exercise price was made for the options issued before June 10, 2011.
- (2) Mr. Gao is director of the Corporation since February 27, 2012.

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, 2012.

Name	Option-based awards – Value vested during the year (\$)⁽²⁾	Share-based awards – Value vested during the year (\$)	Non-equity incentive plan compensation – Value earned during the year (\$)
Michel Baril	0	N/A	N/A
Judy Baker	0	N/A	N/A
Bangkui Gao ⁽¹⁾	0	N/A	N/A
René Lessard	0	N/A	N/A
Wu Wei	0	N/A	N/A

Notes:

- (1) Mr. Gao is director of the Corporation since February 27, 2012.
- (2) The aggregate dollar value of the options granted during the year has no value since the exercise price was higher than the market price on the date of grant.

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

Equity Compensation Plan Information

Equity Compensation Plan Information			
Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted-average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by securityholders	5,468,825	\$0.39	4,604,642 ⁽¹⁾
Equity compensation plans not approved by securityholders	N/A	N/A	N/A
Total	5,468,825	\$0.39	4,604,642⁽¹⁾

Note:

- (1) Number as of June 30, 2012. Therefore, this number will vary since the Plan provides that the Corporation may grant options to purchase a maximum number of the Corporation's common shares corresponding to 10% of the number of outstanding shares of the Corporation's share capital from time to time.

Plan Description

The Board of Directors may grant stock options to (a) an employee, officer, director or consultant of the Corporation or any subsidiary thereof, and (b) a person employed to perform investor relations activities (the "Eligible Participants"). The Plan has been prepared so as to meet the requirements of the Exchange.

The purpose of the Plan, considered as a rolling stock option plan pursuant to the policies of the Exchange is to provide the Corporation with a share-based mechanism to attract, motivate and retain Eligible Participants whose skills, performance and loyalty to the Corporation or any of its subsidiaries, as the case may be, are necessary to its success, image, reputation or activities.

For the purposes of the Plan description, capitalized terms used herein that are not otherwise defined shall have the meanings ascribed thereto in Schedule A of the Plan, which is attached to the Circular as Schedule "B".

The material terms of the Plan are as follows:

1. A maximum of 10% of the issued Shares in the capital of the Corporation being outstanding from time to time is reserved for the grant of Stock Options pursuant to the Plan.
2. The Board of Directors may, in its sole discretion, determine to which Eligible Participants Stock Options will be granted and the number of Shares reserved for issuance pursuant to the Stock Options.
3. Subject to provisions of the Plan, the Expiry Date of a Stock Option shall be the 10th anniversary of the Date of Grant unless a shorter period of time is otherwise set by the Board of Directors and set forth in the Notice of Grant at the time the particular Stock Option is granted.
4. The Board of Directors, in its sole discretion, determines the Exercise Price of the Shares underlying the Stock Options. Subject to provisions of the Exchange *Corporate Finance Manual* respecting options granted within 90 days of a distribution by a prospectus, the Exercise Price is established based on the market price of the Shares at the closing of the Exchange on the exchange day immediately preceding the Date of Grant, provided that if the Stock Options were granted to an officer, a Director or a person employed to provide investor relations activities, a news release was issued to fix the price or if no Shares were negotiated on this day, the arithmetic average of the last bid and ask prices of the Shares on the Exchange.
5. Stock Options (and any rights thereunder) shall be non-assignable and non-transferable unless by legacy or inheritance. Stock Options may be exercised only by the Optionholder's legal representative within the first year following the Optionholder's death.
6. No Stock Option may be granted to an Eligible Participant if the Shares reserved for issuance with respect to such grant and the Stock Options already granted exceed in a 12 month period 5% of all the issued and outstanding Shares, calculated on the Date of Grant of such Stock Options unless the Corporation has obtained the requisite disinterested shareholder approval in accordance with the policies of the Exchange.
7. The number of Stock Options to be granted to any Consultant in a 12 month period must not exceed 2% of all the issued and outstanding Shares of the Corporation, calculated on the Date of Grant of such Stock Options to such Consultant.
8. The number of Stock Options to be granted to any person employed to provide investor relations activities in a 12 month period must not exceed 2% of all the issued and outstanding Shares of the Corporation, calculated on the Date of Grant of such Stock Options. Stock Options granted to Consultants performing investor relations activities must vest in stages over 12 months with no more than ¼ of the Stock Options vesting in any three month period.

9. The Expiry Date of a Stock Option held by an Optionholder that became vested prior to his or her death shall be the earlier of:
 - (i) the Expiry Date shown on the relevant Notice of Grant; or
 - (ii) one year following the Optionholder's death.
10. Should a person employed to perform investor relations activities cease to be an Eligible Participant for any reason other than death (such as by reason of disability, resignation, dismissal or termination of contract), then the Expiry Date of its Stock Option vested at the latest on the date such person ceases to be an Eligible Participant (the "Date of Termination of Investor Relations Activities"), shall be the earlier of:
 - (i) the Expiry Date shown on the relevant Notice of Grant; or
 - (ii) 30 days from the Date of Termination of Investor Relations Activities.
11. Should a person cease to be an Eligible Participant for any reason other than death or the termination of investor relations activities (such as by reason of disability, resignation, dismissal or termination of contract), then the Expiry Date of its Stock Option vested at the latest on the date such person ceases to be an Eligible Participant (the "Termination Date"), shall be the earlier of:
 - (i) the Expiry Date shown on the relevant Notice of Grant; or
 - (ii) one year from the Termination Date.
12. Pursuant to the policies of the Exchange, the Plan must be approved each year by the Corporation's shareholders at the annual general meeting of shareholders of the Corporation.

