



**Notice of Annual and  
Special Meeting of  
Shareholders to be Held  
on June 18, 2012**

**- and -**

**Management Information  
Circular as at May 17,  
2012**

To be held at 4:00 p.m.

Monday, June 18, 2012

The Toronto Board of Trade

1 First Canadian Place

Toronto, Ontario



## NUINSCO RESOURCES LIMITED

### NOTICE OF ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS

**NOTICE IS HEREBY GIVEN** that the annual and special meeting of the shareholders (the “**Meeting**”) of Nuinsco Resources Limited (the “**Corporation**”) will be held on Monday, June 18, 2012, at 4:00 p.m. (Toronto time), at The Toronto Board of Trade, 1 First Canadian Place, Toronto, Ontario, for the following purposes:

- (1) to receive the audited consolidated financial statements of the Corporation for the financial year ended December 31, 2011, together with the report of the auditors thereon;
- (2) to appoint auditors and to authorize the directors to fix their remuneration;
- (3) to elect directors;
- (4) to consider and, if thought appropriate, to pass a resolution ratifying certain grants under the Corporation’s share bonus plan (which forms part of the Corporation’s share incentive plan) (the “**Share Bonus Plan**”) and certain amendments to the Share Bonus Plan related thereto;
- (5) to consider and, if thought appropriate, to pass a resolution ratifying further amendments to the Share Bonus Plan, as described in further detail in the Management Information Circular (as defined below); and
- (6) to transact such further and other business as may properly come before the Meeting or any adjournment or adjournments thereof.

Reference is made to the attached management information circular dated May 17, 2012 (the “**Management Information Circular**”), which sets forth a description of the matters referred to in items (2) to (5) above.

Only holders of Common Shares of the Corporation of record on May 2, 2012 are entitled to notice of, and to vote at, the Meeting. A copy of the Management Information Circular and form of proxy accompany this notice of meeting.

As a substantial representation of the Corporation’s shareholders is desired, shareholders who are unable to attend the Meeting in person, are requested to date, sign and return the form of proxy in accordance with the instructions provided therein and in the Management Information Circular.

A proxy will not be valid unless it is deposited at the offices of Computershare Investor Services Inc., Proxy Department, 100 University Avenue, 9th Floor, Toronto, Ontario, Canada, M5J 2Y1, facsimile within North America 1-866-249-7775 and outside North America (416) 263-9524, not less than 48 hours (excluding Saturdays, Sundays and holidays) before the time of the Meeting or any adjournment thereof. If you are able to attend the Meeting or any adjournment thereof, sending your proxy will not prevent you from voting in person.

**DATED** at Toronto, Ontario this 17<sup>th</sup> day of May, 2012.

By Order of the Board of Directors

(Signed) “René R. Galipeau”

René R. Galipeau

Vice-Chairman and Chief Executive Officer

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## NUINSCO RESOURCES LIMITED

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### MANAGEMENT INFORMATION CIRCULAR AS AT MAY 17, 2012

#### SOLICITATION OF PROXIES

**This Management Information Circular is furnished in connection with the solicitation of proxies by the management of Nuinsco Resources Limited (“Nuinsco” or the “Corporation”) for use at the annual and special meeting of shareholders of the Corporation (the “Meeting”), and any adjournment thereof, to be held at the time and place and for the purposes set forth in the attached notice of annual and special meeting (the “Notice”). Management of the Corporation is soliciting proxies to be used at the Meeting. It is anticipated that the solicitation will be by mail primarily, but proxies may also be solicited personally by directors, officers and regular employees of the Corporation. The cost of such solicitation will be borne by the Corporation.**

This Management Information Circular is dated May 17, 2012, and the information contained herein is current as of May 17, 2012, unless a different date is otherwise indicated.

#### APPOINTMENT AND REVOCATION OF PROXIES

The persons named in the enclosed form of proxy are directors and/or officers of the Corporation and will represent management of the Corporation at the Meeting. **A shareholder desiring to appoint some other person, who need not be a shareholder, to represent him, her or it at the Meeting, may do so by inserting such person’s name in the blank space provided in the enclosed form of proxy or by completing another proper form of proxy and, in either case, depositing the completed proxy at the office of the Corporation’s transfer agent indicated on the enclosed envelope not later than 48 hours, excluding Saturdays, Sundays and holidays, preceding the Meeting or any adjournment thereof at which the proxy is to be used or delivering the completed proxy to the Chair of the Meeting on the day of the Meeting or any adjournment thereof prior to the time of voting. A proxy should be executed by a shareholder or his or her attorney duly authorized in writing or, if the shareholder is a corporation, by an officer or attorney thereof duly authorized.**

A shareholder forwarding the enclosed proxy may indicate the manner in which the appointee is to vote with respect to any specific item by checking the appropriate space. If the shareholder giving the proxy wishes to confer a discretionary authority with respect to any item of business then the space opposite the item is to be left blank. The Common Shares of the Corporation (the “**Common Shares**”) represented by the proxy submitted by a shareholder will be voted in accordance with the directions, if any, given in the proxy. A shareholder who has given a proxy has the power to revoke it as to any matter on which a vote has not already been cast pursuant to the authority conferred by such proxy and may do so either:

1. by delivering another properly executed form of proxy bearing a later date and depositing it as described above;
2. by depositing an instrument in writing revoking the proxy executed by him, her or it with, or by transmitting by telephonic or electronic means, a revocation bearing a reliable electronic signature to:

- (a) the Corporation at Suite 1802, 80 Richmond Street West, Toronto, Ontario, M5H 2A4, at any time prior to the close of business on the last business day preceding the day of the Meeting, or any adjournment thereof, at which the proxy is to be used; or
- (b) the Chair of the Meeting on the day of the Meeting or any adjournment thereof, prior to the commencement of the Meeting or any adjournment thereof, as applicable; or

3. in any other manner permitted by law.

Only a Registered Shareholder (defined below) has the right to revoke a proxy. A Non-Registered Shareholder (defined below) who wishes to change his, her or its vote must arrange for the Intermediary (defined below) to revoke the proxy on his, her or its behalf in accordance with the instructions of such Intermediary set out in the voting instructions form.

A revocation of a proxy does not affect any matter on which a vote has been taken prior to the revocation.

A shareholder attending the Meeting has the right to vote in person and, if such shareholder does so, such shareholder's proxy is nullified with respect to the matters such person votes upon and any subsequent matters thereafter to be voted upon at the Meeting or any adjournment thereof.

#### **EXERCISE OF DISCRETION BY PROXIES**

The Common Shares represented by proxies in favour of management nominees will be voted or withheld from voting in accordance with the instructions of the shareholder on any ballot that may be called for and, if a shareholder specifies a choice with respect to any matter to be acted upon at the Meeting, the Common Shares represented by the proxy shall be voted accordingly. **WHERE NO CHOICE IS SPECIFIED, THE PROXY WILL CONFER DISCRETIONARY AUTHORITY AND WILL BE VOTED FOR THE ELECTION OF DIRECTORS, THE APPOINTMENT OF AUDITORS AND AUTHORIZATION OF THE DIRECTORS TO FIX THE REMUNERATION OF THE AUDITORS, THE FIRST SHARE BONUS PLAN AMENDMENT AND EXCESS ISSUANCE RESOLUTION (AS DEFINED BELOW) AND THE SECOND SHARE BONUS PLAN AMENDMENT RESOLUTION (AS DEFINED BELOW), AS STATED ELSEWHERE IN THIS MANAGEMENT INFORMATION CIRCULAR. THE ENCLOSED FORM OF PROXY ALSO CONFERS DISCRETIONARY AUTHORITY UPON THE PERSONS NAMED THEREIN TO VOTE WITH RESPECT TO ANY AMENDMENTS OR VARIATIONS TO THE MATTERS IDENTIFIED IN THE NOTICE AND WITH RESPECT TO OTHER MATTERS WHICH MAY PROPERLY COME BEFORE THE MEETING IN SUCH MANNER AS SUCH NOMINEE IN HIS OR HER JUDGMENT MAY DETERMINE.** At the time of printing this Management Information Circular, management of the Corporation knows of no such amendments, variations or other matters to come before the Meeting.

#### **ADVICE TO HOLDERS OF SECURITIES**

##### **Registered Shareholders**

A registered holder of Common Shares (a "**Registered Shareholder**") is a holder of Common Shares who holds Common Shares in his, her or its own name (that is, not in the name of, or through, an intermediary (an "**Intermediary**") with whom the Non-Registered Shareholder deals with in respect of their Common Shares, such as a bank, a trust company, a stockbroker, or a trustee or manager of a registered retirement savings plan ("**RRSP**"), registered retirement income fund ("**RRIF**"), registered education savings plan ("**RESP**") or other similar self administered plan). A Registered Shareholder may attend the Meeting and cast one vote for each Common Share registered in the name of such Registered Shareholder on any and all resolutions put before the Meeting. If such Registered Shareholder does not wish to vote for any matter proposed at the Meeting, he, she or it may withhold their vote from, or vote their Common Shares against, as applicable, any resolution at the Meeting. A Registered Shareholder who is unable to attend the Meeting, or does not wish to personally cast his, her or its votes, may authorize another person at the Meeting to vote on his, her or its behalf.

## Non-Registered Shareholders

Only Registered Shareholders or the persons they name as proxy holders are authorized to vote at the Meeting. However, in many cases, the Common Shares beneficially owned by a person (a “**Non-Registered Shareholder**”) are registered either: (i) in the name of an Intermediary; or (ii) in the name of a clearing agency of which the Intermediary is a member.

In accordance with the requirements of National Instrument 54-101 - Communication with Beneficial Owners of Securities of a Reporting Issuer, the Corporation has delivered copies of the Notice, together with the Management Information Circular and the form of proxy enclosed herewith (collectively, the “**Documents related to the Meeting**”), to the clearing agencies and Intermediaries so that they may forward them to the Non-Registered Shareholders. Intermediaries are required to forward to Non-Registered Shareholders the Documents related to the Meeting. Intermediaries typically use companies (such as Broadridge Financial Solutions (Canada) Inc., formerly known as “ADP Canada”) to deliver the documents to Non-Registered Shareholders. Non-Registered Shareholders will:

- (a) usually be provided by the Intermediary with an unsigned computerized form (often named “**voting instruction form**”) which, once it has been duly completed and signed by the Non-Registered Shareholder and returned to the Intermediary or to the corporation used by the Intermediary for the delivery of the Documents related to the Meeting, will constitute the voting instructions which the Intermediary must follow. The Non-Registered Shareholder generally receives an instruction page containing an adhesive label on which a bar code and other information appear. To be considered as a valid voting instruction form, the Non-Registered Shareholder must remove the label from the voting instruction page and apply it on the computerized form which must be duly signed and completed before being returned to the Intermediary or its delivery corporation, in accordance with the instructions provided by the Intermediary or delivery corporation. In certain cases, a Non-Registered Shareholder may give the Intermediary or its delivery corporation such voting instructions via the Internet or by calling a toll free phone number; or
- (b) as is less often the case, receive a proxy form already signed by the Intermediary (typically, the form is sent by fax with the Intermediary’s signature, either handwritten or stamped), relating strictly to the number of shares beneficially owned by the Non-Registered Shareholder and otherwise left in blank. In such a case, the Non-Registered Shareholder who wishes to submit a proxy form should properly complete such form before filing it with Computershare Investor Services Inc. (Attention: Proxy Department), by mail to 100 University Avenue, 9th Floor, Toronto, Ontario, M5J 2Y1 or by fax to 1-866-249-7775 or (416) 263-9524.

