

U308 CORP.
8 King Street East, Suite 710
Toronto, Ontario M5C 1B5

NOTICE OF ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS

NOTICE IS HEREBY GIVEN that an annual and special meeting of shareholders (the “**Meeting**”) of U308 Corp. (the “**Corporation**”) will be held at The Toronto Board of Trade, Ketchum-Osgoode Room, 1 First Canadian Place, 77 Adelaide Street West, 3rd Floor, Toronto, Ontario, M5X 1C1, on Wednesday, June 29, 2011, at 4:30 p.m. (Toronto time) for the following purposes:

1. to receive and consider the audited consolidated financial statements of the Corporation for the year ended December 31, 2010 together with the report of the auditors thereon;
2. to elect directors of the Corporation for the ensuing year;
3. to appoint KPMG LLP, Chartered Accountants, as auditors of the Corporation and to authorize the directors to fix their remuneration;
4. to consider, and, if deemed appropriate, to pass with or without variation, a resolution to confirm the existing rolling stock option plan of the Corporation, as more particularly described in the accompanying management information circular;
5. to ratify, confirm and approve the amended and restated shareholders rights plan dated May 25, 2011 between the Corporation and Equity Financial Trust Company (as Rights Agent); and
6. to transact such other business as may properly come before the Meeting or any adjournment or adjournments thereof.

This notice is accompanied by a management information circular, form of proxy, supplemental mailing list request form, letter to shareholders and a company fact sheet.

The board of directors of the Corporation has by resolution fixed the close of business on May 30, 2011 as the record date, being the date for the determination of the registered holders of common shares entitled to notice of and to vote at the Meeting and any adjournment(s) thereof.

Shareholders who are unable to attend the Meeting in person are requested to complete, date, sign and return the enclosed form of proxy so that as large a representation as possible may be had at the Meeting. A shareholder wishing to be represented by proxy at the Meeting or any adjournment thereof must deposit his/her/its duly completed and executed form of proxy with the Corporation’s registrar and transfer agent, Equity Financial Trust Company, 200 University Avenue, Suite 400, Toronto, Ontario, M5H 4H1, not later than 48 hours (excluding Saturdays, Sundays, and holidays) before the time of the Meeting or adjournment(s) thereof at which the proxy is to be used.

DATED at Toronto, Ontario as of the 25th day of May, 2011.

BY ORDER OF THE BOARD OF DIRECTORS

“Richard Spencer”

Richard Spencer
President and Chief Executive Officer

U308 CORP.

MANAGEMENT INFORMATION CIRCULAR

SOLICITATION OF PROXIES

This management information circular (the “Circular”) is furnished in connection with the solicitation of proxies by the management of U308 Corp. (the “Corporation”) for use at the annual and special meeting of shareholders (the “Meeting”) of the Corporation referred to in the accompanying Notice of Annual and Special Meeting of Shareholders (the “Notice”) to be held on Wednesday, June 29, 2011, at the time and place and for the purposes set forth in the Notice. References in this Circular to the Meeting include any adjournment(s) thereof. It is expected that the solicitation will be primarily by mail; however, proxies may also be solicited personally or by telephone by employees or agents of the Corporation, including pursuant to an agreement dated November 27, 2008 (the “Kingsdale Agreement”) between the Corporation and Kingsdale Shareholder Services Inc. (“Kingsdale”). Pursuant to the Kingsdale Agreement, Kingsdale has agreed to provide proxy solicitation and information agent services at a cost of \$35,000. The cost of such solicitation has been borne by the Corporation.

The board of directors of the Corporation (the “Board”) has by resolution fixed the close of business on May 30, 2011 as the record date, being the date for the determination of the registered holders of common shares of the Corporation (the “Common Shares”) entitled to notice of and to vote at the Meeting and any adjournment(s) thereof.

Unless otherwise stated, the information contained in this Circular is given as of May 25, 2011 and, all dollar amount references are expressed in Canadian dollars, unless otherwise noted. All references herein to the Corporation shall include its subsidiaries as the context may require.

APPOINTMENT AND REVOCATION OF PROXIES

The persons named in the enclosed form of proxy are officers and/or directors of the Corporation. Each shareholder has the right to appoint a person or company, who need not be a shareholder of the Corporation, other than the persons named in the enclosed form of proxy, to represent such shareholder at the Meeting or any adjournment(s) thereof. Such right may be exercised by inserting such person’s name in the blank space provided and striking out the names of management’s nominees in the enclosed form of proxy or by completing another proper form of proxy. All proxies must be executed by the shareholder or his or her attorney duly authorized in writing or, if the shareholder is a company, by an officer or attorney thereof duly authorized. The completed form of proxy must be deposited at the office of the Corporation’s transfer agent, Equity Financial Trust Company, 200 University Avenue, Suite 400, Toronto, Ontario, M5H 4H1, no later than 48 hours (excluding Saturdays, Sundays and holidays) before the time of the Meeting or any adjournment(s) thereof.

A shareholder forwarding the enclosed form of proxy may indicate the manner in which the appropriate appointee is to vote with respect to any specific item by checking the appropriate space. If the shareholder giving the proxy wishes to confer a discretionary authority with respect to any item of business, then the space opposite the item is to be left blank. The shares represented by the proxy submitted by a shareholder will be voted in accordance with the directions, if any, given in the proxy.

A shareholder who has given a proxy has the power to revoke it as to any matter on which a vote has not already been cast pursuant to the authority conferred by such proxy and may do so either: by depositing an instrument in writing revoking the proxy executed by him or her with Equity Financial Trust Company at the address noted above at any time up to and including 4:00 p.m. (Toronto time) on the last business day preceding the day of the Meeting, or any adjournment thereof, or in any other manner permitted by law.

EXERCISE OF DISCRETION BY PROXIES

Common Shares represented by properly executed proxies in favour of the persons named in the enclosed form of proxy will be either voted or withheld from voting, as applicable, in accordance with the instructions given by the shareholder on any ballot that may be called for and, if the shareholder specifies a choice with respect to any matter to be acted upon, the Common Shares will be voted accordingly. **Where shareholders have properly executed proxies in favour of the persons named in the enclosed form of proxy and have not specified in the form of proxy the manner in which the named proxies are required to vote the Common Shares represented thereby, such shares will be voted in favour of the passing of the matters set forth in the Notice.** The enclosed form of proxy confers discretionary authority with respect to amendments or variations to the matters identified in the Notice and with respect to other matters that may properly come before the Meeting. At the date hereof, management of the Corporation knows of no such amendments, variations or others matters to come before the Meeting. However, if any other matters which at present are not known to management of the Corporation should properly come before the Meeting, the proxy will be voted on such matters in accordance with the best judgement of the named proxies.

NON-REGISTERED SHAREHOLDERS

Registered holders of Common Shares or the persons they validly appoint as their proxies are permitted to vote at the Meeting. However, in many cases, Common Shares beneficially owned by a person (a “**Non-Registered Holder**”) are registered either: (i) in the name of an intermediary (an “**Intermediary**”) (including banks, trust companies, securities dealers or brokers and trustees or administrators of self-administered RRSPs, RRIFs, RESPs and similar plans) that the Non-Registered Holder deals with in respect of the Common Shares, or (ii) in the name of a clearing agency (such as the Canadian Depository for Securities Limited) of which the Intermediary is a participant.

Distribution to NOBOs

In accordance with the requirements of the Canadian Securities Administrators and National Instrument 54-101, “Communication with Beneficial Owners of Securities of a Reporting Issuer” (“**NI-54-101**”), the Corporation will have caused its agent to distribute copies of the Notice and this Circular (collectively, the “**meeting materials**”) as well as a proxy directly to those Non-Registered Holders who have provided instructions to an Intermediary that such Non-Registered Holder does not object to the Intermediary disclosing ownership information about the beneficial owner (“**Non-Objecting Beneficial Owner**” or “**NOBO**”).

These securityholder materials are being sent to both registered holders of the securities and Non-Registered Holders of the securities. If you are a Non-Registered Holder, and the Corporation 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 Corporation (and not the Intermediary holding on your behalf) has assumed responsibility for (i) delivering these materials to you, and (ii) executing your proper voting instructions. Please return your voting instructions as specified in the request for proxy enclosed with mailings to NOBOs.

The meeting materials distributed by the Corporation’s agent to NOBOs include a proxy. Intermediaries often use service companies such as Broadridge to forward the meeting materials to NOBOs, which typically includes a voting registration form which, when properly completed and signed by the NOBO and returned to the Intermediary or its service company, will constitute authority and instructions (often called a “**Voting Instruction Form**”) which the Intermediary must follow. Typically, the Voting Instruction Form will consist of a one page pre-printed form. The purpose of this procedure is to permit the NOBO to direct the voting of the shares he or she beneficially owns. Please carefully review the instructions on the proxy or Voting Instruction Form for completion and deposit.

Distribution to OBOs

In addition, the Corporation will have caused its agent to deliver copies of the meeting materials to the clearing agencies and Intermediaries for onward distribution to those Non-Registered Holders who have provided instructions to an Intermediary that the beneficial owner objects to the Intermediary disclosing ownership information about the beneficial owner (“**Objecting Beneficial Owner**” or “**OBO**”).

Intermediaries are required to forward the meeting materials to OBOs unless an OBO has waived his or her right to receive them. Intermediaries often use service companies such as Broadridge to forward the meeting materials to OBOs. Generally, those OBOs who have not waived the right to receive meeting materials will either:

1. be given a form of proxy **which has already been signed by the Intermediary** (typically by a facsimile stamped signature), which is restricted as to the number of shares beneficially owned by the OBO, but which is otherwise uncompleted. This form of proxy need not be signed by the OBO. In this case, the OBO who wishes to submit a proxy should properly complete the form of proxy and deposit it with Equity Financial Trust Company in the manner set out above in this Circular, with respect to the Common Shares beneficially owned by such OBO; or
2. more typically, be given a voting registration form which is not signed by the Intermediary and which, when properly completed and signed by the OBO and returned to the Intermediary or its service company, will constitute authority and instructions (often called a “**Voting Instruction Form**”) which the Intermediary must follow. Typically, the Voting Instruction Form will consist of a one page pre-printed form. The purpose of this procedure is to permit the OBO to direct the voting of the shares he or she beneficially owns.

Should a Non-Registered Holder who receives one of the above forms wish to vote at the Meeting in person, the Non-Registered Holder should strike out the names of the persons named in the form and insert the Non-Registered Holder’s name in the blank space provided. In either case, Non-Registered Holders should carefully follow the instructions, including those regarding when and where the proxy or voting instruction form is to be delivered.

INTEREST OF CERTAIN PERSON IN MATTERS TO BE ACTED UPON

No director or executive officer of the Corporation who has held such position since January 1, 2010, or proposed nominee for election as a director of the Corporation, or any associate or affiliate of any of the foregoing persons, has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter of special business to be acted upon at the Meeting, other than the confirmation of the current stock option plan of the Corporation (the “**Option Plan**”) in connection with which the directors and executive officers of the Corporation may have been granted stock options and/or may be entitled to receive stock option grants in the future, all in accordance with the terms thereof. See “Particulars of Matters to be Acted Upon – Confirmation of Option Plan”.

