

## MANAGEMENT PROXY CIRCULAR

### SOLICITATION OF PROXIES BY MANAGEMENT

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

### APPOINTMENT AND REVOCATION OF PROXIES

The persons named in the enclosed form of proxy are directors and officers of the Company. A shareholder has the right to appoint as his or her proxy a person, who need not be a shareholder, other than those whose names are printed on the accompanying form of proxy. **A shareholder who wishes to appoint some other person to represent him or her at the Meeting may do so either by inserting such other person's name in the blank space provided in the form of proxy and signing the form of proxy or by completing and signing another proper form of proxy.** To be valid, the duly-completed form of proxy must be deposited at the offices of Computershare Investor Services Inc. (Attention: Proxy Department), 100 University Avenue, 9th Floor, Toronto, Ontario M5J 2Y1 no later than 5:00 p.m. on April 28, 2011. The instrument appointing a proxy holder must be executed by the shareholder or by his attorney authorized in writing or, if the shareholder is a corporate body, by its authorized officer or officers.

A shareholder who has given a proxy may revoke it, as to any motion on which a vote has not already been cast pursuant to the authority conferred by it, by an instrument in writing executed by the shareholder or by the shareholder's attorney authorized in writing or, if the shareholder is a corporation, under its corporate seal or by an officer or attorney thereof duly authorized. The revocation of a proxy, in order to be acted upon, must be deposited with Computershare Investor Services Inc. (Attention: Proxy Department), 100 University Avenue, 9th Floor, Toronto, Ontario M5J 2Y1 no later than 5:00 p.m. on April 28, 2011 or with the Secretary of the Company before the commencement of the Meeting or at any adjournment thereof.

### EXERCISE OF DISCRETION BY PROXIES

**Common shares represented by properly-executed proxies in favour of the persons designated in the enclosed form of proxy, in the absence of any direction to the contrary, will be voted: (i) for the election of directors; (ii) for the appointment of auditors; and (iii) in favour of the resolution approving the Shareholder Rights Plan of the Company.** Instructions with respect to voting will be respected by the persons designated in the enclosed form of proxy. With respect to amendments or variations to matters identified in the Notice of Meeting and with respect to other matters which may properly come before the Meeting, such shares will be voted by the persons so designated in their discretion. At the time of printing this Circular, management of the Company knows of no such amendments, variations or other matters.

### VOTING SHARES

As at March 28, 2011, there were 21,861,008 issued and outstanding common shares of the Company. Each common share entitles the holder thereof to one vote. The Company has fixed March 28, 2011 as the record date (the "Record Date") for the purpose of determining shareholders entitled to receive notice of the Meeting. Any registered shareholder of record as at the close of business on the Record Date will be entitled to vote at the Meeting.

### NON-REGISTERED SHAREHOLDERS

Only registered shareholders or the persons they appoint as their proxies are permitted to vote at the Meeting. However, in many cases, shares beneficially owned by a non-registered shareholder (a "Non-Registered Holder") are registered either: (i) in the name of an intermediary (an "Intermediary") that the Non-Registered Holder deals with in respect of the common shares, such as securities dealers or brokers, banks, trust companies, and trustees or administrators of self-administered RRSPs, RRIFs, RESPs, TFSA's and similar plans; or (ii) in the name of a clearing agency of which the Intermediary is a participant. In accordance with National Instrument 54-101 of the Canadian Securities Administrators, entitled "Communication with Beneficial Owners of Securities of a Reporting Issuer", the Company has distributed copies of the Notice of Meeting and this Circular (collectively, the "Meeting Materials") to the clearing agencies and Intermediaries for distribution to Non-Registered Holders. Intermediaries are required to forward the Meeting Materials to Non-Registered Holders unless a Non-Registered Holder has waived the right to receive it. Intermediaries often use service companies to forward meeting materials to Non-Registered Holders. Generally, Non-Registered Holders who have not waived the right to receive the Meeting Materials will either:

- (a) typically, be provided with a computerized form (often called a “voting instruction form”) which is not signed by the Intermediary and which, when properly completed and signed by the Non-Registered Holder and returned to the Intermediary or its service company, will constitute voting instructions which the Intermediary must follow. The Non-Registered Holder will generally be given a page of instructions which contains a removable label containing a bar-code and other information. In order for the applicable computerized form to validly constitute a voting instruction form, the Non-Registered Holder must remove the label from the instructions and affix it to the computerized form, properly complete and sign the form and submit it to the Intermediary or its service company in accordance with the instructions of the Intermediary or service company. In certain cases, the Non-Registered Holder may provide such voting instructions to the Intermediary or its service company through the Internet or through a toll-free telephone number; or
- (b) less commonly, be given a proxy form which has already been signed by the Intermediary (typically by a facsimile, stamped signature), which is restricted to the number of shares beneficially owned by the Non-Registered Holder but which is otherwise not completed. In this case, the Non-Registered Holder who wishes to submit a proxy should properly complete the proxy form and submit it to Computershare Investor Services Inc. (Attention: Proxy Department), 100 University Avenue, 9th Floor, Toronto, Ontario M5J 2Y1 no later than 5:00 p.m. on April 28, 2011.

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

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

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

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

#### PRINCIPAL HOLDER

As of March 28, 2011, to the best knowledge of the executive officers and directors of the Company, the following is the only person who beneficially owned, directly or indirectly, or exercised control or direction over, more than 10% of the issued and outstanding common shares of the Company:

Name	Number of Common Shares	Percentage of Common Shares
Géoconseils Jack Stoch Ltée <sup>(1)</sup> <sup>(2)</sup>	2,583,027	11.82%

<sup>(1)</sup> Géoconseils Jack Stoch Ltée is wholly-owned by Jack Stoch, President and Chief Executive Officer and a director of the Company.

<sup>(2)</sup> The information set above is taken from SEDI, and is not within the direct knowledge of the executive officers and directors of the Company, other than Jack Stoch.

#### ELECTION OF DIRECTORS

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

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

Name and position with the Company	Principal occupation	First year as director	Number of common shares beneficially owned or over which control or direction is exercised as at March 28, 2011
Jack Stoch Rouyn-Noranda, Quebec, Canada President, Chief Executive Officer and Director	President and Chief Executive Officer of the Company	1983	2,583,027
Dianne Stoch <sup>(4)</sup> Rouyn-Noranda, Quebec, Canada Executive Vice President, Corporate Secretary and Director	Executive Vice President and Corporate Secretary of the Company	1985	909,047
Chris Bryan <sup>(1) (2) (3)</sup> Whitby, Ontario, Canada Director	Mining Analyst (retired)	1983	22,500
Ian Atkinson <sup>(1) (2) (3) (5)</sup> Toronto, Ontario, Canada Director	Senior Vice President - Global Exploration, Centerra Gold Inc. (mining company)	1986	-
Joel Schneyer <sup>(1) (2) (3) (6)</sup> Parker, Colorado, USA Director	Managing Director, Headwaters MB (registered broker-dealer)	1997	50,000

(1) Member of the Audit Committee.

(2) Member of the Corporate Governance Committee.

(3) Member of the Compensation Committee.

(4) In March 2011, the Board appointed Mrs. Stoch to the position of Executive Vice President of the Company. In addition, Dianne continues her duties as Corporate Secretary.

(5) In late 2010, Mr. Atkinson was appointed Senior Vice President – Global Exploration, Centerra Gold Inc. Over the preceding five (5) year period, Ian served as Vice President – Exploration for Centerra Gold.

(6) In 2010, Mr. Schneyer joined Headwaters MB as its Managing Director, from Mercantile Resource Finance where Joel served as President for a number of years.

The information as to shares beneficially owned or over which the above-named individuals exercise control or direction, is not within the knowledge of the Company and has been furnished by the respective nominees individually. The Company does not have an Executive Committee of the Board.

Except as set out below, none of the foregoing nominees for election as director of the Company:

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

Jack Stoch was a director of Strategic Resource Acquisition Corporation, which filed for protection in the United States under Chapter 11 of the U.S. Bankruptcy Code and under the *Companies’ Creditors Arrangement Act* (Canada) in January 2009. On August 17, 2009, Strategic Resource Acquisition Corporation successfully completed its restructuring and emerged from

protection under the *Companies' Creditors Arrangement Act* (Canada).

James Wilson, prior to joining the Company, was the Chief Financial Officer of First Metals Inc. ("FMA") which on January 7, 2009, filed a Notice of Intention to file a proposal under the *Bankruptcy and Insolvency Act*. On May 12, 2009, FMA filed an application for a management cease trade order (an "MCTO") pursuant to National Policy 12-203 *Cease Trade Orders for Continuous Disclosure Defaults* ("NP 12-203") advising that it was not able to file its annual financial statements for the year ended December 31, 2008 on or before the prescribed deadline. As a result, an MCTO was issued against Mr. James G. Wilson, Chief Financial Officer of FMA as well as the Chief Executive Officer of FMA. Subsequently, the MCTO was rescinded once all of the outstanding annual and interim filings were made.

None of the foregoing nominees for election as director of the Company has been subject to:

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

## **DIRECTORS' AND OFFICERS' LIABILITY INSURANCE**

The Company maintains directors' and officers' liability insurance coverage against liability incurred by the directors and officers of the Company serving in such capacity. The current annual coverage limit for the Company is \$5,000,000. There is generally a deductible of \$25,000 unless provided otherwise under the insurance policy. The most recent annual premium paid by the Company under this coverage was \$13,450, no part of which is payable by the directors or officers of the Company.

## **STATEMENT OF EXECUTIVE COMPENSATION**

### *Compensation Discussion and Analysis*

This section of the Circular contains a discussion of the elements of compensation earned by the Company's Named Executive Officers, who acted as President and Chief Executive Officer ("CEO"), Corporate Secretary and Chief Financial Officer during the Company's last financial year (each a "Named Executive Officer" or "NEO" and collectively the "Named Executive Officers"). No other executive officer of the Company received total compensation from the Company of more than \$150,000 in the Company's last financial year.