In each case, the purpose of these procedures is to enable Non-Registered Shareholders to give instructions in relation to the voting rights attached to the Common Shares they beneficially own.

Should a Non-Registered Shareholder who receives a voting instruction form wish to vote in person at the Meeting, or to have another person attend and vote on his behalf, such Non-Registered Shareholder should print his own name or the name of such other person on the voting instruction form and return it to the Intermediary or its service corporation. Should a Non-Registered Shareholder who receives a proxy form wish to attend and vote in person at the Meeting, or to have another person attend and vote on his behalf, such Non-Registered Shareholder should strike out the names of the persons indicated in the proxy form and add his own name or the name of such other person in the space provided for that purpose on the form and return it to Computershare Investor Services Inc. at the above mentioned address.

In either case, Non-Registered Shareholders should carefully read the directions given by their Intermediaries, including as to when, where and how the voting instruction form or proxy form should be delivered.

A Non-Registered Shareholder may revoke voting instructions given to an Intermediary by following the procedures set out in the voting instruction form (or similar document) provided by the Intermediary.

## VOTING SHARES AND PRINCIPAL HOLDERS OF VOTING SHARES

The authorized capital of the Corporation consists of an unlimited number of Common Shares. As at the date hereof, 290,512,559 Common Shares are issued and outstanding. Each Common Share entitles the holder thereof to one vote in respect of each matter to be voted upon at a meeting of shareholders.

The Corporation has fixed May 2, 2012 as the record date (the “**Record Date**”) for the purpose of determining shareholders entitled to receive the Notice. In accordance with the provisions of the *Business Corporations Act* (Ontario), the Corporation will prepare a list of holders of Common Shares at the close of business on the Record Date. Holders of Common Shares named in the list will be entitled to vote the Common Shares shown opposite their name on the list at the Meeting.

As at the date hereof, to the knowledge of the directors and executive officers of the Corporation, no person or corporation beneficially owns, or controls or directs, directly or indirectly, voting securities of the Corporation carrying 10% or more of the voting rights attached to any class of outstanding voting securities of the Corporation.

### BUSINESS TO BE CONDUCTED AT THE MEETING

#### Audited Financial Statements

The audited consolidated financial statements of the Corporation for the fiscal year ended December 31, 2011 and the auditor’s report thereon will be placed before the shareholders at the Meeting.

#### Appointment of Auditor

BDO Canada LLP, Chartered Accountants, Licensed Public Accountants, Toronto, Ontario are the auditors of the Corporation. Flabbi & Associates LLP, Chartered Accountants, Licensed Public Accountants (“**Flabbi & Associates**”), were auditors of the Corporation prior to January 1, 2008. Flabbi & Associates merged with BDO Dunwoody LLP, effective January 1, 2008.

**PROXIES RECEIVED IN FAVOUR OF MANAGEMENT WILL BE VOTED IN FAVOUR OF THE APPOINTMENT OF BDO CANADA LLP, CHARTERED ACCOUNTANTS, LICENCED PUBLIC ACCOUNTANTS, AS AUDITORS OF THE CORPORATION TO HOLD OFFICE UNTIL THE NEXT ANNUAL MEETING OF SHAREHOLDERS AND THE AUTHORIZATION OF THE BOARD OF DIRECTORS TO FIX THEIR REMUNERATION, UNLESS THE SHAREHOLDER HAS SPECIFIED IN THE PROXY THAT HIS, HER OR ITS COMMON SHARES ARE TO BE WITHHELD FROM VOTING IN RESPECT THEREOF.**

#### Election of Directors

The articles of the Corporation provide for a minimum of three and a maximum of 15 directors. At the present time, the board of directors of the Corporation (the “**Board**” or the “**Board of Directors**”) consists of seven directors. The shareholders will be asked to elect six directors for the ensuing year. Each director elected will hold office until the close of business of the first annual meeting of shareholders following his or her election unless his or her office is earlier vacated in accordance with the by-laws of the Corporation.

The names of all of the nominees, their position with the Corporation, their principal occupation or employment during the last five years, the dates upon which they became directors of the Corporation, if applicable, and the number of Common Shares beneficially owned or controlled or directed by them, directly or indirectly, as of the date hereof, are as follows:

<b>Name and Residence</b>	<b>Principal Occupation</b>	<b>Period Served as Director</b>	<b>Shares Held or Over Which Control or Direction is Exercised<sup>(4)</sup></b>
Robert G. Wardell <sup>(1)</sup> Ontario, Canada Chairman and director	Director of the Corporation and of several public companies. Vice-President, Finance and Chief Financial Officer of Victory Nickel Inc. from February 2007 to December 2008. Consultant from June 2006 to February 2007 and Senior Partner from 1986 to May 2006, Deloitte & Touche LLP.	June 2009-present	949,760
René R. Galipeau Ontario, Canada Vice-Chairman, Chief Executive Officer and director	Vice-Chairman, CEO and director of the Corporation; Vice-Chairman, CEO and director of Victory Nickel Inc.	June 1993-present	2,895,446
George Archibald <sup>(2)(3)*</sup> British Columbia, Canada director	Consulting Geologist. Prior to January 2004, Vice-President, Exploration of the Corporation.	March 1995-present	1,475,018
Dr. James M. Franklin Ontario, Canada Director	Consulting Geologist, director of several public companies and public and private sector organizations.	January 2011-present	1,044,858
Ed Guimaraes <sup>(1)(3)</sup> Ontario, Canada Director	Self-employed consultant. Formerly Executive Vice-President, Finance and Chief Financial Officer, Aur Resources Inc. until August 2007. Director of several public companies	August 2010-Present	100,000
Marvin Singer <sup>(2)*</sup> Ontario, Canada Director	Partner with international law firm Norton Rose Canada LLP.	August 2010-present	285,800

**Notes:**

\* Committee Chair

1. Current member of the Audit Committee.
2. Current member of the Corporate Governance and Nominating Committee.
3. Current member of the Compensation Committee.
4. The information in the foregoing table as to Common Shares beneficially owned, or controlled or directed, directly or indirectly, not being within the knowledge of the Corporation, has been furnished by each respective nominee.

***Corporate Cease Trade Orders***

Other than as disclosed herein, no proposed director of the Corporation is, or within the ten years prior to the date hereof has been, a director, chief executive officer or chief financial officer of any Corporation (including the Corporation) that, while that person was acting in that capacity:

- (a) was the subject of a cease trade order or similar order or an order that denied the relevant corporation access to any exemption under securities legislation for a period of more than 30 consecutive days; or



- (b) was subject to an event that resulted, after the director ceased to be a director or executive officer, in the corporation being the subject of a cease trade or similar order or an order that denied the relevant corporation access to any exemption under securities legislation, for a period of more than 30 consecutive days.

Mr. René Galipeau, Chief Executive Officer (“CEO”), Vice-Chairman and a director of the Corporation, served as Senior Vice-President and Chief Financial Officer (“CFO”) of HMZ Metals Inc. in 2005 when a cease trade order was issued halting trading by management and insiders of HMZ Metals Inc. due to failure to file interim financial statements. The cease trade order was in effect until two days following the filing of financial statements for the three-month period ended June 30, 2005, which statements were filed on October 19, 2005. Subsequent to resigning from his position at HMZ Metals Inc., Mr. Galipeau was subject to a management cease trade order in connection with the failure of HMZ Metals Inc. to file annual financial statements for the year ended December 31, 2005, which statements were filed on December 21, 2007.

### ***Corporate Bankruptcies***

No proposed director is, or within ten years prior to the date hereof has been, a director or executive officer of any corporation, that while that person was acting in that capacity or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets, except for the following:

Mr. René Galipeau, CEO, Vice-Chairman and a director of the Corporation ceased to be a director of Campbell Resources Inc. (“Campbell”) in November 2008. In early 2009, Campbell announced that it had re-entered protection under the Companies’ Creditors Arrangement Act.

### ***Personal Bankruptcies***

No proposed director of the Corporation has, during the ten years prior to the date hereof, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or has been subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold his assets.

### ***Penalties or Sanctions***

No proposed director of the Corporation has been subject to:

- (a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or
- (b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable shareholder in deciding whether to vote for a proposed director.

**PROXIES RECEIVED IN FAVOUR OF MANAGEMENT WILL BE VOTED FOR THE ELECTION OF THE ABOVE-NAMED NOMINEES, UNLESS THE SHAREHOLDER HAS SPECIFIED IN THE PROXY THAT HIS, HER OR ITS COMMON SHARES ARE TO BE WITHHELD FROM VOTING IN RESPECT THEREOF. MANAGEMENT HAS NO REASON TO BELIEVE THAT ANY OF THE NOMINEES WILL BE UNABLE TO SERVE AS A DIRECTOR BUT, IF ANY NOMINEE IS FOR ANY REASON UNAVAILABLE TO SERVE AS A DIRECTOR, PROXIES IN FAVOUR OF MANAGEMENT WILL BE VOTED IN FAVOUR OF THE REMAINING NOMINEES AND MAY BE VOTED FOR ANY SUBSTITUTE NOMINEE(S) UNLESS THE SHAREHOLDER HAS SPECIFIED IN THE PROXY THAT HIS, HER OR ITS COMMON SHARES ARE TO BE WITHHELD FROM VOTING IN RESPECT OF THE ELECTION OF DIRECTORS.**

## Special Business - Matters Relating to the Share Bonus Plan

### Ratification of Over-Grants under the Share Bonus Plan and Related Amendments to the Share Bonus Plan

The Corporation has a share incentive plan (the “**Share Incentive Plan**”), which was approved by shareholders on each of May 27, 2005, June 12, 2008 and June 1, 2011, comprised of both a share purchase plan (the “**Share Purchase Plan**”) and a share bonus plan (the “**Share Bonus Plan**”). For further details regarding the Share Incentive Plan, including the Share Purchase Plan and Share Bonus Plan, please see “Executive Compensation - Compensation Discussion and Analysis - Compensation Elements and 2011 Compensation Decisions - Long-term Incentives - Share Incentive Plan” and “Securities Authorized for Issuance under Equity Compensation Plans - Long-term Incentives - Share Incentive Plan” below.

