

DIAMOND FRANK EXPLORATION INC.
(the "Corporation")

MANAGEMENT PROXY CIRCULAR

SOLICITATION OF PROXIES BY MANAGEMENT

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 and Special General 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, teletype, 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, Services aux investisseurs Computershare 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; and (iii) the approval of amendments to the stock option plan. 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 March 1, 2011, there were 46,248,165 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 March 2, 2011 as the

record date (the "**Record Date**") for the purpose of determining shareholders entitled to receive notice of the Meeting, but failure to receive such notice does not automatically deprive a shareholder of his right to vote at 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.

Any person who acquires shares after the record date is entitled to vote if said person can provide share certificates regularly endorsed or establish in another manner its ownership of the shares.

As at March 1, 2011, 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 Issuer*", 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 four 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 and country of residence and principal occupation, the year in 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 Rosemere, Laval, Québec	President, CEO and Director	October 17, 2007	398,790 ⁽¹⁾	President and CEO of the Corporation
Francine Rivard ⁽²⁾ Chertsey, Québec	Secretary, CFO and Director	October 17, 2007	61,328	Accountant
Pascal Ducharme ⁽²⁾ Boisbriand, Québec	Director	March 11, 2009	90,731	President, Patate du Nord
Fanny Tortiget Val-d'Or, Québec	Nominee	Nominee	3,022	Geologist

(1) Of which 60,000 common shares are held by Ressources Lutsvisky Inc. ("Lutsvisky") a private corporation wholly-owned by David Mc Donald

(2) Member of the Audit Committee.

All of the foregoing nominees have previously been elected directors of the Corporation at a shareholder's meeting for which an information circular was issued, except for Fanny Tortiget. The information as to shares beneficially owned or over which the above-named individuals exercise control or direction is not within the knowledge of the Corporation and has been furnished by the respective nominees individually.

Fanny Tortiget graduated from the University of Poitiers, France, where she obtained a Masters in Geosciences in 2008. She is a member of the «l'Ordre des Géologues du Québec» as a trainee geologist since 2009. She is employed by a company of consulting geologist since 2009. She developed her working capacities in the field of mineral exploration as a consultant on several gold-bearing projects in Quebec, mainly in Abitibi. On these projects, she has performed and supervised campaigns mapping, rock sampling, sampling of glacial sediments and drilling. She is a member of the «Association d'Exploration Minière du Québec» (AEMQ) and the «Association des Prospecteurs du Nord du Québec» (APNQ).

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:

- (i) compensate management in a matter that encourages and rewards a high level of performance and outstanding results with a view of increasing long-term shareholder value;
- (ii) align management's interests with long-term interests of shareholders;

- (iii) provide a compensation package that is commensurate with other mining exploration companies in order to enable the Corporation to attract and retain talent; and
- (iv) 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, 2010, 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, 2010 and 2009, 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	2009	Nil	Nil	2,600	Nil	Nil	Nil	437,434	602,818
	2010	Nil	Nil	6,700	Nil	Nil	Nil	56,355	210,490
Francine Rivard CFO	2009	25,740	Nil	650	Nil	Nil	Nil	Nil	15,200
	2010	26,41	Nil	3,350	Nil	Nil	Nil	Nil	14,975

(1) Black & Scholes model.

(2) Management fees paid to Lutsvisky.

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
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

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

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, 2010 and the value of non-equity incentive plan compensation earned during the year September 30, 2010.

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

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 (\$)
Michel Fontaine	Nil	Nil	3,350	Nil	Nil	Nil	3,350
Pascal Ducharme	Nil	Nil	3,350	Nil	Nil	Nil	3,350

(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 (\$)
Michel Fontaine	50,000	0.11	April 10, 2013	4,150	Nil	Nil
	25,000	0.10	February 5, 2014	650	Nil	Nil
	50,000	0.10	October 20, 2014	3,350	Nil	Nil
Pascal Ducharme	50,000	0.10	March 10, 2014	1,350	Nil	Nil
	50,000	0.10	October 20, 2014	3,350	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 (\$)
Michel Fontaine	Nil	Nil	Nil
Pascal Ducharme	Nil	Nil	Nil

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The following table sets out certain details as at September 30, 2010, 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)) (c)
Equity compensation plans previously approved by shareholders	950,000	0.10	3 563 640
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, 2010, 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, Michel Fontaine and Pascal Ducharme. 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 Michel Fontaine and Pascal Ducharme 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 \$15,645 in audit fees during the fiscal year ended September 30, 2010 and \$17,500 in audit fees during the fiscal year ended September 30, 2009.

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.

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, 2011.

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.

AMENDMENTS TO THE CORPORATION'S STOCK OPTION PLAN

On March 1, 2011, the directors have, subject to approval by disinterested shareholders of the Corporation and the Exchange, adopted an amendments to the Plan.

The number of common shares reserved for future issuance is increased to 9,243,633, i.e. 20% of the number of common shares of the Corporation issued and outstanding.

In compliance with the policies of the Exchange, the amendments are subject to Exchange approval and subject to approval by a majority of the votes cast in person or by proxy by the disinterested shareholders of the Corporation at the Meeting.

The shareholders of the Corporation will, at the Meeting, be asked to pass the following resolution:

"BE IT RESOLVED is approved the amendment to the Stock Option Plan of the Corporation as described in the Information Circular of the Corporation dated March 1, 2011."

The purpose of the foregoing resolution, the votes relating to common shares held by insiders of the Corporation and their respective associates will be excluded. To the best of the management's knowledge, the number of common shares to be withheld from voting by such insiders and respective associates aggregates 550,849.

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 Michel Fontaine and Pascal Ducharme are independent members within the meaning of Regulation 52-110 – *Respecting Audit Committees*.

The Board of Directors considers that David Mc Donald and Francine Riard 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, 2010, 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, 2010 together with the accompanying report of the auditors thereon and any interim financial statements of the Corporation for periods subsequent to September 30, 2010 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.

Montréal, March 1, 2011

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.