### *Executive Compensation Philosophy and Objectives*

The general compensation philosophy of the Company for NEOs is to provide a level of compensation that is competitive within junior exploration and development companies within the North American marketplace that will attract and retain individuals with the experience and qualifications necessary for the Company to be successful, and to provide long-term incentive compensation to these executives to align their interests with those of the shareholders of the Company. In order to achieve these objectives, the Company employs a combination of base compensation and equity participation through the Stock Option Plans adopted by the Board adopted on March 1, 2006, January 13, 2003, and March 27, 1995. (See "Securities Authorized for Issuance under Equity Compensation Plans below for a summary of the material terms of the Plans and amendments thereto). During the fiscal year ended December 31, 2010, the Compensation Committee also considered the development and implementation of individual and team bonus structures to incent these individuals to remain focused on the Company's goals and objectives. These structures have been adopted and are in the process of being implemented.

Subject to financial constraints, corporate-level goals for which management is held accountable are listed below. Each goal is equally weighted.

- Securing equity financing as required;
- The quantity and quality of exploration properties acquired;
- Where and how exploration is conducted;
- Marketing of properties for option or sale; and
- Marketing the Company.

### *Compensation Process and Practices*

The recommendations for the compensation of the Company's executive officers and the recommendations with respect to the Company's Stock Option Plans are determined by the Compensation Committee. Interested executives do not participate in decisions of the Compensation Committee regarding their remuneration. The Compensation Committee's recommendations are reviewed with the Board and then the Board, after a broad discussion, makes a final determination of the compensation for each NEO as part of an annual, year-end process.

The Compensation Committee of the Company consists of Ian Atkinson (Chair), Chris Bryan, Joel Schneyer, all of whom are independent directors. No member of the Compensation Committee was, during the most recently completed financial year, an officer or an employee or former officer of the Company or any of its subsidiaries, or indebted to the Company or any of its subsidiaries. No member of the Compensation Committee had any material interest, direct, or indirect, in any transactions since the commencement of the Company's most recently completed financial year or in any proposed transactions which have materially affected or would materially affect the Company or any of its subsidiaries.

In establishing levels of remuneration and in granting stock options and bonuses to the NEOs; performance, level of expertise, responsibilities, length of service to the Company and comparable levels of remuneration paid to executives of other companies of comparable size, and development within the industry are taken into consideration. Previous grants of stock options may be taken into account when considering new grants.

In the current year, the Compensation Committee did not employ an independent third party executive compensation consultant to assist in developing a group of comparable companies or reviewing and assessing target levels of compensation. The Committee relied on their respective expertise and experience.

The comparator group which follows reflects companies similar in size, location and level of activities.

• Alexis Minerals Corp.	• Laurion Mineral Exploration Inc.	• Savant Explorations Ltd.
• Aquila Resources	• Midland Exploration Inc.	• Trelawney Mining and Exploration Inc.
• Bitterroot Resources Ltd.	• Plato Gold Corp.	• Typhoon Exploration Inc.
• Eastmain Resources Inc.	• Queenston Mining Inc.	• Yorbeau Resources Inc.
• Freewest Resources Canada Inc.	• Rocmec Mining Inc.	
• Gold Hawk Resources Inc	• Rubicon Minerals Corporation	

#### *Consulting fees*

The consulting fees of the Named Executive Officers are reviewed annually to ensure they reflect a balance of market conditions, the levels of responsibility and accountability of each role, the skill and competencies of the individual, retention considerations as well as the level of demonstrated performance.

Consulting fees are set by the Compensation Committee on the basis of its opinion as to a fair and responsible compensation package, taking into account the contribution of the President and Chief Executive Officer to the Company's long-term growth and the Compensation Committee members' knowledge of remuneration practices in Canada.

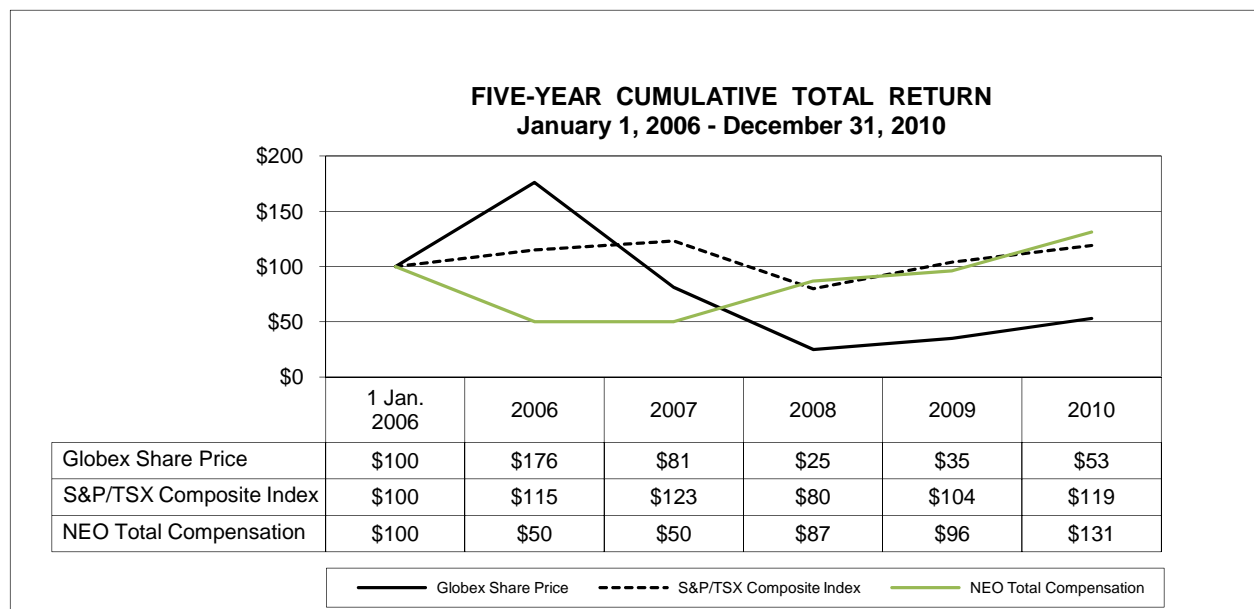
In 2010, the compensation for the CEO and the Corporate Secretary remained unchanged as a result of the Company's focus on retaining the liquidity and cash resources needed to support the administrative activities and exploration priorities. In addition, the Company was in the process of developing incentive bonus arrangements which will include these executives.

#### *Stock Option Plan*

The Company provides long-term incentive compensation to its Named Executive Officers through the Stock Option Plan. The Stock Option Plan is described in detail below under the heading "Securities Authorized for Issuance under Equity Compensation Plans". The Compensation Committee recommends the granting of stock options from time to time based on its assessment of the appropriateness of doing so in light of the long-term strategic objectives of the Company, its current stage of development, the need to retain or attract particular key personnel, the number of stock options already outstanding and market conditions. Other than 5,000 stock options granted to Mr. James Wilson, Chief Financial Officer and treasurer of the Company, details of which are described under the heading "Summary Compensation Table", no stock options were granted to the Named Executive Officers during the fiscal year ended December 31, 2010.

## Performance Graph

The following graph compares the total return of a \$100 investment in the common shares of the Company made on January 1, 2006 with the cumulative return of the S&P/TSX Composite Index and NEO Total Compensation (assuming 2006 opening \$ 321,400) for the period from January 1, 2006 to December 31, 2010.



As an exploration company generating modest amounts of hard cash, management's emphasis has been on cash conservation. In 2006, the aggregate total compensation paid to the two full-time NEOs was \$162,000 which included a modest cash increase from \$151,000 in the previous year. In 2006 the total compensation included 600,000 options having a fair market value of \$170,400. In 2007, the total compensation paid to the two full-time NEOs remained unchanged at \$162,000. At that time, the Board acknowledged that the compensation being paid to the NEOs was below industry peers. Consequently, in 2008, the total NEO compensation was increased to \$280,000 (excluding stock options) in recognition of business achievements and to realize market catch-up. In 2008, the Company anticipated significant royalties from production at both the Fabie Bay Mine in Quebec and the Mid-Tennessee Mine in the United States. Before the end of 2008, both of these mines were facing closure due to plummeting metal prices precipitated by the world-wide economic crisis. The anticipated cash from royalties disappeared due to circumstances beyond the control of management. In 2009, the aggregate total compensation paid to the two full-time NEOs and a third NEO who joined the Company in late 2009 was \$307,920 and included 20,000 stock options with an accounting fair value of \$21,370. There were no increases in 2009 in total compensation paid to the two full-time NEOs.

In 2010, the total compensation for the NEOs increased to \$421,595. The total compensation for the CEO and Corporate Secretary remained unchanged in 2010. The increase reflects the additional compensation costs for the CFO who joined in November 2009. The CFO's compensation includes 5,000 options which were granted on October 21, 2010 and have a fair market value of \$5,613. Adequate cash reserves continue to be central to the stability and future growth and development of the Company.

### Summary of the Compensation of the Named Executive Officers

The following table provides information for the fiscal years ended December 31, 2010, 2009 and 2008, regarding compensation paid to or earned by the Named Executive Officers. No other executive officer of the Company received more than \$150,000 in total compensation during the fiscal year ended December 31, 2010.