The Share Bonus Plan permits Common Shares to be issued as a discretionary bonus (for no cash consideration) to eligible directors, senior officers and employees of the Corporation and its designated affiliates, as well as consultants designated from time to time (each, a “**Share Bonus Plan Participant**”). Currently (prior to giving effect to the First Share Bonus Plan Amendments and the Second Share Bonus Plan Amendment (as each such term is defined below)), the maximum number of Common Shares issuable under the Share Bonus Plan is the lesser of: (i) 2,000,000 Common Shares; and (ii) 2% of the aggregate number of issued and outstanding Common Shares (calculated on a non-diluted basis) from time to time (the “**Share Bonus Plan Maximum**”).

As part of the Corporation’s compensation program, Common Shares have been issued under the Share Bonus Plan throughout the period from 2007 to 2011. On May 28, 2010, an aggregate of 1,871,600 Common Shares were issued under the Share Bonus Plan to certain Share Bonus Plan Participants. However, through inadvertence, such issuance exceeded the then available number of Common Shares available for issuance under the Share Bonus Plan Maximum by 849,344 Common Shares (the “**2010 Excess Shares**”). In addition, a further issuance of an aggregate of 112,000 Common Shares under the Share Bonus Plan to certain Share Bonus Plan Participants on November 30, 2011 also exceeded the Share Bonus Plan Maximum (the “**2011 Excess Shares**”, and together with the 2010 Excess Shares, the “**Excess Shares**”). The details of the aforementioned issuances are set out in the following chart.

<b>Recipient</b>	<b>Position as at the Issuance Date</b>	<b>Issuance Date</b>	<b>Number of Common Shares</b>
René Galipeau	Vice-Chairman, CEO and director	May 28, 2010	626,900
Diane Driscoll	Office Manager	May 28, 2010	60,800
Paul Jones	Vice- President, Exploration and President	May 28, 2010	416,400
Robert Wardell	Chairman and director	May 28, 2010	131,000
David Mchaina	Vice-President, Environment and Sustainable Development	May 28, 2010	32,800
Laird Tomalty	Logistics Coordinator and Field Manager	May 28, 2010	51,500
Alison Sutcliffe	Vice-President, Finance and Chief Financial Officer	May 28, 2010	187,200
Chris Wagg	Manager, Canadian Exploration	May 28, 2010	60,800

Recipient	Position as at the Issuance Date	Issuance Date	Number of Common Shares
Laura Giroux	Project Geologist and Data Manager	May 28, 2010	46,800
Sean Stokes	Corporate Secretary and Vice-President, Corporate Affairs	May 28, 2010	257,400
Alison Sutcliffe	Vice-President, Finance and Chief Financial Officer	November 30, 2011	76,250
Margaret Lai	Controller	November 30, 2011	35,750
<b>Total</b>			<b>1,983,600<sup>(1)</sup></b>

**Note:**

1. Of the 1,983,600 Common Shares issued pursuant to the Share Bonus Plan on May 28, 2010 and November 30, 2011, 961,344 Common Shares exceeded the Share Bonus Plan Maximum.

In order to facilitate the ratification of the issuance of the Excess Shares, the Board approved, subject to shareholder and regulatory approval, an amendment to the Share Bonus Plan to increase the Share Bonus Plan Maximum (then being a maximum of 2,000,000 Common Shares) to a fixed maximum number of 2,961,344 Common Shares and, in connection therewith, the following changes were made to the provisions of the Share Bonus Plan (subject to shareholder and regulatory approval):

1. Subsection 2.6(b) of the Share Bonus Plan (set out immediately below) was deleted in its entirety:

~~“Share Bonus Plan: The maximum number of Common Shares made available for the Share Bonus Plan shall be determined from time to time by the Committee but, in any case shall not exceed the lesser of: (i) 2,000,000 Common Shares; and (ii) 2% of the aggregate number of issued and outstanding Common Shares from time to time.”~~

2. A revised subsection 2.6(b) of the Share Bonus Plan (set out immediately below) was re-inserted:

“Share Bonus Plan: Effective as of May 28, 2010, the maximum number of Common Shares made available for the Share Bonus Plan shall be 2,961,344 Common Shares.”

(collectively, the “**First Share Bonus Plan Amendments**”)

At the Meeting, shareholders of the Corporation will be asked to consider and, if thought appropriate, to approve, confirm and ratify, the First Share Bonus Plan Amendments and the issuance of the Excess Shares. The text of the proposed resolution to ratify the First Share Bonus Plan Amendments and the issuance of the Excess Shares (the “**First Share Bonus Plan Amendment and Excess Issuance Resolution**”) is as follows:

**“BE IT RESOLVED THAT:**

1. the First Share Bonus Plan Amendments, as defined and described in the Management Information Circular of the Corporation dated May 17, 2012, be and are hereby ratified, confirmed and approved;
2. the issuance of the Excess Shares, as defined and described in the Management Information Circular of the Corporation dated May 17, 2012, be and is hereby ratified, confirmed and approved; and,

3. any one director or officer of the Corporation is hereby authorized, for and on behalf of the Corporation, to execute and deliver all such documents and instruments and to do all other things as in the opinion of such director or officer may be necessary or desirable to implement this resolution and the matters authorized hereby, such determination to be conclusively evidenced by the execution and delivery of any such document or instrument, and the taking of any such action.”

Approval of the First Share Bonus Plan Amendment and Excess Issuance Resolution will require the affirmative vote of a majority of the votes cast thereon at the Meeting, excluding the votes attaching to securities beneficially owned by insiders of the Corporation to whom Common Shares may be issued pursuant to the Share Bonus Plan.

The Board recommends that shareholders vote for the First Share Bonus Plan Amendment and Excess Issuance Resolution. **PROXIES RECEIVED IN FAVOUR OF MANAGEMENT WILL BE VOTED FOR SUCH RESOLUTION UNLESS A SHAREHOLDER HAS SPECIFIED IN THE PROXY THAT HIS, HER OR ITS COMMON SHARES ARE TO BE VOTED AGAINST SUCH RESOLUTION.**

**Notwithstanding the approval by the Corporation’s shareholders of the First Share Bonus Plan Amendment and Excess Issuance Resolution, if the Second Share Bonus Plan Amendment Resolution (as defined below) is approved, the Share Bonus Plan Maximum following the Meeting will be set at a fixed maximum of 8,000,000 Common Shares.**

#### **Ratification of Further Amendments to Share Bonus Plan**

As stated above and without giving effect to the First Share Bonus Plan Amendments (which remain subject to shareholder ratification at the Meeting), the Share Bonus Plan Maximum is currently equal to the lesser of: (i) 2,000,000 Common Shares; and (ii) 2% of the aggregate number of issued and outstanding Common Shares (calculated on a non-diluted basis) from time to time, which maximum has been reached. As at the date hereof, a total of 2,961,344 Common Shares (including the Excess Shares) have been issued pursuant to the Share Bonus Plan, representing approximately 1% of the Corporation’s currently issued and outstanding Common Shares. As a result, there are no additional Common Shares available for issuance under the Share Bonus Plan.

The Board believes that the Share Bonus Plan is an integral component to the Corporation’s compensation program, as it provides additional incentive for superior performance by directors, senior officers, employees and consultants of the Corporation in order to advance the Corporation’s long-term strategies and objectives and aligns the interests of such persons with shareholders as the value of the grants thereunder are directly linked to the market value of the Common Shares. In addition, the ability to offer grants under the Share Bonus Plan enables the Corporation to attract and retain valued directors, senior officers, employees and consultants.

In light of the foregoing, the Board has approved, subject to shareholder and regulatory approval, a further increase in the Share Bonus Plan Maximum to provide that the maximum number of Common Shares issuable under the Share Bonus Plan is set at a fixed maximum number of 8,000,000 Common Shares, representing approximately 2.75% of the Corporation’s currently issued and outstanding Common Shares. In order to give effect to such amendment to the Share Bonus Plan, subsection 2.6(b) thereof was further amended to read in its entirety as follows (subject to shareholder and regulatory approval):

“Share Bonus Plan: The maximum number of Common Shares made available for the Share Bonus Plan shall be 8,000,000 Common Shares.”

(the “**Second Share Bonus Plan Amendment**”)

After taking into account the number of Common Shares that have been issued under the Share Bonus Plan as at the date hereof (being 2,961,344 Common Shares) and assuming the First Share Bonus Plan Amendment and Excess Issuance Resolution is approved by the requisite majority, the Board will be able to grant a further 5,038,656 Common Shares under the Share Bonus Plan if the Second Share Bonus Plan Amendment Resolution is approved. If the First Share Bonus Plan Amendment and Excess Issuance Resolution is not approved by the requisite majority,

but the Second Share Bonus Plan Amendment Resolution is approved, the Board will be able to grant a further 6,000,000 Common Shares under the Share Bonus Plan.

At the Meeting, shareholders of the Corporation will be asked to consider and, if thought appropriate, to approve, confirm and ratify, the Second Share Bonus Plan Amendment. The text of the proposed resolution to approve, confirm and ratify the Second Share Bonus Plan Amendment (the “**Second Share Bonus Plan Amendment Resolution**”) is as follows:

**“BE IT RESOLVED THAT:**

1. the Second Share Bonus Plan Amendment, as defined and described in the Management Information Circular of the Corporation dated May 17, 2012, be and is hereby approved, confirmed and ratified; and
2. any one director or officer of the Corporation is hereby authorized, for and on behalf of the Corporation, to execute and deliver all such documents and instruments and to do all other things as in the opinion of such director or officer may be necessary or desirable to implement this resolution and the matters authorized hereby, such determination to be conclusively evidenced by the execution and delivery of any such document or instrument, and the taking of any such action.”

Approval of the Second Share Bonus Plan Amendment Resolution will require the affirmative vote of a majority of the votes cast thereon at the Meeting, excluding the votes attaching to securities beneficially owned by insiders of the Corporation to whom Common Shares may be issued pursuant to the Share Bonus Plan.

