



MACDONALD MINES EXPLORATION LTD.

141 Adelaide Street West, Suite 520
Toronto, ON M5H 3L5
Telephone (416) 364-4986

Notice of Annual General Meeting of Shareholders

Notice is hereby given that the Annual General Meeting of Shareholders (the "Shareholders") of MacDonald Mines Exploration Ltd. (the "Company") will be held at 37th Floor, 800 Place Victoria, Stock Exchange Tower, Montreal, Quebec, H3Z 1E9 on Thursday, June 11, 2009, at the hour of 11:00 a.m. (local time), for the following purposes

1. To receive and consider the financial statements of the Company for the fiscal year ended December 31, 2008 and the Auditors' Report thereon.
2. To appoint Moore Stephens, Chartered Accountants, as the Auditors of the Company, and to authorize the Directors to fix their remuneration.
3. To elect Directors to serve until the next Annual General Meeting of Shareholders or until their successors are elected or appointed.
4. To approve continuation of the Stock Option Plan of the Company as instituted and as approved by the TSX Venture Exchange.
5. To seek approval of share issuance in lieu of cash remuneration to Directors and Officers.
6. To seek approval of Stock Option re-pricing.
7. To transact such other business as may properly come before the Meeting or any adjournment or adjournments thereof.

The Board of Directors has fixed Thursday, April 30, 2009 as the Record Date for determining the Shareholders who are entitled to receive notice and to vote at the Meeting. Shareholders who are unable to attend the Meeting in person are requested to read, complete, sign and mail the enclosed Form of Proxy to the Company's Transfer Agent, Equity Transfer and Trust Company, Suite 400, 200 University Avenue, Toronto, Ontario M5H 4H1, not later than 11:00 a.m. on Tuesday, June 9, 2009, being 48 hours (excluding Saturdays, Sundays and holidays) prior to the Meeting. Shareholders should notify Equity Transfer and Trust Company of any change in their mailing address.

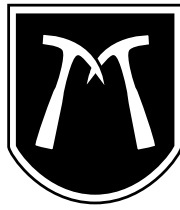
DATED this 4th day of May 2009.

BY ORDER OF THE BOARD OF DIRECTORS

"J.A. Kirk McKinnon"

J.A. Kirk McKinnon
President

If you are a not a registered shareholder of the Company and received these materials through your broker or through another intermediary, please complete and return the materials in accordance with the instructions provided to you by your broker or by the other intermediary. Failure to do so may result in your shares not being eligible to be voted by proxy at the Meeting.



MACDONALD MINES EXPLORATION LTD.

INFORMATION CIRCULAR

(as of May 4, 2009)

SOLICITATION OF PROXIES

This Information Circular is furnished in connection with the solicitation of proxies by the management (the “**Management**”) of MacDonald Mines Exploration Ltd. (the “**Company**”) for use at the Annual General and Special Meeting of the shareholders of the Company (“**Shareholders**”) to be held on June 11, 2009 (the “**Meeting**”), and at any adjournment thereof, at the time and place and for the purposes set forth in the accompanying Notice of Meeting. While it is expected that the solicitation will be primarily by mail, proxies may be solicited personally or by telephone by employees of the Company at nominal cost. All costs of solicitation by Management will be borne by the Company.

The Company has also made arrangements with Canadian brokerage houses and other Canadian intermediaries to send proxy materials at the Company's expense to unregistered shareholders (beneficial shareholders) of the Company who have advised their brokers that they wish to receive such material.

Appointment and Revocation of Proxies

The persons named as proxy holders in the accompanying form of proxy, namely, J.A. Kirk McKinnon, President **and** Director of the Company and Richard Schler, Chief Financial Officer and Director of the Company, were designated by the Management of the Company. **A Shareholder wishing to appoint some other person (who need not be a Shareholder) to represent him or her at the Meeting has the right to do so, either by striking out the names of those persons named in the accompanying form of proxy and inserting the desired person's name in the blank space provided in the form of proxy or by completing another form of proxy.** A proxy to be valid must be deposited, together with the power of attorney or other authority, if any, under which it is signed or a notarially certified copy thereof, at least 48 hours (excluding Saturdays and holidays) before the time for holding the Meeting, at the office of the Company's Transfer Agent and Registrar, Equity Transfer & Trust Company, Suite 400, 200 University Avenue, Toronto, Ontario M5H 4H1 or by fax at (416) 361-0470.

A Shareholder who has given a proxy may revoke it by an instrument in writing executed by the Shareholder or by his or her attorney authorized in writing or, where the Shareholder is a corporation, by a duly authorized officer or attorney of that corporation, and delivered to the said office of Equity Transfer & Trust Company, at any time up to and including the last business day preceding the day of the Meeting, or any adjournment thereof, or to the Chairman of the Meeting on the day of the Meeting, or in any other manner permitted by law. A revocation of a proxy does not affect any matter on which a vote has been taken prior to the revocation.

Advice to Beneficial Shareholders

Shareholders who do not hold their shares registered in their own name (referred to as “**Beneficial Shareholders**”) are advised that only proxies from Shareholders of record can be recognized and voted upon at the Meeting. Beneficial Shareholders who complete and return a proxy must indicate thereon the person (usually a brokerage house or depository company) who holds their shares as a Shareholder of record. Every such intermediary has its own mailing procedure and provides its own return instructions, which should be followed carefully. The form of proxy supplied to Beneficial Shareholders is identical to that provided to Shareholders of record. However, its purpose is limited to instructing the Shareholder of record how to vote on behalf of the Beneficial Shareholder.

All references to Shareholders in this Information Circular and the accompanying form of proxy and Notice of Meeting are to Shareholders of record unless specifically stated otherwise.

Voting by non-registered shareholders

Only registered shareholders, or the persons they appoint as their proxies, are permitted to vote at the Meeting. Non-Objecting Beneficial Owners (“**NOBOs**”) may also vote at the meeting when the Company chooses to mail to NOBOs directly. These securityholder materials are being sent to both registered and non-registered owners of the securities. If you are a non-registered owner, and the Company or its agent has sent these materials directly to you, your name and address and information about your holdings of securities, have been obtained in accordance with applicable securities regulatory requirements from the intermediary holding on your behalf.

By choosing to send these materials to you directly, the Company (and not the intermediary holding on your behalf) has assumed responsibility for (i) delivering these materials to you, and (ii) executing your proper voting instructions.

If you have received the Company’s form of proxy, you may return it to Equity Transfer & Trust Company:

1. By regular mail in the return envelope provided,
2. By fax at 416.361.0470

Objecting Beneficial Owners (“**OBOs**”) and other beneficial holders receive a Voting Instruction Form (“**VIF**”) from an Intermediary by way of instruction of their Financial Institution. Detailed instructions of how to submit your vote will be on the VIF.

In either case, the purpose of this procedure is to permit non-registered holders to direct the voting of the shares they beneficially own. Should a non-registered holder who receives either form of proxy wish to vote at the Meeting in person, the non-registered holder should strike out the persons named in the form of proxy and insert the non-registered holder’s name in the blank space provided. Non-registered holders should carefully follow the instructions of their Intermediary including those regarding when and where the form of proxy or VIF is to be delivered.