## Summary Compensation Table

Name and Principal Occupation	Year	Salary (\$)	Share-Based Awards (\$)	Option-Based Awards (\$)	Non-Equity Incentive Plan Compensation (\$)		Pension Value (\$)	All other Compensation (\$)	Total Compensation (\$)
					Annual Incentive Plans (\$)	Long-Term Incentive Plans (\$)			
Jack Stoch President and Chief Executive Officer	2010	160,000 <sup>(1)</sup>	—	—	—	—	—	—	160,000
	2009	160,000 <sup>(1)</sup>	—	—	—	—	—	—	160,000
	2008	160,000 <sup>(1)</sup>	—	—	—	—	—	—	160,000
Dianne Stoch Corporate Secretary	2010	120,000 <sup>(2)</sup>	—	—	—	—	—	—	120,000
	2009	120,000 <sup>(2)</sup>	—	—	—	—	—	—	120,000
	2008	120,000 <sup>(2)</sup>	—	—	—	—	—	—	120,000
James Wilson Chief Financial Officer and Treasurer	2010	135,982	—	5,613 <sup>(4)</sup>	—	—	—	—	141,595
	2009	6,550 <sup>(3)</sup>	—	21,370	—	—	—	—	27,920
	2008	—	—	—	—	—	—	—	—

- (1) Mr. Stoch is compensated for acting as President and Chief Executive Officer of the Company through a management services agreement entered into between Géoconseils Jack Stoch Ltée, a company controlled by Mr. Stoch, and the Company. The figures presented in this table represent the management fee paid to Géoconseils Jack Stoch Ltée.
- (2) Ms. Stoch is compensated for acting as Corporate Secretary of the Company through a management services agreement entered into between her and the Company. The figures presented in this table represent the management fee paid to Ms. Stoch.
- (3) On November 26, 2009, Mr. Wilson was appointed Chief Financial Officer and Treasurer of the Company. Mr. Wilson's annual salary is \$150,000.
- (4) In determining the fair value of options awarded, the Black-Scholes model a common and established method, was used with the following assumptions (i) strike price of \$1.75 per share, (ii) risk-free interest rate: 1.79% (iii) expected volatility in the market price of the common shares: 79% ; (iv) expected dividend yield: 0% ; and (v) expected life: five years. The fair market value for each of these options has been estimated at \$1.12 based on the methodology and assumptions as outlined above.

## Incentive Plan Awards

*Outstanding share-based awards and option-based awards as at December 31, 2010*

The following table sets out all awards to the Named Executive Officers outstanding at the end of the most recently-completed fiscal year:

Name	Option Based Awards				Share Based Awards	
	Number of securities underlying unexercised options	Option Exercise Price (\$)	Option Expiration Date	Value of unexercised in-the-money options <sup>(1)</sup> (\$)	Number of shares or units of shares that have not vested	Market or payout value of share-based awards that have not vested (\$)
Jack Stoch	83,000	0.20	March 22, 2011	155,210	—	—
	400,000	0.32	May 10, 2011	700,000	—	—
	75,000	0.34	November 12, 2012	129,750	—	—
	200,000	0.80	November 7, 2015	254,000	—	—
Dianne Stoch	350,000	0.32	May 10, 2011	612,500	—	—
	200,000	0.34	November 12, 2012	346,000	—	—
	200,000	0.80	November 7, 2015	254,000	—	—
James Wilson	20,000	1.65	October 5, 2014	8,400	—	—
	5,000	1.75	October 21, 2015	1,600	—	—

- (1) The value of unexercised in-the-money options is calculated using the closing price of the common shares of the Company on the Toronto Stock Exchange on December 31, 2010 (\$2.07) less the respective exercise prices of the options.

*Incentive plan awards – value vested or earned during the year*

Name	Option-based awards – Value vested during the year <sup>(1)</sup> (\$)	Share-based awards – Value vested during the year (\$)	Non-equity incentive plan compensation – Value earned during the year (\$)
Jack Stoch	Nil	—	—
Dianne Stoch	Nil	—	—
James Wilson	Nil	—	—

<sup>(1)</sup> The aggregate dollar value that would have been realized if stock options had been exercised on the vesting date.

**Pension Plan Benefits**

The Company has no pension plan in place.

**Termination and Change of Control Benefits**

*Management Services Agreement with Jack Stoch*

Mr. Stoch has served the Company as President and a director for more than 25 years. In April, 2004, the Company entered into a management services agreement with Mr. Stoch. The agreement provides that in the event of a change of control of the Company, Mr. Stoch will receive a lump sum payment equal to \$50,000 multiplied by the number of years during which he was employed by or served the Company prior to the change of control. This amount must be paid in cash, in full, no later than 30 days after the change of control. Furthermore, the agreement provides that in the event of termination of Mr. Stoch's services without cause, constructive termination without cause or termination due to death or disability, Mr. Stoch would be entitled to: (a) payment of his compensation for a period equal to 24 months, the amount being the greater of either Mr. Stoch's then current annual compensation or the average of Mr. Stoch's base compensation during the three years prior to the termination, but not less than \$150,000 per year, payable in cash, in full, no later than 30 days after the date of termination; (b) any amounts of bonus earned for that year, adjusted on a pro-rata basis and payable within 30 days after the date of termination; (c) continued participation in employee benefits, plans and programs until the earlier of the expiration of the 24-month period or the date at which Mr. Stoch receives equivalent coverage from a subsequent employer; (d) reimbursement of any business expenses incurred; (e) payment of an automobile allowance of \$1,000 on a monthly basis during the 24-month period; (f) all other benefits in effect at the time of termination; and (g) reimbursement of up to a maximum of \$30,000 for the use of outplacement services and career counseling during the 24-month period.

*Management Services Agreement with Dianne Stoch*

Ms. Stoch has served the Company as Secretary-Treasurer and Director for more than 23 years. In April, 2004, the Company entered into a management services agreement with Ms. Stoch. The agreement provides that in the event of a change of control of the Company, Ms. Stoch will receive a lump sum payment equal to \$50,000 multiplied by the number of years during which she was employed by or served the Company prior to the change of control. This amount must be paid in cash, in full, no later than 30 days after the change of control. Furthermore, the agreement provides terms in the event of termination of Ms. Stoch's services without cause, constructive termination without cause or termination due to death or disability, Ms. Stoch would be entitled to: (a) payment of her compensation for a period equal to 24 months, the amount being the greater of either Ms. Stoch's then current annual compensation or the average of Ms. Stoch's base compensation during the three years prior to the termination, but not less than \$150,000 per year, payable in cash, in full, no later than 30 days after the date of termination; (b) any amounts of bonus earned for that year, adjusted on a pro-rata basis and payable within 30 days after the date of termination; (c) continued participation in employee benefits, plans and programs until the earlier of the expiration of the 24-month period or the date at which Ms. Stoch receives equivalent coverage from a subsequent employer; (d) reimbursement of any business expenses incurred; (e) payment of an automobile allowance of \$1,000 on a monthly basis during the 24-month period; (f) all other benefits in effect at the time of termination; and (g) reimbursement of up to a maximum of \$30,000 for the use of outplacement services and career counseling during the 24-month period.

**Summary of the Compensation of Directors**

During the fiscal year ended December 31, 2010, the Company did not pay any cash remuneration to its directors who are also executives of the Company for their services as directors. Independent directors received \$1,000 for each Board or committee meeting they attended. During 2010, three Board meetings were held at which all independent directors were present and three Audit Committee meetings were held which were attended by all three independent directors.

The following table sets out the details of the compensation received by the independent directors during the fiscal year ended December 31, 2010.



Name	Fees earned (\$)	Share-based awards (\$)	Option-based awards <sup>(1)</sup> (\$)	Non-equity incentive plan compensation (\$)	Pension value (\$)	All other compensation (\$)	Total (\$)
Ian Atkinson	3,000	—	—	—	—	—	3,000
Chris Bryan	3,000	—	—	—	—	—	3,000
Joel Schneyer	3,000	—	—	—	—	—	3,000

There were no shares or option-based awards to directors in 2010.

### Share-based awards, option-based awards and non-equity incentive plan compensation

*Outstanding share-based awards and option-based awards as at December 31, 2010*

The following table sets out all awards to the Company's independent directors outstanding at the end of the most recently - completed fiscal year:

Name	Option Based Awards				Share Based Awards	
	Number of securities underlying unexercised options	Option Exercise Price (\$)	Option Expiration Date	Value of unexercised in-the-money options <sup>(1)</sup> (\$)	Number of shares or units of shares that have not vested	Market or payout value of share-based awards that have not vested (\$)
Ian Atkinson	50,000	1.01	Oct. 9, 2013	53,000	Nil	—
	50,000	0.75	May 10, 2015	66,000	Nil	—
	50,000	4.45	Sept. 26, 2016	—	Nil	—
Chris Bryan	25,000	0.25	Mar. 22, 2012	45,500	Nil	—
	25,000	0.34	Nov. 12, 2012	43,250	Nil	—
	50,000	1.01	Oct. 9, 2013	53,000	Nil	—
	50,000	4.45	Sept. 26, 2016	—	Nil	—
Joel Schneyer	50,000	1.01	Oct. 9, 2013	53,000	Nil	—
	50,000	0.75	May 10, 2015	66,000	Nil	—
	50,000	4.45	Sept. 26, 2016	—	Nil	—

<sup>(1)</sup> The value of unexercised in-the-money options is calculated using the closing price of the common shares of the Company on the Toronto Stock Exchange on December 31, 2010 (\$2.07) less the respective exercise prices of the options.

*Incentive plan awards – value vested or earned during the year*

Name	Option-based awards - Value vested during the year (\$) <sup>(1)</sup>	Share-based awards - Value vested during the year (\$)	Non-equity incentive plan compensation – Value earned during the year (\$)
Ian Atkinson	Nil	—	—
Chris Bryan	Nil	—	—
Joel Schneyer	Nil	—	—

<sup>(1)</sup> The aggregate dollar value that would have been realized if stock options had been exercised on the vesting date.

## SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The following table sets out certain details as at December 31, 2010, the end of the Company's last fiscal year, with respect to compensation plans pursuant to which equity securities of the Company are authorized for issuance.

Plan Category	Number of shares to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted-average exercise price of outstanding options, warrants and rights (b)	Number of shares remaining available for future issuance under the Equity Compensation Plans (excluding securities reflected in column (a)) (c)
Equity compensation plans previously approved by shareholders	2,713,500	\$0.94	570,000
Equity compensation plans not previously approved by shareholders	Nil	Nil	Nil

Companies listed on the Toronto Stock Exchange are required to disclose on an annual basis, in their information circulars, or other annual disclosure documents distributed to all security holders, the terms of their security based compensation arrangements and any amendments adopted to such arrangements during the most recently-completed financial year. Under the TSX Company Manual, security based compensation arrangements include, for example, stock option plans, stock purchase plans where the listed issuer provides financial assistance or where the listed issuer matches the whole or a portion of the securities being purchased, and any other compensation or incentive mechanism involving the issuance or potential issuance of securities of the listed issuer. In general, arrangements or plans that do not involve the issuance from treasury or potential issuance from treasury of securities of the listed issuer are not security based compensation arrangements for the purposes of the TSX Company Manual.