The Board recommends that shareholders vote for the Second Share Bonus Plan Amendment Resolution. **PROXIES RECEIVED IN FAVOUR OF MANAGEMENT WILL BE VOTED FOR SUCH RESOLUTION UNLESS A SHAREHOLDER HAS SPECIFIED IN THE PROXY THAT HIS, HER OR ITS COMMON SHARES ARE TO BE VOTED AGAINST SUCH RESOLUTION.** In the event shareholder and/or regulatory approval is not obtained for the Second Share Bonus Plan Amendment, the Share Bonus Plan Amendment will not be effective and the Corporation will not be able to grant any further Common Shares under the Share Bonus Plan.

#### **INDICATION OF DIRECTORS AND EXECUTIVE OFFICERS**

All of the directors and executive officers of the Corporation have indicated that they intend to vote their Common Shares in favour of each of the above resolutions on which they are entitled to vote. **In addition, unless authority to do so is indicated otherwise, the persons named in the enclosed form of proxy intend to vote the Common Shares represented by such proxies in favour of each of the above resolutions.**

#### **EXECUTIVE COMPENSATION**

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

The purpose of this Compensation Discussion and Analysis is to provide information about the Corporation’s executive compensation philosophy, objectives, and processes and to discuss compensation decisions relating to the Corporation’s senior officers, being the three identified named executive officers (the “**NEOs**”) in 2011. During 2011, the Corporation had the following NEOs: Mr. René R. Galipeau, Vice-Chairman and CEO; Ms. Alison Sutcliffe, Vice-President, Finance and CFO; and Mr. Paul Jones, President.

##### ***Compensation Committee***

In order to assist the Board in fulfilling its oversight responsibilities with respect to human resources matters, the Board has established the compensation committee (the “**Compensation Committee**”). During the most recently completed fiscal year, the Compensation Committee was comprised of three directors, namely George Archibald (Chair), Warren Holmes and Ed Guimaraes, all of whom are independent within the meaning of section 1.4 of National Instrument 52-110 - Audit Committees (“NI 52-110”).

The Compensation Committee's purpose is to: (i) establish the philosophy and objectives that will govern the Corporation's compensation program; (ii) oversee and approve the compensation and benefits paid to the senior officers; (iii) recommend to the Board for approval executive and other compensation and benefits plans and arrangements; (iv) oversee the Corporation's stock option plan and Share Incentive Plan; and (v) promote the clear and complete disclosure to shareholders of material information regarding executive compensation. In performing its duties, the Compensation Committee has the authority to engage such advisors, including executive compensation consultants, as it considers necessary.

### ***Principles and Objectives of the Compensation Program***

The primary goal of the Compensation Committee and the Corporation's compensation program is to ensure that the compensation provided to the Corporation's senior officers is determined with regard to the Corporation's business strategies and objectives, such that the financial interest of the senior officers is matched with the financial interest of the shareholders. The Compensation Committee and Board of Directors strive to ensure that the Corporation's senior officers are compensated fairly and commensurably with their contributions to furthering the Corporation's strategic direction and objectives and that the compensation program is structured to attract, motivate and retain top quality employees and officers.

Generally, the Corporation places emphasis on annual cash compensation (i.e. salary) in order to attract, retain and motivate senior officers, as opposed to options, stock appreciation rights plans, securities purchase programs and other incentive type compensation. However, in order to ensure the alignment of employees' interests with the Corporation's long-term interests, the Corporation maintains a stock option plan and the Share Incentive Plan.

### ***Compensation Process***

The Compensation Committee relies on the knowledge and experience of the members of the Compensation Committee. As a whole, the Compensation Committee is comprised of directors who have direct experience and skills relevant to their responsibilities in executive compensation, including with respect to making informed decisions on the suitability of the Corporation's compensation policies and practices. Set out below is a brief summary of each director's relevant skills and experience:

- George Archibald has been a member of the Compensation Committee for more than five years and, in this capacity, has gained experience and skills in managing compensation matters for the Corporation. Mr. Archibald holds the designations M.Sc. and P. Geo.;
- Warren Holmes has been a member of the Compensation Committee for over five years and, in this capacity, has gained experience and skills in managing compensation matters for the Corporation. Mr. Holmes also has experience in financial matters, having served in a broad range of capacities, including interim CEO and director of HudBay Minerals Inc., director of Atlanta Gold Inc, lead director of Foraco International SA, director of Victory Nickel Inc. and Senior Vice-President of Canadian Mining Operations for Falconbridge Limited. Mr. Holmes holds B.Sc., P.Eng. and MBA designations; and,
- Ed Guimaraes has been a member of the Compensation Committee since his election in 2010 and, in this capacity, has gained experience and skills in managing compensation matters for the Corporation. In addition, Mr. Guimaraes held the position of Executive Vice-President, Finance and Chief Financial Officer with Aur Resources Inc. Mr. Guimaraes is a Chartered Accountant.

Neither the Corporation nor the Compensation Committee currently has any contractual arrangement with any executive compensation consultant who has a role in determining or recommending the amount or form of senior officer or director compensation.

When determining senior officer compensation, the Compensation Committee evaluates the officer's performance, including reviewing the Corporation's performance against its business plans and the officer's achievements during the fiscal year. The Compensation Committee uses all data available to it to ensure that the Corporation is

maintaining a level of compensation that is both commensurate with the size of the Corporation and sufficient to retain personnel it considers essential to the success of the Corporation. In reviewing comparative data, the Compensation Committee does not engage in benchmarking for the purpose of establishing compensation levels relative to any predetermined level and does not compare its compensation to a specific peer group of companies.

The Compensation Committee reviews the various elements of the NEOs' compensation in the context of the total compensation package (including salary and prior awards under the stock option plan) and recommends the NEOs' compensation packages. The Compensation Committee's recommendations regarding NEO compensation are presented to the Board for their consideration and approval. Although the Corporation does not have a formal policy relating to the management of compensation-related risk, the Board and, as applicable, the Compensation Committee, consider and assess, as necessary, risks relating to compensation prior to entering into or amending employment contracts with NEOs and when setting the compensation of directors. The Board and the Compensation Committee believe that the Corporation's compensation policies and practices are appropriate for its industry and stage of business and that such policies and practices do not have associated with them any risks that are reasonably likely to have a material adverse effect on the Corporation or which would encourage a NEO to take any inappropriate or excessive risks. The Compensation Committee will continue to review the Corporation's compensation policies, including its compensation-related risk profile, as necessary, to ensure its compensation policies and practices are not reasonably likely to have a material adverse effect on the Corporation or encourage a NEO to take any inappropriate or excessive risks.

The Board of Directors, on the recommendation of the Compensation Committee, periodically grants/issues employees, directors and other eligible participants' stock options under the stock option plan and Common Shares under the Share Bonus Plan. In determining whether and how many new options will be granted, the Corporation does not use any formal objectives, criteria or analyses in reaching such determinations; however consideration is given to the amount and terms of outstanding options.

No formal policy has been implemented specifically prohibiting an NEO or director from purchasing financial instruments, including prepaid variable forward contracts, equity swaps, collars or units of exchange funds, that are designed to hedge or offset a decrease in market value of equity securities granted as compensation or held, directly or indirectly, by the NEO or director. The Compensation Committee has not specifically identified any significant changes to its compensation policies and practices for the next financial year, however part of the Compensation Committee's mandate is to review and assess the design and competitiveness of the Corporation's compensation and benefit programs generally, and it intends to do this going forward.

#### ***Compensation Elements and 2011 Compensation Decisions***

During the 2011 fiscal year, the above executive compensation philosophy and policies were followed in order to meet the Corporation's objectives.

*Base Salaries.* The Compensation Committee recommends base salaries on an individual basis, taking into consideration the individual's performance and contributions to the Corporation's success, tenure in the job, general industry practices, and internal equities among positions. Salary increases are a necessary means of retaining key employees; however in 2009, due to general economic conditions, no base salary increases were implemented for NEOs. Furthermore, a portion of base salaries was deferred and not paid until 2010. In 2010, due to generally improved economic conditions, any deferred salaries were paid and salary increases were approved by the Compensation Committee. Salary increases were again approved by the Compensation Committee in 2011; in 2012, no executive salary increases have been proposed or approved. Base salaries also take into account services performed under a management agreement (the "**Management Agreement**") with Victory Nickel Inc. ("**Victory Nickel**"), pursuant to which the Corporation provides management, administrative assistance and facilities to Victory Nickel. The fees payable by Victory Nickel under the Management Agreement are equal to the cost of providing the service plus 10 percent. Amounts due to or from Victory Nickel are settled on a regular basis.

*Long-term Incentives – Stock Option Plan.* The Compensation Committee believes that stock options encourage the Corporation's directors, senior officers, employees and consultants to own and hold shares in the Corporation and tie their long-term interests directly to those of the shareholders. Under the terms of the Corporation's existing share option plan (the "**Stock Option Plan**"), the Board of Directors, acting on the recommendations of the Compensation

Committee, may designate employees, including directors and senior officers, and consultants eligible to receive options to acquire such numbers of Common Shares as the Board of Directors determines, at the then current trading price on the Toronto Stock Exchange (the “**TSX**”). When awarding options, consideration is given to the exercise price of the aggregate options that would be held by an individual after the award under consideration is made. In determining the individual grants, the Compensation Committee considers the following factors: the individual’s performance and contribution to the Corporation’s success; relative position; years of service; and, past equity grants. See “Securities Authorized for Issuance under Equity Compensation Plans – Long-Term Incentives – Stock Option Plan” for a detailed description of the Stock Option Plan.

*Long-term Incentives - Share Incentive Plan.* The Corporation has a share incentive plan (the “**Share Incentive Plan**”) which includes both a share purchase plan (the “**Share Purchase Plan**”) and a share bonus plan (the “**Share Bonus Plan**”).

The purpose of the Share Incentive Plan is to encourage ownership of the Common Shares by directors, senior officers and employees of the Corporation and its designated affiliates and consultants who are primarily responsible for the management and profitable growth of its business, and to advance the interests of the Corporation by providing additional incentive for superior performance by such persons and to enable the Corporation and its designated affiliates to attract and retain valued directors, officers, employees and consultants.