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

During the fiscal year ended June 30, 2012, 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.

D. 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, Judy Baker, Bangkui Gao, René Lessard and Wu Wei are independent directors.
- b) *the identity of directors who are not independent, and the basis for that determination :*
Guy Bourassa, President, Chief Executive Officer and Secretary is not an independent director within the meaning of Section 1.4 of *Regulation 52-110 respecting Audit Committees* ("Regulation 52-110") because he is an executive officer of the Corporation.

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 jurisdiction or in a foreign jurisdiction:

Name of Director	Issuer
Guy Bourassa	Monarques Resources Inc.
Michel Baril	Imaflex Inc.
	Monarques Resources Inc
Judy Baker	Superior Copper Corporation (formerly Cenit Corporation)
	Blue Vista Technologies Inc.
René Lessard	Monarques Resources Inc.
Wu Wei	Sichuan Tianqi Lithium Industries 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 performance of his duties 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 becomes aware 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 matter.

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*

For details regarding the process of determining compensation paid to Named Executive Officers of the Corporation, including the Chief Financial Officer, see "Compensation of Certain Executive Officers and Directors – Compensation of Certain Executives – Compensation Discussion and Analysis" of the Circular.

For details regarding the process of determining compensation paid to directors of the Corporation, see "Compensation of Certain Executive Officers and Directors – Directors' Compensation – Compensation Table".

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.

E. AUDIT COMMITTEE

THE AUDIT COMMITTEE'S CHARTER

The Audit Committee's charter describes the duties, responsibilities and skills required from 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 the Circular as Schedule "C".

COMPOSITION OF THE AUDIT COMMITTEE

As of the date of the Circular, the Audit Committee is made up of the following individuals:

Name	Independent	Financially Literate
Michel Baril	Yes	Yes
Judy Baker	Yes	Yes
René Lessard	Yes	Yes

RELEVANT EDUCATION AND EXPERIENCE

For the relevant education and experience of the Audit Committee members, see the table included in the "Election of Directors" section of the Circular under the heading "Items on Meeting Agenda".

AUDIT COMMITTEE OVERSIGHT

Since the beginning of the Corporation's fiscal year ended June 30, 2012, there was no recommendation of the Audit Committee to nominate or compensate an external auditor that was not adopted by the Board of Directors.

RELIANCE ON CERTAIN EXEMPTIONS

Since the beginning of the Corporation's fiscal year ended June 30, 2012, the Corporation has not relied on the provisions of section 2.4 of Regulation 52-110 or on an exemption granted by the securities authority 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 AUDITOR SERVICE FEES

The following external auditor service fees were invoiced by Dallaire & Lapointe Inc. (“DL”) for the fiscal year ended June 30, 2011 and by DL and KPMG for the fiscal year ended June 30, 2012:

	2011	2012
Audit Fees	\$24,000	\$45,358
Audit-Related Fees	\$16,242 ⁽¹⁾	\$41,625 ⁽⁴⁾
Tax Fees	\$8,515 ⁽²⁾	\$25,688 ⁽⁵⁾
All Other Fees	\$2,205 ⁽³⁾	\$27,374 ⁽⁶⁾
Total	\$50,962	\$140,045

Notes:

- (1) Services related to the confirmation of the value of the deferred exploration expenses in the context of the spin-off on three mining properties sold to Monarques Resources Inc. on June 10, 2011.
- (2) Preparation of the Corporation's tax returns.
- (3) Fees related to the due diligences of June 2010 and December 2010.
- (4) Fees related to the transition from the previous Canadian GAAP to the new IFRS standards.
- (5) Preparation of the Corporation's tax returns and special tax services related to the early ruling from Revenu Québec regarding the eligibility of the Corporation to qualify for a Stock Savings Plan II.
- (6) Fees mostly related to the change of the external auditor of the Corporation and the spin-off with Monarques Resources Inc. in June 2011.

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.

F. 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, 2012, 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 proposed transaction that would have such an effect.

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 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 in due form before the Meeting or any adjournment thereof.

ADDITIONAL INFORMATION

Additional information relating to the Corporation is available on the SEDAR website at www.sedar.com or at www.nemaskalithium.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, 2012. 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) 614-0627

By e-mail: info@nemaskalithium.com

By mail : NEMASKA LITHIUM INC.
450, rue de la Gare-du-Palais
1st Floor
Québec, Québec G1K 3X2
Attention: Mr. Guy Bourassa

SHAREHOLDER PROPOSALS FOR THE NEXT ANNUAL MEETING

A registered holder or Beneficial Owner of common shares that are entitled to be voted at an annual meeting of shareholders that will be held in 2013 and who wish, subject, among others, to the conditions outlined hereinafter, to submit proposals regarding any matter to be dealt with at such meeting must do so at the latest on August 5, 2013.

To be eligible to submit a proposal for the purposes of such meeting, a person must be, for at least a six-month period immediately before the day on which the shareholder submits the proposal, the registered holder or the Beneficial Owner of at least a number of voting shares

- (i) that is equal to 1% of the total number of the outstanding voting shares of the Corporation, as of the day on which the shareholder submits a proposal; or
- (ii) whose fair market value, as determined at the close of business on the day before the shareholder submits the proposal to the Corporation, is at least \$2,000.