VOTING SECURITIES AND PRINCIPAL HOLDERS THEREOF

Each holder of Common Shares of record at the close of business on May 30, 2011 (the “**Record Date**”) is entitled to receive notice of and to vote at the Meeting or at any adjournment(s) thereof. In accordance with the provisions of the *Business Corporations Act* (Ontario), the Corporation will prepare a list of holders of Common Shares as of such Record Date. Each holder of Common Shares named in the list will be entitled to vote the Common Shares shown opposite his/her name on the list at the Meeting, subject to compliance with the procedures specified herein. All such holders of record of Common Shares are entitled to either attend and vote thereat in person the Common Shares held by them or, provided a completed and duly executed form of proxy shall have been delivered to the Corporation’s transfer agent within the time specified in the attached Notice, to attend and vote thereat by proxy the Common Shares held by them, all in accordance with the procedures specified herein. The list of Common Shares created as of the Record Date is final and no new persons who become shareholders of the Corporation following such Record Date will be entitled to notice of or vote at the Meeting.

The authorized capital of the Corporation consists of an unlimited number of Common Shares. As of May 25, 2011, the Corporation had an aggregate of 102,676,658 Common Shares issued and outstanding. Each Common Share carries the right to one vote on all matters to be acted upon at the Meeting. The outstanding Common Shares are listed on the TSX Venture Exchange (the “**TSXV**”) under the symbol “UWE”.

To the knowledge of the directors and officers of the Corporation, as of May 25, 2011, the following are the only persons or companies who beneficially own, or exercise control or direction over, directly or indirectly, securities carrying 10% or more of the voting rights attached to any class of voting securities of the Corporation to be voted at the Meeting.

Name of Shareholder	Number of Common Shares Owned, Controlled or Directed	% of Voting Shares
Ned Goodman Investment Counsel Limited	11,428,000	11.1%
Pinetree Capital Ltd./Sheldon Inwentash ⁽¹⁾	14,212,057	13.8%

⁽¹⁾ Sheldon Inwentash owns 4,428,286 Common Shares or approximately 4.3% of the outstanding Common Shares. Mr. Inwentash has control or direction over Pinetree Capital Ltd., which owns 9,783,771 Common Shares or about 9.5% of the outstanding Common Shares.

STATEMENT OF EXECUTIVE COMPENSATION

The following table provides information for the most recently completed financial years of the Corporation ended December 31, 2008, 2009 and 2010 regarding all compensation paid to or earned by the individuals who served as Chief Executive Officer (“CEO”) and Chief Financial Officer (“CFO”) of the Corporation, as well as other executive officers of the Corporation whose total salary and bonus during such fiscal year exceeded \$150,000 during the fiscal year ended December 31, 2010 (collectively, the “**Named Executive Officers**”).

Summary Compensation Table

Name and principal position	Year	Salary	Share-based awards	Option-based awards ⁽²⁾	Non-equity incentive plan compensation		Pension value	All other compensation ⁽³⁾	Total compensation
					Annual incentive plans	Long-term incentive plans			
Richard Spencer, President and CEO ⁽¹⁾	2008	\$242,642	\$Nil	\$241,500	\$Nil	\$Nil	\$Nil	\$Nil	\$484,142
	2009	\$250,000	\$Nil	\$12,100	\$Nil	\$Nil	\$Nil	\$Nil	\$262,100
	2010	\$251,519	\$Nil	\$44,850	\$Nil	\$Nil	\$Nil	\$100,000	\$396,369
Carmelo Marrelli, CFO ⁽⁴⁾	2008	\$42,000	\$Nil	\$Nil	\$Nil	\$Nil	\$Nil	\$Nil	\$42,000
	2009	\$42,000	\$Nil	\$12,100	\$Nil	\$Nil	\$Nil	\$Nil	\$54,100
	2010	\$28,000	\$Nil	\$Nil	\$Nil	\$Nil	\$Nil	\$Nil	\$28,000
John Ross, CFO ⁽⁶⁾	2010	\$25,725	\$Nil	\$26,250	\$Nil	\$Nil	\$Nil	\$20,000	\$51,975
Hugo Bastias ⁽⁷⁾ Vice President, (Colombia/Argentina)	2010	\$110,401	\$Nil	\$74,750	\$Nil	\$Nil	\$Nil	\$49,730	\$234,881
Nancy Chan-Palmateer Vice President, Investor Relations	2008	\$95,625	\$Nil	\$57,500	\$Nil	\$Nil	\$Nil	\$Nil	\$153,125
	2009	\$135,000	\$Nil	\$12,100	\$Nil	\$Nil	\$Nil	\$Nil	\$147,100
	2010	\$136,519	\$Nil	\$14,950	\$Nil	\$Nil	\$Nil	\$50,000	\$201,469

Notes:

⁽¹⁾ Dr. Spencer was appointed as President, CEO and a director of the Corporation on January 31, 2008. He resigned as a director on April 8, 2010, but remained the Corporation's President and CEO.

⁽²⁾ The estimated grant date fair value of these stock options has been calculated using the Black-Scholes model. The Black-Scholes model is a mathematical valuation model that ascribes a value to a stock option based on a number of factors, including the exercise price of the option, the price of the underlying security on the date the option was granted, and assumptions with respect to the volatility of the price of the underlying security, the expected life of the option, forfeitures, dividend yield and the risk-free rate of return. The assumptions used in the pricing model are highly subjective and can materially affect the estimated fair value. Calculating the value of stock options using this methodology is very different from a simple "in-the-money" value calculation. In fact, stock options that are well out-of-the-money can still have a significant estimated "grant date fair value" based on a Black-Scholes valuation, especially where, as in the case of the Corporation, the price of the Common Share underlying the option is highly volatile. Accordingly, caution must be exercised in comparing grant date fair value amounts with cash compensation or an in-the-money option value calculation.

⁽³⁾ These amounts represented cash bonuses.

⁽⁴⁾ Mr. Marrelli ceased to serve as CFO on July 1, 2010.

⁽⁵⁾ Fees related to accounting services provided by Marrelli Support Services Inc., which Mr. Marrelli is President.

⁽⁶⁾ Mr. Ross was appointed CFO on July 1, 2010.

⁽⁷⁾ Based on the US-Canadian dollar exchange rate of \$0.9946 at December 31, 2010.

Incentive Plan Awards

The Option Plan has been adopted by the Corporation for the purpose of attracting and motivating directors, officers, employees and consultants of the Corporation. For further details concerning the Option Plan, please see "Summary of Stock Option Plan" below. As at May 25, 2011, the Corporation does not have any share-based awards in place.

Outstanding Share-Based Awards and Option-Based Awards

The following table sets out all option and share-based awards held by the Named Executive Officers as at December 31, 2010.

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 ⁽¹⁾ (\$)	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested (\$)
Richard Spencer	300,000	\$1.05	December 20, 2012	\$Nil	Nil	N/A
	50,000	\$0.35	September 8, 2014	\$34,000	Nil	N/A
	150,000	\$0.41	May 4, 2015	\$93,000	Nil	N/A
Carmelo Marrelli	12,500	\$0.35	September 8, 2014	\$8,500	Nil	N/A
John Ross	150,000	\$0.24	June 4, 2015	\$118,500	Nil	N/A
Hugo Bastias	250,000	\$0.41	May 4, 2015	\$155,000	Nil	N/A
Nancy Chan-Palmateer	40,000	\$0.65	April 13, 2013	\$15,200	Nil	N/A
	60,000	\$0.80	June 26, 2013	\$13,800	Nil	N/A
	50,000	\$0.35	September 8, 2014	\$34,000	Nil	N/A
	50,000	\$0.41	May 4, 2015	\$31,000	Nil	N/A

Notes:

⁽¹⁾ Based upon the closing price of the Common Shares as at December 31, 2010, which was \$1.03 per share.

Incentive Plan Awards – Value Vested During the Year

The following table sets forth the value vested during the financial year ended December 31, 2010 of all options and share-based awards held by the Named Executive Officers.

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 (\$)
Richard Spencer	\$108,975	\$Nil	\$Nil
Carmelo Marrelli	\$6,050	\$Nil	\$Nil
John Ross	\$13,125	\$Nil	\$Nil
Hugo Bastias	\$37,375	\$Nil	\$Nil
Nancy Chan-Palmateer	\$18,425	\$Nil	\$Nil

For further details concerning the incentive plans of the Corporation, please see “Summary of Stock Option Plan” below.

COMPENSATION DISCUSSION AND ANALYSIS

The Corporation’s approach to executive compensation has been to provide suitable compensation for executives that is internally equitable, externally competitive and reflects individual achievement. The Corporation attempts to maintain compensation arrangements that will attract and retain highly qualified individuals who are able and capable of carrying out the objectives of the Corporation.

The Corporation’s compensation arrangements for the Named Executive Officers may, in addition to salary, include compensation in the form of bonuses and, over a longer term, benefits arising from the grant of stock options. Given the stage of development of the Corporation, compensation of the Named Executive Officers to date has emphasized salary and meaningful stock option awards to attract and retain Named Executive Officers and, to a certain extent, to conserve cash. This policy may be re-evaluated in the future to instead emphasize cash bonuses with a reduced reliance on option awards, depending upon the future development of the Corporation and other factors which may be considered relevant by the Board from time to time.

In fiscal 2010, the process for determining executive compensation for the CEO of the Corporation was principally based upon discussions at the Board level concerning the accomplishments of the individual in question, principally in terms of exploration success, as well as accomplishments that create value for the Corporation and market rates for such positions. In fiscal 2010, Dr. Richard Spencer was paid a salary of \$251,519 and cash bonus of \$100,000 in consideration of his duties as President and CEO together with stock option-based awards valued at \$44,850 (see “Summary Compensation Table” above).

The process for determining executive compensation for the CFO of the Corporation during fiscal 2010 was based principally upon discussions at the Board level concerning the appropriate consideration for the fulfillment of the duties of a CFO in a timely manner and the percentage of the CFO’s time devoted to the Corporation’s affairs. Mr. Carmelo Marrelli was paid a salary of \$28,000 in consideration of his duties as CFO. Mr. John Ross was paid a salary of \$25,725 and cash bonus of \$20,000 in consideration of his duties as CFO together with stock option-based awards valued at \$26,250. (See “Summary Compensation Table” above).

The process for determining executive compensation for the Vice President (Colombia/Argentina) and Vice President, Investor Relations of the Corporation during fiscal 2010 was based principally upon discussions at the Board level concerning the accomplishments and fulfillment of the duties of that executive. Dr. Hugo Bastias was paid a salary of \$110,401 and cash bonus of \$49,730 in consideration of his duties as Vice President (Colombia/Argentina) together with stock option-based awards valued at \$74,750. Ms. Nancy Chan-Palmateer was paid a salary of \$136,519 and cash bonus of \$50,000 in consideration of her duties as Vice President, Investor Relations together with stock option-based awards valued at \$14,950. (See “Summary Compensation Table” above).