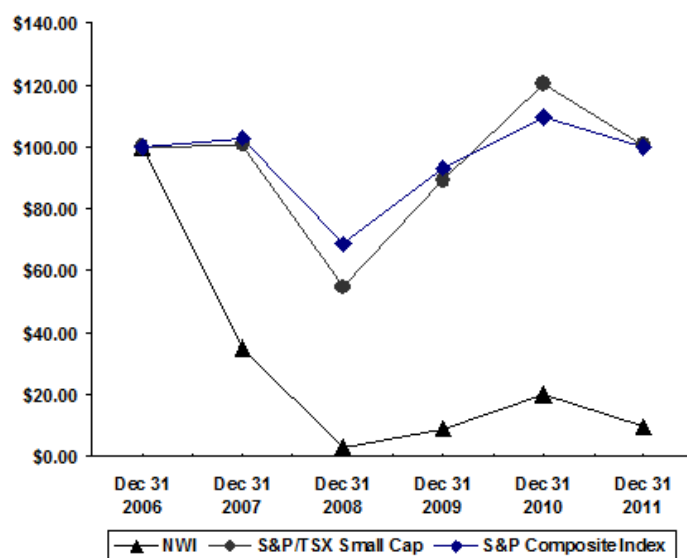
When awarding Common Shares under the Share Incentive Plan, consideration is given to the number of options under the Stock Option Plan and the number of Common Shares that would be held by an individual after the award under consideration is made. In determining the individual awards, consideration is given to the following factors: the individual’s performance and contribution to the Corporation’s success, relative position, years of service and past equity grants.

The Share Bonus Plan permits Common Shares to be issued as a discretionary bonus to eligible directors, senior officers and employees of the Corporation and its designated affiliates, and consultants designated from time to time. The Corporation granted 112,000 Common Shares pursuant to the Share Bonus Plan during 2011. Under the Share Purchase Plan, eligible directors, senior officers and employees of the Corporation and its designated affiliates and consultants can contribute up to 10% of their annual basic salary before deductions to purchase Common Shares. The Corporation matches each participant’s contribution. The Corporation granted no Common Shares pursuant to the Share Purchase Plan during 2011. In the event shareholder and/or regulatory approval is not obtained for the Second Share Bonus Plan Amendment, the Share Bonus Plan Amendment will not be effective and the Corporation will not be able to grant any further Common Shares under the Share Bonus Plan.

### ***Performance Graph***

The following Performance Graph shows the change in the cumulative total shareholder return on the Common Shares compared with the cumulative total return of the TSX Composite Stock Index and the TSX SmallCap Index, assuming an investment of \$100 on January 1, 2006 and accumulation and re-investment of all cash dividends paid (of which there have been none) from that date through to December 31, 2011.





There is no direct correlation between Common Share price performance and NEO compensation. Compensation of the Corporation's executive officers reflects general industry practices and is not tied directly to share price performance. The Compensation Committee evaluates performance by reference to its business plan rather than by short-term changes in Common Share price, based on its view that the Corporation's long-term operating performance will be reflected by stock price performance over the long-term, which is especially important when the current stock price may be temporarily depressed by short-term factors, such as recessionary economies.

### Summary

The Compensation Committee will continue to evaluate the Corporation's executive compensation programs on an ongoing basis to ensure that the Corporation's compensation practices and philosophies are consistent with the objective of enhancing shareholder value over the long term.

### Executive Compensation Tables

#### Summary Compensation Table

The following table sets out the compensation paid to each NEO for the financial years of the Corporation ended December 31, 2009, 2010 and 2011.

Name and Principal Position	Year	Salary <sup>1</sup>	Share-based Awards <sup>4</sup>	Option-based Awards	Non-equity Incentive Plan Compensation		Pension Value	All Other Compensation	Total Compensation
					Annual Incentive Plans <sup>2</sup>	Long-term Incentive Plans			
Rene R. Galipeau Vice-Chairman, CEO and Director	2011	\$ 119,000	nil	\$ 61,000	nil	nil	nil	nil	\$ 180,000
	2010	\$ 122,000	\$ 43,883	\$ 45,600	nil	nil	nil	nil	\$ 211,483
	2009	\$ 90,000	\$ 529	\$ 29,600	nil	nil	nil	nil	\$ 120,129
Alison J. Sutcliffe VP Finance & CFO	2011	\$ 91,500	\$ 5,719	\$ 24,400	\$ 17,157	nil	nil	nil	\$ 138,776
	2010	\$ 95,000	\$ 13,104	\$ 17,100	nil	nil	nil	nil	\$ 125,204
	2009	\$ 67,200	nil	\$ 11,100	nil	nil	nil	nil	\$ 78,300
Paul L. Jones President <sup>3</sup>	2011	\$ 142,400	nil	\$ 48,800	nil	nil	nil	nil	\$ 191,200
	2010	\$ 146,000	\$ 29,148	\$ 22,800	nil	nil	nil	nil	\$ 197,948
	2009	\$ 109,125	\$ 847	\$ 14,800	nil	nil	nil	nil	\$ 124,772

**Notes:**

(1) The Corporation provides management services to Victory Nickel Inc. under a Management Services Agreement; amounts are shown after deducting charges to Victory Nickel Inc. The NEO's receive salaries to perform functions for both companies.

The following amounts were charged to Victory Nickel Inc. on the basis of time spent:

	2011	2010	2009
Mr. Galipeau	\$ 161,000	\$ 168,000	\$ 150,000
Ms. Sutcliffe	\$ 114,376	\$ 87,500	\$ 80,300

The amount for Ms. Sutcliffe in 2011 includes \$5,719 on account of share-based awards and \$17,157 on account of annual incentive plan.

(2) Represents share-based award for IFRS implementation, net of amounts charged to Victory Nickel Inc.

(3) Mr. Jones works on a consulting basis for the Company.

(4) The grant date fair value for share-based awards is determined using the market value on the date shares were issued; the grant date fair value for option-based awards is calculated using the Black-Scholes option-pricing model, with the following assumptions:

	2011	2010	2009
Dividend yield	-	-	-
Expected volatility	105%	104%	110%
Risk free interest rate	2.25%	2.50%	1.91%
Expected option term - years	4	4	4
Fair value per share of options granted	\$0.122	\$0.057	\$0.037

***Incentive Plan Awards***

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

The following table sets out the share-based awards and option-based awards held by each NEO as at December 31, 2011.

Name	Option-based Awards				Share-based Awards		
	Number of Securities Underlying Unexercised Options (#)	Option Exercise Price (\$)	Option Expiration Date	Value of Unexercised in-the-money Options <sup>(1)</sup> (\$)	Number of Shares or Units of Shares that have not Vested (#)	Market or Payout Value of Shares or Units of Shares that have not Vested (\$)	Market or Payout Value of Vested Share-Based Awards not Paid Out or Distributed (\$)
Rene R. Galipeau, Vice-Chairman, CEO and Director	800,000	0.05	March 12, 2014	24,000	nil	nil	nil
	800,000	0.08	January 4, 2015	nil	nil	nil	nil
	500,000	0.17	March 18, 2016	nil	nil	nil	nil
	500,000	0.25	January 28, 2014	nil	nil	nil	nil
	100,000	0.31	December 21, 2012	nil	nil	nil	nil
Alison J. Sutcliffe, VP Finance & CFO	300,000	0.05	March 12, 2014	9,000	nil	nil	nil
	300,000	0.08	January 4, 2015	nil	nil	nil	nil
	200,000	0.17	March 18, 2016	nil	nil	nil	nil
	100,000	0.30	June 16, 2013	nil	nil	nil	nil
Paul L. Jones, President	400,000	0.05	March 12, 2014	12,000	nil	nil	nil
	400,000	0.08	January 4, 2015	nil	nil	nil	nil
	50,000	0.12	August 28, 2012	nil	nil	nil	nil
	400,000	0.17	March 18, 2016	nil	nil	nil	nil
	250,000	0.25	January 28, 2014	nil	nil	nil	nil
	250,000	0.26	January 13, 2014	nil	nil	nil	nil
	100,000	0.31	December 21, 2012	nil	nil	nil	nil
	150,000	0.32	November 14, 2012	nil	nil	nil	nil

**Note:**

(1) Based on the TSX closing price for the Common Shares on December 30, 2011 of \$0.08.

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

The following table sets out the value vested or earned by each NEO as at December 31, 2011.

Name	Option-Based Awards Value Vested During the Year <sup>(1)</sup> (\$)	Share-Based Awards Value Vested During the Year (\$)	Non-equity Incentive Plan Compensation - Value Earned During The Year (\$)
Rene R Galipeau, Vice-Chairman, CEO and Director	35,000	nil	nil
Alison J. Sutcliffe, VP Finance & CFO	16,000	nil	nil
Paul L. Jones, President	22,000	nil	nil

**Note:**

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

***Pension Plan Benefits***

The Corporation does not maintain any defined benefit or defined contribution plans or any other retirement plans.

***Deferred Compensation Plans***

The Corporation does not maintain any deferred compensation plans.

***Termination and Change of Control Benefits***

René Galipeau, Alison Sutcliffe and Paul Jones each has an employment contract dated July 1, 2009, which provides that the Corporation may terminate his/her employment without cause, upon payment at termination of 12 months' base salary, plus accrued but unused vacation to the date of termination. The Corporation shall have no obligation to make the foregoing payment if the Corporation either (i) is, at the time such payment is to be made, unable to pay its liabilities as they become due, or (ii), after such payment, would be unable to pay its liabilities as they become due; provided that, in such event, the Corporation shall be obligated to make all payments to the executive required under applicable employment standards legislation, if any. All stock options granted by the Corporation shall vest on the date notice of termination is given and shall remain exercisable until the termination date of such option, notwithstanding the provisions of any agreement or plan. In the event that there is just cause for termination of his/her employment at common law, his/her employment may be terminated by the Corporation summarily and without notice, or payment in lieu of notice, severance payments, benefits, damages or any sums whatsoever. In this event, estimated incremental payments would be: \$143,000 for Mr. Galipeau, \$100,500 for Ms. Sutcliffe, and \$154,400 for Mr. Jones, as of the end of the Corporation's most recently completed financial year.

In the event of a change of control, and for a period of twelve (12) months thereafter, his/her contract provides that if:

- a) the Corporation gives notice of its intention to terminate his/her employment for any reason other than just cause, or
- b) certain defined events occur and he/she elects to terminate the employment contract and his/her employment

he/she shall be entitled to receive from the Corporation 24 months' base salary, plus accrued but unused vacation to the date of termination plus two (2) times the average bonus paid for the preceding three (3) years. All stock options granted by the Corporation shall vest on the date notice of termination is given and shall remain exercisable until the termination date of such option, notwithstanding the provisions of any agreement or plan.