The Company currently has in place three stock option plans: the 1995 Stock Option Plan, the 2003 Stock Option Plan and the 2006 Stock Option Plan. In addition, the Company was previously authorized to grant options to purchase common shares to directors and officers of the Company by way of a resolution of the Board adopted on March 20, 1987 (the "1987 Stock Option Resolution"). The required disclosure regarding the 1995 Stock Option Plan, 2003 Stock Option Plan and 2006 Stock Option Plan is set out below under the headings "1995 Stock Option Plan", "2003 Stock Option Plan" and "2006 Stock Option Plan", respectively.

The 1987 Stock Option Resolution was adopted for the purpose of granting options to senior executives of the Company. The maximum number of options that may be granted under the 1987 Stock Option Resolution is 280,000, representing approximately, 1.28% of the Company's issued and outstanding common shares. At present, there are no options outstanding under the 1987 Stock Option Resolution.

Under the 1987 Stock Option Resolution: (a) the exercise price of an option is determined by the Board, at its discretion, at the time it is granted; (b) the maximum period during which an option may be exercised is ten years from the date on which it is granted; and (c) each option granted under the 1987 Stock Option Resolution is personal to the optionee and is not assignable or transferable.

The 1987 Stock Option Resolution provides that upon an optionee's employment with the Company ending, any option may be exercised for that number of common shares which the optionee was entitled to acquire at the time of such termination. Such option may be exercised for a period of 30 days after such termination. If an optionee dies, any option may be exercised for that number of common shares which the optionee was entitled to acquire at the time of death. Such option may be exercised for a period of 30 days after the date of death.

The 1987 Stock Option Resolution does not contain any rules or restrictions regarding the "vesting schedule" for options granted thereunder. As a result, the "vesting schedule" for options granted under the 1987 Stock Option Resolution is at the discretion of the Board at the time of the grant.

There are no restrictions in the 1987 Stock Option Resolution regarding: (a) the maximum number of common shares that may be issued to insiders of the Company upon the exercise of options; or (b) the maximum number of common shares that any one person or company is entitled to receive upon the exercise of options.

Finally, the 1987 Stock Option Resolution does not provide any procedure for amending the terms of options granted thereunder.

### **1995 STOCK OPTION PLAN**

On March 27, 1995, the Board adopted the 1995 Stock Option Plan (the "1995 Plan"). In April 2001, the Board amended the 1995 Plan so as to increase the number of common shares that could be issued thereunder from 648,000 to 2,148,000. On November 7, 2005, the Board adopted a resolution amending the 1995 Plan so as to remove the restriction prohibiting any one person from holding an aggregate number of options from all stock option plans of the Company that, if exercised, would exceed 5% of the aggregate number of issued and outstanding common shares of the Company. On March 22, 2007, the Board adopted a resolution amending the 1995 Plan to provide for: (a) a detailed amendment provision replacing the existing general amendment provision; (b) the possibility to extend options expiring during or within ten business days of the end of a blackout period imposed by the Company; and (c) other minor amendments of a housekeeping nature.

The 1995 Plan and the amendments thereto were approved by the shareholders of the Company on May 12, 1995, June 8, 2001, May 5, 2006 and May 1, 2007, respectively.

Among the objectives of the 1995 Plan is to provide directors, officers and employees of, and service providers to, the Company with a proprietary interest through the granting of options to purchase common shares of the Company. The 1995 Plan is also intended to increase the interest in the Company's welfare of those directors, officers, employees and service providers who share primary responsibility for the management, growth and protection of the business of the Company, to furnish an incentive to such directors, officers, employees and service providers to continue their services for the Company and to provide a means through which the Company may attract able persons to enter its employment. Under the 1995 Plan, the Board may by resolution grant options to directors, officers and employees of, and service providers to, the Company, provided that the total number of common shares issued under the 1995 Plan does not exceed 2,148,000.

At present, there are options outstanding in respect of 358,000 common shares under the 1995 Plan, representing approximately 1.64% of the Company's issued and outstanding common shares, and no options are available to be granted under the 1995 Plan.

Under the 1995 Plan: (a) the exercise price of an option is determined by the Board at the time it is granted, but cannot be lower than the closing sale price of the Company's common shares on the Toronto Stock Exchange on the business day immediately preceding the day on which the option is granted; (b) the maximum period during which an option may be exercised is ten years from the date on which it is granted; and (c) each option granted under the 1995 Plan is personal to the optionee and is not assignable or transferable except by will or by the laws of succession of the place of domicile of the deceased optionee. There is no financial assistance available under the 1995 Plan to directors, officers, employees and service providers.

Under the 1995 Plan, upon an optionee's employment with the Company being terminated for cause, any option not exercised terminates immediately. If an optionee dies, any option may be exercised for that number of common shares which the optionee was entitled to acquire at the time of death. Such option may be exercised for a period of 30 days after the date of death or prior to the expiration of the term of the option, whichever occurs earlier. Upon an optionee's employment, office or directorship or consulting services ending other than by reason of death or termination for cause, any option may be exercised for that number of common shares which the optionee was entitled to acquire at the time of such termination. Such option may be exercised for a period of 30 days after such termination or prior to the expiration of the term of the option, whichever occurs earlier.

The 1995 Plan does not contain any rules or restrictions regarding the "vesting schedule" for options granted thereunder. As a result, the "vesting schedule" for options granted under the 1995 Plan is at the discretion of the Board at the time of the grant.

Notwithstanding anything contained to the contrary in the 1995 Plan or in any resolution of the Board in the implementation thereof: (a) in the event the Company proposes to amalgamate, merge or consolidate with or into any other company (other than with a wholly-owned subsidiary of the Company) or to liquidate, dissolve or wind-up, or in the event an offer to purchase the common shares of the Company or any part thereof shall be made to all holders of common shares of the Company, the Company shall have the right, upon written notice thereof to each optionee holding options under the 1995 Plan, to permit the exercise of all such options within the 20-day period following the date of such notice and to determine that upon the expiration of such 20-day period, all rights of optionees to such options or to exercise same (to the extent not theretofore exercised) shall terminate and cease to have further force or effect whatsoever; (b) the Board may, by resolution, advance the date on which any option may be exercised in a manner to be set forth in such resolution and any such advancement shall not oblige the Board to advance the date on or by which any option may be exercised by any other optionee; and (c) the Board may, by

resolution, but subject to applicable regulatory requirements decide that any of the provisions of the 1995 Plan concerning the termination of an option shall not apply for any reason acceptable to the Board.

Subject to obtaining the necessary regulatory approvals, the Board may amend or discontinue the 1995 Plan at any time, provided, however, that no such amendment may adversely affect the rights of any person to whom options have previously been granted under the 1995 Plan, without first obtaining the consent of such person, except to the extent required by law.

There are no restrictions in the 1995 Plan regarding the maximum number of common shares that may be issued to insiders of the Company upon the exercise of options.

## **2003 STOCK OPTION PLAN**

On January 13, 2003, the Board adopted the 2003 Stock Option Plan (the "2003 Plan"). Among the objectives of the 2003 Plan is to provide directors, officers and employees of, and service providers to, the Company with a proprietary interest through the granting of options to purchase common shares of the Company. On November 7, 2005, the Board adopted a resolution amending the 2003 Plan so as to remove the restriction prohibiting any one person from holding an aggregate number of options from all stock option plans of the Company that, if exercised, would exceed 5% of the aggregate number of issued and outstanding common shares of the Company. On March 22, 2007, the Board adopted a resolution amending the 2003 Plan to provide for: (a) a detailed amendment provision replacing the existing general amendment provision; (b) the possibility to extend options expiring during or within ten business days of the end of a blackout period imposed by the Company; and (c) other minor amendments of a housekeeping nature.

The 2003 Plan and the amendments thereto were approved by the shareholders of the Company on June 16, 2003, May 5, 2006 and May 1, 2007, respectively.

The 2003 Plan is also intended to increase the interest in the Company's welfare of those directors, officers, employees and service providers who share primary responsibility for the management, growth and protection of the business of the Company, to furnish an incentive to such directors, officers, employees and service providers to continue their services for the Company and to provide a means through which the Company may attract able persons to enter its employment. Under the 2003 Plan, the Board may by resolution grant options to directors, officers and employees of, and service providers to, the Company, provided that the total number of common shares issued under the 2003 Plan does not exceed 1,300,000.

At present, there are options outstanding in respect of 500,000 common shares under the 2003 Plan, representing approximately 2.29% of the Company's issued and outstanding common shares, and 100,000 options are available to be granted under the 2003 Plan representing approximately 0.05% of the Company's issued and outstanding common shares.

Under the 2003 Plan: (a) the exercise price of an option is determined by the Board at the time it is granted, but cannot be lower than the closing sale price of the Company's common shares on the Toronto Stock Exchange on the business day immediately preceding the day on which the option is granted; (b) the maximum period during which an option may be exercised is ten years from the date on which it is granted; (c) at the time of granting an option, the Board, at its discretion, may set a "vesting schedule", that is, one or more dates from which an option may be exercised in whole or in part; and (d) each option granted under the 2003 Plan is personal to the optionee and is not assignable or transferable except by will or by the laws of succession of the place of domicile of the deceased optionee. There is no financial assistance available under the 2003 Plan to directors, officers, employees and service providers.

Under the 2003 Plan, upon an optionee's employment with the Company being terminated for cause, any option not exercised terminates immediately. If an optionee dies or becomes permanently disabled, any option may be exercised for that number of common shares which the optionee was entitled to acquire at the time of death or permanent disability. Such option may be exercised for a period of six months after the date of death or permanent disability, as the case may be, or prior to the expiration of the term of the option, whichever occurs earlier. Upon an optionee's employment, office or directorship or consulting services ending other than by reason of death, permanent disability or termination for cause, any option may be exercised for that number of common shares which the optionee was entitled to acquire at the time of such termination. Such option may be exercised for a period of 30 days after such termination or prior to the expiration of the term of the option, whichever occurs earlier.