APPROVAL OF DIRECTORS

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

November 1st, 2012

(s) Guy Bourassa

Guy Bourassa
President, Chief Executive Officer and Secretary

SCHEDULE "A"

RESOLUTION PERTAINING TO THE RATIFICATION AND CONFIRMATION OF THE CORPORATION'S STOCK OPTION PLAN

WHEREAS the Corporation's Board of Directors adopted on October 28, 2011 a resolution pertaining to the implementation of a new stock option plan, considered as a rolling stock option plan pursuant to the policies of TSX Venture Exchange Inc.'s policies (the "Exchange"), for the employees, officers, directors or consultants of the Corporation or any subsidiary thereof, and for the persons employed to perform investor relations activities;

WHEREAS the implementation of such new stock option plan was also adopted by the shareholders of the Corporation during the Corporation's annual general and special meeting held on November 22, 2011;

WHEREAS pursuant to the Exchange's policies, a rolling plan must notably receive shareholder approval every year during the Corporation's annual general meeting;

THEREFORE, IT IS RESOLVED THAT:

1. **TO RATIFY AND TO CONFIRM** the Corporation's stock option plan that is currently in effect sets out in Schedule "B" of the Management Proxy Circular dated November 1st, 2012; and
2. **THAT** any director or officer of the Corporation shall be, and is hereby, authorized to sign and deliver any document, written or in form, and to take any other measure that he may deem necessary or desirable to give effect to the present resolution.

SCHEDULE "B"

NEMASKA LITHIUM INC. 2011 STOCK OPTION PLAN

**NEMASKA LITHIUM INC. 2011
STOCK OPTION PLAN**

(the « Corporation »)

**Adopted by the Board of Directors of the Corporation
on October 28, 2011 and the amendments of which have been approved on November 1st, 2012**

**Approved by the shareholders of the Corporation
on November 22, 2011**

**Approved by the TSX Venture Exchange Inc.
on November 28, 2011**

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**NEMASKA LITHIUM INC. 2011
STOCK OPTION PLAN**

The purpose of the Plan, considered as a rolling stock option plan pursuant to the policies of the Exchange is to provide the Corporation with a share-based mechanism to attract, motivate and retain Eligible Participants whose skills, performance and loyalty to the Corporation or any of its subsidiaries, as the case may be, are necessary to its success, image, reputation or activities.

SECTION 1 DEFINITIONS

For the purposes of this Plan, capitalized terms used herein that are not otherwise defined shall have the meanings ascribed thereto in Schedule "A" attached hereto.

SECTION 2 SHARES RESERVED FOR ISSUANCE

- 1) A maximum of 10% of the issued Shares in the capital of the Corporation being outstanding from time to time is reserved for the grant of Stock Options pursuant to the Plan.
- 2) No Stock Option may be granted to an Eligible Participant if the Shares reserved for issuance with respect to such grant and the Stock Options already granted exceed in a 12 month period 5% of all the issued and outstanding Shares, calculated on the Date of Grant of such Stock Options unless the Corporation has obtained the requisite disinterested shareholder approval in accordance with the policies of the Exchange.
- 3) The number of Stock Options to be granted to any Consultant in a 12 month period must not exceed 2% of all the issued and outstanding Shares of the Corporation, calculated on the Date of Grant of such Stock Options to such Consultant.
- 4) The number of Stock Options to be granted to all persons employed to provide investor relations activities in a 12 month period must not exceed 2% of all the issued and outstanding Shares of the Corporation, calculated on the Date of Grant of such Stock Options. Stock Options granted to Consultants performing investor relations activities must vest in stages over 12 months with no more than ¼ of the Stock Options vesting in any three month period.

SECTION 3 GRANT OF STOCK OPTIONS

- 1) The Board of Directors may, in its sole discretion, determine to which Eligible Participants Stock Options will be granted and the number of Shares reserved for issuance pursuant to the Stock Options. The Board of Directors shall grant Stock Options in accordance with such determination. The grant of Stock Options to an Eligible Participant at any time shall not entitle such Eligible Participant to receive subsequent Stock Options.
- 2) The Plan does not provide any guarantee against any loss or with respect to any profit which may result from fluctuations in the price of the Shares.
- 3) Subject to its withholding obligations under the various taxation Laws, the Corporation does not assume responsibility for the income tax or other tax consequences for the Optionholders in connection with the Plan and Optionholders are advised to consult with their own tax advisers with respect to such matters.

- 4) Following the approval by the Board of Directors of the grant of Stock Options to an Eligible Participant, the Secretary of the Corporation, or any other person designated by the Board of Directors, shall forward to the Eligible Participant a Notice of Grant setting out the Date of Grant, the number of Stock Options, the Exercise Price, the Vesting Dates, as the case may be, the Expiry Date and any additional terms of the grant, substantially in the form attached hereto as Schedule "B", a copy of the Plan and any other relevant documentation required by law.
- 5) In the event of an inconsistency between the terms of the Plan and the Notice of Grant, the Notice of Grant shall prevail provided that the terms of the Notice of Grant do not conflict with the rules of any Exchange upon which the Shares of the Corporation are listed. In the event of such discrepancy, the approval of the Exchange shall be obtained prior to the implementation of any of the conflicting provisions.
- 6) No Optionholder, nor his legal representatives, nor his legatees will be, or will be deemed to be, a shareholder of the Corporation with respect to the Shares underlying his Stock Options, unless and until certificates for such Shares are issued to him, as the case may be, upon the due exercise of its Stock Options in accordance with the terms of the Plan.
- 7) When the Corporation grants Stock Options to an Employee or a Consultant it must represent that the Optionholder is a bona fide Employee or Consultant, as the case may be.

SECTION 4 TERMS AND CONDITIONS OF STOCK OPTIONS

1) Number of Shares – Expiration or Termination of Stock Options

Stock Options shall not be granted under the Plan for a number of Shares in excess of the maximum number of Shares reserved for issuance under the Plan, provided that if any Stock Option expires or terminates without having been exercised in full, the number of Shares reserved for issuance pursuant to Stock Options expired or terminated shall again be available for issuance under the Plan.

