

DIAMOND FRANK EXPLORATION INC.

(the "Corporation")

MANAGEMENT PROXY CIRCULAR

This Management Proxy Circular is furnished in connection with the solicitation by the management of the Corporation of proxies to be used at the Annual General and Special Meeting of shareholders (the "Meeting") of the Corporation to be held at the time and place and for the purposes set out in the Notice of Meeting. It is expected that the solicitation will be made primarily by mail. However, officers and employees of the Corporation may also solicit proxies by telephone, telecopy, e-mail or in person. The total cost of solicitation of proxies will be borne by the Corporation.

If you cannot attend the Meeting in person, unless indicated otherwise on the form of proxy, complete and return the enclosed form of proxy to the Registrar and Transfer Agent of the Corporation, Computershare Investor Services Inc. ("Computershare"), at 100 University Avenue, 19th Floor, Toronto, Ontario, M5J 2Y1, not less than two (2) business days (excluding Saturdays, Sundays and holidays) before the time fixed for the Meeting.

QUORUM FOR THE TRANSACTION OF BUSINESS

The Corporation's by-laws provide that the quorum at a meeting of the shareholders of the Corporation shall be constituted by the attendance of two or more shareholders, present in person or represented by proxy, holding at least 10% of the votes attached to outstanding voting shares.

APPOINTMENT AND REVOCATION OF PROXIES

The persons named in the enclosed form of proxy are directors and officers of the Corporation. A shareholder has the right to appoint as his or her proxy a person, who need not be a shareholder, other than those whose names are printed on the accompanying form of proxy. **A shareholder who wishes to appoint some other person to represent him or her at the Meeting may do so either by inserting such other person's name in the blank space provided in the form of proxy and signing the form of proxy or by completing and signing another proper form of proxy.**

A shareholder may revoke a proxy at any time by an instrument in writing executed by him or, if the shareholder is a corporation, under its corporate seal or by an officer or attorney thereof duly authorized in writing, and filed at the office of Computershare, at the same address and within the same delays as mentioned above, or two business days preceding the date the Meeting resumes if it is adjourned, or remitted to the chairman of such Meeting on the day of the Meeting or any adjournment thereof if applicable.

EXERCISE OF DISCRETION BY PROXIES

Shares represented by properly executed proxies in favour of the persons designated in the enclosed form of proxy, in the absence of any direction to the contrary, will be voted FOR: (i) the election of directors; (ii) the appointment of auditors; (iii) the approval of By-Law 2013-1 "Advance Notice Requirement for the Election of Directors"; (iv) the adoption of a Shareholders Rights Plan; and (v) the approval of an amendment to the articles to change the name of the Corporation. Instructions with respect to voting will be respected by the persons designated in the enclosed form of proxy. With respect to amendments or variations to matters identified in the Notice of Meeting and with respect to other matters which may properly come before the Meeting, such shares will be voted by the persons so designated in the way they consider advisable. At the time of printing this Management Proxy Circular, management of the Corporation knows of no such amendments or new matters to be brought before the Meeting.

VOTING SECURITIES AND PRINCIPAL HOLDERS THEREOF

As at February 25, 2013 there were 53,900,017 issued and outstanding common shares of the Corporation. Each common share entitles the holder thereof to one vote. The Corporation has fixed the close of business on February 11, 2013 as the record date (the "**Record Date**") for the purpose of determining shareholders entitled to receive notice of the Meeting. Any registered shareholder of record as at the close of business on the Record Date will be entitled to vote at the Meeting.

As at February 25, 2013, to the best knowledge of the Corporation, no person beneficially owned, directly or indirectly, or exercised control or direction over more than 10% of the issued and outstanding common shares of the Corporation.

NON-REGISTERED SHAREHOLDERS

Only registered shareholders or the persons they appoint as their proxies are permitted to vote at the Meeting. However, in many cases, shares beneficially owned by a person (a "**Non-Registered Holder**") are registered either: (i) in the name of an intermediary (an "**Intermediary**") that the Non-Registered Holder deals with in respect of the common shares, such as securities dealers or brokers, banks, trust companies, and trustees or administrators of self-administered RRSPs, RRIFs, RESPs and similar plans; or (ii) in the name of a clearing agency of which the Intermediary is a participant. In accordance with National Instrument 54-101 of the Canadian Securities Administrators, entitled "*Communication with Beneficial Owners of Securities of a Reporting Issue*", the Corporation has distributed copies of the Notice of Meeting and this Management Proxy Circular (collectively, the "**Meeting Materials**") to the clearing agencies and Intermediaries for distribution to Non-Registered Holders. Intermediaries are required to forward the Meeting Materials to Non-Registered Holders, and often use a service company for this purpose. Non-Registered Holders will either:

- (a) typically, be provided with a computerized form (often called a « **voting instruction form** ») which is not signed by the Intermediary and which, when properly completed and signed by the Non-Registered Holder and returned to the Intermediary or its service company, will constitute voting instructions which the Intermediary must follow. In order for the applicable computerized form to validly constitute a voting instruction form, the Non-Registered Holder must properly complete and sign the form and submit it to the Intermediary or its service company in accordance with the instructions of the Intermediary or service company. In certain cases, the Non-Registered Holder may provide such voting instructions to the Intermediary or its service company through the Internet or through a toll-free telephone number; or
- (b) less commonly, be given a proxy form which has already been signed by the Intermediary (typically by a facsimile, stamped signature), which is restricted to the number of shares beneficially owned by the Non-Registered Holder but which is otherwise not completed. In this case, the Non-Registered Holder who wishes to submit a proxy should properly complete the proxy form and submit it to Computershare at 100 University Avenue, 19th Floor, Toronto, Ontario, M5J 2Y1.

In either case, the purpose of these procedures is to permit Non-Registered Holders to direct the voting of the common shares which they beneficially own.

Should a Non-Registered Holder who receives a voting instruction form wish to vote at the Meeting in person (or have another person attend and vote on behalf of the Non-Registered Holder), the Non-Registered Holder should print his or her own name, or that of such other person, on the voting instruction form and return it to the Intermediary or its service company. Should a Non-Registered Holder who receives a proxy form wish to vote at the Meeting in person (or have another person attend and vote on behalf of the Non-Registered Holder), the Non-Registered Holder should strike out the names of the persons set out in the proxy form and insert the name of the Non-Registered Holder or such other person in the blank space provided and submit it to Computershare at the address set out above.

In all cases, Non-Registered Holders should carefully follow the instructions of their Intermediary, including those regarding when, where and by what means the voting instruction form or proxy form must be delivered.