Pursuant to the employment agreement between the Corporation and Dr. Richard Spencer, Dr. Spencer is entitled to receive a lump sum payment in an amount equal to two years’ salary in the event that the Corporation commences commercial production of uranium. See “Termination of Employment, Change in Responsibilities and Employment Contracts” below. With respect to any other bonuses or incentive plan grants which may be awarded to executive officers in the future, the Corporation has not currently set any objective criteria and will instead rely upon any recommendations and discussion at the Board level with respect to the criteria noted above and any other matters which the Board may consider relevant on a going-forward basis, including the cash position of the Corporation.

Existing options held by the Named Executive Officers at the time of subsequent option grants are taken into consideration in determining the quantum or terms of any such subsequent option grants. Options have been granted to directors, management, employees and certain service providers as long-term incentives to align the individual’s interests with those of the Corporation. The size of the option awards is in proportion to the deemed ability of the individual to make an impact on the Corporation’s success.

TERMINATION OF EMPLOYMENT, CHANGE IN RESPONSIBILITIES AND EMPLOYMENT CONTRACTS

The following are the only employment contracts between the Corporation and any Named Executive Officer, or any compensatory plan, contract or arrangement where a Named Executive Officer is entitled to receive payments from the Corporation in the event of a resignation, retirement or any other termination of the Named Executive Officer's employment with the Corporation, a change of control of the Corporation or a change in the Named Executive Officer's responsibilities following a change of control.

The Corporation has entered into employment agreements with each of (i) Dr. Richard Spencer as President and CEO; (ii) Dr. Hugo Bastias as Vice President (Colombia/Argentina); and (iii) Ms. Nancy Chan-Palmateer as Vice President, Investor Relations.

The employment agreement between the Corporation and Dr. Richard Spencer came into effect on November 23, 2007, and sets out the duties and responsibilities of Dr. Spencer as well as his terms of employment including matters such as annual salary, bonus, benefits, stock option incentives and vacation entitlement. This agreement may be terminated as follows: (i) by Dr. Spencer other than for "good reason" (as defined in such agreement) upon provision of a minimum of two months' written notice and up to a maximum of six months' written notice, or by the Corporation for just cause, in either such event Dr. Spencer is not entitled to any termination payments; (ii) by the Corporation without just cause or by Dr. Spencer for "good reason", in either such case Dr. Spencer is entitled to receive a lump sum payment equal to between 12 and 24 months' salary as determined based upon his years of service, payment of any bonus owing to Dr. Spencer in full and continuation of benefits during the severance period; or (iii) by the Corporation within six months of a "change of control" (as defined in such agreement), in which case Dr. Spencer is entitled to a lump sum payment equal to 24 months' salary. In addition, in the event of termination of Dr. Spencer's employment by the Corporation either without just cause or in the event of a "change of control", all stock options held by Dr. Spencer shall become accelerated, vested and immediately exercisable.

The agreement between the Corporation and Dr. Hugo Bastias came into effect on April 7, 2010, and sets out the duties and responsibilities of Dr. Bastias as well as his terms of employment including matters such as annual salary, bonus, benefits, stock option incentives and vacation entitlement. This agreement may be terminated as follows: (i) by Dr. Bastias other than for "good reason" (as defined in such agreement) upon the provision of one month written notice in which event Dr. Bastias is not entitled to any termination payments; (ii) by the Corporation for just cause, in which case Dr. Bastias is entitled to receive his base salary and benefit continuation for one month from the date of termination, and all unvested stock options shall immediately lapse; (iii) by the Corporation without just cause or Dr. Bastias for "good reason", in either such case, Dr. Bastias is entitled to receive a lump sum payment equal to between two and 12 months' salary as determined based upon his years of service, payment of any bonus owing to him on a pro-rata basis, and continuation of benefits during the severance period, and all unvested stock options shall immediately lapse; or (iv) by the Corporation within 12 months of a "change of control" (as defined in such agreement), in which case Dr. Bastias is entitled to receive a lump sum payment equal to between six and 12 months' salary as determined based upon his years of service, payment of any bonus owing to him on a pro-rata basis, and continuation of benefits for the applicable period. In addition, in the event of termination of Dr. Bastias' employment by the Corporation in the event of a "change of control", all stock options held by him shall become accelerated, vested and immediately exercisable, and shall remain exercisable for the length of their terms.

The agreement between the Corporation and Ms. Nancy Chan-Palmateer came into effect on May 1, 2008, and sets out the duties and responsibilities of Ms. Chan-Palmateer as well as her terms of employment including matters such as annual salary, bonus, benefits, stock option incentives and vacation entitlement. This agreement may be terminated as follows: (i) by Ms. Chan-Palmateer other than for "good reason" (as defined in such agreement) upon the provision of one month written notice in which event Ms. Chan-Palmateer is not entitled to any termination payments; (ii) by the Corporation for just cause, in which case Ms. Chan-Palmateer is entitled to receive her base salary and benefit continuation for one month from the date of termination, and all unvested stock options shall immediately lapse; (iii) by the Corporation without just cause or Ms. Chan-Palmateer for "good reason", in either such case, Ms. Chan-Palmateer is entitled to receive a lump sum payment equal to between two and 12 months' salary as determined based upon her years of service, payment of any bonus owing to her on a pro-rata basis, and continuation of benefits during the severance period, and all unvested stock options shall immediately lapse; or (iv) by the Corporation within 12 months of a "change of control" (as defined in such agreement), in which case Ms. Chan-Palmateer is entitled to receive a lump sum payment equal to between six and 12 months' salary as determined based upon her years of service, payment of any bonus owing to her on a pro-rata basis, and continuation of benefits for the applicable period. In addition, in the event of termination of Ms. Chan-Palmateer's employment by the Corporation in the event of a "change of control", all stock options held by her shall become accelerated, vested and immediately exercisable, and shall remain exercisable for the length of their terms.

The following table sets forth the estimated incremental payments which would be owing to each of Dr. Spencer, Dr. Bastias and Ms. Nancy Chan-Palmateer pursuant to the above noted employment agreements in the event that the employment of such executive officers had been terminated effective December 31, 2010, in each of the circumstances set forth below.

Name	Termination event	Estimated Incremental Payment			
		Severance	Option-based awards	Other	Total
Richard Spencer	By Corporation for just cause	Nil	Nil	Nil	Nil
	By Corporation without just cause or by Dr. Spencer for "good reason"	\$314,399 ⁽¹⁾	Nil	\$75,456 ⁽¹⁾	\$389,855
	By Dr. Spencer other than for "good reason" upon two months' notice	Nil	Nil	Nil	Nil
	By Corporation following "change of control"	\$503,038 ⁽²⁾	Nil	Nil	\$503,038
Hugo Bastias	By Corporation for just cause	\$11,935 ⁽³⁾⁽⁶⁾	Nil	Nil	\$11,935
	By Corporation without just cause or by Dr. Bastias for "good reason"	\$23,870 ⁽⁴⁾⁽⁶⁾	Nil	\$44,160 ⁽⁴⁾⁽⁶⁾	\$68,030
	By Dr. Bastias other than for "good reason" upon one month notice	Nil	Nil	Nil	Nil
	By Corporation following "change of control"	\$71,610 ⁽⁵⁾⁽⁶⁾	Nil	\$44,160 ⁽⁵⁾⁽⁶⁾	\$115,770
Nancy Chan-Palmateer	By Corporation for just cause	\$11,377 ⁽³⁾	Nil	Nil	\$11,377
	By Corporation without just cause or by Ms. Chan-Palmateer for "good reason"	\$45,506 ⁽⁷⁾	Nil	\$54,608 ⁽⁷⁾	\$100,114
	By Ms. Chan-Palmateer other than for "good reason" upon one month notice	Nil	Nil	Nil	Nil
	By Corporation following "change of control"	\$68,259 ⁽⁵⁾	Nil	\$54,608 ⁽⁵⁾	\$122,867

Notes:

- (1) Comprised of a severance payment equal to 15 months' salary and a full bonus based on 30% of annual base salary.
(2) Comprised of a severance payment equal to 24 months' salary.
(3) Comprised of a severance payment equal to one month salary.
(4) Comprised of a severance payment equal to two months' salary and bonus based on 40% of annual base salary.
(5) Comprised of a severance payment equal to six months' salary and bonus based on 40% of annual base salary.
(6) Based on the US-Canadian exchange rate of \$0.9946 at December 31, 2010.
(7) Comprised of a severance payment equal to four months' salary and bonus based on 40% of annual base salary.

COMPENSATION OF DIRECTORS

Directors of the Corporation are currently paid fees equal to \$10,000 per annum for their services as directors, with the Chairman receiving an additional \$12,000 per annum and the Chairman of the Audit Committee receiving an additional \$6,000 per annum. Directors are also reimbursed for travel and other out-of-pocket expenses incurred in attending directors' and shareholders' meetings. Directors are entitled to receive compensation to the extent that they provide services to the Corporation at rates that would be charged by such directors for such services to arm's length parties. During the year ending December 31, 2010, no such service fees were paid to any director of the Corporation. Directors are entitled to participate in the Option Plan.

Director Compensation

The following table sets forth all compensation earned by each director of the Corporation who is not also a Named Executive Officer, during the financial year ended December 31, 2010.

Name	Fees earned	Share-based awards	Option-based awards	Non-equity incentive plan compensation	Pension value	All other compensation	Total
Keith Barron	\$10,000	Nil	\$44,850	Nil	Nil	Nil	\$54,850
Patrick Anderson ⁽¹⁾	\$2,500	Nil	\$29,900	Nil	Nil	Nil	\$32,400
Bryan Coates	\$16,000	Nil	\$44,850	Nil	Nil	Nil	\$60,850
David Constable	\$22,000	Nil	\$44,850	Nil	Nil	Nil	\$66,850
Sheldon Inwentash ⁽²⁾	\$7,500	Nil	\$59,800	Nil	Nil	Nil	\$67,300
Richard Patricio ⁽²⁾	\$7,500	Nil	\$59,800	Nil	Nil	Nil	\$67,300
Stewart Taylor ⁽²⁾	\$7,500	Nil	\$29,900	Nil	Nil	Nil	\$37,400

Notes:

- (1) Mr. Anderson resigned as a director of the Corporation on April 8, 2010.
(2) Messrs. Inwentash, Patricio and Taylor were appointed as directors of the Corporation on April 8, 2010.

Outstanding Share-Based Awards and Option-Based Awards

The following table sets out all option and share-based awards held by the directors of the Corporation who are not also Named Executive Officers, as at December 31, 2010.