2) Expiry and Vesting

- a) Subject to subsection 4(3), the Expiry Date of a Stock Option shall be the 10th anniversary of the Date of Grant unless a shorter period of time is otherwise set by the Board of Directors and set forth in the Notice of Grant at the time the particular Stock Option is granted.
- b) The Vesting Dates of the Stock Options shall correspond to the vesting periods determined by the Board of Directors at the time of grant of such Stock Options, as set out in the Notice of Grant relating thereto, subject to the accelerated vesting provision as well as the provisions relating to amendments set forth in subsection 8(3) hereof.
- c) An Optionholder may only exercise its Stock Options that are fully vested.

3) Expiry Date

Any Stock Option or part thereof not exercised prior to the Expiry Date shall terminate and become null, void and of no effect. Notwithstanding the foregoing and subsection 4(2) hereof, the Expiry Date of a Stock Option shall be determined as follows:

- a) **Death** - The Expiry Date of a Stock Option held by an Optionholder that became vested prior to his or her death shall be the earlier of:
 - (i) the Expiry Date shown on the relevant Notice of Grant; or
 - (ii) one year following the Optionholder's death.

- b) **Termination of investor relations activities** - Should a person employed to perform investor relations activities cease to be an Eligible Participant for any reason other than death (such as by reason of disability, resignation, dismissal or termination of contract), then the Expiry Date of its Stock Option vested at the latest on the date such person ceases to be an Eligible Participant (the "**Date of Termination of Investor Relations Activities**"), shall be the earlier of:
 - (i) the Expiry Date shown on the relevant Notice of Grant; or
 - (ii) 30 days from the Date of Termination of Investor Relations Activities.

- c) **Termination** – Should a person cease to be an Eligible Participant for any reason other than death or the termination of investor relations activities (such as by reason of disability, resignation, dismissal or termination of contract), then the Expiry Date of its Stock Option vested at the latest on the date such person ceases to be an Eligible Participant (the "**Termination Date**"), shall be the earlier of:
 - (i) the Expiry Date shown on the relevant Notice of Grant; or
 - (ii) one year from the Termination Date.

- d) **Termination Date or Date of Termination of Investor Relation Activities** – For the Purpose of the Plan, unless otherwise determined by the Board of Directors, an Eligible Participant's employment or engagement with the Corporation or a subsidiary thereof shall be considered to have ceased, effective the last day of the Eligible Participant's actual and active employment or services with the Corporation or subsidiary, whether such day is selected by agreement with the Eligible Participant, unilaterally by the Corporation or subsidiary and whether with or without prior notice to the Eligible Participant. No period of notice nor payment in lieu of such notice that ought to have been given under applicable Laws in respect of termination of employment or other engagement will be considered in determining entitlement under the Plan.

- e) **Discretion of the Board of Directors** - Notwithstanding subsections 4(3) (a), (b), (c) and (d) above, but subject to subsection 4(2) hereof, and subject to all Laws and to the approval of the Exchange, the Board of Directors may, by notifying an Optionholder or its legal representative, in its sole discretion, extend the Expiry Date of any Stock Options in whole or in part.

4) Expiry of Non - Vested Stock Options

Subject to the discretionary power of the Board of Directors, outstanding Stock Options that are not vested as of the date the Optionholder ceases to be an Eligible Person for any reason such as disability, resignation, dismissal or termination of contract, shall terminate on such date, cannot be vested and become null, void and of no effect.

5) Termination for Cause

Notwithstanding anything to the contrary in this Section 4, if an Eligible Participant who is an Employee or Consultant of the Corporation, or any of its subsidiaries, is terminated for cause (serious reason, as referenced in Article 2094 of the Civil Code of Québec), all Stock Options held by such Eligible Participant shall immediately terminate and become null, void and of no effect on the date on which the Corporation, or any of its subsidiaries, gives a notice of termination for cause to such Eligible Participant.

6) Exercise Price

The Board of Directors, in its sole discretion, determines the Exercise Price of the Shares underlying the Stock Options. Subject to subparagraph 2.6(d) of Policy 4.4 of the Exchange *Corporate Finance Manual* respecting options granted within 90 days of a distribution by a prospectus, the Exercise Price is established based on the market price of the Shares at the closing of the Exchange on the exchange day immediately preceding the Date of Grant, provided that if the Stock Options were granted to an officer, a Director or a person employed to provide investor relations activities, a news release was issued to fix the price or if no Shares were negotiated on this day, the arithmetic average of the last bid and ask prices of the Shares on the Exchange (the "**Exercise Price**").

7) Assignment and Transfer of Stock Options

Stock Options (and any rights thereunder) shall be non-assignable and non-transferable unless by legacy or inheritance. Stock Options may be exercised only by the Optionholder's legal representative within the first year following the Optionholder's death.

8) Adjustments

If prior to the complete exercise of any Stock Option, a stock dividend is paid on the Shares or if the Shares are consolidated, subdivided, converted, exchanged or reclassified or in any way substituted for by securities or assets of the Corporation or of any other corporation (collectively, the "**Event**"), a Stock Option, to the extent that it has not been completely exercised, shall entitle the Optionholder, upon the exercise of the Stock Option in accordance with the terms thereof, to such number and kind of shares or other securities or property to which such Optionholder would have been entitled as a result of the Event had such Optionholder actually exercised the unexercised portion of the Stock Options immediately prior to the occurrence of the Event and the Exercise Price shall be adjusted accordingly as if the originally optioned Shares of the Corporation were being purchased hereunder. No fractional Shares or other security shall be issued upon the exercise of any Stock Option and accordingly, if as a result of the Event, an Optionholder would become entitled to a fractional Share or other security, such Optionholder shall have the right to purchase only the next lowest whole number of Shares or other security and no payment or other adjustment will be made with respect to the fractional interest so disregarded. Upon the occurrence of the Event, the maximum number of Shares reserved for issuance under the Plan shall be appropriately adjusted.