A Non-Registered Holder may revoke voting instructions which have been given to an Intermediary at any time by written notice to the Intermediary.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

The Corporation is not aware of any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, of any of the following persons in any matter to be acted upon at the Meeting:

- (a) each person who has been a director or executive officer of the Corporation at any time since the beginning of the Corporation's last financial year;
- (b) each proposed nominee for election as a director of the Corporation; and
- (c) each associate or affiliate of any of the foregoing.

ELECTION OF DIRECTORS

The Board of Directors currently consists of three directors. The persons named in the enclosed form of proxy intend to vote for the election of the four nominees whose names are set out below. Each director will hold office until the next annual general meeting of shareholders or until the election of his successor, unless he resigns or his office becomes vacant by removal, death or other cause.

The following table sets out the name of each of the persons proposed to be nominated for election as director, all other positions and offices with the Corporation now held by such person, province of residence and principal occupation, the date on which such person became a director of the Corporation, and the number of common shares of the Corporation that such person has advised are beneficially owned or over which control or direction is exercised by such person as at the date indicated below.

Name	Office Held	Director since	Number of shares beneficially owned or over which control is exercised	Present Occupation
David Mc Donald Rosemère, Laval, Québec	President, CEO and Director	October 17, 2007	1 596 450	President and CEO of the Corporation
Pascal Ducharme ⁽¹⁾ Boisbriand, Québec	Director	March 11, 2009	140,731	President, Patate du Nord
Claude Lavoie ⁽¹⁾ Québec, Québec	Director	August 7, 2012	-	Project Manager, Construction Engineering Division (Armed Forces Canada)
Johanne Moreau Repentigny, Québec	Nominee	-	-	Accounting Technician

(1) Member of the Audit Committee.

Francine Rivard died on February 24, 2013 as a result of an illness. The management of the Corporation wants to offer its condolences to her relatives and family members.

Except for Claude Lavoie and Johanne Moreau, all of the foregoing nominees have previously been elected directors of Diamond Frank at a meeting for which an information circular was issued.

Claude Lavoie is a soldier by profession, working for the Government of Canada since 1983, and has completed several mandates abroad in Europe, Bosnia-Herzegovina, Africa and Afghanistan. After being promoted at different

positions in Valcartier and St-Jean-sur-Richelieu, he recently returned to Quebec as a project Manager for the Construction Engineering Division. He is very involved in Quebec broadcasting and was part of weekly program featuring hot topics. In last November, he received from the Governor-General of Canada the Order of Military Merit, which recognizes outstanding service in the line of duty, in the Armed Forces. His leadership qualities and his knowledge of the communication field make Mr Lavoie an asset to the Corporation.

Johanne Moreau has been working in accounting for 25 years. With experience in both large and small businesses, she held various positions in accounting and in management. She joined the team of Diamond Frank Exploration Inc. and Typhoon Exploration Inc. in 2010 as an Accounting Technician.

To the knowledge of the Corporation, none of the foregoing nominees for election as a director of the Corporation:

- (a) is, or within the last ten years, has been a director, chief executive officer, or chief financial officer of any company that:
 - (i) was the subject of a cease trade, an order similar to a cease trade order, or an order that denied the relevant company access to any exemption under applicable securities legislation, and which, in all cases, was in effect for a period of more than 30 consecutive days (an “**Order**”), which Order was issued while the director or executive officer was acting in the capacity as director, chief executive officer, or chief financial officer of such company; or
 - (ii) was subject to an Order that was issued after the proposed director ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer, or chief financial officer of such company; or
- (b) is, or within the last ten years has been, a director or executive officer of any company that, while the proposed director was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement, or compromise with creditors or had a receiver, receiver manager, or trustee appointed to hold its assets; or
- (c) has, within the last ten years, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or become subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold his assets.

To the knowledge of the Corporation, none of the nominees for election as 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 security holder in deciding whether to vote for a proposed director.

COMPENSATION OF EXECUTIVE OFFICERS AND DIRECTORS

Compensation Discussion & Analysis

This discussion describes the Corporation's compensation program for each person who acted as Chief Executive Officer (“**CEO**”), Chief Financial Officer (“**CFO**”) and the three most highly compensated executive officers (or three most highly compensated individuals acting in a similar capacity), other than the CEO and the CFO, whose total compensation was more than \$150,000 in the Corporation's last financial year (each a “**Named Executive Officer**” or “**NEO**” and collectively the “**Named Executive Officers**”). This section will address the Corporation's

philosophy and objectives and the process the Board of Directors follows in deciding how to compensate the Named Executive Officers.

Compensation Program Philosophy

The Corporation is a mining exploration company and is presently generating no income. In light of the Corporation's current stage of development, it does not have a formal compensation program. The Board of Directors meets to discuss and determine management compensation without reference to formal criteria. The general objective of the Corporation's compensation is to:

- (a) compensate management in a manner that encourages and rewards a high level of performance and outstanding results with a view of increasing long-term shareholder value;
- (b) align management's interests with long-term interests of shareholders;
- (c) provide a compensation package that is commensurate with other mining exploration companies in order to enable the Corporation to attract and retain talent; and
- (d) ensure that the total compensation package is designed in a manner that takes into account the constraints under which the Corporation operates by virtue of the fact that it is a mining exploration company without a history of earnings.

Compensation Process

The compensation of the Named Executive Officers is administered by the Corporation's Board of Directors. The Corporation does not have a formal policy with respect to the remuneration of its Named Executive Officers.

Base Salaries

The Named Executive Officers receive a base salary which is based primarily on the level of responsibility of the position, the qualifications and experience of the officer and the market conditions with which the Corporation is evolving.

The base salaries of the Named Executive Officers are reviewed annually to ensure they consider the following factors: the market and economic conditions, the levels of responsibility and accountability of each NEO, the skill and competencies of each individual, retention considerations and the level of demonstrated performance.

Base salaries, including that of the CEO, are reviewed by the Board of Directors on the basis of its opinion as to a fair and responsible compensation package, taking into account the contribution of the CEO to the Corporation's long-term growth and the Board of Directors' knowledge of remuneration practices in Canada.

Variable Cash Incentive Awards - Bonuses

The Board of Directors' philosophy with respect to executive officer bonuses is to align the issuances of bonuses with the performance of the Corporation, established at the discretion of the Board of Directors, and the relative contribution of each of the executive officers, including the CEO, to that performance. During the fiscal year ended September 30, 2012, the Board of Directors did not approve the payment of any bonuses for the Named Executive Officers.

Long Term Incentive Plans

The Corporation provides long term incentive compensation to its executive officers through the Stock Option Plan.