Voting of Proxies

Shares represented by properly executed proxies in favour of persons designated in the enclosed form of proxy **will be voted for the matters to be transacted at the Meeting** (as stated herein and in the Notice of Meeting), **or withheld from voting or voted against, if so indicated on the form of proxy.**

The shares represented by the proxy shall be voted on any ballot and, where a choice is specified, in accordance with the choice so made. **If no choice is specified with respect to any matter referred to therein, it is intended on a ballot to vote such shares in favour of each such matter.**

The enclosed form of proxy when properly completed and delivered, and not revoked, may confer discretionary authority upon the person appointed proxy thereunder to vote with respect to amendments or variations to matters referred to herein and with respect to other matters which may properly come before the Meeting. In the event amendments or variations to matters referred to herein are properly brought before the Meeting, or any further or other business is properly brought before the Meeting, it is the intention of the persons designated in the enclosed form of proxy to vote in accordance with their best judgment on such matters or business. At the time of the printing of this Information Circular, the Management of the Company knows of no such amendment, variation or other matter which may be presented at the Meeting.

VOTING SECURITIES AND PRINCIPAL HOLDERS THEREOF

The Company was incorporated pursuant to the Quebec *Mining Companies Act* as MacDonald Mines Limited on December 23, 1936 and continued as MacDonald Mines Exploration Ltd. on October 19, 1992 pursuant to the *Companies Act* (Quebec). The Company’s authorized capital consists of an unlimited number of Class “A” Common Shares (the “**Shares**”). As at April 30, 2009, there were 142,673,400 Shares issued and outstanding. Only Shareholders of record at 10:30 p.m. on April 30, 2009 who either personally attend the Meeting or who have

completed and delivered a form of proxy in the manner and subject to the provisions described herein, will be entitled to vote or to have their Shares voted at the Meeting.

Each Share carries one vote at all meetings of Shareholders, entitlement to participate proportionately in any dividends declared by the Directors on the Shares, and is entitled, on the liquidation, dissolution, winding-up, or other distribution of assets of the Company for the purpose of winding-up its affairs, to a pro rata share of the net assets of the Company.

The presence in person, or by proxy, of at least two persons entitled to vote, representing at least ten percent (10%) of the issued and outstanding Shares of the Company, is necessary to convene the Meeting. Each resolution that will be placed before the Meeting will be an ordinary resolution requiring for its approval a simple majority of the votes cast in person or by proxy at the Meeting in respect of the resolution. The policies of the TSX Venture Exchange require Disinterested Shareholder Approval of the Shares for Debt Transactions and the Option Re-Pricing (as those terms are defined below).

To the knowledge of the directors and senior officers of the Company, only the following persons or companies beneficially own, directly or indirectly, or exercise control or direction over, voting securities carrying more than 10% of the voting rights attached to all outstanding Shares of the Company:

Name and Address	Number of Voting Securities	% of Outstanding Voting Securities ¹
CDS & Co.	136,481,963	95.66%

⁽¹⁾ Based on 142,673,400 Class "A" Common Shares issued and outstanding as at April 30, 2009

APPOINTMENT OF AUDITORS

MSCM LLP, Chartered Accountants, were first appointed auditors of the Company on March 11, 2004 and have completed audits on the Company's financial statements for the financial years ended 2003 to 2008 inclusive. **Proxies received in favour of management will be voted for the approval of the appointment of MSCM LLP as the Company's auditors and authorization of the directors to fix their remuneration, unless the shareholder has specified in the proxy that his Shares are to be voted against such a resolution.**

The financial statements of the Company have been prepared in accordance with Canadian generally accepted accounting principles and audited in accordance with Canadian generally accepted auditing standards.

ELECTION OF DIRECTORS

The directors of the Company are elected annually. Each director elected will hold office until the conclusion of the next annual general meeting of the Company, unless a director's office is earlier vacated in accordance with the Articles of the Company, or the provisions of the *Companies Act* (Quebec). There are currently seven (7) members on the board of directors of the Company (the "Board"). The directors have fixed the number of directors to be elected at the Meeting at seven (7) and seven (7) directors will be elected at the Meeting. On January 23, 2009, Elgin Wolfe resigned from the Board and his vacancy was filled by Alex Iannone.

The persons named in the following table are Management's nominees to the Board. **Unless a proxy specifies that the Shares it represents are to be withheld from voting in favour of the candidates proposed below, the proxies named in the accompanying form of proxy intend to vote in favour of the candidates proposed below.**

Name, Province and Country of Residence and Position with the Company	Principal Occupation	Date First Appointed	No. of Voting Shares Held ⁽¹⁾
Hadyn Butler ⁽¹⁾ Ontario, Canada Director and Chief Geologist	Professional Geologist (Self-employed)	August 14, 2003	250,000
J.A. Kirk McKinnon ⁽¹⁾ Ontario, Canada Director, President and CEO	Resource Executive	August 14, 2003	2,100,000
John P. Sanderson ⁽¹⁾⁽²⁾ British Columbia, Canada Director	Mediator, Arbitrator and Legal Counsel	February 15, 2001	63,000
Richard Schler ⁽¹⁾⁽²⁾ Ontario, Canada Director, Vice President, Finance and CFO	Management Consultant	October 27, 2003	475,000
Julie Lassonde-Gray ⁽¹⁾ Ontario, Canada Director	Executive Vice President, Takara Resources President, Garson Gold Corp.	October 29, 2007	Nil
Alex Iannone ⁽¹⁾⁽²⁾ Ontario, Canada Director	Partner – Iannone Accounting Services	January 23, 2009	Nil
Robin Chisholm ⁽¹⁾ Alberta, Canada Director	Professional Geologist President & CEO – Taiga Consultants Ltd.	April 30, 2008	Nil

⁽¹⁾ The information as to shareholdings has been furnished by the respective nominees.

⁽²⁾ Member of Audit Committee.

STATEMENT OF EXECUTIVE COMPENSATION

1. Compensation of Executive Officers

In this part:

“CEO” means each individual who served as Chief Executive Officer of the Company or acted in a similar capacity during the most recently completed fiscal year;

“CFO” means each individual who served as Chief Financial Officer of the Company or acted in a similar capacity during the most recently completed fiscal year; and

“Named Executive Officers” means the following individuals:

- i) each CEO;
- ii) each CFO;

- iii) each of the Company's three most highly compensated executive officers, other than the CEO and CFO, who were serving as executive officers at the end of the most recently completed financial year and whose total salary and bonus exceeds \$150,000; and
- iv) any additional individuals for whom disclosure would have been provided under (iii) except that the individual was not serving as an officer of the Company at the end of the most recently completed financial year-end.

As at December 31, 2008, the end of the most recently completed financial year of the Company, the Company had two Named Executive Officers, whose names and positions held within the Company are set out in the summary compensation table below.

The table below sets forth information concerning the compensation paid to the Company's Named Executive Officers during the Company's three financial years ended December 31, 2008 and December 31, 2007 and December 31, 2006:

Summary Compensation Table

Named Executive Officer Name & Principal Position	Year	Annual Compensation		Long Term Compensation				All Other Compensation (\$)
		Salary (\$)	Bonus (\$)	Awards		Payouts		
				Other Annual Compensation (\$)	Securities Under Options/SARs Granted (#)	Restricted Shares (\$)	LTIP Payouts (\$)	
J.A.Kirk McKinnon President & CEO	2008	Nil	Nil	123,000	Nil	Nil	Nil	Nil
	2007	Nil	Nil	120,000	4,210,000	Nil	Nil	Nil
	2006	Nil	Nil	85,000	400,000	Nil	Nil	Nil
Richard Schler COO & CFO	2008	Nil	Nil	110,000	Nil	Nil	Nil	Nil
	2007	Nil	Nil	108,000	3,750,000	Nil	Nil	Nil
	2006	Nil	Nil	60,000	400,000	Nil	Nil	Nil

2. Stock Options

The Company has a formalized stock option plan. There were no stock options granted during the financial year ended December 31, 2008 to Named Executive Officers.