In addition, he/she shall continue to be entitled to participate, at the expense of the Corporation, in the Corporation's health and medical plans for its executive personnel, until the earlier of his/her obtaining alternate coverage under the terms of any new employment or the second anniversary of the termination date. If such participation is not permitted under the terms of any such plan, the Corporation shall pay to him/her, in addition to all other amounts payable hereunder, an amount

sufficient to enable him to obtain individual benefit coverage equivalent to that at the time afforded under such plans. If the terms or conditions of any such benefits have changed since the change of control, then at his/her election, he/she may require the Corporation to pay an amount sufficient to enable him/her to obtain individual benefit coverage equivalent to that in place immediately prior to the change of control, or any combination of the old and new benefits, provided that in no event shall he/she receive double recovery of replacement cost for any single benefit. In this event, estimated incremental payments would be: \$306,412 for Mr. Galipeau, \$210,823 for Ms. Sutcliffe, and \$326,795 for Mr. Jones, as of the end of the Corporation's most recently completed financial year.

## Director Compensation

directors may also receive options to purchase Common Shares as recommended by the Compensation Committee and determined by the Board. The exercise price of such options is determined by the Board, but shall in no event be less than the market price of the Common Shares at the time of grant of the options. Please see "Securities Authorized for Issuance under Equity Compensation Plans- Long-Term Incentives – Stock Option Plan" (below) for a description of the stock option plan.

### Director Compensation Table

The following compensation table sets out the compensation paid to each of the Corporation's directors in the year ended December 31, 2011. Mr. Galipeau did not receive any fees for his services as a director of the Corporation during the year ended December 31, 2011. Compensation received by Mr. Galipeau in his capacity as an officer is reported in the Summary Compensation Table under "Executive Compensation Tables" (above).

Name	Fees Earned	Share-based Awards	Option-based Awards	Non-equity Incentive Plan Compensation	Pension Value	All Other Compensation	Total Compensation
Robert G. Wardell	\$ 54,000	\$ nil	\$ 67,100	\$ nil	\$ nil	\$ nil	\$ 121,100
W. Warren Holmes	\$ 19,000	\$ nil	\$ 61,000	\$ nil	\$ nil	\$ nil	\$ 80,000
George Archibald	\$ 22,000	\$ nil	\$ 36,600	\$ nil	\$ nil	\$ nil	\$ 58,600
Ed. Guimaraes	\$ 29,000	\$ nil	\$ 24,400	\$ nil	\$ nil	\$ nil	\$ 53,400
Marvin Singer	\$ 22,000	\$ nil	\$ 24,400	\$ nil	\$ nil	\$ nil	\$ 46,400
James R. Franklin	\$ 20,000	\$ nil	\$ 24,400	\$ nil	\$ nil	\$ nil	\$ 44,400

#### Notes:

The grant date fair value for option-based awards is calculated using the Black-Scholes option-pricing model, with the following assumptions:

	2011
Dividend yield	-
Expected volatility	105%
Risk free interest rate	2.25%
Expected option term – years	4
Fair value per share of options granted	\$0.122

In August 2010, Director compensation was revised as follows: each independent Director is paid an annual retainer of \$17,000. In addition, each independent Director is paid a sum equal to his or her expenses incurred to attend each meeting of the Board of Directors. The Chairman of the Board of Directors is paid an additional retainer of \$35,000 per annum and the Chair of the Audit Committee is paid an additional retainer of \$10,000 per annum. Committee Chairs, other than the Audit Committee Chair, receive an additional retainer of \$3,000 per annum and members of the Audit, Compensation and Corporate Governance Committees (excluding the respective Chairs) receive an additional retainer of \$2,000.

## Incentive Plan Awards for Directors

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

The following table sets out the share-based awards and option-based awards held by each director as at December 31, 2011.

Name	Option-based Awards				Share-based Awards		
	Number of Securities Underlying Unexercised Options (#)	Option Exercise Price (\$)	Option Expiration Date	Value of Unexercised in-the-money Options <sup>(1)</sup> (\$)	Number of Shares or Units of Shares that have not Vested (#)	Market or Payout Value of Shares or Units of Shares that have not Vested (\$)	Market or Payout Value of Vested Share-Based Awards not Paid Out or Distributed (\$)
George Archibald	350,000	0.05	March 12, 2014	10,500	nil	nil	nil
	100,000	0.055	August 12, 2015	2,500	nil	nil	nil
	350,000	0.08	January 4, 2015	nil	nil	nil	nil
	300,000	0.17	March 18, 2016	nil	nil	nil	nil
	250,000	0.25	January 28, 2014	nil	nil	nil	nil
	100,000	0.31	December 21, 2012	nil	nil	nil	nil
James Franklin	200,000	0.17	March 18, 2016	nil	nil	nil	nil
	350,000	0.175	January 7, 2016	nil	nil	nil	nil
Ed Guimaraes	450,000	0.055	August 12, 2015	11,250	nil	nil	nil
	200,000	0.17	March 18, 2016	nil	nil	nil	nil
Warren Holmes	750,000	0.05	March 12, 2014	22,500	nil	nil	nil
	100,000	0.055	August 12, 2015	2,500	nil	nil	nil
	400,000	0.08	January 4, 2015	nil	nil	nil	nil
	1,000,000	0.15	January 1, 2013	nil	nil	nil	nil
	500,000	0.17	March 18, 2016	nil	nil	nil	nil
	100,000	0.31	December 21, 2012	nil	nil	nil	nil
Marvin Singer	450,000	0.055	August 12, 2015	11,250	nil	nil	nil
	200,000	0.17	March 18, 2016	nil	nil	nil	nil
Robert Wardell	400,000	0.05	March 12, 2014	12,000	nil	nil	nil
	800,000	0.08	January 4, 2015	nil	nil	nil	nil
	550,000	0.17	March 18, 2016	nil	nil	nil	nil
	50,000	0.31	December 21, 2012	nil	nil	nil	nil

**Note:**

- (1) Based on the TSX closing price for the Common Shares on December 30, 2011 of \$0.08.

### Incentive Plan Awards – Value vested or earned during the year

Name	Option-Based Awards Value Vested During the Year <sup>(1)</sup> (\$)	Share-Based Awards Value Vested During the Year (\$)	Non-equity Incentive Plan Compensation - Value Earned During The Year (\$)
George Archibald	3,000	nil	nil
Jim Franklin	24,750	nil	nil
Ed Guimaraes	2,000	nil	nil
Warren Holmes	5,000	nil	nil
Marvin Singer	2,000	nil	nil
Robert Wardell	5,500	nil	nil

**Note:**

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

## SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The following table provides information as of December 31, 2011 with respect to Common Shares authorized for issuance under equity compensation plans.

<u>Plan Category</u>	<u>Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)</u>	<u>Weighted-average exercise price of outstanding options, warrants and rights (b)</u>	<u>Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a) (c)</u>
Equity compensation plans approved by securityholders	20,515,000	\$0.14	21,516,771 <sup>(1)</sup>
Equity compensation plans not approved by securityholders	Nil	Nil	Nil
<b>Total</b>	20,515,000	\$0.14	21,516,771

**Notes:**

- (1) The Stock Option Plan provides for the issuance of options to purchase up to an aggregate of 15% of the issued and outstanding Common Shares.
- (2) See also “Special Business – Matters Relating to the Share Bonus Plan” above and “Long-Term Incentives – Share Incentive Plan” below.

**Long-term Incentives – Stock Option Plan.** The Compensation Committee believes that stock options encourage the Corporation’s (or its subsidiaries’) directors, senior officers, employees and consultants (together with any personal holding corporation controlled by an officer or director of the Corporation or any of its subsidiaries, collectively “**Eligible Persons**”) to own and hold shares in the Corporation and tie their long-term interests directly to those of the shareholders. Under the terms of the Stock Option Plan, the Board of Directors, acting on the recommendations of the Compensation Committee, may designate employees, including directors and senior officers, and consultants eligible to receive options to acquire such numbers of Common Shares as the Board of Directors determines, at the then current trading price on the TSX, being the closing price of the Common Shares on the trading day immediately preceding the date of the grant. When awarding options, consideration is given to the exercise price of the aggregate options that would be held by an individual after the award under consideration is made. In determining the individual grants, the Board considers the following factors: the employee’s, consultant’s or senior officer’s performance and contribution to the Corporation’s success; relative position; years of service; and, past equity grants.

The maximum number of Common Shares issuable under the Stock Option Plan shall not exceed 15% of Common Shares issued and outstanding (calculated on a non-diluted basis) from time to time. As at the date hereof, 25,865,000 options to acquire Common Shares were outstanding, representing 8.9% of the Corporation’s issued and outstanding Common Shares as of the date hereof, leaving an additional 17,711,883 Common Shares, representing 6.1% of the Corporation’s issued and outstanding Common Shares as at the date hereof, available for issuance pursuant to grants of options under the Stock Option Plan. The maximum number of Common Shares which may be reserved for issuance to any one person under the Stock Option Plan is 5% of the Common Shares outstanding at the time of the grant (calculated on a non-diluted basis) less the number of shares reserved for issuance to such person under any other option to purchase Common Shares from treasury granted as a compensation or incentive mechanism. Any Common Shares subject to an option granted under the Stock Option Plan, which for any reason is exercised or surrendered, cancelled or terminated prior to exercise, will be available for a subsequent grant under the Stock Option Plan, effectively resulting in a re-loading of the number of Common Shares available for grant under the Stock Option Plan. The option price of any Common Shares cannot be less than the closing price of the shares on the trading day immediately preceding the day upon which the option is granted.

Options granted under the Stock Option Plan may be exercised during a period not exceeding ten (10) years, subject to earlier termination upon the termination of the optionee’s employment, upon the optionee ceasing to be an employee, senior officer, director or consultant of the Corporation or any of its subsidiaries, as applicable, or upon the optionee retiring, becoming permanently disabled or upon death. Any option granted pursuant to the Stock Option Plan, to the extent not validly exercised, will terminate on the earlier of the following dates:

- (i) the date of expiration specified in the option agreement or in the resolution of the Board granting such option, as the case may be, provided that if the termination date of an option falls during or within three business days of a blackout period, during which the policies of the

Corporation prevent persons in a “special relationship” with the Corporation from trading in the securities of the Corporation, the expiry date for the option will be extended for an additional period expiring on the tenth (10<sup>th</sup>) business day following the end of the blackout period;

(ii) ninety (90) days after the participant ceases to be an Eligible Person, other than by reason of retirement, permanent disability or death, regardless of whether the participant was dismissed with or without cause and regardless of whether the participant received compensation in respect of dismissal or was entitled to a period of notice of termination which would otherwise have permitted a greater portion of the option to vest with the participant;

(iii) one hundred and eighty (180) days after the date of the death of the participant during which period the option may be exercised by the participant’s legal representative or the person or persons to whom the deceased participant’s rights under the option shall pass by will or the applicable laws of descent and distribution, and only to the extent the participant would have been entitled to exercise the option on the date of death; and

(iv) ninety (90) days after termination of the participant’s employment by reason of permanent disability or retirement under any retirement plan of the Corporation or any of its subsidiaries, during which ninety (90) day period the participant may exercise the option to the extent he was entitled to exercise it at the time of such termination, provided that if the participant shall die within such ninety (90) day period, then such right shall be extended to ninety (90) days following the date of death of the participant and shall be exercisable only by the persons described in paragraph (iii) above and only to the extent described therein.