Stock Option Plan

The Corporation has established a formal stock option plan (the “**Stock Option Plan**”) under which options to purchase shares are granted to directors, officers, employees and consultants of the company in order to encourage them to contribute in achieving the company's goal of increasing shareholder value. The Board of Directors determines which NEO (or other person) is entitled to participate in the Stock Option Plan, the number of options granted, the date which each option is granted and the exercise price of such options.

The Board of Directors makes these decisions subject to the existing Stock Option Plan and, where applicable, the policies of the TSX Venture Exchange (the “**Exchange**”).

While granting stock options, past stock option grants are not taken into consideration.

Group Benefits/Perquisites

The officers of the Corporation do not benefit from any life, medical, long term disability other insurance. None of the officers benefit from any retirement plan whatsoever.

Summary of the Compensation of the Named Executive Officers

The following table provides information for the financial years ended September 30, 2012, 2011 and 2010 regarding compensation paid to or earned by the Named Executive Officers.

Name and Principal Position	Year	Salary (\$)	Share-Based Awards (\$)	Option-Based Awards ⁽¹⁾ (\$)	Non-Equity Incentive Plan Compensation (\$)		Pension Value (\$)	All other Compensation (\$) ⁽²⁾	Total Compensation (\$)
					Annual Incentive Plans (\$)	Long-Term Incentive Plans (\$)			
David Mc Donald President and CEO	2010	Nil	Nil	6,700	Nil	Nil	Nil	114,888	121,588
	2011	Nil	Nil	69,000	Nil	Nil	Nil	173,772	242,772
	2012	Nil	Nil	Nil	Nil	Nil	Nil	211,501	211,501
Francine Rivard CFO	2010	26,241	Nil	3,350	Nil	Nil	Nil	Nil	29,591
	2011	26,241	Nil	27,600	Nil	Nil	Nil	Nil	53,841
	2012	26,241	Nil	Nil	Nil	Nil	Nil	Nil	26,241

(1) Black & Scholes model.

(2) Management fees paid to Ressources Lutsvisky inc., a private corporation wholly-owned by David Mc Donald.

Incentive Plan Awards — Outstanding Share-Based Awards and Stock-Option-Based Awards

The following table sets forth information in respect of all share-based awards and option-based awards outstanding at the end of the most recently completed financial year to the Named Executive Officers of the Corporation.

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 (\$)	Number of Shares or Units of Shares that have not vested (#)	Market or Payout Value of Share-Based Awards that have not vested (\$)
David Mc Donald	350,000	0.11	April 10, 2013	29,050	Nil	Nil
	100,000	0.10	February 5, 2014	2,600	Nil	Nil
	100,000	0.10	October 20, 2014	6,700	Nil	Nil
	500,000	0.145	April 6, 2021	69,000	Nil	Nil
Francine Rivard	75,000	0.11	April 10, 2013	6,225	Nil	Nil
	25,000	0.10	February 5, 2014	650	Nil	Nil
	50,000	0.10	October 20, 2014	3,350	Nil	Nil
	200,000	0.145	April 6, 2021	27,600	Nil	Nil

Incentive Plan Awards - Value Vested or Earned During the Most Recently Completed Financial Year

Name	Option-Based Awards – Value Vested During the Year (\$)	Share-Based Awards – Value Vested During the Year (\$)	Non-Equity Incentive Plan Compensation – Value Earned During the Year (\$)
David Mc Donald	Nil	Nil	Nil
Francine Rivard	Nil	Nil	Nil

The following table outlines, for each NEO, the value of option-based awards and share-based awards which vested during the year ended September 30, 2012 and the value of non-equity incentive plan compensation earned during the year ended September 30, 2012.

Pension Plan Benefits

The Corporation does not have a Defined Benefits Pension Plan or a Defined Contributions Pension Plan.

Director Compensation Table

The following table sets forth information with respect to all amounts of compensation provided to the directors of the Corporation for the most recently completed financial year.

Name	Fees (\$)	Share-Based Awards (\$)	Option-Based Awards ⁽¹⁾ (\$)	Non-equity Incentive plan Compensation (\$)	Pension Value (\$)	All other compensation (\$)	Total (\$)
Pascal Ducharme	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Fanny Tortiget	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Claude Lavoie	Nil	Nil	Nil	Nil	Nil	Nil	Nil

(1) Black & Scholes model.

Share-Based Awards, Options-Based Awards and Non-Equity Incentive Plan Compensation

Incentive Plan Awards - Outstanding Share-Based Awards and Option-Based Awards

The following table sets forth information in respect of all share-based awards and option-based awards outstanding at the end of the most recently completed financial year to the directors of the Corporation:

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 (\$)	Number of Shares or Units of Shares that have not vested (#)	Market or Payout Value of Share-Based Awards that have not vested (\$)
Pascal Ducharme	50,000	0.10	March 10, 2014	1,350	Nil	Nil
	50,000	0.10	October 20, 2014	3,350	Nil	Nil
	200,000	0.145	April 6, 2021	27,600	Nil	Nil
Fanny Tortiget	200,000	0.145	April 6, 2021	27,600	Nil	Nil
Claude Lavoie	Nil	Nil	Nil	Nil	Nil	Nil

Incentive Plan Awards — Value Vested or Earned During the Most Recently Completed Financial Year

The following table presents information concerning value vested with respect to option-based awards and share-based awards for the directors of the Corporation during the most recently completed financial year:

Name	Option-Based Awards – Value Vested During the year (\$)	Share-Based Awards – Value Vested During the Year (\$)	Non-Equity Incentive Plan Compensation – Value Earned During the Year (\$)
Pascal Ducharme	Nil	Nil	Nil
Fanny Tortiget	Nil	Nil	Nil
Claude Lavoie	Nil	Nil	Nil

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The following table sets out certain details as at September 30, 2012, the end of the Corporation's last fiscal year, with respect to compensation plans pursuant to which equity securities of the Corporation are authorized for issuance.

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted-average exercise price of outstanding options, warrants and rights (b)	Number of shares remaining available for future issuance under the equity compensation plans (excluding securities reflected in column (a))
Equity compensation plans previously approved by shareholders	2,205,000	0.10	7,044,633
Equity compensation plans not previously approved by shareholders	Nil	Nil	Nil

The options referred to in the table above were granted under the Stock Option Plan.

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

During the fiscal year ended September 30, 2011, and as at the date of this Management Proxy Circular, none of the directors, executive officers, employees (or previous directors, executive officers or employees of the Corporation), each proposed nominee for election as a director of the Corporation (or any associate of a director, executive officer or proposed nominee) was or is indebted to the Corporation with respect to the purchase of securities of the Corporation and for any other reason pursuant to a loan.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

The management of the Corporation is not aware of any material interest, direct or indirect, that any director, proposed director, officer, shareholder of the Corporation holding, directly or indirectly, as beneficial owner, more than 10% of the outstanding common shares of the Corporation or any associate or affiliate of any such persons would have in any material transaction concluded since the beginning of the last financial year of the Corporation or in any proposed transaction which had or could have a material effect on the Corporation, other than what is disclosed in this Management Proxy Circular.