SECTION 5 CHANGE OF CONTROL

1) Accelerated of Vesting or Expiration – Change of Control

Upon the announcement of any event considered as a Change of Control, the Corporation shall have the discretion, without the need to obtain the consent of the Optionholders, to accelerate the Vesting Dates and/or the Expiry Dates of all outstanding Stock Options. The Corporation may accelerate one or more Optionholder's Vesting Dates and/or Expiry Dates without accelerating Vesting Date and/or Expiry Dates of all outstanding Stock Options and may accelerate the Vesting Dates and/or Expiry Dates of only a portion of an Optionholder's Stock Options. The Corporation shall promptly notify each Optionholder of any acceleration of the Vesting Dates and/or Expiry Dates.

2) Mergers and Consolidations

In the event the Corporation is a consenting party to a Change of Control, outstanding Stock Options shall be subject to the agreement affecting such Change of Control and Optionholders shall be bound by such agreement. Such agreement, without the Optionholders' consent, may provide for:

- (i) the continuation of such outstanding Stock Options by the Corporation (if the Corporation is the surviving or acquiring corporation);
- (ii) the assumption of the Plan and such outstanding Stock Options by the surviving or acquiring corporation or its parent; or
- (iii) the substitution or replacement by the acquiring or surviving corporation or its parent of options with substantially the same terms for such outstanding Stock Options.

SECTION 6 EXERCISE OF STOCK OPTIONS

1) Exercise of Stock Options:

Stock Options may be exercised only by the Optionholder or by his legal representative. Stock Options may be exercised in whole or in part in respect of a whole number of Shares at any time or from time to time prior to the Expiry Date by delivering to the Corporation an Exercise Notice substantially in the form attached hereto as Schedule "C" and a certified cheque or a bank draft payable to the Corporation in an amount equal to the aggregate Exercise Price of the Shares to be purchased pursuant to the exercise of the Stock Options (the "**Exercise Funds**").

2) Issue of Shares

As soon as practicable following the receipt of the Exercise Notice, the Corporation shall deliver to the Optionholder a certificate representing the Shares so purchased.

3) Conditions on Issue

The issue of Shares by the Corporation pursuant to the exercise of any Stock Option is subject to compliance with all Laws applicable to the issuance, distribution and listing on the Exchange of such Shares. The Optionholder shall: (i) comply with all Laws, (ii) provide the Corporation with any information, report and/or undertaking required to comply with all Laws and (iii) fully co-operate with the Corporation in complying with all Laws.

SECTION 7 ADMINISTRATION

The Plan shall be administered by the Board of Directors. The Board of Directors may at its discretion from time to time make, amend and repeal such regulations not inconsistent with the Plan as it may deem necessary or advisable for the proper administration and operation of the Plan, and such regulations shall form part of the Plan. The Board of Directors may appoint any committee, Director, officer or Employee of the Corporation as administrator of the Plan and delegate to such person such administrative duties and powers as it may see fit.

Without limiting the foregoing paragraph, the Board of Directors will have the authority to:

- 1) construe and interpret the Plan, and any agreement or document executed pursuant thereto;
- 2) prescribe, amend and rescind rules and regulations relating to the Plan, including determining the forms and agreements used in connection therewith; provided that the Board of Directors may delegate to the President, the Chief Financial Officer or the officer in charge of Human Resources the authority to approve amendments to the forms and agreements used in connection with the Plan that are designed to facilitate the Plan administration, and that are not inconsistent with the Plan or with any resolutions of the Board of Directors relating thereto;
- 3) determine whether Stock Options will be granted singly, in combination, or in tandem with, in replacement of, or as alternatives to, other Stock Options under the Plan or any other incentive or compensation plan of the Corporation or any subsidiary;
- 4) subject to the prior approval of the Exchange, grant waivers of Plan or Stock Option conditions;
- 5) determine the Stock Option's Vesting Date(s);
- 6) correct any defect, supply any omission, or reconcile any inconsistency in the Plan or in any Stock Option;
- 7) amend the Plan (subject to all Laws and the prior approval of the Stock Exchange), except for amendments that increase the number of Shares available for issuance under the Plan or change the eligibility criteria for participation in the Plan or that reduce the exercise price when the Optionholder covered by this amendment is an Insider of the Corporation when the amendment is proposed (in the latter case, disinterested shareholder approval of the Corporation is to be obtained); and
- 8) make all other determinations necessary or advisable for the administration of the Plan.

SECTION 8 – MISCELLANEOUS

1) Notice

- a) Any notice, request, payment or other communication required or permitted to be given hereunder by the Corporation to an Optionholder shall be in writing and shall be given by personally delivering it or by delivering it by mail to the address of the Optionholder set out in the Notice of Grant or such other address of which the Optionholder has notified the Corporation. The Optionholder shall notify the Corporation in writing of any address change.
- b) Any notice, request, payment or other communication required or permitted to be given hereunder by an Optionholder to the Corporation shall be in writing and shall be given by personally delivering it or by delivering it by mail to the primary business address of the Corporation or any other address designated by the Corporation.
- c) The date of delivery of notice, request, payment or any other communication shall be the date of personal delivery or, if delivered by mail, the fifth Business Day after mailing provided that in the event of a postal strike, the date of delivery shall be the date of actual delivery.