Option-Based Awards					Share-Based Awards	
Name	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options (\$) ⁽¹⁾	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested (\$)
Keith Barron	50,000	\$0.35	September 8, 2014	\$34,000	Nil	N/A
	150,000	\$0.41	May 4, 2015	\$93,000	Nil	N/A
Patrick Anderson	50,000	\$0.35	September 8, 2014	\$34,000	Nil	N/A
	100,000	\$0.41	May 4, 2015	\$62,000	Nil	N/A
Bryan Coates	50,000	\$0.35	September 8, 2014	\$34,000	Nil	N/A
	150,000	\$0.41	May 4, 2015	\$93,000	Nil	N/A
David Constable	50,000	\$0.35	September 8, 2014	\$34,000	Nil	N/A
	150,000	\$0.41	May 4, 2015	\$93,000	Nil	N/A
Sheldon Inwentash	200,000	\$0.41	May 4, 2015	\$124,000	Nil	N/A
Richard Patricio	200,000	\$0.41	May 4, 2015	\$124,000	Nil	N/A
Stewart Taylor	100,000	\$0.41	May 4, 2015	\$62,000	Nil	N/A

Notes:

⁽¹⁾ Based upon the closing price of the Common Shares as at December 31, 2010, which was \$1.03 per share.

Incentive Plan Awards – Value Vested During the Year

The following table sets forth the value vested during the financial year ended December 31, 2010 of all options and share-based awards held by the directors of the Corporation who are not also Named Executive Officers.

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 (\$)
Keith Barron	\$28,475	Nil	Nil
Patrick Anderson	\$21,000	Nil	Nil
Bryan Coates	\$28,475	Nil	Nil
David Constable	\$28,475	Nil	Nil
Sheldon Inwentash	\$29,900	Nil	Nil
Richard Patricio	\$29,900	Nil	Nil
Stewart Taylor	\$29,900	Nil	Nil

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

Set forth below is a summary of securities issued and issuable under all equity compensation plans of the Corporation as at December 31, 2010. As at December 31, 2010, the Option Plan was the only equity compensation plan of the Corporation. See also “Summary of 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 equity compensation plans (excluding securities reflected in the first column)
Equity compensation plans approved by security holders	4,326,250	\$0.48	3,462,915 ⁽¹⁾
Equity compensation plans not approved by security holders	Nil	Nil	Nil
Total	4,326,250	N/A	3,462,915 ⁽¹⁾

⁽¹⁾ Calculated based upon 10% of the number of issued and outstanding Common Shares as at December 31, 2010, less the number of stock options outstanding as at such date.

SUMMARY OF STOCK OPTION PLAN

The Shareholders approved the Option Plan on June 24, 2010. The number of stock options which may be granted under the Option Plan is limited to not more than 10% of the issued Common Shares of the Corporation at the time of the stock option grant.

The purpose of the Option Plan is to attract, retain and motivate qualified directors, executives, employees and consultants and to reward them for their contributions toward the goals and success of the Corporation. Pursuant to the terms of the Option Plan, the Board may designate directors, senior officers, employees and consultants of the Corporation as eligible to receive stock options to acquire such numbers of Common Shares as the Board may determine.

The total number of Common Shares which may be reserved for issuance to any one individual under the Option Plan within any one year period shall not exceed 5% of the outstanding issue. The maximum number of stock options which may be granted to any one consultant under the Option Plan, any other employer stock options plans or options for services, within any 12 month period, must not exceed 2% of the Common Shares issued and outstanding at the time of the grant (on a non-diluted basis). The maximum number of stock options which may be granted to persons performing investor relations services under the Option Plan, any other employer stock options plans or options for services, within any 12 month period must not exceed, in the aggregate, 2% of the Common Shares issued and outstanding at the time of the grant (on a non-diluted basis).

The options granted under the Option Plan will be non-assignable and may be granted for a term not exceeding five years from the date of grant. The exercise price of options granted under the Option Plan may not be lower than the market price of the Common Shares at the time the option is granted, as calculated based upon the prior trading day closing price of the Common Shares on any stock exchange on which the Common Shares are listed or dealing network where the Common Shares trade, where applicable.

Options issued under the Option Plan vest at the discretion of the Board or committee established for the purpose of administering the Option Plan, as applicable, subject to certain specified limitations. The Board or any committee of the Board appointed to administer the Option Plan, as applicable, may at any time amend or terminate the Option Plan, but where amended, such amendment is subject to regulatory approval.

As at May 25, 2011, the Corporation had 6,891,250 stock options outstanding under the Option Plan (representing approximately 6.7% of outstanding Common Shares at such date) and is able to grant an additional 3,376,416 Common Shares under the Option Plan (calculated as 10% of the total number of outstanding Common Shares as of May 25, 2011 less the number of stock options outstanding at such date).

At the Meeting, shareholders will be asked to consider and, if deemed fit, confirm the Option Plan. See “Particulars of Matters to be Acted Upon – Confirmation of Option Plan”.

STATEMENT OF CORPORATE GOVERNANCE PRACTICES

National Policy 58-201 – *Corporate Governance Guidelines* of the Canadian Securities Administrators has set out best practice guidelines for effective corporate governance (the “**Guidelines**”). The Guidelines address matters such as the constitution and independence of corporate boards, the functions to be performed by boards and their committees and the effectiveness and education of board members. National Instrument 58-101 – *Disclosure of Corporate Governance Practices* (“**NI 58-101**”) of the Canadian Securities Administrators requires that if management solicits proxies from its securityholders for the purposes of electing directors, specified disclosure of the corporate governance practices must be included in its management information circular.

Set out below is a description of the Corporation’s corporate governance practices in accordance with NI 58-101, based on the Guidelines.

The Board of Directors

For the purposes of NI 58-101, a director is considered to be “independent” if he or she does not have any direct or indirect material relationship with the Corporation. 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 judgement. The Board is currently comprised of seven members: Keith Barron, Bryan Coates, David Constable, Sheldon Inwentash, Pablo Marcet, Richard Patricio and Stewart Taylor.

As at May 25, 2011, Messrs. Barron, Coates, Constable and Marcet are considered independent directors by the Board since they are all independent of management and free from any material relationship with the Corporation. The basis for this determination is that, since the beginning of the fiscal year ended December 31, 2007, none of these directors have worked for the Corporation, received remuneration from the Corporation other than in their capacity as directors of the Corporation or had material contracts with, or material interests in, the Corporation which could interfere with their ability to act with a view to the best interests of the Corporation. Messrs. Inwentash, Patricio and Taylor are not independent as each was within the past three years, an officer of Mega Uranium Ltd. (“**Mega Uranium**”). Mega Uranium was, for a brief time in 2010, the parent company of the Corporation, due to its ownership of more than 50% of the Corporation’s Common Shares, which were then distributed to Mega Uranium’s shareholders. See “Interest of Informed Persons in Material Transactions”.

The Board believes that it functions independently of management. To enhance its ability to act independent of management, the Board may meet in the absence of members of management and the independent directors or may excuse such persons from all or a portion of any meeting where a potential conflict of interest arises or where otherwise appropriate.

Directorships

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

Name of Director	Other Reporting Issuer (or equivalent in a foreign jurisdiction)
David Constable	Acme Resources Corp., Magma Metals Limited, Rockcliff Resources Inc., Sandspring Resources Ltd., Woulfe Mining Corp.
Sheldon Inwentash	Adira Energy Ltd., Brownstone Energy Inc., Mega Uranium Ltd., Pinetree Capital Ltd., Terreno Resources Corp., Titan Uranium Inc., X-Terra Resources Corporation
Pablo Marcet	Waymar Resources Ltd.
Richard Patricio	Dejour Enterprises Ltd., Mega Precious Metals Inc., Quetzal Energy Ltd., Terreno Resources Corp., Titan Uranium Inc., X-Terra Resources Corporation
Stewart Taylor	Mega Uranium Ltd.

Orientation and Continuing Education

While the Corporation currently has no formal orientation and education program for new Board members, sufficient information (such as recent financial statements, prospectuses, proxy solicitation materials, technical reports and various other operating, property and budget reports) is provided to any new Board member to ensure that new directors are familiarized with the Corporation's business and the procedures of the Board. In addition, new directors are encouraged to visit and meet with management on a regular basis. The Corporation also encourages continuing education of its directors and officers where appropriate in order to ensure that they have the necessary skills and knowledge to meet their respective obligations to the Corporation.

Ethical Business Conduct

The Board has adopted a formal code of conduct for directors and employees. In order to ensure compliance with the code of conduct and that directors exercise independent judgment, the Board has assumed responsibility for approving transactions involving the Corporation and any "related party" (as that term is defined in Multilateral Instrument 61-101 *Protection of Minority Security Holders in Special Transactions*), monitoring the Corporation's compliance with strategic planning matters, implementing a process for assessing the effectiveness of committees of directors and individual directors, and reviewing changes in or additions to compliance policies, standards, codes and programs, as well as applicable legislation.

Nomination of Directors

The Board has established a Compensation, Corporate Governance and Nominating Committee which is responsible for the appointment and assessment of directors. While there are no specific criteria for Board membership, the Corporation attempts to attract and maintain directors with business knowledge and a particular knowledge of mineral exploration and development or other areas (such as finance) which provide knowledge which would assist in guiding the officers of the Corporation. As such, nominations tend to be the result of recruitment efforts by management of the Corporation and discussions among the directors prior to the consideration of the Compensation, Corporate Governance and Nominating Committee and Board as a whole. The members of the Compensation, Corporate Governance and Nominating Committee are Messrs. Coates, Constable and Patricio.

Compensation of Directors

The Board has established a Compensation, Corporate Governance and Nominating Committee which reviews on an annual basis the adequacy and form of compensation of directors to ensure that the compensation of the Board reflects the responsibilities, time commitment and risks involved in being an effective director. Currently, as the Corporation has no ongoing revenues from operations, the directors of the Corporation receive directors fees of \$10,000 per annum for their services as directors, as described under "Compensation of Directors". All directors are eligible to participate in the Option Plan. See also "Compensation of Directors".

Other Board Committees

In addition to the Audit Committee and Compensation, Corporate Governance and Nominating Committee, the Board has a Safety, Health, Environment, Community and Technical Committee. The Safety, Health, Environment, Community and Technical Committee provides support and expertise in the areas of workplace safety and health, environmental issues, corporate social responsibility initiatives and technical issues in connection with the Corporation's day to day operations and exploration activities.

Assessments

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

AUDIT COMMITTEE

National Instrument 52-110 – *Audit Committees* (“**NI 52-110**”) requires that the Corporation, if management solicits proxies from the securityholders of the Corporation for the purposes of electing directors to its board of directors, to disclose in its information circular certain specified information, including the constitution of its audit committee and its relationship with its independent auditor, as set forth below.

The Audit Committee’s Charter

The Corporation has adopted an Audit Committee Charter. Please refer to Exhibit 1 attached to this Circular.

Composition of the Audit Committee

The Audit Committee is comprised of Bryan Coates, David Constable and Richard Patricio. As defined in NI 52-110, each of Messrs. Coates and Constable is considered to be “independent” and “financially literate”. Mr. Patricio is considered to be “financially literate”.

A member of the Audit Committee is independent if the member has no direct or indirect material relationship with the Corporation. A material relationship means a relationship which could, in the view of the Board, reasonably interfere with the exercise of a member’s independent judgment.

A member of the Audit Committee is considered financially literate if he or she 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.