The Board of Directors may determine that the date or dates of the vesting of any options issued under the Stock Option Plan shall be a future date or dates determined in the manner specified in such resolution. The options are non-transferable.

The Stock Option Plan contains provisions for adjustment in the number of shares issuable thereunder in the event of a subdivision, consolidation, reclassification or change of the Common Shares, a reorganization, a merger or other relevant changes in the Corporation’s capitalization. The Board of Directors may terminate the Stock Option Plan at any time.

By its terms, the Stock Option Plan may be amended by the Board without the consent of the shareholders, to the extent that such amendments relate to: (a) complying with the requirements of any applicable regulatory authority; (b) complying with the rules, policies and notices of the TSX or of any stock exchange on which the Corporation’s securities are listed; (c) altering, extending or accelerating the terms and conditions of vesting of any options; (d) extending the term of options held by a person other than a person who, at the time of the extension, is an insider of the Corporation; (e) determining, subject to all applicable regulatory requirements, that the provisions of the Stock Option Plan concerning the effect of termination of a participant’s status as an Eligible Person under the Stock Option Plan shall not apply to a participant for any reason acceptable to the Board; (f) accelerating the expiry date of any options; (g) amending the definitions contained within the Stock Option Plan; (h) amending the categories of persons who are Eligible Persons and entitled to be granted options pursuant to the Stock Option Plan; (i) allowing the grant of short-term financial assistance to participants for the purpose of exercising options granted under the Stock Option Plan, subject to compliance with all applicable regulatory requirements; (j) authorizing the addition or modification of a cashless exercise feature, payable in cash or Common Shares, which provides for a full deduction of the number of underlying securities from the Stock Option Plan reserve; (k) the assignability or transferability of options, with respect to Eligible Persons generally and/or with respect to any participant; (l) amending or modifying the mechanics of exercise of options; and (m) amendments of a “housekeeping” nature, including, without limitation, amending the wording of any provisions of the Stock Option Plan for the purpose of clarifying the meaning of existing provisions or to correct or supplement any provision of the Stock Option Plan that is inconsistent with any other provision of the Stock Option Plan. Pursuant to the rules of the TSX, other amendments to the Stock Option Plan are subject to approval by the TSX and the Corporation’s shareholders.

The Stock Option Plan provides that the Corporation may provide financial assistance in respect of options granted under the Stock Option Plan by means of loans to optionees. Under the terms of the Stock Option Plan the Corporation may, but is not obligated to, loan an optionee the funds required to exercise any particular option. The Stock Option Plan provides any such loan will be for a term not exceeding ten years and will be non-interest bearing. Any such loan will be repayable at maturity or upon earlier termination of the option, including the death

or retirement of the optionee. Any loans made under the Stock Option Plan are to be secured by a pledge of the shares acquired upon the exercise of the option exercised being lodged with a trustee for such purposes.

In the event that any loan amount is not fully repaid when due the trustee holding the pledged shares is entitled to realize on the shares being held by it as security for the loan.

Loans made under the Stock Option Plan are “non-recourse loans” and, as a result, the sole remedy of the Corporation in the event of a default is to realize on the shares being held as security as described above. Thus, in the event there is a shortfall between the loan amount and any such proceeds of realization, the optionee will not be liable for any such shortfall. The Stock Option Plan provides that any shares issued pursuant to loans made under the Stock Option Plan may be sold by the optionee from time to time provided that an amount equal to the aggregate option exercise price or the balance of the loan is applied in repayment of the loan. Any financial assistance so provided under the Stock Option Plan will be subject to and made in accordance with all applicable laws and regulatory policies at the time of making the loan. At present, no loans are outstanding under these provisions.

Pursuant to the Rules of the TSX, the Stock Option Plan must be re-approved by the Corporation’s disinterested shareholders every three years.

***Long-term Incentives - Share Incentive Plan.*** At the annual meeting of shareholders held on June 1, 2011, shareholders of the Corporation approved the Share Incentive Plan, which includes both the Share Purchase Plan and the Share Bonus Plan.

The purpose of the Share Incentive Plan is to encourage ownership of the Common Shares by directors, senior officers and employees of the Corporation and its designated affiliates and consultants who are primarily responsible for the management and profitable growth of its business, and to advance the interests of the Corporation by providing additional incentive for superior performance by such persons and to enable the Corporation and its designated affiliates to attract and retain valued directors, officers, employees and consultants.

When awarding Common Shares under the Share Incentive Plan, consideration is given to the number of options, under the Stock Option Plan, and the number of Common Shares that would be held by an individual after the award under consideration is made. In determining the individual awards, consideration is given to the following factors: the employee’s, consultant’s or senior officer’s performance and contribution to the Corporation’s success, relative position, years of service and past equity grants.

Under the Share Purchase Plan, eligible directors, senior officers and employees of the Corporation and its designated affiliates and consultants can contribute up to 10% of their annual basic salary before deductions to purchase Common Shares. The Corporation matches each participant’s contribution. The purchase price per Common Share is the volume weighted-average of the trading prices of the Common Shares on the TSX for the calendar quarter in respect of which the Common Shares are issued. Common shares acquired are held in safekeeping and delivered to employees as soon as practicable following March 31, June 30, September 30 and December 31 in each calendar year. The maximum number of Common Shares issuable under the Share Purchase Plan is the lesser of: (i) that number of Common Shares that can be purchased with a dollar amount equal to 20% of the annual gross annual salary of the Participants (as defined in the Share Incentive Plan); and (ii) 1% of the aggregate number of issued and outstanding Common Shares (calculated on a non-diluted basis) from time to time.

Participation in the Share Purchase Plan is subject to earlier termination upon the termination of the participant’s employment, upon the participant ceasing to be an employee, senior officer or consultant of the Corporation or any of its designated affiliates, as applicable, or upon the participant retiring, becoming permanently disabled or upon death. The right to participate in the Share Incentive Plan is non-assignable and non-transferable, other than pursuant to a will or by the laws of descent and distribution.

The Corporation’s Share Bonus Plan permits Common Shares to be issued as a discretionary bonus to eligible directors, senior officers and employees of the Corporation and its designated affiliates, and consultants designated from time to time. For the year ended December 31, 2011, the Corporation issued 112,000 Common Shares under the Share Bonus Plan. Currently (and without giving effect to the First Share Bonus Plan Amendments and the Second Share Bonus Plan Amendment), the maximum number of Common Shares issuable under the Share Bonus Plan is the lesser of: (i) 2,000,000 Common Shares; and (ii) 2% of the aggregate number of issued and outstanding Common Shares (calculated on a non-diluted basis) from time to time.



The Share Incentive Plan contains provisions for adjustment in the number of shares issuable thereunder in the event of a subdivision, consolidation, reclassification or change of the Common Shares, a reorganization, a merger or other relevant changes in the Corporation's capitalization. Any amendments to the Share Incentive Plan are subject to the approval of shareholders and applicable stock exchanges and regulatory authorities, including amendments to increase the maximum number of securities issuable under the Share Incentive Plan and amendments to the amending provisions of the Share Incentive Plan. The Board of Directors may terminate the Share Incentive Plan at any time.

Pursuant to the rules of the TSX, the Share Incentive Plan must be re-approved by the Corporation's disinterested shareholders every three years.

#### **INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS**

Since the beginning of the Corporation's most recently completed financial year there is no, and there has not been any, outstanding indebtedness owing to the Corporation or any subsidiary of the Corporation or any other entity where such indebtedness has been the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Corporation or any of its subsidiaries in connection with a purchase of securities or otherwise by: (i) any director, executive officer or employee of the Corporation or any of its subsidiaries; (ii) any former director, executive officer or employee of the Corporation or any of its subsidiaries; (iii) any proposed nominee for election as a director of the Corporation; (iv) any associate of any individual who is, or at any time during the Corporation's most recently completed financial year was, a director or executive officer of the Corporation; or (v) any associate of any proposed nominee for election as a director of the Corporation.

#### **INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS**

None of the insiders of the Corporation or the associates or affiliates of those persons has any material interest, direct or indirect, in any transaction since the commencement of the Corporation's most recently completed financial year or in any proposed transaction which has materially affected or would materially affect the Corporation or any of its subsidiaries.

#### **INTEREST OF CERTAIN PERSONS OR COMPANIES IN MATTERS TO BE ACTED UPON**

No person who has been a director or executive officer of the Corporation at any time since the beginning of the Corporation's last completed financial year, and no proposed nominee for election as a director of the Corporation, nor any associate or affiliate of any such director, executive officer or proposed nominee has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted upon at the Meeting, except as disclosed herein.

#### **MANAGEMENT CONTRACTS**

There are no management functions of the Corporation or its subsidiaries which are to any substantial degree performed by a person or company other than the directors or executive officers of the Corporation or its subsidiaries (or private companies controlled by them, either directly or indirectly).

#### **CORPORATE GOVERNANCE PRACTICES**

##### **Board of Directors**

Pursuant to National Instrument ("NI 58-101"), a director is independent if the director has no direct or indirect material relationship with the company which could, in the view of the company's Board of Directors, be reasonably expected to interfere with the exercise of a member's independent judgment. The Board of Directors is currently comprised of seven members, a majority of whom the Board has determined are "independent" directors within the meaning of NI 58-101. Assuming management's proposed slate of directors is elected at the Meeting, the Board will be comprised of six members, a majority of whom will be independent within the meaning of NI 58-101.

In particular, six of the seven current members are considered independent directors for the purposes of NI 58-101. Mr. Galipeau is not an independent director, as he is also an executive officer of the Corporation.

The following table sets out details of directorships held by each current director or nominee in other public issuers:

<b>Name of Director</b>	<b>Name of Issuer</b>
Robert G. Wardell	Allied Nevada Gold Corp., Elgin Mining Inc., Katanga Mining Limited, Centric Health Corporation
Jim Franklin	UR-Energy Ltd., Aura Silver Ltd.
René R. Galipeau	Victory Nickel Inc., Wallbridge Mining Corporation Limited, KWG Resources Inc.
Ed Guimaraes	Aldridge Minerals Inc., Giyani Gold Corp., Karmin Exploration Inc.
W. Warren Holmes	Hudbay Minerals Inc., Wallbridge Mining Corporation Limited, Atlanta Gold Inc., Foraco International S.A.