Options Exercised

The following table sets forth details of the financial year-end value of the exercise options held by Named Executive Officers on an aggregate basis:

AGGREGATED OPTION/SAR EXERCISES DURING THE MOST RECENTLY COMPLETED FINANCIAL YEAR AND FINANCIAL YEAR-END OPTION/SAR VALUES				
Named Executive Officer	Securities Acquired on Exercise (#)	Aggregate Value Realized (\$)	Unexercised Options/SARs at FY-End (#) Exercisable/Unexercisable	Value of Unexercised in-the-Money Options/SARs at FY-End (\$) Exercisable/Unexercisable ¹
Kirk McKinnon	Nil	Nil	3,510,000	Nil
Richard Schler	Nil	Nil	3,150,000	Nil

⁽¹⁾ The value of unexercised in-the-money options at December 31, 2008 was computed based on the prevailing market closing price of \$0.05 per share.

Equity Compensation Plan Information

The following table sets forth, as of December 31, 2008, information concerning securities authorized for issue under the Stock Option Plan.

Plan Category	Number of Securities to be Issued Upon Exercise of Outstanding Options	Weighted Average Exercise Price of Outstanding Options	Number of Securities Remaining Available for Future Issuance Under the Stock Option Plan
Stock Option Plan previously approved by security holders	13,660,000	\$0.51	607,340 ¹

⁽¹⁾ Based on 142,673,400 Class "A" Common Shares issued and outstanding as at the date hereof, which allows for the reservation of up to 14,267,340 Common Shares pursuant to the grant of stock options on the basis that the stock options granted under the stock option plan may not exceed 10% of the number of outstanding Common Shares at any given time.

5. Pension Arrangements

The company does not have any pension arrangements in place for its executive officers.

6. Compensation

The directors of the Company have no standard compensation arrangements, or any other arrangements, with the Company. Directors do not receive any compensation in their capacities as directors although they are all eligible to participate in the Company's Stock Option Plan.

Compensation to Executive Officers of the Company who also act as Directors of the Company is disclosed under "Executive Compensation".

The directors had no arrangements with the Company where they were compensated for services as consultants or experts by the Company. Compensation to directors who do provide services in the normal course of business is approved by Management.

STATEMENT OF CORPORATE GOVERNANCE PRACTICES

Effective June 2005, several changes to the corporate governance disclosure requirements are applicable to the Company. Specifically, National Policy 58-201 - *Corporate Governance Guidelines* of the Canadian Securities Administrators sets out a series of guidelines for effective corporate governance. The guidelines address matters such as the constitution and independence of corporate boards of directors, the functions to be performed by boards of directors and their committees, and the education of members of boards of directors. National Instrument 58-101 - *Disclosure of Corporate Governance Practices* of the Canadian Securities Administrators requires the disclosure by each listed corporation of its approach to corporate governance with reference to the *Corporate Governance Guidelines* as it is recognized that the unique characteristics of individual corporations will result in varying degrees of compliance.

The Board of Directors

National Instrument 58-101 defines an “independent director” as a director who has no direct or indirect material relationship with the Company. A “material relationship” is in turn defined as a relationship which could, in the view of the Board, be reasonably expected to interfere with such member’s independent judgment.

The Board is currently comprised of seven members, a majority of whom are “independent directors” within the meaning of the National Instrument. The four independent directors are Hadyn Butler, John Sanderson (Chairman of the Board), Alex Iannone, and Julie Lassonde-Gray.. The other three directors are considered to be non-independent as they have a material relationship with the Company by virtue of their positions within the Company. Kirk McKinnon is the President and Chief Executive Officer of the Company and Richard Schler is Chief Operating Officer and Chief Financial Officer of the Company. Robin Chisholm is a consultant geologist for the Company.

Directorships

Certain of the directors of the Company are also directors of other reporting issuers (or equivalent) in a jurisdiction or a foreign jurisdiction as follows:

<u>Name of Director</u>	<u>Other reporting issuer (or equivalent in a foreign jurisdiction)</u>
Kirk McKinnon	Red Pine Exploration Inc. Uranium Star Corp. Honey Badger Exploration Inc.
Richard Schler	Red Pine Exploration Inc Uranium Star Corp. Honey Badger Exploration Inc.
Alex Iannone	Red Pine Exploration Inc
Robin Chisholm	Leeward Capital Corp
John P. Sanderson	Uranium Star Corp.
Hadyn Butler	N/A
Julie Lassonde-Gray	Executive Vice President, Takara Resources President, Garson Gold Corp.

Orientation and Continuing Education

The Company does not provide a formal orientation and education program for new directors. However, new directors are given an opportunity to familiarize themselves with the Company by visiting the Company's corporate offices, meeting with other directors, reviewing the rules and regulations of the stock exchange where the Company's Shares are listed, and reviewing the Company's by-laws. Moreover, new directors are invited to speak with the Company's solicitors to become familiarized with their legal responsibilities.

Ethical Business Conduct

The role of the Board is to oversee the conduct of the Company's business, to set corporate policy and to supervise Management, which is responsible to the Board for the day-to-day conduct of business. However, given the size of the Company, all material transactions are addressed at the Board level.

The Board discharges five (5) specific responsibilities as part of its overall "stewardship responsibility". These are:

- Strategic Planning Process: given the Company's size, the strategic plan is elaborated directly by Management, with input from and assistance of the Board;
- Managing Risk: the Board directly oversees most aspects of the business of the Company and thus, does not require the elaboration of "systems" or the creation of committees, other than the audit committee of the Board, to effectively monitor and manage the principal risks of all aspects of the business of the Company;
- Appointing, Training, and Monitoring Senior Management: no elaborate system of selection, training and assessment of Management has been established, as those would prove too costly; however, the Board closely monitor's Management's performance, which is measured against the overall strategic plan, through reports by and regular meetings with Management;
- Communication Policy: it is and has always been the unwritten policy of the Board to communicate effectively with its shareholders, other stakeholders, and the public generally through statutory filings and mailings, as well as news releases; the shareholders are also given an opportunity to make comments or suggestions at shareholder meetings; these comments and suggestions are then factored into the Board's decisions;
- Ensuring the integrity of the Company's Internal Control and Management Information System: given the involvement of the Board in operations, the reports from and the meetings with Management, the Board can effectively track and monitor the implementation of approved strategies.

The Board's Relations with Management

The President is a member of the Board, as is usual in a company of this size. The Board feels that this is not an impediment to the proper discharge of the Board's responsibilities. Furthermore, the interaction between Management and Board members, both inside and outside of Board meetings, ensures that the Board is properly informed and the Board members' experience is brought to bear when needed by Management.

The Board remains sensitive to corporate governance issues and seeks to set up the necessary structures to ensure the effective discharge of its responsibilities without creating additional overhead costs or reducing the return on shareholders' equity. The Board remains committed to ensuring the long-term viability of the Company, as well as the well-being of its employees and of the communities in which it operates.

The Board has also adopted a policy of permitting individual directors under appropriate circumstances to engage legal, financial or other expert advisors at the Company's expense.

Nomination of Directors

The Board performs the functions of a nominating committee with responsibility for the appointment and assessment of directors. The Board believes that this is a practical approach at this stage of the Company's development and given the small size of the Board.