Relevant Education and Experience

Mr. Coates, Chairman of the Audit Committee, currently serves as Vice President, Finance and CFO for Osisko Mining Corporation. Prior to joining Osisko Mining Corporation, he was CFO at IAMGOLD Corporation and Vice President Finance and CFO for Cambior Inc., both companies being intermediate international gold producers. Mr. Coates received a Bachelor of Commerce (Honours) degree from Laurentian University and is a member of the Institute of Chartered Accountants of Ontario.

Mr. Constable was the Vice President, Investor Relations of FNX Mining Company Inc. from 2002 to 2010, retiring after the merger with Quadra Mining Ltd. (now QuadraFNX Mining Ltd.). From 2005 to 2006, Mr. Constable served as Vice President Investor Relations and Corporate Affairs for Elko Energy Inc., a private international oil and gas company based in Toronto, Ontario. Mr. Constable also has extensive experience as a director of junior mining companies, including Rockcliff Resources Inc., Woulfe Mining Corp. and Sandspring Resources Ltd. Mr. Constable received his Bachelor of Science (Honours) degree in Geology from Mount Allison University and Masters of Business Administration (Honours) degree from Laurentian University. Mr. Constable also holds an ICD.D designation from the Institute of Canadian Directors.

Mr. Patricio is Executive Vice President, Corporate Affairs, at Mega Uranium Ltd. and is responsible for merger and acquisition activity, corporate transactions and the overall administration of Mega Uranium Ltd. Prior to joining Mega Uranium Ltd., he practiced law at a top tier law firm in Toronto and worked as in-house General Counsel for a senior TSX-listed company. Mr. Patricio is a lawyer qualified to practice in the Province of Ontario. He is also the Vice President, Legal and Corporate Affairs for Pinetree Capital Ltd., an investment company, and serves as a director and officer for several other listed companies on the TSX and the TSX Venture Exchange.

Pre-Approval Policies and Procedures

The Audit Committee must pre-approve any non-audit services to be provided to the Corporation or its subsidiaries by the external auditor, with reference to compatibility of the service with the external auditor’s independence as prescribed by securities laws.

External Auditor Service Fees

The following chart summarizes the aggregate fees billed by the external auditors of the Corporation for professional services rendered to the Corporation during the fiscal years ended December 31, 2009 and 2010 for audit and non-audit related services:

Nature of Services	Fees Paid to Auditor in Year Ended December 31, 2009	Fees Paid to Auditor in Year Ended December 31, 2010
Audit Fees ⁽¹⁾	\$66,000	\$149,600
Audit-Related Fees ⁽²⁾	Nil	\$15,000
Tax Fees ⁽³⁾	Nil	Nil
All Other Fees ⁽⁴⁾	Nil	Nil
Total	\$66,000	\$164,600

- (1) "Audit Fees" include fees necessary to perform the annual audit and quarterly reviews of the Corporation's financial statements. Audit Fees include fees for review of tax provisions and for accounting consultations on matters reflected in the financial statements. Audit Fees also include audit or other attest services required by legislation or regulation, such as comfort letters, consents, reviews of securities filings and statutory audits.
- (2) "Audit-Related Fees" include services that are traditionally performed by the auditor. These audit-related services include employee benefit audits, due diligence assistance, accounting consultations on proposed transactions, internal control reviews and audit or attest services not required by legislation or regulation.
- (3) "Tax Fees" include fees for all tax services other than those included in "Audit Fees" and "Audit-Related Fees". This category includes fees for tax compliance, tax planning and tax advice. Tax planning and tax advice includes assistance with tax audits and appeals, tax advice related to mergers and acquisitions, and requests for rulings or technical advice from tax authorities.
- (4) "All Other Fees" include all other non-audit services.

Exemption

The Corporation is relying on the exemption provided by section 6.1 of NI 52-110 which provides that the Corporation, as a venture issuer, is not required to comply with Part 3 (Composition of the Audit Committee) and Part 5 (Reporting Obligations) of NI 52-110.

INDEMNIFICATION OF DIRECTORS AND OFFICERS

The by-laws of the Corporation provide that, to the maximum extent permitted by law, the Corporation shall indemnify a director or officer of the Corporation, a former director or officer of the Corporation, or another individual who acts or acted at the Corporation's request as a director or officer, or an individual acting in a similar capacity, of another entity, against all costs, charges and expenses, including any amount paid to settle an action or satisfy a judgment, reasonably incurred by the individual in respect of any civil, criminal, administrative, investigative or other proceeding in which the individual is involved because of that association with the Corporation or other entity, where the individual (i) acted honestly and in good faith with a view to the best interests of the Corporation or other entity for which the individual acted as director or officer or in a similar capacity at the Corporation's request, as the case may be; and (ii) in the case of a criminal or administrative action or proceeding that is enforced by a monetary penalty, had reasonable grounds for believing that the individual's conduct was lawful. The by-laws of the Corporation further provide that the Corporation shall advance moneys to a director, officer or other individual for the costs, charges and expenses of a proceeding referred to above, provided that such individual shall repay the moneys if the individual does not fulfill the conditions set forth in items (i) and (ii) above.

The provisions for indemnification contained in the by-laws of the Corporation are not deemed exclusive of any other rights to which any person seeking indemnification may be entitled under any agreement, vote of shareholders or directors or otherwise, both as to action in the individual's official capacity and as to action in another capacity, and continue as to a person who has ceased to be a director, officer, employee or agent, and inure to the benefit of the heirs and legal representatives of such a person.

DIRECTORS' AND OFFICERS' LIABILITY INSURANCE

The Corporation maintains liability insurance for the directors and officers of the Corporation. The Corporation's policy of insurance is currently in effect until November 7, 2011. An annual premium of approximately \$24,624 has been paid by the Corporation. No portion of the premium is directly paid by any of the directors or officers of the Corporation. The aggregate insurance coverage under the policy for both directors and officers is limited to \$10,000,000 per claim or \$10,000,000 per policy period with a \$25,000 deductible (which is paid by the Corporation) per claim. No claims have been made or paid to date under such policy.

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

None of the Corporation's directors, executive officers, employees, former executive officers, former directors, former employees, currently or formerly proposed nominees for election as a director, nor any associate of any such individual, is at the date hereof, or has been since the commencement of the financial year of the Corporation ended December 31, 2010, indebted to the Corporation or any subsidiary of the Corporation in connection with the purchase of securities or otherwise. In addition, no indebtedness of these individuals to another entity has been the subject of a guarantee, support agreement, letter of credit or similar arrangement or understanding of the Corporation or any of its subsidiaries either as at the date of this Circular or at any time since the commencement of the financial year of the Corporation ended December 31, 2010.

INTERESTS OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

No director, executive officer, significant shareholder (or director or executive officer thereof), or proposed director of the Corporation, or any associate or affiliate thereof, has had any material interest, direct or indirect, in any transaction since the commencement of the Corporation's most recently completed financial year or in any proposed transaction which has materially affected or would materially affect the Corporation or any of its subsidiaries, other than as set forth below.

On April 8, 2010 the Corporation issued 30,564,858 Common Shares to Mega Uranium, in exchange for Mega Uranium's South American properties and \$4 million in cash. Following completion of the sale, Mega Uranium distributed the Common Shares to its shareholders on a pro rata basis as a dividend-in-kind paid on its common shares. In connection with this transaction, Messrs. Inwentash, Patricio and Taylor were appointed to the Corporation's Board.

There are potential conflicts of interest to which certain of the directors and officers of the Corporation may be subject in connection with the operations of the Corporation and its subsidiaries. Certain of the directors and officers of the Corporation are engaged and will continue to be engaged in mineral exploration activities on behalf of other corporations, and situations may arise in which such other corporations will be in direct competition with the Corporation.

Conflicts of interest which arise, if any, will be subject to and governed by procedures prescribed by the *Business Corporations Act* (Ontario) (the "OBCA") which require a director or officer of a corporation who is party to or is a director or officer of or has a material interest in any person who is a party to a material contract or proposed material contract of the Corporation, to disclose his interest and refrain from voting on any matter in respect of such contract unless otherwise permitted by the OBCA.

PARTICULARS OF MATTERS TO BE ACTED UPON

Election of Directors

The number of directors to be elected at the Meeting is seven (7). **Unless authority to do so is withheld, the persons named in the accompanying proxy intend to vote for the election of all seven nominees whose names are set forth below (the "Nominees").** Management of the Corporation does not contemplate that any of the Nominees will be unable to serve as a director, but if that should occur for any reason prior to the Meeting, it is intended that discretionary authority shall be exercised by the persons named in the enclosed form of proxy to vote the proxy for the election of any other person or persons in place of any Nominee(s) unable to serve. Each director elected will hold office until the close of the first annual meeting of shareholders of the Corporation following his election unless his office is earlier vacated in accordance with the by-laws of the Corporation.

The following table sets out the name, province and country of residence of each of the Nominees, the year in which each was first elected a director of the Corporation, the principal occupation or employment of each them for the past five years, and the approximate number of Common Shares beneficially owned, directly or indirectly, or over which direction or control is exercised by the Nominees, which is in each instance based on information furnished by the person concerned as of May 25, 2011.

Name and Municipality of Residence	Position with Corporation	Director Since	Present Occupation and Positions Held During Last Five Years	Number of Common Shares ⁽¹⁾	Board and Audit Committee Meeting Attendance
Keith Barron ⁽⁴⁾ Haute-Nendaz, Valais Switzerland	Director	December 2005	Business Executive Director, Prometheus Resources (Guyana) Inc., a subsidiary of the Corporation (2005 to present) Director, Prometheus Resources Barbados Ltd., a subsidiary of the Corporation (2005 to 2007) Vice-President, Exploration, Aurelian Resources Inc. , a mineral resources company (2002 to 2005)	8,806,400	Board: 10 of 10