INFORMATION ON THE AUDIT COMMITTEE

Charter of the Audit Committee

The charter of the Audit Committee is annexed to this Management Proxy Circular as Schedule A.

Composition of the Audit Committee

The Audit Committee is currently composed of Francine Rivard, Pascal Ducharme and Fanny Tortiget. Under Regulation 52-110 — Respecting Audit Committees, a director of an audit committee is "independent" if he or she has no direct or indirect material relationship with the issuer, that is, a relationship which could, in the view of the Board of Directors, reasonably be expected to interfere with the exercise of the member's independent judgment. For the purpose of assessing the independence of a member of an audit committee, Regulation 52-110 – Respecting Audit Committees further provides that an individual will be deemed to have a material relationship with an issuer if he or she accepts, directly or indirectly, any consulting, advisory or other compensatory fee from the issuer, other than as remuneration for acting in his or her capacity as a member or as part-time chair or vice-chair of the board of directors of the issuer or any committee thereof. For this purpose, the indirect acceptance by an individual of any consulting, advisory or other compensatory fee includes the acceptance of a fee by an entity in which such individual is a partner, and which provides accounting, consulting, legal, investment banking or financial advisory services to the issuer.

Based on the foregoing, the Board of Directors has determined that Pascal Ducharme and Fanny Tortiget are independent members of the Audit Committee. The Board of Directors considers that Francine Rivard is not an independent member of the Audit Committee in that Mrs. Rivard is the CFO of the Corporation.

The Board of Directors has determined that each of the members of the Audit Committee is "financially literate" within the meaning of section 1.6 of Regulation 52-110 – Respecting Audit Committees, that is, each member has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Corporation's financial statements.

Pre-approval Policies and Procedures for Audit Services

The Audit Committee has not adopted specific policies and procedures for the engagement of non-audit services.

External Auditor Fees

Audit Fees

"Audit fees" consist of fees for professional services for the audit of the Corporation's annual financial statements, assistance with interim financial statements, and related matters. Raymond Chabot Grant Thornton s.e.n.c.r.l., Chartered Accountants ("**Raymond Chabot Grant Thornton**"), the Corporation's external auditors, billed the Corporation \$29,580 in audit fees during the fiscal year ended September 30, 2012 and \$27,880 in audit fees during the fiscal year ended September 30, 2011.

Audit-Related Fees

"Audit-related fees" consist of fees for professional services that are reasonably related to the performance of the audit or review of the Corporation's financial statements and which are not reported under "Audit Fees" above.

Tax Fees

"Tax fees" consist of fees for professional services for tax compliance, tax advice and tax planning and which are not reported under "Audit Fees" above.

Reliance on Exemption

The Corporation is relying on the exemption set out in section 6.1 of Regulation 52-110 — Respecting Audit Committees with respect to the composition of the Audit Committee and certain reporting obligations.

APPOINTMENT OF AUDITORS

Raymond Chabot Grant Thornton has acted as auditors of the Corporation since September 30, 2008. The management of the Corporation proposes Raymond Chabot Grant Thornton as the Corporation's auditors, for the Corporation's financial year ending September 30, 2013.

In addition, for practical reasons, it is expedient that the directors of the Corporation be authorized to fix their remuneration upon recommendation of the Audit Committee.

Unless instructions are given to abstain from voting concerning the appointment of the auditors, the persons whose name appear in the attached form of proxy will vote FOR the appointment of Raymond Chabot Grant Thornton and the authorization given to the directors of the Corporation to fix their remuneration.

APPROVAL OF BY-LAW 2013-1 – ADVANCE NOTICE REQUIREMENT FOR THE ELECTION OF DIRECTORS

On February 12, 2013, the Board adopted By-Law 2013-1, which is attached as Schedule B to this Circular.

By-Law 2013-1 includes a provision that requires advance notice to the Corporation in circumstances where nominations of persons for election to the Board are made by shareholders of the Corporation other than pursuant to (i) a requisition to call a shareholders meeting made pursuant to the provisions of the *Canada Business Corporations Act* (the "CBCA"), or (ii) a shareholder proposal made pursuant to the provisions of the CBCA (the "**Advance Notice Provision**").

Among other things, the Advance Notice Provision fixes a deadline by which holders of record of common shares of the Corporation must submit director nominations to the Corporation prior to any annual or special meeting of shareholders and sets forth the information that a shareholder must include in the notice to the Corporation for the notice to be in proper written form.

In the case of an annual meeting of shareholders, notice to the Corporation must be made not less than 30 nor more than 65 days prior to the date of the annual meeting; provided, however, that in the event that the annual meeting is to be held on a date that is less than 40 days after the date on which the first public announcement of the date of the annual meeting was made, notice may be made not later than the close of business on the 10th day following such public announcement.

In the case of a special meeting of shareholders (which is not also an annual meeting), notice to the Corporation must be made not later than the close of business on the 15th day following the day on which the first public announcement of the date of the special meeting was made.

The Advance Notice Provision provides a clear process for shareholders to follow to nominate directors and sets out a reasonable time frame for nominee submissions along with a requirement for accompanying information. The purpose of the Advance Notice Provision is to treat all shareholders fairly by ensuring that all shareholders, including those participating in a meeting by proxy rather than in person, receive adequate notice of the nominations to be considered at a meeting and can thereby exercise their voting rights in an informed manner. In addition, the Advance Notice Provision should assist in facilitating an orderly and efficient meeting process.

The above is a partial review of the provisions contained in the By-Law 2013-1. Shareholders are urged to review By-Law 2013-1 in its entirety.

Unless instructions are given to vote against the approval of By-Law 2013-1, the persons whose name appear in the attached form of proxy will vote FOR the approval of By-Law 2013-1.

ADOPTION OF SHAREHOLDER RIGHTS PLAN

Shareholders will be asked at the meeting to consider and, if deemed advisable, to pass a resolution to ratify, confirm and approve the adoption of the Shareholder Rights Plan and all rights issued pursuant to the Shareholder Rights Plan (the “Rights Plan”). The full text of the Rights Plan is available for consultation on SEDAR at www.sedar.com. The Rights Plan, unanimously adopted by the Board of Directors and effective on February 22, 2013, is subject to ratification, confirmation and approval by the shareholders at the Meeting in accordance with the policies of the TSX Venture Exchange. The full text of the agreement is contained in an agreement entered into with Computershare Investor Services Inc. on February 22, 2013. The Rights Plan will continue in effect unless the shareholders do not ratify, confirm and approve the Rights Plan resolution (the “Rights Plan Resolution”).