While there are no specific criteria for Board membership, the Company attempts to attract and maintain directors with business expertise, and in particular, knowledge of mineral exploration and development or finance. Nominations tend to be the result of recruitment efforts by Management of the Company and individual directors, which are then presented to the Board for consideration.

Compensation

The Board determines the compensation for the Company's directors and officers, based on industry standards and the Company's financial situation. Other than stock options granted to directors from time to time, the directors currently do not receive any remuneration for their acting in such capacity.

Other Board Committees

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

Assessment

The Board assesses, on an annual basis, the contribution of the Board as a whole and each of the individual directors, in order to determine whether each is functioning effectively.

AUDIT COMMITTEE

Multilateral Instrument 52-110 – *Audit Committees* of the Canadian Securities Administrators (“**MI 52-110**”) requires the Company, as a TSX Venture Exchange Issuer, to disclose annually in its Management Information Circular the disclosure required by Form 52-110F2 with respect to the Company's Audit Committee, its auditors and certain other matters.

Audit Committee Charter

The responsibilities and operation of the Audit Committee are set out in the Company's Audit Committee Charter, a copy of which is included as Appendix A.

Composition of the Audit Committee

The Board of directors has established an Audit Committee comprised of three directors of the Company, John Sanderson (Chair of the Audit Committee), Alex Iannone and Richard Schler, all of whom are financially literate for purposes of Multilateral Instrument 52-110. John Sanderson and Alex Iannone are independent directors. As a “venture issuer” for purposes of Multilateral Instrument 52-110, the Company is relying on an exemption provided in section 6.1 thereunder from certain requirements regarding the composition of the audit committee, including the requirement that all members qualify as “independent”.

Relevant Education and Experience

Richard E. Schler, MBA has previous experience as a member of senior management of noted corporations and currently serves as Chief Financial Officer of Red Pine Exploration Inc, Uranium Star Corp. and Honey Badger Exploration Inc., which are resource exploration companies, and of the Company. He has been a director of the Company since 2003. Through his education and by virtue of his previous and current experience, Mr. Schler has a level of experience and a background that is appropriate for understanding the accounting principles used by the

Company in the preparation of its financial statements, as well as assessing the general application of those principles as they relate to estimates, accruals and reserves. His experience as a financial officer of other resource exploration companies has also provided him with experience in relation to the preparation, audit and analysis of financial statements of similar companies, as well as with the internal controls and procedures for financial reporting that are in place with such companies.

John P. Sanderson is a well-respected lawyer, mediator and arbitrator. He has been a director of the Company since 2001. As he is frequently engaged with respect to matters and disputes where financial questions have a significant impact on the outcome, he has a level of experience and a background that make him capable of understanding the accounting principles used by the Company in the preparation of its financial statements, as well as assessing the general application of those principles as they relate to estimates, accruals and reserves. His experience as a mediator and arbitrator working with agreements and settlements involving Canada's native communities also provides him with experience relevant to the preparation, audit and analysis of financial statements of businesses and financial matters involving ventures in the resource sector, as well as an understanding of the importance of controls and procedures for financial reporting that are commonly used in, or are appropriate in, this sector.

Alex Iannone is a partner with Iannone Accounting Services since 1984 and is providing accounting and tax services to a wide variety of clients. As a provider of financial services to his clients, his level of experience and background enables him to understand the accounting principles used by the Company in the preparation of its financial statements, as well as assessing the general application of those principles as they relate to estimates, accruals and reserves. His experience also provides him with an excellent understanding relevant to the preparation, audit and analysis of financial statements of businesses and financial matters involving ventures in the resource sector, as well as an understanding of the importance of controls and procedures for financial reporting that are commonly used in, or are appropriate in, this sector

In addition to the background and experience noted with respect to each member of the audit committee, all members of the audit committee have direct access to the Company's auditors and to the Company's Management in order to raise questions, seek clarifications and otherwise assess the Company's financial statements and its financial reporting procedures and policies.

Audit Committee Oversight

Since January 1, 2008, the commencement of the Company's financial year to the year ended December 31, 2008, all recommendations of the audit committee to nominate or compensate an external auditor were adopted by the Board.

Pre-Approval Policies and Procedures

The audit committee has not adopted any specific policies and procedures regarding the engagement of non-audit services, but does review such matters as they arise in light of factors such as the Company's current needs, the availability of services from other sources and the other services provided by the Company's auditor.

External Auditor Service Fees (By Category)

The following table discloses the fees billed to the Corporation by its external auditor during the last two financial years.

Financial Year Ended	Audit Fees ⁽¹⁾	Audit Related Fees ⁽²⁾	Tax Fees ⁽³⁾	All Other Fees ⁽⁴⁾
December 31, 2008	\$43,000	Nil	\$1,100	Nil
December 31, 2007	\$35,000	Nil	\$1,900	Nil

Notes:

(1) The aggregate fees billed for audit services.

- (2) The aggregate fees billed for assurance and related services that are reasonably related to the performance of the audit or review of the Corporation's financial statements and are not disclosed in the "Audit Fees" column.
- (3) The aggregate fees billed for tax compliance, tax advice, and tax planning services.
- (4) The aggregate fees billed for professional services other than those listed in the other columns.

Reliance on Certain Exemptions

Since January 1, 2008, the commencement of the Company's financial year to the year ended December 31, 2008, the Company has not relied on an exemption provided under Multilateral Instrument 52-110 whereby approval for a *de minimis* amount of non-audit services is not required, nor has the Company obtained or relied upon any exemption from a securities regulatory authority or regulator from the requirements of Multilateral Instrument 52-110, other than the exemption in section 6.1 of that Instrument.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

Except as otherwise disclosed herein, no director or officer of the Company, no proposed nominee for election to the Board, no person owning or exercising control over more than 10% of the Company's issued and outstanding Shares, and no associate or affiliate of any such person has had any material interest, direct or indirect, in any material transaction involving the Company within the financial year ended December 31, 2008.

INTEREST OF CERTAIN PERSONS IN MATTERS TO BE ACTED UPON

Except as otherwise disclosed herein, no director or senior officer of the Company, no proposed nominee for election as a director of the Company, nor any associate or affiliate of such persons, has any material interest, directly or indirectly, by way of beneficial ownership of securities or otherwise, in any matter to be acted upon other than the election of directors.

RE-APPROVAL OF STOCK OPTION PLAN

The Board and shareholders of the Company have previously approved a stock option plan attached hereto as Schedule "B" (the "**Plan**") for the benefit of the directors, officers, employees, and consultants of the Company that complies with the applicable rules and policies of the TSX Venture Exchange.

The Plan is a "rolling" stock option plan as described in TSX Venture Exchange Policy 4.4, that being a revolving or regenerating plan under which Shares not exceeding a fixed proportion (namely, 10%) of the Company's issued and outstanding Shares may be reserved from time to time for issuance under the Plan. TSX Venture Exchange policies require that a "rolling" stock option plan be subject to annual review and approval by shareholders.

Shareholders are asked to pass the following ordinary resolution authorizing the re-approval of the Plan:

"RESOLVED AS AN ORDINARY RESOLUTION THAT:

1. the Company be and is hereby authorized to implement the Company's Stock Option Plan (the "Plan").
2. the Company be and is hereby authorized to grant stock options pursuant and subject to the terms and conditions of the Plan, entitling the option holders to purchase up to that number of Class "A" Common Shares that is equal to 10% of the issued and outstanding Class "A" Common Shares of the Company at the time of the grant; and
3. any one director or officer of the Company be and is hereby authorized and directed to do all such acts and things and to execute and deliver under the corporate seal or otherwise all such deeds, documents, instruments and assurances as in his opinion may be necessary or desirable to give effect to the foregoing resolutions, including, without limitation, making any changes to the Plan required by the TSX Venture

Exchange or applicable securities regulatory authorities and to complete all transactions in connection with the implementation of the Plan.”