The business and affairs of the Corporation are managed by the Board. The Board holds regular meetings to review the business and affairs of the Corporation and to make any decisions relating thereto. The Board believes that it functions independently of management. Mr. Wardell serves as Chairman of the Board and is independent within the meaning of NI 58-101.

When conflicts do arise, interested parties are precluded from voting on matters in which they may have an interest. As may be deemed necessary by the Chair of the Board and/or the independent directors, the independent directors of the Board convene meetings of the independent directors, at which non-independent directors and members of management are not in attendance. To enhance its ability to act independently of management, the Board may meet in the absence of members of management and the non-independent director(s) or may excuse such persons from all or a portion of any meeting where a potential conflict of interest arises or where otherwise appropriate. The Board held no meetings of the independent directors in the absence of members of management and the non-independent directors from January 1, 2011 to the date hereof, however when deemed appropriate during Board meetings, members of management were excused to facilitate discussion by Board members and/or committees of the Board independent of management.

The primary functions of the Chairman of the Board of Directors are to facilitate the operations and deliberations of the Board and the fulfilment of the Board's role and responsibilities under its mandate (discussed below). The Chairman is accountable to the Board and acts as a direct liaison between the Board and management of the Corporation through the Chief Executive Officer.

The Board and its committees met as follows from January 1, 2011, the beginning of the Corporation's most recently completed financial year, until the date hereof:

<b>Type of Meeting</b>	<b>Total Meetings</b>
Board Meeting	11
Audit Committee	6
Corporate Governance Committee	6
Compensation Committee	6

The following is the record of attendance for each director at Board meetings since the beginning of the Corporation's financial year ended December 31, 2011 until the date hereof:

Robert G. Wardell – 11/11

Jim Franklin<sup>(1)</sup> – 9/11

René R. Galipeau – 11/11

George Archibald – 10/11

W. Warren Holmes – 9/11

Ed Guimaraes – 11/11

Marvin Singer – 8/11

**Note:**

(1) Mr. Franklin joined the Board of Directors on January 10, 2011

**Board Mandate**

The Board has a mandate to set the strategic direction of the Corporation and to oversee its implementation by management of the Corporation. The Board Charter is as follows:

- (a) to the extent feasible, the Board must satisfy itself as to the integrity of the CEO and other executive officers of the Corporation and that the CEO and other executive officers create a culture of integrity throughout the organization as articulated in the Corporation's Code of Business Conduct and Ethics;
- (b) adopting a strategic planning process and approving, on at least an annual basis, a strategic plan which takes into account, among other things, the opportunities and risks of the business;
- (c) identification of the principal risks of the Corporation's business and ensuring the implementation of appropriate systems to manage these risks;
- (d) succession planning including the appointment, training and monitoring of senior management;
- (e) adoption of a disclosure policy which policy will be in compliance with National Policy 51-201 and updated to remain in compliance as a result of any amendments thereto;
- (f) the periodic review and approval of internal control and management information systems;
- (g) participation in the development of the Corporation's approach to corporate governance, including the development of and on-going monitoring of a set of corporate governance principles and guidelines in compliance with NI 58-101 and any amendments thereto;
- (h) ensuring that measures for receiving feedback from stakeholders are in place; and
- (i) ensuring that the responsibilities of directors, including basic duties and responsibilities with respect to attendance at Board meetings and advance review of meeting materials, are fully understood and that individual directors are able to make the requisite time commitment and have the requisite skills and experience to attend to their duties and responsibilities as members of the Board of Directors.

The items listed above serve as the framework for the Mandate of the Board of Directors and will be amended to reflect any amendments made to applicable law and other rules that govern the Corporation's operations.

At a minimum, the Board of Directors meets once in each fiscal quarter. In addition, the Board of Directors meets at other times when matters requiring its approval are raised and the timing is such that it is not prudent or possible to wait for a regularly scheduled quarterly meeting.

## **Position Descriptions**

The Corporation has not developed written position descriptions for the CEO, Chairman and the Chair of each Board committee. The Board has enlisted the CEO to manage the day-to-day strategic and operational affairs of the Company. The Board delineates the roles of the Chairmen of each of the Board's committees under the auspices of the respective committee charters. Members of all Board committees are approved by the Board and the Chairmen of those committees are approved by the individual committees.

The CEO reports to the Board, and the Board of Directors responds to and, if it considers appropriate, approves, with such revisions as it may require, corporate objectives and recommended courses of action, which have been brought forward by the CEO and management. The Board of Directors and the CEO review, on a regular basis, the scope and limits of management's responsibilities and powers. In addition to those matters which must be approved by the Board of Directors by law, significant business activities and actions proposed to be taken by the Corporation are subject to Board approval.

Annual capital and operating budgets and significant changes thereto, long range plans, major changes in the organizational structure of the Corporation, annual financial statements, major acquisition and disposal transactions, major financing transactions involving the issuance of shares, debt securities and the like, major banking transactions, long term contracts with significant cumulative financial commitments, appointment of senior executive officers, benefit plans, stock option plans, issuance of stock options and succession plans are all subject to Board approval or, where appropriate, a duly authorized committee of the directors.

In addition, the Board of Directors is responsible for overseeing the strategic direction of the Corporation, monitoring the performance of the Corporation's assets and assessing opportunities for and risks affecting the Corporation's business and assessing means to effectively deal with the same.

## **Orientation and Continuing Education**

The Corporation currently has an informal orientation and education program for new Board members in order to ensure that new directors are familiarized with the Corporation's business and the procedures of the Board of Directors. In addition, a corporate policies manual and all available information about the Corporation's projects is available to Board members, who are also encouraged to visit the Corporation's project sites as appropriate.

## **Ethical Business Conduct**

The Board has adopted a formal Code of Business Conduct and Ethics for directors, officers and employees, which can be obtained from the Corporation's website at [www.nuinsco.ca](http://www.nuinsco.ca).

The Board does not formally monitor compliance with the Code. Management is expected to report any breaches of the Code to the Board. Additionally, the Code also provides a process by which actual or potential violations of its provisions are to be reported to the President or CFO and confirms that there will not be any reprisals against an individual who does so in good faith.

There has been no material change reports filed pertaining to conduct of a director or executive officer that constitutes a departure from the Code.

## **Nomination of Directors**

The Board of Directors has a Corporate Governance and Nominating Committee composed entirely of independent directors, which identifies and recommends new potential directors to the Board of Directors. The current members of the Corporate Governance and Nominating Committee are Mr. Singer (Chair), Mr. Archibald and Mr. Holmes.

## **Corporate Governance and Nominating Committee**

In respect of the nomination of directors, the Corporate Governance and Nominating Committee is responsible for:

(i) establishing competencies and skills that the Board should possess; (ii) assessing competencies and skills of each of the existing directors as well as of the Board as a whole, recognizing the personality and other qualities of each director; (iii) considering the appropriate size of the Board with a view to facilitating effective decision-making; (iv) establishing procedures for identifying possible nominees who are likely to bring the competencies and skills the Corporation needs as a whole; (v) establishing an appropriate review selection process for new nominees for election as directors; (vi) analyzing the needs of the Corporation when vacancies arise and identifying and recommending nominees who meet the needs of the Corporation for election as directors at annual meetings of shareholders; and (vii) establishing procedures for filling in vacancies among the directors.

### **Compensation**

The Compensation Committee is composed entirely of independent directors. See “Executive Compensation – Compensation Committee” and “Executive Compensation – Compensation Process” (above) for a discussion of senior officer and director compensation and details regarding the Compensation Committee’s oversight of compensation matters and role in compensation determinations.

### **Audit Committee**

The Audit Committee currently consists of Mr. Guimaraes (Chair) and Messrs. Wardell and Holmes, each of whom is considered by the Board an independent director and financially literate. The Audit Committee operates under guidelines established by NI 52-110. In addition to carrying out its statutory legal responsibilities (including review of the Corporation’s annual financial statements), the Audit Committee reviews accounting policies and issues and all financial reporting, including interim financial statements and management’s discussion and analysis in the Corporation’s annual report. The Audit Committee meets with the Corporation’s external auditors (with and without management) and with members of management at least four times per year to assist it in the effective discharge of its duties. The Audit Committee also recommends to the Board the firm to be appointed as the Corporation’s auditors and the terms of their remuneration.

Further information regarding the Audit Committee is contained in the Corporation’s annual information form (the “AIF”) dated March 30, 2012 under the heading “Audit Committee Information” and a copy of the Audit Committee charter is attached to the AIF as Schedule “A”. The AIF is available under the Corporation’s profile at [www.sedar.com](http://www.sedar.com).

### **Other Committees**

In addition to the Audit Committee, Compensation Committee and Corporate Governance and Nominating Committees, the Board has Technical (Mr. Holmes, Chair) and Strategy (Mr. Galipeau, Chair) Committees. These Committees meet on an as-needed basis to discuss specific issues with respect to technical and overall strategic issues, and participants are chosen by the respective Chair, as appropriate.

### **Assessments**

The Board of Directors reviews, on an ongoing basis, the effectiveness of the Board as a whole and each of the Board Committees, and the contribution and effectiveness of individual directors. The Chairman of the Board provides leadership and direction in the workings and effective performance of the Board of Directors. With input from the other directors, the Chairman is responsible for reviewing the performance of the Board of Directors for the prior year and setting objectives for the current year.

## **ADDITIONAL INFORMATION**

Additional information relating to the Corporation is available on the Internet at [www.sedar.com](http://www.sedar.com). Financial information relating to the Corporation is provided in the Corporation’s comparative financial statements and related management’s discussion and analysis (“MD&A”) for the year ended December 31, 2011. To request copies of the Corporation’s financial statements and related MD&A, please contact the Corporation at:

Nuinsco Resources Limited  
80 Richmond St. W., Suite 1802  
Toronto, Ontario, Canada M5H 2A4  
Tel.: (416) 626-0470  
Fax: (416) 626-0890  
info@nuinsco.ca

### **APPROVAL**

The undersigned hereby certifies that the contents of this Management Information Circular and the sending thereof to the shareholders have been approved by the Board of Directors of the Corporation.

**DATED** May 17, 2012

By Order of the Board of Directors

(Signed) "René R. Galipeau"

René R. Galipeau

Vice-Chairman and Chief Executive Officer