Background and Purposes of the Rights Plan

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

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

The Rights Plan does not affect in any way the financial condition of the Corporation. The initial issuance of the rights (a “**Right**” or the “**Rights**”) is not dilutive and will not affect reported earnings or cash flow per Common Share until the Rights separate from the underlying common shares and become exercisable. The adoption of the Rights Plan will not lessen or affect the duty of the Board of Directors to act honestly and in good faith with a view

to the best interests of the Corporation and its shareholders. The Rights Plan is designed to provide the Board of Directors with the means to negotiate with an Offeror and with sufficient time to seek out and identify alternative transactions on behalf of the shareholders.

Time

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

To qualify as a Permitted Bid (as defined below), a takeover bid must be open for 60 days after the bid is made. If at least 50% of the Corporation's common shares subject to the bid that are not held by the bidder are deposited, the bidder may take up and pay for such common shares and the bid must remain open for a further period of 10 clear business days on the same terms.

Pressure to tender

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

The Rights Plan will encourage an Offeror to proceed by way of a Permitted Bid or to approach the Board of Directors with a view to negotiation by creating the potential for substantial dilution of the Offeror's position. The Permitted Bid provisions of the Rights Plan (described below) are designed to ensure that, in any takeover bid, all shareholders are treated equally, receive the maximum available value for their investment and are given adequate time to properly assess the bid on a fully informed basis.

Unequal treatment: full value

The Board of Directors was concerned that a person seeking such control might attempt, among other things, a gradual accumulation of the Corporation's common shares in the open market; the accumulation of a large block of common shares in a highly compressed period of time from institutional shareholders and professional speculators or arbitrageurs; or an offer for any or all of the Corporation's common shares at what the Board of Directors considers to be less than full and fair value. The Rights Plan effectively prohibits the acquisition of more than 20% of the Corporation's outstanding common shares in such a manner. The Rights Plan is designed to encourage any bidder to provide shareholders with equal treatment in a takeover and full value for their investment.

It also addresses the possibility that control or effective control of the Corporation may be acquired pursuant to a private agreement in which a small number of shareholders sell their common shares at a premium to market price, which is not shared with other shareholders, and that a person may slowly accumulate common shares through market purchases, which may result, over time, in an acquisition of control by way of a "creeping" takeover without payment of fair value for control or fair sharing of any control premium among all shareholders. The Rights Plan addresses these concerns by applying to all acquisition of common shares over the 20% level.

Summary of the rights plan

The following description of the Rights Plan is a summary only. Reference is made to the Shareholder Rights Plan Agreement, the full text of which is available for consultation on SEDAR at www.sedar.com.

Effective Date

The effective date of the Rights Plan is February 22, 2013 (the “**Effective Date**”)

Term

Upon ratification by the shareholders at a meeting duly called for that purpose, the Rights Plan will terminate on the date of the third annual general meeting thereafter (the “**Third Annual General Meeting**”), unless reconfirmed by the shareholders at the Third Annual General Meeting.

Issue of Rights

The Rights will separate from the common shares and will be exercisable ten (10) trading days (or such later date as may be determined by the Board of Directors) (the “**Separation Time**”) after a person has acquired, or commences or publicly announces or discloses its intention to commence a take-over bid to acquire, 20% or more of the common shares, other than by an acquisition pursuant to a take-over bid permitted by the Rights Plan (a “**Permitted Bid**”).

The acquisition by any person (an “**Acquiring Person**”) of 20% or more of the outstanding common shares, other than by way of a Permitted Bid, is referred to as a “**Flip-in Event**”. As the Shareholder Rights Plan will be triggered by the acquisition of common shares by an Acquiring Person other than by way of a Permitted bid, any Rights held by the Acquiring Person will become void upon the occurrence of a Flip-in Event. From and after a Flip-in Event, each Right (other than those held by the Acquiring Person), will permit the purchase of \$40 worth of common shares (at the market price on the date of the Flip-in Event) for \$20 (i.e., at a 50% discount). The issue of the Rights is not initially dilutive; however, upon a Flip-in Event occurring and the Rights separating from the common shares, reported earnings per common share on a fully diluted or non-diluted basis may be affected. The Acquiring Person, as well as any holders of Rights who do not exercise their Rights upon the occurrence of a Flip-in Event, may suffer substantial dilution.

Certificates and Transferability

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

Permitted Bid Requirements

The requirements for a Permitted Bid include the following:

- (i) the take-over bid must be made by way of a take-over bid circular;
- (ii) the take-over bid must be made to all holders of common shares;
- (iii) the voting shares shall be taken up or paid for pursuant to the take-over bid no earlier than 60 days following the date of the take-over bid, and common shares tendered pursuant to the take-over bid may be taken up and paid for only if at such time more than 50% of the common shares held by the shareholders other than the bidder, its affiliates and persons acting jointly or in concert with the bidder (collectively, the “**Independent Shareholders**”) have been tendered to the take-over bid and not withdrawn;
- (iv) the common shares deposited pursuant to the take-over bid may be withdrawn at any time before they are taken up and paid for; and
- (v) if more than 50% of the common shares held by Independent Shareholders are tendered to the take-over bid, then the bidder must make a public announcement of that fact and the take-over bid must remain open for deposits of common shares for an additional 10 business days from the date of such public announcement.

The Rights Plan allows for a competing Permitted Bid (a “**Competing Permitted Bid**”) to be made while a Permitted Bid is in existence. A Competing Permitted Bid must satisfy all of the requirements of a Permitted Bid, except that, subject to applicable law, it may expire on the same date as the Permitted Bid.

Waiver and Redemption

The Board of Directors may, prior to the Flip-in Event, waive the dilutive effects of the Rights Plan in respect of a particular Flip-in Event resulting from a take-over bid that is made by way of a take-over bid circular to all holders of common shares, or waive one or more of the requirements of a Permitted Bid or a Competing Permitted Bid, in which such waiver would be deemed also to be a waiver in respect of any other Flip-in Event, and any such requirement, occurring under a take-over bid made by way of a take-over bid circular to all holders of common shares.

The Board of Directors may also waive the Rights Plan in respect of a particular Flip-in Event that has occurred through inadvertence, provided that the Acquiring person that inadvertently triggered such Flip-in Event reduces its beneficial holdings to less than 20% of the outstanding voting shares of the Corporation at the time of the granting of such waiver or such later date as may be specified by the Board of Directors.