Unless a proxy specifies that the Shares it represents are to be withheld from voting in favour of the resolution proposed above, the proxies named in the accompanying form of proxy intend to vote *in favour* of this resolution.

APPROVAL OF SHARE ISSUANCE IN LIEU OF CASH REMUNERATION TO DIRECTORS AND OFFICERS

In light of the current economic climate and in an effort to conserve the Company’s capital, the Board has considered and approved a resolution to remunerate certain directors and officers of the Company through issuances of Shares in lieu of the cash consideration due to them. Certain directors and officers of the Company are owed monies in relation to services that they rendered to the Company and will be continuing to render services to the Company that entitle them to additional remuneration. It is proposed that a portion of the fees payable to directors and officers of the Company during the financial year ending December 31, 2009 and until the next annual meeting of the Shareholders be paid through the issuance of Shares in lieu of cash (“**Shares for Debt Transactions**”). The Board is cognizant of share dilution and therefore has determined that the aggregate value of debt settled pursuant to Shares for Debt Transactions shall be no more than \$100,000. Shares issued pursuant to a Shares for Debt Transaction will have a deemed price of \$0.10 per share, or the closing market price on the day prior to the date of the news release announcing the particular Shares for Debt Transaction, whichever is greater. This arrangement is proposed to be in place until the next annual general meeting of the Company, and it is anticipated that the Company may complete multiple Shares for Debt Transactions during that time.

Each Shares for Debt Transaction is subject to the approval of the TSX Venture Exchange and each director or officer who is entitled to Shares pursuant to a Shares for Debt Transaction. TSX Venture Exchange policies require that the Company obtain Disinterested Shareholder Approval (as defined in this section) of the Shares for Debt Transactions.

For the purposes of this section:

“Disinterested Shareholder Approval” means approval of a majority of the votes cast by all Shareholders in person or by proxy at the Meeting, excluding votes attaching to Shares beneficially owned by an individual, corporation, incorporated association or organization, body corporate, partnership, trust, association or other entity to whom securities may be granted as a result of the Shares for Debt Transactions and Associates of such persons; and

“Associate” has the meaning set out in Policy 1.1 of the TSX Venture Exchange.

Disinterested Shareholders are asked to grant approval of the Shares for Debt Transactions by passing the following ordinary resolution:

“RESOLVED AS AN ORDINARY RESOLUTION THAT:

1. subject to the approval of the TSX Venture Exchange, the directors of the Company be and are hereby authorized to issue, at such time and in such amounts that they may, in their sole discretion determine, Class “A” Common Shares of the Company, in lieu of cash consideration, as compensation for services rendered or to be rendered by directors and officers during the financial year ending December 31, 2009 and until the next annual meeting of the shareholders of the Company (the “Shares for Debt Transactions”), provided that the aggregate value of the debt settled pursuant to the Shares for Debt Transactions shall not exceed \$100,000;
2. the Class “A” Common Shares of the Company issued pursuant to a Shares for Debt Transaction shall have a deemed price of \$0.10 per share or the closing market price on the day prior to the date of the news release announcing the particular Shares for Debt Transaction, whichever is greater; and

3. any one director or officer of the Company be and is hereby authorized and directed to sign, and execute under corporate seal or otherwise all such deeds, documents, instruments and assurances, and to do all such acts and things as in the director's opinion may be necessary or desirable to give effect to this resolution."

In accordance with the requirement to obtain Disinterested Shareholder Approval, proxies representing Shares beneficially owned by [an individual, corporation, incorporated association or organization, body corporate, partnership, trust, association or other entity] to whom securities may be granted as a result of the Shares for Debt Transactions [and Associates of such persons] will be excluded from voting on the resolution proposed above. With respect to all other proxies, unless a proxy specifies that the Shares it represents are to be withheld from voting in favour of the resolution proposed above, the proxies named in the accompanying form of proxy intend to vote in favour of this resolution.

APPROVAL OF STOCK OPTION RE-PRICING

The Board has previously considered and approved the re-pricing of stock options issued to certain directors, officers, employees, or consultants of the Company, subject to shareholder approval ("**Option Re-pricing**"). These stock options have an exercise price of between \$0.215 and \$0.92 per share. They were granted to directors, officers, employees or consultants of the Company in lieu of compensation and, because of the general decline in the share price of the Company, they currently provide little or no incentive to the holders. The Board is proposing that all of these options be re-priced to an exercise price of \$0.15 per share, which is more consistent with current market trading prices for the Company's Shares. As of April 30, 2009, the market quote closing price for the Company's Shares was \$0.08 per share. The Board has provided notice to the TSX Venture Exchange with respect to the Option Re-pricing subject to ratification by disinterested shareholders.

By resolutions of the Board, the Company authorized, subject to regulatory and disinterested shareholder approval, to re-price the following options as granted under the Company's Stock Option Plan:

NAME OF OPTION HOLDER	NUMBER OF OPTIONS	EXERCISE PRICE	REVISED EXERCISE PRICE	EXERCISE PERIOD
Kirk McKinnon	3,510,000	\$0.215 to \$0.86	\$0.15	September 12, 2011 to October 25, 2011
Richard Schler	3,150,000	\$0.215 to \$0.86	\$0.15	September 12, 2011 to October 25, 2011
Hadyn Butler	1,325,000	\$0.215 to \$0.86	\$0.15	September 12, 2011 to October 25, 2011
John P. Sanderson	675,000	\$0.215 to \$0.92	\$0.15	September 12, 2011 to November 12, 2011
William Nielsen	1,950,000	\$0.215 to \$0.86	\$0.15	September 12, 2011 to October 25, 2011
Robin Chisholm	200,000	\$0.86	\$0.15	October 25, 2011
Jacob McKinnon	900,000	\$0.215 to \$0.86	\$0.15	September 12, 2011 to October 25, 2011
Joseph Heng	975,000	\$0.215 to \$0.86	\$0.15	September 12, 2011 to October 25, 2011
Michael Pullen	25,000	\$0.215	\$0.15	September 12, 2011
Randy Salos	350,000	\$0.215 to \$0.86	\$0.15	September 12, 2011 to October 25, 2011
Brent Nykoliation	200,000	\$0.285 to \$0.86	\$0.15	October 2, 2011 to October 25, 2011
Earl Lennox	150,000	\$0.285 to \$0.86	\$0.15	October 2, 2011 to October 25, 2011
Julie Lassonde - Gray	50,000	\$0.86	\$0.15	October 25, 2011

The Option Re-Pricing is subject to the approval of the TSX Venture Exchange. TSX Venture Exchange policies require that the Company obtain Disinterested Shareholder Approval (as defined in this section) of the Option Re-pricing.

For the purposes of this section:

“Disinterested Shareholder Approval” means approval of a majority of the votes cast by all Shareholders in person or by proxy at the Meeting, excluding votes attaching to Shares beneficially owned by Insiders to whom options may be granted under the Plan and Associates of such persons;

“Insider” means (a) a director or senior officer of the Company, (b) a director or senior officer of a company that is an Insider or subsidiary of the Company, (c) an individual, corporation, incorporated association or organization, body corporate, partnership, trust, association or other entity that beneficially owns or controls, directly or indirectly, securities that are not debt securities that carry a voting right either under all circumstances or under some circumstances that have occurred and are continuing, or (d) the Company itself if it holds any of its own securities; and

“Associate” has the meaning set out in Policy 1.1 of the TSX Venture Exchange.