Name and Municipality of Residence	Position with Corporation	Director Since	Present Occupation and Positions Held During Last Five Years	Number of Common Shares ⁽¹⁾	Board and Audit Committee Meeting Attendance
Bryan Coates ⁽²⁾⁽³⁾ Quebec, Canada	Director	June 2006	Vice President, Finance and CFO, Osisko Mining Corporation, a mineral resources company (2007 to present) CFO, IAMGOLD Corporation, a mining company (2006 to 2007) Vice President, Finance and CFO, Cambior Inc., a mineral resources company (2001 to 2006)	32,500	Board: 8 of 10 Audit Committee: 4 of 4
David Constable ⁽²⁾⁽³⁾⁽⁴⁾⁽⁵⁾ Ontario, Canada	Director	June 2006	Business Executive Vice President, Investor Relations, FNX Mining Company Inc. (now QuadraFNX Mining Ltd.), a mineral resources company (2006 to 2010) Vice President, Investor Relations and Corporate Affairs, Elko Energy Inc., an oil and gas company (2005 to 2006) Vice President, Investor Relations and Corporate Affairs, FNX Mining Company Inc., a mineral resources company (2002 to 2005)	100,000	Board: 9 of 10 Audit Committee: 4 of 4
Sheldon Inwentash ⁽⁶⁾⁽⁷⁾ Ontario, Canada	Director	April 2010	Chairman and CEO of Mega Uranium Ltd., a mineral resources company (2005 to present) Chairman and President of Brownstone Energy Inc., an oil and gas focused investment company (1998 to present) Chairman and CEO of Pinetree Capital Ltd., an investment company (1992 to present)	4,428,286	Board: 6 of 7
Pablo Marcet Buenos Aires, Argentina	Director	May 2011	President of Waymar Resources Ltd., a mineral exploration company (2010 to present) President of Geo Logic S.A., a management services and consulting company (2003 to present) Argentina President of Northern Orion Resources, a mining and mineral exploration company (2003 to 2008)	Nil	N/A
Richard Patricio ⁽²⁾⁽³⁾ Ontario, Canada	Director	April 2010	Executive Vice President, Corporate Affairs of Mega Uranium Ltd., a mineral resources company (2005 to present) Vice President, Legal Affairs and Corporate Affairs of Pinetree Capital Ltd., an investment company (2005 to present)	600,206	Board: 6 of 7 Audit Committee: 4 of 4
Stewart Taylor ⁽⁴⁾ Brisbane, Australia	Director	April 2010	President of Mega Uranium Ltd., a mineral resources company (2005 to present) Principal of Stewart Taylor & Associates, a geoscientific consulting firm (2010 to present) Partner with Taylor Wall & Associates, a geoscientific consulting firm (1998 to 2010)	48,433	Board: 5 of 7

Notes:

- (1) The information as to Common Shares beneficially owned or over which the Nominees exercise control or direction not being within the knowledge of the Corporation has been furnished by the respective directors individually as of May 25, 2011.
- (2) Member of the Audit Committee.
- (3) Member of the Compensation, Corporate Governance and Nominating Committee. Committee matters were incorporated into Board Meetings.
- (4) Member of the Safety, Health, Environment, Community and Technical Committee. Committee matters were incorporated into Board Meetings.
- (5) From May 2007 to October 2007, Rage Energy Inc. (“**Rage**”) was subject to a cease trading order for failing to file financial statements. In December 2008, a further cease trade order was issued with respect to the securities of Rage, which order remains in effect as of May 25, 2011. Mr. Constable was appointed as a director of Direct IT Canada Inc., a predecessor to Rage, in March 2000, and continued as a director of Rage until December, 2008.
- (6) Mr. Inwentash has control or direction over Pinetree Capital Ltd., which owns 9,783,771 Common Shares, representing approximately 9.5% of the outstanding Common Shares as of May 25, 2011.
- (7) In October 2002, trading in the shares of Treat Systems Inc. (“**Treat**”) was halted by the TSXV for failure to meet the exchange’s tier maintenance requirements and for having been designated as an inactive issuer for a period in excess of 18 months. In August 2003, Treat’s shares were listed on the NEX board of the TSXV. In January 2008, Treat completed a “change of business” pursuant to the policies of the TSXV. The company’s name was changed to Mega Silver Inc. and its shares commenced trading on the TSXV on January 31, 2008. Mr. Inwentash was a director of Treat from October 2001 until his resignation in January 2008 concurrently with the completion of the company’s change of business.

Appointment of Auditors

Unless authority to do so is withheld, the persons named in the accompanying proxy intend to vote for the appointment of KPMG LLP, Chartered Accountants, the current auditors of the Corporation, as auditors of the Corporation until the close of the next annual meeting of shareholders and to authorize the directors to fix their remuneration. KPMG LLP were first appointed auditors of the Corporation on May 23, 2007.

Confirmation of Option Plan

The shareholders of the Corporation approved the Option Plan on June 24, 2010. Options may be granted in respect of authorized and unissued Common Shares, provided that the aggregate number of Common Shares reserved for issuance upon the exercise of all options granted under the Option Plan shall not exceed 10% of the total number of Common Shares issued and outstanding from time to time. Underlying Common Shares in respect of which options are not exercised because the relevant options expire or are cancelled, shall be available for issue upon the exercise of subsequent grants of options. An aggregate of 6,891,250 Common Shares (representing approximately 6.7% of the issued and outstanding Common Shares as of May 25, 2011) are currently reserved for issuance pursuant to options granted under the Option Plan and the Corporation may grant an additional 3,376,416 options under the Option Plan, calculated based upon an aggregate of 102,676,658 Common Shares issued and outstanding as of May 25, 2011. See also "Summary of Stock Option Plan".

Below is a summary of the 6,891,250 outstanding options to purchase Common Shares as at May 25, 2011:

Holder	Number/Type of Shares Under Option	Expiry Date	Exercise Price
All executive officers and past executive officers of the Corporation, as a group	300,000	December 20, 2012	\$1.05
	40,000	April 30, 2013	\$0.65
	60,000	June 26, 2013	\$0.80
	112,500	September 8, 2014	\$0.35
	600,000	May 4, 2015	\$0.41
	150,000	June 4, 2015	\$0.24
	540,000	May 9, 2016	\$0.50
All directors and past directors (who are not also executive officers) of the Corporation, as a group	200,000	May 25, 2016	\$0.45
	200,000	September 8, 2014	\$0.35
	1,150,000	May 4, 2015	\$0.41
	600,000	May 9, 2016	\$0.50
All other employees and past employees of the Corporation as a group	126,250	June 26, 2013	\$0.80
	101,250	September 8, 2014	\$0.35
	515,000	May 4, 2015	\$0.41
	150,000	November 25, 2015	\$0.73
	660,000	May 9, 2016	\$0.50
All consultants of the Corporation as a group	40,000	June 26, 2013	\$0.80
	3,750	September 8, 2014	\$0.35
	617,500	May 4, 2015	\$0.41
	80,000	November 25, 2015	\$0.73
	645,000	May 9, 2016	\$0.50
Total	6,891,250		

The Option Plan was amended by the Board on May 25, 2011 to add the following provision concerning new withholding tax requirements in connection with the exercise of stock options: “For certainty and notwithstanding any other provision of the Plan, the Corporation may take such steps as it considers necessary or appropriate for the deduction or withholding of any income taxes or other amounts which the Corporation is required by any law or regulation of any governmental authority whatsoever to deduct or withhold in connection with any share issued pursuant to the Plan, including, without limiting the generality of the foregoing, (a) withholding of all or any portion of any amount otherwise owing to an optionee; (b) the suspension of the issue of shares to be issued under the Plan, until such time as the optionee has paid to the Corporation an amount equal to any amount which the Corporation is required to deduct or withhold by law with respect to such taxes or other amounts; and/or (c) withholding and causing to be sold, by it as an agent on behalf of an optionee, such number of shares as it determines to be necessary to satisfy the withholding obligation. By participating in the Plan, the optionee consents to such sale and authorizes the Corporation to effect the sale of such shares on behalf of an optionee and to remit the appropriate amount to the applicable governmental authorities. The Corporation shall not be responsible for obtaining any particular price for the shares nor shall the Corporation be required to issue any shares under the Plan unless the optionee has made suitable arrangements with the Corporation to fund any withholding obligation.”

Pursuant to Section 2.9 of TSXV Policy 4.4, the Corporation is required to obtain the approval of its shareholders every year after institution to confirm any stock option plan which does not have a fixed maximum number of securities issuable (such as the Option Plan). Accordingly, at the Meeting, shareholders will be asked to consider and, if thought fit, approve the resolutions substantially in the form attached as Exhibit 2 hereto (the “**Stock Option Plan Resolutions**”) re-approving the Option Plan as the stock option plan of the Corporation and reconfirming the issuance thereunder of such number of Common Shares as is equal to 10% of the aggregate number of Common Shares issued and outstanding from time to time. The Stock Option Plan Resolutions will be approved upon the affirmative vote of a majority of the votes cast at the Meeting.

The Board has concluded that the Option Plan is in the best interest of the Corporation and its shareholders. Accordingly, the Board recommends that shareholders vote in favour of the Stock Option Plan Resolutions.

Unless otherwise directed, the persons named in the enclosed form of proxy intend to vote for the approval of the Stock Option Plan Resolutions.

Adoption of Shareholders Rights Plan

At the Meeting, Shareholders will be asked to consider, and, if deemed appropriate, to pass a resolution ratifying, confirming, and approving the Corporation’s shareholders rights plan as more particularly described below.

Background

The Corporation originally implemented a shareholder rights plan on March 4, 2008 (the “**Original Plan**”) with Equity Transfer & Trust Company as Rights Agent. The Original Plan by its terms was to expire on March 4, 2011 unless ratified by Shareholders. On February 17, 2011, an amended and restated shareholders rights plan was adopted with Equity Financial Trust Company as Rights Agent. On May 25, 2011, the Board approved the adoption of a further amended and restated shareholders rights agreement (the “**Rights Plan**”) dated May 25, 2011 between the Corporation and Equity Financial Trust Company as Rights Agent. At the Meeting, Shareholders will be asked to consider and, if deemed advisable, to ratify and approve the Rights Plan and the issuance of all Rights (defined below) issued pursuant to the Rights Plan. The Rights Plan has a term of three years and will expire at the end of the annual shareholders meeting in 2014 unless the Rights are earlier redeemed. Approval of the Rights Plan by Shareholders within six months of its adoption is required by the TSXV. The Rights Plan is similar to plans adopted recently by several other Canadian companies and approved by their shareholders. Amendments were made to the Original Plan to ensure that the Rights Plan is in conformity with current practices of Canadian companies with respect to shareholder rights plans.

A copy of the Rights Plan is available on SEDAR at www.sedar.com or upon request of the Corporation. This summary is qualified entirely by the text of the Rights Plan.

Objectives of the Rights Plan

The fundamental objectives of the Rights Plan are to provide adequate time for the Board of the Corporation and Shareholders to assess an unsolicited take-over bid for the Corporation, to provide the Board with sufficient time to explore and develop alternatives for maximizing Shareholder value if a take-over bid is made, and to provide Shareholders with an equal opportunity to participate in a take-over bid.

The Rights Plan encourages a potential acquirer who makes a take-over bid to proceed either by way of a “Permitted Bid” (defined below), which generally requires a take-over bid to satisfy certain minimum standards designed to promote fairness, or with the concurrence of the Corporation’s Board. If a take-over bid fails to meet these minimum standards and the Rights Plan is not waived by the Board, the Rights Plan provides that Shareholders, other than the acquirer, will be able to purchase additional Common Shares of the Corporation at a significant discount to market, thus exposing the person acquiring Common Shares to substantial dilution of its holdings.

Currently, the Board of the Corporation is not aware of any pending or threatened take-over bid for the Corporation.