The Board of Directors may at any time prior to a Flip-in Event redeem all, but not less than all, of the outstanding Rights at a price of \$0.00001 each.

Exemptions for Investment Advisors

Investment advisors (for client accounts), trust companies (acting in their capacities as trustees and administrators), statutory bodies managing investment funds (for employee benefit plans, pension plans, insurance plans or various public bodies) and administrators or trustees of registered pension funds or plans acquiring greater than 20% of the common shares are exempted from triggering a Flip-in Event, provided that they are not (and are not part of a group) making or proposing to make or to participate in a take-over bid.

Exemptions for Lock-up Agreements

A person is deemed not to be the beneficial owner of common shares solely because the holder of such common shares has agreed in a “**Permitted Lock-up Agreement**” to deposit or tender those shares in acceptance of a take-over bid (the “**Lock-up Bid**”) made by such person. In order for an agreement to constitute a Permitted Lock-up Agreement, certain conditions must be met, including, among other things, (i) any “break-up” fees payable to the bidder by the tendering shareholder cannot exceed the greater of 2.5% of the price or value of the consideration payable under the Lock-up Bid and 50% of the amount by which the price or value of the consideration payable under another take-over bid or transaction exceeds the price or value of the consideration that would have been received under the Lock-up Bid, (ii) the terms of the Permitted Lock-up Agreement are publicly disclosed and a copy is made available to the public (including to the Corporation), and (iii) the Permitted Lock-up Agreement permits the tendering shareholder to deposit or tender the common shares to another take-over bid or support another transaction where the price or value offered under such other take-over bid or transaction is at least 7% more than the number proposed to be purchase under the Lock-up Bid.

Supplements and Amendments

The Corporation is authorized to amend, vary or rescind the provisions of the Rights Plan and the Rights subject to shareholder and approval of the TSX Venture Exchange.

Recommendation of the Board

Unless instructions are given to vote against the adoption of the Shareholders Rights Plan, the persons whose name appear in the attached form of proxy will vote FOR the adoption of the Shareholders Rights Plan.

Accordingly, the shareholders of the Corporation will be asked at the Meeting to pass a resolution in the following terms:

IT IS HEREBY RESOLVED:

- (i) That the Shareholder Rights Plan adopted by the Board of Directors of the Corporation on February 22, 2013, on the terms of the Shareholder Rights Plan Agreement dated as of February 22, 2013 between the Corporation and Computershare Investor Services Inc., as Rights Agent, and all the Rights issued pursuant to such Plan, are hereby ratified, confirmed and approved; and
- (ii) That any director or officer of the Corporation, be and is hereby authorized, for and on behalf of the Corporation, to execute and to deliver all documents and instruments and do all such other acts or things as such director or officer may determine to be necessary or advisable to implement this resolution, such determination to be conclusively evidenced by the execution and delivery of such documents or instruments and the taking of any such actions.

If the Rights Plan is not approved by the Shareholders of the Corporation, it will cease to have effect on the date of the Meeting.

AMENDMENTS TO THE ARTICLES OF THE CORPORATION

Management is of the opinion that changing the name of the Corporation is appropriate to better promote its corporate identity across Canada.

The Board approved the proposed amendments to the articles of the Corporation on February 22, 2013 and recommends that the shareholders vote **IN FAVOUR** of a special resolution to that effect.

Consequently, the shareholders will be asked to adopt the following resolution authorizing an amendment to the articles of the Corporation changing its name to “AXE EXPLORATION INC.”:

WHEREAS it is deemed appropriate to change the Corporation’s name to “AXE EXPLORATION INC.”;

IT IS HEREBY RESOLVED as a special resolution that:

- (1) The Corporation be authorized to change its current name to “AXE EXPLORATION INC.”;
- (2) The Corporation be authorized and instructed to request a certificate of amendment under the *Canada Business Corporations Act* (the “Act”);
- (3) The officers and directors of the Corporation be authorized to do whatever is necessary and relevant and to execute all necessary documents, specifically the articles of amendment prescribed under the Act, in order to give effect to this special resolution; and
- (4) Notwithstanding the adoption of this special resolution by the Corporation’s shareholders, the directors of the Corporation be hereby authorized to not effect the change of name contemplated in this special resolution, without further notice to, or approval by, the shareholders of the Corporation.

Unless otherwise indicated, the persons designated in the enclosed form of proxy intend to vote FOR the adoption of the special resolution. The special resolution must be adopted by at least two-thirds (2/3) of the votes cast at the Meeting.

OTHER MATTERS

Management of the Corporation knows of no other matter to come before the Meeting other than those referred to in the Notice of Meeting. However, if any other matters that are not known to the management should properly come before the Meeting, the accompanying form of proxy confers discretionary authority upon the persons named therein to vote on such matters in accordance with their best judgment.

CORPORATE GOVERNANCE PRACTICES

Policy Statement 58-201 *Corporate Governance Guidelines* and Regulation 58-101 – *Respecting Disclosure of Corporate Governance Practices* set out a series of guidelines for effective corporate governance. The guidelines address matters such as the composition and independence of corporate boards, the functions to be performed by boards and their committees, and the effectiveness and education of board members. Each reporting issuer, such as the Corporation, must disclose on an annual basis and in prescribed form, the corporate governance practices that it has adopted. The following is the Corporation's required annual disclosure of its corporate governance practices.

Board of Directors

The Board of Directors considers that Pascal Ducharme and Fanny Tortiget are independent members within the meaning of Regulation 52-110 – *Respecting Audit Committees*.

The Board of Directors considers that David Mc Donald and Francine Rivard are not independent within the meaning of Regulation 52-110 – *Respecting Audit Committees*. Mr. Mc Donald is the President of the Corporation and Mrs. Rivard is the Chief Financial Officer of the Corporation.

Directorships

The following directors are currently directors of another issuer that is a reporting issuer (or the equivalent) in a jurisdiction of Canada:

Name of Director	Issuer
David Mc Donald	Typhoon Exploration Inc.

Orientation and Continuing Education

The Corporation does not currently have a formal orientation program for new directors. The Board of Directors has taken certain measures to provide continuing education for the directors (i.e. some training sessions provided by the Exchange).

Ethical Business Conduct

In light of the Corporation's stage of development and its limited number of employees, the Board of Directors has not taken formal steps to encourage and promote a culture of ethical business conduct. The Corporation does take measures to ensure that the directors do not trade in the Corporation's shares at a time when disclosure of material information is pending.

Nomination of Directors

The Corporation does not currently have a formal nomination process in place. The Board of Directors, as a whole, is responsible for recommending candidates for election to the Board of Directors and filling any vacancies on the Board of Directors, where necessary.