Disinterested Shareholders are asked to grant Disinterested Shareholder Approval of the Option Re-Pricing by passing the following ordinary resolution:

“RESOLVED AS AN ORDINARY RESOLUTION THAT:

1. the re-pricing of the options to purchase Class “A” Common Shares of the Company in the manner identified above in accordance with and subject to the terms and conditions of the Plan is hereby authorized, ratified and approved; and
2. any one director or officer of the Company be and is hereby authorized and directed to sign, and execute under corporate seal or otherwise all such deeds, documents, instruments and assurances, and to do all such acts and things as in the director’s opinion may be necessary or desirable to give effect to this resolution.”

In accordance with the requirement to obtain Disinterested Shareholder Approval, proxies representing Shares beneficially owned by Insiders to whom options may be granted under the Plan and Associates of such persons will be excluded from voting on the resolution proposed above. With respect to all other proxies, unless a proxy specifies that the Shares it represents are to be withheld from voting in favour of the resolution proposed above, the proxies named in the accompanying form of proxy intend to vote in favour of this resolution.

PARTICULARS OF OTHER MATTERS TO BE ACTED UPON

Management of the Company knows of no other matters to come before the Meeting other than as set forth above and in the Notice of Meeting. Should any other matters properly come before the Meeting, the Shares represented by the proxies solicited hereby will be voted on such matters in accordance with the best judgment of the person voting by proxy.

DIRECTORS' APPROVAL

The contents and the sending of the Notice of Meeting and this Information Circular have been approved by the Board of Directors of the Company.

Dated this 4th day of May 2009

**CERTIFIED CORRECT ON BEHALF
OF THE BOARD OF DIRECTORS BY:**

"J.A. Kirk McKinnon"

J.A. Kirk McKinnon,
President and Director

CERTIFICATE

The foregoing contains no untrue statement of a material fact and does not omit to state a material fact that is required to be stated or that is necessary to be made a statement not misleading in the light of the circumstances in which it was made.

DATED: May 4, 2009

"J.A.Kirk. McKinnon"

J.A. Kirk McKinnon
President & Chief Executive Officer

"Richard Schler"

Richard Schler
Vice-President & Chief Financial Officer

Appendix A

AUDIT COMMITTEE CHARTER

1. GENERAL

The Audit Committee (the “Committee”) is appointed by the Board of Directors of MacDonald Mines Exploration Ltd. (the “Corporation”). The Committee is a key component of the Corporation’s commitment to maintaining a higher standard of corporate responsibility. The Committee shall review the Corporation’s financial reports, internal control systems, the management of financial risks and the external audit process. It has the authority to conduct any investigation appropriate to its responsibilities.

2. AUTHORITY

The Committee shall have the authority to:

- (i) engage independent counsel and other advisors as it determines necessary to carry out its duties;
- (ii) set and pay the compensation for advisors employed by the Committee; and
- (iii) communicate directly with the internal and external auditors.

3. RESPONSIBILITIES

3.1. Overseeing the External Audit Process

- (a) The Committee shall recommend to the Board the external auditor to be nominated, shall set the compensation for the external auditor and shall ensure that the external auditor reports directly to the Committee.
- (b) The Committee shall be directly responsible for overseeing the work of the external auditor, including the resolution of disagreements between management and the external auditor regarding financial reporting.
- (c) The Committee shall review the external auditor’s audit plan, including scope, procedures and timing of the audit.
- (d) The Committee shall pre-approve all non-audit services to be provided by the external auditor.
- (e) The Committee shall review and approve the Corporation’s hiring policies regarding partners, employees and former partners and employers of the present and former external auditor.
- (f) The Committee shall review fees paid by the Corporation to the external auditor and other professionals in respect of audit and non-audit services on an annual basis.

3.2. Financial Reporting and Internal Controls

- (a) The Committee shall review the annual audited financial statements to satisfy itself that they are presented in accordance with generally accepted accounting principles, that the information contained therein is not erroneous, misleading or incomplete and that the audit function has been effectively carried out.
- (b) The Committee shall report to the Board with respect to its review of the annual audited financial statements and recommend to the Board whether or not same should be approved prior to their being publicly disclosed.
- (c) The Committee shall review the Corporation's annual and interim financial statements, management's discussion and analysis relating to annual and interim financial statements, and earnings press releases prior to any of the foregoing being publicly disclosed by the Corporation.
- (d) The Committee shall satisfy itself 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 disclosure referred to in Section 3.2(c) of this Charter, and periodically assess the adequacy of these procedures.
- (e) The Committee shall oversee any investigations of alleged fraud and illegality relating to the Corporation's finances.
- (f) The Committee shall establish procedures for:
 - (i) the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls or auditing matters; and
 - (ii) the confidential, anonymous submission by employees of the Corporation or concerns regarding questionable accounting or auditing matters.
- (g) The Committee shall meet no less frequently than annually with the external auditor and the Chief Financial Officer or, in the absence of a Chief Financial Officer, with the officer of the Corporation in charge of financial matters, to review accounting practices, internal controls, auditing matters and such other matters as the Committee deems appropriate.

3.3. Risk Management

The Committee shall inquire of management and the external auditor regarding significant risks or exposures to which the Corporation may be subject, and shall assess the adequacy of the steps management has taken to minimize such risks.

3.4. Other Responsibilities

The Committee shall perform any other responsibilities consistent with this Charter and any applicable laws as the Committee or Board deems appropriate.

4. COMPOSITION AND MEETINGS

4.1. Composition

- (a) The Committee shall be composed of three or more directors, the majority of whom are not employees, Control Persons or officers of the Corporation or any of its Associates or Affiliates, as such capitalized terms are defined by the TSX Venture Exchange.
- (b) If at any time, the Corporation ceases to be exempt from Part 3 of Multilateral Instrument 52-100 - Audit Committees, every audit committee member shall be Independent, as such term is defined in said Instrument.
- (c) Notwithstanding Sections 4.1(a) and 4.1(b) of this Charter, the Committee and its membership shall at all times be so constituted as to meet all current, applicable legal, regulatory and listing requirements, including, without limitation, securities laws and the requirements of the TSX and the TSX Venture Exchange and of all applicable securities regulatory authorities.
- (d) Committee members shall be appointed by the Board from time to time. One member shall be designated by the Board to serve as Chair.

4.2. Meetings

- (a) The Committee shall meet at least quarterly, at the discretion of the Chair or a majority of its members, as circumstances dictate or as may be required by applicable laws. A minimum of two and at least 50% of the members present either in person or by telephone shall constitute a quorum. Further, in order for a quorum to be constituted, the majority of members present must not be employees, Control Persons or officers of the Corporation or any of its Associates or Affiliates, as such capitalized terms are defined by the TSX Venture Exchange.
- (b) If and whenever a vacancy in the Committee shall exist, the remaining members may exercise all of its powers and responsibilities provided that a quorum (as herein defined) remains in office.
- (c) The time and place at which meetings of the Committee shall be held, and the procedures at such meetings, shall be determined from time to time by the Committee. A meeting of the Committee may be called by letter, telephone, facsimile or electronic means, by giving 48 hours notice, or such greater notice as may be required under the Corporation's By-Laws, provided that no notice shall be necessary if all the members are present either in person or by telephone or if those absent have waived notice or otherwise indicated their consent to the holding of such meeting.
- (d) The Committee shall keep minutes of its meetings which shall be submitted to the Board. The Committee may, from time to time, appoint any person, who need not be a member, to act as a secretary at any meeting.
- (e) The Committee may invite such officers, directors and employees of the Corporation as it deems appropriate, from time to time, to attend meetings of the Committee.