Notwithstanding anything contained to the contrary in the 2003 Plan or in any resolution of the Board in the implementation thereof: (a) in the event the Company proposes to amalgamate, merge or consolidate with or into any other company (other than with a wholly-owned subsidiary of the Company) or to liquidate, dissolve or wind-up, or in the event an offer to purchase the common shares of the Company or any part thereof shall be made to all holders of common shares of the Company, the Company shall have the right, upon written notice thereof to each optionee holding options under the 2003 Plan, to permit the exercise of all such options within the 20-day period following the date of such notice and to determine that upon the expiration of such 20-day period, all rights of optionees to such options or to exercise same (to the extent not theretofore exercised) shall terminate and cease to have further force or effect whatsoever; (b) the Board may, by resolution, advance the date on which any option may be exercised in a manner to be set forth in such resolution and any such advancement shall not oblige the

Board to advance the date on or by which any option may be exercised by any other optionee; and (c) the Board may, by resolution, but subject to applicable regulatory requirements, including, without limitation, those of the Toronto Stock Exchange, decide that any of the provisions of the 2003 Plan concerning the termination of an option shall not apply for any reason acceptable to the Board.

Subject to obtaining the necessary regulatory approvals, including, without limitation, that of the Toronto Stock Exchange, the Board may amend or discontinue the 2003 Plan at any time, provided, however, that no such amendment may adversely affect the rights of any person to whom options have previously been granted under the 2003 Plan, without first obtaining the consent of such person, except to the extent required by law.

There are no restrictions in the 2003 Plan regarding the maximum number of common shares that may be issued to insiders of the Company upon the exercise of options.

## **2006 STOCK OPTION PLAN**

On March 1, 2006, the Board adopted the 2006 Stock Option Plan (the "2006 Plan"). Among the objectives of the 2006 Plan is to provide directors, officers and employees of, and service providers to, the Company with a proprietary interest through the granting of options to purchase common shares of the Company. The 2006 Plan is also intended to increase the interest in the Company's welfare of those directors, officers, employees and service providers who share primary responsibility for the management, growth and protection of the business of the Company, to furnish an incentive to such directors, officers, employees and service providers to continue their services for the Company and to provide a means through which the Company may attract able persons to enter its employment. Under the 2006 Plan, the Board may by resolution grant options to directors, officers and employees of, and service providers to, the Company, provided that the total number of common shares issued under the 2006 Plan does not exceed 1,500,000. The total number of common shares which may be issued under the 2006 Plan represents approximately 6.86% of the Company's currently issued and outstanding common shares. On March 22, 2007, the Board adopted a resolution amending the 2006 Plan to provide for: (a) a detailed amendment provision replacing the existing general amendment provision; (b) the possibility to extend options expiring during or within ten business days of the end of a blackout period imposed by the Company; and (c) other minor amendments of a housekeeping nature.

The 2006 Plan and the amendment thereto were approved by the shareholders of the Company on May 5, 2006 and May 1, 2007, respectively.

Under the 2006 Plan: (a) the exercise price of an option is determined by the Board at the time it is granted, but cannot be lower than the closing sale price of the Company's common shares on the Toronto Stock Exchange on the business day immediately preceding the day on which the option is granted; (b) the maximum period during which an option may be exercised is ten years from the date on which it is granted; (c) at the time of granting an option, the Board, at its discretion, may set a "vesting schedule", that is, one or more dates from which an option may be exercised in whole or in part; and (d) each option granted under the 2006 Plan is personal to the optionee and is not assignable or transferable except by will or by the laws of succession of the place of domicile of the deceased optionee. There is no financial assistance available under the 2006 Plan to directors, officers, employees and service providers.

There are no restrictions in the 2006 Plan regarding: (a) the maximum number of common shares that may be issued to insiders of the Company upon the exercise of options; or (b) the maximum number of common shares that any one person or company is entitled to receive upon the exercise of options.

At present, there are options outstanding in respect of 1,012,500 common shares under the 2006 Plan, representing approximately 4.63% of the Company's issued and outstanding common shares, and options may be granted in respect of an additional 430,000 common shares, representing approximately 1.97% of the Company's issued and outstanding common shares.

Under the 2006 Plan, upon an optionee's employment with the Company being terminated for cause, any option not exercised terminates immediately. If an optionee dies or becomes permanently disabled, any option may be exercised for that number of common shares which the optionee was entitled to acquire at the time of death or permanent disability. Such option may be exercised for a period of six months after the date of death or permanent disability, as the case may be, or prior to the expiration of the term of the option, whichever occurs earlier. Upon an optionee's employment, office or directorship or consulting services ending other than by reason of death, permanent disability or termination for cause, any option may be exercised for that number of common shares which the optionee was entitled to acquire at the time of such termination. Such option may be exercised for a period of 30 days after such termination or prior to the expiration of the term of the option, whichever occurs earlier.

Notwithstanding anything to the contrary contained in the 2006 Plan or in any resolution of the Board in the implementation thereof: (a) in the event the Company proposes to amalgamate, merge or consolidate with or into any other company (other than with a wholly-owned subsidiary of the Company) or to liquidate, dissolve or wind-up, or in the event an offer to purchase the common shares of the Company or any part thereof shall be made to all holders of common shares of the Company, the

Company shall have the right, upon written notice thereof to each optionee holding options under the 2006 Plan, to permit the exercise of all such options within the 20-day period following the date of such notice and to determine that upon the expiration of such 20-day period, all rights of optionees to such options or to exercise same (to the extent not theretofore exercised) shall terminate and cease to have further force or effect whatsoever; (b) the Board may, by resolution, advance the date on which any option may be exercised in a manner to be set forth in such resolution and any such advancement shall not oblige the Board to advance the date on or by which any option may be exercised by any other optionee; and (c) the Board may, by resolution, but subject to applicable regulatory requirements, including, without limitation, those of the Toronto Stock Exchange, decide that any of the provisions of the 2006 Plan concerning the termination of an option shall not apply for any reason acceptable to the Board.

Subject to obtaining the necessary regulatory approvals, including, without limitation, that of the Toronto Stock Exchange, the Board may amend or discontinue the 2006 Plan at any time, provided, however, that no such amendment may adversely affect the rights of any person to whom options have previously been granted under the 2006 Plan, without first obtaining the consent of such person, except to the extent required by law.

The Company may continue to grant options under the 2006 Plan.

### **ADOPTION OF SHAREHOLDER RIGHTS PLAN**

On March 25, 2011, the Board of Directors of the Company adopted the Shareholder Rights Plan (the "Rights Plan"). The Rights Plan was adopted to: (i) provide shareholders and the Board of Directors with adequate time to consider and evaluate any take-over bid made for the outstanding shares of the Company; (ii) provide the Board of Directors with adequate time to identify, develop and negotiate value-enhancing alternatives to any such take-over bid; (iii) encourage the fair treatment of shareholders in connection with any take-over bid made for the outstanding shares of the Company; and (iv) generally prevent any person from acquiring beneficial ownership of or the right to vote more than 20% of the outstanding shares of the Company (or where such person already owns more than 20% of the shares, from acquiring ownership of or the right to vote any additional shares) while this process is ongoing or entering into arrangements or relationships that have a similar effect.

The Rights Plan will be in effect for three years, subject to ratification by the shareholders at the Meeting. The Rights Plan is subject to regulatory approval, including that of the Toronto Stock Exchange.

The following description of the Rights Plan is qualified in its entirety by the terms of the Shareholder Rights Plan Agreement to be entered into between the Company and Computershare Investor Services Inc.

The objective of the Rights Plan is to ensure, to the extent possible, that all of the Company's shareholders will be treated equally and fairly in connection with any take-over bid for the Company.

The Rights Plan is designed to prevent the use of coercive and/or abusive take-over techniques and to encourage any potential acquirer to negotiate directly with the Board of Directors for the benefit of all of the Company's shareholders. In addition, the Rights Plan is intended to provide increased assurance that a potential acquirer would pay an appropriate control premium in connection with any acquisition of the Company.

The Rights Plan utilizes the mechanism of a "Permitted Bid" (as defined therein) to attempt to ensure that a person seeking to acquire beneficial ownership of 20% or more of the Company's shares gives shareholders and the Board of Directors sufficient time to evaluate the transaction, negotiate with the proposed acquirer, encourage competing bids to emerge, and ensure that all alternatives to the transaction designed to maximize shareholder value have been considered.

The Rights Plan will provide the Board of Directors with time to review any unsolicited take-over bid that may be made and to take action, if appropriate, to enhance shareholder value. The Rights Plan attempts to protect the Company's shareholders by requiring all potential bidders to comply with the conditions specified in the Permitted Bid provisions, failing which such bidders are subject to the dilutive features of the Rights Plan. By creating the potential for substantial dilution of a bidder's position, the Rights Plan encourages an offeror to proceed by way of a Permitted Bid or to approach the Board of Directors with a view to negotiation.

#### **Operation of the Rights Plan**

Pursuant to the Rights Plan, one Right will be issued in respect of each common share issued and outstanding on the date of signature of the Shareholder Rights Plan Agreement to be entered into between the Company and Computershare Investor Services Inc. In addition, one Right will be issued for each additional common share issued thereafter. Each Right initially entitles the registered holder thereof to purchase from the Company one common share at a price of \$100, subject to certain anti-dilution adjustments. The Rights are not exercisable until the "Separation Time" (as defined in the Rights Plan).

## **Trading and Exercise of Rights**

Until the Separation Time, the Rights trade together with the common shares. After the Separation Time, the Rights are exercisable, and are transferable separately from the common shares.

## **Flip-In Event**

The acquisition by a person or any of its affiliates or associates or any person acting jointly or in concert with any of them of beneficial ownership of 20% or more of the common shares, other than by way of a Permitted Bid or certain other exceptions is referred to as a "Flip-In Event". Any rights beneficially owned by an "Acquiring Person" upon the occurrence of a Flip-In Event will be void, as will any Rights beneficially owned by associates, affiliates or persons acting jointly or in concert with an Acquiring Person, and transferees thereof. After the occurrence of a Flip-In Event, each Right (other than those that are void) will permit the holder to purchase common shares from the Company with a total market value on the date of occurrence of the Flip-In Event equal to twice the exercise price for an amount in cash equal to the exercise price.