Compensation

The compensation of the directors and President and Chief Executive Officer of the Corporation is determined by the Board of Directors, as a whole, upon the recommendation of the President and Chief Executive Officer and the Chief Financial Officer of the Corporation.

The Corporation is a mining exploration company and, at present, does not have positive earnings. In determining the compensation of the directors and the President and Chief Executive Officer, the Board considers, among other things, the contribution of each such individual to the Corporation, the financial resources of the Corporation and the compensation received by individuals occupying similar functions in other comparable Canadian companies. See “Compensation of Executive Officers and Directors - Compensation Discussion & Analysis” above.

Other Board Committees

The only committee of the Board of Directors is the Audit Committee.

Assessments

The Board of Directors, as a whole, is responsible for assessing on an ongoing basis the: (i) performance and contribution of each of the members of the Board of Directors on an individual basis; and (ii) performance and effectiveness of the Board of Directors generally and of the Audit Committee.

ADDITIONAL INFORMATION

Financial information about the Corporation is contained in its audited financial statements and Management's Discussion and Analysis for the fiscal year ended September 30, 2012, and additional information about the Corporation is available on SEDAR at www.sedar.com.

Shareholders who would like to obtain, at no cost to them, a copy of any of the following documents:

- (a) the audited financial statements of the Corporation for the fiscal year ended September 30, 2011 together with the accompanying report of the auditors thereon and any interim financial statements of the Corporation for periods subsequent to September 30, 2011 and Management's Discussion and Analysis with respect thereto; and
- (b) this Management Proxy Circular.

Copies are also available by contacting the Corporation:

DIAMOND FRANK EXPLORATION INC.
255, blvd Curé Labelle, Suite 204
Laval, Quebec H7L 2Z9
Tel : 450.622.4066
Fax : 450.622.4337

[E-MAIL:INFO@DIAMONDFRANK.COM](mailto:INFO@DIAMONDFRANK.COM)

AUTHORIZATION

The contents and the mailing of this Management Proxy Circular have been approved by the Board of Directors of the Corporation.

Laval, Québec, February 25, 2013

By order of the Board of Directors

(s) David Mc Donald

David Mc Donald, President and CEO

SCHEDULE A

AUDIT COMMITTEE CHARTER

The following charter is adopted in compliance with *Multilateral Instrument 52-110 Audit Committees* (“MI 52-110”).

1. MANDATE AND OBJECTIVES

The mandate of the audit committee of the Corporation (the “**Committee**”) is to assist the board of directors of the Corporation (the “**Board**”) in fulfilling its financial oversight responsibilities by reviewing the financial reports and other financial information provided by the Corporation to regulatory authorities and shareholders, the Corporation’s systems of internal controls regarding finance and accounting and the Corporation’s auditing, accounting and financial reporting processes.

The objectives of the Committee are to:

- (i) serve as an independent and objective party to monitor the Corporation’s financial reporting and internal control system and review the Corporation’s financial statements;
- (ii) ensure the independence of the Corporation’s external auditors; and
- (iii) provide better communication among the Corporation’s auditors, the management and the Board.

2. COMPOSITION

The Committee shall be comprised of at least three (3) directors as determined by the Board. The majority of the members of the Committee shall be independent, within the meaning of MI 52-110.

At least one (1) member of the Committee shall have accounting or related financial management expertise. All members of the Committee that are not financially literate will work towards becoming financially literate to obtain a working familiarity with basic finance and accounting practices.

For the purposes of this Charter, the definition of “financially literate” is the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can presumably be expected to be raised by the Corporation’s financial statements.

The members of the Committee shall be elected by the Board at its first meeting following each annual shareholders’ meeting. Unless a Chairman is elected by the Board, the members of the Committee may designate a Chairman by a majority vote of all the Committee members.

3. MEETINGS AND PROCEDURES

- 3.1 The Committee shall meet at least once annually or more frequently if required.
- 3.2 At all meetings of the Committee, every question shall be decided by a majority of the votes cast. In the case of an equality of votes, the Chairman shall not be entitled to a second vote.
- 3.3 A quorum for meetings of the Committee shall be a majority of its members and the rules for calling, holding, conducting and adjourning meetings of the Committee shall be the same as those governing meetings of the Board.

4. DUTIES AND RESPONSIBILITIES

The following are the general duties and responsibilities of the Committee:

4.1 Financial Statements and Disclosure Matters

- a) review the Corporation's financial statements, MD&A and any press releases regarding annual and interim earnings, before the Corporation publicly discloses such information, and any reports or other financial information which are submitted to any governmental body or to the public; and
- b) must be satisfied that adequate procedures are in place for the review of the Corporation's public disclosure of financial information extracted or derived from the Corporation's financial statements, other than the public disclosure referred to in subsection a) above, and must periodically assess the adequacy of those procedures.

4.2 External Auditors

- a) recommend to the Board the selection and, where applicable, the replacement of the external auditors to be nominated annually as well the compensation of such external auditors;
- b) oversee the work and review annually the performance and independence of the external auditors who shall be ultimately accountable to the Board and the Committee as representatives of the shareholders of the Corporation;
- c) on an annual basis, review and discuss with the external auditors all significant relationships they may have with the Corporation that may impact their objectivity and independence;
- d) consult with the external auditors about the quality of the Corporation's accounting principles, internal controls and the completeness and accuracy of the Corporation's financial statements;
- e) review and approve the Corporation's hiring policies regarding partners, employees and former partners and employees of the present and former external auditors of the Corporation;
- f) review the audit plan for the year-end financial statements and intended template for such statements;
- g) review and pre-approve all audit and audit-related services and the fees and other compensation related thereto, as well as any non-audit services provided by the external auditors to the Corporation or its subsidiary entities. The pre-approval requirement is satisfied with respect to the provision of non-audit services if:
 - i) the aggregate amount of all such non-audit services provided to the Corporation constitutes no more than 5% of the total amount of fees paid by the Corporation and its subsidiary entities to its external auditors during the fiscal year in which the non-audit services are provided;
 - ii) such services were not recognized by the Corporation or its subsidiary entities as non-audited services at the time of the engagement; and

- iii) such services are promptly brought to the attention of the Committee by the Corporation and approved, prior to the completion of the audit, by the Committee or by one or more of its members to whom authority to grant such approvals has been delegated by the Committee.

The Committee may delegate to one or more independent members of the Committee the aforementioned authority to pre-approve non-audited services, provided the pre-approval of the non-audit services is presented to the Committee at its first scheduled meeting following such approval.