2) Disinterested Shareholder Approval

In addition to the cases already provided elsewhere in the Plan, the Corporation shall obtain, in accordance with the policies of the Exchange, the disinterested shareholder approval when the Plan, together with all of the Corporation's previously established and outstanding stock option plans or grants, as the case may be, could result at any time in:

- (i) the number of Shares reserved for issuance under Stock Options (including the other outstanding stock options, as the case may be), granted to Insiders of the Corporation exceeding 10% of all the issued and outstanding Shares of the Corporation; or
- (ii) the grant to Insiders of the Corporation, within a 12 month period, of a number of Stock Options (including the other stock options that may be granted in accordance with previously established stock option plans of the Corporation, as the case may be) exceeding 10% of all the issued and outstanding Shares of the Corporation.

3) Approval of the Plan

Pursuant to the policies of the Exchange, the Plan must be approved each year by the Corporation's shareholders at the annual general meeting of shareholders of the Corporation.

4) Amendments

The Corporation may, subject to all Laws and prior Exchange approval, at its discretion from time to time, amend the Plan and the terms and conditions of any Stock Option to be granted thereunder and, without limiting the generality of the foregoing, may make such amendments for the purpose of complying with any changes in any Laws, or for any other purpose which may be permitted by Law, provided always that, any such amendment shall

not alter the terms or conditions of, or impair any right of any Optionholder pursuant to any Stock Option granted prior to such amendment without the consent of the affected Optionholder(s). Any amendment that reduces the Exercise Price requires disinterested shareholder approval of the Corporation if the Optionholder covered by this amendment is an Insider of the Corporation when the amendment is proposed. A copy of any amendment to the Plan shall be sent to each Optionholder as soon as reasonably practicable.

5) Termination

The Corporation may terminate the Plan at any time provided that such termination shall not alter the terms or conditions of any Stock Option or impair any right of any Optionholder pursuant to any Stock Option granted prior to the date of such termination and notwithstanding such termination by the Corporation, such Stock Options and such Optionholders shall continue to be governed by the provisions of the Plan.

6) Interpretation

The interpretation by the Board of Directors of any of the provisions of the Plan and any determination by it pursuant thereto shall be final and conclusive and shall not be subject to any dispute by an Optionholder. No member of the Board or the Committee or any person acting pursuant to authority thereby delegated hereunder shall be liable for any action or determination in connection with the Plan made or taken in good faith, and each member of the Board of Directors and each such person acting on the authority delegated hereunder, shall be entitled to indemnification with respect to any such action or determination in the manner provided for by the Corporation.

7) Hold Period

According to the policies of the Exchange, the Stock Options granted to an Insider of the Corporation and the Shares that may be issued upon the exercise thereof will be subject to a four month resale restriction imposed by the Exchange commencing on the date the Stock Options are granted to such Insider.

8) No Representation or Warranty

The Corporation makes no representation or warranty as to the future market value of any Shares issued following the exercise of any Stock Option in accordance with the provisions of the Plan.

9) Governing Laws

The Plan will be governed by and construed in accordance with the Laws of the Province of Québec and the Laws of Canada applicable therein.

10) Compliance with Applicable Law

If any provision of the Plan or any Stock Option conflicts with any Law, then such provision shall be deemed to be amended to the extent required to bring such provision into compliance therewith.

11) Agreement

The Corporation and every Optionholder shall be bound by the terms and conditions of the Plan by the simple delivery thereof to an Optionholder and the signature of the Notice of Grant.

12) Transitional

Each Optionholder having received a grant of Stock Options or a right to acquire Stock Options pursuant to the Plan prior to the date this Stock Option Plan is adopted by the Corporation will receive a Notice of Grant setting out the terms of the previous Stock Option commitment. Upon delivery of the Notice of Grant to the Optionholder, any prior documentation relating to the previous Stock Option commitment will be null and void and not binding on the Corporation.

13) Name

This Plan shall be called the "*Nemaska Lithium Inc. 2011 Stock Option Plan*".

SCHEDULE A
DEFINED TERMS

“Board of Directors” means the Board of Directors of the Corporation.

“Business Day” means any day of the year, other than a Saturday or Sunday or any day recognized by Québec Law as a statutory holiday.

“Change of Control” means:

- a) a reorganization, acquisition, amalgamation or merger (or a plan of arrangement in connection with any of the foregoing), with respect to which all or substantially all of the persons who were the beneficial owners of the Shares immediately prior to such reorganization, amalgamation, merger or plan of arrangement do not, following such reorganization, amalgamation, merger or plan of arrangement, beneficially own, directly or indirectly, more than 50% of the resulting voting shares on a fully-diluted basis (for greater certainty, this shall not include a public offering or private placement out of treasury); or
- b) the sale to a person other than an affiliate of the Corporation of all or substantially all of the Corporation’s assets.

“Consultant” means, with respect to the Corporation, an individual or Consultant Company other than an Employee or a Director of the Corporation, that:

- a) is engaged to provide on an ongoing bona fide basis consulting, technical, management or other services to the Corporation or to an affiliate of the Corporation, other than services provided in relation to a distribution of securities;
- b) provides the services under a written contract between the Corporation or the affiliate and the individual or the Consultant Company;
- c) in the reasonable opinion of the Corporation, spends or will spend a significant amount of time and attention on the affairs and business of the Corporation or an affiliate of the Corporation; and
- d) has a relationship with the Corporation or an affiliate of the Corporation that enables the individual to be knowledgeable about the business and affairs of the Corporation.

“Consultant Company” means for an individual Consultant, a corporation or partnership of which the individual is an employee, shareholder or partner.

“Corporation” means NEMASKA LITHIUM INC. or any successor thereto.

“Date of Grant” means the date on which a particular Stock Option is granted by the Board of Directors.