## **Permitted Bid Requirements**

The requirements of a Permitted Bid include the following:

- (1) the take-over bid must be made by way of a take-over bid circular;
- (2) the take-over bid must be made to all registered holders of all outstanding common shares for all of the outstanding common shares (other than common shares held by the offeror or any associate or affiliate of the offeror);
- (3) the take-over bid must contain, and the take-up and payment for securities tendered or deposited thereunder is subject to, irrevocable and unqualified conditions that: (i) no common shares shall be taken up or paid for pursuant to the take-over bid prior to the close of business on the date which is not less than 60 days following the date of the take-over bid; and (ii) no common shares shall be taken up or paid for pursuant to the take-over bid unless at the date referred to in (i) above, more than 50% of the aggregate outstanding common shares held by "independent shareholders" shall have been deposited or tendered pursuant to the take-over bid and not withdrawn;
- (4) the take-over bid must contain an irrevocable and unqualified provision that unless the take-over bid is withdrawn, common shares may be deposited pursuant to such take-over bid at any time prior to the close of business on the date of first take-up or payment for common shares and that any common shares deposited pursuant to the take-over bid may be withdrawn until taken up and paid for; and
- (5) the take-over bid must contain an irrevocable and unqualified provision that if, on the date on which common shares may be taken up or paid for, more than 50% of the aggregate outstanding common shares held by "independent shareholders" shall have been deposited or tendered pursuant to the take-over bid and not withdrawn, the offeror will make a public announcement of that fact and the take-over bid will remain open for deposits and tenders of common shares for not less than ten business days from the date of such public announcement.

The usual provisions regarding "permitted lock-up agreements" are included in the Rights Plan.

The Rights Plan allows a competing 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 common shares may only be taken up under a competing bid on the later of (i) 35 days after the date of the competing bid; and (ii) the date on which common shares may be taken up under the earliest Permitted Bid that was made before the competing bid.

## **Waiver and Redemption**

The Board of Directors may, prior to a Flip-In Event, waive the dilutive effects of the Rights Plan in respect of a particular Flip-In Event relating to a take-over bid to all holders of common shares provided that, if waived or deemed to have been waived in respect of any take-over bid made to all shareholders, it shall thereafter be deemed to have been waived in respect of any other take-over bid made to all shareholders prior to the expiry of the former take-over bid. At any time prior to the occurrence of a Flip-In Event, the Board of Directors may redeem all, but not less than all, of the outstanding Rights at a price of \$0.00001 each.

The text of the resolution with respect to the Rights Plan is annexed to this Circular as Schedule B. To be effective, the resolution must be approved by a majority of the votes cast at the Meeting by shareholders voting in person or by proxy. A

copy of the Rights Agreement is available on SEDAR at [www.sedar.com](http://www.sedar.com).

## **APPOINTMENT OF AUDITORS**

**Except where authorization to vote with respect to the appointment of auditors is withheld, the persons named in the accompanying form of proxy intend to vote for the appointment of Samson Bélair/Deloitte & Touche s.e.n.c.r.l., Chartered Accountants, as the auditors of the Company until the next annual general meeting of shareholders.**

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

For the purposes of this Circular, “informed person” means: (a) a director or executive officer of the Company; (b) a director or executive officer of a person or company that is itself an informed person or subsidiary of the Company; (c) any person or company who beneficially owns or exercises control or direction over, directly or indirectly, voting securities of the Company carrying more than 10% of the voting rights attached to all outstanding voting securities of the Company, other than voting securities held by the person or company as underwriter in the course of a distribution; and (d) the Company if it has purchased, redeemed or otherwise acquired any of its own securities, for so long as it holds any of its securities.

Other than as set out below or as may be set out herein, to the best of the Company's knowledge, no informed person of the Company, and no associate or affiliate of the foregoing persons, at any time since the beginning of its most recently-completed financial year, has or had any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any transaction since the beginning of its most recently-completed financial year that has materially affected the Company, or in any proposed transaction that could materially affect the Company, or in any matter to be acted upon at this Meeting.

The Company acquired a 50% interest in a property consisting of 20 claims located in the Duparquet and Destor townships, Quebec, from a prospector pursuant to an agreement dated December 19, 1986. In consideration for such interest, the Company issued 200,000 of its common shares to the vendor, granted him a 1% net smelter return and agreed to expend \$600,000 on the property, a condition that was subsequently waived. Since 1986, the remaining 50% interest in the property was owned by Geoconseils Jack Stoch Limitée, a company wholly-owned by Jack Stoch, President and Chief Executive Officer and a director of the Company.

On February 16, 2010, the Company entered into a purchase and sale agreement with Duparquet Assets Ltd. (“DAL”) for the Duquesne West Gold property (20 claims located in the Duparquet and Destor townships), owned 50% by Globex and 50% by Geoconseils Jack Stoch Limitée (“GJSL”), and the Ottoman Fault property (40 claims), owned 100% by Geoconseils Jack Stoch Limitée (collectively, the “Interests”). The Interests were transferred to Duparquet Assets Ltd., a private company owned 50% by Globex and 50% by GJSL, to facilitate the undertaking of a Mining Option Agreement with On-Strike Gold Inc. (the “Optionee”), an independent third party: Following a subsequent merger, On-Strike Gold Inc. became Xmet Inc.

Total consideration payable by the Optionee to DAL for 75% of the Interests over the 4 year option period includes cash payments of \$8,060,000, 2,000,000 shares of the Optionee, a work commitment of \$10 million on the property and a gross metal royalty of between 2% and 3%, dependant upon gold prices, with the potential for a joint venture once the option has been exercised. The proceeds of the option will be split equally between Globex and GJSL.

The purchase price for the transfer of the claims by Globex was satisfied by the receipt of 3,000,000 preferred shares of Duparquet Assets Ltd., redeemable at \$3,000,000.

## **AUDIT COMMITTEE INFORMATION**

Reference is made to the section entitled “Audit Committee” of the Company's Annual Information Form for the fiscal year ended December 31, 2010 for required disclosure relating to the Audit Committee of the Board. The Company's Annual Information Form is available on SEDAR at [www.sedar.com](http://www.sedar.com) and can also be obtained by contacting the Corporate Secretary of the Company at 86 - 14th Street, Rouyn-Noranda, Quebec J9X 2J1, telephone: (819) 797-5242.

## **CORPORATE GOVERNANCE**

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



**1. Board of Directors**

(a) *Disclose the identity of directors who are independent.*

The Board considers that Ian Atkinson, Chris Bryan and Joel Schneyer are independent within the meaning of National Instrument 52-110 *Audit Committees* (“National Instrument 52-110”).

(b) *Disclose the identity of directors who are not independent, and describe the basis for that determination.*

The Board considers that Jack Stoch and Dianne Stoch are not independent within the meaning of National Instrument 52-110 in that each is a senior officer of the Company.

(c) *Disclose whether or not a majority of directors are independent. If a majority of directors are not independent, describe what the board of directors does to facilitate its exercise of independent judgment in carrying out its responsibilities.*

The Board considers that three of the five members of the Board are independent within the meaning of National Instrument 52-110. Accordingly, a majority of the members of the Board is independent.

(d) *If a director is presently a director of any other issuer that is a reporting issuer (or the equivalent) in a jurisdiction or a foreign jurisdiction, identify both the director and the other issuer.*

The following members of the Board are currently directors of other issuers that are reporting issuers (or the equivalent) in a jurisdiction of Canada or a foreign jurisdiction:

<b>Director</b>	<b>Reporting Issuer Name</b>
Ian Atkinson	• Atikwa Resources Inc.
Joel Schneyer	• Claim Post Resources Inc.
	• Themac Resources Group Ltd.

(e) *Disclose whether or not the independent directors hold regularly scheduled meetings at which non-independent directors and members of management are not in attendance. If the independent directors hold such meetings, disclose the number of meetings held since the beginning of the issuer’s most recently completed financial year. If the independent directors do not hold such meetings, describe what the board does to facilitate open and candid discussion among its independent directors.*

During the most recently-completed fiscal year, the independent members of the Board held one meeting at which non-independent members of the Board and members of management were not present. However, the Board is of the view that given its size, the nature of the Company’s activities and the experience of each of the members of the Board, the presence of the non-independent directors at Board meetings does not prevent the independent directors from engaging in open and candid discussion regarding any issues that may come before the Board.

(f) *Disclose whether or not the chair of the board is an independent director. If the board has a chair or lead director who is an independent director, disclose the identity of the independent chair or lead director, and describe his or her role and responsibilities. If the board has neither a chair that is independent nor a lead director that is independent, describe what the board does to provide leadership for its independent directors.*

Jack Stoch, President and Chief Executive Officer of the Company, chairs the meetings of the Board. Jack Stoch is not an independent director. Given the current size of the Board and the nature of the Company’s activities, the Board believes that Mr. Stoch is uniquely suited to fulfill his role as the chair of Board meetings. The Board does not have a “lead director”. The other directors are all senior, experienced managers very familiar with the mining and exploration industry. “In Camera” sessions are available for use by the independent directors as frequently as they feel is necessary.

(g) *Disclose the attendance record of each director for all board meetings held since the beginning of the issuer’s most recently completed financial year.*

Since January 1, 2010, the Board has held three meetings. Attendance of members of the Board at the meetings is set out in the table below.

Director	Attendance
Ian Atkinson	3/3
Chris Bryan	3/3
Joel Schneyer	3/3
Jack Stoch	3/3
Dianne Stoch	3/3

## 2. Board Mandate

*Disclose the text of the board's written mandate. If the board does not have a written mandate, describe how the board delineates its role and responsibilities.*

The Mandate of the Board is annexed as Schedule A. It is also available on SEDAR at [www.sedar.com](http://www.sedar.com) and on the Company's web site at [www.globexmining.com](http://www.globexmining.com).