In adopting the Rights Plan, the Board considered the existing legislative framework governing take-over bids in Canada. The Board believes such legislation currently does not provide sufficient time to permit Shareholders to consider the take-over bid and make a reasoned and unhurried decision with respect to the take-over bid or give the Board sufficient time to develop alternatives for maximizing Shareholder value. Shareholders may also feel compelled to tender to a take-over bid even if the Shareholder considers such bid to be inadequate out of a concern that failing to tender may result in a Shareholder being left with illiquid or minority discounted securities of the Corporation. This is particularly so in the case of a partial bid for less than all the Common Shares of the Corporation where the bidder wishes to obtain a control position but does not wish to acquire all of the Common Shares. Finally, while existing securities legislation has addressed many concerns related to unequal treatment of Shareholders, there remains the possibility that control of a company may be acquired pursuant to private agreements in which a small group of Shareholders disposes of Common Shares at a premium to market prices, which premium is not shared with other Shareholders.

It is not the intention of the Board in recommending the confirmation and ratification of the Rights Plan to either secure the continuance of the Directors of the Corporation or to preclude a take-over bid for control of the Corporation. The Rights Plan provides various mechanisms where Shareholders could tender to take-over bids as long as they satisfy the requirements of a Permitted Bid. Furthermore, the Board is always bound to consider any take-over bid for the Corporation and consider whether or not it should waive the application of the Rights Plan in respect of such bid. In discharging such responsibility, the Board will be obligated to act honestly and in good faith with a view to the best interests of the Corporation.

A number of recent decisions rendered by the Canadian securities regulators relating to rights plans have concluded that a board of directors faced with an unsolicited take-over bid will not be permitted to maintain a rights plan indefinitely to prevent the successful completion of the bid, but only for so long as the Board is actively seeking alternatives to the bid and there is a reasonable possibility that, given additional time, a value maximizing alternative will be developed.

In recent years, unsolicited bids have been made for a number of Canadian public companies, many of which had rights plans. The Board believes this demonstrates that the existence of a rights plan does not prevent the making of an unsolicited bid. Further, in a number of these cases, a change of control ultimately occurred at a price in excess of the original bid price. There can be no assurance, however, that the Rights Plan would serve to bring about a similar result.

The Rights Plan is not expected to interfere with the day-to-day operations of the Corporation. The continuation of the existing outstanding rights and issuance of additional rights in the future will not in any way alter the financial condition of the Corporation, impede its business plans, or alter its financial statements. In addition, the Rights Plan is initially not dilutive. However, if a "Flip-in Event" (defined below) occurs and the rights separate from the Common Shares as described below, reported earnings per share, reported distributable cash per Common Share on a fully-diluted or non-diluted basis may be affected. In addition, holders of rights not exercising their rights after a Flip-in Event may suffer substantial dilution.

Summary of Rights Plan

The following is a summary of the principal terms of the Rights Plan, which summary is qualified in its entirety by reference to the text of the Rights Agreement.

(i) Effective Date

The effective date of the Rights Plan is May 25, 2011.

(ii) Term

Subject to the ratification and approval of the Rights Plan by Shareholders at the Meeting, as set forth herein, the Rights Amendment and the rights issued there under will expire on the close of business on the date immediately following the Corporation's annual meeting in 2014, unless otherwise terminated earlier in accordance with their terms.

(iii) Issue of Rights

The issuance of one right (a "**Right**") attached to each Common Share outstanding has been affirmed under the Rights Plan. One Right will attach to each Common Share subsequently issued.

(iv) *Rights Exercise Privilege*

The Rights will separate from the Common Shares and will be exercisable ten trading days (the “**Separation Time**”) after a person has acquired, or commences a take-over bid to acquire, 20% or more of the Common Shares, other than by an acquisition pursuant to a Permitted Bid. The acquisition by an Acquiring Person (defined below) of 20% or more of the Common Shares, other than by way of a Permitted Bid, is referred to as a “Flip-in Event”. Any Rights held by an Acquiring Person will become void upon the occurrence of a Flip-in Event. Ten trading days after the occurrence of the Flip-in Event, each Right (other than those held by the Acquiring Person), will permit the purchase of Common Shares having an aggregate Market Price of \$200 for \$100.

The issue of the Rights is not initially dilutive. Upon a Flip-in Event occurring and the Rights separating from the Common Shares, reported earnings per Common Share and distributable cash per Common Share on a fully diluted or non-diluted basis may be affected. Holders of Rights not exercising their Rights upon the occurrence of a Flip-in Event may suffer substantial dilution.

An “Acquiring Person” is a person who, at any time after the date of the Rights Agreement, is the “Beneficial Owner” (defined below) of 20% or more of the outstanding Common Shares of the Corporation. A Person who becomes the Beneficial Owner of more than 20% of the Common Shares through certain enumerated types of transactions, however, is exempted from the definition of an Acquiring Person. The principal exemptions are for a Permitted Bid Acquisition (an acquisition of Common Shares made pursuant to a Permitted Bid or “Competing Permitted Bid” (defined below)), a Pro-Rata Acquisition (generally, the acquisition of Common Shares as a result of a stock dividend, stock split or other event pursuant to which a person receives or acquires Common Shares of other securities convertible into or exchangeable for Common Shares on the same pro-rata basis as all other Shareholders or pursuant to the receipt and/or exercise of rights issued by the Corporation on a pro-rata basis to all Shareholders or securities convertible into or exchangeable for Common Shares provided that such rights are acquired directly from the Corporation and not from any other person), a Voting Share Reduction (generally, an acquisition, redemption or cancellation by the Corporation of the Common Shares, which by reducing the number of Common Shares outstanding increases the percentage of Common Shares Beneficially Owned by any person to 20% or more of the Common Shares then outstanding), an Exempt Acquisition (generally, in those circumstances described under “*Adoption of Rights Plan – Summary of Rights Plan – (vii) Waiver*”), pursuant to certain regular dividend reinvestment plans, pursuant to a distribution of shares, or securities convertible into or exchangeable for Common Shares made by the Corporation pursuant to a prospectus, by way of a private placement or pursuant to an issuance of securities in connection with an acquisition, or pursuant to an amalgamation, merger or other statutory procedure requiring shareholder approval, and pursuant to a Convertible Security Acquisition (generally, an acquisition of Common Shares upon the exercise of convertible securities of the Corporation received by a person pursuant to a Permitted Bid Acquisition, an Exemption Acquisition or a Pro-Rata Acquisition). An Acquiring Person also excludes any person who, at the time that the Rights Agreement is put in place, already owns more than 20% of the Common Shares of the Corporation.

Relating to the definition of Acquiring Person is the concept of Beneficial Ownership. Generally, a person is deemed to “Beneficially Own” any Common Shares that are owned by its affiliates or associates or by persons acting jointly or in concert with such person for the purpose of acquiring Common Shares and any Common Shares that it has the right to vote or the right to acquire within 60 days. Specific exclusions clarify, among other persons, those intermediaries that are Corporation managers are not caught simply because they may have the right to vote Common Shares managed by them for others and that dissident proxy solicitations and related agreements regarding voting at Shareholders’ meetings do not result in Beneficial Ownership.

(v) *Certificates and Transferability*

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

(vi) *Permitted Bid Requirements*

A take-over bid is a “Permitted Bid” where it satisfies the following requirements:

- (A) the take-over bid must be made by way of a take-over bid circular;
- (B) the take-over bid must be made to all Shareholders, other than the bidder;
- (C) the take-over bid must be outstanding for a minimum period of 60 days and Common Shares tendered pursuant to the take-over bid may not be taken up prior to the expiry of the 60 day period and only if at such time more than 50% of the Common Shares held by Shareholders, other than the bidder, its affiliates and persons acting jointly or in concern and certain other persons (the “**Independent Shareholders**”), have been tendered to the take-over bid and not withdrawn;

- (D) if the requirement of (C) above is met, the bidder must make a public announcement of that fact and the take-over bid must remain open for deposits of Common Shares for an additional ten days from the date of such public announcement;
- (E) Common Shares may be deposited pursuant to a take-over bid, unless such take-over bid is withdrawn, at any time prior to the date Common Shares are first taken up and paid for; and
- (F) any Common Shares deposited pursuant to the take-over bid may be withdrawn until taken up and paid for.

The Rights Plan also allows for a competing Permitted Bid (a “**Competing Permitted Bid**”) to be made while a Permitted Bid is in existence. A Competing Bid must satisfy all the requirements of a Permitted Bid except that it may expire on the same date as the Permitted Bid, subject to the requirement that it be outstanding for a minimum period of 35 days.

(vii) Waiver

The Board, acting in good faith, may, prior to the occurrence of a Flip-in Event and with the prior consent of the Shareholders, waive the application of the Rights Plan to a particular Flip-in Event where the take-over bid is made to all Shareholders pursuant to a take-over bid circular. Where the Board exercises the waiver power for one take-over bid, the waiver will also apply to any other take-over bid for the Corporation made by a take-over bid circular to all Shareholders prior to the expiry of any other bid for which the Rights Plan has been waived. The Board may waive the application of the Rights Plan where an Acquiring Person inadvertently becomes an Acquiring Person and such Acquiring Person has reduced its beneficial ownership of Common Shares such that the at the time of the waiver, it is no longer an Acquiring Person.

(viii) Redemption

The Board with the approval of a majority vote of the votes cast by Shareholders (or the holders of Rights if the Separation Time has occurred) voting in person and by proxy, at a meeting duly called for that purpose, may redeem the Rights at \$0.00001 per Common Share. Rights may also be redeemed by the Board without such approval following completion of a Permitted Bid, Competing Permitted Bid or Exempt Acquisition.

(ix) Amendment

The Board may amend the Rights Plan with the approval of a majority vote of the votes cast by Shareholders (or the holders of Rights if the Separation Time has occurred) voting in person and by proxy at a meeting duly called for that purpose. The Board without such approval may correct clerical or typographical errors and, subject to the approval as noted above at the next meeting of the Shareholders (or holders of Rights, as the case may be), may make amendments to the Rights Plan to maintain its validity due to changes in applicable legislation.

(x) Board of Directors

The Rights Plan will not detract from or lessen the duty of the Board to act honestly and in good faith with a view to the best interests of the Corporation. The Board, when a Permitted Bid is made, will continue to have the duty and power to take such actions and make such recommendations to Shareholders as are considered appropriate.

(xi) Exemptions for Investment Advisors

Investment advisors (for fully managed accounts), trust companies (acting in their capacities as trustees and administrators) and administrators of registered pension plans acquiring greater than 20% of the Common Shares are exempted from triggering a Flip-in Event, provided that they are not making, or are not part of a group making, a take-over bid.

Resolution Approving the Rights Plan

The text of the resolution approving the Rights Plan to be put before Shareholders at the Meeting is set out in Schedule 3 hereto. The resolution is an ordinary resolution and must be approved by a majority of the votes cast by the Independent Shareholders (as defined in the Rights Plan) present or represented by proxy at the Meeting. Unless such authority is withheld, the persons named in the enclosed form of proxy intend to vote FOR the resolution approving the Rights Plan.

Director’s Recommendation

For the reasons indicated above, the directors believe that the Rights Plan is in the best interests of the Corporation and its Shareholders and, accordingly, recommend that Shareholders vote for the Rights Plan. If the Rights Plan is not approved by a majority of the votes cast at the Meeting by Independent Shareholders voting in person or by proxy, it will cease to be in effect.