“Date of Termination of Investor Relations Activities” means has the meaning ascribed thereto in paragraph 4(3)(b) hereof.

“**Director**” means a member of the Board of Directors.

“**Eligible Participant**” means (a) an Employee, officer, Director or Consultant of the Corporation or any subsidiary thereof, and (b) a person employed to perform investor relations activities.

“**Employee**” means, as the case may be:

- a) an individual who is considered an employee of the Corporation or its subsidiary under the Income Tax Act (Canada) (and for whom income tax, employment insurance and CPP deductions must be made at source);
- b) an individual who works full-time for a Corporation or its subsidiary providing services normally provided by an employee and who is subject to the same control and direction by the Corporation over the details and methods of work as an employee of the Corporation, but for whom income tax deductions are not made at source;
- c) an individual who works for a Corporation or its subsidiary on a continuing and regular basis for a minimum amount of time per week (the number of hours should be disclosed in the submission) providing services normally provided by an employee and who is subject to the same control and direction by the Issuer over the details and methods of work as an employee of the Corporation, but for whom income tax deductions are not made at source.

“**Event**” has the meaning ascribed thereto in subsection 4(8) hereof.

“**Exchange**” means the TSX Venture Exchange Inc. or such other stock exchange or over-the-counter quotation upon which the Shares are listed.

“**Exercise Notice**” means the notice respecting the exercise of any Stock Option, substantially in the form attached as Schedule “C” hereto, duly executed by the Optionholder or his legal representative.

“**Exercise Price**” has the meaning ascribed thereto in subsection 4(6) hereof.

“**Expiry Date**” means the date determined in accordance with subsection 4(2) hereof after which a particular Stock Option can no longer be exercised, subject to amendment in accordance with the terms hereof.

“**Laws**” means the laws, rules and regulations of any government, public agency or authority, regulatory body, Exchange or other organization that has jurisdiction over the Shares, the Corporation, any Optionholder or any of the Corporation shareholders.

“**Insider**” has the meaning ascribed to such term under policy 1.1 of the *Corporate Finance Manual* of the Exchange.

“**Notice of Grant**” means the notice respecting the grant of Stock Options, substantially in the form attached as Schedule “B” hereto, duly executed by the Secretary or of the Corporation or any other person designated by the Board of Directors.

“**Optionholder**” means an Eligible Participant or former Eligible Participant who holds Stock Options which have not been fully exercised and have not expired or, where applicable, the legal representative of such Eligible Participant.

“Plan” means this stock option plan named “Nemaska Lithium Inc. 2011 Stock Option Plan” adopted by the Board of Directors on October 28, 2011 and amended on November 1st, 2012, as amended from time to time.

“Shares” means the common shares in the capital of the Corporation or such other securities specified in subsection 4(8) hereof in the case of the occurrence of an Event.

“Stock Option” and **“Option”** mean an option to purchase Shares granted to an Eligible Participant under this Plan.

“Termination Date” has the meaning ascribed thereto in paragraph 4(3)(c) hereof.

“Vesting Date” means the date set pursuant to paragraph 4(2)b) starting on which the Stock Options may be exercised in whole or in part..

SCHEDULE B

NOTICE OF GRANT

BETWEEN: NEMASKA LITHIUM INC., a legal person duly incorporated under the *Canada Business Corporations Act*, having its head office at 450 rue de la Gare-du-Palais, 1st Floor, Québec, Québec G1K 3X2;

(hereinafter referred to as « **NEMASKA** »)

AND: _____ an individual residing and domiciled at _____;

(hereinafter referred to as the “**Optionholder**”)

WHEREAS the Optionholder is _____ of NEMASKA;

WHEREAS the Board of Directors of NEMASKA has adopted a stock option plan named “*Nemaska Lithium Inc. 2011 Stock Option Plan*”, for the purpose of providing its employees, officers, directors, consultants and persons employed to provide investor relations activities with an incentive to promote its interests (hereinafter referred to as the “**Plan**”);

WHEREAS the stock options granted after the adoption of said Plan will be governed by the Plan;

WHEREAS NEMASKA wishes to grant to the Optionholder stock options to subscribe common shares (hereinafter referred to as the “**Shares**”) in the capital of NEMASKA pursuant to the terms of the Plan;

NOW THEREFORE, THE PARTIES AGREE AS FOLLOWS:

STOCK OPTIONS GRANTED

NEMASKA hereby grants to the Optionholder the right to subscribe to _____ Shares at a price of \$_____ per Share, upon the terms and conditions herein contained (hereinafter referred to as the “**Stock Options**”).

TERMS OF THE STOCK OPTIONS

After the ___ anniversary of the grant of the Stock Options, being _____, (referred to as the “**Expiry Date**”), any unexercised Stock Options shall become null and void.

[Paragraph and table below to be included if the Board of Directors has set vesting periods at the time of the grant of stock options.]

The Stock Options hereby granted to the Optionholder shall vest in * tranches of * Shares, only at the vesting dates and exercise prices set forth below:

Number of Shares	Vesting Dates	Exercise Price	Expiry Dates
*	starting *	\$*	*
*	starting *	\$*	*
*	starting *	\$*	*
*	starting *	\$*	*

All the terms and conditions set forth in the Plan are hereby incorporated by reference and are included herein as if fully recited. It is acknowledged that Plan contains terms and conditions that may change the Expiry Date.

EXERCISE OF STOCK OPTIONS

The Optionholder may exercise the Stock Options, in full or in part, at any time before the Expiry Date by sending to the head office of NEMASKA, an exercise notice (hereinafter referred to as the “**Exercise Notice**”), accompanied by a certified cheque or bank draft made payable to NEMASKA in the amount of the full price of the Shares subscribed for upon the terms of the Stock Options.