## 3. Position Description

- (a) *Disclose whether or not the board has developed written position descriptions for the chair and the chair of each board committee. If the board has not developed written position descriptions for the chair and/or the chair of each board committee, briefly describe how the board delineates the role and responsibilities of each such position.*

The Board has developed a written position description for the chair of the Board which is summarized below. The chair position description is also available on SEDAR at [www.sedar.com](http://www.sedar.com) and on the Company's web site at [www.globexmining.com](http://www.globexmining.com).

The Board has not developed written position descriptions for the chair of the Board committees.

The primary role and responsibility of the chair of the Board is to oversee the activities of Board and, in particular, assume a leadership role with respect to: (i) establishing a transparent process for managing the Company; (ii) elaborating the mandate of each of the Board committees; and (iii) reviewing and evaluating the performance of the Board as a whole.

In particular the chair of the Board:

- establishes the agenda for each Board meeting
- chairs all meetings of the Board with a view to: (i) maximizing the effective use of time; and (ii) taking advantage of the individual strengths of each of the members of the Board
- provides input and support to the chairs of the various other Board committees
- ensures that the Board is provided with full information on the condition of the Company, its business and any other element that is relevant to the matters that may come before the Board from time to time
- facilitates and encourages open and effective communication between the management of the Company and the Board

The primary role and responsibility of the chair of each committee of the Board is to: (i) in general, ensure that the committee fulfills its mandate, as determined by the Board; (ii) chair meetings of the committee; (iii) report thereon to the Board; and (iv) act as liaison between the committee and the Board and, if necessary, management of the Company.

- (b) *Disclose whether or not the board and CEO have developed a written position description for the CEO. If the board and CEO have not developed such a position description, briefly describe how the board delineates the role and responsibilities of the CEO.*

The Board and the CEO have developed a written position description for the CEO as summarized below. The full CEO position description is available on SEDAR at [www.sedar.com](http://www.sedar.com) and on the Company's web site at [www.globexmining.com](http://www.globexmining.com).

The primary responsibility of the CEO is to carry out the strategic plan approved by the Board for the Company. As the principal manager of the Company, the CEO provides leadership, direction and support to the employees and the members of the Board in the exercise of their duties.

#### **4. Orientation and Continuing Education**

(a) *Briefly describe what measures the board takes to orient new directors regarding*

- (i) *the role of the board, its committees and its directors, and*
- (ii) *the nature and operation of the issuer's business.*

The Company does not currently have a formal orientation program in place for new directors and generally takes such measures as are appropriate to orient each new director on a case-by-case basis. There have been no new directors of the Company since 1997.

(b) *Briefly describe what measures, if any, the board takes to provide continuing education for its directors. If the board does not provide continuing education, describe how the board ensures that its directors maintain the skill and knowledge necessary to meet their obligations as directors.*

The Board does not formally provide continuing education to its directors. The directors are experienced members, including two independent directors who are directors and/or officers of other reporting issuers in the mining sector. The Board relies on professional assistance when judged necessary in order to be educated or updated on a particular topic.

The Company provides financial support for the obligatory continuing education certified/accredited directors require in order to maintain their standing: Joel Schneyer (ICD.D), Jack Stoch (Acc.Dir.) and Dianne Stoch (Acc.Dir.).

#### **5. Ethical Business Conduct**

(a) *Disclose whether or not the board has adopted a written code for the directors, officers and employees. If the board has adopted a written code:*

- (i) *disclose how a person or company may obtain a copy of the code;*
- (ii) *describe how the board monitors compliance with its code, or if the board does not monitor compliance, explain whether and how the board satisfies itself regarding compliance with its code; and*

The Board has adopted a Code of Business Conduct and Ethics for the Company (the "Code"). Directors, officers and employees are required to read and be familiar with the Code. The Board relies on these individuals to report to their superior any suspected violation of the Code. Known or suspected illegal or unethical behaviour reported must be submitted to the Corporate Governance Committee to determine whether an investigation is required. If a person is uncomfortable reporting suspected violations to their immediate supervisor or the Chair of the Corporate Governance Committee, the person may report matters to the Company's outside counsel.

A copy of the Code may be obtained from the Corporate Secretary of the Company, at 86 - 14th Street, Rouyn-Noranda, Quebec J9X 2J1, email: dstoch@globexmining.com, on SEDAR at www.sedar.com and on the Company website at www.globexmining.com.

- (iii) *provide a cross-reference to any material change report filed since the beginning of the issuer's most recently completed financial year that pertains to any conduct of a director or executive officer that constitutes a departure from the code*

There are no such reports.

(b) *Describe any steps the board takes to ensure directors exercise independent judgment in considering transactions and agreements in respect of which a director or executive officer has a material interest.*

It is the policy of the Company that an interested director or officer recuse himself or herself from the decision-making process pertaining to a contract or transaction in which he or she has an interest.

(c) *Describe any other steps the board takes to encourage and promote a culture of ethical business conduct.*

The Company has adopted a Disclosure Policy, applicable to all the members of the Board, executive officers and employees of the Company and its subsidiaries, in compliance with legal disclosure requirements and good corporate governance. The Disclosure Policy includes provisions regarding “blackout” periods during which trading in the securities of the Company is not permitted. The Disclosure Policy is available on SEDAR at [www.sedar.com](http://www.sedar.com) and on the Company website at [www.globexmining.com](http://www.globexmining.com).

## 6. Nomination of Directors

- (a) *Describe the process by which the board identifies new candidates for board nomination.*

The Board as a whole is responsible for identifying and recommending new candidates for Board nomination.

- (b) *Disclose whether or not the board has a nominating committee composed entirely of independent directors. If the board does not have a nominating committee composed entirely of independent directors, describe what steps the board takes to encourage an objective nomination process.*

The Board does not have a nominating committee. The independent directors play a predominant role in the nomination process.

- (c) *If the board has a nominating committee, describe the responsibilities, powers and operation of the nominating committee.*

The Board does not have a nominating committee.

## 7. Compensation

- (a) *Describe the process by which the board determines the compensation for the issuer’s directors and officers.*

The Compensation Committee is mandated to review and recommend to the Board for approval the compensation of the members of the Board and the senior executives of the Company.

The Compensation Committee has developed formal compensation policies and is in the process of implementing them. The process by which the Company determines the compensation of its executive officers is described in the section entitled “Statement of Executive Compensation” above.

- (b) *Disclose whether or not the board has a compensation committee composed entirely of independent directors. If the board does not have a compensation committee composed entirely of independent directors, describe what steps the board takes to ensure an objective process for determining such compensation.*

The Compensation Committee is composed exclusively of independent directors.

- (c) *If the board has a compensation committee, describe the responsibilities, powers and operation of the compensation committee.*

The primary responsibilities, powers and operation of the Compensation Committee are set out in its charter, and can be summarized as follows:

The mandate of the Compensation Committee consists of assisting the Board in its oversight responsibilities relating to:

- (i) appointment, performance evaluation and compensation of the Company’s President and Chief Executive Officer and other senior executives;
- (ii) succession planning;
- (iii) determination of director compensation; and
- (iv) management and administration of the Company’s compensation plans, including any incentive and equity compensation plans.

The Compensation Committee shall have authority and be responsible to perform the following:

President and Chief Executive Officer's Compensation:

- (i) review and approve a position description for the President and Chief Executive Officer and the corporate performance goals and objectives relevant to determining the President and Chief Executive Officer's compensation;
- (ii) evaluate the President and Chief Executive Officer's performance in light of the corporate goals and objectives established on an annual basis;
- (iii) make recommendations to the Board with respect to the President and Chief Executive Officer's compensation based on its evaluation of the President and Chief Executive Officer's performance, including, as appropriate, salary, bonus, incentive and equity compensation and benefit plans; and
- (iv) develop and implement a President and Chief Executive Officer succession plan.

Executive Officers' Compensation:

- (i) review and approve the evaluation process and compensation structure for the Company's executive officers;
- (ii) make recommendations to the Board with respect to the compensation of all other senior executives of the Company, including, as appropriate salary, bonus, incentive and equity compensation;
- (iii) assess the competitiveness and appropriateness of the Company's executive compensation plans and policies; and
- (iv) review management's succession planning for senior executives.

Directors' Compensation:

- (i) review and recommend to the Board a compensation package for members of the Board, taking into account the relative responsibilities of directors in serving on the Board and on the various sub-committees of the Board.

The Company's Compensation Plans:

- (i) review the Company's compensation philosophy, policies, plans and guidelines annually and recommend any changes to the Board;
- (ii) review and recommend to the Board any new incentive compensation and equity compensation plans;
- (iii) manage and administer all equity compensation plans and make recommendations respecting grants of equity and options and any changes to such plans; and
- (iv) review all material proposed actions with respect to pension plans for approval by the Board.

General:

- (i) review and approve compensation disclosure before the Company publicly discloses such information.
- (d) *If a compensation consultant or advisor has, at any time since the beginning of the issuer's most recently completed financial year, been retained to assist in determining compensation for any of the issuer's directors and officers, disclose the identity of the consultant or advisor and briefly summarize the mandate for which they have been retained. If the consultant or advisor has been retained to perform any other work for the issuer, state that fact and briefly describe the nature of the work.*

The Company did not engage any compensation consultant or advisor during the most recently completed fiscal year.

## 8. Other Board Committees

*If the board has standing committees other than the audit, compensation and nominating committees, identify the committees and describe their function.*

There are no committees of the Board other than the: (i) Audit Committee; (ii) Compensation Committee; and (iii) Corporate Governance Committee. Charters for each of these committees are available on SEDAR at [www.sedar.com](http://www.sedar.com) and on the Company website at [www.globexmining.com](http://www.globexmining.com).