- (f) Any matters to be determined by the Committee shall be decided by a majority of the votes cast at a meeting of the Committee called for such purpose. Actions of the Committee may be taken by an instrument or instruments in writing signed by all members of the Committee, and such actions shall be effective as though they had been decided by a majority of the votes cast at a meeting of the Committee called for such purpose.

5. REPORTING TO THE BOARD

The Committee shall report regularly to the Board on Committee activities, findings and recommendations. The Committee is responsible for ensuring that the Board is aware of any matter that may have a significant impact on the financial condition or affairs of the Corporation.

6. CONTINUED REVIEW OF CHARTER

The Committee shall review and assess the continued adequacy of this Charter annually and submit such proposed amendments as the Committee sees fit to the Board for its consideration.

SCHEDULE “B”

STOCK OPTION PLAN

1. The Corporation

MacDonald Mines Exploration Ltd. (the “Company”) was incorporated under the laws of Quebec.

The registered office is located at 141 Adelaide Street West, Suite 520, Toronto, Ontario M5H 3L5

2. Definitions

- (a) “Board” means the board of directors of the Company;
- (b) “Exchange” means the TSX Venture Exchange or any other stock exchange on which the shares are listed, from time to time, as applicable;
- (c) “Market Price” means, subject to the exceptions listed in the definition of “Market Price” in the exchange’s Corporate Finance Policies, the last daily closing price of the Shares on the Exchange preceding the date on which the Option is granted and disclosure is made to the Exchange for the purpose of reserving the Option Price in respect of such Option;
- (d) “Option” or “Options” means an option or options, as the context requires, to purchase shares granted under this Plan;
- (e) “Option Price” means the price per share at which Shares may be purchased under the Option, as the same may be adjusted from time to time in accordance with the terms hereof and the Exchange’s Corporate Finance Policies;
- (f) “Optionee” means a person to whom the Option has been granted;
- (g) “Securities Laws” means securities legislation, securities regulation and securities rules, as amended, and the policies, notices, instruments and blanket orders in force from time to time that are applicable to the Company;
- (h) “Shares” means common shares in the capital of the Company.

Terms not defined herein shall have the meaning ascribed in Policy 4.4 – Incentive Stock Options (“Policy 4.4”) of the Corporation Finance Policies of the TSX Venture Exchange, as such policy 4.4 may be amended from

time to time, and such other policies included in the Corporate Finance Policies of the TSX Venture Exchange as may be applicable.

3. Objectives of the Plan

The Stock Option Incentive Plan (the “Plan”) was adopted in order to offer certain Directors, Officers, Employees, Consultants or Management Company Employees of the Company and its affiliates the opportunity, through share options, the ability to acquire a proprietary interest in the Company, thereby providing an additional incentive to do their utmost to promote the best interests of the Company and to provide the means to the Company to attract qualified persons.

4. Administration of the Plan

The Plan shall be administered by the Board.

5. Shares Subject to Plan

- (a) Options may be granted in respect of authorized and issued Shares, subject to such regulatory and shareholder approvals as may be required and provided that the aggregate number of Shares reserved for issuance under this Plan shall not be more than a maximum number approved by the shareholders of the Company at a duly constituted shareholder’s meeting. Consistent with approval of the Plan, the shareholders hereby approve a maximum number of Options to be issued under the Plan of ten percent (10%) of the issued and outstanding Shares, and upon due and valid exercise of such Options and receipt of the Option Price therefore, the shareholders declare such Shares to be issued as fully paid and non-assessable.

- (b) No fractional Shares shall be issued upon the exercise of an Option, nor shall any scrip certificates in lieu thereof be issuable at any time. Accordingly, if as a result of any adjustment, an Optionee would become entitled to a fractional Share, he shall have the right to purchase only the next lower whole number of Shares and no payment or other adjustment will be made with respect to the fractional interest so disregarded.

6. Eligibility

The Plan shall be open only to bona fide Directors, Officers, Employees, Consultants or Management Company Employees of the Company and its affiliates.

The Board shall determine, in its sole discretion, those Directors, Officers, Employees, Consultants or Management Company Employees of the Company

and its affiliates who shall be granted Options and the number of Shares to which each Optionee shall be entitled to subscribe and the terms of the subscription.

7. Terms and Conditions

- (a) Subject to the terms of Section 7 and any other specific provisions of the Plan, the number of Shares subject to each Option, the consideration for an Option (if any), the Option Price, the expiration date of each Option, the extent to which each Option is exercisable from time to time during the term of the Option and other terms and conditions relating to each such Option shall be determined by the Board; provided, however, that if no specific determination is made by the Board with respect to any of the following matters, each Option shall, be subject to the following terms and conditions:
 - (i) The period during which an Option shall be exercisable shall be not more than five (5) years from the date the Option is granted to the Optionee;
 - (ii) An Optionee can receive a grant of no more than 5% of the issued and outstanding Shares calculated as at the date the Option is granted, in any twelve (12) month period;
 - (iii) Any Options granted to an Optionee who is engaged in Investor Relations Activities shall: (i) not exceed an aggregate of 2% of the outstanding listed Shares of the Company in any 12 month period, calculated as at the date the Options were granted, (ii) vest in stages over 12 months, with no more than 25% of the Options vesting in any three month period, (iii) as to the unvested portion of such Options, expire and terminate immediately if the Optionee ceases to provide services in respect of Investor Relations Activities, and (iv) as to the vested portion of such Options, expire and terminate on the earlier of thirty (30) days after the Optionee ceases to provide services in respect of Investor Relations Activities and the date that such Options expire in accordance with its terms;
 - (iv) Any Options granted to any one Consultant in a 12 month period must not exceed 2% of the issued Shares, calculated as at the date on which the Options were granted to the Consultant; and
 - (v) Such other terms and conditions, including limitations on the number of Options exercisable in each year, as the Board may approve.
- (b) An Option is personal to the Optionee, and is non-assignable and non-transferable.

- (c) An Option Agreement, in the form attached hereto as Schedule “A” and approved from time to time by the Board, signed by the President, Chief Financial Officer or Corporate Secretary of the Company shall be signed by each person to whom an Option is granted and shall serve as evidence of entitlement to the Option granted thereunder.
- (d) A representation by the Company will be provided to the Exchange, to the effect that the Optionee is a bona fide Employee, Consultant or Management Employee, of the Company or its Subsidiary, in accordance with the terms and conditions of this Plan and the Corporate Finance Policies of the Exchange.
- (e) The Option Price shall be the Market Price, subject to permissible discounting in accordance with the Corporate Finance Policies of the exchange, and if there is no such Market Price the Option Price shall be the simple average of the closing bid and ask prices on the Exchange on the last trading day prior to the grant of such Option. If the shares are not, at the time of granting any Option, listed on the Exchange, then the Option Price shall be calculated in accordance with this section 7(e) with reference to the closing price or closing bid and ask price, as the case may be, of the Shares on the stock exchange on which the greatest volume of Shares traded on such day, or if the Shares are not so listed, with reference to the over-the-counter market on which the Shares trade. In the event that the Shares are not, at the time of granting of any Option, listed on any stock exchange or over-the-counter market then the Option Price shall be fixed by the Board of Directors of the Company.
- (f) The Option Price shall in no circumstances be lower than the Discounted Market Price of the Shares at the date of the grant of the Option.
- (g) The Company shall obtain disinterested shareholder approval in respect of a grant of Options if:
 - (i) a stock option plan, together with all of the Company’s previously established or proposed stock option grants, could result at any time in:
 - (A) the number of Shares reserved for issuance under Options granted to Insiders exceeding 10% of the outstanding listed Shares; or
 - (B) the issuance to Insiders, within a twelve (12) month period, of a number of Shares exceeding 10% of the outstanding listed Shares; or

- (ii) the Company is decreasing the Option Price of Options previously granted to Insiders.