NEMASKA shall cause a certificate representing the number of Shares specified in the Exercise Notice to be issued and registered in the name of the Optionholder and delivered to him within reasonable time following receipt of such notice.

GOVERNING LAW

This Notice of Grant and the Stock Options shall be governed by and construed in accordance with the laws of the Province of Québec and the laws of Canada applicable therein.

ACKNOWLEDGEMENT OF TERMS

The undersigned Optionholder, does accept the grant of the stock options upon the terms and conditions that are set out in this Notice of Grant and the Plan.

The Optionholder acknowledges that he has received and reviewed a copy of the Plan and that he is familiar with the terms and conditions of the Stock Options.

He acknowledges that the Stock Options and any Shares he receives upon exercise thereof will be governed by the *Securities Act* (Québec) and possibly the securities laws of other jurisdictions and the rules of the TSX Venture Exchange Inc. Such laws and rules may limit the Optionholder’s ability to sell any Shares he receives on exercise of his Stock Options. Certain Optionholders might also be subject to trading restrictions stated in NEMASKA’s internal company policies.

He acknowledges that the Plan entitles him to written notice of certain events and that he must advise NEMASKA of any address changes in order to protect his rights.

He agrees that this Notice of Grant is comprehensive and contains a complete listing of all of his rights to acquire Shares of NEMASKA. Any rights that he may have to acquire Shares of NEMASKA, that are not set out herein are hereby cancelled.

DATED and signed at _____ on _____ .

NEMASKA LITHIUM INC.

Per: _____

Witness Signature

Signature of Optionholder

Print Witness’s Name

Print Optionholder’s Name

Witness Address

SCHEDULE C

EXERCISE NOTICE

NEMASKA LITHIUM INC. 2011 STOCK OPTION PLAN

NEMASKA LITHIUM INC.

450 rue de la Gare-du-Palais
1st Floor
Québec, Québec G1K 3X2

Dear Sirs / Mesdames:

Please be advised that in connection with stock options to purchase common shares of **NEMASKA LITHIUM INC.** ("**NEMASKA**") granted to me pursuant to that certain notice of grant dated _____, the undersigned hereby wishes to exercise his or her option to purchase _____ common shares of NEMASKA.

Please find enclosed cash, a certified cheque or a bank draft in the amount of \$ _____ payable to NEMASKA in full payment for the common shares to be purchased hereby. I hereby agree to assist NEMASKA in the filing of, and will timely file, all reports that I may be required to file under the applicable securities laws or listing exchange.

The common shares issued on the exercise of the stock options specified above are to be issued in the following registration as fully paid and non-assessable common shares of NEMASKA:

Dated at _____, this ____ day of _____.

(Print Optionee's or Nominee's Name)

(Optionee's or Nominee's Signature)

(Address of Optionee or Nominee)

(Telephone Number)

(Facsimile Number)

(E-Mail Address)

SCHEDULE "C"

CHARTER OF THE AUDIT COMMITTEE OF THE BOARD OF DIRECTORS

I. PURPOSE

The Audit Committee is a committee of the Corporation's Board. The primary role of the Audit Committee is to help the Board 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;
- 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; and
- 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 employees, officers or "control persons" of the Corporation as defined herein below. The Board must ensure that all members are "financially literate" as defined herein below. The members of the Audit Committee are nominated by the Board, at the annual meeting of the Board following the Annual Meeting, for the next year or until their successors are nominated or elected. The Board may dismiss a member of the Audit Committee by resolution at any time, at its discretion. Unless the Chairman of the Audit Committee is nominated by the entire Board, the members of the Audit Committee may appoint the Chairman of the Audit Committee 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 for approval;
 - b) to review with the Corporation's financial operations management and external auditors the financial statements, management's discussion & analysis, press releases 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; and

- d) to amend or add to the Corporation's security policies from time to time. The Audit Committee reports to the Board 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, to evaluate their independence and effectiveness, and to approve the external auditors 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 regarding financial reporting 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;
 - 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. To ensure that the external auditors report directly to the Audit Committee and that they answer to the Board 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 attest services;
 - i) to review and approve the Corporation's hiring policies regarding partners, employees and former partners and employees of the present and former external auditor of the Corporation;
 - 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 must be informed of any non-compliance having significant consequences, and of the corrective measures and schedule proposed for remedying it;
- w) to see that adequate procedures are in place for the review of the Corporation's public disclosure of financial information extracted or derived from its financial statements and must periodically assess the adequacy of those procedures;
- x) to review with management the accuracy and timeliness of the filings with regulatory authorities;
- y) to review the Corporation's business plans periodically;
- z) to review the annual audit program of the Corporation's external auditors;
- aa) 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;
- bb) to carry out any other task required by the Corporation's articles and any relevant securities policy or regulation; and
- cc) to establish procedures for:
 - (i) the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls, or auditing matters; and

- (ii) the confidential, anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters.
3. The Audit Committee may engage independent counsels and other advisors as it determines necessary to carry out its duties, set and pay the compensation for these advisors and communicate directly with the internal and external auditors.
4. The Audit Committee reviews the Charter of the Audit Committee annually and recommends any amendment it deems appropriate to the Board.

IV. SECRETARY

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

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 of the Audit Committee 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 following such Audit Committee meeting.

VI. QUORUM

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

VII. DEFINITIONS

"Financially literate" 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 that holds or is one of a combination of persons that holds a sufficient number of any of the securities of the Corporation so as to affect materially the control of the Corporation, or that holds more than 20% of the outstanding voting shares of the Corporation except where there is evidence showing that the holder of those securities does not materially affect the control of the Corporation.