The members of the Corporate Governance Committee are Ian Atkinson, Chris Bryan and Joel Schneyer, each of whom is independent. The primary mandate of the Corporate Governance Committee, which was created in March 2006, is set out in its charter, and can be summarized as follows:

The primary role and responsibility of the Corporate Governance Committee is to:

- (i) review and make recommendations to the Board respecting:
  - (a) corporate governance in general and the Board's stewardship role in the management of the Company, including the role and responsibilities of directors and appropriate policies and procedures for directors to carry out their duties with due diligence and in compliance with all legal and regulatory requirements;
  - (b) general responsibilities and functions of the Board and its members, including position descriptions for the President and Chief Executive Officer and the Chair;
  - (c) the organization, mandate and responsibilities of Board committees;
  - (d) the procedures for effective Board meetings to ensure that the Board functions independently of management and without conflicts of interest;
  - (e) the long term plan for the composition of the Board that takes into consideration the current strengths, skills and experience on the Board and the strategic direction of the Company;
  - (f) the Board nominees for election as members of the Board, in consultation with the Chair of the Board and the President and Chief Executive Officer, annually;
  - (g) as required, candidates to fill any Board and Committee vacancies;
  - (h) annually, together with the Chairs of other Board Committees, the scope, duties and responsibilities of those Committees and where advisable, any amendments thereto, as well as the establishment or disbanding of Board Committees and changes to their composition, including the Chairs thereof;
  - (i) the framework for delegating authority from the Board to management; and
  - (j) any improvements necessary to ensure an effective and appropriate working relationship between management and the Board.
- (ii) review the qualifications of candidates for Board membership and the slate of candidates for directors to be nominated for election by shareholders at annual general meetings of shareholders;
- (iii) oversee the development and implementation of a process for regularly assessing the effectiveness of the Board, its committees and its members;
- (iv) oversee the development of appropriate induction and education programs for new directors;
- (v) oversee the development of corporate governance policies and practices and a procedure for assessing the effectiveness of, and compliance with, those policies and practices;
- (vi) establish procedures for Board meetings and to otherwise ensure that the processes, procedures and structure are in place to ensure that the Board functions independently of management and without conflicts of interest;
- (vii) review related party transactions to ensure that they reflect sound industry practices and are in the best interests of the Company; and
- (viii) review and approve the corporate governance disclosure section in the Company's management information circular, and any other corporate governance matters as required by public disclosure requirements.

## **9. Assessments**

*Disclose whether or not the board, its committees and individual directors are regularly assessed with respect to their effectiveness and contribution. If assessments are regularly conducted, describe the process used for the assessments. If assessments are not regularly conducted, describe how the board satisfies itself that the board, its committees, and its individual directors are performing effectively.*

The Board, as a whole, is responsible for assessing on an ongoing basis the: (i) performance and contribution of each of the members of the Board on an individual basis; and (ii) performance and effectiveness of the Board generally and of each of its Committees. The Corporate Governance Committee on behalf of the Board conducts an annual self-assessment survey to evaluate the effectiveness of the Board as a whole, the committees of the Board and, where appropriate, individual directors.

## OTHER MATTERS

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

## ADDITIONAL INFORMATION

Financial information about the Company is contained in its comparative financial statements and Management's Discussion and Analysis for the fiscal year ended December 31, 2010, and additional information about the Company is available on SEDAR at [www.sedar.com](http://www.sedar.com).

If you would like to obtain, at no cost to you, a copy of any of the following documents:

- (a) the latest Annual Information Form of the Company together with any document, or the pertinent pages of any document, incorporated by reference therein;
- (b) the comparative financial statements of the Company for the fiscal year ended December 31, 2010 together with the accompanying report of the auditors thereon and any interim financial statements of the Company for periods subsequent to December 31, 2010 and Management's Discussion and Analysis with respect thereto; and
- (c) this Proxy Circular,

please send your request to:

Globex Mining Enterprises Inc.  
86 - 14th Street  
Rouyn-Noranda, Quebec  
J9X 2J1  
Telephone: (819) 797-5242  
Telecopier: (819) 797-1470  
email: [dstoch@globexmining.com](mailto:dstoch@globexmining.com)

## AUTHORIZATION

The contents and the mailing of this Circular have been approved by the Board of Directors of the Company.

(Signed)  
Jack Stoch  
President and Chief Executive Officer

DATED at Rouyn-Noranda, Quebec  
March 28, 2011

## SCHEDULE A

### MANDATE OF THE BOARD OF DIRECTORS

The directors, as agents of the Company, have a duty to use their powers in ways that are best for the Company. The Board is responsible for the stewardship of the business and affairs of the Company through exercise of reasonable skill and care. The Board strives to fulfil this responsibility by reviewing, discussing and approving the Company's strategic plans, annual budgets and significant decisions and transactions as well as by overseeing the senior officers of the Company in their management of its day-to-day business and affairs.

The Board's primary role is to oversee corporate performance and assure itself of the quality, integrity, depth and continuity of management so that the Company is able to successfully execute its strategic plans and complete its corporate objectives.

The Board delegates to the senior officers the responsibility for managing the day-to-day business of the Company. The Board discharges its responsibilities to oversee management directly and through the Audit Committee, the Corporate Governance and the Compensation Committee. In addition to these regular committees, the Board may appoint ad hoc committees periodically to address issues of a more short-term nature. At all times, the Board will retain its oversight function and ultimate responsibility for matters that the Board may delegate to Board committees.

Specific additional expectations of the individual Board members include regular meeting attendance and familiarity with material to be discussed at such meeting, serving on and contributing to regular and sub-committees established by the Board.

The mandate of the Board also includes but is not limited to:

#### **1.0 Management**

- 1.1 Approving the appointment of the Chief Executive Officer (CEO) and the other senior officers of the Company. The Board must satisfy itself as to the integrity of the CEO and other senior officers of the Company and that the CEO and other senior executive create and foster a culture of integrity throughout the organization.
- 1.2 Through the Compensation Committee, ensuring that management succession planning programs are in place, including programs to recruit management with the highest standards of integrity and competence and train, develop and retain them. The Board is also responsible for reviewing and approving such succession plans including those concerning the current and future organizational structure of the Company, in each case, as recommended by the Compensation Committee.
- 1.3 Through the Compensation Committee, establishing and updating the Company's executive compensation policy and ensuring that such policy aligns management's interests with those of the shareholders.

#### **2.0 Corporate Governance**

- 2.1 Recommend the Board's composition and size, the selection of the Chair of the Board, the candidates nominated for election to the Board, committee and committee chair appointments, committee charters and director compensation as well as managing succession planning issues concerning the Board to ensure that it has an appropriate balance in terms of skills and experience. In doing so, the Board will respond to recommendations received from the Corporate Governance Committee but will always retain responsibility for final approval.
- 2.2 Through the Corporate Governance Committee, and directly, developing the Company's approach to governance issues, including a specific set of corporate governance principles and guidelines.
- 2.3 Putting in place appropriate structures and procedures to ensure that the Board can function independently of management.
- 2.4 Developing a position description for the Board Chair and, together with the Chief Executive Officer, a position description for the Chief Executive Officer.
- 2.5 Annual review of charters and mandates and disclosing the process in all appropriate public documents.
- 2.6 Through the Corporate Governance Committee, overseeing the processes and procedures implemented regarding compliance with the Company's Code of Business Conduct and Ethics.



- 2.7 Support of continuing education for Directors to ensure the board keeps abreast of industry practices, corporate governance and other regulatory developments.

### **3.0 Strategic Planning**

- 3.1 Participating directly, and through its committees, in the review, discussion and approval of the Company's strategic plan. The Board is also responsible for discussing and considering the strategic plan and whether it remains appropriate taking into account the risks and opportunities inherent in the Company's business.
- 3.2 Reviewing and considering the business, operating, financial and other plans proposed by management by which the Company will execute its strategic plan.
- 3.3 Reviewing and approving the Company's annual and short-term corporate objectives developed by management.
- 3.4 Providing input to management on emerging trends and issues that may affect the business of the Company, its strategic plan or its annual and short-term corporate objectives.
- 3.5 Monitoring the Company's progress in executing its strategic plan and achieving its annual and short-term corporate objectives and overseeing management in changing such strategic plan or objectives in light of changing circumstances affecting the Company or its businesses.
- 3.6 Taking action as the Board deems appropriate if the Company does not successfully execute its strategic plan or achieve its annual or short-term corporate objectives or when other special circumstances warrant.

### **4.0 Monitoring of Financial Performance/Reporting and Other Financial Matters**

- 4.1 Reviewing and approving the Company's annual budget presented by management.
- 4.2 Reviewing and approving the Company's annual audited financial statements and unaudited interim financial statements and the notes for each, as well as the annual and interim Management's Discussion and Analysis, the Annual Information Form, Management Proxy Circular, other public offering documents and the Annual Report.
- 4.3 Overseeing, directly and through the Audit Committee, the processes implemented to ensure that the financial performance and results of the Company are reported fairly, accurately and in a timely manner in accordance with generally accepted accounting standards and in compliance with legal and regulatory requirements.
- 4.4 Overseeing, directly and through the Audit Committee, the process implemented to ensure integrity of the Company's internal control and management information systems.

### **5.0 Risk Management**

- 5.1 Overseeing the processes by which the principal risks of the Company are identified, assessed and managed and for ensuring that appropriate risk management systems are implemented and maintained with a view to achieving a proper balance between risks incurred and the creation of long-term sustainable value to shareholders.

### **6.0 Corporate Policies and Procedures**

- 6.1 Directly and through its Board committees, reviewing and approving, and monitoring compliance with, all significant policies and procedures by which the Company and its wholly-owned subsidiaries conduct their business and operations. In discharging such responsibility, the Board shall ensure that such policies and procedures are consistent with the principle that the Company and its wholly-owned subsidiaries must operate at all times in compliance with applicable laws and regulatory requirements and under the highest ethical standards.

### **7.0 Communications and Reporting**

- 7.1 Approving and reviewing annually the Company's Corporate Disclosure Policy and other communications policies and procedures that address communications with shareholders, employees, financial analysts, governments and regulatory authorities, the media and the communities in which the business of the Company and its wholly owned subsidiaries is conducted.

**SCHEDULE B**

**SHAREHOLDERS' RESOLUTION**

**BE AND IT IS HEREBY RESOLVED:**

THAT the Shareholder Rights Plan of the Company (the "Rights Plan"), as approved by the Board of Directors on March 25, 2011 and as described in the management proxy circular of the Company dated March 28, 2011, is hereby approved, with all such modifications, additions or deletions thereto which the President and Chief Executive Officer of the Company, in his sole discretion, may deem appropriate or necessary.