4.3 Financial Reporting Processes

- a) in consultation with the external auditors, review with management the integrity of the Corporation's financial reporting process, both internal and external;
- b) consider the external auditor's judgments about the quality and appropriateness of the Corporation's accounting principles as applied in its financial reporting;
- c) consider and approve, if appropriate, changes to the Corporation's auditing and accounting principles and practices as suggested by the external auditors and management;
- d) review any significant disagreement among management and the external auditors in connection with the preparation of the financial statements;
- e) review with the external auditors and management the extent to which changes and improvements in financial or accounting practices have been implemented;
- f) establish procedures for the confidential, anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters and the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls or auditing matters.

SCHEDULE B

BY-LAW NO. 2013-1

Amendment to the Administrative By-Laws of the Corporation

ADVANCE NOTICE REQUIREMENT FOR NOMINATIONS OF DIRECTORS

The Administrative By-laws of the Corporation are hereby amended by adding Section 4.3A:

4.3A. **Nomination of Directors**

Subject to the provisions of the *Canada Business Corporations Act* (the “**Act**”) and the articles of the Corporation (the “**Articles**”), a nominee will not be eligible for election as director of the Corporation unless such nomination is made in accordance with the following procedures.

Nominations of a person for election to the Board of Directors may be made at any annual meeting of shareholders, or at any special meeting of shareholders if one of the purposes for which the special meeting was called was the election of directors:

- (1) by or at the direction of the Board of Directors or an authorized officer of the Corporation, including pursuant to a notice of meeting;
- (2) by or at the direction or request of one or more shareholders pursuant to a proposal made in accordance with the provisions of the Act or a requisition to call a shareholders’ meeting made in accordance with the provisions of the Act; or
- (3) by any person (a “**Nominating Shareholder**”) (i) who, at the close of business on the date of the giving of the notice provided for below and on the record date for notice of such meeting, is entered in the securities register as a holder of one or more shares carrying the right to vote at such meeting or who beneficially owns shares that are entitled to be voted at such meeting and (ii) who complies with the notice procedures set forth below:
 - (a) In addition to any other applicable requirements for a nomination to be made by a Nominating Shareholder, such person must have given timely notice thereof in proper written form to the Corporate Secretary of the Corporation at the registered office of the Corporation in accordance with the requirements of this Section 4.3A.
 - (b) To be timely, a Nominating Shareholder's notice to the Corporate Secretary of the Corporation must be made:
 - (i) In the case of an annual meeting of shareholders, not less than 30 nor more than 65 days prior to the date of the annual meeting of shareholders; provided, however, that in the event that the annual meeting of shareholders is called for a date that is less than 40 days after the date on which the first Public Announcement (as defined below) of the date of the annual meeting was made, notice by the Nominating Shareholder may be made not later than the close of business on the tenth (10th) day following such Public Announcement; and
 - (ii) In the case of a special meeting (other than an annual meeting) of shareholders called for the purpose of electing directors (whether or not called for other purposes), not later than the close of business on the fifteenth (15th) day following the day on which the first public announcement of the date of the special meeting of shareholders was made.
 - (c) Notwithstanding the foregoing, the Board may, in its sole discretion, waive any requirement in paragraph 4.3A(3)(b). In no event shall any adjournment or postponement of a meeting of

shareholders or the announcement thereof commence a new time period for the giving of a Nominating Shareholder's notice.

- (d) To be in proper written form, a Nominating Shareholder's notice to the Corporate Secretary of the Corporation must set forth (a) as to each person whom the Nominating Shareholder proposes to nominate for election as a director (i) the name, age, business address and residence address of the nominee, (ii) the principal occupation or employment of the nominee, (iii) the class or series and number of shares in the share capital of the Corporation which are controlled or which are owned beneficially or of record by the nominee as of the record date for the meeting of shareholders (if such date shall then have been made publicly available) and as of the date of such notice, and (iv) any other information relating to the nominee that would be required to be disclosed in a dissident's proxy circular in connection with solicitations of proxies for election of directors pursuant to the Act and Applicable Securities Laws (as defined below); and (b) as to the Nominating Shareholder giving the notice, any proxy, contract, arrangement, understanding or relationship pursuant to which such Nominating Shareholder has a right to vote any shares of the Corporation and any other information relating to such Nominating Shareholder that would be required to be made in a dissident's proxy circular in connection with solicitations of proxies for election of directors pursuant to the Act and Applicable Securities Laws (as defined below). The Corporation may require any proposed nominee to furnish such other information as may reasonably be required by the Corporation to determine the eligibility of such proposed nominee to serve as an independent director of the Corporation.
- (e) No person shall be eligible for election as a director of the Corporation unless nominated in accordance with the provisions of this Section 4.3A; provided, however, that nothing in this Section 4.3A shall be deemed to preclude discussion by a shareholder (as distinct from the nomination of directors) at a meeting of shareholders of any matter in respect of which it would have been entitled to submit a proposal pursuant to the provisions of the Act. The chairman of the meeting shall have the power and duty to determine whether a nomination was made in accordance with the procedures set forth in the foregoing provisions and, if any proposed nomination is not in compliance with such foregoing provisions, to declare that such defective nomination shall be disregarded.
- (f) For purposes of this Section 4.3A, (i) “**Public Announcement**” shall mean disclosure in a press release reported by a national news service in Canada, or in a document publicly filed by the Corporation under its profile on the System of Electronic Document Analysis and Retrieval at www.sedar.com; and (ii) “**Applicable Securities Laws**” means the applicable securities legislation of each relevant province and territory of Canada, as amended from time to time, the rules, regulations and forms made or promulgated under any such statute and the published national instruments, multilateral instruments, policies, bulletins and notices of the securities commission and similar regulatory authority of each province and territory of Canada.
- (g) Notwithstanding any other provision of the Administrative By-laws, notice given to the Corporate Secretary of the Corporation pursuant to this Section 4.3A may only be given by personal delivery, facsimile transmission or by email (at such email address as stipulated from time to time by the Corporate Secretary of the Corporation for purposes of this notice), and shall be deemed to have been given and made only at the time it is served by personal delivery, email (at the address as aforesaid) or sent by facsimile transmission (provided that receipt of confirmation of such transmission has been received) to the Corporate Secretary at the address of the principal executive offices of the Corporation; provided that if such delivery or electronic communication is made on a day which is not a business day or later than 5:00 p.m. (Québec City time) on a day which is a business day, then such delivery or electronic communication shall be deemed to have been made on the subsequent day that is a business day.

The Administrative By-laws of the Corporation, as amended from time to time, and this By-law 2013-1 shall be read together. All terms contained in this by-law which are defined in Administrative By-laws, as amended from time to time, shall, for all purposes hereof, have the meanings given to such terms in the said Administrative By-laws.