ADDITIONAL INFORMATION

Additional information concerning the Corporation is available on SEDAR at www.sedar.com and the Corporation's web site at www.u3o8corp.com. Financial information concerning the Corporation is provided in the Corporation's comparative financial statements and management's discussion and analysis for the financial year ended December 31, 2010.

For a copy of the Corporation's financial statements and management's discussion and analysis, contact the Corporation as follows:

**U3O8 Corp.
8 King Street East, Suite 710
Toronto, Ontario
M5C 1B5
Telephone (416) 868-1491**

DIRECTORS' APPROVAL OF CIRCULAR

The contents and the sending of this Circular to the shareholders of the Corporation have been approved by the Board.

DATED at Toronto, Ontario this 25th day of May, 2011.

BY ORDER OF THE BOARD OF DIRECTORS

“Richard Spencer”

Richard Spencer
President and Chief Executive Officer

EXHIBIT 1

U3O8 CORP. AUDIT COMMITTEE CHARTER

I. PURPOSE

The Audit Committee (the "**Committee**") is appointed by the Board of Directors (the "**Board**") of U3O8 Corp. (the "**Corporation**") to assist the Board in fulfilling its oversight responsibilities relating to financial accounting and reporting process and internal controls for the Corporation. The Committee's primary duties and responsibilities are to:

- conduct such reviews and discussions with management and the independent auditors relating to the audit and financial reporting as are deemed appropriate by the Committee;
- assess the integrity of internal controls and financial reporting procedures of the Corporation and ensure implementation of such controls and procedures;
- ensure that there is an appropriate standard of corporate conduct including, if necessary, adopting a corporate code of ethics for senior financial personnel;
- review the quarterly and annual financial statements and management's discussion and analysis of the Corporation's financial position and operating results and report thereon to the Board for approval of same;
- select and monitor the independence and performance of the Corporation's outside auditors (the "**Independent Auditors**"), including attending at private meetings with the Independent Auditors and reviewing and approving all renewals or dismissals of the Independent Auditors and their remuneration; and
- provide oversight to related party transactions entered into by the Corporation.

The Committee has the authority to conduct any investigation appropriate to its responsibilities, and it may request the Independent Auditors as well as any officer of the Corporation, or outside counsel for the Corporation, to attend a meeting of the Committee or to meet with any members of, or advisors to, the Committee. The Committee shall have unrestricted access to the books and records of the Corporation and has the authority to retain, at the expense of the Corporation, special legal, accounting, or other consultants or experts to assist in the performance of the Committee's duties. The Committee shall review and assess the adequacy of this Charter annually and submit any proposed revisions to the Board for approval. In fulfilling its responsibilities, the Committee will carry out the specific duties set out in Part III of this Charter.

II AUTHORITY OF THE AUDIT COMMITTEE

The Committee shall have the authority to:

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

III COMPOSITION AND MEETINGS

1. The Committee and its membership shall meet all applicable legal and listing requirements, including, without limitation, those of the TSX Venture ("**TSXV**"), the *Business Corporations Act* (Ontario), all applicable securities regulatory authorities. Each member of the Committee shall be financially literate.
2. The Committee shall be composed of three or more directors as shall be designated by the Board from time to time. The members of the Committee shall appoint from among themselves a member who shall serve as Chair.
3. A majority of the members of the Committee shall be "independent" as defined by securities legislation and the requirements of the TSXV.

4. 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 legal or listing requirements. A minimum of two and at least 50% of the members of the Committee present either in person or by telephone shall constitute a quorum.

5. If within one hour of the time appointed for a meeting of the Committee, a quorum is not present, the meeting shall stand adjourned to the same hour on the second business day following the date of such meeting at the same place. If at the adjourned meeting a quorum as hereinbefore specified is not present within one hour of the time appointed for such adjourned meeting, the quorum for the adjourned meeting shall consist of the members then present.

6. If and whenever a vacancy shall exist, the remaining members of the Committee may exercise all of its powers and responsibilities so long as a quorum remains in office.

7. The time and place at which meetings of the Committee shall be held, and 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, email or other communication equipment, by giving at least 48 hours notice, provided that no notice of a meeting shall be necessary if all of the members are present either in person or by means of conference telephone or if those absent have waived notice or otherwise signified their consent to the holding of such meeting.

8. Any member of the Committee may participate in the meeting of the Committee by means of conference telephone or other communication equipment, and the member participating in a meeting pursuant to this paragraph shall be deemed, for purposes hereof, to be present in person at the meeting.

9. 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.

10. The Committee may invite such officers, directors and employees of the Corporation and its subsidiaries as it may see fit, from time to time, to attend meetings of the Committee.

11. The Board may at any time amend or rescind any of the provisions hereof, or cancel them entirely, with or without substitution.

12. Any matters to be determined by the Committee shall be decided by a majority of 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 of the members of the Committee, and such actions shall be effective as though they had been decided by a majority of votes cast at a meeting of the Committee called for such purpose. All decisions or recommendations of the Audit Committee shall require the approval of the Board prior to implementation.

IV RESPONSIBILITIES

A Financial Accounting and Reporting Process and Internal Controls

1. The Committee shall review the annual audited financial statements to satisfy itself that they are presented in accordance with generally accepted accounting principles ("GAAP") and report thereon to the Board and recommend to the Board whether or not same should be approved prior to their being filed with the appropriate regulatory authorities. The Committee shall also review and approve the interim financial statements. With respect to the annual and interim audited financial statements, the Committee shall discuss significant issues regarding accounting principles, practices, and judgments of management with management and the Independent Auditors as and when the Committee deems it appropriate to do so. The Committee shall satisfy itself that the information contained in the annual audited financial statements is not significantly erroneous, misleading or incomplete and that the audit function has been effectively carried out.

2. The Committee shall review management's internal control report and the evaluation of such report by the Independent Auditors, together with management's response.

3. The Committee shall review the financial statements, management's discussion and analysis relating to annual and interim financial statements, annual and interim earnings press releases and any other public disclosure documents that are required to be reviewed by the Committee under any applicable laws before the Corporation publicly discloses this information.

4. The Committee shall 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 (3), and periodically assess the adequacy of these procedures.

5. The Committee shall meet no less frequently than annually with the Independent Auditors 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 and such other matters as the Committee, Chief Financial Officer or, in the absence of a Chief Financial Officer, with the officer of the Corporation in charge of financial matters, deems appropriate.

6. The Committee shall inquire of management and the Independent Auditors about significant risks or exposures, both internal and external, to which the Corporation may be subject, and assess the steps management has taken to minimize such risks.

7. The Committee shall review the post-audit or management letter containing the recommendations of the Independent Auditors and management's response and subsequent follow-up to any identified weaknesses.

8. The Committee shall ensure that there is an appropriate standard of corporate conduct including, if necessary, adopting a corporate code of ethics for senior financial personnel.

9. The Committee shall establish procedures for:

(a) the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls or auditing matters; and

(b) the confidential, anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters.

10. The Committee shall provide oversight to related party transactions entered into by the Corporation.

B Independent Auditors

1. The Committee shall be responsible for recommending the appointment, compensation and oversight of the Independent Auditors and the Independent Auditors shall report directly to the Committee.

2. The Committee shall be directly responsible for overseeing the work of the external auditors, including the resolution of disagreements between management and the external auditors regarding financial reporting.

3. The Committee shall pre-approve all audit and non-audit services not prohibited by law to be provided by the Independent Auditors.

4. The Committee shall monitor and assess the relationship between management and the Independent Auditors and monitor, confirm, support and assure the independence and objectivity of the Independent Auditors. The Committee shall establish procedures to receive and respond to complaints with respect to accounting, internal accounting controls and auditing matters.

5. The Committee shall review the Independent Auditor's audit plan, including scope, procedures and timing of the audit.

6. The Committee shall review the results of the annual audit with the Independent Auditors, including matters related to the conduct of the audit, and receive and review the auditor's interim review reports.

7. The Committee shall obtain timely reports from the Independent Auditors describing critical accounting policies and practices, alternative treatments of information within GAAP that were discussed with management, their ramifications, and the Independent Auditors' preferred treatment and material written communications between the Corporation and the Independent Auditors.

8. The Committee shall review fees paid by the Corporation to the Independent Auditors and other professionals in respect of audit and non-audit services on an annual basis.

9. The Committee shall review and approve the Corporation's hiring policies regarding partners, employees and former partners and employees of the present and former auditors of the Corporation.

10. The Committee shall monitor and assess the relationship between management and the external auditors, and monitor and support the independence and objectivity of the external auditors.

C Other Responsibilities

The Committee shall perform any other activities consistent with this Charter and governing law, as the Committee or the Board deems necessary or appropriate.

EXHIBIT 2

BE IT HEREBY RESOLVED AS AN ORDINARY RESOLUTION THAT:

1. The existing stock option plan of the Corporation (the “**Plan**”) as described in the management information circular of the Corporation dated May 25, 2011 (the “**Circular**”) be authorized, confirmed and reapproved as the stock option plan of the Corporation, and all unallocated entitlements thereunder be hereby authorized, confirmed and reapproved;
2. the number of common shares of the Corporation issuable pursuant to the Plan be confirmed as 10% of the total number of common shares of the Corporation issued and outstanding from time to time, subject to any limitations imposed by applicable regulations, laws, rules and policies; and
3. any director or officer of the Corporation is hereby authorized and directed, acting for, in the name of and on behalf of the Corporation, to execute or cause to be executed, under the seal of the Corporation or otherwise and to deliver or to cause to be delivered, all such other deeds, documents, instruments and assurances and to do or cause to be done all such other acts as in the opinion of such director or officer of the Corporation may be necessary or desirable to carry out the terms of the foregoing resolutions.

EXHIBIT 3

RESOLUTION APPROVING SHAREHOLDERS RIGHTS PLAN

BE IT HEREBY RESOLVED AS AN ORDINARY RESOLUTION THAT:

1. the shareholder rights plan (the “**Original Plan**”) dated March 4, 2008 of the Corporation and Equity Transfer and Trust Company (as Rights Agent), as amended, be continued and the amended and restated shareholders rights plan (the “**Rights Plan**”) as set forth in the amended and restated shareholder rights plan agreement dated as of May 25, 2011 between the Corporation and Equity Financial Trust Company (as Rights Agent), which amends and restates the Original Plan and continues the rights issued under thereunder is hereby ratified, confirmed and approved; and
2. any director or officer of the Corporation is hereby authorized and directed to execute and deliver all such other agreements and documents and to do all such acts and things as in his or her opinion may be necessary or desirable in connection with the foregoing.

Any questions and requests for assistance may be directed to the
Proxy Solicitation Agent:



The Exchange Tower
130 King Street West, Suite 2950, P.O. Box 361
Toronto, Ontario
M5X 1E2

North American Toll Free Phone:

1-866-851-3212

Email: contactus@kingsdaleshareholder.com

Facsimile: 416-867-2271

Toll Free Facsimile: 1-866-545-5580

Outside North America, Banks and Brokers Call Collect: 416-867-2272