8. USE OF PROCEEDS

The proceeds resulting from the sales of Shares issued pursuant to Options granted under this Plan shall be used for the general requirements of the Company, in the normal course of its operations.

Exercise of Options

- (a) Subject to the provisions of the Plan, an Options may be exercised from time to time by delivery to the Company at its registered office of a written notice of exercise addressed to the Corporate Secretary of the Company specifying the number of Shares with respect to which the Option is being exercised and accompanied by payment in full of the Option Price in respect of the Shares to be purchased. Certificates for such Shares shall be issued and delivered to the Optionee within a reasonable time following the receipt of such notice and payment.
- (b) Notwithstanding any of the provisions contained in the Plan or in any Option, the Company's obligation to issue Shares to an Optionee pursuant to the exercise of an Option shall be subject to:
 - (i) completion of such registration or other qualifications of such Shares or obtaining such governmental or regulatory authority as the Company shall determine to be necessary or advisable in connection with the authorization, issuance or sale thereof;
 - (ii) the listing of such shares on any stock exchange on which the Shares may then be listed; and
 - (iii) the receipt from the Optionee of such representations, agreements and undertakings, including as to future dealings in such Shares as the Company or its counsel determines to be necessary or advisable in order to safeguard against the violation of the Securities Laws.

In this regard the Company shall, to the extent necessary, take all reasonable steps to obtain such approvals, registrations and qualifications as may be necessary for the issuance of such Shares in compliance with applicable laws including, without limitation, the Securities Laws, and for the listing of such Shares on any stock exchange on which the Shares are then listed.

- (c) The vesting schedule, if any, in respect of all Options shall be determined by the Board in accordance with applicable Exchange or other regulatory requirements.
- (d) Any Option not exercised within the period fixed for its exercise shall terminate and become void and of no effect.

9. Issue and Delivery of Shares

Until certificates for the Shares are issued and delivered, an Optionee shall not have any rights or obligations as a shareholder with respect to such Shares. The share certificates shall be registered in the name of the Optionee and delivered in accordance with the Optionee's written instructions.

10. Termination

- (a) Notwithstanding any other provision of this Plan, an Option granted hereunder shall expire and terminate three hundred and sixty (360) days after the death of the Optionee. Prior thereto, the legal representative of the Optionee may exercise the Optionee's Option, but only to the extent the Options were by their terms exercisable on the date of death.
- (b) In the event that the Optionee ceases to be a Director, Officer, Employee, Consultant or Management Company Employee of the Company or its affiliates for any other reason whatsoever, any Option granted to said Optionee shall expire and terminate ninety (90) days from the effective date that the Optionee ceases to be a Director, Officer, Employee Consultant or Management Company Employee of the Company or its affiliates, subject to the discretion of the Company to terminate an Option held by and Optionee immediately in the event that the Optionee has been terminated for cause. The Board shall have the discretion to determine the effective date that the Optionee ceases to be a Director, Officer, Employee, Consultant or Management Company Employee of the Company or its affiliates, subject to any applicable Securities Laws or the provisions in this Plan; and
- (c) In the event such Optionee is deemed to be engaged in Investor Relations Activities prior to his effective termination date, then any Option granted to such Optionee shall expire and terminate thirty (30) days from the effective date that the Optionee ceases to be a Director, Officer, Employee, Consultant or Management Company Employee of the Company or its affiliates.

11. Adjustment of Rights

In the event of a split, consolidation or re-classification of the Shares or the declaration of stock dividends or if any other action of a similar nature is taken affecting the Shares, then appropriate adjustments will be made to any outstanding Option by the Board, in accordance with direction received from the auditors of the Company, in order to protect as much as possible the rights of the Optionees thereunder. The decision of the Board shall be final and bind the Company and the Optionees.

12. Discontinuance of the Plan

The Board may, at its discretion, discontinue the Plan at any time. Discontinuance of the Plan shall not affect the rights of the Optionees with respect to any Option already granted pursuant hereto.

13. Amendments to the Plan

- (a) The Board may amend or discontinue the Plan at anytime; provided, however, that no such amendment may, without the consent of the Optionee, alter or impair the terms of any Option previously granted to an Optionee under the Plan except as provided for in Section 12.
- (b) Notwithstanding any other provision in the Plan, any amendment to the Plan or any Option requiring the approval and authorization of the shareholders of the Company and the Exchange or other regulatory authority (as applicable) shall not be effective until such approvals and authorizations are given.

14. Interpretation and Management of the Plan

The Plan shall be administered by the Board or, at the Board's discretion and subject to compliance with applicable corporate legislation, by an Executive Committee.

All decisions and interpretations of the Board in respect of the Plan shall be final and binding on the Company and the Optionees.

15. Effective Date

This Plan shall enter into force after the approval of this Plan by the shareholders of the Company and regulatory authorities.

16. Miscellaneous Provisions

- (a) Participation in this Plan shall be entirely voluntary;
- (b) Nothing in the Plan shall be interpreted so as to affect the rights of the Company or its affiliates with respect to the termination of its officers or employees, and the Company and its affiliates hereby reserve all rights with respect thereto;
- (c) No guarantee is hereby granted against any loss which may result to an Optionee as a result of a decrease in value of Shares subscribed for upon exercise of an Option; and nothing contained herein shall prevent the Board from adopting other or additional compensation arrangements, subject to any required regulatory approval.

17. Shareholder and Regulatory Approval

The Plan shall be subject to the approval of the shareholders of the Company to be given by a resolution passed at a meeting of the shareholders of the Company. The Company's obligations to issue Shares in accordance with the terms of this Plan is subject to compliance with the laws, rules, and regulations of all public agencies and authorities applicable to the issuance and distribution of such Shares and to the listing of such Shares on the Exchange or any other stock exchange on which the Shares of the Company may be listed. The Optionee agrees to comply with all such laws (including, without limitation, the Securities Laws), rules and regulations and agrees to furnish the Company all information and such undertakings as may be required to permit compliance with such laws, rules and regulation. Options granted pursuant to the Plan prior to such approvals, shall be subject to such approvals. The Plan becomes effective on the later of the date of shareholder or regulatory approval.

18. Withholding Taxes

Whenever the Company proposes to deliver Shares under the Plan, the Company shall have the right to require the individual who is to receive the Shares to remit to the Company, prior to the delivery of any certificate or certificates for such Shares, an amount sufficient to satisfy and federal, provincial, state and/or local tax withholding requirements.

19. Governing Law

This Plan shall be governed by and interpreted in accordance with:

- (a) The laws of the Province of Quebec

- (b) Policy 4.4 of the TSX Venture Exchange as currently written or amended; and
- (c) Any other applicable Securities Laws.

